AMATHOLE
DISTRICT MUNICIPALITY

Annual Financial Statements
for the year ended 30 June 2025

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Abbreviations

ASB	Accounting Standards Board
CIGFARO	Chartered Institute of Government, Finance, Audit and Risk Officers
DORA	Division of Revenue Act
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
LGSETA	Local Government Services Sector Education and Training Authority
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPAC	Municipal Public Accounts Committee
MSIG	Municipal System Improvement grant
mSCOA	Municipal Standard Chart of Accounts
SALGA	South African Local Government Association
COGTA	Cooperative Governance and Traditional Affairs
SCM	Supply Chain Management
MSA	Municipal Structures Act
MSA	Municipal System Act
NDPG	Neighbourhood Development and Partnership Grant
SRAC	Sports, Recreation, Arts and Culture
AEDA	Amathole Economic Development Agency SOC Limited t/a ASPIRE
ADM	Amathole District Municipality
VAT	Value Added Taxation

General Information

Country of incorporation and domicile	:	South Africa
Legal form of entity	:	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	:	The provision of services (water, sanitation and fire) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Legislation governing the municipality's operations	:	Constitution of the Republic of South Africa (Act 108 of 1998)
		Local Government: Municipal Finance Management Act (Act 56 of 2003
		Local Government: Municipal Systems Act (Act 32 of 2000)
		Local Government: Municipal Structures Act (Act 117 of 1998)
		Division of Revenue Act (Act 24 of 2024)
		Municipal Demarcation Act 27 of 1998
		Laws Amendment Act 51 of 2002
		Constitution of the Republic of South Africa Act No. 108 as amended
		Water Service Act 108 of 1997
		Basic Conditions of Employment Act 75 of 1997
		Labour Relations Act 66 of 1995
		Remuneration of the Public Office Bearers Act 20 of 1998
		Housing Act 107 of 1997
		Local government: Transitions Act 209 of 1993
		Local government: Transitions Act Second 97 of 1996
		Local government: Municipal Planning and Performance Management Regulations 2001
		Local government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers 2006
		Supply Chain Management Regulations 2005
		Value Added Tax Act 89 of 1991, and
		Unemployment Insurance Act 30 of 1996
		Compensation for Occupational Injuries and Diseases Act 130 of 1993

Executive/Mayoral Committee

Executive Mayor	:	Ntsangani, A	
Speaker	:	Mgunculu, O	
Chief Whip	:	Rulashe, N	
Member of Mayor Committee	:	Madikane, B.A (Corporate Services Human Resources Management)	
Member of Mayor Committee	:	Mngxaso, X (Spatial Planning and Economic Development)	
Member of Mayor Committee	:	Ketelo, B (Strategic Management and Development)	
Member of Mayor Committee	:	Maneli, K.C (Community Services)	
Member of Mayor Committee	:	Phumaphi, F (Budget and Treasury)	
Member of Mayor Committee	:	Geza, N (Engineering and Infrastructure Services)	
Member of Mayor Committee	:	Genyane, C (Public Participation Portfolio)	
Council Members	:	Kondile, P.P	Mbhashe Local Municipality
		Tyodana, X.M	Mbhashe Local Municipality

General Information

Country of incorporation and domicile	:	South Africa	
		Nkomonye, N	Mbhashe Local Municipality
		Genyane, C	Mbhashe Local Municipality
		Mkhedamo, N .M	Mbhashe Local Municipality
		Sibingibingi, M	Mbhashe Local Municipality
		Matshobeni, A	Mbhashe Local Municipality
		Ndlodaka, N.N	Mbhashe Local Municipality
		Mboneli, U	Mbhashe Local Municipality
		Pakamile,S.H	Great Kei Municipality
		Paliso, N	Mnquma Local Municipality
		Sobekwa, Z	Mnquma Local Municipality
		Qaba ,M	Mnquma Local Municipality
		Ntyinkala, T	Mnquma Local Municipality
		Nkehle, V	Mnquma Local Municipality
		Maputeni, S	Mnquma Local Municipality
		Manxodidi, V	Mnquma Local Municipality
		Maputuma, L. L	Mnquma Local Municipality
		Mjo, T	Raymond Mhlaba Municipality
		Klaas, N	Raymond Mhlaba Municipality
		Ruselo, N	Raymond Mhlaba Municipality
		Magxwalisa, S	Raymond Mhlaba Municipality
		Kley,S	Raymond Mhlaba Municipality
		Auld, A.A	Raymond Mhlaba Municipality
		Nodikida,A	Ngqushwa Local Municipality
		Mdabula, L	Ngqushwa Local Municipality
		Maswana, S	Ngqushwa Local Municipality
		Magazi, Z	Mbhashe Local Municipality
		Sotshononda, N	MPAC Chairperson
		Bungeni, Z.G	Proportional Representative
		Plika, L.T	Proportional Representative
		Tima, P	Proportional Representative
		Lombard, J	Proportional Representative
		Mpepo, O	Proportional Representative
		Mavuso, S	Proportional Representative
		Sitole, P.S	Proportional Representative
		Mfecane,N	Proportional Representative
		Mgidlana, V.N	Proportional Representative
		Ndikinda, N	Proportional Representative
		Ngxakangxaka, N	Proportional Representative

Section 79 Committee

Chairperson	:	Mr N Sotshononda

Executive Management

Municipal Manager	:	Dr B.J. Mthembu
Chief Financial Officer (CFO)	:	Mr N Zengethwa

General Information

Country of incorporation and domicile	:	South Africa
Members of the Audit Committee		
Chairperson	:	Ms T. Mnqeta
Members	:	Mr M. Manxiwa
	:	Mr B. Rulashe
	:	Mr Y. Madikiza
	:	Ms N. Majolobe - Caleni
Grading of Local Authority	:	Grade 6
Demarcation Code	:	DC12

The Amathole District Municipality is located in the mid-section of the Eastern Cape Province along the coastline of the Indian Ocean, encompassing the former homeland areas of the Ciskei and Transkei, as well as the former Cape.

Provincial Administration areas

The Amathole District Municipality's demarcated area is made up of six (6) local municipalities namely :

Amahlathi Municipality
Great Kei Municipality
Mbhashe Municipality
Mnquma Municipality
Ngqushwa Municipality
Raymond Mhlaba Municipality (formerly Nxuba and Nkonkobe municipalities)

Registered Office

Physical address	:	15 Rees Street Quigney East London 5201
Postal address	:	PO Box 320 East London 5200
Telephone Number	:	043 701 4000
Email	:	info@amathole.gov.za
Municipal Website	:	www.amathole.gov.za
Banker	:	Standard Bank 1 Epsom Road Stirling East London 5241
Registered Auditors	:	Auditor General of South Africa 14 St Helena Road Beacon Bay East London 5201
Preparer	:	Ms S Kieck
Legal Representative	:	Mr Z Vumazonke

Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the 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 period and the results of its operations and cash flows for the period 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 he 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, he sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

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

The municipality is dependent on grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Amathole District 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, this is supported by the municipality's external auditors.

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

I certify that the salaries, allowances and benefits of Councilors as disclosed in note 31 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government’s determination in accordance with the Act.

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

The annual financial statements set out in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), set out, have been prepared on the going concern basis and were approved on 31 August 2025.

Accounting Officer

Date:

Accounting Officer's Report

1 Review of activities

Main business and operations

The municipality is engaged in local government activities, which include planning and promotion of integrated development plan and supplying of the services to the community which are water, sanitation, fire and environmental health services.

Net surplus of the municipality was R366 309 142 (2024: surplus R227 287 779).

2 Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R10 300 162 607 and that the municipality's total assets exceed its liabilities by R10 300 162 607.

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

3 Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year, that may need to be adjusted for or disclosed in the Financial Statements.

4 Accounting Officers interest in contracts

The accounting officer has no interest in contracts awarded, either direct or indirect.

5 Accounting policies

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

6 Accounting Officer

The accounting officer of the municipality during the year and to the date of this report are as follows:
Dr. B.J. Mthembu

7 Corporate governance

General

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

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report IV on Corporate Governance for South Africa of September 2016. The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the municipality's compliance with the Code on a quarterly basis. The salient features of the municipality's adoption of the Code is outlined below:

Audit committee and attendance

The municipality has five members of the Audit Committee, namely:

Name of members	Number of meetings attended
Ms T. Mnqeta (Chairperson)	Six
Mr B. Rulashe	Six
Ms N. Caleni -Majolobe	Six
Mr Y. Madikiza	Six
Mr M. Manxiwa	Six

Internal audit

The municipality has an Internal Audit unit headed by a Chief Audit Executive.

8 Public Private Partnership

The municipality has not entered into any Public Private Partnerships.

9 Non-compliance with applicable legislation

In terms of section 65 (2)(e) of the Municipal Finance Act (No. 56 of 2003), all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality, could not settle all money owing within the prescribed period.

In terms of section 126 (1)(a) of the Municipal Finance Act (No. 56 of 2003), the accounting officer of a municipality must prepare the annual financial statements within 2 months after the end of the financial year.

The financial statements set out on pages 11 to 133, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2025 and were signed on its behalf by:

Accounting Officer

Date:

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	Restated 2024
Assets			
Current Assets			
Inventories	12	137 637 026	141 194 347
Trade and other receivables from exchange transactions	13	878 001 528	373 353 876
Receivables from non- exchange transactions	14	32 986 167	15 283 330
Current investments	15	8 955 401	8 060 606
Cash and cash equivalents	16	176 212 975	219 917 515
VAT receivable	17	-	5 349 245
VAT debit accrual	59	171 358 113	137 252 040
		1 405 151 210	**900 410 960**
Non - Current Assets			
Investment property	3	105 398 405	105 504 855
Property, plant and equipment	4	10 159 344 218	10 115 888 595
Intangible assets	5	9 700 359	211 285
Heritage assets	6	400 000	400 000
Investment in subsidiary	7	1 000	1 000
Non-current receivables	8	3 176 765	3 122 525
		10 278 020 747	**10 225 128 260**
Total Assets		**11 683 171 956**	**11 125 539 219**
Liabilities			
Current Liabilities			
Current portion of employee benefit obligation	9	13 120 000	13 167 323
Other payables from non-exchange transactions	19	13 296 228	11 193 303
Trade and other payables from exchange transactions	21	723 192 988	643 071 538
Taxes and transfers payable (non - exchange)	22	-	10 650 173
VAT accrual	55	250 772 688	172 413 545
Consumer deposits	23	4 142 345	4 030 238
Trade and other payables from non-exchange transactions	18	33 704 776	31 897 331
Provisions	20	89 712 360	97 422 150
		1 127 941 385	**983 845 601**
Non- current Liabilities			
Operating lease liability		-	189 965
Employee benefit obligation	10	242 141 000	195 501 676
Non- current provision	11	12 926 967	12 148 518
		255 067 967	**207 840 159**
Total Liabilities		**1 383 009 351**	**1 191 685 760**
Net Assets		**10 300 162 607**	**9 933 853 465**
Reserves			
Accumulated surplus		10 300 162 607	9 933 853 465
Total Net Assets		**10 300 162 607**	**9 933 853 465**

Statement of Financial Performance for the year ending 30 June 2025

Figures in Rand	Note(s)	2025	Restated 2024
Revenue			
Revenue from exchange transaction			
Service charges	25	696 884 966	416 760 891
Rental of facilities and equipment	26	331 632	302 174
Interest earned outstanding receivables	51	164 318 397	109 780 455
Operational revenue	27	3 213 643	1 448 615
Interest received - Investments	28	37 833 729	45 054 658
Total revenue from exchange transaction		**902 582 366**	**573 346 795**
Revenue from non-Exchange Revenue			
Government grants & subsidies - Operational	29,1	1 171 470 770	1 116 944 012
Government grants & subsidies - Capital	29,2	650 939 146	601 175 535
Donation		-	11 100
Total revenue from non - exchange transaction		**1 822 409 916**	**1 718 130 646**
Total revenue	24	**2 724 992 283**	**2 291 477 441**
Expenditure			
Employee related costs	30	(701 804 483)	(677 401 561)
Remuneration of councillors	31	(17 401 216)	(17 912 778)
Depreciation, amortisation and impairment	32	(286 103 987)	(327 405 834)
Finance costs	33	(54 422 446)	(45 856 679)
Debt impairment	34	(252 394 168)	(292 608 239)
Repairs and maintenance	53	(55 226 154)	(20 096 881)
Contracted services	35	(146 115 986)	(111 780 111)
Transfers and grants expenditure	56	(14 435 797)	(12 263 006)
Inventory consumed	36	(569 495 124)	(285 446 982)
Operational costs	37	(264 567 086)	(226 487 594)
Total expenditure		**(2 361 966 447)**	**(2 017 259 665)**
Operating surplus		**363 025 836**	**274 217 776**
Gain/(Loss) on disposal of assets	52	(81 695)	1 035 001
Actuarial gains	10	3 365 000	2 035 000
Surplus for the year		**366 309 142**	**277 287 779**

Statement of Changes in Net Assets

Figures in Rand		Accumulated Surplus	Total Net Assets
Opening balance as previously reported		4 611 174 498	4 611 174 498
Prior period errors (Note 44)	44	5 045 391 188	5 045 391 188
Balance at 01 July 2024 as restated		**9 656 565 686**	**9 656 565 686**
Surplus for 30 June 2024		277 287 779	277 287 779
Total changes		277 287 779	277 287 779
Balance at 01 July 2024 as restated		**9 933 853 465**	**9 933 853 465**
Surplus for the year		366 309 142	366 309 142
Balance at 30 June 2025		**10 300 162 607**	**10 300 162 606**

Cash Flow Statement for the year ended 30 June 2025

Figures in Rand	Note(s)	2025	Restated 2024
Cash flows from operating activities			
Receipts			
Service charges		207 322 389	171 792 448
Transfers and Subsidies		1 808 358 986	1 471 008 150
Operational Revenue		5 674 911	511 136
Interest income (Bank)		37 833 729	45 054 658
		2 059 190 015	**1 688 366 392**
Payments			
Employee costs		683 660 082	663 328 244
Suppliers		1 018 685 483	723 646 921
Finance costs		4 754 269	2 753 649
Transfers and Subsidies		14 435 797	12 263 006
		1 721 535 631	**1 401 991 820**
Net cash flows from operating activities	39	**337 654 384**	**286 374 573**
Cash flow from investing activities			
Purchase of property, plant and equipment	4	(369 519 724)	(454 018 869)
Proceeds from sale of property, plant and equipment	4	-	2 085 000
Movement in Intangible Assets	5	(10 754 440)	(211 284)
Increase in current investment	15	(894 795)	(626 009)
Net cash flows from investing activities		**(381 168 959)**	**(452 771 162)**
Cash flow from financing activities			
Movement in operating lease liability		(189 965)	54 276
Net cash flows from financing activities		**(189 965)**	**54 276**
Net increase/(decrease) in cash and cash equivalents		**(43 704 540)**	**(166 342 313)**
Cash and cash equivalent at the beginning of the year		219 917 515	386 259 826
Cash and cash equivalent at the end of the year	16	**176 212 975**	**219 917 515**

Statement of Comparison of Budget and Actual Amounts

Budget on accrual basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 61
Statement of Financial Performance						
Revenue						
Revenue from exchange transaction						
Service charges	610 899 374	-	610 899 374	696 884 966	85 985 592	1
Rental of facilities and equipment	350 977	-	350 977	331 632	(19 345)	2
Interest earned outstanding receivables	96 000 000	-	96 000 000	164 318 397	68 318 397	3
Operational revenue		2 262 225	2 262 225	3 213 643	951 418	4
Interest received - Investment	32 099 307	-	32 099 307	37 833 729	5 734 422	5
Total revenue from exchange transaction	**739 349 658**	**2 262 225**	**741 611 883**	**902 582 366**	**160 970 483**	
Revenue from non - exchange transaction						
Transfer revenue						
Government grants & subsidies	1 815 989 605	22 106 169	1 838 095 774	1 822 409 916	(15 685 858)	6
Total revenue from non - exchange transaction	**1 815 989 605**	**22 106 169**	**1 838 095 774**	**1 822 409 916**	**(15 685 858)**	
Total revenue	**2 555 339 263**	**24 368 394**	**2 579 707 657**	**2 724 992 283**	**145 284 626**	
Expenditure						
Employee related costs	(773 874 679)	77 448	(773 797 231)	(701 804 483)	(71 992 748)	7
Remuneration of councillors	(17 614 063)	(108 579)	(17 722 642)	(17 401 216)	(321 426)	8
Depreciation and amortisation	(126 237 901)	19 000 000	(107 237 901)	(286 103 987)	178 866 086	9
Finance costs	(626 500)	(2 500)	(629 000)	(54 422 446)	53 793 446	10
Debt impairment	(423 155 837)	133 066 747	(290 089 090)	(252 394 168)	(37 694 922)	11
Repairs and maintenance	(97 027 124)	31 975 196	(65 051 928)	(55 226 154)	(9 825 774)	12
Contracted services	(100 366 271)	(70 801 146)	(171 167 417)	(146 115 986)	(25 051 431)	13
Inventory consumed	(229 886 821)	(117 457 163)	(347 343 984)	(569 495 124)	222 151 140	14
Transfers and grant expenditure	(19 320 000)	4 339 000	(14 981 000)	(14 435 797)	(545 203)	15
Operational costs	(273 482 291)	(101 557 892)	(375 040 183)	(264 567 086)	(110 473 097)	16
Total expenditure	**(2 061 591 487)**	**(101 468 889)**	**(2 163 060 376)**	**(2 361 966 447)**	**198 906 071**	
Operating surplus	**493 747 776**	**(77 100 495)**	**416 647 281**	**363 025 836**	**(53 621 445)**	
Actuarial gain	-	-	-	3 365 000	3 365 000	17
Loss on disposal of assets	-	-	-	(81 695)	(81 695)	18
Surplus/(deficit) for the year	**493 747 776**	**(77 100 495)**	**416 647 281**	**366 309 142**	**(50 338 139)**	
Actual Amount on Comparable basis	**493 747 776**	**(77 100 495)**	**416 647 281**	**366 309 142**	**(50 338 139)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 61
Statement of Financial Position						
Assets						
Current Assets						
Inventories	10 263 876	3 287 090	**13 550 966**	137 637 026	**124 086 060**	1
Trade and other receivables from exchange transactions	307 496 807	39 498 153	**346 994 960**	878 001 528	**531 006 568**	2
Receivables from non- exchange transactions	26 397 103	35 633 132	**62 030 235**	32 986 167	**(29 044 068)**	3
Current investments	(4 421 760)	30 725 159	**26 303 399**	8 955 401	**(17 347 998)**	4
Cash and cash equivalents	546 090 284	(141 899 333)	**404 190 951**	176 212 975	**(227 977 976)**	5
VAT receivable	113 958 970	75 875 311	**189 834 281**	-	**(189 834 281)**	14
VAT accrual	-	-	**-**	171 358 113	**171 358 113**	14
	999 785 280	**43 119 512**	**1 042 904 792**	**1 405 151 210**	**362 246 418**	
Non - Current Assets						
Investment property	141 869 973	(2)	**141 869 971**	105 398 405	**(36 471 566)**	6
Property, plant and equipment	5 013 553 576	(36 948 156)	**4 976 605 420**	10 159 344 218	**5 182 738 798**	7
Intangible assets	29 113 690	(15 410 104)	**13 703 586**	9 700 359	**(4 003 227)**	8
Heritage assets	400 000	-	**400 000**	400 000	**-**	
Investments in controlled entities	1 000	-	**1 000**	1 000	**-**	
Non - current receivables	-	-	**-**	3 176 765	**3 176 765**	9
	5 184 938 239	**(52 358 262)**	**5 132 579 977**	**10 278 020 747**	**5 145 440 770**	
Total Assets	**6 184 723 519**	**(9 238 750)**	**6 175 484 769**	**11 683 171 956**	**5 507 687 187**	
Liabilities						
Current Liabilities						
Current portion: Employee benefit obligation	-	-	**-**	13 120 000	**13 120 000**	20
Finance lease obligation	-	-	**-**	-	**-**	
Other payables from non-exchange transactions	-	-	**-**	13 296 228	**13 296 228**	11
Trade and other payables from exchange transactions	580 660 557	(338 739 434)	**241 921 123**	723 192 988	**481 271 865**	12
Taxes and transfers payable (non - exchange)	-	-	**-**	-	**-**	13
VAT accrual	325 885 435	(2 723 748)	**323 161 687**	250 772 688	**(72 388 999)**	14
Consumer deposits	3 801 256	-	**3 801 256**	4 142 345	**341 089**	15
Trade and other payables from non-exchange transactions	273 262 507	(4 188 117)	**269 074 390**	33 704 776	**(235 369 614)**	16
Provisions	109 575 827	(77 050 123)	**32 525 704**	89 712 360	**57 186 656**	17
	1 293 185 582	**(422 701 422)**	**870 484 160**	**1 127 941 385**	**257 457 225**	
Non- current Liabilities						
Operating lease liability	-	-	**-**	-	**-**	18
Long term portion of trade payables	-	516 795 035	**516 795 035**			
Non-Current provision	38 598 999	-	**38 598 999**	12 926 967	**(25 672 032)**	19
Employee benefit obligation	142 794 040	-	**142 794 040**	242 141 000	**99 346 960**	20
	181 393 039	**516 795 035**	**698 188 074**	**255 067 967**	**73 674 928**	
Total Liabilities	**1 474 578 621**	**94 093 613**	**1 568 672 234**	**1 383 009 351**	**331 132 152**	
Net Assets	**4 710 144 898**	**(103 332 363)**	**4 606 812 535**	**10 300 162 607**	**5 176 555 035**	**-**
Reserves						
Reserve	-	-	**-**	-	**-**	20
Accumulated surplus	4 710 145 399	(103 332 864)	**4 606 812 535**	10 300 162 607	**5 693 350 072**	
Total Net Assets	**4 710 145 399**	**(103 332 864)**	**4 606 812 535**	**10 300 162 607**	**5 693 350 072**	

Amathole District Municipality
Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments budget	Final Adjustments budget	Shifting of funds	Virement	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 61
Cash Flow Statement									
Cash flows from operating activities									
Receipts									
Service charges	249 098 903	62 576 088	311 674 991	-	-	**311 674 991**	207 322 389	**(104 352 602)**	
Grants	1 824 154 284	(494 464 763)	1 329 689 521	-	-	**1 329 689 521**	1 808 358 986	**478 669 465**	
Interest income	-	32 099 307	32 099 307	-	-	**32 099 307**	37 833 729	**5 734 422**	
Other receipts	67 792 957	446 806 737	514 599 694	-	-	**514 599 694**	5 674 911	**(508 924 783)**	
	2 141 046 144	**47 017 369**	**2 188 063 513**	**-**	**-**	**2 188 063 513**	**2 059 190 015**	**(128 873 498)**	
Payments									
Employee costs	(1 512 550 464)	(171 238 111)	(1 683 788 575)	-	-	**(1 683 788 575)**	(683 660 082)	**1 000 128 493**	
Suppliers	-	-		-	-	**-**	(1 018 685 483)	**(1 018 685 483)**	
Finance costs	-	(424 000)	(424 000)	-	-	**(424 000)**	(4 754 269)	**(4 330 269)**	
Grant expenditure	-	(18 095 340)	(18 095 340)	-	-	**(18 095 340)**	(14 435 797)	**3 659 543**	
	(1 512 550 464)	**(189 757 451)**	**(1 702 307 915)**	**-**	**-**	**(1 702 307 915)**	**(1 721 535 631)**	**(19 227 716)**	
Net cash flows from operating activities	**628 495 680**	**(142 740 082)**	**485 755 598**	**-**	**-**	**485 755 598**	**337 654 384**	**(148 101 214)**	1
Cash flow from investing activities									
Movement in current portion of non- current receivables	-	-	-	-	-	**-**	-	**-**	
Proceeds from sale of property, plant and equipment	-	-	-	-	-	**-**	-	**-**	
Purchase of intangible assets	-	-				**-**	(10 754 440)	**(10 754 440)**	
Increase in current investments	-	-	-	-	-	**-**	(894 795)	**(894 795)**	
Capital assets	(482 173 704)	3 172 476	(479 001 228)	-	-	**(479 001 228)**	(369 519 724)	**109 481 504**	
Net cash flows from investing activities	**(482 173 704)**	**3 172 476**	**(479 001 228)**	**-**	**-**	**(479 001 228)**	**(381 168 959)**	**97 832 269**	**2**
Cash flow from financing activities									
Movement in Operating leases	-	-	-	-	-	-	(189 965)	**-189 965**	
Net cash flows from financing activities	-	-	-	-	-	-	**(189 965)**	**(189 965)**	**3**
Net increase/(decrease) in cash and cash equivalents	146 321 976	(139 567 606)	6 754 370	-	-	**6 754 370**	(43 704 539)	**(50 458 909)**	
Cash and cash equivalent at the beginning of the year	392 919 464	-	392 919 464	-	-	**392 919 464**	219 917 515	**(173 001 949)**	
Cash and cash equivalent at the end of the year	**539 241 440**	**(139 567 606)**	**399 673 834**	**-**	**-**	**399 673 834**	**176 212 976**	**(223 460 858)**	

Reportable Segments for the year ended 30 June 2025

For management purposes, the municipality is organised and operates in **three key functional** segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

The key business units comprise of :

- Water Service authority
- Sanitation; and
- Fire services
- Other

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

The total functional segments, being water, sanitation and fire services, are added to the other unallocated segments to determine the entity wide information as per the Statement of Financial Position and Statement of Financial Performance.

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost-effective manner.

Reportable Segments for the year ended 30 June 2025 (continued)

Segments by Function

Figures in rands
30 June 2025

Revenue	Water Service Authority	Sanitation	Fire Services	Total of Segments by Function
Revenue from exchange transaction				
Service charges	425 510 933	263 476 428	7 897 605	696 884 965
Interest earned outstanding receivables	133 908 875	30 409 521	-	164 318 397
Total revenue from exchange transaction	**559 419 808**	**293 885 949**	**7 897 605**	**861 203 362**
Revenue from non-Exchange Revenue				
Government grants & subsidies - Operational	1 171 470 770	-	-	1 171 470 770
Government grants & subsidies - Capital	650 939 146	-	-	650 939 146
Total revenue from non - exchange transaction	**1 822 409 916**	**-**	**-**	**1 822 409 916**
Total revenue	**2 381 829 724**	**293 885 949**	**7 897 605**	**2 683 613 278**
Expenses				
Employee related costs	152 825 472	76 200 603	63 813 545	292 839 620
Depreciation, amortisation and impairment	240 888 396	36 958 676	789 739	278 636 811
Finance costs	23 794 043	-	-	23 794 043
Debt impairment	155 699 199	94 087 024	2 607 946	252 394 168
Repairs and maintenance	28 054 286	4 883 931	1 476 896	34 415 113
Contracted services	75 096 299	30 021 213	2 805 794	107 923 306
Inventory consumed	369 044 918	190 054 551	-	559 099 469
Operational costs	103 280 698	9 703 559	1 152 777	114 137 033
Total expenditure	**1 148 683 311**	**441 909 557**	**72 646 696**	**1 663 239 564**
Operating surplus	**1 233 146 413**	**(148 023 608)**	**(64 749 091)**	**1 020 373 714**
Gain/(Loss) on disposal of assets	-	-	-	-
Actuarial gains	-	-	-	-
Surplus / (Deficit)	**1 233 146 413**	**(148 023 608)**	**(64 749 091)**	**1 020 373 714**
Assets	240 567 279	533 610 488	757 888	774 935 654
Liabilities	(1 011 787 529)	(14 350 262)	(981 770)	(1 027 119 561)

Reportable Segments for the year ended 30 June 2025 (continued)

Segments by Function

Figures in rands
30 June 2024

Revenue	Water Service Authority	Sanitation	Fire Services	Total of Segments by Function
Revenue from exchange transaction				
Service charges	197 704 449	210 478 711	8 577 731	416 760 891
Interest earned outstanding receivables	77 406 569	32 373 887	-	109 780 455
Total revenue from exchange transaction	**275 111 018**	**242 852 597**	**8 577 731**	**526 541 346**
Revenue from non-Exchange Revenue				
Government grants & subsidies - Operational	1 088 461 550	-	-	1 088 461 550
Government grants & subsidies - Capital	601 175 535	-	-	601 175 535
Donation	11 100	-	-	11 100
Total revenue from non - exchange transaction	**1 689 648 185**	**-**	**-**	**1 689 648 185**
Total revenue	**1 964 759 203**	**242 852 597**	**8 577 731**	**2 216 189 531**
Expenditure				
Employee related costs	164 293 822	76 391 628,33	62 685 478,92	303 370 929
Depreciation, amortisation and impairment	319 859 998	747 631	798 149	321 405 778
Finance costs	22 611 493	-	-	22 611 493
Debt impairment	166 870 785	126 412 824	(675 370)	292 608 239
Repairs and maintenance	996 860	1 979 485	-	2 976 346
Contracted services	72 711 433	6 928 938	1 471 439	81 111 810
Inventory consumed	284 829 709	286 842	120 626	285 237 177
Operational costs	90 186 812	11 586 093	1 630 558	103 403 463
Total expenditure	**1 122 360 912**	**224 333 442**	**66 030 882**	**1 412 725 235**
Operating surplus	**842 398 291**	**18 519 155**	**(57 453 150)**	**803 464 296**
Gain /Loss on disposal of assets	(192 416)	(29 036)	-	(221 452)
Actuarial gains	-	-	-	-
Surplus / (Deficit)	**842 205 875**	**18 490 119**	**(57 453 150)**	**803 242 844**
Assets	10 198 999 311	322 884 997	18 538 053	10 540 422 361
Liabilities	(486 178 706)	(2 011 232)	167 270	(488 022 667)

Reportable Segments for the year ended 30 June 2025 (continued)

Segment Reconciliation 30 June 2025

Figures in Rands

Revenue	Total of Segments by Function (A)	Total Other segments (B - A)	Entity Wide Information as per Statement of Financial Performance (B)
Service charges	696 884 965	1	696 884 966
Rental of facilities and equipment	-	331 632	331 632
Interest earned outstanding receivables	164 318 397	-	164 318 397
Operational revenue	-	3 213 643	3 213 643
Interest received - Investments	-	37 833 729	37 833 729
Total revenue from exchange transaction	**861 203 362**	**41 379 005**	**902 582 366**
Revenue from non-exchange Revenue			
Government grants & subsidies - Operational	1 171 470 770	(0)	1 171 470 770
Government grants & subsidies - Capital	650 939 146	0	650 939 146
Donation	-	-	-
Total revenue from non - exchange transaction	1 822 409 916	0	1 822 409 916
Total revenue	**2 683 613 278**	**41 379 005**	**2 724 992 283**
Expenses			
Employee related costs	292 839 620	408 964 863	701 804 483
Remuneration of councillors	-	17 401 216	17 401 216
Depreciation, amortisation and impairment	278 636 811	7 467 176	286 103 987
Finance costs	23 794 043	30 628 403	54 422 446
Debt impairment	252 394 168	0	252 394 168
Repairs and maintenance	34 415 113	20 811 040	55 226 154
Contracted services	107 923 306	38 192 680	146 115 986
Transfers and grants expenditure	-	14 435 797	14 435 797
Inventory consumed	559 099 469	10 395 655	569 495 124
Operational costs	114 137 033	150 430 053	264 567 086
Total expenditure	**1 663 239 564**	**698 726 883**	**2 361 966 447**
Operating surplus	**1 020 373 714**	**(657 347 878)**	**363 025 836**
Gain /(Loss) on disposal of assets	-	(81 695)	(81 695)
Actuarial gains	-	3 365 000	3 365 000
Surplus for the year	**1 020 373 714**	**(654 064 573)**	**366 309 142**

	Total of Segments by Function (A)	Total Other segments (B - A)	Entity Wide Information as per Statement of Financial Position (B)
Assets	774 935 654	10 908 236 302	11 683 171 956
Liabilities	(1 027 119 561)	(355 889 790)	(1 383 009 351)

Segment Reconciliation 30 June 2024
30 June 2024

Revenue	Total of Segments by Function (A)	Total Other segments (B - A)	Entity Wide Information as per Statement of Financial Performance (B)
Service charges	416 760 891	0	416 760 891
Rental of facilities and equipment	-	302 174	302 174
Interest earned outstanding receivables	109 780 455	-	109 780 455
Interest received - Investments	-	45 054 658	45 054 658
Operational revenue	-	1 448 615	1 448 615
Total revenue from exchange transaction	**526 541 346**	**46 805 448**	**573 346 794**
Revenue from non-exchange Revenue			
Government grants & subsidies - Operational	1 088 461 550	28 482 462	1 116 944 012
Government grants & subsidies - Capital	601 175 535	-0	601 175 535
Donation	11 100	-	11 100
Total revenue from non - exchange transaction	**1 689 648 185**	**28 482 462**	**1 718 130 646**
Total revenue	**2 216 189 531**	**75 287 909**	**2 291 477 441**
Expenses			
Employee related costs	303 370 929	374 030 632	677 401 561
Remuneration of councillors	-	17 912 778	17 912 778
Depreciation, amortisation and impairment	321 405 778	6 000 056	327 405 834
Finance costs	22 611 493	23 245 186	45 856 679
Debt impairment	292 608 239	(0)	292 608 239
Repairs and maintenance	2 976 346	17 120 535	20 096 881
Contracted services	81 111 810	30 668 301	111 780 111
Transfers and grants expenditure	-	12 263 006	12 263 006
Inventory consumed	285 237 177	209 806	285 446 982
Operational costs	103 403 463	123 084 131	226 487 594
Total expenditure	**1 412 725 235**	**604 534 430**	**2 017 259 665**
Operating surplus	**803 464 296**	**(529 246 520)**	**274 217 776**
Gain /(Loss) on disposal of assets	(221 452)	1 256 453	1 035 001
Actuarial gains	-	2 035 000	2 035 000
Surplus for the year	**803 242 846**	**(525 955 066)**	**277 287 777**

	Total of Segments by Function (A)	Total Other segments (B - A)	Entity Wide Information as per Statement of Financial Position (B)
Assets	10 540 422 361	585 116 858	11 125 539 219
Liabilities	(488 022 667)	(703 663 093)	(1 191 685 760)

Significant Accounting Policies

The financial statements of Amathole District Municipality for the year ended 30 June 2025 were authorised for issue by Accounting Officer on 31 August 2025.

1. Basis of presentation

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

These 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. They are presented in South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP. These accounting policies are consistent with the previous period, unless specified otherwise. A summary of the significant accounting policies is discussed below.

1. Summary of Significant Account Policies

1.1 Presentation currency

These Annual financial statements are in South African Rand, which is the functional currency of the municipality. The amounts in the annual financial statements are rounded to the nearest rand.

1.2 Going concern assumption

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

Offsetting

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position only when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of the Annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. In the process of applying the municipality's accounting policies, management has made significant accounting judgements, estimates and assumptions, which have significant effect on the amounts recognised in the financial statements. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management’s best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively:

Pension and other post - employment benefits

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

For key actuarial assumptions, refer to note 10 " Employee Benefit obligations "

Useful lives (Depreciation and Amortizations)

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 condition, expected condition at the end of the period of use, its current use, expected future use and the municipality's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

Impairment of property, plant and equipment

The calculation in respect of the impairment of property, plant and equipment (PPE) is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

Residual value of property, plant and equipment

Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

Infrastructure assets

The determination of the fair value of the water infrastructure assets is based upon assumptions and professional judgement applied by consulting engineers using best engineering practice and industry norms and standards.

The following assumptions have been made in the compilation of the low data confidence infrastructure asset register:

- The construction year is estimated using sources in the following order of precedence : available technical records, interviewing of operations staff, comparison with adjacent infrastructure. When the date of acquisition is not known and the construction year is estimated, the acquisition date is assumed to be the 1st day of January in the year of construction.
- The consumption of the benefits of infrastructure assets are predominately uniform over the life of the assets.
- The depreciation is therefore assumed to be straight line for all infrastructure assets.
- The residual value of all civil infrastructure assets is negligible as there is no open market for the materials used in civil infrastructure and the realizable value is very small. The scrap value of mechanical and electrical plant is also negligible.
- The remaining Useful Life was estimated using a combination of visual inspection and information on asset performance provided by operations staff. For underground assets, such as pipes , the assessment is based on the age of the pipes and information on performance from the operations staff.

Impairment of Receivables

The measurement of receivables is derived after consideration of the impairment. Management makes certain assumptions regarding the categorisation of debtors into groups with 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 impairment the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile. The municipality utilises the template from National Treasury to calculate the impairment provision of the receivables.

Significant Accounting Policies

Inventory - Water Stock
The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the network reticulation capacity at year end. Any existing drought conditions are also taken into consideration where applicable. The water stock on hand has been estimated using engineering best practice and industry norms and standards.

Impairments of non-financial assets
In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and availability of information.

Provisions and contingent liabilities
Management's judgement is required when recognising and measuring provisions and when measuring contingent liabilities. 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 amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. Provisions are discounted where the effect of discounting is material.

Useful lives of waste and water network and other assets
The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Operating leases - Municipality as lessor

The municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties and thus accounts for them as operating leases. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease.

Environmental rehabilitation provisions
The municipality operates a landfill site and has made critical assumptions for estimating the life expectancy and rehabilitation costs of the site.

1.4 Investment property

Investment property includes property (land or a building, or part of a building, or both land or buildings under a finance lease) held to earn rentals and /or for capital appreciation rather than held to meet service delivery objectives or sale in the ordinary course of business. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. Investment property is initially derecognised when future benefits are probable and the cost or fair value can be determined reliably.

Recognition
At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of Day to Day servicing of investment property is recognised in the statement of Financial Performance as incurred.

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

Subsequent measurement - Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated. Investment properties are written down as a result of impairment, where considered necessary. Depreciation begins when the asset is available for use. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Investment property includes land held with an indefinite use. This land is recognised at fair value on the date of recognition

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
Property - land	indefinite
Property - building	30 years

The investment property's residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year-end.

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

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

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.
Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value [or carrying amount if cost model is used] at the date of change in use. If owner-occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the financial statements (see note 3). The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

Significant Accounting Policies

Impairments
The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.
An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

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

Recognition
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 or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.
Land is not depreciated as it is regarded as having an unlimited life.

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

Item	**Average useful life**
Land	Indefinite Life
Buildings	30 years
Furniture and fixtures	7 to 10 years
Motor vehicles	
• Vehicle	5 years
• Specialised Vehicles	3 to 20 years
Office equipment	3 to 7 years
• IT equipment	
IT equipment	3 to 5 years
Infrastructure	
• Roads and paving's	10 to 30 years
• Sewerage Mains and Purification Works	4 to 55 years
• Water Supply and Reticulation	3 to 94 years
Community	
• Libraries	30 years
• Buildings	30 years
• Community Centres	20 years
• Recreational Facilities	30 years
Other property, plant and equipment	
• Specialised Plant and Equipment	5 to 15 years
Ancillary fleet equipment and security	
• Security Equipment	3 to 5 years

Significant Accounting Policies

Bins and containers	5 to 10 years
• Other Items	2 to 5 years
Leased Assets	3 to 5 years

The residual value, the useful life and depreciation method of each asset are reviewed at least at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.
The municipality maintains and acquires assets to provide a social service to the community, with no intention of disposing the assets for any economic gain, and thus no residual values are determined other than for motor vehicles.

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

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

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. Depreciation of an asset commences when the asset is ready for its use as intended by management.
Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or where appropriate, the term of the relevant lease, and are recognised in the statement of financial performance.
Incomplete construction work (work in progress) is stated at historical cost.

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 or disposal 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.
The municipality separately discloses expenditure and maintenance on Property Plant and Equipment in the notes to Financial Statements (see **note 4**). The Municipality discloses relevant information relating to assets under construction or development in the notes to the Financial Statements (see **note 4**).

Derecognition
The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying values of assets.

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

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

Site rehabilitation and restoration costs
Where the Municipality has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as "rehabilitation provisions"’. The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the Municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

As the related asset is measured using the cost model: -
(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

Impairments
The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), its written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

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

1.6 Intangible assets
Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Subsequent Measurement
Intangible assets are subsequently carried at cost less accumulated amortisation and impairments.
The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the statement of financial performance under expenses consistent with the function of the intangible asset.

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

Item	Useful life
Computer software	7 -10 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. Amortisation shall commence when the asset is available for the intended use.
Amortisation of the asset begins when the development is complete and the asset is available for use.
The amortisation period, the amortisation method and the residual value for intangible assets with finite useful lives are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.
The residual value of intangible assets is estimated to be nil.
The municipality discloses relevant information relating to assets under construction, in the notes to financial statements (see **note 5**).

Impairments
The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset maybe impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. W here the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. Where items of property, plant equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

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

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

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

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.
The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 6). The municipality discloses relevant information relating to assets under construction or development in the notes to the financial statements (see note 6).

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

Initial measurement
Heritage assets are measured at cost.

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. Heritage assets are not depreciated.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

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

Significant Accounting Policies

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

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.8 Investments in controlled entities
Subsidiaries are all controlled entities over which the municipality has ownership control or effective control to govern the financial and operating policies of such control entities so as to benefit form its activities. Controlled entities are fully consolidated from the date on which control is transferred to the municipality, and are carried at cost. Investments in municipal entities under the ownership control of the municipality are carried at cost. Separate consolidated financial statements are prepared to account for the municipality's share of net assets and post acquisition results of these investments. The municipality commences accounting for an investment in a subsidiary from the date that control exists and discontinues the application when it no longer has control over the subsidiary.

1.9 Financial instruments

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

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

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

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm’s length transaction.
A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Financial assets consist of cash and cash equivalents, deposits, receivables and investments.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Financial liabilities consist of payables, interest bearing loans and bank overdrafts
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

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

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

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

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

Significant Accounting Policies

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

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

Class	Category
Non current receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost

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

Class	Category
Trade payables	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities.
The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities
The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

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

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification
The municipality does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

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

Significant Accounting Policies

Offsetting

The municipality does not offset a financial asset and a financial liability unless a legally enforceable rights to set off the recognised amounts , currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Gains and losses

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

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

Impairment of financial assets

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

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 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 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.

Derecognition
Financial assets

The municipality derecognises financial assets using trade date accounting. The municipality derecognises a financial asset only when:

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

Policies relating to specific financial instruments

Investment at amortised cost
Investments, which include [listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Investment at cost
Investment at cost, which represent investments in residual interest for which there is no quoted market price and for which fair value cannot be measured reliably, are subsequently measured at cost.

Cash and cash equivalents
Cash and cash equivalents are measured at amortised cost.
Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly 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.
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade and other receivables
Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade receivables are determined in accordance with the accounting policy for impairments. An estimate is made for impairment based on past default experience of all outstanding amounts at year end. Impairment adjustments are made through the use of an allowance account. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments(more than 30days overdue) are considered indicators that the receivables is impaired. Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the approval of the necessary delegated authority. Impairments are determined by discounting expected future cash flows to their present value.
Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables
Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method

Borrowings and other financial liabilities
Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction cost) and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method. Long term borrowings are non-derivative financial loans and the municipality does not hold financial loans for trading purposes. Long term borrowings are utilised solely for funding capital projects.

Loans and Receivables
Loans and Receivables are measured initially and subsequently at amortised cost any difference between the proceeds (net of transaction cost) and redemption value is recognised in the statement of financial performance. Loans and Receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

1.10 VAT
The municipality accounts for value added tax on the payments basis.

1.11 Leases
Finance leases -municipality as a lessee

Recognition
Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality through the lease agreement. Assets subject to finance to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement
at inception date: namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Measurement
Assets subject to a finance lease, as recognised in the statement of financial position, are measured (at initial recognition)at the lower of the fair value of the assets and the present value of the of the future minimum lease payments. The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight - line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight -line lease payments and the contractual lease payments.

Significant Accounting Policies

Derecognition
The finance lease liabilities are derecognised when the municipality's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the municipality no longer expects any economic benefits or
service potential to flow from the asset.

The operating lease liability is derecognised when the municipality's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the municipality no longer anticipates economic benefits to flow from the asset.

Subsequent measurement
Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases - municipality as a lessor
Income for leases is disclosed under revenue in statement of financial performance.
Recognition
For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable
is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains , a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Measurement
Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments) The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Derecognition
Operating lease liabilities are derecognised when the municipality's obligation to provide economic benefits or service potential under the lease agreement expires . Operating lease assets are derecognised when the municipality's right to the underlying cash flows expires or the municipality no longer expects economic benefits to flow from the operating lease asset.

Operating leases - municipality as a 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. The liability or asset is not discounted. Any contingent rents are expensed in the period they are incurred.

1.12 Inventories

Initial recognition
Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

Subsequent measurement
Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.
The basis of determining cost is the first-in-first-out (FIFO) method.
Redundant and slow-moving inventories are identified and written down to their estimated net realisable value estimated by management. Inventories are written down according to their age, condition and utility. Differences arising on the measurement of such inventories at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Housing inventory
Housing development inventory is measured at cost on the first-in, first-out basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs. The carrying amount of these inventories held for distribution is recognised as an expense when beneficiaries take occupation of the houses. Housing development funding received is recognised as revenue and expenditure on the Statement of Financial Performance to the extent that the municipality has complied with any of the criteria, obligations or conditions of the grant.

Significant Accounting Policies

Water inventory
Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the water reticulation network capacity at year end.

VIP toilets inventory
VIP toilets inventory is measured at cost on the first-in-, first-out basis.
The carrying amount of these inventories held for distribution is recognised as an expense when the beneficiaries take occupation of the VIP structures. Grant funding received is recognised as in the Statement of Financial Performance to the extent that the municipality has complied with any of the criteria, obligations or conditions of the grant.

Derecognition
The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.13 Impairment of cash-generating assets

The municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash generating assets.

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset in order to determine the extent of the impairment loss (if any).

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset.
If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.
If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

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

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit
as follows:
- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

Identification
When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired. The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.
Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.
This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use
Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life. When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Significant Accounting Policies

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

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

Estimates of future cash flows exclude:
- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

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

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

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Cash-generating units
If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:
- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and zero.

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

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that noncash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

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

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

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

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

Redesignation

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

1.14 Impairment of non-cash-generating assets

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).

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

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Significant Accounting Policies

Reversal of an impairment loss

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

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

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

Redesignation

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

1.15 Environmental Rehabilitation Provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure are based on the Municipality's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises. In so far as the obligations relate to assets, they are capitalised as part of the cost of those assets. Any unwinding of discount is charged to the statement of financial performance.

1.16 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.
The Municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from a municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

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

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

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits: Defined Benefit Plans

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.
Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

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

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Significant Accounting Policies

Multi-employer plans

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality accounts for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

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

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

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

Post-employment benefits : Defined benefits plans

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

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

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

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement. Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.

Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

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

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

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

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

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

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

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Significant Accounting Policies

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

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions
Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

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

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Medical Aid: Continued Members
The municipality provides post retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such a 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%. Assumption about the medical costs take into account estimated future changes in cost medical services, resulting from both inflation and specific changes in medical costs.
Actuaries are used to determine the obligation on an annual basis. The actuarial gain or loss is recognised in surplus or deficit.

Other Long Term Employee Benefits
The municipality provides long-term incentives to eligible employees, payable on completion of years of employment. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method has been used to value the obligation. Actuarial gains and losses on long term incentives are accounted for in surplus of deficit. The municipality offers employees long service awards for every five years of services completed, from five years of service to 45 years of service, inclusive.

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

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

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

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

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

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision.

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

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed unless the possibilities of outflow resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefit is probable.

1.18 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.

Sale of goods

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

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

Rendering of Services

Service income is recognised on an invoice basis. Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. The adjustments are recognised as revenue in the invoicing period.

Revenue arising from consumption of water and sanitation in the month of June is fully accounted for whether invoiced or not. Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered. Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from the council and are levied monthly.

Revenue arising from fire services is based on set basic tariffs.

Interest, rentals and agency services

Interest are recognised in the Statement of Financial Performance on a time proportionate basis, which takes into account the effective yield on the investment.

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

1.19 Revenue from non-exchange transactions

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

Revenue from public contributions and donations 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 qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a liability is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Grants transferred and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

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 probable.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Significant Accounting Policies

Recognition
An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement
Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Grants, transfers and donations
Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria, conditions and obligations embodied in the agreement. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional and funds are invested until utilised. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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

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

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

1.21 Borrowing costs
Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the

period in which they are incurred.

1.22 Translation of foreign currencies
Foreign currency transactions
Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transactions. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded are expensed. Transactions in foreign currency are accounted for at the exchange ruling on the date of transaction.

Gains and losses arising on the translation are dealt with in the Statement of Financial Performance in the year in which they occur.

1.23 Surplus/deficit
Gains and Losses
Gains and losses arising from fair value adjustments on investments and loans, and from the disposal of assets, are presented separately from other revenue in the Statement of Financial Performance, income, expenditure, gains and losses are recognised in surplus or deficit except for the exceptional cases where recognition directly in the net assets is especially allowed by a Standard of GRAP.

1.24 Comparative of Actual information to budgeted information
Budget information in accordance with GRAP 1 and 24, has been provided as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanations and comments to material differences are provided in the notes to the annual financial statements. In addition a note has been added to the annual financial statements where the over and under spending are deemed material, for the current financial year only. The annual budget figures included in the financial statements 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 (IDP). The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the fiscal period from 01/07/2024 to 30/06/2025.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of budget and actual amounts. Comparative information is not required.

Current year comparatives
When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified and restated. The nature and reason for the reclassification and restatement are disclosed in the Notes to the Annual Financial Statements.

Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.
The presentation and classification of items in the current year is consistent with prior periods.

1.25 Unauthorised expenditure
Section 1 of the Municipal Finance Management Act (Act no.56 of 2003) (MFMA), defines Unauthorised expenditure as follows:
any expenditure incurred by a municipality otherwise than in accordance with section 15 or 1 I(3). and includes-
(a) overspending of the total amount appropriated in the municipality’s approved budget;
(b) overspending of the total amount appropriated for a vote in the approved budget;

c) expenditure from a vote unrelated to the department or functional area covered by the vote;
(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
(e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of “allocation” otherwise than in accordance with any conditions of the allocation; or
(f) a grant by the municipality otherwise than in accordance with this Act: “vote” means-
(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
(b) which specifies, the total amount that is appropriated for the purposes of the department or functional area concerned.

In this context, unauthorised expenditure is the overspending of a vote or a main division within a vote; or expenditure that was not made 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.

Unauthorised expenditure is disclosed as a note to the financial statements.

During the period of investigation, the expenditure must remain in the municipality’s expenditure account since the outcome of the investigation will determine the appropriate action that must be taken by the accounting officer.

Unauthorised expenditure that is incurred before the adjustment budget is condoned by Council through the adjustment budget.
Unauthorised expenditure that is incurred after the adjustment budget is referred to the Municipal Public Accounts committee (MPAC) for further investigation.
and recommendation to Council. Where MPAC, after investigation, recommends to Council to certify the unauthorised expenditure,
as irrecoverable and to write off the unauthorised expenditure, it is disclosed in the note to the financial statements as condoned by Council.
Where MPAC, after investigation, determines that the unauthorised expenditure must be recovered from the relevant official, the unauthorised expenditure is recognised as a debtor in the Statement of Financial Position and the note to the financial statements is updated.

Unauthorised expenditure is derecognised from the note upon being condoned by Council or being transferred to the Statement of Financial Position.

1.26 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is defined in section 1 of the MFMA as follows:
fruitless and wasteful expenditure is expenditure which was made in vain and would have been avoided had reasonable care been exercised.

The words in vain as contained in the definition of fruitless and wasteful refers to a transaction, event or condition which was undertaken without value or substance and which did not yield any desired results or outcome. Reasonable care means applying due diligence (careful application, attentiveness, caution) to ensure that the probability of a transaction, event or condition not being achieved as planned is being managed to an acceptable level.

Fruitless and wasteful expenditure that has been incurred and identified must be recorded in the fruitless and wasteful register.
The expenditure must remain in the expense account until the outcome of the investigation which will determine the appropriate action that must be taken by the accounting officer or accounting authority with regard to the disclosure and recovery of such fruitless and wasteful expenditure.
The note to the financial statements must be updated.

If such investigations are not concluded by the date on which the annual financial statements are published, a narrative to this effect must be included as part of the fruitless and wasteful expenditure note to the financial statements.

Should the investigation reveal that the expenditure does not constitute fruitless and wasteful expenditure; the details of the expenditure must be retained in the register for purposes of completeness and to provide for an appropriate audit trail.
The note to the financial statements must be updated to reflect the outcome of the investigation.

Fruitless and wasteful expenditure must either be recovered from the person liable person in law; and in instances where recovery is not possible, such fruitless and wasteful expenditure may be written off by the accounting officer or accounting authority and the note to the financial statements updated.

Fruitless and wasteful expenditure is recognized as expenditure in the Statement of Financial Performance according to the nature of the payment, not as a separate line item on the face of the Statement of Financial Performance.

If an employee is held liable in terms of the law, recovery must be made and a debtor must be created in the Statement of Financial Position.

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed.

The financial statements must include particulars of fruitless and wasteful expenditure that occurred during the financial year and any disciplinary steps taken as a result of such fruitless and wasteful expenditure. Fruitless and wasteful expenditure is removed from the note when it is either written off by the relevant authority or transferred to receivables for recovery.
Additional disclosure for fruitless and wasteful expenditure is disclosed in note 50.

1.27 Irregular expenditure

Irregular expenditure is defined in section 1 of the MFMA as follows:
“irregular expenditure", in relation to a municipality or municipal entity),. means-
(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
(b) expenditure incurred by a municipality or municipal entity in Contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act 30 No. 20 of 1998); or
(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality‘s by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of “unauthorised expenditure".

In this context "expenditure" refers to any use of municipal funds that is in contravention of the following legislation:
Municipal Finance Management Act (Act no.56 of 2003);
the Municipal Systems Act (Act No.32 of 2000);
the Public Office Bearers Act (Act No. 20 of 1998) or its regulations; or
is in contravention of the municipality’s supply chain management policy and any by-laws giving effect to the policy.

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

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the 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 may write off the amount as a bad debt 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 recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the irregularity, including VAT, unless it is impracticable to determine in which case reasons therefore is provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

Additional disclosure for irregular expenditure is disclosed in note 49.

1.28 Investments
Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.29 Transfer and subsidies - Non Exchange Revenue
Unconditional Grants
Equitable share and Levy Replacement grant allocations are recognised in revenue upon receipt of the tranche.

Conditional grants and receipts
Government grants and other grants are recognised as revenue when:
(a) it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
(b) the amount of the revenue can be measured reliably, and
(c) to the extent that there has been compliance with any restrictions associated with the grant Income received from conditional grants, donations and subsidies are recognised to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds invested until it is utilised. Interest earned on the investment is treated in accordance with the grant conditions. If it is payable to the funder it is recorded as part of the creditor.
Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

1.30 Related parties
The municipality has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party or vice versa, or an entity that is subject to common control, or jointly control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the municipality any one or more related parties, and those transactions were not within:

- normal supplier and/ or client/ recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual group or persons in the same circumstances and:
- terms and conditions within the normal operating parameters established by the reporting municipality's legal mandate;

Further details about those transactions are disclosed in the notes to the financial statements.

The municipality has a related party relationship with its subsidiary Amathole Economic Development Agency SOC Limited t/a ASPIRE. Subsidiaries are entities controlled by the municipality. The existence and effect of potential voting rights that are currently exercisable are convertible without restriction are considered when assessing whether the municipality controls the other entity. Subsidiaries are consolidated from the date that effective control is transferred to the municipality and are no longer consolidated from the date the effective control ceases. Related party transactions are conducted on arms length basis with terms comparable to transactions with third parties.

Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee Members, Municipal Manager and Executive Directors.

1.31 Commitments
A commitment is the municipality's intention to commit to an outflow of its resources embodying economic benefits. The municipality is committed under obligations for goods and services, which have been contracted for on or before the reporting date, but not yet received or completed at year end. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. Approved and contracted commitments represent expenditure that has been approved and the contract has been awarded at the reporting date.

1.32 Post balance sheet events
Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types 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 amounts 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 an 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.

Significant Accounting Policies

1.33 Segment reporting

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. Reports are used to identify reportable segments and the review thereof, e.g. monthly section 71 reports.

General information

For management purposes, the municipality is organised and operates in three service delivery areas (Function of the Municipality).
These three areas are reviewed and reported on regularly by management.
Revenues and expenditures relating to these functions are recorded on a detailed transactional level and reported on various platforms.
The three service delivery areas and economic segments of Amathole District Municipality's mandate are as follows:-

- Water service Authority
- Sanitation
- Fire Services

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).
Segments were aggregated for reporting purposes.

The municipality operates throughout the Amathole District within the Eastern Cape across six local municipalities.
Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout the District were sufficiently similar to warrant aggregation.

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

The municipality reports a measure of assets and liabilities for each reportable segment if such an amount is regularly provided to management.
The municipality does not disclose the geographical areas in which it operates as management does not at present have reliable separate financial information that is generated cost-effectively for decision making purposes.

Measurement of segment surplus or deficit, assets and liabilities

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

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management.

Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment.

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

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 2024 or later periods:

Standards and Interpretation	Effective date : Years beginning on or after	Expected impact :
GRAP 1: Presentation of Financial Statements (amendments) - Going concern	To be determined by the Minister of Finance	The revised GRAP 1 statement addresses the assessment and disclosure of the going concern assumption when preparing financial statements. Amendments to this standard will be applied prospectively. It is expected that the application of this standard will not have a material impact on the financial statements of the municipality as the municipality has no intention to liquidate the entity or to cease operating.
GRAP 103: Heritage Assets (revised)	To be determined by the Minister of Finance	The revised standard requires a Municipality to assess cultural significance when applying the definition of a heritage asset. In addition heritage assets that have more than one use are to be accounted for in accordance with this statement, if the definition of a heritage asset has been met. It is not anticipated that there will be a material impact on the financial statements as these assets are in the jurisdiction of the local municipalities.
GRAP 104: Financial Instruments (revised)	1 April 2025	GRAP 104 prescribes the recognition, measurement, presentation and disclosure principles for financial instruments. The revised standard, eliminates guidance on transactions not commonly found in the public sector such as hedge accounting. It is expected that the application of this standard will not have a material impact on the financial statements of the municipality.
GRAP 105: Transfer of Functions between entities under common control (revised)	To be determined by the Minister of Finance	The objective of this Standard is to establish principles and requirements for the acquirer and transferor in a transfer of functions between entities under common control and its effects. This standard is not expected to have a material impact on the financial statements as there is no transfer of functions.

				2025 R	Restated 2024 R
GRAP 106: Transfer of Functions between entities not under common control (revised)	To be determined by the Minister of Finance	The objective of this Standard is to establish principles and requirements for the acquirer in a transfer of functions between entities not under common control and its effects. This standard is not expected to have a material impact on the financial statements as there is no transfer of functions.			
GRAP 107: Mergers (amendments)	To be determined by the Minister of Finance	This standard establishes the principles and requirements for the combined entity and combining entities in a merger, its effects and disclosure requirements. This standard will not have a material impact on the financial statements as there is no merger.			
iGRAP 22 on Foreign Currency Transactions and Advanced Considerations	1 April 2025	This interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. This interpretation is not expected to have a material impact on the financial statements as the municipality does not have material foreign exchange transactions.			

3. Investment property

	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	107 420 819	(2 022 414)	105 398 405	107 420 819	(1 915 964)	105 504 855

Reconciliation of Investment property - 2025

	Opening carrying value	Transfers In/ (Out)	Depreciation	Closing carrying value
Investment property	105 504 855	-	(106 450)	105 398 405

Reconciliation of Investment property - 2024

	Opening carrying value	Transfers In/ (Out)	Depreciation	Closing carrying value
Investment property	105 611 305	-	(106 450)	105 504 855

Pledged as security

There were no properties pledged as security.

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.

	2025	Restated 2024
	R	R
Rental income from investment property	331 632	302 174

Refer to **Note 41** for lease commitments

4. Property, plant and equipment

	2025			Restated 2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
	R	R	R	R	R	R
Land	6 965 092	-	6 965 092	6 965 092	-	6 965 092
Solid waste	10 729 429	(3 218 829)	7 510 601	10 729 429	(2 145 886)	8 583 544
Operational Buildings	22 387 408	(16 024 943)	6 362 465	22 387 408	(15 278 681)	7 108 727
Sanitation	1 983 905 084	(1 139 897 165)	844 007 919	1 947 422 038	(1 102 938 490)	844 483 548
Water supply	16 188 788 153	(6 961 774 160)	9 227 013 993	15 871 243 001	(6 685 021 382)	9 186 221 619
Community assets	1 832 896	(1 200 064)	632 832	1 832 896	(1 138 968)	693 928
Computer equipment	47 529 560	(33 990 092)	13 539 468	43 622 983	(31 425 841)	12 197 141
Furniture and office equipment	22 246 260	(20 722 686)	1 523 574	22 030 805	(20 302 726)	1 728 079
Machinery and equipment	16 855 954	(8 543 227)	8 312 727	11 129 645	(7 684 541)	3 445 105
Transport assets	126 647 537	(83 171 987)	43 475 550	120 833 557	(76 371 744)	44 461 813
	18 427 887 374	**(8 268 543 154)**	**10 159 344 218**	**18 058 196 855**	**(7 942 308 258)**	**10 115 888 595**

Reconciliation of property, plant and equipment - 2025

	Carrying Value Opening balance	Additions	Disposal	Transfers in /(out)	WIP Under construction	Impairment	Depreciation	Carrying value Closing Balance
	R	R	R	R	R	R	R	R
Land	6 965 092	-	-	-	-	-	-	6 965 092
Solid waste	8 583 543	-	-	-	-	-	(1 072 943)	7 510 600
Operational Buildings	7 108 712	-	-	-	-	-	(746 263)	6 362 449
Sanitation	844 483 550	40 347 506	-	(40 347 506)	36 483 046	(1 414 844)	(35 543 832)	844 007 920
Water Supply	9 186 221 639	54 997 453	-	(54 997 453)	317 545 152	(9 992 579)	(266 760 199)	9 227 014 013
Community	693 929	-	-	-	-	-	(61 097)	632 832
Computer Equipment	12 197 142	3 906 578	-	-	-	(185 511)	(2 378 740)	13 539 469
Furniture and fittings	1 728 079	215 455	-	-	-	(11 402)	(408 559)	1 523 574
Machinery and equipment	3 445 095	5 726 309	-	-	-	(92 100)	(766 586)	8 312 718
Transport assets	44 461 814	5 813 980	-	-	-	(570 973)	(6 229 270)	43 475 551
	10 115 888 595	**111 007 281**	**-**	**(95 344 959)**	**354 028 198**	**(12 267 408)**	**(313 967 488)**	**10 159 344 218**

Reconciliation of property, plant and equipment - 2024

	Carrying Value Opening balance	Additions	Disposal	Transfers in /(out)	Under construction	Impairment	Depreciation	Carrying value Closing Balance

Notes to the Annual Financial Statements

								Restated
							2025	2024
							R	R
	R	R	R	R	R	R	R	R
Land	6 965 092	-	-	-	-	-	-	6 965 092
Solid waste	9 656 486	-	-	-	-	-	(1 072 943)	8 583 543
Operational buildings	7 854 959	-	-	-	-	-	(746 247)	7 108 712
Sanitation	860 482 932	18 364 461	-	(17 485 386)	20 354 258	(2 454 963)	(34 777 752)	844 483 550
Water supply	9 072 929 774	145 414 074	-	(133 811 161)	402 281 295	(32 610 338)	(267 982 005)	9 186 221 639
Community	755 025	-	-	-	-	-	(61 097)	693 929
Computer Equipment	10 285 568	3 937 502	(47 187)	-	-	(5 190)	(1 973 551)	12 197 142
Furniture and fittings	2 112 320	80 366	(7 612)	-	-	(10 481)	(446 514)	1 728 079
Machinery and equipment	2 085 642	1 831 366	-	-	-	(12 269)	(459 644)	3 445 095
Transport assets	38 091 212	13 763 859	(994 624)	-	-	(610 745)	(5 787 888)	44 461 814
	10 011 219 010	**183 391 628**	**(1 049 423)**	**(151 296 547)**	**422 635 553**	**(35 703 986)**	**(313 307 641)**	**10 115 888 595**

The comparative amounts in the note has been restated refer to **Note 44**.
The useful life of the computer equipment, Furniture and Fittings, Machinery and equipment and transport assets was reassessed in the current year and resulted in a change in estimate, refer **Note 60**.

During the current year, infrastructure assets were recognised at deemed cost in instances where no supporting documentation was available.
is based upon assumptions and professional judgement applied by consulting engineers using best engineering practice and industry norms and standards.

Projects taking longer to complete:

The implementation of the following projects have been delayed due to various reasons:

Project Name	Original Planned Completion Date	Anticipated Completion Date	Carrying Amount R	Reasons for the delays
Ibika Centane Water Supply Phase 3 - Mhlahlane Villages	23/06/2021	Undetermined	R76 716 300	The contractor has been granted so many extensions of time: - For COVID 19 and lock down - For delays due to inclement weather - For delays due to disconnection of ESKOM and they are still not reaching practical completion.
Zingcuka Water Supply Scheme	18/06/2021	31/12/2025	R20 532 340	The delays were due to: - -Inclement weather -Eskom connection to the booster pumpstation -Delays on delivery of galvanized pipe -application for budget maintenance -Accessibility of site by Eskom - PSP contract regarded as evergreen and thus terminated

Notes to the Annual Financial Statements

					2025 R	Restated 2024 R
Nxaxo & Cebe Water Supply Scheme - Phase 1 Contract 1 Completion	20/03/2019	30/06/2026	R155 810 447	Extension of work, poor performance and non-compliance from the contractor and cash flow challenges. Contractor terminated in July 2023. A new contractor has been appointed in Dececember 2024		
Shixini Water Supply	01/11/2019	31/08/2025	R73 465 409	The Contractor for Shixini WS phase 1 was terminated in June 2023 see attached Termination letter and see attached Appointment letter for Mvesto and the contractor is scheduled to complete by end August 2025		
Idutywa East Water Supply - Contract 11	30/06/2018	N/A	R22 053 976	The consultant was Terminated in January 2022 see attached Termination letter for Zutari and Nangamso was never terminated. A new consultant has been appointed and their contract is being amended.		
Mgwali South Water Supply	31/03/2021	18/02/2026	R84 735 374	The contractor, Mayibuye JV, contract number 8/2/198/2017-2018C was terminated on 06 December 2022 due to poor performance with progress at 95%.The consultant, Bosch Projects with contract number 8/2/97/2005 was terminated due to exceeding the three year term allowed by National Treasury Regulation. Kukho Consulting Engineers, contract number 8/2/40/2022-2023P are the current appointed consultants in the project, appointed on 15 January 2024. Contractors are yet to be appointed.		
Total			**R 433 313 846**			

Transfer of infrastructure
During the 2015/16 financial year, the Demarcation Board rezoned the Amathole District Municipality, (ADM) boundaries.
The effect of the rezoning was a loss of some of the ADM villages to other municipalities. The assets, mainly water infrastructure assets, in the affected villages are to be transferred from ADM to the relevant municipalities as per the Demarcation Board's resolutions.
ADM has thus confirmed that all the assets are not in use by the municipality to render services, the municipality is not responsible for maintenance or expect to derive any revenue from these assets currently or in the future.
These assets to be transferred to CHDM and BCMM have a combined cost of R65,512,310 that can be divided into Sewer infrastructure assets of R 348 090 and Water infrastructure assets of R65,164,221.

		2025	Restated 2024
		R	R

Assets under investigation

Included in the current fixed asset register is a listing of 2322 items that the municipality is still investigating, this includes assets that could not be found. The municipality will investigate these assets instead of disposing the asset to ensure that these are true disposals. These assets have a cost value of R125,682,433, accumulated depreciation of R82,327,202, accumulated impairment of R38,414,301, which equates to a carrying value of R4,944,526 as at 30 June 2025. The majority, 2024 of these assets, relate to water infrastructure assets with a carrying value of R2,614,595 and 298 relate to sanitation infrastructure assets with a carrying value of R2,329,932.

During the physical verification of movable assets for 2024/25 financial year, assets recorded in the Fixed Asset Register but not located during the verification were identified.
These assets are under the following categories with a total carrying value of R955,568:

Computer and Equipment	334 670
Furniture and Office equipment	214 423
Machinery and Equipment	406 475

These assets are still under investigation and have not been removed from the Fixed Asset Register.

Council resolved on the 06 December 2024 to dispose of various transport assets based on its internal assessment.
In total 30 vehicles with a combined carrying value of R544,767 at reporting date were subsequently sold at auction on the 16th July 2025 for R1,116,390 VAT exclusive.

Expenditure Incurred to repair and maintain Property, Plant and Equipment	**R**
Sanitation and water supply	1 281 287
Buildings	4 187 635
Vehicles	49 558 785
Other	198 446
Total	**55 226 154**

Pledged as security

No assets pledged as security

Capitalised expenditure (excluding borrowing costs)	**Funding Source**		
Sanitation and Water Supply (Infrastructure)	Grant funding (MIG, RBIG and WSIG)	354 028 198	422 635 553
Community assets	Grant funding (MIG)	-	-
Other assets	Grant funding (WSIG)	-	-
Computer Equipment	Internal Funding	3 906 578	3 937 502
Furniture and office equipment	Grant funding (MIG, RBIG and WSIG)	215 455	80 366
Motor Vehicles	Internal Funding	5 813 980	13 763 859
Machinery equipment	Internal Funding	5 726 309	1 831 366
		369 690 520	**442 248 646**

Compensation received for losses on property, plant and equipment - included in operating surplus		
Motor vehicles	-	2 085 000
Office equipment	-	-
Computers	-	-
Buildings	-	-
Other Property ; plant and equipment	-	-
	-	**2 085 000**

Reconciliation of work - in - Progress - 2025

	Included within infrastructure	Included within buildings	Total
Opening balance	1 641 970 225	-	1 641 970 225
Additions/capital expenditure	354 028 198	-	354 028 198
Transferred to completed items	(95 344 959)	-	(95 344 959)

Notes to the Annual Financial Statements

		Restated
	2025	2024
	R	R

Transfer out	-	-	-
	1 900 653 464	**-**	**1 900 653 464**

Reconciliation of work - in - Progress - 2024

	Included within infrastructure	Included within buildings	Total
Opening balance	1 370 631 221	-	1 370 631 221
Additions/capital expenditure	422 635 552	-	422 635 552
Transfer out	(151 296 547)	-	(151 296 547)
	1 641 970 225	**-**	**1 641 970 226**

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

5. Intangible assets

	2025			2024		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, licences	**73 797 338**	**(64 096 979)**	**9 700 359**	**63 042 898**	**(62 831 614)**	**211 285**

Reconciliation of intangible assets - 2025

	Opening carrying value	Additions	Transfer In/(Out)	Impairment	Work in progress	Amortisation	Closing carrying value
Computer software, licences	211 285	10 754 440	-	-	-	(1 265 366)	9 700 359

Reconciliation of intangible assets - 2024

	Opening carrying value	Additions	Transfer In/(Out)	Impairment	Work in progress	Amortisation	Closing carrying value
Computer software, licences	313 690	211 284	-	-	-	(313 689)	211 285

Pledged as security
The carrying value of intangible assets is not pledged as security.

Restricted title
Carrying value of intangible assets whole title is not restricted.

The amortisation expense has been included in the line depreciation on the Statement of Financial Performance. A useful life of 3 years has been used in the calculation of amortisation.

6. Heritage assets

2025	2024

	2025			Restated 2024		
	R			R		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Collections of historical implements	400 000	-	400 000	400 000	-	400 000

Reconciliation of heritage assets - 2025

	Opening carrying value	Closing carrying value
Collections of historical implements	400 000	400 000

Reconciliation of heritage assets - 2024

	Opening carrying value	Closing carrying value
Collections of historical implements	400 000	400 000

Pledged as security
Carrying value of heritage assets is not pledged as security.

There have nbeen no repairs or maintenance incurred on the heritage assets.

Method and assumption used
Valuations were performed by independent valuer , Mrs Penelope Jean Lindstrom [Board Member of South African Institute of Valuer], and currently the chairman.
Messrs Penny Lindstrom Valuations CC are not connected to the municipality and have recent experience in location and category of asset being valued.
Effective date of valuation June 2015.

7. Investment in subsidiary

Name of Company	Held by	% holding 2025	% holding 2024	Carrying amount 2025	Carrying amount 2024
Amathole Economic Development Agency SOC Limited t/a ASPIRE	ADM	100%	100%	1 000	1 000

Investment in Municipal entity

Amathole Economic Development Agency SOC Limited t/a ASPIRE

Issued share capital (1000 ordinary shares of R1,00 each)
100% owned by ADM council

The Amathole Economic Development Agency was established 1 September 2005

Place of incorporation : South Africa

Principal activity: To promote local economic development in the Amathole Municipal District Area

The municipal transfers funds to the entity for operating purposes. Refer **Note 43** for related party transactions
The ADM continues to provide support to ASPIRE in terms of operational funding as well as having seconded senior personnel to the agency on a temporary basis during the current financial year. In respect of the poor financial position that the entity finds itself in certain initiatives were undertaken to, amongst other things, identify the root causes of this situation.
An investigation was conducted.

In addition a financial recovery plan was developed for the Board's consideration and implementation.

	2025 R	Restated 2024 R

8. Non-current receivables

Other long term receivables	3 176 765	3 122 525

Non current receivables		
Deposits	3 176 765	3 122 525
Subtotal	3 176 765	3 122 525
Less: Current portion transferred to current receivables	-	
	3 176 765	**3 122 525**

Deposits
The deposits relate to the amounts paid when the municipality enters into leases for buildings and utilities.

Non-current receivables are financial assets which are categorized at amortised cost.
The fair values of the loans are estimated to approximate their carrying amounts

9. Current portion of employment benefit obligation

Current portion - Post employment medical aid benefit	6 039 000	5 421 000
Current portion - Long service awards	7 081 000	7 746 323
	13 120 000	**13 167 323**

Employee benefit obligation provision
The uncertainties noted for the current portion of the post employment medical aid benefit are as follows: The current portion of the long service award was calculated by independent actuaries that have performed a valuation for the post employment benefit medical aid benefit provision. Refer to **Note 10** for the assumptions used.
The uncertainties noted for the current portion of the long service awards are as follows: The current portion of the long service award was calculated by independent actuaries that have performed a valuation for the long service award provision. Refer to **Note 10** for the assumptions used.

The current portion of employment benefit obligation has been restated. Refer **Note 44**.

10. Employee benefit obligation

Defined benefit plan		
Provision for post employment health care benefits	200 448 000	153 315 000
Provision for long service benefits	41 693 000	42 186 676
	242 141 000	**195 501 676**

The employee benefit obligation has been restated. Refer **Note 44**. ,

Statement of Financial Performance		
Current service cost	10 977 000	11 539 000
Interest cost	27 248 000	22 267 000
Benefits paid	(14 370 000)	(12 432 000)
Policy correction	26 102 000	-
Actuarial gain recognised	(3 365 000)	(4 379 000)
Actuarial loss recognised	-	2 344 000
	46 592 000	**19 339 000**

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R
Post retirement medical aid plan		
The Post Employment Health Care plan, of which members are made up as follows		
In service (employee) members	1 111	1 127
Continuation (retiree, widow/er and orphan) members	101	106
In service (employee) non- members	164	158
	1 376	**1 391**
The unfunded liability in respect of past services has been estimated to be as follows:		
In service (employee) members	141 932 000	107 665 000
Continuation (retiree, widow/er and orphan) members	59 094 000	5 370 000
In service (employee) non- members	5 461 000	45 701 000
	206 487 000	**158 736 000**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:
Bonitas
Hosmed
Key health
LA health
Samwumed

The municipality has agreed to subsidise the medical aid contributions of retired members in the following way:
Eligible employees will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement.
Continuation members and their eligible dependants receive a 70% subsidy.
The post-employment subsidies are not limited to a maximum Rand value/subsidy.
Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

Widow(er)s and orphans of eligible members are entitled to receive the same subsidy on and after the death in-service or death-in-retirement of the member.
The previous valuation applied a maximum subsidy (R 5,547 per principal member per month, for the year ending 30 June 2025) to the post-employment subsidies. At this valuation, it was established that a maximum subsidy does not apply to the post-employment subsidies. The financial impact of this correction to the policy valued is employment subsidies.

	2025	2024
Comparison of In service statistics		
Eligible employees		
Total number of eligible employees	**1 275**	**1 285**
Number of in-service members	**1 111**	**1 127**
Average Age	47,2	46,5
Average Past Service	14,2	13,5
Average current value of post-employment subsidy per month	R3 637	R2 840
Number of in-service non-members	**164**	**158**
Average Age	47,9	49,4
Average Past Service	13,9	15,7
Average current value of post-employment subsidy per month	R4 163	R3 880

Comparison of Continuation membership

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R
Continuation Members		
Number of principal members	101	106
Proportion with a spouse dependant	38%	40%
Average Age	70,8	71,7
Average subsidy per month	R4 636	R3 790
Reconciliation of assets and liabilities recognised in the balance sheet		
Present value of fund obligations	206 487 000	158 736 000
Fair value on plan assets	-	-
Present value of unfunded obligations	**206 487 000**	**158 736 000**
Present value of obligations in excess of plan assets		
Unrecognised past service cost	-	-
Unrecognised actuarial (gains)/losses	-	-
Unrecognised transitional liability	-	-
Net liability in Statement of Financial Position	**-**	**-**

The municipality has elected to recognise the full increase in this defined benefit liability immediately.

	2025 R	Restated 2024 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	158 736 000	142 780 000
Current service costs	7 102 000	7 555 000
Expected benefits paid	(5 911 000)	(4 826 000)
Interest cost	21 929 000	17 606 000
Past service costs	-	-
Policy correction	26 102 000	-
Actuarial (gain)/losses	(1 471 000)	(4 379 000)
Present value of fund obligation at the end of the year	**206 487 000**	**158 736 000**

Total unfunded liability

Reason for the movement in Liability

The **total liability** has increased by 30% (or R47 751 million) since the last valuation. The main reasons for the actual movement in the liability as a result of the following:

<u>In -Service Members</u>

The average in-service member Define Benefit Obligation has increased by 34% since the last valuation due to:
- an increase in the average post-employment subsidy (partly due to the removal of the maximum subsidy;
- an increase in the average age which means members are closer to retirement (less discounting) and less likely to leave before retirement; and
- an increase in the average past service.

These impacts were partially offset by an increase in the net medical contributions discount rate.
The total in-service member Define Benefit Obligation has increased by 32% due to the above, marginally offset by a decrease in the number of in-service members.

	2025	Restated 2024
	R	R

In-Service Non-Members

The average in-service non-member Define Benefit Obligation has decreased by 2% since the last valuation due to:

- a decrease in the average age;
- a decrease in the average past service; and
- an increase in the net medical contributions discount rate.

These impacts were mostly offset by an increase in the average post-employment subsidy (partly due to the removal of the maximum subsidy – see Section 3 for more detail).
The total in-service non-member Define Benefit Obligation has increased by 2% due to the above being more than offset by an increase in the number of in-service non-members.

Continuation Members

The average continuation member Defined Benefit Obligation has increased by 36% since the last valuation due to an increase in the average subsidy (partly due to the removal of the maximum subsidy, and a decrease in the average age. These impacts were partially offset by a decrease in the proportion of members with a spouse dependant and an increase in the net medical contributions discount rate.

The total continuation member Define Benefit Obligation has increased by 29% due to the above, slightly offset by a decrease in the number of continuation members.

Analysis of the Unexpected Movement in the Net Defined Benefit Liability

The below table analyses the extent of unexpected increases or decreases in the net defined benefit liability over the valuation period. As there is no plan asset, there are only unexpected movements in the Defined Benefit Obligation to consider. These unexpected movements (also termed actuarial gains and losses) are separated into three main components: the effect of the change in the basis (financial and demographic assumptions), unexpected increases in the subsidies, and unpredicted movements in the membership profile.

All the following components were calculated prior to incorporating the valued-policy correction:

Component of Actuarial (Gain) / Loss for the Period	**R**
Financial assumption changes	1 087 000
Demographic assumption changes: none	
Experience: Subsidy inflationary increases lower than assumed	(2 599 000)
Changes to membership profile different from assumed	41 000
Total actualrial (gain) / loss	**(1 471 000)**

Actuarial Gains and Losses

	2025	2024
Actuarial (gain)/loss for the period	(1 471 000)	(4 379 000)
Contributions to actuarial loss		
Basis changes: in net discount rate	-	-
Subsidy increases lower than assumed	-	-
Contributions increases higher than assumed	-	-
Changes to membership profile different from assumed	-	-
Actual benefits vesting, greater than expected	-	-

Net liability in the Statement of Financial Position

	2025	2024
Opening balance	158 736 000	142 780 000
Current service cost	7 102 000	7 555 000
Interest cost	21 929 000	17 606 000
Expected return on plan assets	-	-

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R
Transitional liability recognised	-	-
Actuarial (gain)/losses	(1 471 000)	(4 379 000)
Past service cost	-	-
Net periodic cost recognised in surplus and deficit	27 560 000	20 782 000
Policy correction	26 102 000	-
Expected employee benefit payments	(5 911 000)	(4 826 000)
Transitional liability recognised outside surplus and deficit	-	-
Closing balance	**206 487 000**	**158 736 000**

Current portion of liability (due in the next 12 months) refer to **Note 9**	6 039 000	5 421 000
Non- current portion of liability	200 448 000	153 315 000
Closing balance	**206 487 000**	**158 736 000**

Reconciliation of affair value of plans assets

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Benefits paid	-	-
Closing balance	-	-

History of liabilities and assets

The amounts for the current and the previous four periods were as follows:	**2 025**	**2 024**	**2 023**	**2 022**	**2 021**
Post employment medical aid obligation	206 487 000	158 736 000	142 780 000	148 218 000	137 149 000
Plan assets	-	-	-	-	-
Surplus/(deficit)	**(206 487 000)**	**(158 736 000)**	**(142 780 000)**	**(148 218 000)**	**(137 149 000)**

History of experience adjustments

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has occurred.

The amounts for the current and the previous four periods were as follows:	**2025**	**2024**	**2023**	**2022**	**2 021**
Liabilities gain/(loss)	(2 558 000)	(4 379 000)	(5 228 000)	(2 861 000)	(4 276 000)
Assets gain/(loss)	-	-	-	-	-

Trend information	**2026**	**2025**	**2024**
Present value of obligation	233 101 000	206 487 000	158 736 000
Fair value of plan assets	-	-	-
	233 101 000	**206 487 000**	**158 736 000**

Sensitivity results

Results of the sensitivity analysis on the Accrued Liability (R)

To illustrate the sensitivity of changes in certain key variables, the liabilities have been calculated using the following assumptions:

- 1% increase/decrease in the Medical Aid inflation;
- 1% increase/decrease in the discount rate;

	2025	Restated 2024
	R	R

- 1 year increase/decrease in the assumed rates of post-employment motality;
- 1 year increase/decrease in the average retirement age
- a decrease of 10% in the assumed proportion of in-service members that remain members at retirement.

The table below summaries the results of the sensitivity analysis on the defined benefit obligations (R):

Assumption	Change	Eligble Employees	Continuation Members	Total Defined Benefit Obligation	% change
		R	R	R	
Central assumptions		147 393 000	59 094 000	206 487 000	
Medical aid contribution inflation rate	1%	177 048 000	64 517 000	241 565 000	17%
	-1%	123 764 000	54 392 000	178 156 000	-14%
Discount rate	1%	124 744 000	54 595 000	179 339 000	-13%
	-1%	176 087 000	64 349 000	240 436 000	16%
Post-employment mortality	+1 year	143 798 000	57 176 000	200 974 000	-13%
	-1 year	150 940 000	61 022 000	211 962 000	16%
Average retirement Age	-1 year	162 040 000	59 094 000	221 134 000	7%
Membership continuation	-10%	127 321 000	59 094 000	186 415 000	-10%

Sensitivity analysis on current and interest costs for the year ending 30 June 2025

Assumption	Change	Eligble Employees	Continuation Members	Total Defined Benefit Obligation	% change
		R	R	R	
Central assumptions		7 102 000	21 929 000	29 031 000	
Medical aid contribution inflation rate	1%	7 600 000	23 273 000	30 873 000	6%
	-1%	6 383 000	20 115 000	26 798 000	-9%
Discount rate	1%	6 013 000	19 242 000	25 255 000	-13%
	-1%	8 467 000	25 222 000	33 689 000	16%
Morality rates	x1,2	6 658 000	20 577 000	27 235 000	6%
	x0,8	7 615 000	23 517 000	31 132 000	-7%
Average retirement Age	-1 year	6 599 000	20 113 000	26 712 000	-8%

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R

Sensitivity analysis on current and interest costs for the year ending 30 June 2026

Assumption	Change	Eligble Employees	Continuation Members	Total Defined Benefit Obligation	% change
		R	R	R	
Central assumptions		10 022 000	22 982 000	33 004 000	
Medical aid contribution inflation rate	1%	12 198 000	26 944 000	39 142 000	19%
	-1%	8 298 000	19 782 000	28 080 000	-15%
Discount rate	1%	8 445 000	21 677 000	30 122 000	-9%
	-1%	12 020 000	24 444 000	36 464 000	10%
Post-Employment Morality	+1 year	9 775 000	22 359 000	32 134 000	-3%
	-1 year	10 260 000	23 600 000	33 860 000	3%
Average retirement Age	-1 yr	10,659,000	24 625 000	35 384 000	7%
Membership contribution	-10%	8 663 000	20 718 000	29 381 000	-11%

Assumption	**Value p.a.**	**Value p.a.**
Discount rate	11,30%	13,80%
Consumer Price Inflation (CPI)	5,30%	8,10%
Health care cost inflation rate	7,10%	9,60%
Net discount rate - health care cost inflation	3,90%	3,80%

Discount rate

The discount rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 11.3% per annum has been used. The corresponding index-linked yield at this term is 5.2%. These rates do not reflect any adjustment for taxation.

These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2025.

The duration of the components of the defined benefit obligation is a weighted average of 17.75 years.

Medical aid contribution inflation rate

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A medical aid contribution inflation rate of 7.1% per annum has been assumed. This is 1.8% in excess of expected consumer price index (CPI) inflation over the expected term of the defined benefit obligation, namely 5.3% per annum. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 3.9% per annum which derives from ((1+11.3%)/(1+7.1%))-1.

The CPI inflation assumption of 5.3% per annum was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the defined benefit obligation (5.2%) and those of fixed interest bonds (11.3%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.5%).

	2025	Restated 2024
	R	R

The next contribution increase was assumed to occur with effect from 1 January 2026.

Replacement ratio

This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

Assumption	Active employees
Normal retirement age	62
Employment age used for past service period	Actual service entry ages
Mortality during employment	SA 85- 90
Mortality post employment	PA(90) -1 with a 1% mortality improvement p.a. from 2010
Proportion with a spouse dependant at retirement	60%
Continuation of membership at retirement	70%
Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy at retirement	15%

Termination rates per annum

Age	Rate	Age	Rate
20 - 24	9%	40 -44	5%
25 - 29	8%	45 -49	4%
30 - 34	6%	50 -54	3%
35 - 39	5%	55+	0%

Average Retirement Age

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

Continuation of membership

It has been assumed that 70% of in-service members will remain on the Municipality’s health care arrangement should they stay until retirement.

Proportion of eligble in-service non-members joining a scheme by retirement

It has been assumed that 15% of eligible in-service non-members will be on a medical scheme by retirement (should they not exit employment before then) and continue with the subsidy at and after retirement.

Family profile

It has been assumed that female spouses will be five years younger than their male counterparts. Furthermore, we’ve assumed that 60% of eligible employees on a health care arrangement at retirement will have a subsidised spouse dependant. For current retiree members, actual subsidised spouse dependants were used and the potential for remarriage was ignored.

	2025	Restated 2024
	R	R

Medical scheme optiion

It has been assumed that continuation members will remain on the same medical scheme and option.

In-service members were assumed to remain on the same medical scheme and option, should they continue to receive the subsidy after retirement.

In-service non-members were assumed to join Samwumed B, should they join a scheme by retirement and continue to receive the post-employment subsidy.

Plan asset

There are no long-term assets set aside off balance-sheet in respect of the Municipality's post-employment health care defined benefit obligation.

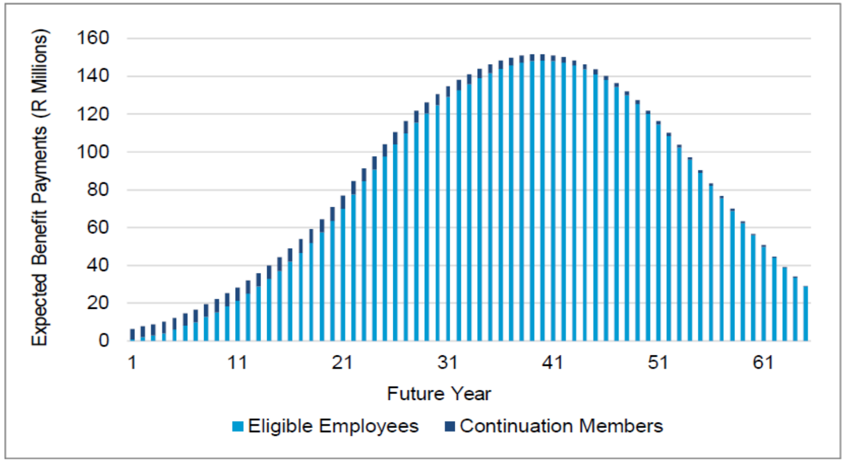
Maturity analysis

The figure below reflects the defined benefit ofbligation's maturity analysis (undiscounted expected benefit payments) for the next 65 years. The benefit payments that are expected to occur thereafter are relatively insignificant and thus add little information to the graph.

Current continuation members' expected benefit payments are shown in a darker colour.

The post-employment expected benefit payments of eligible employees currently in active service is displayed in a lighter shade.

It is important to note that this graph does not show the total post-employment benefit payments that the Municipality will need to pay in each future year, but just the expected payments in respect of the current eligible employees and continuation members i.e. no allowance has been made for future new eligible employees.



The table below shows the maturity analysis for the next 80 years (R).

Future year	Expected benefit payments	Future year	Expected benefit payments	Future year	Expected benefit payments
1	6 390 000	6 to 10	97 411 000	31 to 40	1 456 922 000
2	7 835 000	11 to 15	179 933 000	41 to 50	1 398 351 000
3	8 781 000	16 to 20	297 250 000	51 to 60	867 235 000
4	10 257 000	21 to 25	454 613 000	61 to 70	286 678 000
5	12 305 000	26 to 30	605 784 000	71 to 80	34 125 000

	2025	Restated 2024
	R	R

Information on associated risks

Notable benefit plan risks faced by the Municipality can be summarised as follows:

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

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

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

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

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

The administration of this Defined Benefit Obligation poses a burden on the Municipality.

Multi - employer funds

Provision for retirement gratuity benefits

Employees of the Amathole District Municipality participated in the following benefit funds:

Cape Joint Pension Fund (defined contribution)
Eastern Cape Gratuity Fund (defined contribution)
Eastern Cape Municipal Pension Fund (defined contribution)
Cape Joint Retirement Fund (defined contribution)
National Fund for Municipal Workers (defined contribution)
South African Municipal Workers National Provident Fund (defined contribution)
Government Employees Pension Fund (defined benefit)
South African Local Authorities Pension Fund (defined contribution)

The actuaries appointed to perform the valuation on the gratuity obligation were of the opinion that the Amathole District Municipality do not have an obligation for this post - employment benefits. Hence the liability is not recognised and disclosure was made to reflect information pertaining to multi-employer funds.

The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of details because:

Plan assets ar held as one portfolio and not notionally allocated to each participating employer.

Similarly, the plans' financial statements are not constructed separately for each participating employer, but rather in respect of the whole plan including all the participating employers.

Contribution rates do not usually vary by participating employer.

Thus, some of the entities defined benefit plans are not treated as defined benefit plans as defined by GRAP 25, but are rather accounted for as defined contribution plans. These are listed under the defined contribution plan heading as a GRAP 25 Exception.

This is in line with the exemption in GRAP 25 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for a defined contribution plans.

The following table reflects information on the defined benefit retirement, pension and provident funds to which councillors and employees belong, and in respect of which there is not sufficient information available to make more detailed disclosures.

Defined contribution (DC) Multi - employer plans

Notes to the Annual Financial Statements

		2025		Restated 2024
		R		R
	Number of the Municipality's employees belonging to the plan	Amount of contributions paid by the Municipality for the year ending 30 June 2025	Number of the Municipality's employees belonging to the plan	Amount of contributions paid by the Municipality for the year ending 30 June 2024
Cape Retirement Fund (CRF)	1 144	103 069 368	1 219	67 177 976
SAMWU National Provident Fund (SNPF)	71	5 652 396	84	3 995 745
National Fund for Municipal Workers	28	2 826 160	18	1 501 745
Eastern Cape Gratuity Fund	2	40 868	2	38 914
Eastern Cape Municipality Pension Fund	2	179 821	2	101 175
Government EE Pension Fund	14	1 114 500	19	751 454
Local Authorities Retirement fund	4	322 723		

Provision for long service benefits

An actuarial valuation has been performed of the municipality's liability for long service benefits relating to long service awards to which employees may become entitled to. The municipality offers employees long service awards for every five years of service completed, from five years of service to 45 years of service, inclusive. This provision is the present value of the total long service awards expected to become payable under the municipality's current arrangements and based on the actuarial assumptions made. The municipality has elected to recognise the provision in full.

Summary for eligible employees

	2025	2024
Number of eligible employees	1 275	1 285
Average annual salary	344 454	330 068
Average age	47,3	47,5
Average past service	14,2	14,02

Long service awards for the levels of past service

Completed Service (in years)	Long Service Bonuses (% of interim Salary)	Description
5	3,9%	(5 /260 + 2%) x interim salary
10	6,8%	(10 /260 + 3%) x interim salary
15	9,8%	(15 /260 + 4%) x interim salary
20	10,8%	(15 /260 + 5%) x interim salary
25, 30, 35, 40, 45	11,8%	(15 /260 + 6%) x interim salary

	2025 R	Restated 2024 R

In the month that each " Completed Service " milestone is reached, the employee is granted a long service award.
Working days awarded are valued at 1/260th of annual earnings per day.
The Municipality indicated that employees' basic salaries, referred to as "earnings "in this report, are used to determine the Rand Value of Long Service Award (LSA).
In addition the retirement gifts are awarded to all employees who retire at age 65. According to the Municipality, only 3% of employees are expected to receive the retirement gift, since the majority retire before age 65.

The value of the retirement gift are as follows :
R 1 730 for employees with under twelve years of total service at retirement
R3 240 for employees with twelve or more years of total service at retirement.
Management confirmed that these values are fixed i.e. there are no planned future increases.
The Municipality does not pay any pro-rata LSA.

Employee related costs

	2025 R	2024 R
Current service cost	3 875 000	3 984 000
Interest cost	5 319 000	4 661 000

(i) The Current- Service Cost reflects the additional liability that is expected to accrue in respect of in-service members over the corresponding year.

(ii) The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefit vesting's, over the corresponding year. This arises because all future LSA benefits are one year closer to payment

Provision for long service award liability

	2025 R	2024 R
Opening accrued liability	49 933 000	46 550 000
Current service cost	3 875 000	3 984 000
Interest cost	5 319 000	4 661 000
Benefit vesting's	(8 459 000)	(7 606 000)
Total interim expense	735 000	1 039 000
Actuarial loss / (Gain)	(1 894 000)	2 344 000
Closing Accrued Liability	**48 774 000**	**49 933 000**

Reconciliation of assets and liabilities recognised in the Statement of Financial Position

	2025 R	2024 R
Present value of fund accrued liability	**48 774 000**	**49 933 000**
Fair value of plan assets	-	-
Unrecognised actuarial gain	-	-
Unrecognised transition liability	-	
Unrecognised past service cost	-	-
Net liability in the Statement of Financial Position	**48 774 000**	**49 933 000**

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R
Net liability to reflect in the Statement of Financial Position		
Opening balance	49 933 000	46 550 000
Current service cost	3 875 000	3 984 000
Interest cost	5 319 000	4 661 000
Expected return on plan assets	-	-
Transitional liability recognised	-	-
Actuarial loss/(gains) recognised in surplus and deficit	(1 894 000)	2 344 000
Past service cost	-	-
Effect of Curtailment / Settlement	-	-
Miscellaneous Item		
Net Periodic Cost Recognised in profit and loss	-	-
Expected employer benefit vesting's	(8 459 000)	(7 606 000)
	48 774 000	**49 933 000**
Current portion of liability (due in the next 12 months) refer to **Note 9**	7 081 000	7 746 323
Non - current portion of the liability	41 693 000	42 186 677
Reconciliation of present value of accrued liability:		
Present value of accrued liability at the beginning of the year	49 933 000	46 550 000
Current service costs	3 875 000	3 984 000
Interest cost	5 319 000	4 661 000
Expected return on plan assets	-	-
Actuarial (gain)/losses	(1 894 000)	2 344 000
Expected employee benefit vesting's	(8 459 000)	(7 606 000)
Closing balance	**48 774 000**	**49 933 000**
Total unfunded liability	48 774 000	49 933 000
Average liability per member	38 254	38 858
Reconciliation of affair value of plans assets		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employee	-	-
Past service costs	-	-
Actuarial gains/(losses)	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

Reasons for the movement in the defined benefit obligation

The average defined benefit obligation has decreased by 2% since the last valuation due to an increase in the net discount rate. This impact was largely offset by increases in the average earnings and in the average past service.

The total defined benefit obligation has also decreased by 2% (or R 1,159,000) due to the above, and because there was virtually no change to the number of eligible employees since the last valuation.

	2025	Restated 2024
	R	R

Analysis of the unexpected movement inn the net defined benefit liability

The table below analyses the extent of unexpected increases or decreases in the net defined benefit liability over the valuation period. As there is no plan asset, there are only unexpected movements in the Defined Benefit Obligation to consider. These unexpected movements (also termed actuarial gains and losses) are separated into three main components: the effect of the change in the basis (assumptions), changes to earnings, and to the employee profile being different from what was expected as at the previous valuation.

Component of Actuarial (Gain)/Loss for the period	**Value R**
Financial assumption changes	(1 249 000)
Demographic assumption changes: none	0
Experience:	
Earnings increases lower than assumed	(65 000)
Changes to employee profile different from assumed	(580 000)
Total actuarial (gain)/loss	**(1 894 000)**

History of lliabilities and assets

The amounts for the current and the previous four periods were as follows:	2026	2025	2024	2023	2022	2021
Long service obligation	48 961 000	48 774 000	49 933 000	46 550 000	45 342 000	45 712 000
Plan assets	-	-	-	-	-	-
Surplus/(deficit)	**(48 961 000)**	**(48 774 000)**	**(49 933 000)**	**(46 550 000)**	**(45 342 000)**	**(45 712 000)**

History of experience adjustments

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has occurred.

The amounts for the current and the previous four periods were as follows:	2025	2024	2023	2022	2021
Liabilities gain/(loss)	(645 000)	2 073 000	582 020	(4 244 535)	536 373
Assets gain/(loss)	-	-	-	-	-

Actuarial (gain)/loss for the period	**(1 894 000)**	**2 344 000**
Contribution to the actuarial loss:		
Increase in net discount rate	-	-
Increases in assumed average retirement age	-	-
Application of revised withdrawal rates	-	-
Earnings increases (lower)/higher than assumed	-	-
Changes to employee profile different from assumed	-	-
Actual benefits vesting, lower than expected	-	-

Key actuarial assumptions used

Financial assumptions		
Discount rate	9,30%	11,06%
Consumer price inflation	3,50%	5,85%
General salary inflation (long -term)	4,50%	6,85%

	2025 R	Restated 2024 R
Net effective discount rate	4,60%	3,95%

Discount rate

The discount rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.
Consequently, a discount rate of 9.3% per annum has been used. The corresponding index-linked yield is 5.1%. The implied duration of the liability for this valuation is 6.75 years.
These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2025.

The underlying future rate of consumer price index inflation (CPI inflation) was derived from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) Inflation-linked Bond rate for each relevant time period. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2025 of 5.1%. The next salary increase was assumed to take place on 01 July 2026.

Demographic Assumptions

Average retirement age	62
Mortality during employment	SA85 -90

Termination of service (resignation and retrenchment rates per annum)	Age	Rate	
		Female	Male
	20	9%	9%
	30	6%	6%
	40	5%	5%
	50	3%	3%
	55	0%	0%

Sensitivity analysis assumption Accrued liability (R)

To illustrate the sensitivity of changes in certain key variables, the liabilities have been calculated using the following assumptions:
- 1% increase/decrease in the assumed general earnings inflation rate;
- 1% increase/decrease in the assumed discount rate;
- 2 year increase/decrease in the assumed average retirement age of eligible employees; and
- a two-fold increase and a 50% decrease in the assumed rates of termination of service.

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R

Sensitivity analysis assumption Accrued liability

Assumption	Change	Liability R	% Change
Central assumptions		48 774 000	
General salary inflation rate	1%	51 226 000	5%
	-1%	46 511 000	-5%
Discount rate	1%	46 447 000	-5%
	-1%	51 336 000	5%
Average retirement age	+2 yrs	53 669 000	10%
	-2 yrs	43 696 000	-10%
Withdrawal rates	x2	41 128 000	-16%
	x0,5	53 618 000	10%

The table above indicates, for example, that if earning inflation is 1% point greater than the long-term assumption made, the liability will be 5% higher.

Sensitivity analysis on current service and interest costs for the year ending 30 June 2025

Assumption	Change	Current service costs R	Interest cost R	Total R	% Change
Central assumptions		3 875 000	5 319 000	9 194 000	
General earnings inflation rate	1%	4 091 000	5 630 000	9 721 000	6%
	-1%	3 677 000	5 032 000	8 709 000	-5%
Discount rate	1%	3 686 000	5 501 000	9 187 000	0%
	-1%	4 084 000	5 112 000	9 196 000	0%
Average retirement age	+2 yrs	4 059 000	5 593 000	9 652 000	5%
	-2 yrs	3 695 000	5 018 000	8 713 000	-5%
Rates of termination of services	x2	3 743 000	5 138 000	8 881 000	-3%
	x0,5	4 015 000	5 512 000	9 527 000	4%

The table above summarises the results of this analysis on the current service and interest costs for the year ending 30 June 2026.

Assumption	Change	Current service costs R	Interest cost R	Total R	% Change
Central assumptions		3 537 000	4 193 000	7 730 000	
General earnings inflation rate	+1%	3 742 000	4 421 000	8 163 000	6%
	-1%	3 348 000	3 983 000	7 331 000	-5%
Discount rate	+1%	3 374 000	4 405 000	7 779 000	1%
	-1%	3 716 000	3 954 000	7 670 000	-1%
Average retirement age	+2 yrs	3 872 000	4 647 000	8 519 000	10%
	-2 yrs	3 170 000	3 724 000	6 894 000	-11%
Rates of termination of services	x2	2 874 000	3 487 000	6 361 000	-18%
	x0,5	3 967 000	4 641 000	8 608 000	11%

Discount rate

The discount rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 9.3% per annum has been used. The corresponding index-linked yield at this term is 5.1%. These rates do not reflect any adjustment for taxation.

These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2025.

Demographic assumptions

The annual escalation rates below are in addition to the general earnings inflation assumption of 4.5% per annum for all employees.

Age band	scale
20 - 24	5%
25 - 29	4%
30 - 34	3%
35 - 39	2%
40 - 44	1%
45+	0%

Average retirement age

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

Termination of service

If an eligible employee leaves due to resignation or retrenchment, the employer’s DBO in respect of that employee ceases. It is therefore important not to overstate termination rates. The assumed annual rates are set out below.

	2025	Restated 2024
	R	R

Age	Rate	Age	Rate
20 - 24	9%	40 - 44	5%
25 - 29	8%	45 - 49	4%
30 - 34	6%	50 - 54	3%
35 - 39	5%	55+	0%

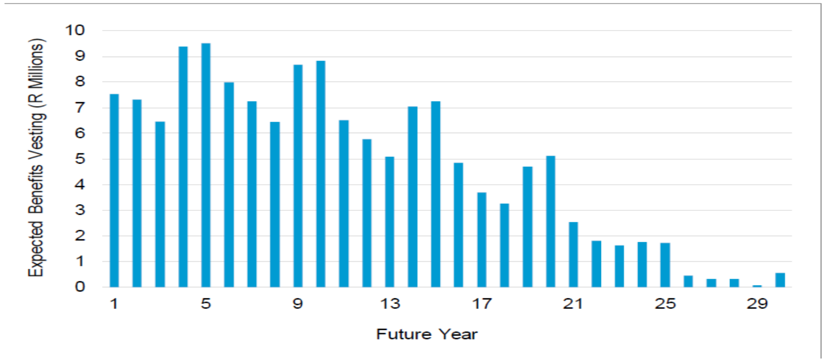
Plan assets

There are currently no long-term assets set aside off-balance sheet in respect of the long service award defined benefit obligation.

Maturity analysis

The graph below reflects the defined benefit obligation's maturity analysis (undiscounted expected benefits vesting) for the next 30 years. The expected benefits vesting thereafter are relatively insignificant and thus add little information to the graph.

It is important to note that this graph does not show the total benefits vesting in each future year, but just the expected benefits vesting in respect of the current eligible employees i.e. no allowance has been made for future new eligible employees.



The table below reflects the maturity of the defined benefit obligation for the next 40 years (R)

Future year	Expected benefits	Future year	Expected benefits
1	7 543 000	6 to 10	39 185 000
2	7 313 000	11 to 15	31 678 000
3	6 454 000	16 to 20	21 609 000
4	9 378 000	21 to 30	11 170 000
5	9 524 000	31 to 40	185 000

	2025	Restated 2024
	R	R

Information on associated risks

Inflation: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.

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

Volatility of open-ended, long-term Defined Benefit Obligation: The risk that the Defined Benefit Obligation may be volatile which is exacerbated by its long-term nature.

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

Future changes in legislation: The risk that changes to legislation with respect to long service awards, including tax legislation, may increase the Defined Benefit Obligation for the Municipality.

The administration of this Defined Benefit Obligation poses a burden on the Municipality.

11. Non - current provisions

	2025	2024
Rehabilitation provision - landfill site	12 926 967	12 148 518

The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

	2025	2024
Opening balance	12 148 518	11 515 183
Increase in the estimate	778 449	633 335
Closing balance	**12 926 967**	**12 148 518**

Provision for rehabilitation of landfill site

Provision is made in terms of the municipality's licensing stipulations on the waste landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have been applied and projected at an average inflation rate of 6.41% and discounted to present value at the average borrowing cost. The payment dates of total closure and rehabilitation are uncertain, but are currently expected to be between 2012 and 2032.

12. Inventories

	2025	2024
Housing projects	36 684 529	36 685 477
Consumable stores	7 764	40 526
Water	3 776 633	5 007 774
VIP toilets	97 168 101	99 460 570
	137 637 026	**141 194 347**

The comparative figure for inventories has been restated. Refer to **Note 44**.

Housing projects

The cost incurred on completed housing units that are occupied by beneficiaries has been transferred to the Statement of Financial Performance.

A stock count of inventory on hand was conducted at year end and these quantities have been costed.

VIP toilets

Raw materials on hand have been disclosed as part of the VIP toilet inventory, this raw material is used to construct the VIP units.

A stock count was conducted at year end and these quantities were costed.

Water inventory

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R

Unsold purchased water has been disclosed. Correct meter readings at the beginning and end of the financial year could not be guaranteed. Engineers thus determined the water on hand for each scheme based on the capacity of reservoirs and pipelines.

Write down of inventory
Raw materials of R948 (2024:R358) on site for the housing projects were found to be damaged and were not suitable for construction.
No inventory pledged as a security.

13. Trade and other receivables from exchange transactions

	2025	2024
Consumer receivables	872 855 720	368 033 350
Other receivables	5 145 808	5 320 526
	878 001 528	373 353 876

The comparative figure for Trade and other receivables from exchange transactions has been restated. Refer to **Note 44**.

Consumer receivables

Balance as at 30 June 2025

	Gross balances	Allowance for impairment	Net balance
Water	1 389 089 064	(837 016 109)	552 072 956
Sanitation	743 628 969	(437 823 812)	305 805 157
Other	27 854 780	(12 877 173)	14 977 607
	2 160 572 813	**(1 287 717 094)**	**872 855 720**

Balance as at 30 June 2024

	Gross balances	Allowance for impairment	Net balance
Water	933 303 420	(679 295 251)	254 008 169
Sanitation	458 832 216	(355 323 670)	103 508 545
Other	20 967 333	(10 450 697)	10 516 636
	1 413 102 969	**(1 045 069 618)**	**368 033 350**

Water and sanitation - Gross Debtors ageing

	2025	2024
Current (0-30 days)	93 567 045	38 067 205
30 -60 days	95 889 418	74 165 669
60 - 90 days	256 610 176	80 748 395
90 - 120 days	103 295 870	76 026 804
120 - 330 days	99 729 085	469 599 412
330+ days	1 511 481 219	674 495 484
	2 160 572 813	**1 413 102 969**

Summary of debtors by customer classification - 30 June 2025	Domestic	Industrial / Commercial	National and Provincial Government	Total
Current (0-30 days)	61 647 843	9 070 532	22 848 671	93 567 046
30 -60 days	63 572 981	9 172 321	23 144 115	95 889 417

Notes to the Annual Financial Statements

			2025	Restated 2024
			R	R
60 - 90 days	199 042 711	28 892 233	28 675 232	256 610 176
90 - 120 days	72 319 403	7 175 856	23 800 611	103 295 870
120 - 330 days	76 485 126	6 709 834	16 534 125	99 729 085
330+ days	1 306 887 638	59 053 141	145 540 440	649 091 594
Subtotal	1 779 955 702	120 073 917	260 543 194	2 160 572 813
Less: Allowance for impairment	(1 081 682 359)	(64 385 855)	(141 648 880)	(1 287 717 094)
	698 273 343	**55 688 062**	**118 894 314**	**872 855 720**

Summary of debtors by customer classification - 30 June 2024	**Domestic**	**Industrial / Commercial**	**National and Provincial Government**	**Total**
Current (0-30 days)	30 834 436	1 522 688	5 710 081	38 067 205
30 -60 days	60 074 192	2 966 627	11 124 850	74 165 669
60 - 90 days	65 406 200	3 229 936	12 112 259	80 748 395
90 - 120 days	61 581 712	3 041 072	11 404 021	76 026 805
120 - 330 days	380 375 523	18 783 976	70 439 912	469 599 411
330+ days	515 975 397	33 372 650	125 147 437	674 495 484
Subtotal	1 114 247 460	62 916 949	235 938 560	1 413 102 969
Less: Allowance for impairment	(846 506 391)	(41 802 785)	(156 760 443)	(1 045 069 618)
	267 741 069	**21 114 164**	**79 178 117**	**368 033 350**

Credit quality of trade and other receivables

The following represents information on the credit quality of trade receivables that are neither past due nor impaired:

Trade receivables		
Counterparties without external credit rating		
A - Government	14%	22%
B - Businesses	6%	6%
C - Domestic and other	80%	73%
	100%	**100%**

A - The debtors are of good credit quality and default in payment is not expected.

B - The debtors are usual good payers, but there is a possibility that the debtor may not be able to pay on time.

C - These debtors usually pay, but have previously paid late and therefore there is a possibility that these debtors will not be recoverable.

Method of determining credit quality of trade and other receivables from exchange transaction

The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. Consumer debtors with a demonstrative ability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the municipality to make adequate provision for such relief. The municipality has determined the above credit ratings internally through the consideration of previous payment trends per debtor type. Interest is raised at prime on overdue accounts.

Trade and other receivables past due but not impaired

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

1 month past due	87 467 882	66 080 522

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R
2 months past due	247 962 964	73 390 165
3 months past due	77 938 431	68 668 575
4 months past due	91 601 800	93 919 882
greater than 4 months	367 884 643	65 974 206

Trade and other receivables impaired

The amount of the provision was R1 287 717 094 as of 30 June 2025 (R1 045 069 618 as of 30 June 2024).

The ageing of these is as follows:

1 to 3 months	17 068 747	15 443 377
3 to 6 months	25 357 439	7 358 229
6 to 9 months	8 127 285	149 884 558
more than 9 months past due	1 237 163 623	872 383 454

Reconciliation of provision for impairment of trade and other receivables

Opening balance	1 045 069 618	749 059 841
Provision for impairment	252 394 168	292 608 239
Amounts written off as uncollectable	(18 161 608)	-
Amounts reversed during the year	8 414 916	3 401 538
Closing balance	**1 287 717 094**	**1 045 069 618**

An amount of R18,161,608 was written off during the current year.
The estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments (more than 30 days overdue) are considered indicators that the consumer debtor is impaired.

Impairment of debtors

The municipality assesses the impairment of receivables either individually or collectively, based on observable indicators and historical trends.
The impairment provision is determined using a risk-based approach aligned with the principles of prudence, materiality, and expected credit loss methodology.

Assessment Criteria

Receivables are evaluated for impairment based on:
Significant financial difficulty of the debtor
Breach of contractual terms (e.g. default on payments)
Concessions granted due to financial hardship
Likelihood of sequestration or liquidation
Observable deterioration in payment behavior
Adverse economic conditions affecting debtor groups
Where observable data is limited or outdated, management applies experienced judgment to estimate impairment losses.

Risk Categorisation

Debtors are classified into risk categories based on payment history, account status, and socio-economic factors:

Risk Category	Examples
High	Indigent accounts, handed-over accounts, RDP housing, estate late, no-go areas, residential debtors
Medium	Business/commercial accounts, accounts with no movement, defended matters

		2025 R	Restated 2024 R
Low	Churches, NGOs, trusts, farmers, accounts with balances under 60 days, payment agreements		
Not Applicable	Accounts with credit balances		

Inactive accounts (no billing activity) and handed-over accounts are considered high risk due to limited recovery mechanisms.

Impairment Rates by Risk and Age

Provision percentages are applied as follows:

Risk Category	Age Bracket (Days)	Impairment Rate
High	All ages	1
Medium	0–60	40%
	61–90	50%
	91–365	60%
	>365	100%
Low	0–60	30%
	61–90	40%
	91–365	50%
	>365	100%

Service-Based Allocation

Impairment is allocated across services using a 65:34:1 ratio, informed by engineering guidelines and service flow assumptions (e.g. water, sewer, other).

Deviation from Standard Methodology (FY 2024/25)

Due to prevailing conditions, a deviation from the standard impairment model was applied:

Increased unemployment

District-wide drought limiting water restrictions

Reduced indigent applications

Rising default rates

This deviation ensures realistic recoverability estimates and aligns with MFMA Section 62(1)(c)(i), promoting responsible financial management.

Scoring Framework

A scoring system is used to refine impairment estimates based on debtor type, payment behavior, and historical collection rates. Indigent, RDP, inactive, and handed-over accounts are impaired at 100%.

Active accounts are assessed using tiered percentages based on age and debtor classification.

Other receivables from exchange transactions

	2025 R	2024 R
Property Rental	372 793	258 337
Staff recovery	-	40 368
Accrued interest (debtor)	2 623 408	3 259 128
Prepayment	332 031	1 750 000
Salary control account	1 802 896	-
Bank suspense account	14 681	12 693
	5 145 808	**5 320 526**

Other receivables includes amounts relating to debt owed be lessees from the rental of municipal property.

14. Receivables from non - exchange transactions

	2025	Restated 2024
	R	R
Total other debtors	32 986 167	15 283 330

	2025	2024
Receivables from non - exchange transactions		
Sundry receivables	5 169 691	4 214 626
Debtor: Department of Water and Sanitation and CETA	23 651 558	7 793 183
Returned payments	7 574 729	6 677 062
Less: Allowance for doubtful debts	(3 409 811)	(3 401 540)
	32 986 167	**15 283 330**

In determining the recoverability of other receivables, the municipality considers any change in the credit quality of other receivables from the date on which the credit was initially granted up to the reporting date.
The fair value of other receivables approximates their carrying amounts.

Debtor: Department of Water and Sanitation and CETA
An amount of R2 215 600 (2024: R559 164) relating to the CETA grant for Spatial Planning and Economic Development and R21 435 958(2024: R6 875 109) relating to the RBIG grant to be received by the Municipality.

Receivables from non - exchange transactions past due but not impaired

Other receivables from non - exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2025, Rnil (2024: Rnil) were past due but not impaired.

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

	2025	2024
3 months past due	36 395 978	18 684 871

Receivables from non - exchange transactions impaired

	2025	2024
The amount of the provision		
	3 409 811	3 401 540

	2025	2024
Reconciliation of provision for impairment of receivables from non - exchange transaction		
Opening balance	3 401 540	3 401 540
Provision for impairment	8 271	-
Amounts written off as uncollectible	-	-
	3 409 811	**3 401 540**

15. Current Investments

	2025	2024
Standard Bank	6 379 004	5 701 271
Investec	2 576 397	2 359 335
	8 955 401	**8 060 606**

The above fixed deposit accounts have been classified as financial assets at amortised cost in accordance with GRAP 104: Financial instruments.
Maturity period is fixed with 12 months remaining. The maturity date of R3.8 million is Dec 2025 in Standard Bank, R2.5 million March 2026 and R2.5 million December 2025 in Investec.

The current investements are comprised of the following fixed deposit accounts:

	2025	2024
Standard Bank 572919	3 856 692	3 389 341

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R
Standard Bank 573441	2 522 313	2 311 930
	6 379 004	5 701 271
Investec Account 176303 456	2 576 397	2 359 335
	8 955 401	**8 060 606**

16. Cash and cash equivalents

	2025 R	Restated 2024 R
Cash on hand	9 000	9 000
Bank balances (current and call account)	116 550 830	174 222 924
Short - deposits	59 653 145	45 685 591
	176 212 975	**219 917 515**

An amount of R33 704 776 (2024: R31 897 331) of the unspent conditional grants is included in cash and cash equivalents. Investments of R59 653 145 have been included as short term deposits as this investment has been invested for less than three months .

The municipality had the following bank accounts

Account number / description	Bank statement balances 30 June 2025	Bank statement balances 30 June 2024	Bank statement balances 30 June 2023	Cash book balances 30 June 2025	Cash book balances 30 June 2024	Cash book balances 30 June 2023
ABSA Bank Account no - 406-309-3498	10 411 996	10 909 018	3 956 819	10 411 996	10 909 018	3 956 819
Standard Bank Account no - 081-109-3454 (Primary Bank Account)	10 771 870	1 332 592	1 798 767	10 771 870	1 332 592	1 798 767
Nedbank Account no - 1219684260	2 771 624	15 997 402	5 851 163	2 771 624	15 997 402	5 851 163
ES 573213 Standard Bank	-	694 991	4 443 149	-	694 991	4 443 149
MIG 573184 Standard Bank	18 334 265	2 000 000	269 071 544	18 334 265	2 000 000	269 071 544
WSIG 573185 Standard Bank	2 341 508	1 000 000	5 954 490	2 341 508	1 000 000	5 954 490
RBIG 573471 Standard Bank	3 000	4 000 000	6 215 922	3 000	4 000 000	6 215 922
INTEREST:Stdbank 573201 & 573170, Nedbank 037881170735	2 926 857	79 166 078	27 894 974	2 926 857	77 970 350	27 894 975
EPWP 573175 Standard Bank	-	1 455 924	25 623	-	1 455 924	25 623
COVID-19 1170751 Standard Bank	-	-	396 386	-	-	396 386
OTHER 573171 Standard Bank	30 515 035	30 072 289	3 449 969	30 515 035	30 072 289	3 449 969
RRAMS 573178 Standard Bank	574 666	892 476	148 379	574 666	892 476	148 379
FMG 573177 Standard Bank	1 229 355	140 237	740 629	1 229 355	140 237	740 629
LED SUMMIT 573172 Standard Bank	203 000	203 000	203 000	203 000	203 000	203 000
Retention 573174 Standard Bank	31 330 631	25 292 419	24 810 175	31 330 631	25 292 419	24 810 175
Standard Bank Call account 573181	2 874 800	-	-	2 874 800	-	-
Nedbank Call account 788117028	17 381 515	7 559 498	-	17 381 515	7 000 000	-
Investec Bank Call Account 176303 456	24 003 977	24 416 150	22 741 494	24 003 978	22 056 822	20 569 500
ABSA Bank Call Account 2080249238, 9386688141 and 2065585419	18 267 655	17 169 597	10 720 334	18 267 655	16 628 770	10 720 334
Standard Bank Account no - 573183	2 262 225	2 262 225	-	2 262 225	2 262 225	
Petty cash and cash floats	9 000	9 000	9 000	9 000	9 000	9 000
Total	**176 212 979**	**224 572 897**	**388 431 818**	**176 212 979**	**219 917 516**	**386 259 826**

With effect 1 December 2024, the municipality changed the primary banking to Standard Bank.

17. VAT receivable

	2025 R	Restated 2024 R
VAT	-	5 349 245

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R
VAT is on the payment basis. All returns were submitted on time during the year.		
The VAT payable is comprised as follows:		
VAT control account	-	5 349 245

The municipality is on the payements basis for VAT. All of the VAT returns have been submitted with the legislated time.
The comparative figure for VAT receivable was restated, refer Note 44.

18. Trade and other payables from non-exchange transactions
Unspent conditional grants and receipts comprise of :

	2025 R	Restated 2024 R
Total Unspent conditional grants and receipts	**33 704 776**	**31 897 331**
National government grants	7 597 851	6 455 809
Provincial government grants	24 478 505	24 816 893
Other grant providers	1 628 420	624 631
	33 704 776	**31 897 331**
Movement during the year		
Balance at the beginning of the year	31 897 331	270 856 632
Additions during the year	688 195 569	622 779 331
Income recognition during the year	(683 414 728)	(620 992 361)
Funds returned	(2 973 396)	(240 746 271)
Balance at the end of the year	**33 704 776**	**31 897 331**

The unspent conditional grant funding is covered within the cash and cash equivalents and current investments.

The comparative figure for Trade and other payables from non-exchange transactions was restated. Refer **Note 44**.

18.1 Unspent capital monetary allocations

	2024/2025					
	Opening Balance	**Funds Received**	**Accrued Income**	**Funds Utilised**	**Funds Returned to Funder**	**Closing Balance**
NATIONAL GOVERNMENT GRANTS						
WATER SERVICES INFRASTRUCTURE GRANT (WSIG)	107 452	77 525 000	-	(77 632 452)	-	0
MUNICIPAL DISASTER RELIEF GRANT (MDRG)	-	-	-	-	-	-
REGIONAL BULK INFRASTRUCTURE GRANT (RBIG)	918 074	95 895 709	21 435 958	(113 108 777)	-	5 140 964
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	2 973 396	488 582 000	-	(488 582 000)	(2 973 396)	0
TOTAL UNSPENT CAPITAL MONETARY ALLOCATIONS	**3 998 923**	**662 002 709**	**21 435 958**	**(679 323 229)**	**(2 973 396)**	**5 140 964**

18.2 Unspent operational monetary allocations

2024/2025

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R

	Opening Balance	Funds Received	Funds Utilised	Funds Returned to Funder	Closing Balance
NATIONAL GOVERNMENT GRANTS					
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG) BUDGET REFORM	-	2 600 000	(2 600 000)	-	-
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	-	1 878 000	(1 878 000)	-	-
ROAD ASSET MANAGEMENT SYSTEM (RRAMS)	4	3 298 000	(3 297 999)	-	5
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DUTYWA	460 000	.	-		460 000
MUNICIPAL DISASTER GRANT: DRILL BOREHOLENGQABANE	(36 271)	-	-		(36 271)
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DWESA REGION	142 865	-	-		142 865
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	1 890 287	-	-		1 890 287
ACIP - WW INFRASTRUCTURE REFURBISH R3 5M	650 289	-	-		650 289
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	193 316	-	-		193 316
MNQUMA WAR ON LEAKS	(296 703)	-	-		(296 703)
SHIXINI WATER SUPPLY	6 487	-	-		6 487
WATER SERVICE SUPPORT	562 068	-	-		562 068
COMMUNAL WATER STATIONS (DST/ CSIR)	309 585	-	-		309 585
FREE BASIC SERVICES STRATEGY DEVELOPMENT	330 000	-	-		330 000
TOTAL NATIONAL GOVERNMENT GRANTS	**4 211 926**	**7 776 000**	**(7 775 999)**	**-**	**4 211 927**
PROVINCIAL GOVERNMENT GRANTS					
PLANNING GRANT DLA	1 456 032	-	-	-	1 456 032
VICTORIA POST	38 565	-	-	-	38 565
TEKO SPRINGS/NDLOVINI	66 078	-	-	-	66 078
HOGSBACK	5 200	-	-	-	5 200
WILLOWVALE	66 456	-	-	-	66 456
ELLIOTDALE	29 815	-	-	-	29 815
MSOBOMVU	21 314	-	-	-	21 314
HERTZOG	64 650	-	-	-	64 650
GREAT KEI PLANNING FUNDS	7 050	-	-	-	7 050
SURVEY INTEREST & CONTRIBUTION	20 000	-	-	-	20 000
NGQUSHWA SURVEY FUNDS	28 043	-	-	-	28 043
NKONKOBE SURVEY	100 543	-	-	-	100 543
LEWIS SURVEY	96 333	-	-	-	96 333
DIPHINI SURVEY GKM LM	3 800	-	-	-	3 800

Notes to the Annual Financial Statements

		2025 R	Restated 2024 R

SETTLEMENTS CONVEYANCING	65 110	-	-	-	65 110
SETTLEMENTS PEGGING & SURVEYS	70 122	-	-	-	70 122
LOCAL MUNICIPALITY	50 000	-	-	-	50 000
SDF PROJECTS	10 000	-	-	-	10 000
TACHEY SURVEYS, AMAHLATHI SETTLEMENT	160 000	-	-	-	160 000
CATHCART SMALL TOWN REGENERATION STRATEGY	303 370	-	(338 388)	-	(35 018)
SITE RELOCATION FOR KOMGA ZONE 10	230 000	-	-	-	230 000
SETTLEMENT	50 000	-	-	-	50 000
LAND SETTLEMENTS TRANSFERS	108 000	-	-	-	108 000
SETTLEMENTS RISK AND FRAUD PLAN	10 000	-	-	-	10 000
PRUDOE ENGINEERING DESIGN	1 348	-	-	-	1 348
DONGWE ENGINEERING DESIGN	9 499	-	-	-	9 499
KUBUSIE ESTABLISHMENT GRANT	698	-	-	-	698
NDLOVINI ESTABLISHMENT GRANT	8 986	-	-	-	8 986
DUCATS ESTABLISHMENT GRANT	70 542	-	-	-	70 542
MACLEANTOWN ESTABLISHMENT GRANT	16 849	-	-	-	16 849
PRUDOE ESTABLISHMENT GRANT	51 233	-	-	-	51 233
DONGWE ESTABLISHMENT GRANT	76 675	-	-	-	76 675
TEKO SPRING ESTAB GRANT	35 082	-	-	-	35 082
NEEDS CAMP ESTABLISHMENT GRANT	66 222	-	-	-	66 222
TEKO SPRING TOP STRUCTURE	106 438	-	-	-	106 438
PRUDOE TOP STRUCTURE	447 353	-	-	-	447 353
DONGWE TOP STRUCTURE	1 347 309	-	-	-	1 347 309
NEEDSCAMP TOP STRUCTURE	3 838	-	-	-	3 838
DUCATS TOP STRUCTURE SUBSIDY	23 234	-	-	-	23 234
KUBUSI TOP STRUCTURE	3 816	-	-	-	3 816
LILYVALE KAYSERS BEACH ESTABLISHMENT GRANT	2 643	-	-	-	2 643
KAYSERS BEACH HOUSING PROJECT	18 881	-	-	-	18 881
LILLYVALE ENG DESIGNS	5 940	-	-	-	5 940
RESTITUTION AWARD (DLA)	2 097 062	-	-	-	2 097 062
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	3 215	-	-	-	3 215
ENVIROMENTAL IMPACT ASSESMENT	739 235	-	-	-	739 235
GEO HYDROLOGY	1 394 200	-	-	-	1 394 200
BAWA FALLS LED	102 936	-	-	-	102 936
ELLIOTDALE BRICK MAKING	232 803	-	-	-	232 803
EC INFORMATION INITIATIVE SUPPORT	5 755	-	-	-	5 755
ECDOT: BUTTERWORTH INTERCHANGE	1 506 964	-	-	-	1 506 964
ROOF TOP RAIN WATER HARVESTING	3 900	-	-	-	3 900
NGQUSI RAIN WATER HARVESTING	5 700	-	-	-	5 700
SILWINDLALA WOMEN'S PROJECT	2 303	-	-	-	2 303
BALFOUR SAWMILS	8 019	-	-	-	8 019
HIGHLANDS RESORTS	75 836	-	-	-	75 836

	2025 R	Restated 2024 R

PEDDIE BRICKS MAKING	1 495	-	-	-	1 495
INKUTHALO HYDROPONICS	1 524	-	-	-	1 524
CAPACITY BUILDING FOR LM's	5 128	-	-	-	5 128
LED CAPACITY BUILDING - NGQUSHWA	350 000	-	-	-	350 000
CHATHA DEVELOPMENT	2 413 456	-	-	-	2 413 456
DWESA - CWEBE RESTITUTIONAL	5 308 303	-	-	-	5 308 303
CO-OPERATIVES SPECIALIST	22 280	-	-	-	22 280
TOURISM SURVEY	12 130	-	-	-	12 130
NXUBA DAM CHALETS DEVELOPMENT	6 264	-	-	-	6 264
VUNA AWARDS	9 289	-	-	-	9 289
PUBLIC AWARENESS	365	-	-	-	365
PROFILE	18 338	-	-	-	18 338
HUMAN SETTLEMENTS DROUGHT RELIEF KATI KATI	3 378 284	-	-	-	3 378 284
TOTAL PROVINCIAL GRANTS	**23 061 853**	**-**	**(338 388)**	**(1)**	**22 723 465**
OTHER GRANT PROVIDERS					
LG SETA Grants	620 315	1 239 282	-	(235 487)	1 624 110
PLOUGHING CONTACTORS-WARD 10	1 155	-	-	-	1 155
PLOUGHING CONTRACTOR-NGXAKAXA	1 642	-	-	-	1 642
PLOUGHING CONTRACTOR - Ward 15	1 513	-	-	-	1 513
TOTAL OTHER GRANT PROVIDERS	**624 626**	**1 239 282**	**-**	**(235 487)**	**1 628 420**
TOTAL UNSPENT OPERATIONAL MONETARY ALLOCATIONS	**27 898 405**	**9 015 282**	**(8 114 387)**	**(235 488)**	**28 563 813**

	2023/2024					
	Opening Balance	Funds Received	Accrued Income	Funds Utilised	Funds Returned to Funder	Closing Balance
NATIONAL GOVERNMENT GRANTS						
WATER SERVICES INFRASTRUCTURE GRANT (WSIG)	449 612	67 400 000	-	(67 292 548)	(449 612)	107 452
MUNICIPAL DISASTER RELIEF GRANT (MDRG)	-	-	-	-	-	-
REGIONAL BULK INFRASTRUCTURE GRANT (RBIG)	2 620 933	62 691 055	6 875 109	(71 269 023)	-	918 074
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	240 296 659	482 415 000	-	(479 441 604)	(240 296 659)	2 973 396
TOTAL UNSPENT CAPITAL MONETARY ALLOCATIONS	**243 367 204**	**612 506 055**	**6 875 109**	**(618 003 175)**	**(240 746 271)**	**3 998 922**

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Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R

OPERATING ALLOCATIONS	Opening Balance	Funds Received	Funds Utilised	Funds Returned to Funder	Closing Balance
NATIONAL GOVERNMENT GRANTS			-		
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG) BUDGET REFORM	-	1 250 000	(1 250 000)	-	-
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	-	3 905 000	(3 905 000)	-	-
ROAD ASSET MANAGEMENT SYSTEM (RRAMS)	4	3 545 000	(3 544 998)	-	6
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DUTYWA	460 000	-	-	-	460 000
MUNICIPAL DISASTER GRANT: DRILL BOREHOLENGQABANE	(36 271)	-	-	-	(36 271)
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DWESA REGION	142 865	-	-	-	142 865
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	1 890 287	-	-	-	1 890 287
ACIP - WW INFRASTRUCTURE REFURBISH R3 5M	650 289	-	-	-	650 289
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	193 316	-	-	-	193 316
MNQUMA WAR ON LEAKS	(296 703)	-	-	-	(296 703)
SHIXINI WATER SUPPLY	6 487	-	-	-	6 487
WATER SERVICE SUPPORT	562 068	-	-	-	562 068
COMMUNAL WATER STATIONS (DST/ CSIR)	309 585	-	-	-	309 585
FREE BASIC SERVICES STRATEGY DEVELOPMENT	330 000	-	-	-	330 000
TOTAL NATIONAL GOVERNMENT GRANTS	**4 211 926**	**8 700 000**	**(8 699 998)**	**-**	**4 211 928**

PROVINCIAL GOVERNMENT GRANTS

PLANNING GRANT DLA	1 456 032	-	-	-	1 456 032
VICTORIA POST	38 565	-	-	-	38 565
TEKO SPRINGS/NDLOVINI	66 078	-	-	-	66 078
NEEDS CAMP	-	-	-	-	-
HOGSBACK	5 200	-	-	-	5 200
HAGA HAGA	-	-	-	-	-
WILLOWVALE	66 456	-	-	-	66 456
ELLIOTDALE	29 815	-	-	-	29 815
NDEVANA	-	-	-	-	-
MSOBOMVU	21 314	-	-	-	21 314
HERTZOG	64 650	-	-	-	64 650
GREAT KEI PLANNING FUNDS	7 050	-	-	-	7 050

Notes to the Annual Financial Statements

						2025 R	Restated 2024 R
SURVEY INTEREST & CONTRIBUTION	20 000	-	-	-	20 000		
NGQUSHWA SURVEY FUNDS	28 043	-	-	-	28 043		
NKONKOBE SURVEY	100 543	-	-	-	100 543		
LEWIS SURVEY	96 333	-	-	-	96 333		
DIPHINI SURVEY GKM LM	3 800	-	-	-	3 800		
SETTLEMENTS CONVEYANCING	65 110	-	-	-	65 110		
SETTLEMENTS PEGGING & SURVEYS	70 122	-	-	-	70 122		
MGWALI & CENYU T/SHIP REGISTER OPENING, AMAHLATHI LOCAL MUNICIPALITY	50 000	-	-	-	50 000		
SDF PROJECTS	10 000	-	-	-	10 000		
TACHEY SURVEYS, AMAHLATHI SETTLEMENT	160 000	-	-	-	160 000		
CATHCART SMALL TOWN REGENERATION STRATEGY	303 370	-	-	-	303 370		
SITE RELOCATION FOR KOMGA ZONE 10	230 000	-	-	-	230 000		
SETTLEMENT	50 000	-	-	-	50 000		
LAND SETTLEMENTS TRANSFERS	108 000	-	-	-	108 000		
SETTLEMENTS RISK AND FRAUD PLAN	10 000	-	-	-	10 000		
PRUDOE ENGINEERING DESIGN	1 348	-	-	-	1 348		
DONGWE ENGINEERING DESIGN	9 499	-	-	-	9 499		
KUBUSIE ESTABLISHMENT GRANT	698	-	-	-	698		
NDLOVINI ESTABLISHMENT GRANT	8 986	-	-	-	8 986		
DUCATS ESTABLISHMENT GRANT	70 542	-	-	-	70 542		
MACLEANTOWN ESTABLISHMENT GRANT	16 849	-	-	-	16 849		
PRUDOE ESTABLISHMENT GRANT	51 233	-	-	-	51 233		
DONGWE ESTABLISHMENT GRANT	76 675	-	-	-	76 675		
TEKO SPRING ESTAB GRANT	35 082	-	-	-	35 082		
NEEDS CAMP ESTABLISHMENT GRANT	66 222	-	-	-	66 222		
TEKO SPRING TOP STRUCTURE	106 438	-	-	-	106 438		
PRUDOE TOP STRUCTURE	447 353	-	-	-	447 353		
DONGWE TOP STRUCTURE	1 347 309	-	-	-	1 347 309		
NEEDSCAMP TOP STRUCTURE	3 838	-	-	-	3 838		
DUCATS TOP STRUCTURE SUBSIDY	23 234	-	-	-	23 234		
KUBUSI TOP STRUCTURE	3 816	-	-	-	3 816		
LILYVALE KAYSERS BEACH ESTABLISHMENT GRANT	2 643	-	-	-	2 643		
KAYSERS BEACH HOUSING PROJECT	18 881	-	-	-	18 881		
LILLYVALE ENG DESIGNS	5 940	-	-	-	5 940		
RESTITUTION AWARD (DLA)	2 097 062	-	-	-	2 097 062		
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	3 215	-	-	-	3 215		

Notes to the Annual Financial Statements

						2025 R	Restated 2024 R
ENVIROMENTAL IMPACT ASSESMENT	739 235	-	-	-	739 235		
GEO HYDROLOGY	1 394 200	-	-	-	1 394 200		
BAWA FALLS LED	102 936	-	-	-	102 936		
ELLIOTDALE BRICK MAKING	232 803	-	-	-	232 803		
EC INFORMATION INITIATIVE SUPPORT	5 755	-	-	-	5 755		
ECDOT: BUTTERWORTH INTERCHANGE	1 506 964	-	-	-	1 506 964		
ROOF TOP RAIN WATER HARVESTING	3 900	-	-	-	3 900		
NGQUSI RAIN WATER HARVESTING	5 700	-	-	-	5 700		
SILWINDLALA WOMEN'S PROJECT	2 303	-	-	-	2 303		
BALFOUR SAWMILS	8 019	-	-	-	8 019		
HIGHLANDS RESORTS	75 836	-	-	-	75 836		
PEDDIE BRICKS MAKING	1 495	-	-	-	1 495		
INKUTHALO HYDROPONICS	1 524	-	-	-	1 524		
CAPACITY BUILDING FOR LM's	5 128	-	-	-	5 128		
LED CAPACITY BUILDING - NGQUSHWA	350 000	-	-	-	350 000		
CHATHA DEVELOPMENT	2 413 456	-	-	-	2 413 456		
FINGOLAND REGIONAL AUTHORITY	-	-	-	-	-		
DWESA - CWEBE RESTITUTIONAL	5 308 303	-	-	-	5 308 303		
CO-OPERATIVES SPECIALIST	22 280	-	-	-	22 280		
TOURISM SURVEY	12 130	-	-	-	12 130		
NXUBA DAM CHALETS DEVELOPMENT	6 264	-	-	-	6 264		
VUNA AWARDS	9 289	-	-	-	9 289		
PUBLIC AWARENESS	365	-	-	-	365		
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	18 338	-	-	-	18 338		
HUMAN SETTLEMENTS DROUGHT RELIEF KATI KATI	3 378 284	-	-	-	3 378 284		
TOTAL PROVINCIAL GRANTS	**23 061 853**	**-**	**-**	**-**	**23 061 853**		
OTHER GRANT PROVIDERS							
LG SETA Grants	620 315	-	-	-	620 315		
PLOUGHING CONTACTORS-WARD 10	1 155	-	-	-	1 155		
PLOUGHING CONTRACTOR-NGXAKAXA	1 642	-	-	-	1 642		
PLOUGHING CONTRACTOR - Ward 15	1 513	-	-	-	1 513		
TOTAL OTHER GRANT PROVIDERS	**624 626**	**-**	**-**	**-**	**624 628**		
TOTAL UNSPENT OPERATIONAL MONETARY ALLOCATIONS	**27 898 405**	**8 700 000**	**(8 699 998)**	**-**	**27 898 409**		

19. Other payables from non-exchange transactions

	2025	Restated 2024
	R	R
Med Aid Retirement contribution	13 296 228	11 192 437
Pension- retirement	-	866
	13 296 228	**11 193 303**

20. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	8 142 176	939 033	-	-	9 081 209
Leave provision	85 727 329	-	-	(8 788 044)	76 939 284
Provision for Workman's Compensation	3 552 645	3 691 867	-	(3 552 645)	3 691 867
	97 422 150	**4 630 900**	**-**	**(12 340 689)**	**89 712 360**

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	7 627 264	514 912	-	-	8 142 176
Leave provision	87 083 515	-	-	(1 356 186)	85 727 329
Provision for Workman's Compensation	3 430 398	3 552 645	-	(3 430 398)	3 552 645
	98 141 177	**4 067 557**	**-**	**(4 786 584)**	**97 422 150**

Performance bonuses

The uncertainties noted for the provision for Performance Bonus are as follows: Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date. The provision is calculated at 14% of the current total salary package of Section 57 employees for the 2024/25 financial year, however this is subject to change once the assessments have been finalised. The payment of the 2016/17 year has not been paid yet due to financial constraints being experienced by the municipality. No provision has been made for the 2017/18 or 2018/19 financial year as due to the financial situation of the municipality, Directors opted to forfeit the performance bonuses.

Provision for leave

The obligation for leave pay is certain, on the basis that the municipality does not have an unconditional right to avoid settlement.
The timing for the leave provision is however uncertain.

Provision for Workman's Compensation

The obligation for the payment of workman's compensation is certain, on the basis that the municipality does not have an unconditional right to avoid settlement.
Since the assessment for the current year is not available, the amount of the provision has been estimated based on historical payments. The timing and the amount for the provision is however uncertain.

21. Trade and other payables from exchange transactions

	2025	2024
Trade payables	560 145 126	493 058 573
Other payables	46 384 364	34 694 138
Accruals	63 567 392	66 240 533
Accrued service bonus	17 296 674	15 451 020
Retention payable	35 799 433	33 627 274

	2025	Restated 2024
	R	R
	723 192 988	**643 071 538**

Other payables include:		
Debtors with credit balances	34 772 291	25 178 632
Unidentified receipts	7 864 184	5 680 308
Accrued interest	-	-
Salary Control account	-	202 046
Sundry payables	3 747 889	3 633 152
	46 384 364	**34 694 138**

The comparative figure has been restated, refer **Note 44**.

Fair value of trade and other payables
Trade creditors are non -interest bearing and are normally settled on 30-day terms.
Retentions are non - interest bearing and are settled in terms of the contract agreement.
Management policies are in place to ensure that all payables are paid within a reasonable time frame.

Short term payables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.
The carrying amount of trade payables approximates their fair value due.

The movement on the service bonus accrual balances as above for the year was as follows:

Accrued service bonus		
Opening balance	15 451 020	14 614 138
Additional provision	1 845 654	836 882
Unused amounts reversed	-	-
Closing balance	**17 296 674**	**15 451 020**

The accrual calculation is based on the portion of the thirteenth cheque payable that falls due within the current year. The municipality has an obligation to pay a service bonus in terms employment.

22. Taxes and transfers payable (non - exchange)

Other payables from non - exchange transactions	-	10 650 173

PAYE, UIF and SDL for June 2025 financial year was paid in June 2025.

23. Consumer deposits

Water and Sanitation	4 142 345	4 030 238

The consumer deposits relate to the water and sanitation function.
The municipality does not have an unconditional right to defer the payment of the consumer deposits.
Deposits are released when an owner of the property terminates the contract with the municipality to supply water to the property.

24. Revenue

Service charges	696 884 966	416 760 891
Rental of facilities and equipment	331 632	302 174
Interest earned outstanding receivables	164 318 397	109 780 455
Operational revenue	3 213 643	1 448 615

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R
Interest received - investments	37 833 729	45 054 658
Government grants & subsidies	1 822 409 916	1 718 119 546
Donations received	-	11 100
	2 724 992 284	**2 291 477 441**
The amount included in revenue arising from exchange of goods or services are as follows:		
Service charges	696 884 966	416 760 891
Rental of facilities and equipment	331 632	302 174
Interest earned outstanding receivables	164 318 397	109 780 455
Operational revenue	3 213 643	1 448 615
Interest received - investments	37 833 729	45 054 658
	902 582 366	**573 346 794**
The amount included in revenue arising from Non exchange of goods or services are as follows:		
Donations received	-	11 100
Transfer revenue		
Government grants & subsidies	1 822 409 916	1 718 119 546
	1 822 409 916	**1 718 130 646**

The donation consists of office chairs purchased for the municipality.

25. Service charges

	2025	2024
Sale of water	425 510 933	197 704 449
Sewerage and sanitation charges	263 476 428	210 478 711
Other service charges	7 897 605	8 577 731
	696 884 966	**416 760 891**

Service charges are reflected at an amount net of subsidy to indigents amounting to R10 525 407 (2024 : R10 142 796) and R2 424 146 (2024: R1 688 751) from the debt incentive scheme for both water and sanitation.

The comparative figure for Service charges has been restated, refer **Note 44**.

26. Rental facilities and equipment

	2025	2024
Facilities and equipment		
Premises and facilities	331 632	302 174
	331 632	**302 174**

27. Operational Revenue

	2025	2024
Commission	983 280	959 049
Sundry income	2 230 364	489 566
	3 213 643	**1 448 615**
Sundry income		
Insurance refund	1 510 371	-
Health certificates	1 842	1 103
Exhumation and reburials	26 784	19 819
Re-Issue of certificates	20 694	16 128
Re-inspection	29 840	4 657
Application:Selling	685	1 424
Foods and cosmetics	102 066	29 304

Notes to the Annual Financial Statements

		2025	Restated 2024
		R	R
Condemnation		8 674	1 825
Staff recoveries		27 500	17 500
Clearance certificates		315 907	283 637
Tender documents		186 001	97 500
Fines unauthorized connections		-	16 669
		2 230 364	**489 566**
28. Interest received - investment			
Bank		32 020 383	41 227 974
Financial assets		5 813 345	3 826 685
		37 833 729	**45 054 658**
29. Government grants and subsidies			
29.1 Operating grants			
Other government grants and subsidies		31 153 374	27 610 012
Levy replacement grant	-	506 890 000	497 543 000
Equitable share	-	633 427 396	591 791 000
		1 171 470 770	**1 116 944 012**
29.2 Capital grants			
Water services infrastructure grant (WSIG)		77 632 452	67 292 547
Rural bulk infrastructure grant (RBIG)		105 312 594	72 187 096
Municipal infrastructure grant (MIG)		467 994 100	461 695 891
		650 939 146	**601 175 535**
		1 822 409 916	**1 718 119 546**

Within the grants and subsidies amounts above, as per Circular 48, ADM has recognised the following amounts as own revenue:

		2025	2024
Other grants		24 907 765	18 486 707
MIG		51 783 339	59 565 565

Other government grants and subsidies includes:

		2025	2024
MIG		20 587 900	17 745 713
RRAMS		3 297 999	3 544 998
EPWP		1 878 000	3 905 000
FMG		2 600 000	1 250 000
Human Settlements	-	338 388	16 630
Sita		235 487	1 147 671
Ceta		2 215 600	-
		31 153 374	**27 610 012**

Conditional and Unconditional

Unconditional

Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.
All registered indigent receive a monthly subsidy of which is funded from the grant.

Equitable share

	2025	2024
Current year receipts	633 427 000	591 791 000

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R
Conditions met - transferred to revenue	(633 427 000)	(591 791 000)
	-	-

Levy grant replacement

Current year receipts	506 890 000	497 543 000
Conditions met - transferred to revenue	(506 890 000)	(497 543 000)
	-	-

Regional Services Council levies were abolished during 2006. This grant is used to subsidise the operations of the District Municipality due to the significant change in funding.

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 24 of 2024), no significant changes in the level of government grant funding are expected over the forthcoming three financial years.

Conditional

Municipal infrastructure grant (MIG)

Balance unspent at beginning of year	2 973 396	240 296 659
Current year receipts	488 582 000	482 415 000
Conditions met - transferred to revenue	(488 582 000)	(479 441 604)
Unspent amount returned to funder	(2 973 396)	(240 296 659)
	0	**2 973 396**

Conditions still to be met - remain liabilities (see note 18)

The purpose of the grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households.

The unspent balance as at 30 June 2024 relates to the operating portion that was not fully spent during the financial year and was returned to National Treasury.

Regional bulk infrastructure (RBIG)

Balance unspent at beginning of year	918 073	2 620 931
Current year receipts	95 895 709	62 691 055
Accrued receipts	21 435 958	6 875 109
Conditions met - transferred to revenue	(113 108 777)	(71 269 022)
	5 140 964	**918 073**

Conditions still to be met - remain liabilities (see note 18)

The grant is intended to develop new, refurbish, upgrade, and replace ageing water and sanitation infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality. It also exists to implement bulk infrastructure with a potential of addressing Water Conservation and Water Demand Management projects or facilitate and contribute to the implementation of local Water Demand Management projects that will directly impact on bulk infrastructure requirements. It is an allocation in kind which means that funds are not deposited in advance, but rather upon submission of claims by ADM to the funder.

Expanded public works programme (EPWP)

Balance unspent at beginning of year	-	-
Current year receipts	1 878 000	3 905 000
Conditions met - transferred to revenue	(1 878 000)	(3 905 000)
	-	-

Conditions still to be met - remain liabilities (see note 18)

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R

The seeks to incentivise provincial departments to expand work creation efforts through the use of labour-intensive delivery methods in identified focus areas in compliance with the programme's guidelines.
During the year, the municipality received its draw downs as per the National Treasury indicatives.

Financial Management (FMG)

	2025 R	2024 R
Balance unspent at beginning of year	-	-
Current year receipts	2 600 000	1 250 000
Condition met - transferred to revenue	(2 600 000)	(1 250 000)
	-	**-**

Conditions still to be met - remain liabilities (see note 18)
The purpose of the FMG grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.
During the year, the municipality received its draw downs as per the National Treasury indicatives.

Rural Roads Asset Management Grant (RRAMS)

	2025 R	2024 R
Balance unspent at beginning of year	6	-
Current year receipts	3 298 000	3 545 000
Conditions met - transferred to revenue	(3 298 000)	(3 544 994)
Unspent amount returned to funder	-	-
	6	**6**

Conditions still to be met - remain liabilities (see note 18)
The purpose of RRAMS is to assist the district municipalities to set up a Rural Asset Management System and collect data on roads, bridges, and traffic on municipal road networks in line with the South African Road Infrastructure Strategic Framework.
During the year, the municipality received its draw downs as per the National Treasury indicatives.

Water Services Infrastructure Grant (WSIG)

	2025 R	2024 R
Balance unspent at beginning of year	107 452	449 612
Current year receipts	77 525 000	67 400 000
Conditions met - transferred to revenue	(77 632 452)	(67 292 548)
Unspent amount returned to funder	-	(449 612)
	0	**107 452**

Conditions still to be met - remain liabilities (see note 18)
The purpose of WSIG according to DoRA is to facilitate the planning and implementation of various water and on-site sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities; provide interim, intermediate water and sanitation supply that ensures provision of services to identified and prioritised communities, including spring protection and groundwater development; support municipalities in implementing Water Conservation and Water Demand Management projects; support the existing bucket eradication programme intervention in formal residential areas; support drought relief projects in affected municipalities.
The unspent balance as at 30 June 2024 was approved as a roll over.

Neighbourhood Development Partnership Grant (NDPG)

	2025 R	2024 R
Balance unspent at beginning of year	1 890 287	1 890 287
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
	1 890 287	**1 890 287**

Conditions still to be met - remain liabilities (see note 18)

Municipal Disaster Grant: Water

	2025 R	2024 R
Balance unspent at beginning of year	566 593	566 593

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
	566 593	**566 593**

Conditions still to be met - remain liabilities (see note 18)

L G Sita

	2025	2024
Balance unspent at beginning of year	620 315	194 711
Current year receipts	1 239 282	1 573 275
Conditions met - transferred to revenue	(235 487)	(1 147 671)
	1 624 110	**620 315**

Conditions still to be met - remain liabilities (see note 18)

LGSETA Grant provides an environment to facilitate the training and up skilling of various employees and people involved in local government structures, as well as unemployed South Africans.

CETA

	2025	2024
Balance unspent at beginning of year	(559 164)	-
Current year receipts	0	-
Conditions met - transferred to revenue	(2 215 600)	(559 164)
	(2 774 764)	**(559 164)**

Refer to **Annexure 1** and **Note 18** for details

30. Employee related costs

	2025	2024
Employee related costs - Salaries and Wages	379 030 988	375 175 223
Bonus	37 641 638	35 602 800
Medical aid - company contributions	50 928 278	48 799 233
Unemployment Insurance Fund (UIF)	2 871 043	2 913 252
Workmans Compensation (WCA)	3 691 867	3 348 164
Leave pay provision charge	(8 788 044)	4 702 520
Contribution: Pension fund	75 230 253	73 787 473
Contribution: Group life	3 948 299	3 714 840
Bargaining council	189 896	184 446
Employee benefit contribution	22 709 000	(383 190)
Travel, motor car, accommodation, subsistence and other allowances	17 553 856	20 304 980
Overtime payments	50 786 523	44 634 933
Car allowance	25 275 651	26 290 139
Housing benefits and allowances	4 674 078	2 480 050
Allowance: cell phone	8 571 125	8 851 145
Allowance: shift	4 029 916	3 907 970
Allowance: Standby, Night and Sunday	17 027 040	16 853 210
Skills development levy	6 433 075	6 234 370
	701 804 483	**677 401 561**

The comparative figure for employee related costs have been restated, refer **Note 44**.

Amounts expensed in respect of retirement benefit plans

	2025	2024
Defined contribution funds	82 818 844	82 818 844
Defined benefits funds	-	-
	82 818 844	**82 818 844**

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R
Remuneration of Municipal Manager: Dr B.J Mthembu		
Remuneration	1 404 936	1 306 804
Contribution to UIF, Bargaining Council and Pension Funds	209 285	197 302
Housing allowance	248 357	242 199
Travel allowance	364 699	355 601
Non-pensionable allowance	21 816	4 545
	2 249 093	**2 106 451**

	2025 R	Restated 2024 R
Remuneration of Chief Financial Officer: Mr M.L Mosala		
Remuneration	-	299 889
	-	**299 889**

The position of the Chief Financial Officer was vacated on 31 March 2023.

	2025 R	Restated 2024 R
Remuneration of Chief Financial Officer: Mr N. Zengethwa		
Remuneration	1 100 308	712 988
Contribution to UIF, Bargaining Council and Pension Funds	237 650	126 401
Travel allowance	420 000	210 000
	1 757 958	**1 049 390**

The Chief Financial Officer was appointed with effect 20 November 2023.

	2025 R	Restated 2024 R
Remuneration of the Director Engineering: Mr N.M Dungu		
Remuneration	-	989 323
Contribution to UIF and Bargaining Council	-	2 074
Travel allowance	-	275 000
Housing allowance	-	383 120
Leave pay	457 950	-
	457 950	**1 649 516**

The contract of the Director Engineering expired with effect 30 April 2024.

	2025 R	Restated 2024 R
Remuneration of the Director Strategic Management: Mr N.L. Sovasi		
Remuneration	1 400 053	933 317
Contribution to UIF, Medical and Pension Funds	237 650	151 049
Travel allowance	240 000	180 000
Acting allowance	-	690
Housing allowance	-	762
Leave encashment	-	68 972
	1 877 703	**1 334 790**

Director Strategic Management was appointed during 11 September 2023.

	2025 R	Restated 2024 R
Remuneration of the Director Corporate services: Mr K Mrali		
Remuneration	-	913 264
Contribution to UIF, Medical and Pension Funds	-	127 063
	-	**1 040 326**

	2025 R	Restated 2024 R

The Director of Corporate Services was appointed during September 2021 to 31 January 2024. Council took a decision to advertise the position following the outcome of disciplinary enquiry and allow Mr Mrali to resume his duties as Senior Manager Satellite Operation Services effective 01 February 2024 to 12 October 2026.

Remuneration of the Director Community Services: Ms N.C. Zondani

	2025 R	Restated 2024 R
Remuneration	1 469 211	963 266
Contribution to UIF and Pension Funds	237 650	172 940
Travel allowance	240 000	220 000
	1 946 862	**1 356 206**

The Director of Community Services was appointed during 1 August 2023

Remuneration of the Director Spatial Planning and Development: Ms Z.C Xabadiya

	2025 R	Restated 2024 R
Remuneration	1 501 303	899 248
Contribution to UIF and Pension Funds	237 650	152 777
Travel allowance	180 000	145 714
	1 918 954	**1 197 739**

The Director of Spatial Planning and Development was appointed during 11 September 2023

Remuneration of the Director Engineering Services: Ms N. Msebi

	2025 R	Restated 2024 R
Remuneration	1 184 910	-
Contribution to UIF and Pension Funds	183 141	-
Travel allowance	218 182	-
	1 586 233	**-**

The Director of Engineering Services was appointed during 05 August 2024

Remuneration of the Director Corporate Services: Ms V. Dlelaphantsi

	2025 R	Restated 2024 R
Remuneration	1 196 156	-
Contribution to UIF and Pension Funds	201 247	-
Travel allowance	220 000	-
	1 617 403	**-**

The Director of Corporate Services was appointed during 01 August 2024

31. Remuneration of councillors

	2025 R	Restated 2024 R
Councillors 2025: (50) 2024: (47)	15 338 702	16 124 543
Councillors allowance	2 062 514	1 788 235
	17 401 216	**17 912 778**

The comparative figure for remuneration of councillors has been restated, refer **Note 44**.

In - kind benefits

The Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full- time. Each is provided with an office and secretarial support at the cost of the Council.
The Executive Mayor has the use of council owned vehicle for official duties, and has two full-time driver/bodyguards.
The salary allowances and benefits of the political office - bearers are within the upper limits of the framework prescribed by Sec 219 of Constitution.

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R
Executive Mayor: A.Ntsangani		
Salary	1 242 127	1 103 316
Cell phone Allowances	43 200	17 896
3G Allowance	3 804	30 400
	1 289 131	1 151 612
Speaker: O. Mgunculu		
Salary	677 459	589 692
Cell phone Allowances	21 600	15 200
3G Allowance	3 804	11 108
	702 863	**616 000**
Cllr. N. Rulashe		
Salary	931 596	829 231
Cell phone Allowances	43 200	30 400
3G Allowance	3 804	17 908
	978 600	**877 539**
Cllr. K.C. Maneli		
Salary	836 115	829 231
Cell phone Allowances	43 200	44 000
3G Allowance	3 804	4 308
Reimbursive travel	90 076	1 986
	973 195	**879 525**
Cllr. X. Mngxaso		
Salary	931 595	829 231
Cell phone Allowances	43 200	44 000
3G Allowance	3 804	4 308
Reimbursive travel	-	7 136
	978 599	**877 539**
Cllr. B. Ketelo		
Salary	931 596	829 231
Cell phone Allowances	43 200	44 000
3G Allowance	3 804	4 308
Travel reimbursive	-	14 947
	978 600	**892 486**
Cllr. A.B. Madikane		
Salary	931 596	829 231
Cell phone Allowances	43 200	44 000
3G Allowance	3 804	4 308
Travel reimbursive	-	29 636

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R
	978 600	**877 539**
Cllr. F. Phumaphi		
Salary	710 009	741 779
Cell phone Allowances	43 200	44 000
3G Allowance	3 804	4 308
Travel reimbursive	216 182	104 054
	973 195	**894 141**
Cllr. N. Geza		
Salary	931 596	829 231
Cell phone Allowances	43 200	44 000
3G Allowance	3 804	4 308
	-	88 502
	978 600	**966 041**
Cllr. C. Genyane		
Salary	756 576	829 231
Cell phone Allowances	43 200	44 000
3G Allowance	3 804	4 257
Travel reimbursive	144 121	40 755
	947 701	**918 242**
Cllr. N. Sotshononda		
Salary	904 266	804 907
Cell phone Allowances	43 200	44 000
3G Allowance	3 804	4 308
Travel reimbursive	26 385	26 385
	977 656	**879 601**

32. Depreciation, amortisation and impairment

Depreciation and amortisation

	2025	Restated 2024
Property, plant and equipment	272 635 553	292 091 733
Intangible assets	1 265 366	313 688
Investment property	106 450	106 450
Impairment	12 096 619	34 893 962
Property, plant and equipment	12 096 619	34 893 962
Intangible assets	-	-
	286 103 987	**327 405 834**

The comparative figure for depreciation has been restated. Refer **Note 44**.

33. Finance costs

	2025	Restated 2024
Total finance costs	54 422 446	45 856 679
Workmen's Compensation	-	204 481

	2025	Restated 2024
	R	R
Employee benefit obligation	27 248 000	22 267 000
Rehabilitation provision of solid waste side	778 449	633 335
Interest overdue accounts	26 395 745	22 751 862
Interest paid:CBO's	252	1
	54 422 446	**45 856 679**

The comparative figure for Finance costs has been restated. Refer **Note 44**.

34. Debt impairment

Contributions to debt impairment provision - other	2 607 946	44 910 311
Contributions to debt impairment provision - sewer	94 087 024	80 827 143
Contributions to debt impairment provision - water	155 699 199	166 870 785
	252 394 168	**292 608 239**

The comparative figure for Debt impairment has been restated. Refer **Note 44**.

35. Contracted services

Contractual amounts

Office equipment	714 057	669 970
Accommodation Office Space and parking	19 419 577	18 177 721
Cleaning & hygiene	301 411	329 918
Sewerage	7 792 600	488 223
Security & Bodyguards	113 993 530	90 433 203
Qualification verification	26 653	100 938
Transport	534 020	657 580
Special programmes	3 334 137	922 558
	146 115 986	**111 780 111**

The comparative figure for Contracted services has been restated. Refer **Note 44**.

36. Inventory consumed

VIP toilet structures	190 054 551	12 110 716
Consumables	4 928 101	3 371 768
Water	374 512 472	269 964 499
	569 495 124	**285 446 982**

The comparative figure for inventory consumed has been restated. Refer **Note 44**.

The amount includes the value of completed structures that have been constructed and transferred to the beneficiaries.

37. Operational costs

Administration	584 592	590 216
Advertising	2 247 455	1 984 223
Audit committee meetings	981 456	1 081 217
Audit fees	10 514 478	8 981 459
Bank charges	750 646	1 656 898
Chemicals	4 001 525	2 350 542
Commission paid	13 218 090	11 759 672
Community Based Organisation	2 522 353	2 525 316
Cleaning	17 550	92 239

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R
Conference expenses	2 015 535	1 451 843
Consultants	24 319 654	13 529 227
Deeds Information	10 906	37 444
Disciplinary Committee	38 013	110 000
Food and Beverages	136 408	567 922
Foreign exchange translation loss/Gain	282 738	559 186
Hiring costs	75 419 822	65 222 315
Insurance Premium Cost	13 517 216	9 307 809
Inventory losses	948	358
Legal fees and Litigation	18 391 876	24 162 232
Licenses and subscription	916 002	948 362
Membership fees	8 442 453	8 710 702
Municipal Utilities	10 087 869	8 311 886
Postage	435 847	444 291
Printing and stationery	729 853	618 715
Protective clothing & uniforms	6 498 344	4 546 165
Refreshments and catering	2 853 323	1 676 545
Sampling and Testing	1 211 010	1 297 980
Software and Computer	25 584 302	20 327 334
Storage	47 353	3 168
Subsistence and Travel	7 825 581	3 533 054
Telephone and data expenses	3 625 091	1 867 791
Traffic fines	6 243	4 970
Transport	25 407 343	27 322 002
Water research levy	1 925 211	904 514
	264 567 086	**226 487 594**

The comparative figure for operational costs has been restated. Refer to **Note 44.**

38. Auditors' remuneration

	2025	2024
Fees paid	10 514 478	8 981 459

39. Net cash flows from operating activities

	2025	2024
Surplus	366 309 142	277 287 779
Adjustments for:		
Depreciation, amortisation and impairment	327 435 923	327 405 834
Gain/(loss) on sale of asset and liabilities	-	(1 035 001)
Contribution to debt impairment	242 647 476	296 009 553
Actuarial gain and loss defined benefit	(3 365 000)	(2 035 000)
Finance costs	28 026 449	22 900 335
Movement in the employee benefit obligation	22 709 001	(2 942 041)
Donations	-	(11 100)
Movement in provisions	(7 709 790)	(719 028)
Changes in working capital:		
Decrease/(Increase) in inventories	3 557 321	(93 631 257)

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R
(Increase)/decrease in receivables from exchange transactions	(747 295 128)	(433 772 572)
(Increase)/decrease in receivables from non- exchange transactions	(17 702 837)	(7 996 851)
Increase/(decrease) in consumer deposits	112 107	228 982
(Increase)/decrease in non-current receivables	(54 240)	(703 765)
Increase/(decrease) in payables from exchange transactions	80 121 450	79 112 881
Increase/(decrease) in VAT receivable	5 349 245	5 281 452
Increase/(decrease) in other payables from non-exchange transactions	2 102 925	1 893 109
Increase/(decrease) in VAT input accrual	(34 106 073)	(15 931 994)
(Decrease)/increase in VAT output accrual	78 359 143	63 701 298
(Decrease)/increase in taxes and transfers payable (non exchange)	(10 650 173)	10 650 173
Increase/(decrease) in trade and other payables from non-exchange transactions	1 807 445	(239 318 213)
	337 654 385	**286 374 573**

The cash flow figures have been restated due to the prior period errors. Refer **Note 44.**

40. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets	**At amortised cost**	**Total**
Non - current receivables	3 176 765	3 176 765
Trade and other receivables from exchange transactions	878 001 528	878 001 528
Other receivables from non-exchange transactions	32 986 167	32 986 167
Cash and cash equivalents	176 212 975	176 212 975
Current investment	8 955 401	8 955 401
	1 099 332 836	**1 099 332 836**

Financial liabilities	**At amortised cost**	**Total**
Trade and other payables from exchange transactions	723 192 988	723 192 988
Other payables from non-exchange transactions	13 296 228	13 296 228
	736 489 216	**736 489 216**

2024	**At amortised cost**	**Total**
Financial assets		
Non - current receivables	3 122 525	3 122 525
Trade and other receivables from exchange transactions	373 353 876	373 353 876
Other receivables from non-exchange transactions	15 283 330	15 283 330
Cash and cash equivalents	219 917 515	219 917 515
Current investment	8 060 606	8 060 606
	619 737 853	**619 737 853**

Financial liabilities	**At amortised cost**	**Total**

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R
Trade and other payables from exchange transactions	643 071 538	643 071 538
Other payables from non-exchange transactions	11 193 303	11 193 303
	654 264 841	**654 264 841**

41. Commitments

Authorised capital expenditure

Approved and contracted for	**2025**	**2024**
• Infrastructure	1 026 478 812	1 536 109 823
• Community	12 092 669	13 439 697
• Other - Land and Buildings	-	-
	1 038 571 481	**1 549 549 520**
This expenditure will be financed from		
• Government Grants	1 038 571 481	1 549 549 520
• Own Resources	-	-
	1 038 571 481	**1 549 549 520**

The capital commitments have been restated. Refer **Note 44.**

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	461 352	5 807 481
- in second to fifth year inclusive	807 365	-
Total exclusive of VAT	**1 268 717**	**5 807 481**
Total inclusive of VAT	**1 459 025**	**6 678 603**

Operating lease payments represent rentals payable by the entity for occupation of leased buildings as well as photocopiers.
22 Photocopy machines are on a month to month basis.
Rentals are negotiated for an average of 2 years and rentals escalate on average at 7% per annum.
Building Lease contracts are renewed on a month to month basis.

Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	-	27 164
- in second to fifth year inclusive	-	-
- later than five years	-	-
	-	**27 164**

Operating Leases consists of the following:
Operating lease payments represent rentals receivable by the Municipality for certain of its properties situated in Stutterheim, Komga and Cathcart.
No contingent rent is payable.

Leases are negotiated for an average of 10 years and rentals escalate by an average of 8% annually.

42. Contingencies

Contingent liabilities

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R
Legal claims		
The following claims submitted to the legal department of the municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful is disclosed. The timing of the legal proceedings regulating the claims is uncertain.		
Legal disputes relate to:		
Compensation for goods delivered by suppliers		
The municipality is disputing claims by suppliers for goods delivered	1 028 394	1 028 394
The municipality has been sued in respect of a vehicle that was taken to the complainant to be repaired by Nkonkobe Local Municipality (now part of Raymond Mhlaba municipality) years ago and was never collected. There is uncertainty as to who actually owns the vehicle in question. The municipality is being sued for storage fees. Default judgement was granted against ADM and a Warrant of Execution was issued. ADM is not willing to pay for a vehicle it does not own.	19 094	19 094
Compensation for work performed by a contractor		
The claim is in respect of services rendered in the amount of R 1 323 586. The entity performed poorly but were nonetheless paid proportionately in terms of the agreement. Exceptions have been raised. The matter is not progressing.	1 323 586	1 323 586
Supply of toilets pursuant to a cession agreement		
Supply of toilets pursuant to a cession agreement with service provider. Discovery affidavits have been filed. Matter still pending in High Court. The plaintiffs claim has been dismissed with costs with, Plaintiff has approached appeals court. Plaintiffs appeal is based on the interpretation of the undue enrichment.	34 921 848	34 921 848
Supply of VIP toilets structures		
Supply of toilets pursuant to a cession agreement with service provider. Discovery affidavits have been filed. Matter still pending in High Court. The plaintiffs claim has been dismissed with costs with, Plaintiff has approached appeals court. Plaintiffs appeal is based on the interpretation of the undue enrichment.	39 000 000	39 000 000
Supply of water		
The Minister of Water and Sanitation has sued ADM for outstanding water use charges and water research levies. The claims date back to when ADM assumed the responsibilities of water service provider. ADM has brought an exception to the claim, the matter is still pending.	46 571 286	46 571 286
Death of child		
The Plaintiff is claiming an amount of R500 000.00 arising out of the death of her child who drowned in the ADM sewerage dam near Butterworth. Matter is ongoing.	500 000	500 000
Claims for damages		
Claim for damages as a result of the alleged negligence by fire fighters that left the shop burning. Filed both the plea and relevant notices.	33 520 789	33 520 789
Delictual claim		
A claim arising out of delictual damages suffered by the Plaintiff. The employees of the ADM are alleged to have left a hole open and as a result the Plaintiff fell on same.	8 780 000	8 780 000
Delictual claim		
For delictual damages, Plaintiff's cow injured as a result of a pit toilet not constructed to finality. The Municipality is to consider the benefit versus the legal costs of pursuing.	5 000	5 000

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R
Civil Matter		
Claim for damages arising from having Essential User car scheme been taken from employees. The matter has been closed.	-	30 000 000
Claim for compensation		
This matter is brought by the applicant in the land claims court in which is seeks payment of compensation awarded to the community by the Commission, which was initially administered by ADM on behalf of the community. The land claims court has made an order to give effect to a settlement between the two parties. Judgement is awaited.	14 460 370	14 460 370
Civil Matter	1 862 500	1 862 500
This matter relates to the enforcement of a service level agreement for consultancy services rendered to the municipality for payment was not made.		
Civil Matter		
Claim for non-compliance of the salary increments by the Municipality with the SALGBC salary and wage agreement. This matter has been settled.	-	146 809 299
Breach of Contract A1786		
The municipality paid for services that were not fully rendered. A plea has been filed.	16 613 652	16 613 652
Supply of VIP toilets structures		
Supply of toilets pursuant to a cession agreement with service provider.	5 571 000	5 571 000
Civil Matter		
Dispute over the non-payment by the Municipality of leave to a former employee.	107 842	107 842
Civil Matter		
Dispute over the non-payment by the Municipality of salary to a former employee. The matter has been finalised.	-	38 000
Claim for Recovery of unpaid benefits		
Claim by an employee for unpaid benefits. Matter awaiting a date at the Labour Court.	210 000	246 614
Breach of contract		
Claim for non-payment of outstanding invoices for work done on a vehicle management contract. The matter is at mediation.	321 331	-
Payment of consultant fees		
Dispute over the provision of consulting engineers services in Fort Beaufort. The matter is to be considered for settlement.	2 679 462	-
Civil Matter		
This claim is an application for an interim interdict coupled with a review which seeks to have a decision by the ADM municipal Council reviewed and set aside. The Municipality has brought a counter claim.	7 318 424	-
Unpaid services		
A claim has been instituted against the Municipality for unpaid rendering of services. The matter is to be considered for settlement.	170 200	-

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R
Total contingent liabilities	**214 984 778**	**381 379 274**

Contingent assets

The following contingent assets have been disclosed and not recognised as the outcome is dependent on a legal ruling.

	2025 R	Restated 2024 R
Non -performance on a contract	500 595	500 595

The municipality has instituted legal action against a contractor and its surety. The municipality and its lawyers are of the opinion that the litigation is likely to be in the municipality's favour.
The matter has since been put on the list of matters to be referred to a judge for the purposes of a Case Management Conference.

	2025 R	Restated 2024 R
Fraudulent fuel purchase	125 091	125 091

Claim for fraudulent fuel purchases. Application for Default Judgment has finally been granted by the clerk of court. Execution attempted but no assets located.
Judgement debtor’s new location still to be determined.

Cancellation of contract

	2025 R	Restated 2024 R
Court application being launched to cancel portion of contract relating to TLB. Service provider has undertaken to provide substitute machine.	1 400 000	1 400 000

Breach of contract

	2025 R	Restated 2024 R
The Municipality instituted legal action against a contractor for damages related to breach of contract as	1 198 370	1 198 370

a result of the contractors abandonment of the project. Amended particulars of claim served.
Prospects of success are minimal and intention to close the file.

Services not fully rendered

	2025 R	Restated 2024 R
The Municipality has lodged a claim for damages from a consultant as services paid were not fully rendered.	8 083 667	8 083 667
Total contingent assets	**11 307 723**	**11 307 723**

43. Related parties

Relationships

Controlled entities Refer to note 7

Related party transactions

All amounts are disclosed inclusive of VAT

	2025 R	Restated 2024 R
Shared internal audit services for ASPIRE	938 395	709 943
Seconded services		
Acting Chief Financial Officer	501 510	658 789
Acting Chief Executive Officer	-	1 498 329
Acting Chief Operations Officer	-	-
Communications Intern	-	-

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R
Communication Officer	-	-
Fees paid to Audit Committee Members for ASPIRE	226 503	578 000
Administration fees paid to (received from) related parties		
Amathole Economic Development Agency SOC Limited t/a (ASPIRE)	15 640 000	11 500 000
Neighbourhood Development Programme Grant		
NDPG	-	-
Rental in kind for the provision of office facilities	885 891	759 879
Special Programmes		
Tourism events	6 325	450 000
Implementation of boreholes and water tanks	663 649	8 000 000

The Amathole Economic Development Agency was established 1 September 2005

Place of Incorporation: South Africa

Principal Activity: To promote local economic development in the Amathole Municipal District Area.

Key management information
Refer to Note 30 and 31

44. Prior period errors

44.1 Irregular expenditure
As part of the municipality’s commitment to accurate and transparent financial reporting, a comprehensive review of all contracts and deviations was undertaken during the current financial year.
This review aimed to ensure the completeness of irregular expenditure disclosures. Following this inspection, additional irregular expenditure amounting to R201,985,987 was identified, relating to prior financial years.
R117,035,228 of this amount relates to expenditure incurred during 2023/2024 and R84,950 758 relates to the prior financial years.
The error has been corrected in the current year and adjusted retrospectively in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.
Comparative figures have been restated to reflect the correction and ensure full compliance with reporting standards. Refer to **Note 48**.

	2025	2024
Irregular expenditure as previously reported		817 186 473
Restatement		201 985 987
Restated irregular expenditure	**-**	**1 019 172 460**

44.2 Commitments
The comparative figure for capital commitments was restated in the current year due to the identification of payments that were not previously recorded.
In addition, terminated and completed projects were removed from the register.
The error has been corrected in the current year and adjusted retrospectively in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.
The restatement only impacts disclosure and thus has no effect on the statement of Financial Position and Performance. The Capital commitments decreased by R10 123 384 Refer to **Note 41**.
The figures as previously reported 2023/24 financial year:

Capital commitments - Infrastructure assets	1 546 233 207
Capital commitments - Community assets	13 439 697
Capital commitments - Other	-

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R
		1 559 672 904
The figures restated:		
Capital commitments - Infrastructure assets		1 536 109 823
Capital commitments - Other land buildings		13 439 697
Capital commitments - Other		-
		1 549 549 520

44.3 Property, plant and equipment

Property, plant and equipment: Community Assets

During the period under review, the municipality identified a discrepancy of R68,777 in the accumulated depreciation for community assets while performing monthly reconciliations between the fixed asset register and the general ledger. This variance originated from prior financial years and had not been previously accounted for.
An investigation was conducted during the 2024–2025 financial year to determine the nature and origin of the difference. Upon confirmation, the municipality corrected the error by increasing the accumulated depreciation for community assets through the processing of a prior period error journal.
This adjustment has been made in accordance with the requirements of GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, and has been reflected retrospectively in the comparative figures of the financial statements. Refer **Note 4**.

Property, plant and equipment: Eastern Region Landfill Site Solid Waste

During the 2020 financial year, the Eastern Region Landfill Site – Solid Waste asset was incorrectly classified under Sanitation/Sewer Cost Price by Durchame Consultants as part of the municipality’s implementation of the Municipal Standard Chart of Accounts (mSCOA). This misclassification resulted in the asset being mapped to an incorrect category in the financial system.
In accordance with GRAP 17: Property, Plant and Equipment, the Eastern Region Landfill Site – Solid Waste is disclosed as a separate item in the PPE note. However, due to the prior misclassification, the asset appeared as a reconciling difference during the preparation of the reconciliation between the fixed asset register and the general ledger.
To correct this error, a journal entry of R10,345,844 was processed during the 2024 financial year to reclassify and increase the cost price of the Eastern Region Landfill Site in both the Trial Balance and the Annual Financial Statements.
The error has been corrected in the current year and adjusted retrospectively in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.
Comparative figures have been restated to reflect the correction. Refer **Note 4**.

Property, plant and equipment - Work In Progress

During the period under review, following the conclusion of the physical verification, conditional assessment, and valuation of assets classified as Work in Progress (WIP), a material adjustment was identified resulting in a total decrease of R228,429,281 to the WIP balance.
This adjustment was necessary to correct prior period misstatements and align the asset values with their actual physical and operational status. The breakdown of the adjustment is as follows:
A decrease of R18,816,991 was recorded during the 2024 financial year, based on updated assessments and verification outcomes.
A further decrease of R209,612,290 was identified as relating to the 2023 financial year, and has been corrected retrospectively.
The total adjustment of R228,429,281 has been processed through a prior period error journal in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.
Furthermore, a journal of R1 344 860 was prepared to reduce the WIP in 2024 and increase it in the 2025 finacial period (account for the amount in correct period).
Comparative figures have been restated to reflect the correction, and the impact is disclosed in the relevant notes to the financial statements.
These errors were corrected in the current year and adjusted retrospectively. Refer **Note 4**.

Property, plant and equipment : Water Infrastructure Assets

During the period under review, following the completion of the physical verification, conditional assessments, and valuation of Water Infrastructure assets, a material adjustment was identified resulting in an increase of R9,742,488,146 to the cost amount of these assets.
This increase is broken down as follows: an increase of R33,395,847 was recorded during the 2024 financial year
A further increase of R9,709,092,299 was identified as relating to the 2023 financial year.

In addition to the cost adjustment, the following changes were made to accumulated depreciation and impairment balances:
Total increase of R5,198,016,906 in accumulated depreciation broken down as follows:

An increase by R196,484,547 during 2024 and an increase by R5,001,532,359 during 2023.
Total decrease in accumulated impairment adjustment of R18,848,639, broken down as follows:
A decrease by R18,805,266 during 2024 and a decrease of R43 374 during 2023.
Additionally in 2024, a journal of R146,801 for an increase in the accumulated depreciation for water was prepared to account for changes identified after physical verification, conditional assessments and valuations.
Furthermore, there was a reversal of the loss of disposal accounted for in 2024 amounting to R22,095,495 for assets that were affected by the demarcation resolution.
The total depreciation amount of R187,601,958 was for accounting for fully depreciated assets, additional depreciation, recognition of completed projects and projects upgrades completed due to the change in the cost to current replacement cost.
The total impairment amount of R18,805,266 was for accounting for additional impairment, impairment affecting the recognition of completed projects and projects upgrades completed due to the change in the cost to the current replacement cost.
These adjustments were necessary to correct prior period misstatements and ensure that the Water Infrastructure assets are accurately reflected in accordance with GRAP 17: Property, Plant and Equipment.
The error was corrected in the current year and adjusted retrospectively in line with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. Comparative figures have been restated accordingly.
Refer **Note 4**.

Property, plant and equipment : Sanitation Infrastructure Assets
During the period under review, following the completion of the physical verification, conditional assessments, and valuation of sanitation infrastructure assets, a material adjustment was identified resulting in an increase of R1,535,425,576 to the cost amount of these assets.
This increase is broken down as follows: an increase of R16,436,488 was recorded during the 2024 financial year
An increase of R16,436,488 was recorded during the 2024 financial year, with a further increase of R1,518,989,089 indentified relating to the 2023 financial year.
In addition to the cost adjustment, the following changes were made to accumulated depreciation and impairment balances:
A total increase of R970,308,111 in accumulated depreciation, broken down as follows:
An increased of R29,131,547 during 2024 and an increase of R941,176,565 during 2023.
The breakdown of the water accumulated impairment was as follows, it was decreased by R1,474,912 during 2024 and was further decreased by R106,719 during 2023 financial year.
Additionally in 2024, a journal of R1,710 for a decrease in the accumulated depreciation for sanitation was prepared to account for changes identified after physical verification, conditional assessments and valuations.
The total depreciation amount of R30,062,599 was for accounting for fully depreciated assets, additional depreciation, recognition of completed projects and projects upgrades completed due to the change in the cost to the current replacement cost.
The total impairment amount of R2,298,134 was for accounting for additional impairment, impairment affecting the recognition of completed projects and projects upgrades completed due to the change in the cost to the current replacement cost.

These adjustments were necessary to correct prior period misstatements and ensure that the sanitation infrastructure assets are accurately reflected in accordance with GRAP 17: Property, Plant and Equipment.
The error was corrected in the current year and adjusted retrospectively in line with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. Comparative figures have been restated accordingly.
Refer **Note 4**.

Property, plant and equipment : Movable Assets
During the 2025 asset verification process, the municipality identified several assets physically present on site but had missing barcodes and had not been previously recorded in the asset register.
These assets were verified as municipal property and, in accordance with GRAP standards, were deemed into the asset register at appropriate cost and accumulated depreciation values.
The cost increased by R742,799 and the accumulated depcreciation increased by R730,474.
This omission constitutes a prior period error as defined by GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. The error has been corrected retrospectively in the financial statements.

During the 2025 asset verification process, the municipality identified 49 assets physically present on site that had been previously disposed of in prior financial years. Upon investigation, the original cost of these assets was successfully traced through the SAP system and historical asset registers.
Therefore the cost increased by R156,560 and the related accumulated depreciation increased by R150,734.
In accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the municipality has reinstated these assets at their original cost and recognised the associated accumulated depreciation.
This correction has been applied retrospectively, as the assets were incorrectly removed from the asset register in prior periods.

During the 2025 asset verification process, the municipality identified assets that had been donated in prior financial years. These assets had not been previously recorded in the asset register

resulting in an understatement of both asset cost by R11,100 and accumulated depreciation of R676.
In accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the municipality has retrospectively corrected this error by recognising the donated assets at their original cost and accumulated depreciation.

During the analysis of Repairs and Maintenance expenditure conducted in the 2025 financial year, the municipality identified assets relating to prior years that had been incorrectly capitalised. These assets met the recognition criteria for property, plant, and equipment under GRAP standards but were not recorded in the asset register. The cost therefore increased by R502,768.
In accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the municipality has retrospectively corrected this error by recognising the assets at their appropriate cost.
Refer **Note 4**.

44.4 Trade and other receivables from exchange transactions

Consumer debtors for 2023/2024 were increased by R10,660,891 as the impairment of debtors was decreased after the reassessement of the decreased debt as a result of the billing re-estimates.
In accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the municipality has corrected the error retrospectively and restated the comparative figures, refer Note 13.

44.5 Receivables from non-exchange transactions

During the current financial year, the municipality identified an error in the reporting of receivables from non-exchange transactions for the 2023/2024 financial year.
The error arose from a clearing account related to bank returned payments that had not been properly cleared and reallocated in prior periods.
Upon investigation, the correct reallocation of transactions from this clearing account resulted in a reduction of R272,603 in receivables from non-exchange transactions.
In accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the municipality has corrected the error retrospectively and restated the comparative figures.
Refer Note 14.

44.6 Inventories

During the current financial year, the municipality identified an error in the valuation of water stock reported in the prior period. The closing balance of water stock for the year ended 30 June 2024 was understated due to the application of an incorrect costing methodology.
The water stock was increased by an amount of R5,290,582 . In accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the municipality has corrected the error retrospectively and restated the comparative figures.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 12.**

44.7 Trade and other payables from non-exchange transactions

During the current financial year, the municipality identified a misstatement relating to trade and other payables from non-exchange transactions. The error arose from expenditure that was incorrectly captured in the 2023/2024 financial year, which should have been recognised in a prior period.
As a result, trade and other payables from non-exchange increased by R918,078. This misstatement has been corrected in the current year and adjusted retrospectively in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, refer **Note 19**.

44.8 Trade and other payables from exchange transactions

During the current financial year, the municipality conducted a detailed review of trade and other payables from exchange transactions and identified errors originating in prior reporting periods.
These errors included transactions that were recorded in the incorrect period, open items that were not cleared from the creditors and credit notes issued for the purchase of bulk water.
The correction of the errors resulted in the net decrease of Trade and other payables from exchange transactions by R26,156,226.
The net increase is comprised of the following; a decrease of R35,530,773 in Trade and other payables, an increase of R12,773,822 in Accruals, a decreased of R945,557 in other payables and a dcrease of R2,453,699 in retentions.
In accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the municipality has corrected the error retrospectively and restated the comparative figures, refer **Note 21**.

44.9 VAT receivable and VAT accrual

VAT Accrual (Deferred output VAT) has decreased by R21,775,160 after the correction of the service charges in 2023/24.
In accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the municipality has corrected the error retrospectively and restated the comparative figures, refer **Note 55 and 17**.

VAT Accrual (Deferred input VAT) has increased by R3,419,553 as certain transactions in 2023/2024 were not recorded in the correct financial year.

	2025	Restated 2024
	R	R

The input VAT decreased by R925 885 in 2022/2023 as certain transactions were not recorded in the correct financial year and the input VAT on certain transactions was incorrectly recognised.
In accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the municipality has corrected the error retrospectively and restated the comparative figures, refer **Note 59 and 17**.

44.10 Employee benefit obligation

During the current financial year, the municipality identified a misstatement relating to the ex-gratia employee benefit obligation. The obligation previously included two employees who, as confirmed, had both passed away during the **prior financial year**. As a result, the liability no longer existed and should have been derecognised in that period.
This oversight led to an overstatement of the employee benefit obligation, which has now been corrected. The obligation was reduced by R14,040, and the adjustment has been applied retrospectively in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, refer **Note 10**.

During the current, the municipality recognised the current portion of the Post employment medical aid benefit. This recognition was merely a reclassification of R5,421,000 from the non-current portion of the obligation to the current portion of the obligation in the Statement of Financial Position. This information was provided in the valuation obtained from the actuary.
The adjustment has been applied retrospectively in accordance with GRAP3: Accounting Policies, Changes in Accounting Estimates and Errors, refer Notes **9** and **10**.

44.11 Service charges

During the 2024/25 financial year, the municipality undertook a comprehensive recalculation of billing estimates for service charges to align with the approved tariff policy.
This review revealed that prior year billing estimates had been overstated, resulting in inflated service charge revenue aby an amount of R145,911,368.
In accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the municipality corrected the error in the current financial year and applied the adjustment retrospectively, refer **Note 25**.

44.12 Government grants & subsidies

The municipality identified an error in the recognition of revenue from grants and subsidies. Grant expenditure relating to prior periods had been incorrectly recognised in the 2023/24 financial year, resulting in an overstatement of revenue by R559 164.
In accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the municipality has corrected the error retrospectively in the current financial year.
Refer **Note 29.1**.

44.13 Donations (received)

During the current year, an amount of R11,100 was identifed as a donation to the municipality in the form of office chairs in the 2024 financial year. These chairs were capitalised and recognised in the fixed asset register of the municipality. The donations therefore increased by R11,100 and the Property, plant and equipment - Furniture and office equipment increased by the same amount.
The error was adjusted retrospectively in accordance with GRAP 3: Accounting Polices, Changes in Accounting Estimates and Errors.

44.14 Employee related costs

During the prior financial year, both members to the ex-gratia fund passed away. The municipality therefore no longer has an obligation. The employee costs decreased by R14,040. The obligation was derecognised in the current year and adjusted retrospectively. Refer **Note 10 and Note 30**.

During the current financial year, the municipality identified a misclassification in the prior year relating to the costing of inventory consumed. This error was corrected in accordance with and has been adjusted retrospectively.
An amount of R58,741,889 was previously incorrectly classified under employee-related costs. Upon review, this amount was reclassified to inventory consumed, reflecting the correct nature of the expenditure.
The correction has been applied retrospectively in line with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, and comparative figures have been restated accordingly.
Refer to **Note 30**.

44.15 Remuneration of Councillors

During the current financial year, the municipality identified a misstatement relating to the recognition of Councillors' back pay of R333,067. The back pay, as gazetted, pertained to the 2024 financial year, but was incorrectly recognised in the 2025 financial year.
This error was identified during the preparation of the annual financial statements and has been corrected in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.
The adjustment has been applied retrospectively, and comparative figures have been restated to reflect the correction.

	2025	Restated 2024
	R	R

The correction ensures that the expense is accurately matched to the period in which the obligation arose, thereby improving the reliability and relevance of the financial statements.
Refer Note 33.

44.16 Depreciation, amortisation and Impairment

During the current financial year, the municipality identified errors in the calculation of depreciation and impairment relating to infrastructure assets. These errors resulted in the understatement of depreciation and impairment charges in prior reporting periods.
Following a detailed reassessment and recalculation, depreciation and impairment increased by R167,779,299. In accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates the municipality has corrected the error retrospectively and restated the comparative figures accordingly, refer **Note 32**.

44.17 Debt Impairment

During the current financial year, the municipality identified a misstatement in the prior year relating to the treatment of impairment losses. The impairment was previously not correctly offset against the related provision, resulting in an understatement of the impairment adjustment.
Upon review, the impairment was corrected to accurately reflect the write-off against the provision, leading to an increase of R16,317,428 in the 2023/2024 financial year.
In addition the debt impairment decreased by an amount of R173,883,196 as the debtors balance was reduced by the recalculation of estimates on the consumption of water in the abscence of actual meter readings. The debt impairment therefore reflects a net decreased of R173,883,196.
These corrections have been made in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, and have been adjusted retrospectively.
Comparative figures have been restated to ensure accurate presentation of the municipality's financial position and performance. Refer **Note 34.**

44.18 Finance costs

During the current financial year, the municipality conducted a review of all prior year expenditure to ensure that all transactions were appropriately recorded in the correct financial period.
This review revealed a misstatement in the classification of finance costs.
As a result, finance costs were adjusted in the current year, leading to an increase of R39,948 relating to expenditure that should have been recognised in the prior year.
In additon finance costs were decreased by an amount of R5,265,560 as interest on overdue account for bulk water purchases was reversed for an account that was incorrectly charged to the municipality.
The finance costs have therefore reduced by a net amount of R5,225,612.
These corrections have been made in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, and have been adjusted retrospectively. Comparative figures have been restated to reflect the correction.
Refer Note 33.

44.19 Repairs and maintenance

During the current financial year, the municipality identified an error in the classification of expenditure relating to the 2023/2024 financial year. Costs amounting to R7,773,362, originally recorded originally recorded under repairs and maintenance, were found to relate to inventory consumed and should have been classified accordingly and ceratin invoices were recorded in the incorrect financial year.
In accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the municipality corrected the error retrospectively and restated the comparative figures. Refer **Note 53**.

44.20 Inventory consumed

The inventory consumed for 2023/2024 increased by an amount of R120,835,356 due to VIP toilet and water inventory that was incorrectly calculated.
Of this amount, VIP toilets increased by R2,636,737. This was due to installation costs for constructing toilets being charged at R3,500 per unit instead of R7,579.20 as per the revised contract.
The project involved 644 toilets, and the amount previously reported was R9,470,979. The correct amount should have been R12,110,716.

During the current financial year, the municipality identified an error in the valuation of water consumed in the prior period. The amount previously recognised was based solely on the purchasing amount of R151,807,078, which excluded certain direct costs associated with water production and distribution.
Following a comprehensive costing exercise, the municipality determined the correct amount of water consumed for the prior period. In accordance with GRAP 3: Accounting Policies, Changes in Accounting Changes in Accounting Estimates and Errors, the error has been corrected retrospectively and the comparative figures have been restated by R108,724,640.
These corrections have been made in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, and have been adjusted retrospectively. Comparative figures have been restated to reflect the correction.
Refer **Note 36.**

44.21 Contracted services

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R

During the current financial year, the municipality conducted a review of all prior year expenditure to ensure that all transactions were appropriately recorded in the correct financial period.
This review revealed a misstatement in the classification of contracted services.
As a result, contracted services were adjusted in the current year, leading to an increase of R40,492 relating to expenditure that should have been recognised in the prior year.
The correction has been made in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, and has been adjusted retrospectively. Comparative figures have been restated to reflect the correction.
Refer Note 35.

44.22 Operational costs

During the current financial year, the municipality conducted a review of all prior year expenditure to ensure that all transactions were appropriately recorded in the correct financial period.
This review revealed a misstatement in the classification of operational costs.
As a result, operational costs were adjusted in the current year, leading to an increase of R707,747 relating to expenditure that should have been recognised in the prior year.
The correction has been made in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, and has been adjusted retrospectively. Comparative figures have been restated to reflect the correction.
Refer Note 37.
During the current financial year, the municipality identified a misclassification in the prior year relating to the costing of inventory consumed. This error was corrected in accordance with and has been adjusted retrospectively.
An amount of R56,165,194 was previously incorrectly classified under operational costs. Upon review, this amount was reclassified to inventory consumed, reflecting the correct nature of the expenditure.
The correction has been applied retrospectively in line with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, and comparative figures have been restated accordingly.
Refer to **Note 30**.

44.23 Gain/loss on the disposal of assets

During the current financial year, the municipality identified an error in the recognition of the loss realised from the transfer of infrastructure assets in terms of the Demarcation Board Gazette.
The original accounting treatment did not correctly reflect the loss incurred on disposal in the correct financial year, resulting in a misstatement of the gain/loss on disposal of assets in prior periods.
In accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the municipality corrected the error retrospectively. The comparative figures have been restated to reflect the accurate financial impact of the asset transfer. Refer **Note 52**.

44.24 Unauthorised expenditure

The 2023/2024 unauthorised figure decreased by an amount of R87,347,033. This was as a result of the unauthorised expenditure being recongised at item level and not at vote level, hence the overstatement.

The error was corrected in the current year and adjusted retrospectively. Refer **Note 46.**

	2025 R	Restated 2024 R
Unauthorised expenditure as previously reported		186 915 315
Restated unauthorised expenditure		(99 568 282)
Restated amount		**87 347 033**

44.25 Water distribution losses

During the current financial year, the municipality identified a misstatement in the prior year relating to the costing of water distribution loss. The initial determination of the loss was incorrect, resulting in an inaccurate valuation and reporting of the water distribution loss.
This error was subsequently corrected, and the average cost per kiloliter was recalculated in accordance with GRAP 12: Inventories, ensuring accurate measurement and recognition of water inventory in the financial statements.
The correction has been applied retrospectively in line with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, and comparative figures have been restated to reflect the adjustment. Refer **Note 54**.

	2025 R	Restated 2024 R
Water distribution loss as previously reported		253 427 936
Restatement		(223 383 300)
Restated Water distribution loss		**30 044 636**

44.26 Fruitless and wasteful expenditure

During the current financial year, the municipality received credit notes relating to historical charges for water consumption at a site that is not utilised by the municipality.
These charges, which had been incorrectly recognised in prior periods, included both principal debt and related interest.
Upon receipt of the credit notes, the municipality reversed the previously recognised liability and associated finance costs. This correction has been accounted for as a prior period error in accordance

	2025 R	Restated 2024 R
The fruitless and wasteful expenditure was therefore reduced by R5,265,560 interest on overdue account, refer **Note 47**.		
Fruitless and wasteful expenditure as previously reported		110 436 281
Restatement		(5 265 559)
Restated Fruitless and wasteful expenditure		**105 170 722**

The effect of the prior period errors are summarised in the table below:

	Balance as previously reported	Correction of error	Restated balance
Statement of Financial Performance			
Service charges	(562 672 259)	145 911 368	(416 760 891)
Government grants and subsidies - operational	(1 117 503 176)	559 164	(1 116 944 012)
Donations	-	(11 100)	(11 100)
Employee Related costs	736 157 490	(58 755 929)	677 401 561
Remuneration of Councillors	17 579 711	333 067	17 912 778
Depreciation, amortisation and impairment	159 626 535	167 779 299	327 405 834
Debt impairment	450 174 007	(157 565 768)	292 608 239
Finance costs	51 082 291	(5 225 612)	45 856 679
Repairs and maintenance	27 870 243	(7 773 362)	20 096 881
Inventory Consumed	164 611 626	120 835 356	285 446 982
Contracted services	111 739 619	40 492	111 780 111
Operational Costs	283 360 535	(56 872 941)	226 487 594
Gain/Loss on disposal of assets	20 684 940	(21 719 941)	(1 035 001)
Statement of Financial Position			
Inventory	135 903 765	5 290 582	141 194 347
Property plant and equipment	5 257 857 333	4 858 031 262	10 115 888 595
Trade and other receivables from exchange transactions	362 692 985	10 660 891	373 353 876
Receivables from non-exchange transactions	15 010 727	272 603	15 283 330
VAT Accrual - debit	140 671 593	(3 419 553)	137 252 040
Trade and other payables from exchange transactions	(669 227 764)	26 156 226	(643 071 538)
Trade and other payables from non-exchange transactions	(30 979 253)	(918 078)	(31 897 331)
VAT Accrual - credit	(194 188 705)	21 775 160	(172 413 545)
Current portion of the employee benefit obligation	(7 746 323)	(5 421 000)	(13 167 323)
Employee benefit obligation	(200 936 716)	5 435 040	(195 501 676)

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R

Accumulated Surplus

	(5 015 990 110)	(5 045 397 228)	(10 061 387 338)

The effect of the adjustments were as follows:

Statement of financial position

	2025	2024
Increase in Inventory		5 290 582
Increase in Property, Plant and Equipment		4 858 031 262
Increase in Trade and other receivables from exchange transactions		10 660 891
Increase in Receivables from non-exchange transactions		272 603
Decrease in VAT accrual - debit		(3 419 553)
Decrease in the Trade and other payables from exchange transactions		26 156 226
Increase in Trade and other payables from non-exchange transactions		(918 078)
Decrease in VAT accrual credit		21 775 160
Increase in current portion of the employee benefit obligation		(5 421 000)
Decrease in Employee benefit obligation		5 435 040
Total	-	**4 917 863 134**

Statement of financial performance

	2025	2024
Decrease in Service charges		145 911 368
Decrease in Interest earned outstanding receivables		559 164
Decrease in Donations		(11 100)
Decrease in Employee related costs		(58 755 929)
Increase in Remuneration of councillors		333 067
Increase in Depreciation, amortisation and impairment		167 779 299
Decrease in Debt impairment		(157 565 768)
Decrease in Finance costs		(5 225 612)
Decrease in repairs and maintenance		(7 773 362)
Increase in Inventory consumed		120 835 356
Increase in Contracted services		40 492
Decrease in Operational costs		(56 872 941)
Decrease in gain/loss from the disposal of assets		(21 719 941)
Total	-	**127 534 094**

	2025	2024
Net (increase)/decrease in the accumulated surplus	-	**(5 045 397 228)**

The correction of prior period errors has resulted in restatements on cash flow and the effect is as per table depicted below.

The effect of the prior period errors are summarised in the table below:

Statement of Cash Flow	Amount as previously reported	Restated Amount
Cash flow from operating activities	409 259 706	286 374 573

	2025 R	Restated 2024 R
Net cash flows from investing activities	(575 656 292)	(452 771 162)
Net increase/(decrease) ir	(166 342 311)	(166 342 313)

45. Risk management

Financial risk management

The municipality’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Exposure to these risks arise in the normal course of the municipality's operations.

The Accounting Officer has the overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality’s financial performance. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and reflect changes in the market conditions and the municipality's activities. Policies are approved by the Council. The Council has established a Risk Management Committee, which is responsible for developing and monitoring the municipality's risk management.

Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Cash flow forecasts are prepared.

On average of 24% (2024: 24%) of receivable (own billed) income is realised within 30 days after the due date and payables are settled within 30 days of receipt of the invoice. National and Provincial grant funding is received in terms of the Division of Revenue Act (Dora).

There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to liquidity risk, the approach of measurement or the objectives, policies and processes for managing this risk.

The table below analyses the municipality’s financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The impact of discounting is not significant.

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and later than five years	Total
30 June 2025					
Trade and other payables	623 712 517	-	99 480 470	-	723 192 988

Other	-	-	12 773 076	-	12 773 076
Gross finance leases	-	-	-	-	-
	623 712 517	**-**	**112 253 546**	**-**	**735 966 063**

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and later than five years	Total
30 June 2024					
Trade and other payables	559 299 106	-	83 772 432	-	643 071 538
Other	-	-	11 694 821	-	11 694 821
Gross finance leases	-	-	-	5 349 245	5 349 245
	559 299 106	**-**	**95 467 253**	**5 349 245**	**660 115 603**

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Financial assets that potentially subject the municipality to credit risk, consist primarily of cash deposits, cash equivalents, short term deposits, loans and receivables, investments and trade and other receivables.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

Investments and borrowing

To manage credit risk in borrowing and investing, the municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions and by spreading its exposure over a range of such institutions in accordance with its investment policies approved by Council. The municipality determines concentrations of credit risk by reference to major counterparties. Counter-parties comprise larger South African banks with high quality credit ratings. Consequentially the municipality does not consider there to be any significant exposure to credit risk.

Cash and cash equivalents

The municipality limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating and within specific guidelines set in accordance with Council's approved investment policy.

Consequently the municipality does not consider there to be any significant exposure to credit risk.

Receivables

Receivables are amounts owing by consumers and presented net of impairment losses. The municipality has a credit control and debt collection policy in place, and the exposure to credit risk is monitored on an ongoing basis. the municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review.

The municipality's strategy for managing its risk includes encouraging residents to install water management devices that control water flow to households. In certain instances, a deposit is required for new service connections, serving as a guarantee. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographic area. The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables.

The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime on any unpaid accounts after the due dates. The municipality has provided fully for all receivables outstanding over 365 days. Receivables

	2025	Restated 2024
	R	R

up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in **Note 13**.
Consumer debtors with a demonstrative inability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the municipality to make provision for such relief.

Maximum exposure to credit risk
The carrying amount of financial asset, represent the municipality's exposure to credit risk in relation to these assets.
The municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions.

There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to credit risk ,the approach of measurement or the objectives, policies and processes for managing this risk.

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

Financial instrument	176 212 975	219 917 515
Cash and cash equivalents	878 001 528	373 353 876
Receivables from exchange transactions	32 986 167	15 283 330
Receivables from non - exchange transactions	3 176 765	3 122 525
Non-current investments	8 955 401	8 060 606
Current investments		
Guarantees	153 389 607	131 661 375
Guarantees in lieu of projects		

Market risk

Interest rate risk
The municipality's activities expose it primarily to the risks of fluctuations in interest rate.
Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
As the municipality has no significant interest-bearing assets, the municipality’s income and operating cash flows are substantially independent of changes in market interest rates.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how surplus and/or net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.
At year end financial assets exposed to interest rate risk were as follows:
Balances with banks, deposits and all call and current accounts attract interest at rates that vary with the South African prime rate. The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus/deficit.
Investments at fixed interest rates.
Trade receivables in arrears are linked to the South African prime rate.
Loans granted are linked to a fixed rate of interest.
Surplus funds are invested with banks for fixed terms on fixed interest rates not exceeding one year. For details refer to **Note 15 and 16**.

At year end, financial liabilities exposed to interest rate risk were as follows:
Finance leases linked to the South African prime rate.
Management manages interest rate risk by negotiating beneficial rates.

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R

Interest rate sensitivity analysis

Financial Assets
At 30 June 2025, if interest rates at that date had been 50 basis points higher, with all other variables constant, the effect on the statement of financial performance would have been R1 010 862 (2024: R774 175) with the opposite effect if the interest rate had been 50 basis points lower.

Financial liabilities
At 30 June 2025, if interest rates at that date had been 50 basis points higher, with all other variables constant, the effect on the statement of financial performance would have been R0 (2024: R0) with the opposite effect if the interest rate had been 50 basis points lower.

Foreign exchange risk
The municipality was not a direct party to any outstanding forward exchange contract at the reporting date. The movement in the currency was not material to the municipality's procurement and, consequently, is not elaborated on any further.

46. Unauthorised expenditure

	2025 R	Restated 2024 R
Opening balance as previously reported	351 928 781	163 280 071
Restated opening balance	264 581 748	163 280 071
Current year unauthorised expenditure	234 026 478	99 568 282
Unauthorised expenditure prior year, recognised in the current year	-	1 733 395
Unauthorised expenditure written off	(264 581 748)	-
Closing balance	**234 026 478**	**264 581 748**

The comparative figure for unauthorised expenditure has been restated, refer **Note 44**.

The balance as at 30 June 2024 was taken to Council after investigation by MPAC on 25 February 2025

Incident
The 2024/25 budget was exceeded by R234,026,479 at vote level, being the Office of the Municipal Manager and the Engineering Services.

Vote 2 - Corporate Services 53	41 384 593
Vote 4 - Engineering Services 55	165 121 794
Vote 7 - Municipal Management 58	27 520 091
Total	**234 026 479**

The overspend was only identified at year end upon the recognition of accruals, top ups to impairment accounts and recognition of the employment benefit obligation in terms of GRAP 25, hence these are still to be investigated by MPAC.

The 2023/2024 budget for was exceeded by R99 568 282 at vote level. This amount is comprised of the following:

Vote 2 -Corporate Services 53	9 134 488
Vote 4 - Engineering Services 55	57 828 692
Vote 7 - Municipal Management 58	32 605 102
Total	**99 568 282**

	2025	Restated 2024
	R	R

The above amounts were only identified at year end upon the recognition of accruals and top ups to impairment accounts, hence these are still to be investigated by MPAC.

During 2023/2024 the incidents comprising the balance of R93,395,445 relating to 2020/21 to 2022/23 is with MPAC for investigation, the amount is to be tabled to Council for write off.

The budget was exceeded during the 2022/2023 financial year by R108,414,089.
This amount is comprised of the following:
Non-cash expenditure items:

Interest on employee benefit obligations as per GRAP 25	4 554 662
Loss of disposal of assets	107 859
Debt impairment provision	70 494 598
	75 157 119

Cash expenditure items:

Employee costs	6 346 021
Interest on over-due Accounts: mainly Amatola Water interest recognized but not paid	20 933 907
Legal services	2 393 375
21/22 Audit finding deemed all payments from MIG grant to pay for Provision for Asset and Inventory Management project as unauthorised.	3 583 668
	33 256 970

The budget has not been exceeded at vote level during the 2021/2022 financial year.
An amount of R3 596 578.52 was identified during the audit of 2021/22 as unauthorised expenditure. Expenditure is due to the consultancy costs of Provision of Support for Assets and Inventory Management
Subsequently, an additional amount of R1 733 394.58 were identified as part of invoices paid in 2021/22 financial year for Provision of Asset and Inventory Management from MIG funds
Therefore revising the overall unauthorised identified for 2021/2022 financial to total R 5 329 973.10 instead of previously reported R 3 596 578.52.

An amount of unauthorised expenditure of R51 269 403,42 was identified at vote level for 2020/2021 after all the prior period adjustments had been recognised.

The 2020/2021 unauthorised expenditure identified is under investigation by MPAC.

The following votes were overspent:

Vote 52 - Consultancy Business and Financial Management (SAP Support)	2 954 651
Vote 55 - Impairment of debtors (Bad debts)	48 314 753

An amount of R13 165 331 unauthorised expenditure has been incurred during the 2019/20 year at vote level on legal services, depreciation, rental and salaries.

During the 2017/18 financial year the budget was exceed at vote level by R5 002 851 on staff leave and financial system development.

The budget of the 2016/17 financial year was exceeded by an overall amount of R59 935 836. This was on the depreciation, bulk purchases and finance costs.
SAP did not go live on 1 July as planned, resulting in 3 months expenditure being on Venus and next 9 months being on SAP. Problems were experienced
in the migration of the Venus data into the SAP system. Without the Venus expenditure on SAP, the budget controls on SAP were of no use as the expenditure was overstated.
This has lead to poor controls on budget vs actual and has resulted in unauthorized expenditure.

During the 2015/16 financial year, the operational budget was exceeded at vote level by R7 035 967.

47. Fruitless and wasteful expenditure

	2025	2024
Opening balance	105 170 722	83 093 569
Fruitless and wasteful expenditure current year	23 824 964	22 916 385
Fruitless and wasteful expenditure prior year, recognised in the current year	-	-
Written off during the year	(21 686 547)	(839 233)
Closing balance	**107 309 139**	**105 170 722**

The fruitless and wasteful expenditure has been restated, refer **Note 44**.

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R

Incident

During the 2024/25 financial year, an amount of R1,215,273 was identified as fruitless and wasteful expenditure.
The amount is comprised of interest and penalties for late payment as follows:
Interest charged on the late payment of electricity and other utilities R2,132,831, rental R17,284, telephone R1,639, laboratory testing R2,199, vehicle licences R6,281 and travel R9,754.
Penalities of R338 were incurred due to non-compliance on the National fund for municipalities pension fund and R12,910 to SALGA.
Interest of R21,641,729 was recognised on the debt owed in respect of bulk water purchases to the water board. This interest has however not been paid.

During the 2023/2024 financial year, fruitless and wasteful expenditure of R22,916,385 was incurred.
The amount is comprised of interest and penalties for late payment as follows:
Interest on the late payment of electricity and other utilities R2,406,132, rental R79,224, R19,862 for levies and sampling R1,857.
Penalties of R1,325 were incurred for the late payment of TV licences.
Penalties of R204,481 were recognised in the current year for the late submission of the 2023 WCA assessment.
Interest of R20,203,504 was recognised on the debt owed in respect of bulk water purchases to the water board. This interest has not been paid.

An amount of R220,649 was written off by Council on 29 February 2024, while a further R319,954 was written off by Council on 6 December 2024.

During the 2022/23 financial year, fruitless and wasteful expenditure of R21,416,541 was incurred.
The amount is comprised of interest and penalties for late payment as follows:
Interest on the late payment of electricity and other utilities R1,485,527, telephone R93,977, rental R11,010, sampling R187, vehicle licencing R26,013, travel account R48,574 and pension payment of R700.
Penalties of R1,325 were incurred for the late payment of TV licences.
Penalties of R287,144 were recognised in the current year for the late submission of the 2023 WCA assessment.
Interest of R19,462,081 was recognised on the debt owed in respect of bulk water purchases to the water board. This interest has not been paid.
Penalties of R282,884 were recognised in the current year for the late submission of the 2022 WCA assessment.
An amount of R20,638,743 was investigated by MPAC and recommended to Council for write off on 6 December 2024.
The incidents up till end of March 2023 for R618,555 have been investigated by MPAC and written of by Council on 31 October 2023.
Incidents from October 2023 to December 2023 amounting to R727,850 were investigated by MPAC and recommended to Council for write off on 6 December 2024.
An amount of R20,638,743 was investigated by MPAC and recommended to Council for write off on 6 December 2024.

During the 2021/22 financial year, fruitless and wasteful expenditure of R17,937,325 was incurred.
The amount is comprised of interest and penalties for late payment as follows:
Interest on the late payment of electricity R3,475,404, other utilities R173,876, rental R5,338, sampling R945, postal services R120, telephone R157,342, audit fees R77,837 and legal fees R1,912.
Penalties of R81,049 were incurred for the late payment of the retirement funds as a result of insufficient cash to make payment.
Penalties of R265 were incurred for the late payment of TV licences.
An amount of R3,433 penalty and R1,031 was incurred on the late payment of the PAYE, SDL and UIF top up after the reconciliation of the annual declarations.
Interest of R13 958 766 was recognised on the debt owed in respect of bulk water purchases to the water board. This interest has not been paid.
On 6 July 2022 Council resolved for the fruitless and wasteful expenditure that was identified for the period 1 July 2021 to 31 December 2021 be referred to MPAC for further investigation.

During 2021/22, interest on the debt owed to the water board of R43,456,815 was recognised. This interest has not been paid.
Of this amount, R13,958,766 relates to the prior year.

48. Irregular expenditure

	2025	2024
Opening balance as previously reported	**817 186 476**	**252 974 577**
Opening balance as restated	1 019 172 460	252 974 577
Add: Irregular Expenditure during the current year	520 265 318	696 022 035
Add: Irregular Expenditure incurred in prior year but identified in current year	-	145 253 192
Less: Amounts written off by Council -current	(878 106 679)	(75 077 344)

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R
Less: Amounts written off by Council - prior period	-	-
Closing balance	**661 331 099**	**1 019 172 460**

The comparative figure has been restated, Refer **Note 44**.

Incidents

During the current year under review, the following instances of irregular expenditure were identified:
Incidents identified in which the highest point scorer was not appointed amounted to R4 856 323.
Non-compliance with PPR 2022 as the 80/20 preference point scoring was not complied with. These instances amounted to R157 763.
Non-compliance with Regulation 17 , wherein approval was not obtained prior to rendering of services, this amounted to R24 450.
Non-compliance with Regulation 22 as the contract was not advertised for the required advertising period, R40 293 210.
Non-compliance with Regulation 36 as deviations amounting to R76 780 070 due to reasons for the deviation being deemed not to be justifiable.
Non-compliance with Regulation 43, where the tax matters of service providers were non-compliant upon award, these amounted to R26 256 031.
Non-compliance with Section 116 of the MFMA, extension in excess of the threshold, amounted to R34 023 270.
Panel of consulting engineers was irregularly established. An amount of R154 208 142 was identified for contracts awarded using this panel.
Panel of contractors was irregularly established. An amount of R107 853 277 was identified for contracts awarded using this panel.
The panel of water carting service providers was irregularly established. An amount of R60 634 490 was incurred.
Procurement of services was deemed not to be economical as not on a rates basis but rather a contingency basis, R15 178 293.
These matters amount to R520 265 318 including VAT. Of this amount R234 937 649 was investigated and written off by Council. The remaining R285 327 669 still needs to be investigated and considered by Council.
An amount of R266 146 552 is including in the amount written off of the R878 106 679. This amount relates to projects that were awarded through panels that were deemed to be irregular.
These projects were individually investigated by MPAC and Council resolved to write off all expenditure including future payments when incurred.

During the prior year of 2023/2024, the following instances of irregular expenditure had been identified:
Non-compliance with PPR 2022 as the 80/20 preference point scoring was not complied with. These instances amounted to R2 285 302.
Non-compliance with Regulation 17 , wherein approval was not obtained prior to rendering of services, this amounted to R32 500.
Non-compliance with Regulation 18 as the 3 quote system used was not advertised for 7 days. This award amounted to R193 148,
Non-compliance with Regulation 36 as deviations amounting to R161 541 749 due to reasons for the deviation being deemed not to be justifiable.
Non-compliance with Section 116 of the MFMA, extension in excess of threshold, amounted to R189 186 744.
Non-compliance of R23 706 as the minimum requirements of the tender were not met.
Panel of consulting engineers was irregularly established. An amount of R166 753 100 was identified for contracts awarded using this panel.
Panel of contractors was irregularly established. An amount of R186 634 485 was identified for contracts awarded using this panel.
The panel of water carting service providers was irregularly established. An amount of R51 099 562 was incurred.
Procurement of services was deemed not to be economical as not on a rates basis but rather a contingency basis, R11 140 171.
Section 56 and 57 Managers Remuneration deemed to above the determined upper limits by R3 468 655.
These matters amount to R772 329 122 including VAT. Of this amount R429 317 631 was investigated and written off by Council. The remaining R343 011 492 still needs to be investigated and considered by Council.

During 2022/2023 the following instances of irregular expenditure had been identified:
Non-compliance with PPR 2022 as the 80/20 preference point scoring was not complied with. These instances amounted to R675 668.
Non-compliance with Regulation 17 , wherein approval was not obtained prior to rendering of services, this amounted to R329 147.
Non-compliance with Regulation 36 as deviations amounting to R25 838 357 due to reasons for the deviation being deemed not to be justifiable.
Non-compliance with Regulation 43, where the tax matters of service providers were non-compliant upon award, these amounted to R3 378 111.
Non-compliance with Regulation 5 as the approval of an award of R151 000 was not made by the delegated official.
Non-compliance with Section 116 of the MFMA amounted to R6 177 222.
Panel of consulting engineers was irregularly established. An amount of R87 742 556 was identified for contracts awarded using this panel.
Panel of contractors was irregularly established. An amount of R23 644 159 was identified for contracts awarded using this panel.
The panel of water carting service providers was irregularly established. An amount of R17 938 352 was incurred.

	2025	Restated 2024
	R	R

Section 56 and 57 Managers Remuneration deemed to above the determined upper limits by R16 200 673.
These matters amount to R182 075 244 including VAT. Of this amount R160 645 523 was investigated and written off by Council. The remaining R21 429 722 must still be investigated and considered by Council.

During 2021/2022 the following instances of irregular expenditure had been identified:
An amount of R480 125 was paid to a contractor. The award was made to a spouse/business partner of a person in the service of the state.
Payment of R3 348 234 was made which was deemed as irregular as the there was no CIDB Grading attached to the award.
R146 763 was paid to various service providers, which was deemed as irregular as the 80/20 preference point system was not applied.
An amount of R2 733 044 was paid to a service provider. The contract was awarded when SCM was not in attendance at the meeting, which is non-compliance with Regulation 29.
Non-compliance with Regulation 36 as deviations amounting to R8 423 218 due to reasons for the deviation being deemed not to be justifiable.
Non-compliance with Section 116 of the MFMA amounted to R2 222 811.
Non-compliance of R18 860 as the minimum requirements of the tender were not met.
Panel of consulting engineers was irregularly established. An amount of R15 531 027 was identified for contracts awarded using this panel.
Panel of contractors was irregularly established. An amount of R20 434 876 was identified for contracts awarded using this panel.
The panel of water carting service providers was irregularly established. An amount of R6 614 873 was incurred.
These matters amount to R59 953 831 including VAT. Of this amount R48 391 614 was investigated and written off. The remaining R11 562 217 must still be investigated and considered by Council.

During 2020/2021, the following instances of irregular expenditure were identified:
Contract awarded persons in the service of the state on which the municipality incurred R727 362
Incidents identified in which the highest point scorer was not appointed amounted to R2 998 030
The panel of water carting service providers was irregularly established. An amount of R5 420 was incurred.
These matters amount to R3 730 632 including VAT and have been investigated and considered by Council during the current year under review.

During the 2019/2020 financial year a total of R1 083 639 instances of irregular expenditure were identified:
Contract awarded to a person in the service of the state on which the municipality incurred R153 979
During the period of COVID commodities were not priced in accordance with the National Treasury Pricing Guideline of R433 201
Incidents identified in which the highest point scorer was not appointed amounted to R496 451
This amount of R1 083 639 including VAT was investigated and considered by Council for write off during the current year under review.

49. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

	2025	2024
Opening balance	867 801	3 110 302
Current year fee	10 514 478	8 981 459
Amount paid - current year	(11 050 487)	(11 223 960)
Amount unpaid 30 June 2025	331 792	867 801

PAYE, UIF and SDL

	2025	2024
Opening balance	10 650 172	-
Current year subscription / fee	136 012 945	126 357 675
Amount paid - current year	(146 663 117)	(115 707 502)
	0	**10 650 172**

The PAYE, UIF and SDL for the June 2025 payroll was paid during June 2025.

Pension and Medical Aid Deductions

	2025	2024
Opening balance	-	-
Current year subscription / fee	172 296 850	120 637 049

	2025	Restated 2024
	R	R
Amount paid - current year	(172 296 850)	(120 637 049)
	-	**0**

The amount due was paid during June 2025.

Councillors' arrear consumer accounts

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

	Outstanding more than 90 days	Total
	R	R
at 30 June 2025		
Councillor Maneli	146 527	146 527
Councillor Madikane	24 703	24 703
Councillor Bantom	47 842	47 842
Councillor Ketelo	18 297	18 297
Councillor Auld	18 190	18 190
Councillor Genyane	157	157
	255 716	**255 716**

	Outstanding more than 90 days	Total
	R	R
As at 30 June 2024		
Councillor Maneli	131 873	131 873
Councillor Bantom	34 435	34 435
Councillor Ketelo	9 577	9 577
Councillor Auld	10 657	10 657
Councillor Genyane	2 109	2 109
	188 652	**188 652**

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

	Highest outstanding amount	Aging (in days)
30 June 2025		
Councillor Maneli	145 583	120
Councillor Bantom	47 480	120
Councillor Madikane	24 467	120
Councillor Ketelo	18 180	120
Councillor Auld	18 067	120
Councillor Genyane	133	120
	253 911	

	Highest outstanding amount	Aging (in days)
30 June 2024		

Notes to the Annual Financial Statements

	2025 R	Restated 2024 R
Councillor Maneli	131 873	90
Councillor Bantom	34 435	90
Councillor Ketelo	9 577	90
Councillor Auld	10 657	90
Councillor Genyane	2 109	90
	188 652	

Supply chain management regulations

The following deviations and ratifications of minor breaches of procurement are reported in Council in terms of paragraph 36(2) of the SCM policy:

	2025 R	Restated 2024 R
Types of deviation:		
Single/Sole Supplier	909 306	37 602 492
Emergency	42 239 263	61 787 215
Acquisition of special works of art or historical objects where specifications are difficult to compile	-	-
Exceptional case and it is impractical to follow official procurement process	7 872 430	30 112 327
	51 020 998	**129 502 035**
Breaches	892 264	1 308 820
Total	**51 913 262**	**130 810 855**

The above-mentioned deviations and deviations from the Supply Chain Management processes has been condoned in terms of the approved Supply Chain Management policy.

Bids awarded to family of employees in service of the state

In terms of the SCM regulations, any award above R2000 to family members of employees in the service of the State must be disclosed in the annual financial statements. The following is a list as recorded on the declaration of interest form.

Connected Person and Position Held	2025 R	Restated 2024 R
A. Dyantyi - Asset Management	1 444 055	929 833
T. Mgayi - Asset clerk	52 110	27 000
I.S. Vanda - Platoon Commander	2 235 258	668 671
N. Malgas - Admin Assistant SCM	1 092 500	1 097 296
M. Ralane - Engineering Services	4 500	2 400
F. Nondwangu - Corporate Services	-	131 513
	4 828 423	**2 856 713**

Default and breaches

Although the average creditors payment days ratio was at 89,5% at the end of the year 2024/2025 due to the cash flow constraints, from time to time the municipality had challenges in meeting the 30 days legislated timeframe for payments of invoices. This resulted in an aggregate of 10,5% of invoices processed and not paid within 30 days during the 2024/2025 financial year. The municipality has exercised reasonable steps to ensure that invoices are paid within 30 days of receipt.

	R
Total Value of invoices processed	1 415 173 204
Value of invoices processed and paid within 30 days	1 266 421 395
Value of invoices processed but not paid within 30 days	148 751 808
Percentage of value of invoices not paid within 30 days	**10,5%**

	2025	Restated 2024
	R	R

50. Grant performance narrations

Refer to **Annexure 1** and **Note 18** for further detail on grants

National Government Grants

1. Financial Management Grant (FMG)

Funds are used for salaries of five interns. In addition to interns salaries, the funds also utilised for work resources e.g. laptops for Budget and Treasury Office support, CPMD training and other Financial Management related programmes.

The grant has been fully spent at year end.

2. Extended Public Works Programme (EPWP)

Unskilled and Skilled Contract workers have been appointed throughout the district for various projects utilising the EPWP funding. The grant has been fully spent at year end.

3. Municipal Infrastructure Grant (MIG)

R4,9m was stopped by Treasury and the remaining MIG funds were used for water and sanitation projects across the district.

100% has been spent on water and sanitation projects for the 2024/25 financial year.

4. Water Services Infrastructure Grant : Drought Relief (WSIG)

The funds were utilised for various water and sanitation related projects within the District. 100% of the grant was spent.

5. Rural Road Asset Management System (RRAMS)

The RRAMS fund is used to develop and maintain the roads management system for all the LM's within the Amathole District.

The funds were fully spent.

6. Neighbourhood Development Partnership Grant (NDPG)

This fund is transferred to ASPIRE for implementation. There was no allocation for the financial years 2020/21 to 2024/25. Reconciliation to be done and request for approval for Council to return funds to Funder.

7. Regional Bulk Infrastructure (RBIG)

Funds were utilised for the Xhora Bulk and Ngqamakwe Bulk Water Supply Schemes. Both projects are multi- year projects and will continue in the 2024/2025 financial year.

8. Mnquma War on Leaks

Funds utilised for water projects in Mnquma.

9. ACIP - WW Infrastructure refurbish R3 5M

The project was completed and the balance declared as savings

10. Victoria

The project is awaiting approval of the Plans from the Local Municipality (LM). The approvals are expected in 2025/26 financial year based on the discussion meetings with the said LM.

The delay is due to the change in legislation

11. Teko Springs/ Ndlovini

The project is awaiting approval of the Plans from the Local Municipality (LM). The approvals are expected in 2025/26 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

12. Needs Camp

Project is completed.

13. Hogsback

Project was completed and funds were reallocated and expected to be finalised in 2025/26 financial year

14. Haga Haga

Project is completed.

15. Willowvale

The project is awaiting approval of the Plans from the Local Municipality (LM). The approvals are expected in 2025/26 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

16. Elliotdale

The project is awaiting approval of the Plans from the Local Municipality (LM). The approvals are expected in 2025/26 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

17. Ndevana

Project completed

18. Msobomvu

The project is awaiting approval of the Plans from the Local Municipality (LM). The approvals are expected in 2025/26 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

19. Hertzog

The project is awaiting approval of the Plans from the Local Municipality (LM). The approvals are expected in 2025/26 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

20. Great Kei Planning Funds

The project is awaiting approval of the Plans from the Local Municipality (LM). The approvals are expected in 2025/26 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

21. Mnquma Planning Funds

Project completed

22. Ngqushwa Planning Funds

Project completed

23. Nkonkobe Planning Funds

Project completed

24. Mnquma Survey

Project completed

25. Survey Interest and Contribution

Project was completed and funds were reallocated and expected to be finalised in 2025/26 financial year

26. Ngqushwa Survey Funds

The project is awaiting approval of the Plans from the Local Municipality (LM). The approvals are expected in 2025/26 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

27. Nkonkobe Survey

The project is awaiting approval of the Plans from the Local Municipality (LM). The approvals are expected in 2025/26 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

28. Lewis Survey

The project is awaiting approval of the Plans from the Local Municipality (LM). The approvals are expected in 2025/26 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R

29. Diphini Survey GKM LM

The project has been reallocated into a moving project in 2025/26 as per the Funder's approval. The delay is due to the change in legislation

30. Settlements Conveyancing

The project is a multi-year reallocation from 2024/25 and is expected to be finalised in 2025/26 financial year.

31. Settlements Pegging & Surveys

The project is a multi-year reallocation from 2024/25 and is expected to be finalised in 2025/26 financial year.

32. Mgwali & Cenyu Township Register Opening, AMAHLATHI LM

The project is a multi-year reallocation from 2024/25 and is expected to be finalised in 2025/26 financial year.

33. SDF Projects

The project is a multi-year reallocation from 2024/25 and is expected to be finalised in 2025/26 financial year.

34. Tachey Surveys, AMAHLATHI Settlement

The project is a multi-year reallocation from 2024/25 and is expected to be finalised in 2025/26 financial year.

35. Cathcart Small Town Regeneration Strategy

The project is a multi-year reallocation from 2024/25 and is expected to be finalised in 2025/26 financial year.

36. Site Relocation for KOMGA ZONE 10

The project is a multi-year reallocation from 2024/25 and is expected to be finalised in 2025/26 financial year.

37. GP Registration KEI ROAD Northern Node Settlement

The project is a multi-year reallocation from 2024/25 and is expected to be finalised in 2025/26 financial year.

38. Land Settlements Transfers

The project is a multi-year reallocation from 2024/25 and is expected to be finalised in 2025/26 financial year.

39. Settlements Risk and Fraud Plan

The project is a multi-year reallocation from 2024/25 and is expected to be finalised in 2025/26 financial year.

40. Prudoe Engineering Design

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

41. Dongwe Engineering Design

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

42. Kubusie Establishment Grant

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

43. Ndlovini Establishment Grant

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

44. Ducats Establishment Grant

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

45. Macleantown Establishment Grant

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

46. Prudoe Establishment Grant

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

47. Dongwe Establishment Grant

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

48. Teko Spring Establishment Grant

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

49. Needs Camp Establishment Grant

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

50. Teko Spring Top Structure

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

51. Prudoe Top Structure

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

52. Dongwe Top Structure

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

53. Needscamp Top Structure

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

54. Ducats Top Structure Subsidy

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

55. Kubusi Top Structure

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

56. Lilyvale Kaysers Beach Establishment Grant

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

57. Kaysers Beach Housing Project

Project completed. Balance is municipal Income as it was a payment of bridging finance.

58. Lillyvale Eng Designs

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

59. Planning Grant DLA

Project is still with the Land Claims Court. Latest hearing was held in May 2025, pending another court date.
Funds will be returned to funder as soon as Court order is obtained and a Close out reports are concluded.

60. Restitutional Award (DLA)

Project is still with the Land Claims Court. Latest hearing was held in May 2025, pending another court date.

	2025	Restated 2024
	R	R

Funds will be returned to funder as soon as Court order is obtained and a Close out reports are concluded.

61. Beneficiary Administration (Breaking new ground)
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

62. Environmental Impact Assessment
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

63. Geo Hydrology
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

64. Bawa Falls Led
Roll over the Funds to be used in 2025/26 financial year, on confirmation of the availability of funds by the institution.

65. Elliotdale Brick Making
Roll over the Funds to be used in 2025/26 financial year, on confirmation of the availability of funds by the institution.

66. EC Information Initiative Support
Roll over the Funds to be used in 2025/26 financial year, on confirmation of the availability of funds by the institution.

67.ECDOT: Butterworth Interchange
This is a Municipal balance as ADM provided bridging fund to the project.
The reconciliation commenced, however legacy information not accessable.

68. Roof Top Rain Water Harvesting
The project was completed and the balance declared as savings.

69. Ngqusi Rain Water Harvesting
The project was completed and the balance declared as savings.

70. Water service support
The project was completed and the balance declared as savings.

71. Free Basic Services Strategy Development
The project was never implemented. A request will be made to the funder to utilise the remaining funds on another project.

72. Silwindlala Women's Project
Roll over the Funds to be used in 2025/26 financial year, on confirmation of the availability of funds by the institution.

73. Balfour Sawmills
Roll over the Funds to be used in 2025/26 financial year, on confirmation of the availability of funds by the institution.

74. Highlands Resorts
Roll over the Funds to be used in 2025/26 financial year, on confirmation of the availability of funds by the institution.

75. Peddie Brick Making

	2025	Restated 2024
	R	R

Roll over the Funds to be used in 2025/26 financial year, on confirmation of the availability of funds by the institution.

76. Inkuthalo Hydroponics

Roll over the Funds to be used in 2025/26 financial year, on confirmation of the availability of funds by the institution.

77. Capacity Building for LM's

Roll over the Funds to be used in 2025/26 financial year, on confirmation of the availability of funds by the institution.

78. Led Capacity Building - Ngqushwa

Roll over the Funds to be used in 2025/26 financial year, on confirmation of the availability of funds by the institution.

79. Upgrade Infrastructure Sanitation (Consolidated of Accounts)

The project was completed and the balance reflected are savings.

80. Human Settlements Drought Relief Kati-Kati

Initially Human Settlements committed to paying for the project, but when ADM submitted invoices, they did not pay.
ADM then paid the contractor out of WSIG, and our assumption is that Human Settlements then paid one of the invoices.
They funding should be reallocated to other projects within Engineering.

81. Chatha Development

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

82. Fingoland and Regional Authority

Project completed.

83. Dwesa Cwebe Restitutional

The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder during the second quarter of 2025/2026.

84. Co-operative specialist

Roll over the Funds to be used in 2025/26 financial year, on confirmation of the availability of funds by the institution.

85. Tourism Survey

Roll over the Funds to be used in 2025/26 financial year, on confirmation of the availability of funds by the institution.

86. Nxuba Dam Chalets Development

Roll over the Funds to be used in 2025/26 financial year, on confirmation of the availability of funds by the institution.

87. SETA Implementation

Funds were utilised for training for ADM staff.
Spending is at 65% for the financial year. Approval to roll over the 2023/24 balance has been granted by SETA for the 2024/25 financial year.

88. Ploughing Contactors-ward 10

Funds to be utilised in the 2025/26 financial year.

89. Ploughing Contactor- NGXAKAXA

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R

Funds to be utilised in the 2025/26 financial year.

90. Ploughing Contactor- Ward 15
Funds to be utilised in the 2025/26 financial year.

91. Vuna Awards
Funds will be utilised for stationery.
Funds received as award to ADM and utilised for IDP related programs.

92. Public Awareness Savings
Project completed. Funds utilised for Public awareness campaigns with the District.

93. Shixini Water Supply
Funds utilised for Water project in Shixini.

94. Communal Water Stations
The project was completed and the balance reflected are savings.

95. Technical Assistance to Develop District Development Profile
Roll over the Funds to be used in 2025/26 financial year, on confirmation of the availability of funds by the institution.

96. Municipal Disaster Grant: Drill borehole Dutywa
The project was completed. To get confirmation from National Treasurty if balance was not reduced from ADM equitable share then return to NT or recognise as ADM fund.

97. Municipal Disaster Grant: Drill borehole Nqabane
The project was completed.

98. Municipal Disaster Grant: Drill borehole Dwesa Region
The project was completed. To get confirmation from National Treasurty if balance was not reduced from ADM equitable share then return to NT or recognise as ADM fund.

51. Interest earned - outstanding receivables

	2025	2024
Receivables - service charges: Water	133 908 875	77 406 569
Receivables - service charges: Sanitation	30 409 521	32 373 887
	164 318 397	**109 780 455**

Interest is charged at prime interest rate.

52. Gain/(Loss) on disposal of assets

	2025	2024
Infrastructure assets	-	0
Other assets	(81 695)	1 035 001
	(81 695)	**1 035 001**

The loss relates to infrastructure assets other assets such as furniture and fittings, buildings and motor vehicles.
The comparative figure for the gain/(loss) on the disposal of assets has been restated, refer **Note 44**.

53. Repairs and maintenance

	2025	2024
Water and sanitation	50 840 072	14 252 509
Buildings	4 187 635	808 718

	2025	Restated 2024
	R	R
Office furniture and equipment	333 732	(200 428)
Software	(138 872)	4 722 213
Other	3 586	513 869
	55 226 154	**20 096 881**

The comparative figure for repairs has been restated, refer **Note 44**.

54. Water distribution losses

	2025	2024
Water distribution losses	111 281 536	30 044 636
Percentage water losses	34%	10%

The comparative for water distribution losses has been restated, refer **Note 44**.

The amount recorded as distribution losses emanates from the provision of water to free basic services beneficiaries through communal standpipes and also network/distribution losses due to burst pipe and other leakages.
The percentage is consistent with the prior year, however the costing differs.
Improved water production figures as a result of reduced loadshedding and improved maintenance on water treatment works (less down time), increased the total production volume quite considerably.
Owing to the increasing number of illegal water connections, particularly on rural schemes, where water is supplied as a free basic service, consumption per household increased above the designed 25 litres per person per day. This increase in unmetered consumption resulted in a higher non-revenue water value.

55. VAT Accrual

	2025	2024
VAT accrual - credit	250 772 688	172 413 545

VAT is on the payment basis. All returns were submitted on time during the year.

The VAT accrual is comprised as follows:

	2025	2024
Deferred output VAT	250 772 688	172 413 545

The comparative figure for VAT accrual credit has been restated, refer **Note 44**.

56. Transfers and grant expenditure

	2025	2024
Conditional grant expenditure	14 435 797	12 263 006

Comprised of:

	2025	2024
Internships	835 797	523 876
Amathole Economic Development Agency contribution	13 600 000	11 739 130

This expenditure relates to non capital items.

57. Financial sustainability

The municipality is facing a number of financial risks that cast doubt on its ability to sustain its current level of operations in the near future. The key financial risks identified include:

- inability to pay creditors within due dates
- inability to collect revenue billed

	2025	Restated 2024
	R	R

Management has planned to reduce expenditure and improve the financial sustainability of the municipality through the implementation of austerity measures to reduce the administrative costs, revenue enhancement strategies and rebuilding of reserves. Management has reviewed the adopted policies, long-term financial forecasts, asset management plans, contractually committed fixed costs such as rentals and the existing organogram with a view to reduce financial liability and costs. In addition to management's own interventions, the Eastern Cape Executive Council in its sitting on 20 January 2021 invoked Section 139(5)(a) of the Constitution of South Africa at the municipality being a Mandatory Provincial Intervention - Financial Recovery Plan.
Correspondence to this effect, dated 26 February 2021, was received from the MEC. The municipality is in the recovery phase of the plan. The municipality continues to monitor the implementation of the plan. An assessment of the MFRP was conducted with both National and Provincial Treasury during the prior financial year, the municipality is within the rescue phase.

Based on the events and conditions that have been disclosed, there is a a significant doubt on the Municipality's ability to continue as going concern.

58. Events after reporting date

Council resolved on the **06 December 2024** to dispose of various transport assets based on its internal assessment.
In total 30 vehicles with a combined carrying value of **R544 767** at reporting date were subsequently sold at auction on the 16th July 2025 for R1 116 390 VAT exclusive.

The municipality had the intention to review and set aside the contract awarded for the leasing of vehicles for a period of three years as the award was deemed to have been awarded outside of the contract validity period. The contract value is in the region of R46 million over a period of three years. The affected service provider has made a request to the court to either regularise the contract due to financial loss incurred or settle a claim of R14 million.

59. VAT accrual

	2025	2024
VAT accrual - debit	171 358 113	137 252 040

VAT is on the payment basis. All returns were submitted on time during the year.
The VAT accrual is comprised as follows:

	2025	2024
Deferred input VAT	171 358 113	137 252 040

The comparative figure for VAT accrual debit has been restated, refer **Note 44**.

60. Change in estimate

Property, plant and equipment - movable assets

During the current financial year, the municipality undertook a review of the useful lives and residual values of its property, plant, and equipment in accordance with the requirements of GRAP 17: Property, Plant and Equipment. This review was prompted by updated information regarding asset condition, usage patterns, and maintenance practices.
As a result of this reassessment, the municipality revised the estimated useful lives of certain asset categories, including vehicles, furniture and office equipment, machinery and equipment and computer equipment. The change in estimate has been applied prospectively from the date of reassessment, in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.
The revised estimates resulted in a decrease of the depreciation charge in the current financial year by **R223 027**.
The change did not affect prior period figures, and no restatement was required. The impact on the current year’s surplus is reflected in the Statement of Financial Performance.
Refer **Note 4**

61. Budget differences

Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of 10% are explained below:

	2025	Restated 2024
	R	R

Statement of Financial Performance

1. Service charges
The year to date budget amount for service charges is R611 million while the year to date accrued billing is R697 million representing a 14% variance.
An amount of R10 million has been included in the service charges for the indigent subsidy.
The actual service charges exceed the budget due to several factors, the most pertinent being the installation of new meters through the project being implemented by the Engineering Services Department.
Where meter readings are not obtained, these service charges are billed using estimates in line with the approved tariff policy.
In addition, the budget is based on estimated consumption by consumers for the year, in the current year, the actual consumption exxceeded the estimated consumption.

2. Rentals
The year to date budget is R351 thousand and the actual received to date is R311 thousand being 11% variance.
Some of the leased properties became vacant after tenants left, and the leases have not yet been renewed, therefore the actual billing for rental is less than the anticpated budget.

3. Interest earned - outstanding receivables
The year to date planned amount was R96 million with the actual amounting to R164 million. This represents 71% more than the budget amount.
Consumers have not been paying for services received, even the key accounts have dropped thereby increasing the figure of interest charged,

Restrictions and disconnections not fully effective due to various factors such as, non availability of vehicles to restrict/disconnect, no devices to limit water usage to defaulters.

4. Operational revenue
Other revenue is comprised of payments from sundry debtors which include septic tank /conservancy tank clearances and clearance certificates.
These services are ad hoc and have not been budgeted for separately, hence the variance.

5. Interest on external investments
The year to date planned amount was R32 million with actual interest accrued amounting to R38 million.
The returns were better than anticipated when considering the global events on the economy.

6. Government grants
The municipality has planned to receive R1,8 billion for the year, in the form of both equitable share and conditional grants. R1,8 billion has been recognised for the year. The variance between the planned year to date grants actual is a 0.8% variance.

Expenditure

7. Employee related costs
Employee costs incurred for the year amounts to R702 million, while the budget is at R774 million being a 2% variance. The municipality continues to pursue means to reduce the employee related costs. R58 million of the actual costs incurred has been classifed as part of the inventory costs. This has reduced the actual expenditure to R702 million.

8. Remuneration of councillors
Councillor remuneration for the year amounts to R17 million, while the budget is at R18 million being a 2% variance.

9. Depreciation, amortisation and impairment

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R

The budget is R107 million with R286 million expenditure being recognised. This is a 167% variance as depreciation was more than anticipated. The Infrastructure asset register was corrected during the current year which has also impacted the depreciation and impairment. R40 million of the current year depreciation has been classified as inventory.

10. Finance costs

The finance costs budget includes the portion of interest on the defined benefit obligation, land rehabilitation provision as well as the interest incurred on overdue accounts.

The budget amount is R1 million with R54 million actual expenditure reported. The majority of the finance costs are recognised at year end in terms of GRAP 25 Employee Benefits, being R27 million.

The finance costs also include R21 million relating to interest accrued on the debt owed to the Water Board for bulk water purchases, this amount has not been budgeted for.

11. Debt impairment

The budget amount for the year is R290 million, with the actual being R252 million, being a 13% variance. The increase required for the impairment at year end was greater than anticipated.

This is as a consequence of the lower than anticipated revenue collection.

12. Repairs and maintenance

The budget amount for the year is R65 million while the actual amount is R55 million, being a 15% variance. The repairs are ad hoc in nature and are less than the budgeted amount. This is mainly attributable to the increased vandalism of the municipal infrastructure within the District.

13.Contracted services

Contracted Services relates to expenditure incurred on the leasing of property plant and equipment, leases for buildings, photocopiers and security.

The budget is R171 million with R146 million actual expenditure incurred, being a 15% variance. The budget had initially been increased to accommodate the increase in security costs due to the increased vandalism of municipal infrastructure.

14. Inventory consumed

This amount relates to VIP toilets that have been expensed upon the beneficiary taking ownership and water purchased and consumed.
The budget is R347 million against actual expenditure of R569 million, being a 64% variance.
The actual exceeded the budget due to the overhead costs such as salaries, chemicals and depreciation, etc. being reclassifed as part of the inventory costs.

15.Transfers and grant expenditure

The transfers and grant expenditure includes non capital expenditure such as feasibility studies, stipends and the allocation to ASPIRE, the municipal entity.
An amount of R13 million was budgeted for ASPIRE. The ASPIRE allocation is transferred in three tranches.

16. Operational Costs

The budget is R375 million against actual expenditure of R265 million, being 29% less than the budget, however an amount of R57 million has been reclassified to inventory consumed as part of the overheads.

17. Actuarial gains

Actuarial gains and losses on the actuarial valuations for the employee benefits are not budgeted for due to the level of uncertainty.
The municipality does not budget for gains and losses.

	2025	Restated 2024
	R	R

18. Gain/(Loss) on the disposal of assets

Gain/(loss) on the disposal of assets is not budgeted for due its ad hoc nature and level of uncertainty.

Statement of Financial Position

1. Inventories

The actual figures are more than the budget figures due to the correction of the costing of VIP toilets and the water inventory.

2. Receivables from exchange transactions

Collections have been lower than anticipated during the financial year, the impairment has therefore been estimated at almost 80% due to the poor collection trends hence the debtors balances have decreased. The actual figures are more than the budget.

3. Receivables from non-exchange transactions

The revised budget was based on estimates. The actual figure for receivables is than the budget. The variance is due to over-budgeting of this line item.

4. Current investments

The original budget was based on estimate, however corrected on the final budget and estimated to increase the investment. The anticipated increase was not realised hence the actual is less than the final budget.

5. Cash and cash equivalents

The cash and cash equivalents were less than anticipated due to increased spending on operating expenditure that was not considered in the budget.

6. Investment Property

The Investment property budget was based on assumption to increase for the financial year. However, the actual expenditure has reduced, causing the variance between the budget and actual figures.

7. Property, plant and equipment

Property plant and equipment actuals are more than the budget, this was due to actual figures being adjusted for errors in the recognition, measurement of infrastructure assets. The cost of the therefore increased. At the time of the adjustment budget approval the exercise to verify the infrastructure assets had not been completed yet.

8. Intangible assets

The budget was based on the planned procurement of the financial system and possible intangible assets to be acquired. The intangible assets were less than anticipated as items relating to the system were expensed and not capitalised as anticipated. The variance is therefore caused by over-budgeting based on assumption.

9.Non - current receivables

The budget was based on estimation and assumption, however the actuals incurred were due to new power connections at treatment works. The non-current receivables were under-budgeted when comparing to the actuals.

11. Other payables from non-exchange transactions

The line item was not budgeted for, however their was an actual amount recognised at year end for medical aid retirees. The variance was caused by under-bugeting.

12.Payables from exchange transactions

The actual payables are less than the budget as the amount of creditors at year end was less than anticipated. The actual figure was less than the budget as corrections were made to the trade payables and accruals in the current year.

Notes to the Annual Financial Statements

	2025	Restated 2024
	R	R

14. VAT receivable

The municipality is on the payments basis, hence the VAT payable relates to output VAT not yet declared as payment has not been received from the consumers.
The budget on VAT receivable includes VAT accrual wherein the actual VAT accrual amounts to R171 million. The variance is less than 10%.

The budget for output VAT accrual was based on estimated output VAT assumed not to be declared based on the collection rate. In addition the budget does not take into consideration any bad debt write offs. However the actual is based mainly on output VAT declared wherein the debt write off has been effected reducing the actual VAT accrual. This is the reason for the variance in the VAT accrual.

16. Trade and other payables from non-exchange transactions

The budget for the unspent grants was based on the 2022/2023 audited annual financial statements. The actual unspent grants were significantly less than the budget due to improved spending, this has caused the variance of over-budgeting.

17. Provisions

The budget for provisions is based on the assumption of a reduced provision. However, the actual exceeded the budget at year end. The under-budgeting of the provision is the cause of the budget versus actual variance.

18.Operating lease liability

The actual figure is more than the budget figure for the operating lease liability as the leases are currently on a month to month basis.

19.Non current provisions

The actual amount for non current provisions is less the budget as the provision for the rehabilitation site was corrected to be in alignment with the valuation obtained from an expert.

20.Employee benefit obligation

The employee benefit obligation is based upon the report obtained from the actuaries.
The budget for the current portion of the obligation was based on assumptions, however the movement was incurred based on the actuary's report.
The variance is caused by under-budgeting.

The budget for the non-current portion of the employee benefit obligation is based only on the post employment medical aid benefit, while the actual also includes long service benefits.
The actual therefore exceeds the budget.

Cash flow statement

3. Operating activities

The net cash from operating activities variance is due to the service charges being less than the budget amount.

2. Investing activities

The net cash flow from investing activities variance is affected by the movement of assets.

3. Financing activities

No significant variances.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters as well as adjustments to the budget.

Appendix A - Schedule of External Loans

EXTERNAL LOANS	Loan number	Interest Rate	Redeemable Date	Received during the period	Redeemed / written off during the period	Balance at 30 June 2025
				R	R	R
CURRENT PORTION						
				-	-	-
				-	-	-
				-	-	-
Total long-term loans				**-**	**-**	**-**

The loan was settled during the 2016/17 financial year

APPENDIX B

AMATHOLE DISTRICT MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2025

Description	Cost / Revaluation						Accumulated Depreciation					Accumulated Impairment					Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and buildings																	
Land																	
General plant	6 965 092	-	-	-	-	6 965 092	-	-	-	-	-	-	-	-	-	-	6 965 092
Operational buildings																	
Municipal Offices	22 387 408	-	-	-	-	22 387 408	(11 455 995)	(746 247)	-	-	(12 202 242)	(3 822 700)	-	-	-	(3 822 700)	6 362 466
Community																	
Centres	1 832 896	-	-	-	-	1 832 896	(790 449)	(61 097)	-	-	(851 546)	(348 519)	-	-	-	(348 519)	632 831
Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	**31 185 396**	**-**	**-**	**-**	**-**	**31 185 396**	**(12 246 444)**	**(807 344)**	**-**	**-**	**(13 053 788)**	**(4 171 219)**	**-**	**-**	**-**	**(4 171 219)**	**13 960 389**
Infrastructure																	
Sanitation																	
Pump Stations	145 805 768	-	-	-	-	145 805 768	(71 928 818)	(5 512 876)	-	-	(77 441 694)	-	-	-	-	-	68 364 074
Reticualtion	1 444 939 359	40 347 506	48 659 521	-	-	1 533 946 386	(866 489 508)	(20 686 050)	-	-	(887 175 558)	-	-	-	-	-	646 770 828
Waste Water Treatment	356 676 912	-	8 284 355	-	-	364 961 267	(164 520 164)	(10 749 750)	-	-	(175 269 914)	-	-	-	-	-	189 691 353
Solid waste																	
Landfill Sites	10 729 429	-	-	-	-	10 729 429	(2 145 886)	(1 072 943)	-	-	(3 218 829)	-	-	-	-	-	7 510 600
Water supply																	
Boreholes	380 961 946	1 488 853	33 226 550	-	-	415 677 349	(177 809 886)	(14 170 450)	-	-	(191 980 336)	-	-	-	-	-	223 697 013
Dams and Weirs	300 244 212	-	-	-	-	300 244 212	(4 028 236)	(237 451)	-	-	(4 265 687)	-	-	-	-	-	295 978 525
Distribution	10 509 153 304	50 710 649	1 674 741 805	-	-	12 234 605 758	(4 997 868 661)	(181 852 124)	-	-	(5 179 720 785)	(1 091 667)	-	-	-	(1 091 667)	7 053 793 306
PV Stations	-																
Pump Stations	1 321 503 082	29 821	-	-	-	1 321 532 903	(631 501 088)	(31 047 661)	-	-	(662 548 749)	-	-	-	-	-	658 984 154
Reservoirs	995 177 397	2 768 131	-	-	-	997 945 528	(423 902 158)	(24 858 411)	-	-	(448 760 569)	-	-	-	-	-	549 184 959
Water Treatment Works	710 813 927	-	118 899 304	-	-	829 713 231	(300 949 544)	(19 329 915)	-	-	(320 279 459)	-	-	-	-	-	509 433 772
Total	**16 176 005 336**	**95 344 960**	**1 883 811 535**	**-**	**-**	**18 155 161 831**	**(7 641 143 949)**	**(309 517 631)**	**-**	**-**	**(7 950 661 580)**	**(1 091 667,00)**	**-**	**-**	**-**	**(1 091 667,00)**	**10 203 408 584**
Leased assets																	
Furniture And Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**16 207 190 732**	**95 344 960**	**1 883 811 535**	**-**	**-**	**18 186 347 227**	**(7 653 390 393)**	**(310 324 975)**	**-**	**-**	**(7 963 715 368)**	**-**	**-**	**-**	**-**	**-**	**10 217 368 973**
Other assets																	
Computer Equipment																	
Computer Hardware	43 622 983	3 906 578	-	-	-	47 529 561	(31 276 926)	(2 378 741)	-	-	(33 655 667)	(148 916)	(185 511)	-	-	(334 427)	13 539 468
Furniture And Office Equipment																	
Audiovisual Equipment	446 409	-	-	-	-	446 409	(412 898)	(8 315)	-	-	(421 213)	-	(22)	-	-	(22)	25 174
Cabinets & Cupboards	3 953 989	-	-	-	-	3 953 989	(3 665 414)	(66 748)	-	-	(3 732 162)	(8 783)	(148)	-	-	(8 932)	212 895
Chairs	4 146 735	61 868	-	-	-	4 208 604	(3 874 529)	(59 491)	-	-	(3 934 020)	(17 061)	(2 342)	-	-	(19 403)	255 182
Furniture and Fittings: Other	818 816	68 587	-	-	-	887 403	(703 368)	(20 801)	-	-	(724 170)	(5 295)	(157)	-	-	(5 452)	157 781
Office Machines	783 448	-	-	-	-	783 448	(639 264)	(29 063)	-	-	(668 327)	(1 035)	(383)	-	-	(1 418)	113 703
Other Office Equipment	6 345 152	-	-	-	-	6 345 152	(5 790 786)	(123 230)	-	-	(5 914 016)	(35 059)	(4 777)	-	-	(39 835)	391 300
Tables and Desks	5 595 377	85 000	-	-	-	5 680 377	(5 130 739)	(102 021)	-	-	(5 232 760)	(29 333)	(3 572)	-	-	(32 905)	414 712
	22 089 927	215 455	-	-	-	22 305 382	(20 216 999)	(409 669)	-	-	(20 626 668)	(96 566)	(11 402)	-	-	(107 967)	1 570 747
Machinery And Equipment																	
Compressors and generators	472 999	-	-	-	-	472 999	(399 019)	(12 238)	-	-	(411 256)	(236)	(536)			(771)	60 971
Fire Equipment	1 460 745	-	-	-	-	1 460 745	(804 461)	(76 569)	-	-	(881 030)	(18)	-			(18)	579 697
Laboratory Equipment	4 952 727	259 658	-	-	-	5 212 385	(3 769 809)	(314 811)	-	-	(4 084 620)	(12 742)	(10)			(12 752)	1 115 013
Lawnmowers	227 665	-	-	-	-	227 665	(212 581)	(3 483)	-	-	(216 064)	(1 178)	(342)			(1 520)	10 082
Plant and Equipment: General	816 788	-	-	-	-	816 788	(668 422)	(21 963)	-	-	(690 386)	(2 973)	(262)			(3 235)	123 168
Radio Equipment	24 966	-	-	-	-	24 966	(24 162)	(210)	-	-	(24 372)	-	-			-	594
Tractors	2 472 854	5 466 651	-	-	-	7 939 504	(1 188 961)	(282 279)	-	-	(1 471 240)	-	-			-	6 468 264
Trailers	1 290 840	-	-	-	-	1 290 840	(685 224)	(55 034)	-	-	(740 258)	-	(90 951)			(90 951)	459 631
	11 719 583	5 726 309	-	-	-	17 445 892	(7 752 639)	(766 587)	-	-	(8 519 226)	(17 146)	(92 100)	-	-	(109 246)	8 817 420
Transport Assets																	
Fire Engines	7 493 869	5 813 980	-	-	-	13 307 849	(4 572 248)	(633 410)	-	-	(5 205 659)	-	-	-	-	-	8 102 190
Motor Vehicles	20 836 052	-	-	-	-	20 836 052	(5 364 361)	(1 559 707)	-	-	(6 924 068)	(610 745)	(483 334)	-	-	(1 094 079)	12 817 906
Other Motor Vehicles	1 305 059	-	-	-	-	1 305 059	(1 067 887)	(37 900)	-	-	(1 105 787)	-	(5 704)	-	-	(5 704)	193 568
Trucks and Bakkies	91 198 577	-	-	-	-	91 198 577	(64 756 503)	(3 998 254)	-	-	(68 754 756)	-	(81 935)	-	-	(81 935)	22 361 886
	120 833 557	5 813 980	-	-	-	126 647 537	(75 760 999)	(6 229 270)	-	-	(81 990 269)	(610 745)	(570 973)	-	-	(1 181 718)	43 475 550
Total	**198 266 050**	**15 662 322**	**-**	**-**	**-**	**213 928 372**	**(135 007 563)**	**(9 784 267)**	**-**	**-**	**(144 791 830)**	**(873 372)**	**(859 985)**	**-**	**-**	**(1 733 358)**	**67 403 185**
Total	**16 436 642 178**	**111 007 282**	**1 883 811 535**	**-**	**-**	**18 431 460 995**	**(7 800 644 400)**	**(320 916 586)**	**-**	**-**	**(8 121 560 986)**	**(5 044 591)**	**(859 985)**	**-**	**-**	**(5 904 577)**	**10 298 732 547**

AMATHOLE DISTRICT MUNICIPALITY
ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2025

Description	Cost / Revaluation						Accumulated Depreciation					Accumulated Impairment					Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Heritage																	
Monuments							-	-	-	-	-	-	-	-	-	-	
Culturally Significant Building	400 000,00	-	-	-	-	400 000,00	-	-	-	-	-	-	-	-	-	-	400 000,00
Total	**400 000,00**	**-**	**-**	**-**	**-**	**400 000,00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**400 000,00**

AMATHOLE DISTRICT MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2025

Description	Cost / Revaluation						Accumulated Depreciation					Accumulated Impairment					Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Investment properties																	
Land and buildings	107 420 819	-	-	-	-	107 420 819	(1 915 964)	(106 450)	-	-	(2 022 414)	-	-	-	-	-	105 398 405
Total	**107 420 819**	**-**	**-**	**-**	**-**	**107 420 819**	**(1 915 964)**	**(106 450)**	**-**	**-**	**(2 022 414)**	**-**	**-**	**-**	**-**	**-**	**105 398 405**

AMTHOLE DISTRICT MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2025

Description	Cost / Revaluation						Accumulated Depreciation					Accumulated Impairment					Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Intangible assets																	
Internally generated																	
Other																	
Assets under Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software	63 042 898	10 754 440	-	-	-	73 797 338	(62 831 612)	(1 265 366)	-	-	(64 096 978)	-	-	-	-	-	9 700 360
Total	**63 042 898**	**10 754 440**	**-**	**-**	**-**	**73 797 338**	**(62 831 612)**	**(1 265 366)**	**-**	**-**	**(64 096 978)**	**-**	**-**	**-**	**-**	**-**	**9 700 360**
Total Asset Register	**16 576 320 499**	**121 761 722**	**1 883 811 535**	**-**	**-**	**18 581 893 756**	**(7 853 145 532)**	**(321 481 058)**	**-**	**-**	**(8 174 626 589)**	**(873 372)**	**(859 985)**	**-**	**-**	**(1 733 358)**	**10 400 270 923**

APPENDIX C
AMTHOLE DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2025

Description	Cost / Revaluation					Accumulated Depreciation					Accumulated Impairment					Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
55400 Management of Water Service Providers	1 309 663	-	-	-	1 309 663	1 129 165	35 097	-	-	1 164 262	4 834	430	-	-	5 264	1 133 999	35 527	-	-	1 169 526	140 136
55450 Mechanical	1 882 103				1 882 103	1 665 622	33 444	-	-	1 699 065	262	11	-	-	272	1 665 883	33 454	-	-	1 699 338	182 765
55500 Water Conservation	14 563 825				14 563 825	5 401 560	1 367 390	-	-	6 768 950	688	16 011	-	-	16 699	5 402 248	1 383 400	-	-	6 785 648	7 778 177
53100 Administration	16 998 649	5 813	-	-	17 004 462	3 328 586	1 379 303	-	-	4 707 889	12 117	483 582	-	-	495 699	3 340 703	1 862 885	-	-	5 203 588	11 800 874
55629 Operations & Maintenance Water: Mncwasa	182 167	36 478	-	-	218 645	180 082	5 715	-	-	185 797	241	-	-	-	241	180 323	5 715	-	-	186 038	32 607
55150 Building & Services Planning	52 543	-	-	-	52 543	43 484	1 546	-	-	45 030	1 831	-	-	-	1 831	45 315	1 546	-	-	46 861	5 682
55300 Transport	28 285	-	-	-	28 285	7 780	2 829	-	-	10 609	-	-	-	-	-	7 780	2 829	-	-	10 609	17 676
55350 Water Service Authority	371 862	-	-	-	371 862	215 052	36 235	-	-	251 287	86	-	-	-	86	215 138	36 235	-	-	251 373	120 489
55850 Toleni WTW ex DWS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52400 Information Systems Unit	36 180 475	3 602 961	-	-	39 783 436	25 725 846	2 033 787	-	-	27 759 633	67 023	141 209	-	-	208 232	25 792 869	2 174 996	-	-	27 967 865	11 815 571
54120 Expenditure	654 207	26 420	-	-	680 627	534 561	25 064		-	559 625	526	37	-	-	563	535 087	25 101	-	-	560 188	120 439
57300 DIRECTOR LAND HOUSING AND ECONOMIC DEVELOPMENT	45 783	-	-	-	45 783	14 209	-	-	-	14 209	5 900	-	-	-	5 900	20 110	-	-	-	20 110	25 674
58100 Municipal Manager	51 763	-	-	-	51 763	13 660	-	-	-	13 660	3 296	-	-	-	3 296	16 957	-	-	-	16 957	34 806
55100 Director Engineering Services	10 581 251	5 498 940	-	-	16 080 191	6 944 318	800 266	-	-	7 744 584	11 174	3 207	-	-	14 381	6 955 492	803 473	-	-	7 758 965	8 321 226
54800 Credit Control	1 591 120	-	-	-	1 591 120	1 437 083	27 639	-	-	1 464 721	14 563	15 599	-	-	30 162	1 451 646	43 238	-	-	1 494 883	96 237
51500 General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56250 Municipal Health Services ADM	97 134	-	-	-	97 134	20 054	-		-	20 054	-	-	-	-	-	20 054	-	-	-	20 054	77 080
53700 Mayoral Committee	1 400 691	-	-	-	1 400 691	920 622	94 779	-	-	1 015 402	1 674	388	-	-	2 062	922 297	95 168	-	-	1 017 464	383 227
54100 Chief Financial Officer	359 133	14 413	-	-	373 546	273 522	16 660	-	-	290 182	1 078	-	-	-	1 078	274 600	16 660	-	-	291 260	82 286
54400 Asset Management	1 037 901	17 707	-	-	1 055 608	918 525	24 331	-	-	942 856	8 438	1 082	-	-	9 520	926 963	25 413	-	-	952 376	103 232
54700 Budgeting	344 065	-	-	-	344 065	280 270	12 479	-	-	292 749	3 178	1 208	-	-	4 386	283 448	13 686	-	-	297 135	46 931
54900 Billing	2 343 856	52 305	-	-	2 396 161	2 007 169	81 721	-	-	2 088 890	17 599	2 518	-	-	20 117	2 024 768	84 239	-	-	2 109 007	287 154
53200 Human Resources	6 507 705	22 088	-	-	6 529 792	2 944 232	384 975	-	-	3 329 206	9 274	2 637	-	-	11 912	2 953 506	387 612	-	-	3 341 118	3 188 674
58450 Mbhashe Satellite Office	32 398	-	-	-	32 398	23 961	-	-	-	23 961	2 709	-	-	-	2 709	26 671	-	-	-	26 671	5 727
54600 Supply Chain Management	1 362 166	79 260	-	-	1 441 426	1 095 595	51 792	-	-	1 147 386	4 553	2 578	-	-	7 131	1 100 148	54 370	-	-	1 154 518	286 908
52300 Strategic Planning	710 889	-	-	-	710 889	570 151	27 311	-	-	597 462	4 551	98	-	-	4 649	574 702	27 409	-	-	602 111	108 779
53600 Legislative Support Services	100 690	-	-	-	100 690	35 601	-	-	-	35 601	54 662	-	-	-	54 662	90 263	-	-	-	90 263	10 427
53800 Executive Support Services	1 461 336	-	-	-	1 461 336	1 250 971	31 308	-	-	1 282 279	2 537	840	-	-	3 377	1 253 508	32 148	-	-	1 285 656	175 680
54101 Revenue Data Management	131 395	130 768	-	-	262 163	106 993	10 104	-	-	117 096	400	83	-	-	484	107 393	10 187	-	-	117 580	144 583
52500 Communications & Customer Care	504 762	-	-	-	504 762	385 045	19 343		-	404 388	450	-	-	-	450	385 495	19 343	-	-	404 838	99 924
54300 Accounting & Reporting	453 030	-	-	-	453 030	382 986	8 641	-	-	391 627	25 568	780	-	-	26 348	408 554	9 421	-	-	417 975	35 055
56300 Fire Services	37 459	-	-	-	37 459	18 060	-	-	-	18 060	1 814	-	-	-	1 814	19 874	-	-	-	19 874	17 584
57200 Economic Development	5 214	-	-	-	5 214	4 333	-	-	-	4 333	-	-	-	-	-	4 333	-	-	-	4 333	882
57100 Land Administration & Housing	36 694	-	-	-	36 694	11 798	-	-	-	11 798	4 145	-	-	-	4 145	15 943	-	-	-	15 943	20 751
58650 Nxuba Satellite Office	157 137 839	-	-	-	157 137 839	89 528 409	-	-	-	89 528 409	6 172 684	-	-	-	6 172 684	95 701 092	-	-	-	95 701 092	61 436 747
55360 PMU	123 571	-	-	-	123 571	108 978	2 849		-	111 827	703	-	-	-	703	109 681	2 849	-	-	112 530	11 042
58150 Legal Services	7 343	-	-	-	7 343	3 986	-	-	-	3 986	-	-	-	-	-	3 986	-	-	-	3 986	3 357
53300 Director Legislative & Executive Support Services	440 887	-	-	-	440 887	401 607	9 478	-	-	411 085	969	1 222	-	-	2 191	402 575	10 700	-	-	413 276	27 611
53500 Council General	6 162 720	-	-	-	6 162 720	4 390 647	152 283	-	-	4 542 930	611 676	11 682	-	-	623 358	5 002 323	163 965	-	-	5 166 289	996 431
58250 Internal Audit	25 977	-	-	-	25 977	21 073	-	-	-	21 073	1 495	-	-	-	1 495	22 568	-	-	-	22 568	3 409
56200 Community Safety Services	7 766	-	-	-	7 766	3 830	-	-	-	3 830	-	-	-	-	-	3 830	-	-	-	3 830	3 936
56100 Community Services	24 208 842	-	-	-	24 208 842	1 045 199	-		-	1 045 199	-	-	-	-	-	1 045 199	-	-	-	1 045 199	23 163 643
52100 Risk Services	97 233				97 233	87 493	1 982			89 475	824	2 099			2 923	88 317	4 081	-	-	92 398	4 835
52200 Municipal Support Unit	255 698	-	-	-	255 698	238 791	3 549	-	-	242 339	2 520	8	-	-	2 528	241 311	3 557	-	-	244 868	10 830
52600 Planning and Monitoring	229 400				229 400	210 429	3 791	-	-	214 221	3 260	116	-	-	3 376	213 690	3 907	-	-	217 597	11 803
56650 Municipal Health Services in Nxuba	1 232	-	-	-	1 232	248	-	-	-	248	-	-	-	-	-	248	-	-	-	248	984
55602 Operations & Maintenance Water: Elliotdale	554 659	-	-	-	554 659	487 714	14 111	-	-	501 825	766	243	-	-	1 010	488 480	14 354	-	-	502 834	51 825
55601 Operations & Maintenance Water :Willowvale	2 034 336	-	-	-	2 034 336	1 851 567	28 081		-	1 879 647	915	15	-	-	930	1 852 482	28 095	-	-	1 880 577	153 760
55637 Operations & Maintenance Water: Nqadu	89 133	-	-	-	89 133	84 628	797	-	-	85 425	1 202	80	-	-	1 282	85 831	877	-	-	86 708	2 426
55700 Borehole Schemes	31 870 172	-	-	-	31 870 172	13 627 611	-	-	-	13 627 611	1 202	-	-	-	1 202	13 628 813	-	-	-	13 628 813	18 241 358
55600 Operations & Maintenance Water : Dutywa	4 232 514	36 478	-	-	4 268 992	3 633 125	94 926	-	-	3 728 051	621	146	-	-	767	3 633 746	95 072	-	-	3 728 818	540 174
55628 Operations & Maintenance Water: Peddie	7 932 170	-	-	-	7 932 170	5 944 119	336 274	-	-	6 280 393	15	66 360	-	-	66 375	5 944 134	402 634	-	-	6 346 768	1 585 402
55900 Borehole Schemes ex DWS	5 641 504	-	-	-	5 641 504	2 492 206	-	-	-	2 492 206	-	-	-	-	-	2 492 206	-	-	-	2 492 206	3 149 297
55612 Operations & Maintenance Water: Haga Haga	54 814	-	-	-	54 814	28 557	6 454		-	35 011	904	-	-	-	904	29 460	6 454	-	-	35 914	18 900
55625 Operations & Maintenance Water: Bedford	1 541 578	-	-	-	1 541 578	1 417 244	12 458	-	-	1 429 702	620	-	-	-	620	1 417 865	12 458	-	-	1 430 323	111 256
55616 Operations & Maintenance Water: Kei Bridge / Komga	4 836 976	-	-	-	4 836 976	3 883 827	131 373	-	-	4 015 200	-	-	-	-	-	3 883 827	131 373	-	-	4 015 200	821 776
55632 Operations & Maintenance Water: Gagatyume (incl Middeld	113 490	-	-	-	113 490	109 018	927	-	-	109 945	811	-	-	-	811	109 830	927	-	-	110 757	2 733
55620 Operations & Maintenance Water: Seymour	189 869	-	-	-	189 869	181 538	2 213	-	-	183 751	191	-	-	-	191	181 729	2 213	-	-	183 942	5 927
55627 Operations & Maintenance Water: Glenmore	4 902 860	-	-	-	4 902 860	2 599 890	106 792	-	-	2 706 682	-	-	-	-	-	2 599 890	106 792	-	-	2 706 682	2 196 178
55622 Operations & Maintenance Water: Alice	2 740 293	-	-	-	2 740 293	2 374 286	52 543		-	2 426 829	126	-	-	-	126	2 374 412	52 543	-	-	2 426 955	313 338
55624 Operations & Maintenance Water: Adelaide	2 337 009	-	-	-	2 337 009	2 071 270	43 831	-	-	2 115 102	514	10	-	-	524	2 071 784	43 841	-	-	2 115 625	221 384
55626 Operations & Maintenance Water: Laing	324 446	-	-	-	324 446	164 868	6 484	-	-	171 352	-	-	-	-	-	164 868	6 484	-	-	171 352	153 094
55615 Operations & Maintenance Water: Chintsa	76 063	15 221	-	-	91 284	48 716	9 694	-	-	58 410	-	35	-	-	35	48 716	9 730	-	-	58 445	32 838
55617 Operations & Maintenance Water: Kei Road & Amabele	246 010	-	-	-	246 010	231 743	1 792		-	233 535	29	-	-	-	29	231 772	1 792	-	-	233 564	12 446
55623 Operations & Maintenance Water: Hogsback	251 300	-	-	-	251 300	245 502	1 268	-	-	246 770	883	293	-	-	1 176	246 385	1 561	-	-	247 946	3 354
55619 Operations & Maintenance Water: Cathcart	74 879	-	-	-	74 879	74 005	111	-	-	74 116	385	-	-	-	385	74 390	111	-	-	74 501	378
55633 Operations & Maintenance Water: Masincedane	74 723 869	-	-	-	74 723 869	49 163 297	889 480	-	-	50 052 777	-	-	-	-	-	49 163 297	889 480	-	-	50 052 777	24 671 092
55634 Operations & Maintenance Water: Upper Mnyameni	1 880 488	-	-	-	1 880 488	976 802	37 884	-	-	1 014 686	-	-	-	-	-	976 802	37 884	-	-	1 014 686	865 802
55618 Operations & Maintenance Water: Stutterheim	4 672 061	-	-	-	4 672 061	4 074 051	-	-	-	4 074 051	0	-	-	-	0	4 074 052	95 883	-	-	4 169 935	502 126
55613 Operations & Maintenance Water: Kei Mouth	2 270 266	15 221	-	-	2 285 487	1 767 603	86 754			1 854 356	89	-	-	-	89	1 767 691	86 754	-	-	1 854 445	431 042
55614 Operations & Maintenance Water: Morgan Bay	425 302	30 442	-	-	455 744	367 971	11 662	-	-	379 633	-	-	-	-	-	367 971	11 662	-	-	379 633	76 110
55909 Operations & Maintenance Sanitation: Stutterheim	27 989 367	-	-	-	27 989 367	12 045 257	1 465 889	-	-	13 511 146	-	-	-	-	-	12 045 257	1 465 889	-	-	13 511 146	14 478 221
55908 Operations & Maintenance Sanitation: Cathcart	9 885 163	-	-	-	9 885 163	4 755 791	359 566	-	-	5 115 357	-	-	-	-	-	4 755 791	359 566	-	-	5 115 357	4 769 806
55906 Operations & Maintenance Sanitation: Keiskamma	9 953 379	-	-	-	9 953 379	4 878 627	320 681	-	-	5 199 308	-	-	-	-	-	4 878 627	320 681	-	-	5 199 308	4 754 071
55912 Operations & Maintenance Sanitation: Middeldrift	4 606 775	-	-	-	4 606 775	1 873 086	323 915	-	-	2 197 001	-	-	-	-	-	1 873 086	323 915	-	-	2 197 001	2 409 774
55916 Operations & Maintenance Sanitation: Peddie	7 535 717 043	-	-	-	7 535 717 043	5 589 787 063	123 295 975			5 713 083 038	-	-	-	-	-	5 589 787 063	123 295 975	-	-	5 713 083 038	1 822 634 005
55914 Operations & Maintenance Sanitation: Adelaide	10 822	-	-	-	10 822	5 798	154	-	-	5 952	-	-	-	-	-	5 798	154	-	-	5 952	4 870
55603 Operations & Maintenance Water:Qwaninga	170 904	-	-	-	170 904	166 329	1 071		-	167 400	-	-	-	-	-	166 329	1 071	-	-	167 436	3 468
55604 Operations & Maintenance Water: Mendu	53 654	-	-	-	53 654	29 120	6 445		-	35 565	144	-	-	-	144	29 264	6 445	-	-	35 709	17 945
55605 Operations & Maintenance Water: Dwesa	364 122	44 670	-	-	408 792	330 508	13 510		-	344 018	110	11	-	-	120	330 618	13 521	-	-	344 139	64 653
55606 Operations & Maintenance Water: Cwebe	135 088	44 670	-	-	179 758	118 192	9 966		-	128 158	9 150	11	-	-	9 161	127 342	9 966	-	-	137 308	42 449
55607 Operations & Maintenance Water: Qolora	130 233	-	-	-	130 233	128 034	491		-	128 525	-	-	-	-	-	128 034	491	-	-	128 525	1 708
55608 Operations & Maintenance Water: Butterworth	10 079 802	-	-	-	10 079 802	7 625 180	448 789		-	8 073 969	446	49	-	-	495	7 625 626	448 838	-	-	8 074 464	2 005 338
55609 Tyinira Water Scheme	7 077	-	-	-	7 077	6 433	151		-	6 585	36	-	-	-	36	6 470	151	-	-	6 621	455
55610 O&M Water: Kotana	138 703	-	-	-	138 703	135 494	584		-	136 078	588	-	-	-	588	136 082	584	-	-	136 666	2 038
55611 O&M Water: Ngqamakwe	771 754	36 478	-	-	808 232	696 862	13 951		-	710 813	60	-	-	-	60	696 922	13 951	-	-	710 873	97 358
55638 Operations & Maintenance Water: Mbhashe North Regional	160 018	-	-	-	160 018	110 360	11 734	-	-	122 094	46	-	-	-	46	110 407	11 734	-	-	122 141	37 878
55639 O&M Water: Communal Package Plant	11 146	-	-	-	11 146	11 045	25	-	-	11 070	11 045	25	-	-	11 070	11 045	25	-	-	11 070	76
55621 Operations & Maintenance Water: Fort Beaufort	7 118 852	-	-	-	7 118 852	6 243 317	127 848	-	-	6 371 165	1 011	246	-	-	1 257	6 244 328	128 094	-	-	6 372 422	746 431
Total	**8 051 438 685**	**9 710 332**	**-**	**-**	**8 061 149 017**	**5 880 779 242**	**134 962 345**	**-**	**-**	**6 015 741 587**	**7 091 212**	**754 948**	**-**	**-**	**7 846 160**	**5 887 859 410**	**135 813 140**	**-**	**-**	**6 023 672 586**	**2 037 476 431**

Amathole District Municipality
Annual Financial Statements for the year ended 30 June 2025
Appendix D

2025 Actual Income	2025 Actual Expenditure	2025 Surplus/(Deficit)		2024 Actual Income	2024 Actual Expenditure	2024 Surplus/(Deficit)
R	R	R		R	R	R
			WATER, SANITATION AND GENERAL SERVICES			
40 185 557	97 087 744	(56 902 188)	**Strategic Manager**	-	76 934 970	(76 934 970)
129 506 661	185 745 174	(56 238 513)	**Corporate Services**	3 263 871	188 012 794	(184 748 923)
204 839 955	155 825 531	49 014 424	**Budget and Treasury Office**	45 909 133	144 867 227	(98 958 095)
2 162 548 726	1 605 437 006	557 111 720	**Engineering Services**	2 375 794 819	1 501 178 463	874 616 356
125 548 212	172 290 800	(46 742 588)	**Community services**	8 092 206	113 569 923	(105 477 717)
35 176 266	52 629 694	(17 453 428)	**Spatial Planning, Land and Economic Development**	4 480 794	48 743 945	(44 263 151)
27 186 906	89 667 191	(62 480 285)	**Municipal Management**	396 050	87 341 771	(86 945 721)
		-				-
2 724 992 282	**2 358 683 141**	**366 309 142**	**Surplus/(Deficit) for the year**	**2 437 936 874**	**2 160 649 094**	**277 287 780**

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2025

APPENDIX F

DISCLOSURE OF GRANTS & SUBSIDIES IN TERMS OF MFMA

as at 30 June 2025

CONDITIONAL GRANTS AND RECEIPTS	Transferring Department	Opening Balance	QUARTERLY RECEIPTS						QUARTERLY EXPENDITURE					GRANTS & SUBSIDIES DELAYED/WITHHELD				Reason for delays/ withheld	Compliance with DORA	Reason for non compliance
			Sept 24	Dec 24	March 25	June 25	Total Receipts	Accrued Income	Sept 24	Dec 24	March 25	June 25	Total Expenditure	Sept 24	Dec 24	March 25	June 25			
		R	R	R	R	R	R	R	R	R	R	R	R							
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG) BUDGET REFORM	NT/COGTA	0	(2 600 000)	-	-	-	(2 600 000)	-	127 595	788 988	165 523	1 517 893	2 600 000	N/A	N/A	N/A	N/A	N/A	Yes	N/A
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	NT/DPW	-	(470 000)	(845 000)	(563 000)	-	(1 878 000)	-	677 543	460 458	665 784	74 215	1 878 000	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	NT	(1 890 287)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
WATER SERVICES INFRASTRUCTURE GRANT	DWS	(107 452)	(20 151 000)	(41 958 000)	(15 416 000)	-	(77 525 000)	-	8 658 533	28 006 593	8 846 846	32 120 482	77 632 452	N/A	N/A	N/A	N/A	N/A	Yes	N/A
WATER SERVICES INFRASTRUCTURE GRANT : DROUGHT	DWS	-				-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
REGIONAL BULK INFRASTRUCTURE GRANT	DWS (RBIG)	(918 074)	(32 616 138)	(41 279 195)	(14 307 380)	(7 689 997)	(95 892 709)	(21 435 958)	30 904 242	39 841 690	8 719 363	33 640 481	113 105 777	N/A	N/A	N/A	N/A	N/A	Yes	N/A
ROAD ASSET MANAGEMENT SYSTEM	NT/Road and Transport	(6)	(2 309 000)	-	(989 000)	-	(3 298 000)	-	579 912	1 371 948	127 522	1 218 617	3 297 999	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	NT	(2 973 396)	(298 329 000)	(96 947 000)	(93 306 000)	-	(488 582 000)	-	154 650 271	161 753 495	84 310 763	90 840 868	491 555 396	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER RELIEF GRANT	NT	-	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DUTYWA	DWS	(460 000)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE NGQABANE	DWS	36 271	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DWESA REGION	DWS	(142 865)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
ACIP - WW INFRASTRUCTURE REFURBISH R3 5M	ACIP	(650 289)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
CETA Grant	CETA	-	-	-	-	-		(2 215 600)		357 148	776 755	1 081 697	2 215 600							
LG SETA Grants	LG SETA	(620 315)	(169 183)	(316 054)	(641 618,10)	(112 426)	(1 239 282)	-	162 800	18 605	17 649	36 433	235 487	N/A	N/A	N/A	N/A	N/A	Yes	N/A
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	DWS	(193 316)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PLANNING GRANT DLA	DHLG&TA	(1 456 032)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MNQUMA WAR ON LEAKS	DWS	296 703	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SHIXINI WATER SUPPLY	DWS	(6 487)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
WATER SERVICE SUPPORT	WATER SERVICE SUPPORT	(562 068)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
COMMUNAL WATER STATIONS (DST/ CSIR)	DWS	(309 585)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FREE BASIC SERVICES STRATEGY DEVELOPMENT	DWS	(330 000)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VICTORIA POST	DHLG&TA	(38 565)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TEKO SPRINGS/NDLOVINI	DHLG&TA	(66 078)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HOGSBACK	DHLG&TA	(5 200)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
WILLOWVALE	DHLG&TA	(66 456)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ELLIOTDALE	DHLG&TA	(29 815)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MSOBOMVU	DHLG&TA	(21 314)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HERTZOG	DHLG&TA	(64 650)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GREAT KEI PLANNING FUNDS	DHLG&TA	(7 050)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SURVEY INTEREST & CONTRIBUTION	DHLG&TA	(20 000)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NGQUSHWA SURVEY FUNDS	DHLG&TA	(28 043)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NKONKOBE SURVEY	DHLG&TA	(100 543)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LEWIS SURVEY	DHLG&TA	(96 333)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PRUDOE ENGINEERING DESIGN	DHLG&TA	(1 348)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DONGWE ENGINEERING DESIGN	DHLG&TA	(9 499)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
KUBUSIE ESTABLISHMENT GRANT	DHLG&TA	(698)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NDLOVINI ESTABLISHMENT GRANT	DHLG&TA	(8 986)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DUCATS ESTABLISHMENT GRANT	DHLG&TA	(70 542)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MACLEANTOWN ESTABLISHMENT GRANT	DHLG&TA	(16 849)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PRUDOE ESTABLISHMENT GRANT	DHLG&TA	(51 233)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DONGWE ESTABLISHMENT GRANT	DHLG&TA	(76 675)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TEKO SPRING ESTAB GRANT	DHLG&TA	(35 082)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NEEDS CAMP ESTABLISHMENT GRANT	DHLG&TA	(66 222)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TEKO SPRING TOP STRUCTURE	DHLG&TA	(106 438)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PRUDOE TOP STRUCTURE	DHLG&TA	(447 353)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DONGWE TOP STRUCTURE	DHLG&TA	(1 347 309)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NEEDSCAMP TOP STRUCTURE	DHLG&TA	(3 838)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DUCATS TOP STRUCTURE SUBSIDY	DHLG&TA	(23 234)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
KUBUSI TOP STRUCTURE	DHLG&TA	(3 816)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LILYVALE KAYSERS BEACH ESTABLISHMENT GRANT	DHLG&TA	(2 643)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
KAYSERS BEACH HOUSING PROJECT	DHLG&TA	(18 881)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LILLYVALE ENG DESIGNS	DHLG&TA	(5 940)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RESTITUTION AWARD (DLA)	DHLG&TA	(2 097 062)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	DHLG&TA	(3 215)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ENVIROMENTAL IMPACT ASSESMENT	DHLG&TA	(739 235)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GEO HYDROLOGY	DHLG&TA	(1 394 200)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BAWA FALLS LED	DEDEA	(102 936)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ELLIOTDALE BRICK MAKING	DEDEA	(232 803)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2025

APPENDIX F

DISCLOSURE OF GRANTS & SUBSIDIES IN TERMS OF MFMA

as at 30 June 2025

CONDITIONAL GRANTS AND RECEIPTS	Transferring Department	Opening Balance	QUARTERLY RECEIPTS						QUARTERLY EXPENDITURE					GRANTS & SUBSIDIES DELAYED/WITHHELD				Reason for delays/ withheld	Compliance with DORA	Reason for non compliance
			Sept 24	Dec 24	March 25	June 25	Total Receipts	Accrued Income	Sept 24	Dec 24	March 25	June 25	Total Expenditure	Sept 24	Dec 24	March 25	June 25			
		R	R	R	R	R	R	R	R	R	R	R	R							
DIPHINI SURVEY GKM LM	DEDEA	(3 800)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SETTLEMENTS CONVEYANCING	ECDOT	(65 110)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SETTLEMENTS PEGGING & SURVEYS	DWS	(70 122)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MGWALI & CENYU T/SHIP REGISTER OPENING, AMAHLATHI LM	DWS	(50 000)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SDF PROJECTS	DEDEA	(10 000)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TACHEY SURVEYS, AMAHLATHI SETTLEMENT	DEDEA	(160 000)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CATHCART SMALL TOWN REGENERATION STRATEGY	DEDEA	(303 370)	-	-	-	-	-	-	-	-	-	338 388	338 388	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SITE RELOCATION FOR KOMGA ZONE 10	DEDEA	(230 000)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GP REGISTRATION KEI ROAD NORTHERN NODE SETTLEMENT	DEDEA	(50 000)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LAND SETTLEMENTS TRANSFERS	DHLG&TA	(108 000)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SETTLEMENTS RISK AND FRAUD PLAN	DHLG&TA	(10 000)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EC INFORMATION INITIATIVE SUPPORT	DHLG&TA	(5 755)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ECDOT: BUTTERWORTH INTERCHANGE	DPLG	(1 506 964)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ROOF TOP RAIN WATER HARVESTING	DHLG&TA	(3 900)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NGQUSI RAIN WATER HARVESTING	DEDEA	(5 700)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SILWINDLALA WOMEN'S PROJECT	DEDEA	(2 303)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BALFOUR SAWMILS	DHLG&TA	(8 019)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HIGHLANDS RESORTS	COMMUNITY	(75 836)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PEDDIE BRICKS MAKING	COMMUNITY	(1 495)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
INKUTHALO HYDROPONICS	COMMUNITY	(1 524)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CAPACITY BUILDING FOR LM's	Other	(5 128)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LED CAPACITY BUILDING - NGQUSHWA	Other	(350 000)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CHATHA DEVELOPMENT	Other	(2 413 456)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DWESA - CWEBE RESTITUTIONAL	DHLG&TA	(5 308 303)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CO-OPERATIVES SPECIALIST	DEDEA	(22 280)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOURISM SURVEY	DEDEA	(12 130)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NXUBA DAM CHALETS DEVELOPMENT	DHLG&TA	(6 264)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PLOUGHING CONTACTORS-WARD 10	COMMUNITY	(1 155)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PLOUGHING CONTRACTOR-NGXAKAXA	COMMUNITY	(1 642)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PLOUGHING CONTRACTOR - Ward 15	COMMUNITY	(1 513)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VUNA AWARDS	Other	(9 289)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PUBLIC AWARENESS	Other	(365)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	Other	(18 338)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HUMAN SETTLEMENTS DROUGHT RELIEF KATI KATI	DWS	(3 378 284)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL GRANT PROVIDERS		**(31 897 328)**	**(356 644 321)**	**(181 345 249)**	**(125 222 998)**	**(7 802 423)**	**(671 014 990)**	**(23 651 558)**	**195 760 896**	**232 598 924**	**103 630 206**	**160 869 073**	**692 859 099**							

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2025

Annexure 1

CONDITIONAL GRANTS AND RECEIPTS	Balance at 01/07/2024	Contributions received during the year	Other Income	Roll overs returned / Approved Re-Shuffle	Expenditure during the year	Balance at 30/06/2025
	R	R	R	R	R	R
NATIONAL GOVERNMENT GRANTS						
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG) BUDGET REFORM	-	(2 600 000)	-	-	2 600 000	-
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	-	(1 878 000)	-	-	1 878 000	-
WATER SERVICES INFRASTRUCTURE GRANT	(107 452)	(77 525 000)	-	-	77 632 452	(0)
WATER SERVICES INFRASTRUCTURE GRANT : DROUGHT	-	-	-	-	-	-
REGIONAL BULK INFRASTRUCTURE GRANT	(918 074)	(95 895 709)	(21 435 958)	-	113 108 777	(5 140 964)
ROAD ASSET MANAGEMENT SYSTEM	(6)	(3 298 000)	-	-	3 297 999	(7)
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	(2 973 396)	(488 582 000)	-	2 973 396	488 582 000	-
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DUTYWA	(460 000)	-	-	-	-	(460 000)
MUNICIPAL DISASTER GRANT: DRILL BOREHOLENGQABANE	36 271	-	-	-	-	36 271
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DWESA REGION	(142 865)	-	-	-	-	(142 865)
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	(1 890 287)	-	-	-	-	(1 890 287)
ACIP - WW INFRASTRUCTURE REFURBISH R3 5M	(650 289)	-	-	-	-	(650 289)
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	(193 316)	-	-	-	-	(193 316)
MNQUMA WAR ON LEAKS	296 703	-	-	-	-	296 703
SHIXINI WATER SUPPLY	(6 487)	-	-	-	-	(6 487)
WATER SERVICE SUPPORT	(562 068)	-	-	-	-	(562 068)
COMMUNAL WATER STATIONS (DST/ CSIR)	(309 585)	-	-	-	-	(309 585)
FREE BASIC SERVICES STRATEGY DEVELOPMENT	(330 000)	-	-	-	-	(330 000)
TOTAL NATIONAL GOVERNMENT GRANTS	**(8 210 850)**	**(669 778 709)**	**(21 435 958)**	**2 973 396**	**687 099 228**	**(9 352 892)**
PROVINCIAL GOVERNMENT GRANTS						
PLANNING GRANT DLA	(1 456 032)	-	-	-	-	(1 456 032)
VICTORIA POST	(38 565)	-	-	-	-	(38 565)
TEKO SPRINGS/NDLOVINI	(66 078)	-	-	-	-	(66 078)
HOGSBACK	(5 200)	-	-	-	-	(5 200)
WILLOWVALE	(66 456)	-	-	-	-	(66 456)
ELLIOTDALE	(29 815)	-	-	-	-	(29 815)
MSOBOMVU	(21 314)	-	-	-	-	(21 314)
HERTZOG	(64 650)	-	-	-	-	(64 650)
GREAT KEI PLANNING FUNDS	(7 050)	-	-	-	-	(7 050)
SURVEY INTEREST & CONTRIBUTION	(20 000)	-	-	-	-	(20 000)
NGQUSHWA SURVEY FUNDS	(28 043)	-	-	-	-	(28 043)
NKONKOBE SURVEY	(100 543)	-	-	-	-	(100 543)
LEWIS SURVEY	(96 333)	-	-	-	-	(96 333)
DIPHINI SURVEY GKM LM	(3 800)	-	-	-	-	(3 800)
SETTLEMENTS CONVEYANCING	(65 110)	-	-	-	-	(65 110)
SETTLEMENTS PEGGING & SURVEYS	(70 122)	-	-	-	-	(70 122)
MGWALI & CENYU T/SHIP REGISTER OPENING, AMAHLATHI LM	(50 000)	-	-	-	-	(50 000)
SDF PROJECTS	(10 000)	-	-	-	-	(10 000)
TACHEY SURVEYS, AMAHLATHI SETTLEMENT	(160 000)	-	-	-	-	(160 000)
CATHCART SMALL TOWN REGENERATION STRATEGY	(303 370)	-	-	-	338 388	35 018
SITE RELOCATION FOR KOMGA ZONE 10	(230 000)	-	-	-	-	(230 000)
GP REGISTRATION KEI ROAD NORTHERN NODE SETTLEMENT	(50 000)	-	-	-	-	(50 000)
LAND SETTLEMENTS TRANSFERS	(108 000)	-	-	-	-	(108 000)
SETTLEMENTS RISK AND FRAUD PLAN	(10 000)	-	-	-	-	(10 000)
PRUDOE ENGINEERING DESIGN	(1 348)	-	-	-	-	(1 348)
DONGWE ENGINEERING DESIGN	(9 499)	-	-	-	-	(9 499)
KUBUSIE ESTABLISHMENT GRANT	(698)	-	-	-	-	(698)
NDLOVINI ESTABLISHMENT GRANT	(8 986)	-	-	-	-	(8 986)
DUCATS ESTABLISHMENT GRANT	(70 542)	-	-	-	-	(70 542)
MACLEANTOWN ESTABLISHMENT GRANT	(16 849)	-	-	-	-	(16 849)
PRUDOE ESTABLISHMENT GRANT	(51 233)	-	-	-	-	(51 233)
DONGWE ESTABLISHMENT GRANT	(76 675)	-	-	-	-	(76 675)
TEKO SPRING ESTAB GRANT	(35 082)	-	-	-	-	(35 082)
NEEDS CAMP ESTABLISHMENT GRANT	(66 222)	-	-	-	-	(66 222)
TEKO SPRING TOP STRUCTURE	(106 438)	-	-	-	-	(106 438)
PRUDOE TOP STRUCTURE	(447 353)	-	-	-	-	(447 353)
DONGWE TOP STRUCTURE	(1 347 309)	-	-	-	-	(1 347 309)
NEEDSCAMP TOP STRUCTURE	(3 838)	-	-	-	-	(3 838)
DUCATS TOP STRUCTURE SUBSIDY	(23 234)	-	-	-	-	(23 234)
KUBUSI TOP STRUCTURE	(3 816)	-	-	-	-	(3 816)
LILYVALE KAYSERS BEACH ESTABLISHMENT GRANT	(2 643)	-	-	-	-	(2 643)
KAYSERS BEACH HOUSING PROJECT	(18 881)	-	-	-	-	(18 881)
LILLYVALE ENG DESIGNS	(5 940)	-	-	-	-	(5 940)
RESTITUTION AWARD (DLA)	(2 097 062)	-	-	-	-	(2 097 062)
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	(3 215)	-	-	-	-	(3 215)
ENVIROMENTAL IMPACT ASSESMENT	(739 235)	-	-	-	-	(739 235)
GEO HYDROLOGY	(1 394 200)	-	-	-	-	(1 394 200)
BAWA FALLS LED	(102 936)	-	-	-	-	(102 936)
ELLIOTDALE BRICK MAKING	(232 803)	-	-	-	-	(232 803)
EC INFORMATION INITIATIVE SUPPORT	(5 755)	-	-	-	-	(5 755)
ECDOT: BUTTERWORTH INTERCHANGE	(1 506 964)	-	-	-	-	(1 506 964)
ROOF TOP RAIN WATER HARVESTING	(3 900)	-	-	-	-	(3 900)
NGQUSI RAIN WATER HARVESTING	(5 700)	-	-	-	-	(5 700)
SILWINDLALA WOMEN'S PROJECT	(2 303)	-	-	-	-	(2 303)
BALFOUR SAWMILS	(8 019)	-	-	-	-	(8 019)
HIGHLANDS RESORTS	(75 836)	-	-	-	-	(75 836)
PEDDIE BRICKS MAKING	(1 495)	-	-	-	-	(1 495)
INKUTHALO HYDROPONICS	(1 524)	-	-	-	-	(1 524)
CAPACITY BUILDING FOR LM's	(5 128)	-	-	-	-	(5 128)
LED CAPACITY BUILDING - NGQUSHWA	(350 000)	-	-	-	-	(350 000)
CHATHA DEVELOPMENT	(2 413 456)	-	-	-	-	(2 413 456)
DWESA - CWEBE RESTITUTIONAL	(5 308 303)	-	-	-	-	(5 308 303)
CO-OPERATIVES SPECIALIST	(22 280)	-	-	-	-	(22 280)
TOURISM SURVEY	(12 130)	-	-	-	-	(12 130)
NXUBA DAM CHALETS DEVELOPMENT	(6 264)	-	-	-	-	(6 264)
VUNA AWARDS	(9 289)	-	-	-	-	(9 289)
PUBLIC AWARENESS	(365)	-	-	-	-	(365)
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	(18 338)	-	-	-	-	(18 338)
HUMAN SETTLEMENTS DROUGHT RELIEF KATI KATI	(3 378 284)	-	-	-	-	(3 378 284)
PROVINCIAL GOVERNMENT GRANTS	**(23 061 853)**	**-**	**-**	**-**	**338 388**	**(22 723 465)**
OTHER GRANT PROVIDERS						
LG SETA Grants	(620 315)	(1 239 282)	-	-	235 487	(1 624 110)
CETA Grant	-		(2 215 600)		2 215 600	-
PLOUGHING CONTACTORS-WARD 10	(1 155)	-	-		-	(1 155)
PLOUGHING CONTRACTOR-NGXAKAXA	(1 642)	-	-		-	(1 642)
PLOUGHING CONTRACTOR - Ward 15	(1 513)	-	-		-	(1 513)
TOTAL OTHER GRANT PROVIDERS	**(624 626)**	**(1 239 282)**	**-2 215 600**	**-**	**2 451 087**	**(1 628 420)**
TOTAL GRANTS	**(31 897 328)**	**(671 017 990)**	**(23 651 558)**	**2 973 396**	**689 888 703**	**(33 704 777)**

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of (i.t.o. s28 and 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
Municipality - 2025											
Financial Performance											
Service charges	610 899 374	-	610 899 374	-	-	610 899 374	696 884 966		85 985 592	114%	114%
Interest on Investment revenue	32 099 307	-	32 099 307	-	-	32 099 307	37 833 729		5 734 422	118%	118%
Donations received	-	-	-	-	-	-	-		-	0%	0%
Transfers recognised - operational	1 326 898 250	45 114 898	1 372 013 148	-	-	1 372 013 148	1 171 470 770		(200 542 378)	85%	88%
Other own revenue	96 350 977	2 262 225	98 613 202	-	-	98 613 202	167 863 672		69 250 470	170%	174%
Total revenue (excluding capital transfers and contributions)	**2 066 247 908**	**47 377 123**	**2 113 625 031**	**-**	**-**	**2 113 625 031**	**2 074 053 136**		**(39 571 895)**	**98%**	**100%**
Employee costs	(758 836 356)	(3 209 261)	(762 045 617)	-	6 186 661	(755 858 956)	(701 804 483)	-	(1 457 663 439)	93%	92%
Remuneration of councillors	(17 614 063)	(108 579)	(17 722 642)	-	(1 299 547)	(19 022 189)	(17 401 216)	-	(36 423 405)	91%	99%
Debt impairment	(423 155 837)	133 066 747	(290 089 090)	-	-	(290 089 090)	(252 394 168)	-	(542 483 258)	87%	60%
Depreciation and asset impairment	(126 237 901)	19 000 000	(107 237 901)	-	-	(107 237 901)	(286 103 987)	-	(393 341 888)	267%	227%
Finance charges	(3 866 904)	3 437 904	(429 000)	-	170 015	(258 985)	(54 422 446)	-	(54 681 431)	21014%	1407%
Inventory consumed	(253 709 836)	(127 603 417)	(381 313 253)	-	1 442 383	(379 870 870)	(569 495 124)	-	(949 365 994)	150%	224%
Other expenditure	(478 170 845)	(126 052 028)	(604 222 873)	-	(8 113 736)	(612 336 609)	(480 345 022)	-	(1 092 681 631)	78%	100%
Total expenditure	**(2 061 591 742)**	**(101 468 634)**	**(2 163 060 376)**	**-**	**(1 614 224)**	**(2 164 674 600)**	**(2 361 966 447)**	**-**	**(4 526 641 046)**	**109%**	**115%**
Surplus/ (Deficit)	**4 656 166**	**(54 091 511)**	**(49 435 345)**	**-**	**(1 614 224)**	**4 278 299 631**	**(287 913 311)**	**-**	**(4 566 212 941)**	**-7%**	**-6183%**
Transfers recognised - capital	489 091 355	(23 008 729)	466 082 626	-	-	466 082 626	650 939 146	-	184 856 520	140%	133%
Surplus / (Deficit) after capital transfers and contributions	**493 747 521**	**(77 100 240)**	**416 647 281**	**-**	**(1 614 224)**	**4 744 382 257**	**363 025 836**	**-**	**(4 381 356 421)**	**8%**	**74%**
Capital expenditure and funds sources											
Total capital expenditure	493 747 775	(77 100 494)	416 647 281	-	-	416 647 281	369 690 520	-	(46 956 761)	89%	75%
Source of capital funds		-				-					
Transfers recognised - capital	444 667 775	(115 311 743)	329 356 032	-	-	329 356 032	650 939 146	-	321 583 114	198%	146%
Internally generated funds	49 080 000	38 211 249	87 291 249	-	-	-	-	-	-	0%	0%
Total sources of capital funds	**493 747 775**	**(77 100 494)**	**416 647 281**	**-**	**-**	**329 356 032**	**650 939 146**	**-**	**321 583 114**	**198%**	**132%**

Amathole District Municipality
Annual Financial Statements for the year ended 30 June 2025
Annexure 2

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
Municipality											
Cash flows											
Net cash from operating (used)	628 495 680	(142 740 082)	485 755 598	-		485 755 598	337 654 384		(148 101 214)	70%	54%
Net cash from investing (used)	(482 173 704)	3 172 476	(479 001 228)	-		(479 001 228)	(381 168 959)		97 832 269	80%	79%
Net cash from financing (used)	-	-	-	-		-	(189 965)		(189 965)	#DIV/0!	#DIV/0!
Net increase /(decrease) in cash and cash equivalents	**146 321 976**	**(139 567 606)**	**6 754 370**	**-**		**6 754 370**	**(43 704 540)**		**(50 458 910)**	**-647%**	**-30%**
Cash and cash equivalents at the beginning of the year	392 919 464	-	392 919 464	-		**392 919 464**	219 917 515		219 917 515	56%	56%
Cash and cash equivalents at the end of the year	**539 241 440**	**(139 567 606)**	**399 673 834**	**-**		**399 673 834**	**176 212 976**		**169 458 605**	**44%**	**33%**

Amathole District Municipality
Annual Financial Statements for the year ended 30 June 2025
Annexure 3

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description R thousand	2024/2025											2023/2024			
	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	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue - Standard															
Governance and administration	**449 402**	**1 106**	**450 507**	**–**	**–**	**450 507**	**361 560**	**(2 482)**	**88 948**	**0**	**0**	**–**	**–**	**–**	**49 584**
Executive and council	24 726	–	24 726			24 726	27 208	(2 482)	(2 482)	110%	110%	–	–	–	446
Finance and administration	424 676	1 106	425 781			425 781	334 351	–	91 430	79%	79%	–	–	–	49 138
Internal audit			–			–	–	–	–	0%	0%	–	–	–	–
Community and public safety	**155 707**	**12 768**	**168 475**	**–**	**–**	**168 475**	**156 773**	**(727)**	**11 702**	**0**	**0**	**–**	**–**	**–**	**8 094**
Community and social services		–	–			–	–	–	–	0%	0%	–	–	–	–
Sport and recreation			–			–		–	–	0%	0%	–	–	–	–
Public safety	7 349	–	7 349			7 349	7 889	(540)	(540)	107%	107%	–	–	–	8 005
Housing	30 908	12 768	43 675			43 675	31 246	–	12 429	72%	101%	–	–	–	17
Health	117 450	–	117 450			117 450	117 637	(187)	(187)	100%	100%	–	–	–	72
Economic and environmental services	**77 210**	**(19 276)**	**54 636**	**–**	**–**	**54 636**	**62 365**	**(5 010)**	**(5 010)**	**0**		**–**	**–**	**–**	**26 946**
Planning and development	73 912	(19 276)	54 636			54 636	59 647	(5 010)	(5 010)	109%	81%	–	–	–	23 555
Road transport	3 298	–				–	2 718	(2 718)	(2 718)	#DIV/0!	82%	–	–	–	3 390
Trading services	**1 873 019**	**33 069**	**1 906 089**	**–**	**–**	**1 906 089**	**2 144 295**	**(155 149)**	**(238 206)**	**0**	**0**	**–**	**–**	**–**	**2 353 313**
Water	1 715 004	39 413	1 754 417		–	1 754 417	1 837 164	–	(82 748)	105%	107%	–	–	–	2 186 030
Waste water management	158 016	(6 343)	151 672			151 672	306 821	(155 149)	(155 149)	202%	194%	–	–	–	167 002
Waste management			–			–	309	–	(309)	100%	100%	–	–	–	281
Total Revenue - Standard	**2 555 339**	**27 666**	**2 579 708**	**–**	**–**	**2 579 708**	**2 724 992**	**–**	**(287 851)**	**#DIV/0!**	**0**	**–**	**–**	**–**	**2 437 937**
Expenditure - Standard															
Governance and administration	**451 551**	**11 727**	**463 278**	**–**	**11 703**	**474 981**	**535 818**	**(61 298)**	**(60 838)**	**0**	**0**	**–**	**–**	**–**	**472 665**
Executive and council	106 312	11 908	118 221		(12 582)	105 638	129 007	(23 369)	(23 369)	122%	121%	–	–	–	124 172
Finance and administration	333 764	1	333 765		23 114	356 879	394 808	(37 929)	(37 929)	111%	118%	–	–	–	338 054
Internal audit	11 475	(182)	11 293		1 171	12 464	12 004	–	460	96%	105%	–	–	–	10 439
Community and public safety	**129 969**	**13 303**	**143 272**	**–**	**(1 100)**	**142 172**	**127 627**	**(758)**	**14 545**	**0**	**0**	**–**	**–**	**–**	**115 312**
Community and social services	9 120	1 463	10 583		(204)	10 380	9 904	–	476	95%	109%	–	–	–	7 613
Sport and recreation	–	–	–		–		–	–	–	0%	0%	–	–	–	
Public safety	70 995	92	71 086		3 106	74 193	72 627	–	1 566	98%	102%	–	–	–	68 995
Housing	3 977	12 360	16 337		(1 148)	15 189	1 929	–	13 261	13%	48%	–	–	–	1 742
Health	45 877	(612)	45 265		(2 854)	42 411	43 168	(758)	(758)	102%	94%	–	–	–	36 961
Economic and environmental services	**121 712**	**31 245**	**152 957**	**–**	**(11 294)**	**141 663**	**119 672**	**–**	**21 992**	**0**	**0**	**–**	**–**	**–**	**100 009**
Planning and development	117 645	31 309	148 954		(11 355)	137 599	115 657	–	21 943	84%	98%	–	–	–	95 834
Road transport	4 067	(64)	4 003		61	4 064	4 015	–	49	99%	99%	–	–	–	4 176
Trading services	**1 358 359**	**45 194**	**1 403 554**	**–**	**2 305**	**1 405 858**	**1 575 566**	**–**	**(169 707)**	**0**	**0**	**–**	**–**	**–**	**1 345 128**
Water	1 134 438	78 064	1 212 502		(8 401)	1 204 100	1 357 243	–	(153 143)	113%	120%	–	–	–	1 058 578
Waste water management	221 194	(32 555)	188 640		11 288	199 928	216 429	–	(16 501)	108%	98%	–	–	–	283 003
Waste management	2 727	(315)	2 412		(582)	1 830	1 893	–	(63)	103%	69%	–	–	–	3 547
Total Expenditure - Standard	**2 061 592**	**101 469**	**2 163 060**	**–**	**1 614**	**2 164 675**	**2 358 683**	**(62 055)**	**(194 009)**	**0**	**0**	**–**	**–**	**–**	**2 033 115**
Surplus/(Deficit) for the year	**493 748**	**(73 802)**	**416 647**		**(1 614)**	**415 033**	**366 309**	**62 055**	**(93 843)**	**#DIV/0!**	**()**				**404 822**

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2024/25											2023/2024			
	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	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**
<u>Revenue by Vote</u>															
Vote 1 - STRATEGIC MANAGEMENT 52	41 355	–	54 636	–	–	54 636	40 186	–	14 451	74%	97%	–	–	–	–
Vote 2 - CORPORATE SERVICES 53	128 619	–	154 100	–	–	154 100	129 507	–	24 593	84%	100%	–	–	–	3 264
Vote 3 - BTO 54	296 057	–	296 408	–	–	296 408	204 840	–	91 568	69%	69%	–	–	–	45 909
Vote 4 - ENGINEERING 55	1 900 993	–	1 906 089	–	–	1 906 089	2 162 549	–	(256 460)	113%	114%	–	–	–	2 375 795
Vote 5 - COMMUNITY SERVICES 56	124 800	–	124 800	–	–	124 800	125 548	(749)	(749)	101%	101%	–	–	–	8 092
Vote 6 - LAND HUMAN SETTLEMENTS AND ECONOMIC DEVELOPMENT 57	38 790	–	43 675	–	–	43 675	35 176	–	8 499	81%	91%	–	–	–	4 481
Vote 7 - MUNICIPAL MANAGEMENT 58	24 726	–	–	–	–	–	27 187	(27 187)	(27 187)	#DIV/0!	110%	–	–	–	396
Total Revenue by Vote	**2 555 339**	**–**	**2 579 708**	**–**	**–**	**2 579 708**	**2 724 992**	**(27 936)**	**(145 285)**			**–**	**–**	**–**	**2 437 937**
<u>Expenditure by Vote</u> *to be appropriated*															
Vote 1 - STRATEGIC MANAGEMENT 52	77 891	–	105 803		1 461	107 264	97 088	0	10 176	91%	125%	–	–	–	76 935
Vote 2 - CORPORATE SERVICES 53	186 247	–	190 583		(21)	190 562	232 337	(41 775)	(41 775)	122%	125%	–	–	–	188 013
Vote 3 - BTO 54	156 221	–	161 217		–	161 217	155 826	–	5 392	97%	100%	–	–	–	144 867
Vote 4 - ENGINEERING 55	1 395 153	–	1 437 127		–	1 437 127	1 605 437	(168 310)	(168 310)	112%	115%	(168 310)	(168 310)	–	1 501 178
Vote 5 - COMMUNITY SERVICES 56	125 992	–	126 983		–	126 983	125 699	–	1 284	99%	100%	–	–	–	113 570
Vote 6 - LAND HUMAN SETTLEMENTS AND ECONOMIC DEVELOPMENT 57	61 176	–	79 320		(0)	79 320	52 630	–	26 691	66%	86%	–	–	–	48 744
Vote 7 - MUNICIPAL MANAGEMENT 58	58 912	–	62 027		174	62 201	89 667	(27 466)	(27 466)	144%	152%	–	(27 466)	–	87 342
Total Expenditure by Vote	**2 061 591**	**–**	**2 163 060**	**–**	**1 614**	**2 164 675**	**2 358 683**	**(237 551)**	**(194 009)**			**(168 310)**	**(195 776)**	**–**	**2 160 649**
Surplus/(Deficit) for the year	**493 748**	**–**	**416 647**	**–**	**(1 614)**	**415 033**	**366 309**	**209 615**	**48 724**			**168 310**	**195 776**	**–**	**277 288**

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2025

Annexure 3

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure): Municipality

Description	2024/2025										2023/2024
	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**	**Balance to be recovered**	**Restated Audited Outcome**
R thousand											
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**14**	**15**
Revenue By Source											
Service charges - water revenue	451 878	–	451 878	–	–	451 878	425 511			–	347 507
Service charges - sanitation revenue	151 672	–	151 672	–	–	151 672	263 476			–	206 880
Service charges - other	7 349	–	7 349	–	–	7 349	7 898			–	8 285
Rental of facilities and equipment	351	–	351	–	–	351	332			–	302
Interest earned - external investments	32 099	–	32 099	–	–	32 099	37 834			–	45 055
Interest earned - outstanding debtors	96 000	–	96 000	–	–	96 000	164 318			–	109 780
Fines		–	–	–	–	–	–			–	–
Transfers recognised - operational	1 326 898	45 115	1 372 013	–	–	1 372 013	1 171 471			–	1 117 503
Grants and subsidies	–	–	–	–	–	–				–	–
OPerational revenue	–	–	–	–	–	–	3 214			–	1 449
Gains on disposal of PPE	–	2 262	2 262	–	–	2 262	3 365		(1 103)	–	–
Total Revenue (excluding capital transfers and contributions)	**2 066 248**	**47 377**	**2 113 625**	**–**	**–**	**2 113 625**	**2 077 418**	**–**	**(1 103)**	**–**	**1 836 761**
Expenditure By Type							17 401				
Employee related costs	758 836	3 209	762 046	–	(6 187)	755 859	701 804	(54 054)	54 054	–	736 157
Remuneration of councillors	17 614	109	17 723	–	1 300	19 022	17 401	(1 621)	1 621	–	17 580
Debt impairment	423 156	(133 067)	290 089	–	–	290 089	252 394	(37 695)	37 695	–	450 174
Depreciation & asset impairment	126 238	(19 000)	107 238	–	–	107 238	286 104	–	(178 866)	–	159 627
Finance charges	3 867	(3 438)	429	–	(170)	259	54 422	54 163	(54 163)	–	51 082
Inventory consumed	253 710	127 603	381 313	–	(1 442)	379 871	569 495	189 624	(189 624)	–	164 612
Contracted services	232 313	101 616	333 929	–	15 752	349 681	146 116	–	203 565	–	111 740
Transfers and grants	16 916	1 179	18 095	–	405	18 500	14 436	–	4 064	–	12 263
Other expenditure	228 942	23 257	252 199	–	(8 043)	244 156	319 793	75 637	(75 637)	–	311 231
Loss on disposal of PPE		–		–		–	82	–	(82)	–	18 650
Total Expenditure	**2 061 592**	**101 469**	**2 163 060**	**–**	**1 614**	**2 164 675**	**2 362 048**	**226 055**	**(197 374)**	**–**	**2 033 115**
						(1 614)					
Surplus/(Deficit)	**4 656**	**(54 091)**	**(49 435)**	**–**	**(1 614)**	**(51 050)**	**(284 630)**	**(226 055)**	**196 271**	**–**	**(196 354)**
Transfers recognised - capital	489 091	(23 009)	466 083	–	–	466 083	650 939	–	(184 857)		349 550
Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**493 748**	**(77 100)**	**416 647**	**–**	**–**	**415 033**	**366 309**	**–**	**(184 857)**	**–**	**153 196**
Taxation	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation	**493 748**	**(77 100)**	**416 647**	**–**	**–**	**415 033**	**366 309**	**–**	**(184 857)**	**–**	**153 196**
Attributable to minorities	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	**493 748**	**(77 100)**	**416 647**	**–**	**–**	**415 033**	**366 309**	**–**	**(184 857)**	**–**	**153 196**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	**493 748**	**(77 100)**	**416 647**	**–**	**–**	**415 033**	**366 309**	**–**	**(184 857)**	**–**	**153 196**

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2025

Annexure 3

Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding: Municipality

Vote Description	2024/2025											2023/2024			
R thousand	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	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Capital expenditure - Vote															
Multi-year expenditure															
Vote 1 - STRATEGIC MANAGEMENT 52	–	–	–	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 2 - CORPORATE SERVICES 53	–	–	–	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 3 - BTO 54	–	–	–	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 4 - ENGINEERING 55	435 875	(435 875)	–	–	–	–		–	–	#DIV/0!	0%	–	–	–	183 573
Vote 5 - COMMUNITY SERVICES 56	–	–	–	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 6 - LAND HUMAN SETTLEMENTS AND ECONOMIC DEVELOPMENT 57	–	–	–	–	–	–		–	–	0%	0%	–	–	–	–
Vote 7 - MUNICIPAL MANAGEMENT 58	–	–	–	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital multi-year expenditure sub-total	**435 875**	**(435 875)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**			**–**	**–**	**–**	**183 573**
Single-year expenditure															
Vote 1 - STRATEGIC MANAGEMENT 52	37 845	(15 410)	22 435	–	–	22 435	15 726	–	**6 709**	70%	42%	–	–	–	1 462
Vote 2 - CORPORATE SERVICES 53	645	–	645	–	–	645	275	–	**370**	43%	43%	–	–	–	–
Vote 3 - BTO 54	950	400	1 350	–	–	1 350	771	–	**579**	0%	0%	–	–	–	521
Vote 4 - ENGINEERING 55	8 258	371 592	379 850	–	–	379 850	376 662	–	**3 188**	99%	4561%	–	–	–	3 318
Vote 5 - COMMUNITY SERVICES 56	9 630	2 292	11 922	–	–	11 922	6 038	–	**5 884**	51%	63%	–	–	–	31
Vote 6 - LAND HUMAN SETTLEMENTS AND ECONOMIC DEVELOPMENT 57	350	(100)	250	–	–	250	104	–	**146**	42%	30%	–	–	–	–
Vote 7 - MUNICIPAL MANAGEMENT 58	195	–	195	–	–	195	75	–	**120**	38%	38%	–	–	–	–
						–									
Capital single-year expenditure sub-total	**57 873**	**358 774**	**416 647**	**–**	**–**	**416 647**	**399 652**	**–**	**16 995**	**#DIV/0!**	**#DIV/0!**	**–**	**–**	**–**	**5 332**
Total Capital Expenditure - Vote	**493 748**	**(77 100)**	**416 647**	**–**	**–**	**416 647**	**399 652**	**–**	**16 995**	**#DIV/0!**	**#DIV/0!**	**–**	**–**	**–**	**188 905**
Capital Expenditure - Standard															
Governance and administration	**39 385**	**–**	**39 373**	**–**	**(16 438)**	**22 935**	**16 605**	**–**	**6 330**	**0**	**0**	**–**	**–**	**–**	**310**
Executive and council	445	–	275	–	170	445	281	–	**164**	63%	63%			–	–
Finance and administration	38 940	–	39 098	–	(16 608)	22 490	16 324	–	**6 166**	73%	42%	–	–	–	310
Internal audit		–	–	–	–	–		–	**–**	0%	0%	–	–	–	–
Community and public safety	**9 880**	**(9 080)**	**800**	**–**	**11 372**	**12 172**	**5 928**	**–**	**6 244**			**–**	**–**	**–**	**464**
Community and social services	2 200	(1 400)	800	–	1 400	2 200	10	–	**2 190**	0%	0%	–	–	–	–
Sport and recreation		–	–	–	–	–		–	**–**	0%	0%	–	–	–	–
Public safety	7 050	(7 050)	–	–	9 297	9 297	5 814	–	**3 483**	63%	82%	–	–	–	464
Housing	250	(250)	–	–	250	250	104	–	**146**	42%	42%	–	–	–	–
Health	380	(380)	–	–	425	425		–	**425**	0%	0%	–	–	–	–
Economic and environmental services	**600**	**(350)**	**250**	**–**	**326**	**576**	**459**	**117**	**117**	**0**	**0**	**–**	**–**	**–**	**23 149**
Planning and development	600	(350)	250	–	326	576	459	117	**117**	80%	77%	–	–	–	23 149
Road transport	–	–	–	–	–	–		–	**–**	0%	0%	–	–	–	–
Trading services	**443 883**	**(67 659)**	**376 224**	**–**	**3 126**	**379 350**	**376 445**	**–**	**2 905**	**0**	**0**	**–**	**–**	**–**	**232 107**
Water	443 273	(67 148)	376 125	–	2 870	378 995	376 175	–	**2 819**	99%	85%	–	–	–	232 107
Waste water management	610	(511)	99	–	256	355	270	–	**85**	76%	44%	–	–	–	–
Waste management	–	–	–	–	–	–	–	–	**–**	0%	0%	–	–	–	
Total Capital Expenditure - Standard	**493 748**	**(77 089)**	**416 647**	**–**	**(1 614)**	**415 033**	**399 438**	**117**	**15 595**	**0**	**0**	**–**	**–**	**–**	**256 031**
								–	**–**						
Funded by:								–	**–**						
National Government	444 668	(115 312)	329 356	–	–	329 356	371 409	(42 053)	**(42 053)**	113%	84%	–	–	–	184 189
Provincial Government	–	–	–	–	–	–	–	–	**–**	0%	0%	–	–	–	–
District Municipality	–	–	–	–	–	–	–	–	**–**	0%	0%	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–	0%	0%	–	–	–	–
Transfers recognised - capital	**444 668**	**(115 312)**	**329 356**	**–**	**–**	**329 356**	**371 409**	(42 053)	**(42 053)**						**184 189**
Public contributions & donations	–	–	–	–	–	–	–	–	**–**						
Borrowing	–	–	–	–	–	–	–	–	**–**						
Internally generated funds	49 080	**38 211**	87 291	–	–	87 291	28 243	–	**59 049**	32%	58%	–	–	–	8 041
Total Capital Funding	**493 748**	**(77 100)**	**416 647**	**–**	**–**	**416 647**	**399 652**	**(42 053)**	**16 995**	**0**	**0**	**–**	**–**	**–**	**192 230**

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2025

Annexure 3

Reconciliation of Table A7 Budgeted Cash Flows

Description	2024/2025								2023/2024
R thousand	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
	1	2	3	6	7	9	10	11	12
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts	**2 141 046**	**47 017**	**2 188 064**	**2 188 064**	**2 059 190**	**128 873**	**0**	**0**	**1 688 366**
Ratepayers and other	316 892	509 383	826 275	826 275	245 156	581 119	30%	77%	216 847
Government - operating	1 317 614	(458 504)	859 110	859 110	1 808 359	(949 249)	210%	137%	1 471 008
Government - capital	506 540	(35 961)	470 579	470 579	–	470 579	0%	0%	–
Interest	–	32 099	32 099	32 099	5 675	26 424	100%	100%	511
Payments	**(1 512 550)**	**(189 757)**	**(1 702 308)**	**(1 702 308)**	**1 721 536**	**(1 097 312)**	**0**	**0**	**1 401 992**
Suppliers and employees	(1 512 550)	(171 238)	(1 683 789)	(1 683 789)	1 702 346	(1 058 065)	-101%	-113%	1 386 975
Finance charges	–	(424)	(424)	(424)	4 754	(6 716)	100%	100%	2 754
Other	–	(18 095)	(18 095)	(18 095)	14 436	(32 531)	100%	100%	12 263
NET CASH FROM/(USED) OPERATING ACTIVITIES	**628 496**	**(142 740)**	**485 756**	**485 756**	**337 654**	**(968 439)**	**0**	**0**	**286 375**
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts	**–**	**–**	**–**	**–**	**(895)**	**(895)**	**0**	**0**	**1 459**
Proceeds on disposal of PPE	–	–	–	–	–	–	100%	100%	2 085
Increase in Investment property	–	–	–	–	–	–	100%	100%	–
Decrease (Increase) in current investments	–	–			(895)	–	100%	100%	–
Decrease (increase) in financial assets	–	–	–	–	–	(895)	100%	100%	(626)
Payments	**(482 174)**	**3 172**	**(479 001)**	**(479 001)**	**(380 274)**	**(98 727)**	**0**	**0**	**(454 019)**
Capital assets	(482 174)	3 172	(479 001)	(479 001)	(380 274)	(98 727)	79%	79%	(454 019)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(482 174)**	**3 172**	**(479 001)**	**(479 001)**	**(381 169)**	**(99 622)**	**0**	**0**	**(452 560)**
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts	**–**	**–**	**–**	**–**	**(190)**	**190**			**54**
Reserves	–	–	–	–	–	–	0%	0%	–
Finance lease payments	–	–	–	–	–	–	0%	0%	–
Increase (decrease) in operating liabilities	–	–	–	–	(190)	190	100%	100%	54
Payments	**–**	**–**	**–**	**–**	**–**	**–**	**0**	**0**	**–**
Repayment of borrowing	–	–	–	–		–	100%	100%	
NET CASH FROM/(USED) FINANCING ACTIVITIES	**–**	**–**	**–**	**–**	**(190)**	**190**			**54**
NET INCREASE/ (DECREASE) IN CASH HELD	**146 322**	**(139 568)**	**6 754**	**6 754**	**(43 705)**	**(1 067 871)**	**0**	**0**	**(166 131)**
Cash/cash equivalents at the year begin:	392 919		392 919	392 919	219 918	173 002	56%	56%	386 260
Cash/cash equivalents at the year end:	539 241	(139 568)	399 674	399 674	176 213	223 461	44%	33%	219 918