SIYA PHAMBILI - ASIJIKI

JOE GQABI

DISTRICT MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2025

JOE GQABI DISTRICT MUNICIPALITY

INDEX

JOE GQABI DISTRICT MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Joe Gqabi District Municipality performs the functions as set out in the Constitution. (Act no 108 of 1996)

LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Joe Gqabi District Municipality includes the following areas:

Walter Sisulu Local Municipality (Burgersdorp, Venterstad, Steynsburg, Maletswai (Aliwal North) and James Calata (Jamestown))
Senqu Local Municipality (Lady Grey, Sterkspruit, Rhodes, Rossouw, Herschel and Barkly East)
Elundini Local Municipality (NqanqaRhu (Maclear), Ugie and Tlokoeng (Mt Fletcher))

MEMBERS OF THE MAYORAL COMMITTEE

Position	Councillor	
Executive Mayor	NP Mposelwa	
Speaker	M Bomela	
Portfolio head: Financial Services	NU Hlatuka	
Portfolio head: Technical Services	SE Ntsoelinyane	Up to 31 January 2025
Portfolio head: Technical Services	NR Lengs	Appointed on 1 February 2025
Portfolio head: Corporate Services	N Mabunu	Up to 31 January 2025
Portfolio head: Corporate Services	S Mei	Appointed on 1 February 2025
Portfolio head: Community Services	A Skoti	

MUNICIPAL MANAGER

Mr M P Nonjola

CHIEF FINANCIAL OFFICER

Ms S du Toit Appointed 1 January 2025

OTHER DIRECTORS AND SENIOR MANAGERS DIRECTLY REPORTING TO THE ACCOUNTING OFFICER

Mr R J Fortuin	- Director: Technical Services	
Ms N Mketelwa-Libazi	- Director: Community Services	
Mr S Matubatuba	- Director: Corporate Services	Appointed 1 January 2025
Ms N Mshumi	- Chief Operations Officer	Contract ended 15 May 2025
Mr D Lusawana	- Manager Water Service provider	Contract ended 30 June 2025

JOE GQABI DISTRICT MUNICIPALITY

GENERAL INFORMATION

REGISTERED OFFICE

C/o Cole and Graham Street, Barkly East, 9786

POSTAL ADDRESS

P/Bag X102, Barkly East, 9786

AUDITORS

Office of the Auditor General

PRINCIPLE BANKERS

ABSA, PO Box 323, Bloemfontein, 9300

ATTORNEYS

Clark Laing Inc

AUDIT COMMITTEE

C Sparg	- Chairperson	Up to 31 January 2025
T Cumming	- Chairperson	Appointed on 1 February 2025
L Smith	- Member	Up to 31 January 2025
A Jordan	- Member	Up to 31 January 2025
M Tshofela	- Member	
L Mabombo	- Member	Appointed on 1 February 2025
N Hlongwane	- Member	Appointed on 1 February 2025
T de Beer	- Member	Appointed on 1 February 2025

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Labour Relation Amendment Act (Act 6 of 2014)
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations

RELEVANT LEGISLATION (CONTINUED)

Municipal Regulation on Standard Chart of Accounts (mSCOA)
Disaster Management Act 57 of 2002
Fire Brigade Services Act 99 of 1987
Foodstuffs, Cosmetics and Disinfectants Act 54 of 1972
National Veld and Forest Fire Act 101 of 1998
National Water Act 36 of 1998
National Health Act of 1997
Occupational Health and Safety Act and Regulation 85 of 1993
Municipal Cost Containment Regulations, 2019

MEMBERS OF THE JOE GQABI DISTRICT MUNICIPALITY COUNCIL - PROPORTIONAL ELECTED COUNCILLORS

Position	Councillor
Executive Mayor	NP Mposelwa
Speaker	M Bomela
Councillors: JGDM	SE Ntoelinyane
	A Skoti
	S Mei
	N Mabunu
	NU Hlatuka
	NR Lengs
	Cllr GJ Shaw
	SG Maroahae

MEMBERS OF THE JOE GQABI DISTRICT MUNICIPALITY COUNCIL - REPRESENTATIVE COUNCILLORS

Municipality	Councillor
Senqu Local Municipality	N Ngendane
	S Mfisa
	N Nyongwana
	L Ndakisa
	M Moahloli
	NM Phama
Elundini Local Municipality	FM Maqanda
	Z Mampintsha
	M Siphamla
	S Mdoda
	M Telile
	A Mayisha
Walter Sisulu Local Municipality	V Davids
	NS Mathetha
	E Theron

JOE GQABI DISTRICT MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2025, which are set out on pages 1 to 124 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

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

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

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

30 November 2025

MR MP Nonjola — **Date**

Municipal Manager

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Notes	2025 R (Actual)	2024 R (Restated)
Assets			
Total Current Assets		**193 708 045**	**165 199 184**
Current Assets		**64 501 011**	**42 740 924**
Cash and Cash Equivalents	**2**	31 591 478	3 346 597
Inventory	**3**	13 983 495	3 204 441
South African Revenue Services	**14**	18 926 039	36 189 886
Current Assets from Exchange Transactions		**124 182 861**	**116 196 685**
Receivables from Exchange Transactions	**4**	124 182 861	116 196 685
Current Assets from Non-Exchange Transactions		**5 024 172**	**6 261 575**
Unpaid Conditional Government Grants	**5**	5 024 172	6 261 575
Total Non-Current Assets		**2 239 941 856**	**2 108 261 841**
Investment Property	**7**	1 727 558	1 750 486
Property, Plant And Equipment	**8**	2 238 168 152	2 106 419 065
Intangible Assets	**9**	46 145	92 289
Total Assets		**2 433 649 900**	**2 273 461 025**
Total Current Liabilities		**215 331 991**	**229 820 099**
Current Liabilities		**45 800 401**	**44 170 352**
Current Employee Benefits	**10**	45 800 401	44 170 352
Current Liabilities from Exchange Transactions		**155 061 388**	**183 199 748**
Current Portion of Long-Term Liabilities	**11**	906 884	-
Consumer Deposits	**12**	1 520 344	1 451 143
Payables from Exchange Transactions	**13**	152 634 159	181 748 605
Current Liabilities from Non-Exchange Transactions		**14 470 202**	**2 450 000**
Unspent Conditional Government Grants	**15**	14 470 202	200 000
Payables from Non-Exchange Transactions	**16**	-	2 250 000
Total Non-Current Liabilities		**40 517 545**	**40 373 330**
Non-Current Liabilities		**36 424 430**	**40 373 330**
Employee Benefits	**17**	36 424 430	40 373 330
Non-Current Liabilities from Exchange Transactions		**4 093 116**	**-**
Long-Term Liabilities	**11**	4 093 116	-
Total Liabilities		**255 849 536**	**270 193 429**
Net Assets		**2 177 800 365**	**2 003 267 596**
Community Wealth			
Accumulated Surplus	**18**	2 177 800 365	2 003 267 596
Total Community Wealth		**2 177 800 365**	**2 003 267 596**

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025

REVENUE	Notes	2025 R (Actual)	2024 R (Restated)
REVENUE FROM NON-EXCHANGE TRANSACTIONS		**694 158 952**	**646 011 503**
Transfer Revenue		**686 307 855**	**645 131 277**
Government Grants and Subsidies - Capital	**19**	201 193 848	196 866 959
Government Grants and Subsidies - Operating	**19**	485 114 007	444 300 124
Public Contributions and Donations - Operating	**20**	-	459 408
Contributed Assets	**21**	-	3 504 786
Other Revenue		**7 851 097**	**880 226**
Actuarial Gains	**22**	7 837 752	774 447
Inventory Adjustments	**40**	13 345	105 779
REVENUE FROM EXCHANGE TRANSACTIONS		**341 613 938**	**320 701 738**
Operating Activities		**341 613 938**	**320 701 738**
Service Charges	**23**	216 100 084	209 723 790
Interest Earned - External Investments	**24**	6 738 171	5 619 204
Interest Earned - Outstanding Debtors	**25**	116 329 565	103 346 291
Other Income	**26**	2 446 117	2 012 454
TOTAL REVENUE		**1 035 772 890**	**966 713 241**
EXPENDITURE			
Employee Related Costs	**27**	275 295 557	261 800 626
Remuneration of Councillors	**28**	7 260 778	7 050 525
Debt Impairment	**29**	280 294 494	254 824 220
Depreciation and Amortisation	**30**	70 931 889	75 290 981
Impairments	**31**	365 395	621 319
Actuarial Losses	**32**	13 218	2 887 543
Repairs and Maintenance	**33**	17 595 059	11 916 033
Finance Charges	**34**	5 814 113	5 063 772
Bulk Purchases	**35**	8 167 059	8 035 675
Contracted Services	**36**	20 846 908	16 255 514
Transfers and Grants	**37**	9 565 217	11 304 348
VIP Toilet Expenditure	**38**	15 878 441	15 811 555
Other Expenditure	**39**	146 907 418	132 469 044
Loss on Disposal of PPE	**41**	2 304 574	475 779
TOTAL EXPENDITURE		**861 240 121**	**803 806 934**
NET SURPLUS FOR THE YEAR		**174 532 769**	**162 906 308**

JOE GQABI DISTRICT MUNICIPALITY

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

	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2023	**2 380 795 100**	**2 380 795 100**
Prior period adjustment - Refer to note 42.08	(540 433 812)	(540 433 812)
Restated Balance on 30 June 2023	**1 840 361 288**	**1 840 361 288**
Net Surplus for the Year	162 906 308	162 906 308
Restated Balance on 30 June 2024	**2 003 267 596**	**2 003 267 596**
Net Surplus for the Year	174 532 769	174 532 769
Balance on 30 June 2025	**2 177 800 365**	**2 177 800 365**

JOE GQABI DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

	Notes	2025 R (Actual)	2024 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service Charges		46 975 338	31 718 639
Other Revenue		1 724 951	2 323 473
Transfers and Subsidies - Operational		487 684 979	439 725 198
Transfers and Subsidies - Capital		214 130 481	196 866 959
Interest		6 738 171	5 619 204
Payments			
Suppliers		(234 422 976)	(204 953 867)
Employees		(282 851 653)	(268 226 439)
Finance Charges		-	(144 741)
Transfers and Grants		(11 521 739)	(9 347 826)
NET CASH FROM OPERATING ACTIVITIES	**43**	**228 457 552**	**193 580 601**
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Decrease in non-current investments		-	2 147 455
Payments			
Purchase of Property, Plant and Equipment		(205 281 873)	(197 132 348)
NET CASH USED INVESTING ACTIVITIES		**(205 281 873)**	**(194 984 893)**
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
Increase in Consumer Deposits		69 202	60 756
Borrowing long term/refinancing		5 000 000	-
Payments			
Repayment of borrowing		-	(1 299 613)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**5 069 202**	**(1 238 857)**
NET INCREASE/(DECREASE) IN CASH HELD		**28 244 881**	**(2 643 149)**
Cash and Cash Equivalents at the beginning of the year		3 346 597	5 989 746
Cash and Cash Equivalents at the end of the year	**44**	31 591 478	3 346 597
NET INCREASE/(DECREASE) IN CASH HELD		**28 244 881**	**(2 643 149)**

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2025 R (Actual)	2025 R (Final Budget)	2025 R (Variance)
ASSETS			
Current Assets			
Cash and cash equivalents	31 591 478	54 584 429	(22 992 951)
Trade and other receivables from exchange transactions	124 182 861	906 012 921	(781 830 060)
Receivables from non-exchange transactions	5 024 172	14 678 375	(9 654 203)
Inventory	13 983 495	3 204 441	10 779 054
VAT	18 926 039	83 556 602	(64 630 563)
Other current assets	-	144 961	(144 961)
Total Current Assets	**193 708 045**	**1 062 181 729**	**(868 473 684)**
Non-Current Assets			
Investment property	1 727 558	1 704 534	23 024
Property, plant and equipment	2 238 168 152	2 385 471 229	(147 303 077)
Intangible Assets	46 145	84 543	(38 398)
Total Non-Current Assets	**2 239 941 856**	**2 387 260 306**	**(147 318 450)**
TOTAL ASSETS	**2 433 649 900**	**3 449 442 035**	**(1 015 792 135)**
LIABILITIES			
Current Liabilities			
Financial liabilities	906 884	-	906 884
Consumer deposits	1 520 344	1 451 143	69 201
Trade and other payables from exchange transactions	152 634 159	160 317 505	(7 683 346)
Trade and other payables from non-exchange transactions	14 470 202	(5 454 032)	19 924 234
Provision	45 800 401	48 177 015	(2 376 614)
VAT	-	205 376 778	(205 376 778)
Total Current Liabilities	**215 331 991**	**409 868 409**	**(194 536 418)**
Non-Current Liabilities			
Financial liabilities	4 093 116	30 000 000	(25 906 884)
Provision	11 699 000	9 599 000	2 100 000
Other non-current liabilities	24 725 430	30 774 330	(6 048 900)
Total Non-Current Liabilities	**40 517 545**	**70 373 330**	**(29 855 785)**
TOTAL LIABILITIES	**255 849 536**	**480 241 739**	**(224 392 203)**
NET ASSETS	**2 177 800 365**	**2 969 200 296**	**(791 399 931)**
COMMUNITY WEALTH			
Accumulated Surplus	2 177 800 365	2 969 200 296	(791 399 931)
TOTAL COMMUNITY WEALTH/EQUITY	**2 177 800 365**	**2 969 200 296**	**(791 399 931)**

Refer to note 45.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

ADJUSTMENTS TO APPROVED BUDGET

	2025 R (Original Budget)	2025 R (Adjustments)	2025 R (Final and Approved Budget)
ASSETS			
Current assets			
Cash and cash equivalents	7 197 730	47 386 699	54 584 429
Trade and other receivables from exchange transactions	702 621 054	203 391 867	906 012 921
Receivables from non-exchange transactions	6 219 652	8 458 723	14 678 375
Inventory	2 981 629	222 812	3 204 441
VAT	18 639 176	64 917 426	83 556 602
Other current assets	2 586 556	(2 441 595)	144 961
Total Current Assets	**740 245 797**	**321 935 932**	**1 062 181 729**
Non-Current Assets			
Investment property	1 727 462	(22 928)	1 704 534
Property, plant and equipment	2 235 541 007	149 930 222	2 385 471 229
Intangible Assets	130 818	(46 275)	84 543
Total Non-Current Assets	**2 237 399 287**	**149 861 019**	**2 387 260 306**
TOTAL ASSETS	**2 977 645 084**	**471 796 951**	**3 449 442 035**
LIABILITIES			
Current Liabilities			
Financial liabilities	22 645 461	(22 645 461)	-
Consumer deposits	1 390 387	60 756	1 451 143
Trade and other payables from exchange transactions	129 617 843	30 699 662	160 317 505
Trade and other payables from non-exchange transactions	-	(5 454 032)	(5 454 032)
Provision	51 327 292	(3 150 277)	48 177 015
VAT	31 921 682	173 455 096	205 376 778
Total Current Liabilities	**236 902 665**	**172 965 744**	**409 868 409**
Non-Current Liabilities			
Financial liabilities	454 722	29 545 278	30 000 000
Provision	12 034 404	(2 435 404)	9 599 000
Other non-current liabilities	27 577 386	3 196 944	30 774 330
Total Non-Current Liabilities	**40 066 512**	**30 306 818**	**70 373 330**
TOTAL LIABILITIES	**276 969 177**	**203 272 562**	**480 241 739**
NET ASSETS	**2 700 675 907**	**268 524 389**	**2 969 200 296**
COMMUNITY WEALTH			
Accumulated Surplus	2 700 675 907	268 524 389	2 969 200 296
TOTAL COMMUNITY WEALTH/EQUITY	**2 700 675 907**	**268 524 389**	**2 969 200 296**

Refer to note 45.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2025 R (Actual)	2025 R (Final Budget)	2025 R (Variance)
REVENUE BY SOURCE			
Exchange Revenue			
Service charges - Water	179 968 648	279 221 718	(99 253 070)
Service charges - Waste Water Management	36 186 500	53 580 926	(17 394 426)
Sale of Goods and Rendering of Services	557 297	1 738 197	(1 180 900)
Agency services	468 506	650 000	(181 494)
Interest earned from Receivables	116 329 565	65 635 333	50 694 232
Interest earned from Current and Non Current Assets	6 738 171	10 474 929	(3 736 758)
Rental from Fixed Assets	901 905	1 488 000	(586 095)
Licence and permits	390 286	148 183	242 103
Operational Revenue	66 565	1 068 639	(1 002 074)
Non-Exchange Revenue			
Fines, penalties and forfeits	6 495	-	6 495
Transfer and subsidies - Operational	485 114 007	480 427 850	4 686 157
Other Gains	7 851 097	553 807	7 297 290
TOTAL OPERATING REVENUE	**834 579 042**	**894 987 582**	**(60 408 540)**
EXPENDITURE BY TYPE			
Employee related costs	272 901 161	280 576 002	(7 674 841)
Remuneration of councillors	7 260 778	8 040 275	(779 497)
Inventory consumed	32 150 717	61 034 252	(28 883 535)
Debt impairment	274 118 904	166 401 322	107 717 582
Depreciation and amortisation	71 297 284	88 404 139	(17 106 855)
Interest	5 814 113	5 440 252	373 861
Contracted services	72 039 039	86 642 445	(14 603 406)
Transfers and subsidies	9 652 617	11 635 000	(1 982 383)
Irrecoverable debts written off	6 175 591	9 014 036	(2 838 445)
Operational costs	107 512 125	137 892 654	(30 380 529)
Losses on disposal of Assets	2 304 574	-	2 304 574
Other Losses	13 218	4 253 181	(4 239 963)
TOTAL OPERATING EXPENDITURE	**861 240 121**	**859 333 558**	**1 906 563**
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	**(26 661 079)**	**35 654 024**	**(62 315 103)**
Transfers and subsidies - Capital	201 193 848	223 368 150	(22 174 302)
NET SURPLUS FOR THE YEAR	**174 532 769**	**259 022 174**	**(84 489 405)**

Refer to note 45.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025

ADJUSTMENTS TO APPROVED BUDGET

	2025 R (Original Budget)	2025 R (Adjustments)	2025 R (Approved Budget)	2025 R (Virements)	2025 R (Final Budget)
REVENUE BY SOURCE					
Exchange Revenue					
Service charges - Water	279 221 718	-	279 221 718	-	279 221 718
Service charges - Waste Water Management	53 580 926	-	53 580 926	-	53 580 926
Sale of Goods and Rendering of Services	1 738 197	-	1 738 197	-	1 738 197
Agency services	650 000	-	650 000	-	650 000
Interest earned from Receivables	-	65 635 333	65 635 333	-	65 635 333
Interest earned from Current and Non Current Assets	10 474 929	-	10 474 929	-	10 474 929
Rental from Fixed Assets	1 488 000	-	1 488 000	-	1 488 000
Licence and permits	148 183	-	148 183	-	148 183
Operational Revenue	1 068 639	-	1 068 639	-	1 068 639
Non-Exchange Revenue					
Transfer and subsidies - Operational	480 427 850	-	480 427 850	-	480 427 850
Interest	65 635 333	(65 635 333)	-	-	-
Other Gains	553 807	-	553 807	-	553 807
TOTAL OPERATING REVENUE	**894 987 582**	**-**	**894 987 582**	**-**	**894 987 582**

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025

ADJUSTMENTS TO APPROVED BUDGET (CONTINUED)

	2025 R (Original Budget)	2025 R (Adjustments)	2025 R (Approved Budget)	2025 R (Virements)	2025 R (Final Budget)
EXPENDITURE BY TYPE					
Employee related costs	280 594 762	(18 760)	280 576 002	-	280 576 002
Remuneration of councillors	8 040 264	11	8 040 275	-	8 040 275
Inventory consumed	55 413 514	2 761 738	58 175 252	2 859 000	61 034 252
Debt impairment	150 384 478	16 016 844	166 401 322	-	166 401 322
Depreciation and amortisation	88 404 139	-	88 404 139	-	88 404 139
Interest	5 440 252	-	5 440 252	-	5 440 252
Contracted services	91 226 349	(1 523 094)	89 703 255	(3 060 810)	86 642 445
Transfers and subsidies	11 635 000	-	11 635 000	-	11 635 000
Irrecoverable debts written off	9 014 036	-	9 014 036	-	9 014 036
Operational costs	127 992 272	9 698 572	137 690 844	201 810	137 892 654
Other Losses	4 253 181	-	4 253 181	-	4 253 181
TOTAL OPERATING EXPENDITURE	**832 398 247**	**26 935 311**	**859 333 558**	**-**	**859 333 558**
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	**62 589 335**	**(26 935 311)**	**35 654 024**	**-**	**35 654 024**
Transfers and subsidies - capital	220 149 150	3 219 000	223 368 150	-	223 368 150
NET SURPLUS FOR THE YEAR	**282 738 485**	**(23 716 311)**	**259 022 174**	**-**	**259 022 174**

Refer to note 45.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2025 R (Actual)	2025 R (Final Budget)	2025 R (Variance)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service Charges	46 975 338	166 401 322	(119 425 984)
Other Revenue	1 724 951	4 514 577	(2 789 626)
Transfers and Subsidies - Operational	487 684 979	431 327 850	56 357 129
Transfers and Subsidies - Capital	214 130 481	268 368 150	(54 237 669)
Interest	6 738 171	10 474 929	(3 736 758)
Payments			
Suppliers and Employees	(517 274 629)	(544 145 275)	26 870 646
Finance Charges	-	(5 440 252)	5 440 252
Transfers and Grants	(11 521 739)	(11 635 000)	113 261
NET CASH FROM OPERATING ACTIVITIES	**228 457 552**	**319 866 301**	**(91 408 749)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Decrease in non-current investments	-	(621 319)	621 319
Payments			
Capital Assets	(205 281 873)	(297 999 150)	92 717 277
NET CASH USED IN INVESTING ACTIVITIES	**(205 281 873)**	**(298 620 469)**	**93 338 596**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Borrowing long term/refinancing	5 000 000	30 000 000	(25 000 000)
Increase/(Decrease) in Consumer Deposits	69 202	-	69 202
NET CASH FROM FINANCING ACTIVITIES	**5 069 202**	**30 000 000**	**(24 930 799)**
NET INCREASE IN CASH HELD	**28 244 881**	**51 245 832**	**(23 000 951)**
Cash/cash equivalents at the year begin:	3 346 597	3 338 597	8 000
Cash/cash equivalents at the year end:	31 591 478	54 584 429	(22 992 951)
NET INCREASE IN CASH HELD	**28 244 881**	**51 245 832**	**(23 000 951)**

Refer to note 45.2 for further details relating to material variances.

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

ADJUSTMENTS TO APPROVED BUDGET

	2025 R (Original Budget)	2025 R (Adjustments)	2025 R (Final and Approved Budget)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service Charges	191 345 865	(24 944 543)	166 401 322
Other Revenue	4 857 504	(342 927)	4 514 577
Transfers and Subsidies - Operational	478 827 850	(47 500 000)	431 327 850
Transfers and Subsidies - Capital	220 149 150	48 219 000	268 368 150
Interest	-	10 474 929	10 474 929
Payments			
Suppliers and Employees	(656 210 008)	112 064 733	(544 145 275)
Finance Charges	(5 440 252)	-	(5 440 252)
Transfers and Subsidies	-	(11 635 000)	(11 635 000)
NET CASH FROM OPERATING ACTIVITIES	**233 530 109**	**86 336 192**	**319 866 301**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Decrease in non-current investments	-	(621 319)	(621 319)
Payments			
Capital Assets	(256 270 150)	(41 729 000)	(297 999 150)
NET CASH USED IN INVESTING ACTIVITIES	**(256 270 150)**	**(42 350 319)**	**(298 620 469)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Borrowing long term/refinancing	30 000 000	-	30 000 000
Payments			
Repayment of borrowing	(8 199 430)	8 199 430	-
NET CASH FROM FINANCING ACTIVITIES	**21 800 570**	**8 199 430**	**30 000 000**
NET INCREASE/(DECREASE) IN CASH HELD	**(939 471)**	**52 185 303**	**51 245 832**
Cash/cash equivalents at the year begin:	8 137 201	(4 798 604)	3 338 597
Cash/cash equivalents at the year end:	7 197 730	47 386 699	54 584 429
NET INCREASE/(DECREASE) IN CASH HELD	**(939 471)**	**52 185 303**	**51 245 832**

Refer to note 45.2 for further details relating to material variances.

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

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

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

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

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

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

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

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

1.03 PRESENTATION CURRENCY

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

1.04 GOING CONCERN ASSUMPTION

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

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

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

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

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

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. No significant amendments were made to the accounting policy in the current year.

1.06 MATERIALITY

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

1.07 BUDGET INFORMATION

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

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

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

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

1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

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

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

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

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

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

1.08.2 iGRAP 22 - Foreign Currency Transactions and Advance Consideration (effective 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.

No significant impact is expected as the Municipality is not exposed to any foreign currency transactions.

1.08.2 Effective dates not yet determined

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

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

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.08.2.1 GRAP 103 (Revised 2022) - Heritage Assets

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

The impact of this Standard on the financial statements will not be significant, as the Municipality does not have any assets that meet the definition of a heritage asset as prescribed per GRAP 103.

1.08.2.2 GRAP 105 (Revised 2023) - Transfer of Functions Between Entities Under Common Control

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or foresee that it will be party to any transfers of functions in the near future.

1.08.2.3 GRAP 106 (Revised 2023) - Transfer of Functions Between Entities Not Under Common Control

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or does not foresee that it will be party to any transfers of functions in the near future.

1.08.2.4 GRAP 107 (Revised 2023) - Mergers

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or does not foresee that it will be party to any mergers in the near future.

1.08.2.5 Amendments to GRAP 1 on Presentation of Financial Statements (2022)

The amendments to the Standard clarifies how to apply going concern assumption in the public sector and improve disclosure on related judgements and conclusions.

The impact of these amendments to the Standard on the financial statements will not be significant.

1.08.2.6 Improvements to the Standards of GRAP (2023)

The effect of the improvements to the current pronouncements to the Standard of GRAP is considered insignificant. The improvements mainly relates to the clarification of accounting principles.

1.09 INVESTMENT PROPERTY

1.09.1 Initial Recognition

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

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

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

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

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

1.09.2 Subsequent Measurement – Cost Model

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

1.09.3 Depreciation – Cost Model

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

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

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

1.09 INVESTMENT PROPERTY (CONTINUED)

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

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

	YEARS
Buildings	20 - 30
Land	Indefinite

1.09.4 Impairment

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

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

1.09.5 Derecognition

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

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

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

1.10 PROPERTY, PLANT AND EQUIPMENT

1.10.1 Initial Recognition

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

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

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

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

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

1.10.2 Subsequent Measurement - Cost Model

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

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

1.10.3 Depreciation

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

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

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

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	YEARS
Infrastructure	
Sewerage Network	7 - 118
Water Network	8 - 101
Land and Buildings	
Land	Indefinite
Buildings	20 - 30
Other Assets	
Special Vehicles	10 – 16
Motor vehicles	5 – 17
Office Equipment	7 – 15
Furniture and Fittings	7 – 16
Tool and Equipment	5 – 15
Computer Equipment	3 – 17
Fire Engines	5 – 12

1.10.4 Impairment

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

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

1.10.5 Derecognition

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

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

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

1.11 INTANGIBLE ASSETS

1.11.1 Initial Recognition

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

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

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

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

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

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

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

1.11.2 Subsequent Measurement - Cost Model

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

1.11.3 Amortisation

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

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

1.11 INTANGIBLE ASSETS (CONTINUED)

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

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

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

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

	Years
Computer Software and Website	3 - 10

1.11.4 Impairment

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

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

1.11.5 Derecognition

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

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

1.12 IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

1.12 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.12.1 Recoverable amount of Cash-generating assets

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

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

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

1.12.2 Recoverable amount of Non-cash-generating assets

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

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

1.12.3 Impairment loss

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

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

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

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

1.12.4 Reversal of an impairment loss

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

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

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

1.12 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

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

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

1.13 INVENTORIES

1.13.1 Initial Recognition

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

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

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

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

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

1.13.2 Subsequent Measurement

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

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

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

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

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

1.13 INVENTORIES (CONTINUED)

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

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

1.14 EMPLOYEE BENEFITS

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

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

1.14.1 Post-Retirement Benefits

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

1.14.1.1 Multi-employer defined contribution plans

The municipality contributes to various defined contribution plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

1.14.1.2 Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

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

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

1.14 EMPLOYEE BENEFITS (CONTINUED)

1.14.2 Long-term Benefits

1.14.2.1 Long Service Awards

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

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

1.14.2.2 Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

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

1.14.3 Short-term Benefits

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

Short-term employee benefits include items such as:

- 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; 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 recognise 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.

1.14 EMPLOYEE BENEFITS (CONTINUED)

1.14.3.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee. Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.14.3.2 Staff Bonuses Accrued

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

1.14.3.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.15 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

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

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

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

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

1.15 PROVISIONS (CONTINUED)

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

1.16 LEASES

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

1.16.1 Municipality as Lessee

1.16.1.1 Finance Leases

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

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

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

1.16.1.2 Operating leases

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

1.16.2 Municipality as Lessor

1.16.2.1 Operating Leases

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

1.17 FINANCIAL INSTRUMENTS

1.17.1 Initial Recognition

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

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

1.17.2 Subsequent Measurement

Financial instruments are categorised as follow:

(a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.

(b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.

(c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:

(i) derivatives;
(ii) combined instruments that are designated at fair value;
(iii) instruments held for trading;
(iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
(v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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

1.17 FINANCIAL INSTRUMENTS (CONTINUED)

1.17.3 Impairment and uncollectibility of financial assets

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

1.17.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

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

1.17.3.2 Financial assets measured at cost

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

1.17.4 Derecognition of financial instruments

1.17.4.1 Financial assets

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

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

1.17 FINANCIAL INSTRUMENTS (CONTINUED)

1.17.4.2 Financial liabilities

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

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.17.5 Offsetting of financial instruments

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

1.18 STATUTORY RECEIVABLES

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

1.18.1 Initial Recognition

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

1.18.2 Subsequent Measurement

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

1.18.3 Impairment and uncollectibility of statutory receivables

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

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

1.18 STATUTORY RECEIVABLES (CONTINUED)

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

1.18.4 Derecognition

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

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

1.19 CASH AND CASH EQUIVALENTS

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

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

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

1.20 RECEIVABLES

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

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

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

1.21 SOUTH AFRICAN REVENUE SERVICES (VALUE ADDED TAX)

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

1.22 PAYABLES AND ANNUITY LOANS

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

1.23 CONSUMER DEPOSITS

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

1.24 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS

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

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

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

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

1.25 UNPAID CONDITIONAL GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants and subsidies.

1.26 NON-CURRENT INVESTMENTS

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated 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 Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.27 REVENUE

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

1.27.1 Revenue from Non-Exchange Transactions

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

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

1.27.1.1 Transfer Revenue

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

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

1.27.1.2 Insurance Receipts

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

1.27 REVENUE (CONTINUED)

1.27.1.3 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

1.27.1.4 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

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

1.27.1.5 Services in-kind

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

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

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

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

1.27.1.6 Contributed Assets

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

1.27.2 Revenue from Exchange Transactions

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

1.27.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

1.27 REVENUE (CONTINUED)

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

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

1.27.2.2 Investment income

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

1.27.2.3 Rental income

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

1.27.2.4 Income from Agency Services

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

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

1.27.2.5 Other Tariffs

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

1.27 REVENUE (CONTINUED)

1.27.2.6 Sale of goods

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

(a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.

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

1.27.2.7 Deferred payment

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

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

1.28 BORROWING COSTS

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

1.29 UNAUTHORISED EXPENDITURE

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

1.30 IRREGULAR EXPENDITURE

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

1.31 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

1.33 CAPITAL COMMITMENTS

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

1.34 EVENTS AFTER REPORTING DATE

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

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

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

1.35 RELATED PARTIES

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

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

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

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

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

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

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

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

1.36 ACCOUNTING BY PRINCIPALS AND AGENTS

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

1.36 ACCOUNTING BY PRINCIPALS AND AGENTS (CONTINUED)

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

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

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

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

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

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

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

(a) It does not have the power to determine the significant terms and conditions of the transaction.

(b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.

(c) It is not exposed to variability in the results of the transaction.

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

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

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

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

1.37 LIVING AND NON-LIVING RESOURCES

Living resources are those resources that undergo biological transformation which comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, is not recognised. The Standard only requires disclosure of the relevant resources.

The Municipality has assessed that it does not control any living resources.

1.38 SEGMENT REPORTINGS

A segment is an activity of the Municipality:

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

Management comprises those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation.

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

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

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

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

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

1.39.1 Application of Directive 7

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

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

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

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

1.39.2 Impairment of Receivables

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

1.39.3 Useful lives and residual values

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

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

1.39.4 Impairment of non-monetary assets

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

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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

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

1.39.5 Post-Retirement, Long-term Benefits and Ex gratia gratuities

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

1.39.6 Provisions and Contingent Liabilities

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

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

1.39.7 Distinguishing between Financial Instruments and Statutory Receivables

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

1.39.8 Financial assets and liabilities

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

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.39.9 Revenue Recognition

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

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

1.39.10 Recognition and Derecognition of Land

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

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

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

1.39.11 Applying materiality

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

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

1.39.12 Provision for Performance bonuses

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

1.39.13 Componentisation of Infrastructure assets

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

		2025	2024
		R	R
2	**CASH AND CASH EQUIVALENTS**		
	Primary Bank Account	2 968 750	2 027 379
	Call and short-term investments deposits	28 514 284	1 201 618
	Cash floats	300	300
	Petty cash	108 143	117 300
	Total	**31 591 478**	**3 346 597**
	Balance previously reported		**3 338 597**
	Prior period adjustment - Refer to note 42.01		8 000
	Restated on 30 June 2024		**3 346 597**

Due to the short term nature of cash deposits, all balances included above is in line with their fair value.

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

	2025	2024
Unspent Conditional Grants	14 470 202	200 000
Unspent Loans	5 000 000	-
Less: Unpaid Conditional Grants	(5 024 172)	(6 261 575)
Resources available for internal distribution	17 145 448	9 408 172
Total	**31 591 478**	**3 346 597**

Primary Bank Account

ABSA Bank - Barkly East Branch - 23 800 000 19

	2025	2024
Bank Statement Balance - Opening Balance	1 953 070	509 761
Bank Statement Balance - Closing Balance	2 967 690	1 953 070
Cashbook Balance - Opening Balance	2 027 379	586 706
Cashbook Balance - Closing Balance	2 968 750	2 027 379

Call and short-term investments deposits

Call and Notice Deposits consist of the following accounts:

	2025	2024
ABSA - Acc no 9084169245	15 515 374	719 704
ABSA - Acc no 9185426744	7 530 803	48 307
ABSA - Acc no 9072226158	71 915	67 364
ABSA - Acc no 9122637071	1 635	1 558
ABSA - Acc no 9270029895	5 007 170	2 095
ABSA - Acc no 9276836949	387 387	362 590
Total	**28 514 284**	**1 201 618**

Interest between 4.25% and 6.75 % (2024 - 4.6%) were attracted by these short term deposits.

		2025	2024
		R	R
3	**INVENTORY**		
	Fuel and oil – at cost	60 313	81 793
	Stationery and materials - at cost	264 788	275 299
	Spare parts - at cost	1 900 969	2 089 540
	Water stock - net realisable value	771 154	757 809
	Pre-Paid Meters - at cost	10 986 271	-
	Total	**13 983 495**	**3 204 441**

The prior year figures were restated. Refer to note 42.02

No inventory were pledged as security for liabilities.

Fuel were purchased on a needs basis as from March 2017 resulting in the decrease on the inventory recognised as an expense during the year.

	2025	2024
Inventory recognised as an expense during the year.	3 676 425	8 891
Inventory Adjustments made for the year (loss)	-	-

Water inventory Consumed - In terms of GRAP 12.50

Some entities adopt a format for surplus or deficit that results in amounts being disclosed other than the cost of inventories recognised as an expense during the period. Under this format, an entity presents an analysis of expenses using a classification based on the nature of expenses. In this case, the entity discloses the costs recognised as an expense for raw materials and consumables, labour costs and other costs together with the amount of the net change in inventories for the period. Included in the following line items are expenses related to inventory consumed and inventory losses during the year:

Nature of expenditure:

	2025	2024
Bulk purchases	8 167 059	8 035 675
Contracted Services	1 711 407	105 931
Depreciation and Amortisation	54 796 159	58 716 598
Employee related costs	87 550 004	81 324 269
Other Expenditure	49 609 299	47 133 860
Repairs and Maintenance	11 924 141	5 518 031
Total cost	**213 758 067**	**200 834 365**
The above cost can be classified as follows:		
Inventory consumed	141 210 888	163 899 213
Inventory loss - Refer to note 47	72 547 179	36 935 152
	213 758 067	**200 834 365**

Council took a decision to replace the conventional water meters with pre paid water meters. Below are the detail of the meters procured and balance in store at year end. The cost of the meters were expensed during the year.

	2025	2024
Number of pre paid meters procured for the period:	3 945	-
Number of pre paid meters in stores at year end:	3 001	-

4 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2025

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**1 858 082 510**	**1 734 515 477**	**123 567 033**
Water	1 466 007 204	1 381 876 143	84 131 061
Sewerage	387 692 570	352 639 334	35 053 235
Walter Sisulu Local Municipality	4 382 736	-	4 382 736
Other Receivables	**7 858 568**	**7 242 740**	**615 828**
Deposits	144 961	-	144 961
Staff and other debtors	7 713 608	7 242 740	470 868
Total	**1 865 941 078**	**1 741 758 217**	**124 182 861**

30 JUNE 2024

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**1 548 606 116**	**1 433 216 004**	**115 390 111**
Water	1 223 448 311	1 147 316 134	76 132 177
Sewerage	310 479 429	285 899 870	24 579 559
Walter Sisulu Local Municipality	14 678 375	-	14 678 375
Other Receivables	**7 191 171**	**6 384 597**	**806 574**
Deposits	144 961	-	144 961
Staff and other debtors	7 046 211	6 384 597	661 614
Total	**1 555 797 287**	**1 439 600 602**	**116 196 685**
Balance previously reported	**1 555 797 287**	**694 033 041**	**861 764 246**
Prior period adjustment - Refer to note 42.03	-	745 567 561	(745 567 561)
Restated on 30 June 2024	**1 555 797 287**	**1 439 600 602**	**116 196 685**

Walter Sisulu Local Municipality (Previously known as Gariep Local Municipality and Maletswai Local Municipality) owe the Municipality for cash received for water and sanitation as per the billing agreement. An amount of R10 295 639 was set off against the debt that relates to monies that was due to Walter Sisulu Local Municipality, previously disclosed under Payables.

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 2% is charged on overdue accounts.

		2025	2024
4	**RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)**	**R**	**R**
	Ageing of service receivables:		
	Water Ageing		
	Current (0 - 30 days)	37 421 331	28 355 670
	Past Due (31 - 60 Days)	31 780 356	25 828 387
	Past Due (61 - 90 Days)	24 345 657	24 467 461
	Past Due (90 Days +)	1 372 459 859	1 144 796 794
	Total	**1 466 007 204**	**1 223 448 312**
	Sewerage Ageing		
	Current (0 - 30 days)	6 141 121	5 223 037
	Past Due (31 - 60 Days)	5 956 782	4 927 625
	Past Due (61 - 90 Days)	4 675 154	4 814 108
	Past Due (90 Days +)	370 919 512	295 514 659
	Total	**387 692 570**	**310 479 429**
	Other Services Ageing		
	Current (0 - 30 days)	148 145	218 380
	Past Due (31 - 60 Days)	135 834	152 524
	Past Due (61 - 90 Days)	96 064	155 860
	Past Due (90 Days +)	11 861 262	21 342 783
	Total	**12 241 304**	**21 869 547**
	Total Service Receivables Ageing		
	Current (0 - 30 days)	43 710 598	33 797 086
	Past Due (31 - 60 Days)	37 872 972	30 908 536
	Past Due (61 - 90 Days)	29 116 875	29 437 428
	Past Due (90 Days +)	1 755 240 633	1 461 654 237
	Total	**1 865 941 078**	**1 555 797 287**

Ageing per Customer Classification - 30 June 2025

	Consumers R	Business/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	33 485 288	1 771 988	8 453 322
Past Due (31 - 60 Days)	34 613 410	1 265 680	1 993 883
Past Due (61 - 90 Days)	27 376 491	587 740	1 152 644
Past Due (90 Days +)	1 696 341 980	42 009 927	16 888 726
Sub-Total	**1 791 817 169**	**45 635 334**	**28 488 575**
Less Allowance for Impairment	(1 706 199 661)	(34 993 045)	(565 511)
Total	**85 617 508**	**10 642 289**	**27 923 065**

4 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Ageing per Customer Classification -

	Consumers R	Business/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	32 404 361	928 144	464 581
Past Due (31 - 60 Days)	29 199 955	520 492	1 188 089
Past Due (61 - 90 Days)	28 074 237	562 209	800 982
Past Due (90 Days +)	1 391 033 929	29 461 626	41 158 682
Sub-Total	**1 480 712 482**	**31 472 471**	**43 612 334**
Less Allowance for Impairment	(1 413 190 418)	(25 894 182)	(516 001)
Total	**67 522 064**	**5 578 289**	**43 096 333**

Reconciliation of Allowance for impairment

Balance at the beginning of the year	1 439 600 602	1 163 741 541
Contribution to the provision	308 333 206	280 192 578
Water	239 389 325	242 264 896
Sewerage	68 031 970	48 564 124
Walter Sisulu Local Municipality	-	(13 031 811)
Staff and other debtors	911 912	2 395 369
Bad Debts Written off	(6 175 591)	(4 333 518)
Water	(4 829 316)	(3 147 636)
Sewerage	(1 292 505)	(1 185 882)
Staff and other debtors	(53 769)	-
Balance at the end of the year	**1 741 758 217**	**1 439 600 602**

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	2025 R	2024 R
5 UNPAID CONDITIONAL GOVERNMENT GRANTS		
Provincial Government	5 024 172	6 261 575
Total Unpaid Grants	**5 024 172**	**6 261 575**
Balance previously reported		**10 824 815**
Prior period adjustment - Refer to note 42.04		(4 563 240)
Restated on 30 June 2024		**6 261 575**

	2025	2024
	R	R
5 UNPAID CONDITIONAL GOVERNMENT GRANTS (CONTINUED)		
Unpaid Conditional Grants and Receipts consist out of the following:		
Public Works - Special Programme	5 024 172	6 261 575
Total Unpaid Grants	**5 024 172**	**6 261 575**

6 NON-CURRENT INVESTMENTS

	2025	2024
Unlisted		
Joe Gqabi Economic Development Agency (Soc) Ltd	-	-
Cost	6 886 141	6 886 141
Provision for Impairment	(6 886 141)	(6 886 141)
Total	**-**	**-**

The Municipality has a 100% shareholding in Joe Gqabi Economic Development Agency (Soc) Ltd (JoGEDA). The purpose of the entity is to promote economic development in the district.

Prior to 1 July 2012, JoGEDA was still in its establishment phase. All contributions made by the Municipality during the establishment phase was capitalised as part of the investment. In the 2012/13 year, JoGEDA became operational as a result thereof, contributions made by the Municipality are no longer capitalised. These contributions are treated as Grants and Subsidies Paid.

The provision for impairment is based on the difference between the amount invested and the net asset value of JoGEDA. The provision for impairment is calculated on an annual basis. Although the net asset value of the entity is in a positive, due to corrections that were made in prior years, the entity still operates at a loss in the past 2 financial years. Accordingly, no reversal of the impairment previously recognised is considered.

	2025	2024
	R	R
7 INVESTMENT PROPERTY		
Investment Property - Carrying Value	**1 727 558**	**1 750 486**
The movement in investment properties is reconciled as follows:		
Opening Carrying Value	**1 750 486**	**1 773 414**
Cost	2 117 526	2 117 526
Accumulated Depreciation	(367 039)	(344 111)
Depreciation for the year	(22 928)	(22 928)
Closing Carrying Value	**1 727 558**	**1 750 486**
Cost	2 117 526	2 117 526
Accumulated Depreciation	(389 968)	(367 039)

7 INVESTMENT PROPERTY (CONTINUED)

No revenue derived from the rental of investment property.

No operating expenditure was incurred on investment property during the 2023/2024 and 2024/2025 financial years on investment properties.

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

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

8 PROPERTY PLANT AND EQUIPMENT

Reconciliation of Carrying Value:

30 June 2025	Opening Carrying Value R	Cost					Accumulated Depreciation				Accumulated Impairment				Closing Carrying Value R
		Opening Balance R	Additions R	Write Offs R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Write Offs R	Closing Balance R	Opening Balance R	Additions R	Write Offs R	Closing Balance R	
Land and Buildings	**7 741 736**	**17 787 494**	**-**	**-**	**-**	**17 787 494**	**10 045 758**	**587 753**	**-**	**10 633 511**	**-**	**103 477**	**-**	**103 477**	**7 050 506**
Land	2 043 000	2 043 000	-	-	-	2 043 000	-	-	-	-	-	-	-	-	2 043 000
Buildings	5 698 736	15 744 494	-	-	-	15 744 494	10 045 758	587 753	-	10 633 511	-	103 477	-	103 477	5 007 506
Infrastructure	**2 084 903 351**	**2 892 556 255**	**202 595 257**	**(6 146 542)**	**-**	**3 089 004 970**	**802 630 225**	**68 553 946**	**(4 288 055)**	**866 896 116**	**5 022 679**	**261 917**	**(4 501)**	**5 280 095**	**2 216 828 759**
Sewerage network	350 829 330	519 763 754	-	(82 026)	21 154 467	540 836 194	165 302 539	13 757 787	(35 924)	179 024 402	3 631 885	119 584	(4 501)	3 746 967	358 064 824
Water network	1 136 273 699	1 774 992 178	-	(6 064 515)	157 112 756	1 926 040 419	637 327 686	54 796 159	(4 252 131)	687 871 713	1 390 794	142 334	-	1 533 128	1 236 635 578
Work in Progress	597 800 322	597 800 322	202 595 257	-	(178 267 222)	622 128 357	-	-	-	-	-	-	-	-	622 128 357
Other Assets	**13 773 977**	**46 794 017**	**2 686 616**	**(4 129 968)**	**-**	**45 350 665**	**32 892 549**	**1 721 118**	**(3 662 983)**	**30 950 684**	**127 491**	**-**	**(16 397)**	**111 094**	**14 288 887**
Office Equipment	474 746	1 503 645	96 548	(96 762)	-	1 503 431	1 028 899	93 307	(72 375)	1 049 831	-	-	-	-	453 600
Furniture & Fittings	526 044	3 282 396	1 119 169	(233 654)	-	4 167 911	2 754 134	92 158	(209 767)	2 636 526	2 218	-	-	2 218	1 529 167
Motor Vehicles	5 465 390	16 662 849	-	(1 118 872)	-	15 543 976	11 197 459	209 218	(992 121)	10 414 556	-	-	-	-	5 129 420
Fire Engines	1 890 478	10 228 477	-	-	-	10 228 477	8 337 998	59 068	-	8 397 066	-	-	-	-	1 831 410
Computer Equipment	1 835 199	5 049 529	1 470 899	(811 125)	-	5 709 303	3 210 348	715 296	(727 972)	3 197 672	3 982	-	(3 982)	-	2 511 631
Special Vehicles	2 710 550	7 258 846	-	(1 760 193)	-	5 498 654	4 548 297	402 842	(1 584 029)	3 367 109	-	-	-	-	2 131 544
Tools and Equipment	871 570	2 808 275	-	(109 362)	-	2 698 913	1 815 414	149 229	(76 720)	1 887 923	121 291	-	(12 415)	108 876	702 114
Total	**2 106 419 065**	**2 957 137 766**	**205 281 873**	**(10 276 510)**	**-**	**3 152 143 129**	**845 568 531**	**70 862 817**	**(7 951 037)**	**908 480 311**	**5 150 169**	**365 395**	**(20 898)**	**5 494 666**	**2 238 168 152**

8 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2024		Cost					Accumulated Depreciation				Accumulated Impairment				
	Carrying Value R	Opening Balance R	Additions R	Write Offs R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Write Offs R	Closing Balance R	Opening Balance R	Additions R	Write Offs R	Closing Balance R	Carrying Value R
Land and Buildings	**8 329 489**	**17 787 494**	**-**	**-**	**-**	**17 787 494**	**9 458 006**	**587 753**	**-**	**10 045 758**	**-**	**-**	**-**	**-**	**7 741 736**
Land	2 043 000	2 043 000	-	-	-	2 043 000	-	-	-	-	-	-	-	-	2 043 000
Buildings	6 286 489	15 744 494	-	-	-	15 744 494	9 458 006	587 753	-	10 045 758	-	-	-	-	5 698 736
Infrastructure	**1 959 489 834**	**2 694 848 840**	**198 712 733**	**(1 005 318)**	**-**	**2 892 556 255**	**730 336 327**	**72 886 092**	**(592 195)**	**802 630 225**	**5 022 679**	**-**	**-**	**5 022 679**	**2 084 903 351**
Sewerage network	364 931 215	519 771 715	-	(81 465)	73 504	519 763 754	151 208 616	14 169 494	(75 571)	165 302 539	3 631 885	-	-	3 631 885	350 829 330
Water network	1 155 864 610	1 736 383 116	1 711 411	(923 853)	37 821 505	1 774 992 178	579 127 711	58 716 598	(516 624)	637 327 686	1 390 794	-	-	1 390 794	1 136 273 699
Work in Progress	438 694 009	438 694 009	197 001 322	-	(37 895 009)	597 800 322	-	-	-	-	-	-	-	-	597 800 322
Other Assets	**13 660 166**	**44 981 927**	**1 924 401**	**(112 311)**	**-**	**46 794 017**	**31 192 116**	**1 747 934**	**(47 501)**	**32 892 549**	**129 645**	**-**	**(2 154)**	**127 491**	**13 773 977**
Office Equipment	470 591	1 460 833	99 212	(56 400)	-	1 503 645	989 293	79 749	(40 142)	1 028 899	949	-	(949)	-	474 746
Furniture & Fittings	604 278	3 284 864	12 127	(14 594)	-	3 282 396	2 677 163	79 717	(2 747)	2 754 134	3 423	-	(1 205)	2 218	526 044
Motor Vehicles	5 853 788	16 662 849	-	-	-	16 662 849	10 809 060	388 399	-	11 197 459	-	-	-	-	5 465 390
Fire Engines	1 954 570	10 228 477	-	-	-	10 228 477	8 273 906	64 092	-	8 337 998	-	-	-	-	1 890 478
Computer Equipment	2 464 643	5 010 455	42 140	(3 066)	-	5 049 529	2 541 829	671 358	(2 840)	3 210 348	3 982	-	-	3 982	1 835 199
Special Vehicles	1 340 607	5 568 825	1 690 021	-	-	7 258 846	4 228 219	320 078	-	4 548 297	-	-	-	-	2 710 550
Tools and Equipment	971 688	2 765 624	80 902	(38 250)	-	2 808 275	1 672 645	144 541	(1 772)	1 815 414	121 291	-	-	121 291	871 570
Total	**1 981 479 488**	**2 757 618 261**	**200 637 134**	**(1 117 629)**	**-**	**2 957 137 766**	**770 986 449**	**75 221 778**	**(639 696)**	**845 568 531**	**5 152 324**	**-**	**(2 154)**	**5 150 169**	**2 106 419 065**
Balance Previously Reported	**1 982 837 797**	**2 758 767 673**	**200 637 134**	**(1 055 917)**	**-**	**2 958 348 890**	**770 777 553**	**75 207 498**	**(639 696)**	**845 345 355**	**5 152 324**	**-**	**(2 154)**	**5 150 169**	**2 107 853 365**
Prior Period Adjustment	(1 358 308)	(1 149 412)	-	(61 712)	-	(1 211 124)	208 896	14 280		223 177	-	-	-	-	(1 434 301)
Restated on 30 June 2024	**1 981 479 488**	**2 757 618 261**	**200 637 134**	**(1 117 629)**	**-**	**2 957 137 766**	**770 986 449**	**75 221 778**	**(639 696)**	**845 568 531**	**5 152 324**	**-**	**(2 154)**	**5 150 169**	**2 106 419 065**

The detail of the Work in progress follows. No depreciation was recorded against these assets as they are still under construction.

There are no assets pledged as security for liabilities.

8 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Work in Progress

30 June 2025 Project Name	Opening Balance R	Expenditure Incurred (VAT Exclusive) R	Completed R	Closing Balance R	Civil R	Electrical R	Mechanical R	Other R	Project started	Number of years project is on WIP	Current phase starting date	Number of years current phase is on WIP	Comment
Ugie Bulk Water Infrastructure Phase B	779 473	-	-	779 473	-	-	-	779 473	2014/15	11	2019/20	6	This phase started in 2019/20 and consists of the construction of the new dam in Ugie. The project has gone through the feasibility stage and the dam design was approved by Department of Water & Sanitation (DWS). The project is in pre-tender phase.
RBIG - LADY GREY BULK WATER	16 360 397	376 390	-	16 736 787	15 224 013	504 258	1 008 516	-	2015/16	10	2017/18	8	This RBIG project started in 2017/18 and has since gone through the Feasibility phase, Design phase as well as the Implementation Ready Study (IRS) Phase. Currently there is a delay in approval of the IRS by National DWS due to design queries. Construction can only commence once the IRS is approved by DWS.
MT FLETCHER BULK WATER SUPPLY-PHASE 2	36 643 024	-	-	36 643 024	33 953 501	1 610 983	1 078 540	-	2010/11	15	2024/25	1	There is a delay in the close out of the project due to untimely death of the consultant. Council approved budget for 2025/26 financial year for a new phase to achieve close out of the project.
UPGRADING STERKSPRUIT WATER TREATMENT WORKS	36 115 934	-	(36 115 934)	-	-	-	-	-	2010/11	15	2010/11	15	Linked with Project 73. This phase of the project was completed and unbundled.
JAMESTOWN BUCKET ERADICATION & SANITATION - PHASE 2	6 305 985	-	-	6 305 985	5 519 953	80 729	705 303	-	2010/11	15	2024/25	1	The bulk infrastructure as well as the reticulation have been completed in phase 1 and phase 2 respectively. The 3rd phase has been budgeted for in 2025/26 financial year in order to commssion the pumpstations and close out the project.
MACLEAR BULK SANITATION INFRASTRUCTURE UPGRADE	64 353 064	10 274 998	-	74 628 062	52 770 465	3 642 933	18 214 664	-	2012/13	13	2018/19	7	This is a multi-year project with multiple phases. The current one, Phase 3B in construction phase and due for completion in 2025/26. The project was delayed due to waiting for SANRAL approvals as well contractual non-compliance by the contractor resulting in construction being stopped.
ORIO & MIG ELUNDINI RURAL WATER PROGRAMME	57 776 726	3 118 287	-	60 895 012	60 895 012	-	-	-	2012/13	13	2017/18	8	Linked with Project No.147. This is a multi-year project with multiple phases. The Project is in Final Design Stage and the tender process to appoint a contractor for Zone 1 is underway with construction to start in 2024/25. Zone 2 & 3 in in the prelim Design stage.
WSOS STERKSPRUIT WTW REFURBISHMENT	146 751	-	(146 751)	-	-	-	-	-	2012/13	13	2012/13	13	This project is linked with Project 59. This phase of the project was completed and unbundled.
SENQU RURAL WATER SUPPLY (WORK PACKAGE 1 TO 7)	80 042 115	-	(3 335 088)	76 707 027	69 471 994	-	7 235 033	-	2013/14	12	2013/14	12	This is a multi-year project. This project is linked with projects No. 153 to 159, Senqu Rural Water Work Packages 1 to 7. There is no delay in these projects and partial unbundling will occur as and when stages of the projects are being completed.
SENQU RURAL WATER SUPPLY: Work Package 1	7 714 873	14 142 232	-	21 857 104	19 795 535	-	2 061 569	-	2022/23	3	2022/23	3	Linked with Project No.76. Multi-year project. Under design phase and/or construction
SENQU RURAL WATER SUPPLY: Work Package 2: Lusizini/ Ntubeni Village	15 505 833	18 205 726	(15 505 833)	18 205 726	16 488 556	-	1 717 170	-	2022/23	3	2022/23	3	Linked with Project No.76. Multi-year project. Under design phase and/or construction. Partial unbundling done on completed villages.
SENQU RURAL WATER SUPPLY: Work Package 3	18 351 589	13 743 049	-	32 094 638	29 067 461	-	3 027 177	-	2022/23	3	2022/23	3	Linked with Project No.76. Multi-year project. Under design phase and/or construction
SENQU RURAL WATER SUPPLY: Work Package 4	13 045 427	16 480 731	-	29 526 158	26 741 241	-	2 784 917	-	2022/23	3	2022/23	3	Linked with Project No.76. Multi-year project. Under design phase and/or construction
SENQU RURAL WATER SUPPLY: Work Package 5	16 265 313	13 478 259	(16 265 313)	13 478 259	12 206 985	-	1 271 274	-	2022/23	3	2022/23	3	Linked with Project No.76. Multi-year project. Under design phase and/or construction. Partial unbundling done on completed villages.
SENQU RURAL WATER SUPPLY: Work Package 6	9 197 795	4 596 590	-	13 794 384	12 493 293	-	1 301 091	-	2022/23	3	2022/23	3	Linked with Project No.76. Multi-year project. Under design phase and/or construction
SENQU RURAL WATER SUPPLY: Work Package 7	27 956 514	25 813 632	-	53 770 146	48 698 528	-	5 071 618	-	2022/23	3	2022/23	3	Linked with Project No.76. Multi-year project. Under design phase and/or construction

JOE GQABI DISTRICT MUNICIPALITY

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

8 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 June 2025 Project Name	Opening Balance R	Expenditure Incurred (VAT Exclusive) R	Completed R	Closing Balance R	Civil R	Electrical R	Mechanical R	Other R	Project started	Number of years project is on WIP	Current phase starting date	Number of years current phase is on WIP	Comment
MACLEAR BULK WATER INFRASTRUCTURE UPGRADE (All Phases)	2 866 193	1 866 150	(4 732 344)	-	-	-	-	-	2013/14	12	2018/19	7	This is a multi-year project with multiple phases. The current phase consists of the construction of a new WTW and is at tender adjudication stage.
RBIG - Sterkspruit Bulk Sanitation - started 2015	18 396 810	12 266 959	-	30 663 769	28 823 943	306 638	1 533 188	-	2014/15	11	2014/15	11	This is a multi-year project with multiple phases. This project relates to the consulting services and will be on WIP for the full duration of this multi-year projects which has multiple phases.
RBIG - Sterkspruit Construction of Bulk Sewer Lines & Pumpstation for Mokhesi	10 469 084	11 266 403	-	21 735 488	19 685 389	-	2 050 099	-	2023/24	2	2023/24	2	This project is linked to Project No. 78 and is Phase 1 of a multi-year project. This project is currently under construction and experienced some delays due to hard rock excavation for pipe laying. This project is due for completion in December 2025/26.
WSIG - REFURBISH BURGERSDORP SEWAGE MANAGEMENT SYSTEM (Pump station)	1 854 271	-	(1 854 271)	-	-	-	-	-	2016/17	9	2016/17	9	This project is linked with Project No. 112a. All project phases was completed and the project was unbundled.
Refurbish WTWs	40 734 942	-	-	40 734 942	7 119 865	6 548 391	26 193 566	873 119	2017/18	8	2017/18	8	Project to be completed and commissioned in 2025/26
Augment clear water storage	23 164 973	-	-	23 164 973	23 164 973	-	-	-	2017/18	8	2017/18	8	Project to be completed and commissioned in 2025/26
Bulk meters	4 077 895	4 342 892	-	8 420 787	-	-	8 420 787	-	2017/18	8	2017/18	8	Project in implementation phase. Unbundling to be done as meters are commissioned.
MIG PLANNING STUDIES	930 587	-	-	930 587	-	-	-	930 587	2012/13	13	2012/13	13	No delays. Planning studies. To remain in WIP
Refurbishment of Aliwal North & Burgersdorp WWTW	3 896 154	-	-	3 896 154	-	797 724	3 098 430	-	2019/20	6	2019/20	6	Linked to project 149. Refurbishment carried out by WSP to be completed and commissioned in 2025/26
Refurbishment of Mt Fletcher WTW	727 827	-	(727 827)	-	-	-	-	-	2019/20	6	2019/20	6	Project phase completed and unbundled.
Electro-mechanical Assets Replacement	4 296 951	-	-	4 296 951	-	-	4 296 951	-	2019/20	6	2019/20	6	Project phase still in process.
District Wide Drought Relief Mitigation	13 116 310	-	(13 116 310)	-	-	-	-	-	2019/20	6	2019/20	6	Project phase completed and unbundled.
Rural Rudimentary Water Supply (Mt Fletcher, Maclear and Ugie)	9 347 952	-	(9 347 952)	-	-	-	-	-	2020/21	5	2020/21	5	Project phase completed and unbundled.
District Wide Refurbishment of WWTW	8 100 869	-	(8 100 869)	-	-	-	-	-	2020/21	5	2020/21	5	Project phase completed and unbundled.
Geohydrological Professional Services Provider for Elundini Rural Water Supply Project	11 280 377	3 729 511	-	15 009 888	8 857 876	-	4 847 627	1 304 386	2021/22	4	2021/22	4	This project is linked with Project No.71 and provide geohydrological services. No delays are experienced.
Upgrade Ugie Water Treatment works sedimentation tank	21 600 587	9 135 781	(30 736 368)	-	-	-	-	-	2023/24	2	2023/24	2	Project phase completed and unbundled.
Aliwal North Water Treatment Works Holding Dams	1 741 980	521 022	-	2 263 001	2 263 002	-	-	-	2021/22	4	2021/22	4	Multi-year project. Delay due to tender process being cancelled and re0advertised in 2023/24
Provision of Sanitation Infrastructure For Ugie: Phase 1	6 020 478	3 545 063	-	9 565 541	4 941 756	-	-	4 623 785	2023/24	2	2023/24	2	Multi-year project. Project commenced in 2023/24 and is under construction.
Thembisi Water Supply	-	1 589 147	-	1 589 147	953 488	158 915	476 744	-	2023/24	2	2023/24	2	Project started and completed in 2023/24. Unbundled to FAR.
District Wide Telemetry	-	9 346 704	(9 346 704)	-	-	-	-	-	2023/24	2	2023/24	2	Multi-year project. Project commenced in 2023/24 and is under construction. Unbundling is being done as telemetry is commsisioned.
Burgersdorp Sanitation updgrade	8 615 270	2 334 030	(10 949 300)	-	-	-	-	-	2023/24	2	2023/24	2	Project phase completed and unbundled.
WSIG - Macacuma water supply	-	4 435 343	-	4 435 343	2 661 206	443 534	1 330 603	-	2024/25	1	2024/25	1	Project phase still in process.
WSIG - Elundini water reticulation to 5 Villages	-	16 902 920	(16 902 920)	-	-	-	-	-	2024/25	1	2024/25	1	Project phase completed and unbundled.
Capitalised from O&M (Water)	-	833 412	(833 412)	-	-	-	-	-					
Capitalised from O&M (Sewerage)	-	250 026	(250 026)	-	-	-	-	-					
Total	**597 800 321**	**202 595 258**	**(178 267 222)**	**622 128 357**	**501 798 035**	**14 094 105**	**97 724 869**	**8 511 350**					

8 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 June 2024 Project Name	Opening Balance R	Expenditure Incurred (VAT Exclusive) R	Completed R	Closing Balance R	Civil R	Electrical R	Mechanical R	Other R	Project started	Number of years project is on WIP	Current phase starting date	Number of years current phase is on WIP	Comment
Ugie Bulk Water Infrastructure Phase B	779 473	-	-	779 473	-	-	-	779 473	2014/15	10	2019/20	5	This phase started in 2019/20 and consists of the construction of the new dam. The project has gone through the feasibility stage and the dam design was approved by Department of Water & Sanitation (DWS). The tender documentation and construction drawings must be still be finalized.
RBIG - LADY GREY BULK WATER	15 678 808	681 589	-	16 360 397	14 881 642	492 918	985 836	-	2015/16	9	2017/18	7	This RBIG project started in 2017/18 and has since gone through the Feasibility phase, Design phase as well as the Implementation Ready Study (IRS) Phase. Currently there is a delay in approval of the IRS by National DWS due to design queries. Construction can only commence once the IRS is approved by DWS.
MT FLETCHER BULK WATER SUPPLY-PHASE 2	37 182 224	4 676 526	(5 215 726)	36 643 024	33 953 501	1 610 983	1 078 540	-	2010/11	14	2010/11	14	There is a delay in the close out of the project due to untimely death of the consultant. Council approved VO to close out project which was completed in 2023/24. Close out of project to be achieved in 2024/25.
UPGRADING STERKSPRUIT WATER TREATMENT WORKS	35 411 854	704 080	-	36 115 934	30 970 496	528 459	4 616 979	-	2010/11	14	2010/11	14	Linked with Project 73. This project is in Retention Phase. There was a delay in completion of Herschel pipeline due to contractor's dispute which was subsequently resolved and the project to be Closed Out in 2014/15.
JAMESTOWN BUCKET ERADICATION & SANITATION - PHASE 2	6 305 985	-	-	6 305 985	5 342 894	98 914	864 178	-	2010/11	14	2018/19	6	The bulk infrastructure as well as the reticulation have been completed in phase 1 and phase 2 respectively. The project is currently in retention stage after which it will be Closed Out.
MACLEAR BULK SANITATION INFRASTRUCTURE UPGRADE	58 092 041	6 261 023	-	64 353 064	45 504 881	3 141 364	15 706 819	-	2012/13	12	2018/19	6	This is a multi-year project with multiple phases. The current one, Phase 3B in construction phase and due for completion in 2024/25. The project was delayed due to waiting for SANRAL permission for a pipe crossing a section of road.
ORIO & MIG ELUNDINI RURAL WATER PROGRAMME	53 267 839	4 508 886	-	57 776 726	57 776 726	-	-	-	2012/13	12	2017/18	7	Linked with Project No.147. This is a multi-year project with multiple phases. The Project is in Final Design Stage and the tender process to appoint a contractor for Zone 1 is underway with construction to start in 2024/25. Zone 2 & 3 in in the prelim Design stage.
WSOS STERKSPRUIT WTW REFURBISHMENT	146 751	-	-	146 751	146 751	-	-	-	2012/13	12	2012/13	12	This project is linked with Project 59 which is in Retention Phase and will reach Closed Out stage in 2024/25.
SENQU RURAL WATER SUPPLY (WORK PACKAGE 1 TO 7)	80 042 115	-	-	80 042 115	72 492 516	-	7 549 599	-	2013/14	11	2013/14	11	This is a multi-year project. This project is linked with projects No. 153 to 159, work packages 1 to 7. There is no delay in these projects and partial unbundling will occur as and when stages of the projects are being completed.
SENQU RURAL WATER SUPPLY: Work Package 1	845 978	6 868 894	-	7 714 873	6 987 203	-	727 669	-	2022/23	2	2022/23	2	Linked with Project No.76. Multi-year project. Under design phase and/or construction
SENQU RURAL WATER SUPPLY: Work Package 2: Lusizini/ Ntubeni Village	-	15 505 833	-	15 505 833	14 043 318	-	1 462 515	-	2022/23	2	2022/23	2	Linked with Project No.76. Multi-year project. Under design phase and/or construction
SENQU RURAL WATER SUPPLY: Work Package 3	5 812 095	12 539 495	-	18 351 589	16 620 661	-	1 730 928	-	2022/23	2	2022/23	2	Linked with Project No.76. Multi-year project. Under design phase and/or construction
SENQU RURAL WATER SUPPLY: Work Package 4	3 990 711	9 054 716	-	13 045 427	11 814 978	-	1 230 449	-	2022/23	2	2022/23	2	Linked with Project No.76. Multi-year project. Under design phase and/or construction
SENQU RURAL WATER SUPPLY: Work Package 5	2 098 622	14 166 691	-	16 265 313	14 731 163	-	1 534 150	-	2022/23	2	2022/23	2	Linked with Project No.76. Multi-year project. Under design phase and/or construction
SENQU RURAL WATER SUPPLY: Work Package 6	-	9 197 795	-	9 197 795	8 330 255	-	867 539	-	2022/23	2	2022/23	2	Linked with Project No.76. Multi-year project. Under design phase and/or construction
SENQU RURAL WATER SUPPLY: Work Package 7	6 107 034	21 849 480	-	27 956 514	25 319 646	-	2 636 868	-	2022/23	2	2022/23	2	Linked with Project No.76. Multi-year project. Under design phase and/or construction

8 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 June 2024 Project Name	Opening Balance R	Expenditure Incurred (VAT Exclusive) R	Completed R	Closing Balance R	Civil R	Electrical R	Mechanical R	Other R	Project started	Number of years project is on WIP	Current phase starting date	Number of years current phase is on WIP	Comment
MACLEAR BULK WATER INFRASTRUCTURE UPGRADE (All Phases)	1 441 917	1 424 277	-	2 866 193	2 652 366	35 638	178 190	-	2013/14	11	2018/19	6	This is a multi-year project with multiple phases. The current phase consists of the construction of a new WTW. This phase was delayed in court proceedings related to the appointment of the contractor. The tender is due to be re-advertised in 2024/25.
RBIG - Sterkspruit Bulk Sanitation - started 2015	10 959 149	7 437 661	-	18 396 810	17 293 001	183 968	919 840	-	2014/15	10	2014/15	10	This is a multi-year project with multiple phases. This project relates to the consulting services and will be on WIP for the full duration of this multi-year projects which has multiple phases.
RBIG - Sterkspruit Construction of Bulk Sewer Lines & Pumpstation for Mokhesi	-	10 469 084	-	10 469 084	9 481 637	-	987 448	-	2023/24	1	2023/24	1	This project is linked to Project No. 78 and is Phase 1 of a multi-year project. This project is currently under construction and experienced some delays due to hard rock excavation for pipe laying. This project is due for completion in 2024/25.
WSIG - REFURBISH BURGERSDORP SEWAGE MANAGEMENT SYSTEM (Pump station)	1 854 271	-	-	1 854 271	1 854 271	-	-	-	2016/17	8	2016/17	8	This project is linked with Project No. 112a. Emergency procurement was done to complete all 6 pumpstations and the project was under construction in the 2023/24 financial year, to be completed in 2024/25.
Refurbish WTWs	40 734 942	-	-	40 734 942	7 119 865	6 548 391	26 193 566	873 119	2017/18	7	2017/18	7	Project to be completed and commissioned in 2024/25
Augment clear water storage	23 164 973	-	-	23 164 973	23 164 973	-	-	-	2017/18	7	2017/18	7	Project to be completed and commissioned in 2024/25
Bulk meters	3 555 926	4 125 813	(3 603 845)	4 077 895	-	-	4 077 895	-	2017/18	7	2017/18	7	Project in implementation phase. Partial unbundling done.
MIG PLANNING STUDIES	930 587	-	-	930 587	-	-	-	930 587	2012/13	12	2012/13	12	No delays. Planning studies. To remain in WIP
Refurbishment of Aliwal North & Burgersdorp WWTW	3 896 154	-	-	3 896 154	-	797 724	3 098 430	-	2019/20	5	2019/20	5	Linked to project 149. Refurbishment carried out by WSP to be completed and commissioned in 2024/25
Refurbishment of Mt Fletcher WTW	727 827	-	-	727 827	-	-	727 827	-	2019/20	5	2019/20	5	Project to be completed and commissioned in 2024/25
Electro-mechanical Assets Replacement	4 296 951	-	-	4 296 951	-	-	4 296 951	-	2019/20	5	2019/20	5	Project to be completed and commissioned in 2024/25
District Wide Drought Relief Mitigation	13 116 310	-	-	13 116 310	2 292 537	2 108 527	8 434 109	281 137	2019/20	5	2019/20	5	Project to be completed and commissioned in 2024/25
Rural Rudimentary Water Supply (Mt Fletcher, Maclear and Ugie)	9 347 952	-	-	9 347 952	1 695 692	1 559 588	5 884 726	207 945	2020/21	4	2020/21	4	Linked to project 71 and to completed and commissioned in 2024/25
District Wide Refurbishment of WWTW	8 100 869	-	-	8 100 869	1 415 912	1 302 264	5 209 057	173 635	2020/21	4	2020/21	4	Linked to project 131. Refurbishment carried out by WSP to be completed and commissioned in 2024/25
Replacement of asbestos water pipeline - Oviston WTWS	5 216 771	3 470 804	(8 687 575)	-	-	-	-	-	2022/23	2	2022/23	2	Project completed and unbundled in 2023/24 financial year.
Geohydrological Professional Services Provider for Elundini Rural Water Supply Project	4 560 417	6 719 960	-	11 280 377	6 656 957	-	3 643 136	980 285	2021/22	3	2021/22	3	This project is linked with Project No.71 and provide geohydrological services. No delays are experienced.
Upgrade Ugie Water Treatment works sedimentation tank	-	21 600 587	-	21 600 587	3 775 463	3 472 427	13 889 707	462 990	2023/24	1	2023/24	1	This project is linked to Project No. 126. Construction in 2023/24 and to be completed in 2024/25.
Aliwal North Water Treatment Works Holding Dams	1 027 464	714 516	-	1 741 980	1 741 980	-	-	-	2021/22	3	2021/22	3	Multi-year project. Delay due to tender process being cancelled and re0advertised in 2023/24
Provision of Sanitation Infrastructure For Ugie: Phase 1	-	6 020 478	-	6 020 478	3 010 239	-	-	3 010 239	2023/24	1	2023/24	1	Multi-year project. Project commenced in 2023/24 and is under construction.
Thembisi Water Supply	-	4 076 326	(4 076 326)	-	-	-	-	-	2023/24	1	2023/24	1	Project started and completed in 2023/24. Unbundled to FAR.
District Wide Telemetry	-	15 267 677	(15 267 677)	-	-	-	-	-	2023/24	1	2023/24	1	Multi-year project. Project commenced in 2023/24 and is under construction.
Burgersdorp Sanitation updgrade	-	8 615 270	-	8 615 270	7 802 675	-	812 595	-	2023/24	1	2023/24	1	This project is linked with Project No. 112 and was under construction in 2023/24 and to be completed in 2024/25.
Capitalised from O&M	-	1 043 859	(1 043 859)	-	-	-	-	-	2023/24	1	2023/24	1	Operational expenditure capitalised
Total	**438 694 009**	**197 001 321**	**(37 895 009)**	**597 800 321**	**448 874 200**	**21 881 165**	**119 345 546**	**7 699 410**					

8 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

During the current year the remaining useful lives of Property, Plant and Equipment were reviewed, and accordingly adjusted. The effect on the current and future periods are as follows:

	2025 R	2026 R	2026 onwards R
Increase / (Decrease) in Depreciation and Amortisation	(7 355 314)	(6 642 612)	13 997 926
Increase / (Decrease) in Accumulated Surplus	7 355 314	6 642 612	(13 997 926)
Increase / (Decrease) in Property, Plant and Equipment	7 355 314	6 642 612	(13 997 926)

	2025 R	2024 R

9 INTANGIBLE ASSETS

	2025 R	2024 R
Intangible Assets - Carrying Value	**46 145**	**92 289**

The movement in intangible assets is reconciled as follows:

	2025 R	2024 R
Opening Carrying Value	**92 289**	**138 563**
Cost	1 252 409	1 252 409
Accumulated Amortisation	(1 160 120)	(1 113 846)
Amortisation for the year	(46 144)	(46 274)
Closing Carrying Value	**46 145**	**92 289**
Cost	1 252 409	1 252 409
Accumulated Amortisation	(1 206 264)	(1 160 120)

No Work In Progress was included in carrying value of intangible assets.

Intangible Assets consist only out of Computer Software and Websites

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

		2025	2024
		R	R
10	**CURRENT EMPLOYEE BENEFITS**		
	Bonuses	6 531 560	6 364 843
	Staff Leave	22 384 178	19 331 984
	Performance Bonuses	13 733 220	13 080 082
	Other Provisions	582 343	582 342
	Current Portion of Non-Current Employee Benefits - Refer to note 17	2 569 100	4 811 100
	Post-Retirement Medical Benefits	890 000	1 885 000
	Long Service Awards	1 604 000	2 766 000
	Ex Gratia Gratuities	75 100	160 100
	Total	**45 800 401**	**44 170 352**

The movement in current employee benefits are reconciled as follows:

Bonuses

	2025	2024
Opening Balance	6 364 843	6 092 215
Contribution during the year	13 897 526	13 235 604
Payments made	(13 730 809)	(12 962 976)
Closing Balance	**6 531 560**	**6 364 843**

Bonuses are being paid to all municipal staff, excluding Directors Technical Services and Community Services who have structured their packages differently. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle. This bonus will be paid out annually in December or pro-rata when employment is terminated.

Staff Leave

	2025	2024
Opening Balance	19 331 984	19 210 526
Contribution during the year	5 269 457	3 066 436
Payments made	(2 217 263)	(2 944 978)
Closing Balance	**22 384 178**	**19 331 984**

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

		2025	2024
		R	R
10	**CURRENT EMPLOYEE BENEFITS**		
	Performance Bonuses		
	Opening Balance	13 080 082	12 909 570
	Contribution during the year	5 851 347	5 850 912
	Payments made	(5 198 209)	(5 680 400)
	Closing Balance	**13 733 220**	**13 080 082**

Performance bonuses are being provided for and only paid to the Municipal Manager, Directors and middle management after an evaluation of performance by the council.

Other Provisions		
Opening Balance	582 342	582 342
Closing Balance	**582 342**	**582 342**

Other provisions are non-recurring provisions which consists out of the following at year end:
- Shortfall in annual earnings of Cape Joint Pension Fund

It was reported that the established investment return of the fund for the 2009 financial year was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets.

11	**LONG-TERM LIABILITIES**		
	Annuity Loans	5 000 000	-
	Sub-Total	**5 000 000**	**-**
	Less: Current portion of Long-term Liabilities	906 884	-
	Annuity Loans	906 884	-
	Total	**4 093 116**	**-**

Detail relating to Annuity Loans is included in Appendix A.

Annuity Loans		
Amalgamated Banks of South Africa (ABSA)	5 000 000	-
Interest is calculated at 9.57% and instalments are paid every 6 months (March and September). The loan will be fully redeemed on 31 March 2030.		
	5 000 000	**-**

11 LONG-TERM LIABILITIES (CONTINUED)

The municipality opted to raise external funding to acquire new fleet. The entire funding raised in the current year were still unspent on 30 June 2025. Details are as follows:

Loans Raised	5 000 000	
Assets purchased	-	-
Closing Balance - Unspent Loans	**5 000 000**	**-**

The total outstanding financing on 30 June 2025 relates to fleet additions which were approved to be financed from external loans. It is expected that a further R 25 million loans will be raised after 30 June 2025 in line with previous Council Resolutions. The first tranche was received on 20 June 2025 and no purchase took place as at 30 June 2025.

Annuity loans are payable as follows:

Payable within one year	1 255 619	-
Payable within two to five years	5 026 317	-
Payable after five years	-	-
Total amount payable	**6 281 936**	**-**
Less: Outstanding Future Finance Charges	(1 281 936)	-
Present value of annuity loans	**5 000 000**	**-**

12 CONSUMER DEPOSITS

Water	1 520 344	1 451 143
Total	**1 520 344**	**1 451 143**
Guarantees held in lieu of Water Deposits	**-**	**-**

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

Consumer deposits were transferred from the local Municipalities and not all accounts had consumer deposits. All new accounts however are being charged a consumer deposit when consumers do open the account themselves, in cases where the municipality opened an account to ensure completeness of billing, deposits might not have been paid.

		2025 R	2024 R
13	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	132 526 249	163 729 138
	Balance previously reported		133 884 448
	Prior period adjustment - Refer to note 42.06		29 844 690
	Retentions	8 926 150	8 366 024
	Balance previously reported		9 999 563
	Prior period adjustment - Refer to note 42.06		(1 633 539)
	Interest Accrued	13 113	-
	Unallocated Receipts	2 080 124	1 457 628
	Payments received in advance	5 659 458	4 554 926
	Senqu Local Municipality	3 429 066	3 640 889
	Balance previously reported		2 994 408
	Prior period adjustment - Refer to note 42.06		646 481
	Total	**152 634 159**	**181 748 605**

Payables are being recognised net of any discounts received

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.

Deposits amounting to R144 961 (2024 - R144 961) serve as security for Payables. The remainder of Payables are unsecured.

		2025 R	2024 R
14	**SOUTH AFRICAN REVENUE SERVICES**		
	VAT (Receivable)/Payable	(18 926 039)	(36 189 886)
	Balance previously reported		37 314 322
	Prior period adjustment - Refer to note 42.07		(73 504 208)
	Total	**(18 926 039)**	**(36 189 886)**

The VAT Payable can be summarised as follows:

	2025	2024
VAT Output in Suspense	8 410 107	10 029 840
VAT Input in Suspense	(20 953 722)	(40 551 752)
VAT Payable to/(Refundable from) SARS	(6 382 425)	(5 667 974)
Total	**(18 926 039)**	**(36 189 886)**

VAT is accounted for on the cash basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies

		2025	2024
		R	R
15	**UNSPENT CONDITIONAL GOVERNMENT GRANTS**		
	National Government	14 470 202	200 000
	Total Unspent Grants	**14 470 202**	**200 000**
	Total Conditional Grants and Receipts due to Municipality taking into account unpaid grants included in note 5	**(9 446 030)**	**6 061 575**

Also refer to Appendix B for further detail relating to grants.

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

		2025	2024
		R	R
16	**PAYABLES FROM NON-EXCHANGE TRANSACTIONS**		
	Joe Gqabi Economic Development Agency (SoC) Ltd	-	2 250 000
	Total	**-**	**2 250 000**

		2025	2024
		R	R
17	**EMPLOYEE BENEFITS**		
	Post-Retirement Medical Benefits	25 232 000	32 321 000
	Ex Gratia Gratuities	458 530	498 430
	Long Service Awards	13 303 000	12 365 000
	Sub-Total	**38 993 530**	**45 184 430**
	Less: Current portion of Employee Benefits - Refer to note 10	**2 569 100**	**4 811 100**
	Post-Retirement Medical Benefits	890 000	1 885 000
	Ex Gratia Gratuities	75 100	160 100
	Long Service Awards	1 604 000	2 766 000
	Total	**36 424 430**	**40 373 330**

		2025 R	2024 R
17	**EMPLOYEE BENEFITS (CONTINUED)**		

17.1 Post-Retirement Medical Benefits

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

	2025 R	2024 R
Opening Balance	**32 321 000**	**26 411 000**
Contribution during the year	1 242 000	5 064 000
Current and Past Service Cost	(3 323 000)	1 294 000
Interest Expense	4 565 000	3 770 000
Payments made	(802 818)	(1 496 046)
Actuarial Loss/(Gain)	(7 528 182)	2 342 046
Change in Financial Assumptions	1 267 000	(501 000)
Change in Demographic Assumptions	-	-
Experience Adjustments	(8 795 182)	2 843 046
Total balance at year-end	**25 232 000**	**32 321 000**
Less Current Portion	890 000	1 885 000
Total	**24 342 000**	**30 436 000**

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

	2025	2024
In-service members	224	211
Continuation members	17	41
Total	**241**	**252**

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

	2025 R	2024 R
In-service members	18 329 000	16 085 000
Continuation members	6 903 000	16 236 000
Total Unfunded Liability	**25 232 000**	**32 321 000**

The obligation is unfunded, and therefore no disclosures are made relating to plan assets and the effect of any asset ceiling.

Last Valuation and Actuarial Valuation Method

The last valuation was performed on 16 August 2025. The Projected Unit Credit Method has been used to value the liabilities.

17 EMPLOYEE BENEFITS (CONTINUED)

Characteristics of defined benefit plans and risks associated with them

The municipality provides post employment medical benefits as follows:

- 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.
- All post-employment subsidies are subject to a maximum subsidy. The maximum subsidy was assumed to be R 5,791 per principal member per month for the year ending 30 June 2026, and has been assumed to increase annually on 1 July at 75% of salary inflation.
- Upon a member's death-in-service, surviving dependants are not entitled to commence receipt of the subsidy. In June 2025, the Municipality amended its policy: for deaths occurring after 30 June 2025, surviving spouses will no longer be entitled to a continuation of the subsidy.
- A further condition was introduced requiring members to have been on medical aid for at least the final 12 months prior to retirement.

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 may increase the Defined-Benefit Obligation for the Municipality.
- The administration of this Defined-Benefit Obligation poses a burden on the Municipality

Significant Actuarial Assumptions

	2025	2024
Interest Rates		
Discount rate	11.30%	12.23%
Medical aid contribution inflation rate	7.10%	7.71%

The discount rate reflects the time value of money and is approximated with reference to the market yields at reporting date on government bonds.

Mortality Rates

The SA 85-90 is utilised as reference for mortality during employment. The PA 90 -1 with a 1% mortality improvement per annum from 2010 is utilised as reference for mortality post-employment.

17 EMPLOYEE BENEFITS (CONTINUED)

Average Retirement Age

It has been assumed that in-service members will retire at age 62 for all employees (2024 - 62), which then implicitly allows for expected rates of early and ill-health retirement. Normal retirement is set at 65.

Member Continuation

The continuation of membership at retirement is estimated at 75% (2024 - 75%).

Other Assumptions

	2025	2024
Interest Rates		
CPI Inflation	5.30%	6.21%
Net Discount Rate (medical aid contributions)	3.90%	4.20%
Maximum subsidy inflation rate	4.70%	5.41%
Net Discount Rate (maximum subsidy)	6.30%	6.47%

Replacement Ratio

A Replacement Ratio (expected pension as a percentage of final salary, at retirement) of 65% (2024 - 65%) was used.

Termination of Service

If an eligible employee leaves due to resignation or retrenchment, the employer's Defined-Benefit Obligation in respect of that employee ceases. The termination rates are as follows:

	2025	2024
Age: 20 - 24	9.00%	9.00%
Age: 25 - 29	8.00%	8.00%
Age: 30 - 34	6.00%	6.00%
Age: 35 - 39	5.00%	5.00%
Age: 40 - 44	5.00%	5.00%
Age: 45 - 49	4.00%	4.00%
Age: 50 - 54	3.00%	3.00%
Age: 55 +	0.00%	0.00%

Other Assumptions

The proportion with a spouse dependant at retirement is estimated at 60% (2024 - 60%). The proportion of eligible in-service non-members joining a scheme by retirement and continuing with the subsidy at and after retirement is estimated at 15% (2024 - 15%). It has been assumed that female spouses will be five years younger than their male counterparts. Furthermore, its assumed that 60% (2024 - 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.

17 EMPLOYEE BENEFITS (CONTINUED)

Medical Schemes

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

Bonitas Keyhealth Samwumed LA Health Sizwe-Hosmed

It is assumed that the that continuation members and in service members will remain on the same medical scheme and option. 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

Sensitivity Analysis - Defined Benefit Obligation at year-end

The Defined-Benefit Obligation are based on a number of assumptions as indicated above. The extent to which the actual Defined-Benefit Obligation faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made. The assumption which tends to have the greatest impact on the results is the medical aid contribution inflation rate relative to the discount rate. The impact of the aforementioned and the other significant assumptions are disclosed below:

Assumption	In-service members R m	Continuation members R m	Total liability R m	% change
Liability	18.329	6.903	25.232	
Medical aid contribution inflation rate				
+ 1%	19.542	7.163	26.705	6%
- 1%	16.665	6.625	23.290	-8%
Discount rate				
+ 1%	15.690	6.473	22.163	-12%
- 1%	21.619	7.391	29.010	15%
Post-employment mortality				
+ 1 year	17.882	6.652	24.534	-3%
- 1 year	18.768	7.155	25.923	3%
Average retirement age				
- 1 year	20.576	6.903	27.479	9%
Membership continuation				
- 10%	15.885	6.903	22.788	-10%

There were no changes from the previous reporting period in the methods and assumptions used in preparing the sensitivity analyses.

17 EMPLOYEE BENEFITS (CONTINUED)

Expected contributions and maturity analysis

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation. There are no specific funding arrangements and funding policy that affect future contributions, other than the funding and reserve policy of the municipality which aims to ensure that the cash position of the municipality remains sufficient to cover all working capital requirements (which includes contributions to the relevant medical schemes).

The municipality expects to make contributions to the various medical schemes amounting to R 939 000 in the next financial year.

Maturity analysis of expected benefits to be paid in respect of the current eligible employees and continuation members can be illustrated as follows (Undiscounted):

Future years	**Expected Benefit Payments R m**	**% contribution of bracket**
Future year 1 to 10	22.590	3%
Future year 11 to 20	79.074	10%
Future year 21 to 30	172.579	21%
Future year 31 to 40	224.062	27%
Future year 41 to 50	188.527	23%
Future year 51 to 60	100.968	12%
Future year 61 to 70	29.360	4%
Future year 71 to 80	3.593	0%
Total	**820.753**	**100%**

The contributions subsequent 80 years (relating to current eligible employees and continuation member) is considered insignificant to be included in the analysis.

17.2 Ex Gratia Gratuities

The movement in Ex Gratia Gratuities are reconciled as follows:

Opening Balance	**498 430**	**27 830**
Contribution during the year	43 000	1 390
Interest Expense	43 000	1 390
Payments made	(96 118)	(76 287)
Actuarial Loss/(Gain)	13 218	545 497
Change in Financial Assumptions	22 600	-
Change in Demographic Assumptions	-	-
Experience Adjustments	(9 382)	545 497
Total balance at year-end	**458 530**	**498 430**
Less Current Portion	75 100	160 100
Total	**383 430**	**338 330**

17 EMPLOYEE BENEFITS (CONTINUED)

The Ex Gratia Gratuities plans are defined benefit plans.

The following members are eligible for Ex Gratia benefits:

	2025	2024
Ex Gratia Members	55	59

Last Valuation and Actuarial Valuation Method

The last valuation was performed on 16 August 2025. The Projected Unit Credit Method has been used to value the liabilities.

Characteristics of Plan and Associated Risks

The municipality provides a Ex-Gratia benefits as follows:

- A gratuity is granted to eligible employees on retirement, death whilst in service, resignation, ill health, dismissal, or retrenchment.
- The gratuity granted is calculated as follows:

  Lowest historical annual earnings x whole years of service to 30 June 1995 x 6% (Non-Department of Roads and Public Works employees)
  Lowest historical annual earnings x 3 x 6% (Non-Department of Roads and Public Works employees)

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

- Termination of service: The risk that fewer eligible employees terminate their service at the Municipality i.e. more benefits will be payable 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 ex-gratia benefits may increase the Defined-Benefit Obligation for the Municipality.
- The administration of this Defined-Benefit Obligation poses a burden on the Municipality

	2025	2024
Key Actuarial Assumptions used are as follows:		
Interest Rates		
Discount rate	9.40%	10.22%

The discount rate reflects the time value of money and is approximated with reference to the market yields at reporting date on government bonds.

17 EMPLOYEE BENEFITS (CONTINUED)

Normal and Average Retirement Age

It has been assumed that in-service members will retire at age 62 for all employees (2024 - 62), which then implicitly allows for expected rates of early and ill-health retirement. Normal retirement is set at 65.

Mortality Rates

The SA 85-90 is utilised as reference for mortality during employment.

Termination of Service

If an eligible employee leaves due to resignation or retrenchment, the employer's Defined-Benefit Obligation in respect of that employee ceases. The following termination rates are as follows:

	2025	2024
Age: 20 - 24	9.00%	9.00%
Age: 25 - 29	8.00%	8.00%
Age: 30 - 34	6.00%	6.00%
Age: 35 - 39	5.00%	5.00%
Age: 40 - 44	5.00%	5.00%
Age: 45 - 49	4.00%	4.00%
Age: 50 - 54	3.00%	3.00%
Age: 55 +	0.00%	0.00%

Sensitivity Analysis - Defined Benefit Obligation at year-end

The impact of the aforementioned assumptions are disclosed below:

Sensitivity Analysis - Liability at year-end

Assumption	Total liability R m	% change
Liability	0.459	
Discount rate		
+ 1%	0.430	-6%
- 1%	0.490	7%
Rates of termination (withdrawal) of service		
x 200 %	0.565	23%
x 50 %	0.391	-15%
Average retirement age		
+ 1 years	0.443	-3%
- 1 years	0.476	4%

There were no changes from the previous reporting period in the methods and assumptions used in preparing the sensitivity analyses.

17 EMPLOYEE BENEFITS (CONTINUED)

Expected contributions and maturity analysis

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation. There are no specific funding arrangements and funding policy that affect future contributions, other than the funding and reserve policy of the municipality which aims to ensure that the cash position of the municipality remains sufficient to cover all working capital requirements (which includes ex-gratia payments when it becomes due).

The municipality expects to make ex-gratia awards payments amounting to R78 800 in the next financial year.

Maturity analysis of expected benefits to be paid in respect of the current eligible employees can be illustrated as follows (Undiscounted):

Future years	Expected Benefit Payments R m	% contribution of bracket
Future year 1 to 10	0.446	42%
Future year 11 to 20	0.418	40%
Future year 21 to 30	0.185	18%
Total	**1.049**	**100%**

17.3 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	**12 365 000**	**11 616 000**
Contribution during the year	2 388 000	2 343 000
Current Service Cost	1 195 000	1 158 000
Interest Expense	1 193 000	1 185 000
Payments made	(1 140 430)	(819 554)
Actuarial Gain	(309 570)	(774 447)
Change in Financial Assumptions	(79 000)	(157 000)
Change in Demographic Assumptions	-	-
Experience Adjustments	(230 570)	(617 447)
Total balance at year-end	**13 303 000**	**12 365 000**
Less Current Portion	1 604 000	2 766 000
Total	**11 699 000**	**9 599 000**

The following members are eligible for long service bonuses:

	2025	**2024**
In-service members	504	490

17 EMPLOYEE BENEFITS (CONTINUED)

Last Valuation and Actuarial Valuation Method

The last valuation was performed on 16 August 2025. The Projected Unit Credit Method has been used to value the liabilities.

Characteristics of Plan and Associated Risks

The municipality provides a long service award benefits as follows:

- The Municipality offers employees Long Service Awards for every five years of service completed, from ten years of service to 45 years of service, inclusive.
- In the month that each “Completed Service” milestone is reached, the employee is granted a Long Service Award.
- The award ranges from 4% of total earnings for the first “Completed Service” milestone reached (i.e. 5 years) up to 12% of total annual earnings for the last “Completed Service” milestone reached (i.e. 45 years)
- Earnings relates to the officials basic salary.
- The Municipality does not pay any pro-rata Long Service Awards
- Several eligible fixed-term five-year contract employees have been included in the valuation. Some of these employees are serving their second or subsequent five-year contracts.

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

- 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 may increase the Defined-Benefit Obligation for the Municipality.
- The administration of this Defined-Benefit Obligation poses a burden on the Municipality

	2025	2024
Key Actuarial Assumptions used are as follows:		
Interest Rates		
Discount rate	9.60%	10.83%
CPI inflation rate	3.60%	4.98%
General earnings inflation rate	4.60%	5.98%
Net Discount Rate	4.80%	4.57%

The discount rate reflects the time value of money and is approximated with reference to the market yields at reporting date on government bonds.

17 EMPLOYEE BENEFITS (CONTINUED)

Normal and Average Retirement Age

It has been assumed that in-service members will retire at age 62 for all employees (2024 - 62), which then implicitly allows for expected rates of early and ill-health retirement. Normal retirement is set at 65.

Mortality Rates

The SA 85-90 is utilised as reference for mortality during employment.

Termination of Service

If an eligible employee leaves due to resignation or retrenchment, the employer's Defined-Benefit Obligation in respect of that employee ceases. The following termination rates are as follows:

	2025	**2024**
Age: 20 - 24	9.00%	9.00%
Age: 25 - 29	8.00%	8.00%
Age: 30 - 34	6.00%	6.00%
Age: 35 - 39	5.00%	5.00%
Age: 40 - 44	5.00%	5.00%
Age: 45 - 49	4.00%	4.00%
Age: 50 - 54	3.00%	3.00%
Age: 55 +	0.00%	0.00%

Sensitivity Analysis - Defined Benefit Obligation at year-end

The Defined-Benefit Obligation are based on a number of assumptions as indicated above. The extent to which the actual Defined-Benefit Obligation faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made. The assumptions which tends to have the greatest impact on the results are as follows:

- the general earnings inflation rate assumption;
- the discount rate assumption;
- the average retirement age of employees; and
- assumed service termination rates.

The impact of the aforementioned assumptions are disclosed below:

17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	Total liability R m	% change
Liability	13.303	
General earnings inflation rate		
+ 1%	13.993	5%
- 1%	12.667	-5%
Discount rate		
+ 1%	12.655	-5%
- 1%	14.017	5%
Average retirement age		
+ 2 years	14.169	7%
- 2 years	11.500	-14%
Rates of termination of service		
x 200 %	11.125	-16%
x 50 %	14.698	10%

There were no changes from the previous reporting period in the methods and assumptions used in preparing the sensitivity analyses.

Expected contributions and maturity analysis

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation. There are no specific funding arrangements and funding policy that affect future contributions, other than the funding and reserve policy of the municipality which aims to ensure that the cash position of the municipality remains sufficient to cover all working capital requirements (which includes long service awards when it becomes due).

The municipality expects to make long service awards payments amounting to R 1 692 000 in the next financial year.

Maturity analysis of expected benefits to be paid in respect of the current eligible employees can be illustrated as follows (Undiscounted):

Future years	Expected Benefit Payments R m	% contribution of bracket
Future year 1 to 10	24.169	48%
Future year 11 to 20	19.582	39%
Future year 21 to 30	6.530	13%
Future year 31 to 40	0.385	1%
Total	**50.666**	**100%**

The benefits vesting subsequent 40 years (relating to current eligible employees) is considered insignificant to be included in the analysis.

17 EMPLOYEE BENEFITS (CONTINUED)

17.4 Defined Contribution Plans

	2025 R	2024 R
Council contributes to the following defined contribution plans:		
Government Employees Pension Fund	629 368	605 885
Municipal Councillors Pension Fund	164 220	136 798
IMATU Retirement Fund	3 417 635	3 204 994
SAMWU National Provident Fund	1 819 937	1 944 603
SALA Pension Fund	1 899 260	1 887 404
Consolidated Retirement Fund	16 977 653	15 561 531
Total	**24 908 073**	**23 341 215**

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

	2025 R	2024 R
18 RESERVES		
Accumulated Surplus	2 177 800 365	2 003 267 596
Total	**2 177 800 365**	**2 003 267 596**

19 GOVERNMENT GRANTS AND SUBSIDIES

	2025	2024
Unconditional Grants - National Government	**377 427 000**	**356 119 000**
Equitable Share	377 427 000	356 119 000
Unconditional Grants - Other National Departments	**586 375**	**523 860**
LG Seta	586 375	523 860
Conditional Grants - National Government	**285 298 798**	**261 232 965**
Finance Management Grant (FMG)	1 500 000	1 500 000
Municipal Infrastructure Grant (MIG)	178 376 000	175 999 000
Expanded Public Works Program (EPWP)	1 836 000	1 732 000
Water Services Infrastructure Grant (WSIG)	75 610 000	62 000 000
Regional Bulk Infrastructure Grant (RBIG)	27 063 367	20 000 000
Rural Roads Asset Management System	913 431	1 965
Conditional Grants - Provincial Government	**21 535 290**	**23 291 259**
Public Works - Special Programme	21 535 290	23 291 259
Other Grant Providers	**1 460 392**	**-**
Orio	1 460 392	-
Total	**686 307 855**	**641 167 083**

		2025 R	2024 R
19	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**		
	Disclosed as:		
	Government Grants and Subsidies - Capital	201 193 848	196 866 959
	Government Grants and Subsidies - Operating	485 114 007	444 300 124
	Total	**686 307 855**	**641 167 083**

The Municipality does not expect any significant changes to the level of grants.

Grants per Vote (MFMA Sec 123 (c)):

	2025 R	2024 R
Equitable share	377 427 000	356 119 000
Financial Services	1 500 000	1 500 000
Corporate Services	586 375	523 860
Technical Services	231 184 480	221 024 223
Water Services Provision	75 610 000	62 000 000
Total	**686 307 855**	**641 167 083**

The movements per grant can be summarised as follows:

19.01 Equitable Share

	2025 R	2024 R
Grants Received	377 427 000	356 119 000
Transferred to Revenue - Operating	(377 427 000)	(356 119 000)
Closing Unspent Balance	**-**	**-**

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

19.02 LG Seta

	2025 R	2024 R
Grants Received	586 375	523 860
Transferred to Revenue - Operating	(586 375)	(523 860)
Closing Unspent Balance	**-**	**-**

This grant is used to assist with the training needs of the Municipality.

19.03 Finance Management Grant (FMG)

	2025 R	2024 R
Grants received	1 500 000	1 500 000
Transferred to Revenue - Operating	(1 500 000)	(1 500 000)
Closing Unspent Balance	**-**	**-**

		2025	2024
		R	R
19	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**		

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

19.04 Municipal Infrastructure Grant (MIG)

	2025 R	2024 R
Grants received	178 376 000	175 999 000
Transferred to Revenue - Operating	(46 468 302)	(45 791 889)
Transferred to Revenue - Capital	(131 907 698)	(130 207 111)
Closing Unspent Balance	-	-

The vision of the MIG programme is to provide all South Africans with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor. This also includes the rehabilitation and upgrading of existing infrastructure. The Municipality's programmes covers both Sanitation and Water projects.

19.05 Expanded Public Works Program (EPWP)

	2025 R	2024 R
Grants Received	1 836 000	1 732 000
Transferred to Revenue - Operating	(1 836 000)	(1 732 000)
Closing Unspent Balance	-	-

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.

19.06 Water Services Infrastructure Grant (WSIG)

	2025 R	2024 R
Grants Received	75 610 000	62 000 000
Transferred to Revenue - Operating	(29 857 213)	(13 246 897)
Transferred to Revenue - Capital	(45 752 787)	(48 753 103)
Closing Unspent Balance	-	-

The WSIG grant is a conditional grant used 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 as well as support to municipalities in implementing water conservation and water demand management projects.

		2025	2024
		R	R
19	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**		

19.07 Regional Bulk Infrastructure Grant (RBIG)

	2025	2024
Grants Received	40 000 000	20 000 000
Transferred to Revenue - Operating	(3 530 004)	(2 093 255)
Transferred to Revenue - Capital	(23 533 363)	(17 906 745)
Closing Unspent Balance	**12 936 633**	**-**

The grant is utilised to upgrade bulk infrastructure in the municipal area.

19.08 Rural Roads Asset Management System

	2025	2024
Opening balance	200 000	151 965
Grants Received	2 447 000	200 000
Transferred to Revenue - Operating	(913 431)	(1 965)
Monies returned to National Treasury	(200 000)	(150 000)
Closing Unspent Balance	**1 533 569**	**200 000**

The purpose of the grant is to assist rural district municipalities to set up rural road asset management systems (RRAMS), collect road data, traffic data and road classification in line with the Road Infrastructure Strategic Framework South African (RISFSA).

19.09 Public Works - Special Programme

	2025	2024
Grants Received	22 772 693	18 668 297
Transferred to Revenue - Operating	(21 535 290)	(23 291 259)
Transfer to/(from) Receivables	(1 237 403)	4 622 961
Closing Unspent Balance	**-**	**-**

This grant is used for the maintenance of gravel roads in the Walter Sisulu Local Municipal area of the district. At times special projects are also allocated to the Municipality by the Department of Roads and Public Works in other parts of the district.

19.10 Orio

	2025	2024
Grants Received	1 460 392	-
Transferred to Revenue - Operating	(1 460 392)	-
Closing Unspent Balance	**-**	**-**

This grant is used to assist in providing water in the Elundini rural areas. This grant is funded by the Netherlands Government.

		2025	2024
		R	R
19	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**		
19.11	**Total Grants**		
	Opening Balance	200 000	151 965
	Grants Received	702 015 460	636 742 157
	Transferred to Revenue - Capital	(201 193 848)	(196 866 959)
	Transferred to Revenue - Operating	(485 114 007)	(444 300 124)
	Monies returned to National Treasury	(200 000)	(150 000)
	Transfer to/(from) Receivables	(1 237 403)	4 622 961
	Closing Unspent Balance	**14 470 202**	**200 000**

20 PUBLIC CONTRIBUTIONS AND DONATIONS

	2025	2024
Sanlam	-	459 408
Total	**-**	**459 408**
Disclosed as:		
Public Contributions and Donations - Operating	-	459 408
Total	**-**	**459 408**

The municipality received consumables from Sanlam.

21 CONTRIBUTED ASSETS

	2025	2024
DBSA - Water Truck	-	1 606 102
Sanlam - Branded Trailer and Computer Equipment	-	187 273
United Nations (via Rhodes University) - Reservoirs	-	1 711 411
Total	**-**	**3 504 786**

The fair value of contributed assets was determined with reference to actual cost.

22 ACTUARIAL GAINS

	2025	2024
Post-Retirement Medical Obligations	7 528 182	-
Long Service Awards	309 570	774 447
Total	**7 837 752**	**774 447**

		2025	2024
		R	R
23	**SERVICE CHARGES**		
	Water Revenue	225 153 002	193 028 056
	Sewerage and Sanitation Revenue	55 866 265	48 301 201
	Total Revenue	**281 019 267**	**241 329 257**
	Less: Rebates	(64 919 183)	(31 605 468)
	Water Revenue	(45 239 418)	(21 771 791)
	Sewerage and Sanitation Revenue	(19 679 764)	(9 833 676)
	Total	**216 100 084**	**209 723 790**

Rebates are based on the indigents registers being implemented at each of the local municipalities within the Districts' borders. Accordingly, the registers are based on the policies and procedures being implemented at each of the local municipality (Elundini -, Senqu - and Walter Sisulu Local Municipality).

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

The municipality experience a significant increase in indigent registrations during 2024/2025 resulting in the increase in rebates compared to the prior year.

		2025	2024
		R	R
24	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Call Investment Deposits	6 112 666	5 379 856
	Primary Bank Account	625 505	239 348
	Total	**6 738 171**	**5 619 204**
25	**INTEREST EARNED - OUTSTANDING DEBTORS**		
	Water Debtors	98 255 914	89 157 109
	Sewerage Debtors	17 282 519	13 576 566
	Other	791 133	612 615
	Total	**116 329 565**	**103 346 291**
26	**OTHER INCOME**		
	Sundry Income	2 446 117	2 012 454
	Total	**2 446 117**	**2 012 454**

		2025	2024
		R	R
27	**EMPLOYEE RELATED COSTS**		
	Salaries and Wages	174 353 102	164 176 531
	Bonuses	13 897 526	13 235 604
	Contributions for UIF, Pensions and Medical Aids	38 837 281	35 852 935
	Housing Benefits and Allowances	6 299 553	6 473 751
	Overtime Payments	19 843 623	17 978 490
	Performance Bonuses	5 851 347	5 850 912
	Travel, Motor Car, Telephone, Subsistence and Other Benefits and Allowances	13 071 668	12 713 968
	Staff Leave	5 269 457	3 066 436
	Long Service Awards	1 195 000	1 158 000
	Post-Retirement Medical	(3 323 000)	1 294 000
	Total	**275 295 557**	**261 800 626**

Remuneration of Key Personnel

The Municipal Manager, including other senior managers directly reporting to the Municipal Manager, is appointed on a 5-year fixed contract. All other directors, appointed in terms Section 56 of the Municipal Systems Act, No 32 of 2000, are appointed on a permanent basis. All the aforementioned appointments have signed a performance agreement in terms of section 51(1)(b) of the Municipal Systems Act, No 32 of 2000

	2025	2024
	R	R
Remuneration of the Remuneration of the Municipal Manager - MP Nonjola		
Salary and other allowances	1 672 855	1 501 850
Travel Allowance	204 000	204 000
Telephone allowance	37 200	37 200
Contributions to UIF, Medical and Pension Funds	2 269	2 125
Performance Bonuses	336 653	431 937
Total	**2 252 977**	**2 177 112**

During the prior year, the former Municipal Manager, ZA Williams, received a performance bonus amounting to R 407 613 relating to the 2021/2022 financial year.

	2025	2024
Remuneration of the Director Technical Services - RJ Fortuin		
Salary and other allowances	1 401 090	872 988
Backpay (dated back to 1 April 2023)	703 875	-
Travel Allowance	120 000	120 000
Telephone allowance	29 628	29 628
Contributions to UIF, Medical and Pension Funds	327 184	195 479
Acting Allowance	-	54 000
Performance Bonuses	378 012	378 012
Total	**2 959 789**	**1 650 107**

27 EMPLOYEE RELATED COSTS (CONTINUED)

RJ Fortuin also acted as Director Community Services up to July 2023.

	2025 R	2024 R
Remuneration of the Director Corporate Services - HZ Jantjie		
Salary and other allowances	-	54 216
Contributions to UIF, Medical and Pension Funds	-	177
Performance Bonuses	315 010	378 012
Total	**315 010**	**432 405**

the current year he received a performance bonus relating to the 2022/2023 financial year. During the prior year he only received back pay as well as his performance bonus for the 2021/2022 financial year.

	2025 R	2024 R
Remuneration of the Acting Director Corporate Services - SL Botha		
Salary and other allowances	651 261	1 125 258
Travel Allowance	68 868	137 735
Telephone allowance	13 614	27 228
Acting Allowance	150 431	327 362
Contributions to UIF, Medical and Pension Funds	102 795	177 613
Long Service Awards	-	29 248
Performance Bonuses	146 938	222 235
Total	**1 133 906**	**2 046 679**

SL Botha acted in the position from 1 August 2023 to 31 December 2024.

	2025 R	2024 R
Remuneration of the Director Corporate Services - SR Matubatuba		
Salary and other allowances	492 722	-
Telephone allowance	14 814	-
Contributions to UIF, Medical and Pension Funds	15 245	-
Total	**522 781**	**-**

SR Matubatuba started in the position on 1 January 2025.

	2025 R	2024 R
Remuneration of the Director Financial Services - S du Toit		
Salary and other allowances	896 073	985 115
Travel Allowance	68 868	114 779
Telephone allowance	28 428	27 628
Contributions to UIF, Medical and Pension Funds	228 693	181 711
Acting Allowance	136 196	232 218
Leave pay	133 918	37 612
Performance Bonuses	322 141	344 542
Total	**1 814 317**	**1 923 606**

	2025	2024
	R	R

27 EMPLOYEE RELATED COSTS (CONTINUED)

S du Toit acted as the Director Financial Services from 1 March 2023 to 31 December 2024 before being permanently employed in the position.

Remuneration of the Director Community Services - N Mketelwa-Libazi

	2025	2024
Salary and other allowances	1 245 234	1 153 906
Backpay (dated back to 1 April 2024)	420 960	-
Telephone allowance	29 628	27 828
Contributions to UIF, Medical and Pension Funds	311 437	171 764
Acting Allowance	-	212 675
Performance Bonuses	148 128	246 385
Leave pay	-	92 883
Total	**2 155 388**	**1 905 439**

N Mketelwa-Libazi acted as the Director Community Services from 1 August 2023 to 31 March 2024, whereafter she was appointed full-time. The leave pay and performance bonus relates to her previous position held.

During the 2023/2024 financial year, a performance bonus amounting to R 220 507 was paid to former director Community Services, F Sephton.

Remuneration of the Chief Operations Officer - N Mshumi

	2025	2024
Salary and other allowances	1 322 881	1 269 122
Travel Allowance	55 000	60 000
Telephone allowance	5 159	5 628
Contributions to UIF, Medical and Pension Funds	287 482	281 608
Acting Allowance	-	39 000
Performance Bonuses	321 727	424 285
Leave pay	226 848	-
Total	**2 219 097**	**2 079 642**

N Mshumi contract came to an end on 15 May 2025.

Remuneration of the Water Service provision Manager - D Lusawana

	2025	2024
Salary and other allowances	1 455 133	1 279 951
Contributions to UIF, Medical and Pension Funds	309 526	269 055
Telephone allowance	5 628	5 628
Performance Bonuses	310 264	413 601
Total	**2 080 550**	**1 968 234**

D Lusawana contract came to an end on 30 June 2025.

		2025	2024
		R	R
28	**REMUNERATION OF COUNCILLORS**		
	Councillors' Allowances	6 789 212	6 623 310
	Councillors' Pension and Medical Aid Contributions	471 566	427 215
	Total	**7 260 778**	**7 050 525**

In-kind Benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor and the Speaker may utilise official Council transportation when engaged in official duties.

30 JUNE 2025

Remuneration per Councillor	**Remuneration** **R**	**Contributions** **R**	**Total** **R**
Executive Mayor - NP Mposelwa	1 052 199	21 733	1 073 932
Speaker - M Bomela	828 232	28 980	857 212
Mayoral Committee - NU Hlathuka	708 225	99 183	807 408
Mayoral Committee - SE Ntsoelinyane	468 252	11 833	480 085
Mayoral Committee - N Mabunu	406 219	73 866	480 085
Mayoral Committee - A Skoti	807 408	-	807 408
Mayoral Committee - S Mei	266 475	60 848	327 323
Mayoral Committee - NL Lengs	315 441	11 882	327 323
Proportional - G Shaw	367 578	-	367 578
Proportional - SG Moroahae	313 868	53 710	367 578
Proportional - NL Lengs	257 218	15 040	272 258
Proportional - S Mei	214 110	58 148	272 258
Proportional - SE Ntsoelinyane	176 990	9 162	186 152
Proportional - N Mabunu	158 972	27 180	186 152
Representative Councillors	448 026	-	448 026
Sub-Total	**6 789 212**	**471 566**	**7 260 778**

28 REMUNERATION OF COUNCILLORS (CONTINUED)

30 JUNE 2024

Remuneration per Councillor	Remuneration R	Contributions R	Total R
Executive Mayor - NL Mposelwa	1 038 327	5 227	1 043 554
Speaker - M Bomela	818 763	26 651	845 414
Mayoral Committee - NU Hlathuka	702 652	92 924	795 576
Mayoral Committee - SE Ntsoelinyane	776 460	19 116	795 576
Mayoral Committee - N Mabunu	679 324	116 252	795 576
Mayoral Committee - A Skoti	795 576	-	795 576
Proportional - G Shaw	349 716	-	349 716
Proportional - SG Moroahae	317 253	49 154	366 408
Proportional - NL Lengs	430 594	24 638	455 232
Proportional - S Mei	361 980	93 252	455 232
Representative Councillors	352 665	-	352 665
Total	**6 623 310**	**427 215**	**7 050 525**

	2025 R	2024 R
29 DEBT IMPAIRMENT		
Contributions to provision	308 333 206	280 192 578
Less Movement VAT included in debt impairment	(28 038 711)	(25 368 359)
Total	**280 294 494**	**254 824 220**
30 DEPRECIATION AND AMORTISATION		
Investment Property	22 928	22 928
Property, Plant and Equipment	70 862 817	75 221 778
Intangible Assets	46 144	46 274
Total	**70 931 889**	**75 290 981**
31 IMPAIRMENTS		
Property, Plant and Equipment	365 395	-
Non-Current Investments - Joe Gqabi Economic Development Agency (Soc) Ltd	-	621 319
Total	**365 395**	**621 319**
32 ACTUARIAL LOSSES		
Post-Retirement Medical Obligations	-	2 342 046
Ex Gratia Gratuities	13 218	545 497
Total	**13 218**	**2 887 543**

		2025	2024
		R	R
33	**REPAIRS AND MAINTENANCE**		
	Infrastructure	14 672 612	9 816 031
	Land and Buildings	-	403 107
	Other Assets	2 922 448	1 696 895
	Total	**17 595 059**	**11 916 033**

It should be noted that a substantial amount of Repairs and Maintenance that were done are reflecting under the Employee related cost due to the fact that the repairs and maintenance are done internally.

		2025	2024
34	**FINANCE CHARGES**		
	Long-term Liabilities	13 113	107 382
	Non-current Employee Benefits	5 801 000	4 956 390
	Post-Retirement Medical	4 565 000	3 770 000
	Ex Gratia Gratuities	43 000	1 390
	Long Service Awards	1 193 000	1 185 000
	Total	**5 814 113**	**5 063 772**
35	**BULK PURCHASES**		
	Water	8 167 059	8 035 675
	Total	**8 167 059**	**8 035 675**
36	**CONTRACTED SERVICES**		
	Sanitation Services	19 135 501	16 149 583
	Water Services	1 711 407	105 931
	Total	**20 846 908**	**16 255 514**
37	**TRANSFERS AND GRANTS**		
	Joe Gqabi Economic Development Agency (SoC) Ltd	9 565 217	11 304 348
	Total	**9 565 217**	**11 304 348**

The grant paid to Joe Gqabi Economic Development Agency (SoC) Ltd (JoGEDA) is in terms of the service level agreement. This grant is used for operating activities by JoGEDA.

		2025	2024
38	**VIP TOILET EXPENDITURE**		
	Technical Services	15 878 441	15 811 555
	Total	**15 878 441**	**15 811 555**

		2025 R	2024 R
39	**OTHER EXPENDITURE**		
	Advertising Fees	403 102	690 104
	Audit Fees	4 738 939	4 647 139
	Bank Charges	379 399	547 580
	Bursaries	106 577	37 517
	Chemicals	13 866 652	11 776 583
	Consulting Fees	8 681 251	8 458 860
	Fuel and oil	11 902 343	14 079 683
	Insurance	2 573 860	4 397 098
	IT Cost	4 101 329	2 733 269
	Legal Fees	1 010 607	809 349
	Local Economic Development	-	3 000
	Material and protective clothing	6 021 018	4 818 485
	Membership Fees	2 631 390	2 788 787
	Occupational Health	968 981	105 306
	Printing and Stationary	324 864	447 372
	Security	8 828 257	4 677 922
	Special Programmes	578 602	256 410
	Telephone	1 037 807	758 007
	Training	316 255	205 274
	Travel and Subsistence	13 220 146	15 464 700
	Vehicle and Other Rentals	9 630 457	7 395 748
	Water and Electricity	48 843 052	41 150 075
	Water Testing & Quality Monitoring	3 304 045	3 184 361
	Other	3 438 485	3 036 416
	Total	**146 907 418**	**132 469 044**
40	**INVENTORY ADJUSTMENTS**		
	Stock (Surpluses)/Losses - Refer to note 3	(13 345)	(105 779)
	Total	**(13 345)**	**(105 779)**
41	**LOSS ON DISPOSAL OF PPE**		
	Carrying value of Property, Plant and Equipment disposed or written off	2 304 574	475 779
	Total	**2 304 574**	**475 779**

		2024 R
42	**PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3**	
42.01	**CASH AND CASH EQUIVALENTS**	
	Balance previously reported	**3 338 597**
	Petty cash payout incorrectly recognised against expenditure vote - Refer to note 42.09	8 000
	Restated Balance on 30 June 2024	**3 346 597**
42.02	**INVENTORY**	
	Balance previously reported	**3 204 441**
	Inventory incorrectly classified on 30 June 2024	-
	Effect on Fuel and oil – at cost	(245 768)
	Effect on Stationery and materials - at cost	258 172
	Effect on Spare parts - at cost	(12 404)
	Restated Balance on 30 June 2024	**3 204 441**
42.03	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**	
	Balance previously reported	**861 764 246**
	Correction of Debt Impairment up to 30 June 2023 in line with actual recovery rates of consumers - Refer to notes 42.07 and 42.08.	(563 246 872)
	Effect on Water	(441 294 297)
	Effect on Sewerage	(120 335 160)
	Effect on Staff and Other Debtors	(1 617 414)
	Correction of Debt Impairment up to 30 June 2024 in line with actual recovery rates of consumers - Refer to notes 42.07 and 42.09.	(182 320 689)
	Effect on Water	(160 893 862)
	Effect on Sewerage	(19 614 707)
	Effect on Staff and Other Debtors	(1 812 120)
	Restated Balance on 30 June 2024	**116 196 685**
42.04	**UNPAID CONDITIONAL GOVERNMENT GRANTS**	
	Balance previously reported	**10 824 815**
	Correction of MIG receivable incorrectly raised during 2018/19 - Refer to note 42.08	(4 563 240)
	Restated Balance on 30 June 2024	**6 261 575**

		2024 R
42	**PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)**	
42.05	**PROPERTY PLANT AND EQUIPMENT**	
	Balance previously reported	**2 107 853 365**
	Correction of retention payment incorrectly capitalised during 2022/23 - Refer to note 42.06	(1 420 469)
	Correction of prior year disposals where cost associated with these assets were not removed from asset register - Refer to note 42.09	(61 712)
	Effect on Furniture and Fittings	(10 560)
	Effect on Tools and Equipment	(36 478)
	Effect on Office Equipment	(14 448)
	Effect on Computer Equipment	(226)
	Correction of assets incorrectlty disposed of in years up to 30 June 2023 - Refer to note 42.08	38 824
	Effect on Furniture and Fittings (Cost)	77 542
	Effect on Office Equipment (Cost)	18 229
	Effect on Computer Equipment (Cost)	136 222
	Effect on Furniture and Fittings (Accumulated Depreciation)	(74 385)
	Effect on Office Equipment (Accumulated Depreciation)	(16 353)
	Effect on Computer Equipment (Accumulated Depreciation)	(102 431)
	Recognise movable assets previously not recognised up to 30 June 2023 - Refer to note 42.08	23 336
	Effect on Furniture and Fittings (Cost)	20 066
	Effect on Tools and Equipment (Cost)	1 287
	Effect on Office Equipment (Cost)	9 979
	Effect on Computer Equipment (Cost)	7 732
	Effect on Furniture and Fittings (Accumulated Depreciation)	(8 236)
	Effect on Tools and Equipment (Accumulated Depreciation)	(515)
	Effect on Office Equipment (Accumulated Depreciation)	(3 884)
	Effect on Computer Equipment (Accumulated Depreciation)	(3 093)
	Correction of depreciation during 2023/24 due to correction of errors recognised - Refer to note 42.09	(14 280)
	Effect on Furniture and Fittings	(2 498)
	Effect on Tools and Equipment	(184)
	Effect on Office Equipment	(1 814)
	Effect on Computer Equipment	(9 785)
	Restated Balance on 30 June 2024	**2 106 419 065**

	2024 R

42 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)

42.06 PAYABLES FROM EXCHANGE TRANSACTIONS

	2024 R
Balance previously reported	**152 890 973**
Correction of retention payment incorrectly capitalised during 2022/23	(1 633 539)
Effect on Property Plant and Equipment (WIP) - Refer to note 42.05	(1 420 469)
Effect on South African Revenue Services - Refer to note 42.07	(213 070)
Recognise claims from the Department of Water and Sanitation dating back to 2022 as a payable - Refer to note 42.08	29 844 690
Correction of Senqu payable balance up to 30 June 2024	646 481
Effect on Accumulated Surplus - Refer to note 42.08	655 833
Effect on Statement of Financial Performance - Refer to note 42.09	(9 353)
Restated Balance on 30 June 2024	**181 748 605**

42.07 SOUTH AFRICAN REVENUE SERVICES

	2024 R
Balance previously reported	**37 314 322**
Correction of Debt Impairment up to 30 June 2023 in line with actual recovery rates of consumers - Refer to note 42.03	(57 814 663)
Correction of Debt Impairment up to 30 June 2024 in line with actual recovery rates of consumers - Refer to note 42.03	(15 902 615)
Correction of retention payment incorrectly capitalised during 2022/23 - Refer to note 42.06	213 070
Restated Balance on 30 June 2024	**(36 189 886)**

42.08 ACCUMULATED SURPLUS

	2024 R
Balance previously reported	**2 710 178 122**
Corrections during 2023/2024 - Refer to note 42.09	(166 476 714)
Corrections up to 30 June 2023	(540 433 812)
Correction of Debt Impairment up to 30 June 2023 in line with actual recovery rates of consumers - Refer to note 42.03	(505 432 209)
Correction of MIG receivable incorrectly raised during 2018/19 - Refer to note 42.04	(4 563 240)
Recognise claims from the Department of Water and Sanitation dating back to 2022 as a payable - Refer to note 42.06	(29 844 690)
Correction of assets incorrectlty disposed of in years up to 30 June 2023 - Refer to note 42.05	38 824
Recognise movable assets previously not recognised up to 30 June 2023 - Refer to note 42.05	23 336
Correction of Senqu payable balance up to 30 June 2024 - Refer to note 42.06	(655 833)
Restated Balance on 30 June 2024	**2 003 267 596**

		2024 R
42	**PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)**	
42.09	**STATEMENT OF FINANCIAL PERFORMANCE**	
	Surplus previously reported	**329 383 022**
	Debt Impairment	(166 418 074)
	Correction of Debt Impairment up to 30 June 2024 in line with actual recovery rates of consumers - Refer to note 42.03	(166 418 074)
	Depreciation and Amortisation	(14 280)
	Correction of depreciation during 2023/24 due to correction of errors recognised - Refer to note 42.05	(14 280)
	Repairs and Maintenance	5 000
	Petty cash payout incorrectly recognised against expenditure vote (Fleet) - Refer to note 42.01	5 000
	Other Expenditure	12 353
	Petty cash payout incorrectly recognised against expenditure vote (Water) - Refer to note 42.01	3 000
	Correction of Senqu payable balance up to 30 June 2024 - Refer to note 42.06	9 353
	Loss on Disposal of PPE	(61 712)
	Correction of prior year disposals where cost associated with these assets were not removed from asset register - refer to note 42.05	(61 712)
	Restated Surplus on 30 June 2024	**162 906 308**

42.1 DISCLOSURE AND OTHER ADJUSTMENTS

- The Segment report for the year ending 30 June 2024 incorrectly included capital revenue amounting to R 17 906 745 as part of the Finance and Administration Segment. This error was corrected in the current year to correctly disclose the revenue as part of Planning and Development segment.
- The employee related cost included in the disclosure by nature in note (Inventory) incorrectly included employee related cost relating to the sewerage department. An amount of R 32 437 457 was removed from disclosure. This allocation also impacted the Segment report in note 63 as well as the cost of water in note 47.
- The municipality incorrectly recorded the claim from the Department of Water and Sanitation of R 27 128 802 as a contingent liability. Based on the facts, the municipality should have recorded the total expense as a liability as it relates to invoices for services delivered to the municipality in periods dating back to 2002.
- The financial instruments disclosure in note 51 and liquidity risk disclosure in note 50.4 incorrectly excluded payables from Non-Exchange Transations amounting to R 2 250 000.
- Refer to note 50.1 for restatement of receivables past due not impaired resulting from the restatement of debt impairment in note 42.03.

		2025 R	2024 R
43	**NET CASH FROM OPERATING ACTIVITIES**		
	Net Surplus for the year adjusted for	174 532 769	162 906 308
	Non-Cash Revenue	(7 851 097)	(4 844 420)
	Actuarial Gains	(7 837 752)	(774 447)
	Inventory Adjustments	(13 345)	(105 779)
	Public Contributions and Donations	-	(459 408)
	Contributed Assets	-	(3 504 786)
	Non-Cash Expenditure	359 710 571	339 515 639
	Debt Impairment	280 294 494	254 824 220
	Depreciation and Amortisation	70 931 889	75 290 981
	Impairments	365 395	621 319
	Actuarial Losses	13 218	2 887 543
	Finance Charges	5 801 000	4 956 390
	Public Contributions and Donations	-	459 408
	Loss on disposal of PPE	2 304 574	475 779
	Contributions - Provisions and Employee Benefits	22 890 330	24 604 952
	Post-Retirement Medical Benefits	(3 323 000)	1 294 000
	Long Service Awards	1 195 000	1 158 000
	Performance Bonuses	5 851 347	5 850 912
	Bonuses	13 897 526	13 235 604
	Staff Leave	5 269 457	3 066 436
	Expenditure - Provisions and Employee Benefits	(23 185 648)	(23 980 240)
	Post-Retirement Medical Benefits	(802 818)	(1 496 046)
	Long Service Awards	(1 140 430)	(819 554)
	Ex Gratia Gratuities	(96 118)	(76 287)
	Performance Bonuses	(5 198 209)	(5 680 400)
	Bonuses	(13 730 809)	(12 962 976)
	Staff Leave	(2 217 263)	(2 944 978)
	Other adjustments	(6 375 591)	(4 483 518)
	Bad Debts Written Off	(6 175 591)	(4 333 518)
	Grants Returned to National Treasury	(200 000)	(150 000)
	Operating Surplus before changes in working capital	519 721 334	493 718 721
	Movement in working capital	(291 263 782)	(300 138 121)
	Receivables from Exchange Transactions	(279 999 887)	(276 706 904)
	Inventory	(10 765 709)	(203 004)
	Payables from Exchange transactions	(29 114 446)	(10 469 641)
	Payables from Non-Exchange transactions	(2 250 000)	2 250 000
	Unspent Conditional Government Grants	14 470 202	198 035
	Unpaid Conditional government grants	1 237 403	(4 622 961)
	South African Revenue Services	15 158 655	(10 583 646)
	Cash Flow from Operating Activities	**228 457 552**	**193 580 601**

		2025	2024
		R	R
44	**CASH AND CASH EQUIVALENTS**		

Cash and Cash Equivalents comprise out of the following:

	2025	2024
Primary Bank Account	2 968 750	2 027 379
Call and short-term investments deposits	28 514 284	1 201 618
Cash floats	300	300
Petty cash	108 143	117 300
Total	**31 591 478**	**3 346 597**

Refer to note 2 for more details relating to cash and cash equivalents. There are no reconciling items to report on in terms of GRAP 2 paragraph 46.

45 BUDGET COMPARISONS

45.1 COMPARABLE BASIS

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

The following items are affected by these classification differences:

Statement of financial position

South African Revenue Services is disclosed as VAT in the budget statement.

Receivables from Exchange Transactions are included in Trade and other receivables from exchange transactions in the budget statement, while Unpaid Conditional Government Grants are disclosed as Receivables from non-exchange transactions.

Current Portion of Long-Term Liabilities are disclosed as Financial liabilities (Current), while Long-Term Liabilities are disclosed as Borrowing (Non-Current).

Payables from Exchange Transactions is disclosed as part of Trade and other payables from exchange transactions in the budget statement.

Unspent Conditional Government Grants are disclosed as Trade and other payables from non-exchange transactions in the budget statement.

Current Employee Benefits are disclosed Provisions (current) in the budget statement.

Employee Benefits (Long Service Awards) are disclosed as Provisions (Non-Current) in the budget statement.

Employee Benefits (Post-Retirement Medical Benefits and Ex Gratia Gratuities) are disclosed as Other non-current liabilities in the budget statement.

Statement of financial performance

In order to ensure that the actual results for the year is compared to the final budget on a comparable basis, the following reclassifications are done on the actuals to ensure alignment (Where applicable, the budget title is disclosed in brackets, where both the actuals and budgets figures are similar in nature, but the naming of the item differs between the 2 statements):

45 BUDGET COMPARISONS (CONTINUED)

Revenue	Statement of Financial Performance R	Reclassification due to mSCOA/NT versus GRAP classification R	Per Budget Comparison R
Revenue from Non-Exchange Transactions			
Government Grants and Subsidies - Operating / (Transfer and subsidies - Operational)	485 114 007	-	485 114 007
Fines / (Fines, penalties and forfeits)	-	6 495	6 495
Actuarial Gains / (Other Gains)	7 837 752	13 345	7 851 097
Inventory Adjustments	13 345	(13 345)	-
Revenue from Exchange Transactions			
Service Charges	216 100 084	55 064	216 155 148
Service charges - Water	179 913 584	55 064	179 968 648
Service charges - Waste Water Management	36 186 500	-	36 186 500
Sale of Goods and Rendering of Services	-	557 297	557 297
Rental from Fixed Assets	-	901 905	901 905
Interest Earned - External Investments / (Interest earned from Current and Non Current Assets)	6 738 171	-	6 738 171
Interest Earned - Outstanding Debtors / (Interest earned from Receivables)	116 329 565	-	116 329 565
Licences and Permits	-	390 286	390 286
Agency Services	-	468 506	468 506
Other Income	2 446 117	(2 446 117)	-
Operational Revenue	-	66 565	66 565
Capital Revenue			
Government Grants and Subsidies - Capital / (Transfers and subsidies - Capital)	201 193 848	-	201 193 848
Total Revenue	**1 035 772 890**	**-**	**1 035 772 890**

45 BUDGET COMPARISONS (CONTINUED)

Significant reclassifications relating to revenue are as follows:

Service Charges are consolidated on the face of the Statement of Financial Performance, while being disclosed per service in the budget statements.

Other income is included in Service Charges, Sale of Goods and Rendering of Services, Operational Revenue, Licences and Permits, Agency Services and Fines, penalties and forfeits in the budget statement.

Expenditure

Employee Related Costs	275 295 557	(2 394 396)	272 901 161
Remuneration of Councillors	7 260 778	-	7 260 778
Debt Impairment	280 294 494	(6 175 591)	274 118 904
Irrecoverable debts written off	-	6 175 591	6 175 591
Depreciation and Amortisation	70 931 889	365 395	71 297 284
Impairments	365 395	(365 395)	-
Actuarial Losses	13 218	(13 218)	-
Repairs and Maintenance	17 595 059	(17 595 059)	-
Finance Charges / (Interest)	5 814 113	-	5 814 113
Bulk Purchases	8 167 059	(8 167 059)	-
Inventory Consumed	-	32 150 717	32 150 717
Contracted Services	20 846 908	51 192 131	72 039 039
Transfers and Grants / (Transfers and Subsidies)	9 565 217	87 400	9 652 617
VIP Toilet Expenditure	15 878 441	(15 878 441)	-
Other Expenditure / (Operational Costs)	146 907 418	(39 395 293)	107 512 125
Loss on Disposal of Property, Plant and Equipment/ (Loss on Disposal of Assets)	2 304 574	-	2 304 574
Other Losses	-	13 218	13 218
Total Expenditure	**861 240 121**	**-**	**861 240 121**

Significant reclassifications relating to expenditure are as follows:

Employee Related Costs is only affected by Skills Development Levy being disclosed as Operational Costs in the budget statement.

Irrecoverable debts written off is separated from Debt Impairment in the budget statement.

Bulk Purchases are included as Inventory Consumed in the budget statement.

Repairs and Maintenance, VIP Toilets and Other Expenditure are budgeted for as Operational Costs, Contracted Services, Inventory Consumed and a small portion under Transfers and Subsidies.

Cash Flow Statement

The Cash flow statement is comparable on a line by line basis except for the following:

Suppliers and Employees are aggregated on the budget statement while shown separately in the Cash Flow Statement.

Capital Assets includes additions to both Property Plant and Equipment as well as Intangible assets.

45 BUDGET COMPARISONS (CONTINUED)

45.2 MATERIAL VARIANCES

Statement of financial position - Budget Adjustments

Cash and cash equivalents	The municipality expected to raise all loans (R 30 million) during the current year relating to the fleet. Procurement was not expected to be done in the current year.
Trade and other receivables from exchange transactions	Align debtors to prior year audited results taking into account non-collectability in the current year.
Receivables from non-exchange transactions	Align debtors to prior year audited results also taking into account grant spending that will not be fully settled on year-end..
VAT (Asset)	Align to prior year audited results, taking into account additional payables to be raised during the year.
Property, plant and equipment	Align to prior year audited results, taking into account proposed capital program for the year..
Financial liabilities (Current and Non-Current)	The municipality incorrectly budgeted for the entire loan as non-current without taking into account the portion to be settled within 12 months after year end. The municipality expected to raise a R 30 million loan to procure a new fleet.
Trade and other payables from	Align budget to prior year audited results.
VAT (liability)	Align to prior year audited results, taking into account non-collection of receivables to be raised during the year.
Accumulated Surplus	Align budget to prior year audited results, also taking into account budgeted surplus for the 2024/25 financial year.

Statement of financial position - Budget versus Actual

Cash and cash equivalents	The municipality only raised R 5 million of the proposed R30 million loan before year-end.
Trade and other receivables from exchange transaction	The municipality reviewed and restated their debt impairment provision based on the collectability of each debtor. This resulted in a significant increase in the provision for bad debts.
Receivables from non-exchange transactions	The municipalty proposed a correction of error in the prior year amounting to R 4.5 million to reverse a MIG receivable incorrectly recorded. The municipality further expected an increase in balance which did not materialise.
Inventory	The municipality purchased pre-paid meters amounting to R 16.6 million (VAT Inclusive) which were budgeted for as operating expenses. A significant portion remained in store at year-end.
VAT (Receivable)	The proposed budget of the municipality did not align the budgeted payable figure, resulting in this significant variance between actual results and the budget for VAT.
Property, Plant And Equipment	The municipality did not fully spend the capital budget in the current year. The proposed effect of depreciation was also not fully accounted for in the projected figure for property plant and equipment.
Trade and other payables from exchange transactions	Improved management of payables resulting a positive result at year-end.

45 BUDGET COMPARISONS (CONTINUED)

Trade and other payables from non-exchange transactions	Unspent grants higher than expected during the budget process, specifically the Regional Bulk Infrastructure Grant amounting to approximately R 13 million.
VAT (Payable)	The VAT balance ended the year in a net receivable, mainly due to the significant debt impairment raised during current and prior years.
Financial Liabilities (Non-Current)	The municipality only raised R 5 million of the proposed R30 million loan before year-end.
Accumulated Surplus	The variance is mainly due to the restatement of debt impairment resulting in decrease in accumulated surplus in current and prior years.

Statement of financial performance - Budget Adjustments

Interest earned from Receivables	The municipality incorrectly budgeted for interest as Non-exchange Revenue rather than Exchange Revenue. Accordingly, the budget wat moved to correct the error made.
Interest (Revenue)	The municipality incorrectly budgeted for interest as Non-exchange Revenue rather than Exchange Revenue. Accordingly, the budget wat moved to correct the error made.
Debt Impairment	The budget was increased to account for projected non-collections of receivables.
Operational Costs	Higher-than-expected costs for honey sucking, pressure jetting, and water carting due to unplanned infrastructure failures in December 2024. The delayed procurement of fleet vehicles for these services further necessitates increased budget allocation.

Statement of financial performance - Budget versus Actual

Service charges - Water	Proposed budget too optimistic. Variance also impacted by significantly higher than expected rebates granted.
Service charges - Waste Water Management	Proposed budget too optimistic. Variance also impacted by significantly higher than expected rebates granted.
Interest earned from Receivables	Non-collection Higer than expected resulting in Higer interest raised on debtors outstanding.
Other Gains	Variance mainly due to significant actuarial gain materialised in the current year not anticipated during the budget process.
Employee Related Costs	The municipality realised a current and past service cost credit of R 3.3 million on Post Retirement medical benefits while a budget of R 3.9 milion (debit) for current service cost was anticipated in during budget process.
Inventory Consumed	Cost containment measures contributing to the positive result. Also refer to comment in inventory above.
Debt impairment	Total review of debt impairment resulting in significant Higer than expected impairment charge.

45 BUDGET COMPARISONS (CONTINUED)

Depreciation and amortisation	Fewer projects completed during the year resulting in lower depreciation charge being recognised.
Contracted Services	Cost containment measures contributing to the positive result.
Operational Costs	Cost containment measures contributing to the positive result.
Transfers and subsidies - Capital	Underspending of amongst other the Regional Bulk Infrastructure Grant (Approximately R 13 million). VAT portion of capital grants budgeted for as capital, while recorded as operating grant revenue.

Cash Flow Statement - Budget Adjustments

Service Charges	Adjustment to account for non-collection of service charges.
Transfers and Subsidies - Operational	Mainly due to allocation correction between operating and capital grants received.
Transfers and Subsidies - Capital	Mainly due to allocation correction between operating and capital grants received.
Interest	The original budget incorrectly omitted interest. This was corrected in the final budget.
Suppliers and Employees	The adjustment mainly due to figure corrected in line with trend analysis performed on this line item.
Transfers and Subsidies	The original budget incorrectly omitted to budget for the grant payable to JoGeda.
Capital Assets	Adjustment mainly linked to transfer of grant funds between operating and capital.
Repayment of Borrowing	The budget was removed due to the municipality not expecting to settle any loans in the current financial year.
Cash (Opening Balance)	current year relating to the fleet. Procurement was not expected to be done in the current year.

Cash Flow Statement - Budget versus Actual

Service Charges	Actual collection rate lower than expected during the budget process.
Transfers and Subsidies - Operating	VAT portion of expenditure accounted as part of operating while budgeted as part of capital. The operating portion of grants was also Higer than expected on MIG and WSIG projects.
Transfers and Subsidies - Capital	VAT portion of expenditure accounted as part of operating while budgeted as part of capital. The operating portion of grants was also Higer than expected on MIG and WSIG projects.
Suppliers and Employees	Cost containment measures contributing to the positive result.
Capital Assets	All projects did not materialise in the current year. The budget also incorrectly included VAT.
Borrowing long term/refinancing	The municipality only raised R 5 million of the proposed R 30 million loan in the current year.
Cash/cash equivalents at the year end:	The municipality only raised R 5 million of the proposed R 30 million loan in the current year.

		2025	2024
		R	R

46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

46.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure consist out of the following:

	2025 R	2024 R
Opening balance	164 753	24 178 356
Unauthorised expenditure current year - operating	78 939 462	-
Unauthorised expenditure current year - capital	-	-
Written off by Council	-	(24 013 603)
Unauthorised expenditure awaiting approval	**79 104 215**	**164 753**

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. The current year unauthorised is mainly linked to debt impairment (non-cash). The unauthorised expenditure is still under investigation. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred pending the outcome of the investigation.

	2025 (Actual) R	2025 (Final Budget) R	2025 (Unauthorised) R
Unauthorised expenditure - Operating			
Office of the Municipal Manager	52 742 592	64 640 517	-
Financial Services	59 154 620	89 457 065	-
Corporate Services	56 590 919	68 151 146	-
Technical Services	86 329 775	108 073 118	-
Community Services	40 324 481	41 853 442	-
Water Services Provision	566 097 734	487 158 272	78 939 462
Total	**861 240 121**	**859 333 560**	**78 939 462**
Unauthorised expenditure - Capital			
Financial Services	2 590 067	3 300 000	-
Technical Services	156 688 993	217 413 808	-
Community Services	-	1 471 000	-
Water Services Provision	46 002 813	59 000 001	-
Total	**205 281 873**	**281 184 809**	**-**

	2025	2024
	R	R

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

46.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

	2025 R	2024 R
Opening balance	625 130	639 488
Fruitless and wasteful expenditure incurred	-	-
Written of by Council	-	(14 358)
Fruitless and wasteful expenditure awaiting approval	**625 130**	**625 130**

<u>Incurred up to 30 June 2021</u>

On the 28 March 2019 the Council resolved to rescind its previous resolution to extend the employment contracts of the Municipal Manager, the Director: Corporate Services, the Director: Technical Services and the Director: Community Services.

The matter was determined to be unlawful. A Council meeting did not sit to reverse the decision. The matter was taken to the Labour Court by the affected senior managers and a Rule Nisi was granted in favour of the managers and Joe Gqabi District Municipality was directed to pay the applicant's costs associated with this matter.

An advice was then sought form the National Treasury in this regard and they indicated that is likely fruitless and wasteful expenditure and that it must establish an interim committee to investigate the recoverability of the identified fruitless and wasteful expenditure if the MPAC members are conflicted. The Audit committee was then tasked to investigate the matter and found that the money must be recovered from Councillors.

<u>Incurred during 2022/2023</u>

Interest were recognised for late payments on invoices of the Auditor General. Preliminary investigations indicate an amount of R 13 730 relates to invoices received in SPAM mailbox and was therefore paid late. This was reported to council as part of the June 2023 SCM report and is still under investigation.

46.3 IRREGULAR EXPENDITURE

None

47 MATERIAL LOSSES

	2025	2024
Water distribution losses		
Kilo litres raw	13 719 408	13 212 841
Kilo litres treated	12 837 803	11 044 574
Kilo litres sold	(8 181 373)	(8 614 630)
Kilo litres lost during cleaning	881 605	2 168 267
Kilo litres lost from treated	4 656 430	2 429 944
Kilo litres lost from raw	5 538 035	4 598 211
Percentage water lost during cleaning	6.43%	16.41%
Percentage lost from treated vs billed	36.27%	22.00%
Percentage water lost since abstraction	40.37%	34.80%
Average cost per kilolitre in Rands (Treated)	15.58	15.20
Average cost per kilolitre in Rands (Untreated)	0.8200	0.6900
Loss in Rand value (Treated) at Treated Value	72 547 179	36 935 152
Loss in Rand value (Raw) at Untreated Value	722 916	1 496 104

The prior year average cost per kilolitre (Treated) was restated from R17.65 to R 15.20 due to the error identified in note 42.1. This reduced the Loss in Rand value (Treated) from R 42 888 515 to R 36 935 152.

For the 2024/25 financial year, Joe Gqabi District Municipality recorded an overall NRW level of 40.4%, of which only 20.6% are attributed to Water Losses, and 19.8% relates to authorised but unbilled consumption supplied to indigent households in rural communities and informal settlements. It is important to note that NRW figures do not only reflect water physically lost through leaks, bursts, or unauthorised consumption, but also include legitimate unbilled supply. In municipalities such as Senqu, where there is a significant proportion of both indigent households and dispersed rural communities, the contribution of authorised but unbilled consumption is substantial. This increases the reported NRW percentage even though the water is reaching end-users.

The Rand value of treated water losses, estimated at R72 547 179, therefore includes both actual water losses and the cost of supplying unbilled consumption to indigent households in rural areas and informal settlements. While this supply is necessary to meet social obligations and ensure equitable access to water, it impacts the municipality's financial position by reducing potential revenue recovery.

In this context, the higher NRW figure for 2024/25 should not be viewed as a deterioration, but as a more representative measure of system performance. A significant share of the reported NRW is not water "lost" to the system, but authorised unbilled consumption supplied to indigent households in rural communities and informal settlements. This remains a consistent contributor to the overall NRW percentage and is an important factor when interpreting the figures and their impact on municipal financial stability.

		2025 R	2024 R
48	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		

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

	2025 R	2024 R
Council subscriptions	2 600 530	2 752 869
Payments	(2 600 530)	(2 752 869)
Outstanding Balance	**-**	**-**

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

	2025 R	2024 R
Opening balance	-	43 207
Current year audit fee	5 449 780	5 344 210
Amount paid	(5 449 780)	(5 387 417)
Outstanding Balance	**-**	**-**

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

	2025 R	2024 R
Opening balance	5 667 974	231 162
Amounts received during the year	(73 526 110)	(34 846 512)
Amounts claimed during the year	74 240 561	40 283 325
Outstanding Balance	**6 382 425**	**5 667 974**

VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.

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

	2025 R	2024 R
Opening balance	3 383 299	-
Current year payroll deductions and Council Contributions	46 726 929	41 863 719
Amount paid - current year	(46 354 198)	(38 480 419)
Outstanding Balance	**3 756 030**	**3 383 299**

The prior year total incorrectly totalled to R 3 385 323 instead of R 3 383 299. This error was corrected in the current year.

48.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]

	2025 R	2024 R
Opening balance	4 817 400	-
Current year payroll deductions and Council Contributions	59 948 373	56 566 709
Amount paid - current year	(64 765 773)	(51 749 309)
Outstanding Balance	**-**	**4 817 400**

	2025 R	2024 R

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

48.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]

The following councillors had overdue accounts at year-end (Balances 90 days plus disclosed):

	2025 R	2024 R
Z Mampintsha	871	766
NS Mathetha	8 366	9 370
M Bomela	-	16 749
NP Mposelwa	-	32 395
E Theron	64 599	63 683
N Mabunu	68 898	63 750
Outstanding Balance (90 Days plus)	**142 734**	**186 714**

The prior year incorrectly included disclosure relating to S Mfisa amounting to R 67 963. The property is not registered in the name of the Councillor and accordingly the disclosure of the arrear amount is not considered appropriate.

48.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

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

	2025 R	2024 R
Emergencies	15 179 772	25 362 737
Goods and services are available from a Single provider only	-	306 189
Other exceptional cases where it is impractical or impossible to follow the official procurement processes e.g. Strip and Quotes	605 209	716 476
Total	**15 784 981**	**26 385 402**

The term “strip and quote” is an estimate by a technical person to scope to ascertain any hidden or latent defects before repairs can be started.

It is considered “impractical” where, for example, repairs need to be done and it is not possible for the municipality to ascertain or specify the nature or extent of the work required. This may require a "strip and quote" to determine the scope of work to be done to rectify the situation. This may require dismantling of the asset. This is common on mechanical, electrical and related repairs.

Deviations per department:	2025 R	2024 R
Financial Services	51 503	120 750
Corporate Services	233 441	50 761
Community Services	-	155 847
Water Service Provision	15 101 699	25 362 737
Technical Services	398 338	-
Office of the Municipal Manager/ISA	-	695 307
Total	**15 784 981**	**26 385 402**

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

48.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]

None

48.9 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the period under review, the municipality did not engage with the employees in service of the state (SCM 44).

During the year under review, the municipality engaged with the following entities where family members of suppliers are in service of the state (SCM 45):

Supplier	Awarded Amount	2025 R	2024 R
SMS ICT Choice (Pty) Ltd	Rates Based	1 823 483	135 556
Zutari (Pty) Ltd	Rates Based	3 442 482	630 881
Sikhokhele Business Consulting	Rates Based	19 838	-
Liqha Group	Per Quotation/Rates Based	-	20 100
Direction Repairs	Per Quotation	83 319	5 740
Inzalo EMS (Pty) Ltd	Rates Based	-	3 510 457
Centabi (Pty) Ltd	Per Quotation	12 600	18 750
Total		**5 381 721**	**4 321 483**

The amount disclosed above relates to the actual expenditure on the relevant contracts during the 2 years under review.

Further disclosure relating to the suppliers above:

Supplier	Initials and Surname of family member and relationship	Organ of State	Capacity of family member
SMS ICT Choice (Pty) Ltd (Sydwell Maqula)	NJ Maqula (Spouse)	Department of Human Settlements	Director: Contracts Management
Zutari (Pty) Ltd (Richard John Ahlschlager)	HC Ahlschlager (Spouse)	SIU (Accountable to parliament and president)	Legal Representative
Zutari (Pty) Ltd (Kevin Pragasen Nadasen)	K Nadasen (Spouse)	National Department of Public Works	Director: Key Account Management
Zutari (Pty) Ltd (Ismail Gasant)	S Seegers (Sibling)	City of Cape Town	Head of Security Architecture
Sikhokhele Business Consulting (Abongile Peter)	M Peter (Spouse)	Western Cape Provincial Treasury	Assistant Director: Local Government Finance

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

Liqha Group (Loyiso Hlathuka)	UH Hlatuka (Spouse)	Joe Gqabi District Municipality	Councillor
Direction Repairs (N Labuschagne)	JR Labuschagne (Spouse)	Joe Gqabi District Municipality	Technician
Inzalo EMS (Pty) Ltd (Trinity Sibonelo Mazibuko)	N.T. Mazibuko (Spouse) - Was not employed by Inzalo 2024/2025.	KZN Department of Arts and Culture	Provincial Archivist
Centabi (Pty) Ltd (CN Mohai)	MJ Mohai (Spouse)	Joe Gqabi District Municipality	General Worker

49 CAPITAL COMMITMENTS

	2025 R	2024 R
Commitments in respect of Capital Expenditure:	**694 128 081**	**843 813 184**
Approved and contracted for:		
Infrastructure	694 128 081	843 813 184
Total	**694 128 081**	**843 813 184**
This expenditure will be financed from:		
Government Grants	694 128 081	843 813 184
Total	**694 128 081**	**843 813 184**

Commitments are disclosed inclusive of Value Added Tax (VAT)

50 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

50.1 Credit Risk

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

The following financial assets are exposed to credit risk:

	2025 R	2024 R
Receivables from Exchange Transactions	124 182 861	116 196 685
Cash and Cash Equivalents	31 483 034	3 228 997
Unpaid Conditional Grants and Subsidies	5 024 172	6 261 575
Total	**160 690 068**	**125 687 258**

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

Cash and Cash Equivalents

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

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

Credit risk is further managed and guided by the Cash Management and Investment Policy.

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply

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

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

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

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

Also refer to note 4 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

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

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

	2025 R	2024 R
Water	78 645 986	73 123 941
Sanitation	25 484 349	23 950 040
Other Services	71 465	56 293
Staff and other debtors	338 853	366 002
Total	**104 540 653**	**97 496 275**

The prior year figure was restated from R 813 375 868 to R 97 496 275. This is due to the restatement on the prior year debt impairment.

		2025	2024
		R	R

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

These receivables can be aged as follows:

	2025	2024
1 Month Past due	4 609 629	2 774 987
2 Months Past due	2 742 804	2 351 968
3 Months and more Past due	97 188 220	92 369 321
Total	**104 540 653**	**97 496 275**

Non-Current Investments

Investments consist out of an investment in a municipal entity.

Refer to note 6 for more detail with regards to these assets and any impairment charges raised against these investments to reduce the carrying value of the investment in line with its recoverable amount.

Unpaid Conditional Government Grants

Although the risk pertaining to unpaid conditional grants and subsidies are considered to be very low, the maximum exposure is disclosed. Amounts are receivable from national and provincial government and there are no expectation of counter party will default.

50.2 Currency risk (Market Risk)

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

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

50.3 Interest rate risk (Market Risk)

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

	2025 R	2024 R
The following balances are exposed to interest rate fluctuations:		
Cash and Cash Equivalents (Excluding Cash on Hand)	31 483 034	3 228 997
Long-term Liabilities (Including Current Portion)	(5 000 000)	-
Net balance exposed	**26 483 034**	**3 228 997**
Potential effect of changes in interest rates on surplus and deficit for the year:		
0.5% (2024 - 0.5%) increase in interest rates	132 415	16 145
0.5% (2024 - 0.5%) decrease in interest rates	(132 415)	(16 145)

Management does not foresee significant interest rate movements during the next 12 months.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

50.4 Liquidity risk

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

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

The following balances are exposed to liquidity risk:

30 JUNE 2025		**PAYABLE**	
	Within 1 Year	**Two to five years**	**After five years**
Annuity Loans	1 255 619	5 026 317	-
Payables from exchange transactions	144 894 577	-	-
Total	**146 150 196**	**5 026 317**	**-**

30 JUNE 2024		**PAYABLE**	
	Within 1 Year	**Two to five years**	**After five years**
Payables from exchange transactions	175 736 051	-	-
Payables from Non-exchange transactions	2 250 000	-	-
Total	**177 986 051**	**-**	**-**

The liquidity risk is further managed and guided by the Liquidity Policy.

There were no changes to the exposure to liquidity risk and how the risk is managed during the period under

50.5 Other price risk (Market Risk)

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

The municipality is not exposed to any other price risk.

51 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments
(All balances are recognised at amortised cost.)

	2025 R	2024 R
Financial Assets		
Joe Gqabi Economic Development Agency (Soc) Ltd	-	-
Receivables from Exchange Transactions	124 182 861	116 196 685
Cash and Cash Equivalents	31 591 478	3 346 597
Unpaid Conditional Government Grants and Receipts	5 024 172	6 261 575
Total	**160 798 511**	**125 804 857**
Financial Liabilities		
Long-term Liabilities	4 093 116	-
Payables from Exchange Transactions (Previously Trade and Other Payables)	144 894 577	175 736 051
Payables from Non-Exchange Transactions	-	2 250 000
Current Portion of Long-term Liabilities	906 884	-
Total	**149 894 577**	**177 986 051**

52 STATUTORY RECEIVABLES

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

	2025	2024
Taxes		
VAT Receivable from SARS (VAT Control)	6 382 425	5 667 974
Total	**6 382 425**	**5 667 974**

The VAT Receivable is considered an Exchange Receivable

The VAT receivable from SARS is considered to be Statutory Receivable. Input Vat in Suspense is not included in the disclosure as there are no transaction to “settle” with a specific counterparty (SARS) at year-end.

53 EVENTS AFTER REPORTING DATE

Subsequent to year-end, the municipality has experienced an escalation in vandalism incidents targeting critical water and sanitation infrastructure. During July and August 2025, five pump stations were vandalised in Burgersdorp and Ugie, with perpetrators stealing electric cables, copper wiring, motors, and destroying control panels and electrical systems. These criminal acts have directly impacted service delivery, causing water supply interruptions and sewer spillages that pose serious public health risks to affected communities.

Burgersdorp Pump Stations, Walter Sisulu LM :On 7 July 2025, vandalism and theft occurred at Thembisa 1 and Thembisa 2 sewer pump stations. Damages included theft of electricity supply cables, stripped electrical distribution boards, damaged pump cables, and vandalized telemetry systems. SAPS case CAS 20/07/2025 was opened. Estimated costs: R974,000. On 12 August 2025, similar incidents occurred at MM and Eureka pump stations, with additional security fence damage. SAPS cases CAS 32/08/2025 and CAS 34/08/2025 were opened. Estimated costs: R853,034.

Ugie Reservoir and Booster Pump Station, Elundini LM: On 1 August 2025, theft and vandalism occurred at the Ugie-Ntokozweni reservoir and booster pump station serving PG Bison. Damages included theft of electrical wiring, stripped distribution boards, vandalized light fixtures, pump damage, and telemetry system vandalism. SAPS case CAS 1/8/2025 was opened. Estimated costs: R196,000.

54 IN-KIND DONATIONS AND ASSISTANCE

Refer to note 21 for donated assets received during the year.

55 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

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

56 CONTINGENT LIABILITIES

The municipality were exposed to the following contingent liabilities at year end:

56.01 There was an accident which occurred between a vehicle of Senqu Municipality and a truck driven by an employee of the Municipality. The insurance is claiming for damages from the municipality and the municipality is contesting the claim. The case is Pending, JGDM filed a notice of exception. Likelihood of the municipality to lose this case is medium to low. The amount of the claim in this case is R382 119.66 and we are waiting for the Court date and the likelihood of losing this case is still low. The matter is still in trial stage. This matter is being negotiated between two parties for a settlement and the outcome is pending.

56 CONTINGENT LIABILITIES (CONTINUED)

56.02 TA Stera Enterprise - This is a case where the plaintiff is claiming an amount of R1 658 488.60 saying there was an illegitimate expectation created by one of the employees of the Municipality where he applied for a tender and such was not granted to him. The likelihood of losing the case is medium. Notice of intention to sue was received and no summons yet. This matter was withdrawn by the Plaintiff. Subsequent to that another summons was received with a different amount of claim and different facts. There is an application to Court by the Municipality for the withdrawal of the case by the Plaintiff on the basis that the Municipality cannot plead to the summons received as there was no notice to amend the first summons received by the Municipality since content is still the same. Rule 30 Notice was served on the Plaintiff. Matter was still pending during 2023/2024 since the plaintiff is not doing anything about the case and the Municipality is the Respondent and it is the duty of the Plaintiff to set the matter down for trial once all pleadings have been closed and in this matter pleadings are not yet closed as the new owner of the company is pursuing the matter. Previous owner passed away. Action was withdrawn during the 2024/2025 financial year.

56.03 Spec v JGDM - This is a case where Spec interdicted Magnocorp from carrying on with the works after it had been awarded a Tender by the Municipality. This matter was on trial on the 12 of August 2021 at the Grahamstown High Court and we are waiting for the judgment. This matter is on appeal to the full bench of the Grahamstown High Court as the Applicants are not happy with the decision of the single judge. This matter was finalised in the current year. Award of tender was set aside. In process of finalising file for drafting of bill of costs to recover costs once taxed.

56.04 Fiona Sephton v JGDM - The erstwhile Director: Community Services, Mrs F.J Sephton, following her resignation, which took effect on 31 January 2022, referred a constructive dismissal dispute to the SALGBC, which is associated with alleged intolerable working conditions created by the municipality. An arbitration award has since been awarded in favour of the Municipality, which the ex-employee in question has since taken on review to the Labour Court (LC) and which matter has not been heard by the LC yet. The ex-employee (who has since been employed by the municipality in a different capacity) is seeking relief in the amount of R1 984 780.09 (One million nine hundred and eighty-four thousand seven hundred and eighty rand and nine cents only), interest on the afore-mentioned amount from the date of mora, alternatively from the date of judgment at the prescribed legal rate of interest of 9% per annum, alternatively an order in terms of section 77A(e) of the BCEA as well as the cost of suit. This constitutes a contingent liability to the municipality. The liability rating, based on the merits of the case is regarded as a low risk contingent liability to the municipality. The review to the labour court was dismissed and the said employee took the matter on appeal. The outcome of the appeal is still outstanding.

57 CONTINGENT ASSETS

The municipality has the following contingent assets at year end:

57.01 The municipality identified possible fraud which is currently under investigation by the SAPS and the outcome is unsure at this stage. The matter has been referred to the Municipal attorneys to claim from the medical aid scheme in question. No court date has been set on the reporting date. The municipality is awaiting the investigation report to proceed with litigation. No report is forthcoming after numerous correspondence to the Medical Aid and the Municipal Attorneys are proceeding with summons against Medichex and Hosmed. The matter was removed from the Municipal Attorneys roll and reported to the office of the Ombudsman for financial service providers. The outcome is still pending.

57 CONTINGENT ASSETS (CONTINUED)

57.02 There is an amount of R287 823.18 which is a contingent asset in the matter of WDR Earthmoving Enterprise v JGDM which relates to costs that the Municipality has to recover from Amadwala. The attorneys advised that they will apply for Amadwala to be declared insolvent and that is the only route available for now since Amadwala has more debt and could not afford to pay any. This is an ongoing matter. According to the attorneys, Amadwala was liquadated with creditors in excess of R149 million. The matter is being attended to by our attorneys for recovery. Recovery is very low and it is considered to be closed.

57.03 There is a contingent asset for legal costs in favour of the Municipality in the TA Stera Enterprise matter which was withdrawn by his attorneys for an amount of R141 396.88. The attorneys is attending to the matter through a claim against his estate. The issue of cost will be addressed once the case is finalised (refer to note 56.02.)

58 B-BBEE PERFORMANCE

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

59 RELATED PARTIES

Related parties are defined in note 1.35

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

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

Remuneration of related parties are disclosed in notes 27 and 28

No business transactions took place between the Municipality and management personnel and their close family members (including close members of family members) during the year under review.

The Municipality has a 100% shareholding in Joe Gqabi Economic Development Agency (Soc) Ltd (JoGEDA) as set out in note 6 to the financial statements. The Municipality incurred expenditure on behalf of JoGEDA.

The Municipality paid a grant to JoGEDA as disclosed in note 37.

Also refer to note 60 relating to the principle agent relationship between the municipality and JoGEDA.

Also refer to note 48.9 for detail conduction with the Liqha Group where there is a relationship with a Councillor.

60 ACCOUNTING FOR PRINCIPALS AND AGENTS

The municipality act as Principle in its binding arrangement with Joe Gqabi Economic Development Agency (Soc) Ltd, which is a fully owned municipal entity. The Joe Gqabi Economic Development Agency (Soc) Ltd engages with service providers and contractors on behalf of the municipality during the implementation of the municipal operating and capital projects. An agency fee is paid to the Joe Gqabi Economic Development Agency (Soc) Ltd in this regard. The following fees were paid and receivables were raised as a result of the agreement:

60 ACCOUNTING FOR PRINCIPALS AND AGENTS (CONTINUED)

	2025 R	2024 R
Fees Paid to Joe Gqabi Economic Development Agency (Soc) Ltd (Excluding VAT)	13 428 925	10 869 365
Implementing fee payable (Including VAT)	2 006 897	-
Payables from exchange transactions where the municipality acts as a principal in the principal-agent binding agreement with the Joe Gqabi Economic Development Agency (Soc) Ltd (Including VAT)	17 446 538	2 738 486

Then municipality also employed to services of MFS Consulting Chartered Accountants (SA) as implementing agent for Water Services Demand and Conservation. The following agency fee was paid:

Implementing fees paid (Excluding VAT)	1 155 569	1 131 304

61 NON-LIVING RESOURCES

Management identified the following non-living resources (other than land):

- Aquifer (from where water is extracted by utilising boreholes)

62 GOING CONCERN

The annual financial statements have been prepared on the going concern basis. In assessing the municipality's ability to continue operating for the foreseeable future, management considered financial indicators, liquidity levels, adverse ratios, operational risks and the expected impact of planned interventions over the next twelve months.

The assessment identified several financial indicators that may cast doubt on the municipality's ability to continue as a going concern. These include liquidity pressures, high levels of outstanding debtors, low cash reserves and a number of adverse financial ratios. The municipality's liquidity ratio remains below 1, indicating that current liabilities exceed current assets. Cash coverage is approximately one month, which is below National Treasury norms.

Although the creditors days ratio appears significantly above the expected benchmark, this does not reflect non-compliance with the MFMA requirement to settle accounts within 30 days. Operational suppliers are paid within normal turnaround times. The elevated creditors-days ratio is distorted by long-outstanding historic debts owed to major service providers, which inflate the value of accounts payable and negatively impact the calculation. These historic debts are not indicative of current payment behaviour but remain part of the total creditors balance until settled.

Revenue performance remains weak, with low collection rates and high debtors' days. A large portion of outstanding debt relates to households and indigent consumers, where historical recovery levels are low. These conditions have contributed to ongoing cash flow constraints. Rising water and sanitation service costs, ageing infrastructure, and high water losses continue to place pressure on financial performance. The municipality also remains highly reliant on the equitable share to fund basic services, which heightens vulnerability to external fiscal pressures. Unspent conditional grants are not fully cash-backed, placing additional pressure on available cash resources.

62 GOING CONCERN (CONTINUED)

Management has implemented several measures to improve financial sustainability. These include the implementation of the rollout of additional prepaid water meters, strengthening of the billing value chain, improved meter reading processes, and enhanced collection efforts across the district, appointment of debt collectors. Weekly cash flow monitoring, prioritisation of essential expenditure and stricter application of the Cost Containment Regulations are ongoing.

Infrastructure upgrades funded through MIG and WSIG are being implemented to stabilise water services and reduce losses. Institutional improvements include filling critical vacancies in Revenue, SCM and Budget and Treasury, improving financial reporting tools and implementing automated controls such as a system-driven retention register.

Further interventions planned over the medium term include strengthening credit control enforcement, improved budget planning, expansion of the prepaid metering programme, and implementation of the fleet replacement strategy to reduce rental costs.

Management believes that the actions already implemented, together with planned interventions and continued support through equitable share and grant funding, will improve cash flow, liquidity and operational performance over the next twelve months. Based on this assessment, the municipality expects to continue operating for the foreseeable future, and the annual financial statements have therefore been prepared on the going concern basis.

63 SEGMENT REPORTING

63.1 General information

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

The municipal departments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Public Safety	Fire Fighting and Protection Services
2	Planning and Development	Corporate wide strategic planning, economic development and technical project management services
3	Environmental Protection	Nature Conservation
4	Health	Municipal Health Services
5	Road transport	Maintenance relating to Provincial Roads Infrastructure
6	Waste Water Management	Sewerage Services
7	Water Management	Water Services
No	**Non-Segments**	**Goods and/or services delivered**
1	Finance and administration	Supply administrative and related support to all segments. Provide and strengthen the overall governance.

63 SEGMENT REPORTING (CONTINUED)

63.2 Reporting on segment assets and liabilities

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

63.3 Geographic Segment Reporting

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

63.4 Measurement of specific segment information

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

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

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed as follows:

63 SEGMENT REPORTING (CONTINUED)

	Non - Segments	Segments							
30 JUNE 2025	**Finance and administration R**	**Public Safety R**	**Planning and Development R**	**Environmental Protection R**	**Health R**	**Road transport R**	**Waste Water Management R**	**Water Management R**	**Total R**
REVENUE									
External Revenue from Non-Exchange Transactions	**387 351 127**	**-**	**208 735 759**	**-**	**-**	**22 448 721**	**-**	**75 623 345**	**694 158 952**
Government Grants and Subsidies - Operating	379 513 375	-	53 294 698	-	-	22 448 721	-	29 857 213	485 114 007
Government Grants and Subsidies - Capital	-	-	155 441 061	-	-	-	-	45 752 787	201 193 848
Actuarial Gains	7 837 752	-	-	-	-	-	-	-	7 837 752
Inventory Adjustments	-	-	-	-	-	-	-	13 345	13 345
External Revenue from Exchange Transactions	**7 895 912**	**-**	**-**	**-**	**737 610**	**468 506**	**53 496 217**	**279 015 694**	**341 613 938**
Service Charges	-	-	-	-	-	-	36 186 500	179 913 584	216 100 084
Interest Earned - External Investments	6 738 171	-	-	-	-	-	-	-	6 738 171
Interest Earned - Outstanding Debtors	-	-	-	-	-	-	17 282 519	99 047 046	116 329 565
Other Income	1 157 741	-	-	-	737 610	468 506	27 197	55 064	2 446 117
TOTAL REVENUE	**395 247 038**	**-**	**208 735 759**	**-**	**737 610**	**22 917 227**	**53 496 217**	**354 639 039**	**1 035 772 890**
EXPENDITURE	**164 540 752**	**14 720 949**	**49 778 075**	**-**	**22 418 163**	**23 667 949**	**104 890 009**	**481 224 224**	**861 240 121**
Employee Related Costs	79 891 883	14 384 529	16 830 570	-	21 904 259	15 573 604	31 959 934	94 750 778	275 295 557
Remuneration of Councillors	7 260 778	-	-	-	-	-	-	-	7 260 778
Debt Impairment	-	-	-	-	-	-	25 680 245	254 614 250	280 294 494
Depreciation and Amortisation	2 377 943	-	-	-	-	-	13 757 787	54 796 159	70 931 889
Impairments	103 477	-	-	-	-	-	119 584	142 334	365 395
Actuarial Losses	13 218	-	-	-	-	-	-	-	13 218
Repairs and Maintenance	2 808 527	14 083	2 372 377	-	-	-	475 932	11 924 141	17 595 059
Finance Charges	5 814 113	-	-	-	-	-	-	-	5 814 113
Bulk Purchases	-	-	-	-	-	-	-	8 167 059	8 167 059
Contracted Services	-	-	-	-	-	-	19 135 501	1 711 407	20 846 908
Transfers and Grants	-	-	9 565 217	-	-	-	-	-	9 565 217
VIP Toilet Expenditure	-	-	15 878 441	-	-	-	-	-	15 878 441
Other Expenditure	65 820 224	322 338	5 131 469	-	513 903	8 094 345	13 719 425	53 305 713	146 907 418
Loss on Disposal of PPE	450 588	-	-	-	-	-	41 602	1 812 384	2 304 574
TOTAL EXPENDITURE	**164 540 752**	**14 720 949**	**49 778 075**	**-**	**22 418 163**	**23 667 949**	**104 890 009**	**481 224 224**	**861 240 121**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**230 706 287**	**(14 720 949)**	**158 957 684**	**-**	**(21 680 553)**	**(750 722)**	**(51 393 792)**	**(126 585 185)**	**174 532 769**
CAPITAL EXPENDITURE FOR THE YEAR	2 590 067	-	156 312 603	-	-	-	250 026	46 129 177	**205 281 873**

63 SEGMENT REPORTING (CONTINUED)

30 JUNE 2024	Non - Segments Finance and administration R	Segments Public Safety R	Planning and Development R	Environmental Protection R	Health R	Road transport R	Waste Water Management R	Water Management R	Total R
REVENUE									
External Revenue from Non-Exchange Transactions	**358 917 306**	**646 682**	**197 731 000**	**-**	**-**	**23 293 223**	**48 753 103**	**16 670 189**	**646 011 503**
Government Grants and Subsidies - Operating	358 142 860	-	49 617 144	-	-	23 293 223	-	13 246 897	444 300 124
Government Grants and Subsidies - Capital	-	-	148 113 856	-	-	-	48 753 103	-	196 866 959
Public Contributions and Donations - Operating	-	459 408	-	-	-	-	-	-	459 408
Contributed Assets	-	187 273	-	-	-	-	-	3 317 513	3 504 786
Actuarial Gains	774 447	-	-	-	-	-	-	-	774 447
Inventory Adjustments	-	-	-	-	-	-	-	105 779	105 779
External Revenue from Exchange Transactions	**7 009 263**	**-**	**-**	**-**	**455 317**	**465 825**	**52 325 910**	**260 445 424**	**320 701 738**
Service Charges	-	-	-	-	-	-	38 467 525	171 256 265	209 723 790
Interest Earned - External Investments	5 619 204	-	-	-	-	-	-	-	5 619 204
Interest Earned - Outstanding Debtors	612 615	-	-	-	-	-	13 576 566	89 157 109	103 346 291
Other Income	777 443	-	-	-	455 317	465 825	281 819	32 050	2 012 454
TOTAL REVENUE	**365 926 569**	**646 682**	**197 731 000**	**-**	**455 317**	**23 759 049**	**101 079 013**	**277 115 613**	**966 713 241**
EXPENDITURE	**151 344 463**	**16 296 839**	**50 921 913**	**-**	**20 514 191**	**28 633 337**	**119 754 090**	**416 342 100**	**803 806 934**
Employee Related Costs	77 182 138	15 506 671	15 375 021	-	19 853 914	15 286 749	32 578 946	86 017 187	261 800 626
Remuneration of Councillors	7 050 525	-	-	-	-	-	-	-	7 050 525
Debt Impairment	-	-	-	-	-	-	43 881 433	210 942 787	254 824 220
Depreciation and Amortisation	2 404 888	-	-	-	-	-	14 169 494	58 716 598	75 290 981
Impairments	621 319	-	-	-	-	-	-	-	621 319
Actuarial Losses	2 887 543	-	-	-	-	-	-	-	2 887 543
Repairs and Maintenance	2 100 002	-	3 523 252	-	-	774 747	-	5 518 031	11 916 033
Finance Charges	5 063 772	-	-	-	-	-	-	-	5 063 772
Bulk Purchases	-	-	-	-	-	-	-	8 035 675	8 035 675
Contracted Services	-	-	-	-	-	-	16 149 583	105 931	16 255 514
Transfers and Grants	-	-	11 304 348	-	-	-	-	-	11 304 348
VIP Toilet Expenditure	-	-	15 811 555	-	-	-	-	-	15 811 555
Other Expenditure	53 971 620	790 167	4 907 737	-	660 278	12 571 842	12 968 740	46 598 660	132 469 044
Loss on Disposal of PPE	62 656	-	-	-	-	-	5 894	407 229	475 779
TOTAL EXPENDITURE	**151 344 463**	**16 296 839**	**50 921 913**	**-**	**20 514 191**	**28 633 337**	**119 754 090**	**416 342 100**	**803 806 934**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**214 582 106**	**(15 650 157)**	**146 809 087**	**-**	**(20 058 875)**	**(4 874 289)**	**(18 675 077)**	**(139 226 487)**	**162 906 308**
CAPITAL EXPENDITURE FOR THE YEAR	1 863 187	54 614	149 134 266	-	-	-	73 504	49 511 563	**200 637 134**

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2025

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2024 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2025 R
ANNUITY LOANS							
ABSA (Fleet)	3062206538	9.57%	2030/03/31	-	5 000 000	-	5 000 000
Total Annuity Loans				**-**	**5 000 000**	**-**	**5 000 000**
Total Long-Term Liabilities				**-**	**5 000 000**	**-**	**5 000 000**

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX B (UNAUDITED)

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

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	TRANSFER TO/ (FROM) RECEIVABLES	FUNDS RETURNED TO NT	CLOSING BALANCE
NATIONAL GOVERNMENT	**R**	**R**	**R**	**R**	**R**	**R**	**R**
Equitable Share	-	377 227 000	(377 427 000)	-	-	200 000	-
Financial Management Grant (FMG)	-	1 500 000	(1 500 000)	-	-	-	-
Municipal Infrastructure Grant (MIG)	-	178 376 000	(46 468 302)	(131 907 698)	-	-	-
Water Services Infrastructure Grant (WSIG)	-	75 610 000	(29 857 213)	(45 752 787)	-	-	-
Expanded Public Works Program (EPWP)	-	1 836 000	(1 836 000)	-	-	-	-
Rural Roads Asset Management Grant	200 000	2 447 000	(913 431)	-	-	(200 000)	1 533 569
Regional Bulk Infrastructure Grant	-	40 000 000	(3 530 004)	(23 533 363)	-	-	12 936 633
Total	**200 000**	**676 996 000**	**(461 531 950)**	**(201 193 848)**	**-**	**-**	**14 470 202**
PROVINCIAL GOVERNMENT							
Public Works - Special Programme	-	22 772 693	(21 535 290)	-	(1 237 403)	-	-
Total	**-**	**22 772 693**	**(21 535 290)**	**-**	**(1 237 403)**	**-**	**-**
OTHER GRANT PROVIDERS							
LG Seta	-	586 375	(586 375)	-	-	-	-
Orio	-	1 460 392	(1 460 392)	-	-	-	-
Total	**-**	**2 046 767**	**(2 046 767)**	**-**	**-**	**-**	**-**
ALL SPHERES GOVERNMENT	**200 000**	**701 815 460**	**(485 114 007)**	**(201 193 848)**	**(1 237 403)**	**-**	**14 470 202**

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
Financial Performance						
Service charges	332 802 644	-	332 802 644	216 155 148	(116 647 496)	209 755 839
Investment revenue	10 474 929	-	10 474 929	6 738 171	(3 736 758)	5 619 204
Transfer and subsidies - Operational	480 427 850	-	480 427 850	485 114 007	4 686 157	444 759 532
Other own revenue	71 282 155	4	71 282 159	126 571 715	55 289 556	106 206 921
Total Operating Revenue	**894 987 578**	**4**	**894 987 582**	**834 579 042**	**(60 408 540)**	**766 341 496**
Employee costs	280 594 762	(18 760)	280 576 002	272 901 161	(7 674 841)	259 499 330
Remuneration of councillors	8 040 264	11	8 040 275	7 260 778	(779 497)	7 050 525
Depreciation & asset impairment	88 404 139	166 401 322	254 805 461	345 416 187	90 610 726	325 781 682
Interest	5 440 252	-	5 440 252	5 814 113	373 861	5 063 772
Inventory consumed and bulk purchases	55 413 514	5 620 738	61 034 252	32 150 717	(28 883 535)	24 467 171
Transfers and subsidies	11 635 000	-	11 635 000	9 652 617	(1 982 383)	11 364 448
Other expenditure	382 870 316	(145 068 000)	237 802 316	188 044 548	(49 757 769)	170 580 005
Total Expenditure	**832 398 247**	**26 935 311**	**859 333 558**	**861 240 121**	**1 906 563**	**803 806 934**
Surplus/(Deficit)	**62 589 331**	**(26 935 307)**	**35 654 024**	**(26 661 079)**	**(62 315 103)**	**(37 465 437)**
Transfers and Subsidies - Capital	220 149 150	3 219 000	223 368 150	201 193 848	(22 174 302)	196 866 959
Transfers and subsidies - Capital (in-kind)	-	-	-	-	-	3 504 786
Surplus/(Deficit) for the year	**282 738 481**	**(23 716 307)**	**259 022 174**	**174 532 769**	**(84 489 405)**	**162 906 308**

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
Capital expenditure & funds sources						
Capital expenditure	**256 270 150**	**24 914 657**	**281 184 807**	**205 281 873**	**(75 902 934)**	**200 637 134**
Transfers recognised - capital	220 149 150	26 014 657	246 163 807	201 193 848	(44 969 959)	196 866 959
Transfers recognised - capital (in-Kind)	-	-	-	-	-	3 504 786
Borrowing	30 000 000	-	30 000 000	-	(30 000 000)	-
Internally generated funds	6 121 000	(1 100 000)	5 021 000	4 088 025	(932 975)	265 389
Total sources of capital funds	**256 270 150**	**24 914 657**	**281 184 807**	**205 281 873**	**(75 902 934)**	**200 637 134**
Cash flows						
Net cash from (used) operating	233 530 109	86 336 192	319 866 301	228 457 552	(91 408 749)	193 580 601
Net cash from (used) investing	(256 270 150)	(42 350 319)	(298 620 469)	(205 281 873)	93 338 596	(194 984 893)
Net cash from (used) financing	21 800 570	8 199 430	30 000 000	5 069 202	(24 930 799)	(1 238 857)
Net Cash Movement for the year	**(939 471)**	**52 185 303**	**51 245 832**	**28 244 880**	**(23 000 952)**	**(2 643 149)**
Cash/cash equivalents at the year begin:	8 137 201	(4 798 604)	3 338 597	3 346 597	8 000	5 989 746
Cash/cash equivalents at the year end	**7 197 730**	**47 386 699**	**54 584 429**	**31 591 477**	**(22 992 952)**	**3 346 597**