Annual Financial Statements

2024/2025

CAPE WINELANDS DISTRICT
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

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General Information

Legal form of entity	Municipality (MFMA) The Cape Winelands District Municipality (Municipal code DC2) is a district municipality located in the Boland region of the Western Cape province of South Africa and includes the category B municipalities of Witzenberg, Drakenstein, Stellenbosch, Breede Valley and Langeberg.
Nature of business and principal activities	The municipality is a local authority that - a) Ensures comprehensive and equitable Municipal Health Services within the Cape Winelands District; b) Ensures co-ordination of multi-disciplinary and sectorial disaster risk reduction through integrated institutional capacity for Disaster Risk Management, Disaster Risk Assessment, Response and Recovery; c) Provides effective planning and co-ordination of firefighting services, prevention activities and training services throughout the Cape Winelands District; d) Facilitates environmentally sustainable economic development and investment attraction as well as retention through the development and management of strategic partnerships; e) Facilitates skills development within the Cape Winelands District Municipality by means of knowledge management and social infrastructure investment; f) Facilitates the creation of sustainable jobs within the Cape Winelands through the provision and maintenance of economic infrastructure; g) Provides support and shared services to category B municipalities to facilitate economic development planning within the Cape Winelands District; h) Increases access to safe and efficient public transport; i) Integrates service delivery for maximum impact; j) Creates opportunities for growth and development in rural areas; k) Co-ordinate the provision of financial, technical and administrative support services to category B municipalities within the Cape Winelands District; l) Empowers vulnerable groups, build human capital and invest in social capital and rural development programmes; m) Enhances the planning of waste management services in the Cape Winelands District; n) Facilitates planning co-ordination and spatial planning; and o) Ensures environmental management through biodiversity, water and natural resource management.
Mayoral Committee	Ald. (Dr.) H. VON SCHLICHT (EXECUTIVE MAYOR) Ald. M. SAMPSON (DEPUTY EXECUTIVE MAYOR) Ald. D.D. JOUBERT (SPEAKER) Ald. D. SWART Cllr. G.J. CARINUS Cllr. E. GROENEWALD Cllr. W.C. PETERSEN Cllr. X.L. MDEMKA Cllr. J.H.P. STEYN Ald. C. MEYER Ald. R. FARAO
Other Councillors	Cllr. W.M. BLOM Cllr. D.W. NEL (Deceased - 03/08/2024) Cllr. N.D. SAUERMAN Cllr. C.F. WILSKUT Cllr. G.J. FREDERICKS (Deceased - 08/05/2024)

General Information

	Cllr. J. KRIEL
	Ald. S. GOEDEMAN
	Cllr. V. HANI
	Cllr. M. LIEBENBERG (Resigned - 05/09/2023)
	Cllr. J. MALITI
	Cllr. T.R. MPULANYANA
	Cllr. L. NGWANE
	Cllr. A.J. PEDRO (Resigned - 05/04/2024), (Appointed - 05/06/2024)
	Cllr. M. SMIT
	Cllr. M.H. YABO
	Cllr. N.M. BUSHWANA
	Cllr. C.O. KLAASTE
	Cllr. A.J. DU PLESSIS
	Cllr. F. JACOBS
	Cllr. D.B. JANSE
	Cllr. J.J.S. JANUARIE
	Cllr. C. MANUEL (Resigned - 02/12/2024)
	Cllr. R.S. NALUMANGO (Resigned - 04/07/2024)
	Cllr. N. PHATSOANE
	Cllr. A.M. RICHARDS
	Cllr. J. SMIT
	Cllr. M. VAN STADE
	Cllr. P. DANIELS (Resigned - 14/08/2023)
	Cllr. S.E. KORABIE (Resigned- 08/04/2024)
	Cllr. D. CAROLISSEN
	Cllr. L.A. ADAMS (Appointed - 07/09/2023)
	Cllr. T.E. ABRAHAMS (Appointed - 08/09/2023), (Resigned - 13/12/2023)
	Cllr. J.J. VISAGIE (Appointed - 26/01/2024), (Resigned - 30/06/2025)
	Cllr. R.A. KOEGELENBERG (Appointed - 06/05/2024), (Resigned – 08/07/2024)
	Cllr. A. HESS (Appointed - 29/04/2024)
	Cllr. A. TOMOSE (Appointed - 11/07/2024)
	Cllr. E.A SOLOMON (Appointed - 12/07/2024), (Resigned – 28/11/2024)
	Cllr. N. NEL (Appointed - 28/08/2024)
	Cllr. R.B ARNOLDS (Appointed - 09/12/2024)
	Cllr.A.J.N HANEKOM (Appointed - 09/12/2024)
Grading of local authority	GRADE 4 MEDIUM CAPACITY
Acting Accounting Officer	S. JOHAAR
Chief Financal Officer	F.A. DU RAAN - GROENEWALD
Registered office	46 ALEXANDER STREET STELLENBOSCH 7600
Postal address	P.O. BOX 100 STELLENBOSCH 7599

General Information

Telephone	0861 265 263
Bankers	NEDBANK
Auditors	AUDITOR-GENERAL OF SOUTH AFRICA
Attorneys	Kellerman Joubert Heyns Inc. Igshaan Sadien Attorneys Rufus Dercksen Inc.

Index

The reports and statements set out below comprise the annual financial statements presented to the council:

Index

Abbreviations used:

ASB	Accounting Standards Board
Cllr.	Councillor
CPI	Consumer Price Index
UIF	Unemployment insurance fund
CWDM	Cape Winelands District Municipality
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IPSAS	International Public Sector Accounting Standards
SARS	South African Revenue Services
LG SETA	Local Government Sector Education and Training Authority
RUL	Remaining estimated useful lives
IDP	Integrated Development Plan
MFMA	Municipal Finance Management Act (Act 56 of 2003)
RSC	Regional Service Council
IPSASB	International Public Sector Accounting Standards Board
AGSA	Auditor- General South Africa
PRMA	Post Retirement Medical Aid
VAT	Value- Added Tax
ED	Executive director
WCG	Western Cape Government
IFRS	International Financial Reporting Standards
SAMWU	South African Municipal Workers Union
B-BBEE	Broad-Based Black Economic Empowerment
PAYE	Pay As You Earn
SDL	Skills Development Levy
Ald.	Alderman
MEC	Member of Executive Council
GRAP	Generally Recognised Accounting Practice

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

Although the acting accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's internal auditors.

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

The annual financial statements set out from page 7, which have been prepared on the going concern basis, were approved by the acting accounting officer on 31 August 2025.

The adjusted annual financial statements set out from page 7, which have been prepared on the going concern basis, were approved by the accounting officer on 28 November 2025:

Accounting Officer

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	410,384,444	424,247,165
Other receivables from exchange transactions	4	20,225,648	28,508,549
Trade receivables from exchange transactions	5	38,469	11,649
Inventories	6	1,957,310	2,370,340
VAT receivable	7	5,750,092	5,471,068
Receivables from non-exchange transactions	8	126,933	132,432
		438,482,896	**460,741,203**
Non-Current Assets			
Property, plant and equipment	9	279,087,800	183,611,459
Intangible assets	10	225,571	312,285
Other receivables from exchange transactions	4	91,638,998	45,438,229
Investments	11	408,000,000	378,000,000
		778,952,369	**607,361,973**
Non-Current Assets		778,952,369	607,361,973
Current Assets		438,482,896	460,741,203
Total Assets		**1,217,435,265**	**1,068,103,176**
Liabilities			
Current Liabilities			
Other financial liabilities	12	8,140,108	-
Unspent conditional grants and receipts	13	4,169,886	6,668,277
Payables from exchange transactions and other	14	24,098,812	6,483,654
Employee benefit obligation	15	41,427,816	40,708,809
Provisions	16	-	25,698
		77,836,622	**53,886,438**
Non-Current Liabilities			
Other financial liabilities	12	75,598,429	-
Employee benefit obligation	15	153,122,790	154,540,214
		228,721,219	**154,540,214**
Non-Current Liabilities		228,721,219	154,540,214
Current Liabilities		77,836,622	53,886,438
Total Liabilities		**306,557,841**	**208,426,652**
Total Assets		1,217,435,265	1,068,103,176
Total Liabilities		(306,557,841)	(208,426,652)
Net Assets		**910,877,424**	**859,676,524**
Accumulated surplus	17	910,877,420	859,676,524

* See Note 52

AUDITOR-GENERAL SOUTH AFRICA
Auditing to build public confidence
28 November 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	18	407,859	88,132
Rental of facilities and equipment	19	258,751	264,803
Roads services	20	121,466,973	114,747,334
Other income	21	1,593,523	1,385,730
Interest received	22	86,565,765	89,961,869
Total revenue from exchange transactions		**210,292,871**	**206,447,868**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	23	273,385,109	267,503,948
Total revenue from non-exchange transactions		**273,385,109**	**267,503,948**
Total revenue		**483,677,980**	**473,951,816**
Expenditure			
Employee- related costs	24	(225,941,510)	(235,944,518)
Remuneration of councillors	25	(15,244,600)	(14,587,375)
Depreciation and amortisation	26	(8,575,192)	(11,717,861)
Impairment loss	27	(73,197)	-
Finance costs	32	(18,382,399)	(13,713,060)
Lease rentals on operating lease	33	(280,566)	(275,766)
Debt Impairment	28	(243,960)	(3,688)
Bad debts written off	29	(94,278)	-
Contracted services	31	(51,119,903)	(60,468,215)
Transfers and subsidies	30	(14,186,542)	(13,794,537)
Loss on disposal of assets and liabilities	9 & 10	(345,546)	(2,222,674)
Inventories losses/write-downs	6	(175,864)	(160,819)
General expenses	34	(97,813,527)	(96,976,519)
Total expenditure		**(432,477,084)**	**(449,865,032)**
Surplus for the year		**51,200,896**	**24,086,784**

* See Note 52

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	850,683,877	850,683,877
Correction of errors	(15,094,145)	(15,094,145)
Balance at 01 July 2023 as restated*	**835,589,732**	**835,589,732**
Changes in net assets		
Surplus for the year	24,086,792	24,086,792
Total changes	24,086,792	24,086,792
Balance at 01 July 2024 as restated*	**859,676,524**	**859,676,524**
Changes in net assets		
Surplus for the year	51,200,896	51,200,896
Total changes	51,200,896	51,200,896
Balance at 30 June 2025	**910,877,420**	**910,877,420**
Note(s)	17	

* See Note 52

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		127,330,911	122,456,420
Grants		270,892,217	272,212,383
Interest income		44,411,943	56,762,196
		442,635,071	451,430,999
Payments			
Employee- related costs		(245,039,474)	(236,723,840)
Remuneration of councillors		(15,239,385)	(14,614,854)
Suppliers		(152,027,909)	(171,710,766)
		(412,306,768)	(423,049,460)
Net cash flows from operating activities	36	**30,328,303**	**28,381,539**
Cash flows from investing activities			
Purchase of property, plant and equipment	36	(97,957,821)	(47,523,156)
Proceeds from sale of property, plant and equipment	35	28,260	-
Purchase of intangible assets	36	-	(153,000)
Net cash flows from investing activities		**(97,929,561)**	**(47,676,156)**
Cash flows from financing activities			
Investments	11	(30,000,000)	(200,000,000)
Other financial liabilities	12	83,738,537	-
Net cash flows from financing activities		**53,738,537**	**(200,000,000)**
Net increase/(decrease) in cash and cash equivalents		**(13,862,721)**	**(219,294,617)**
Cash and cash equivalents at the beginning of the year		424,247,165	643,541,787
Cash and cash equivalents at the end of the year	3	**410,384,444**	**424,247,170**

* See Note 52

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Sale of goods	13,491,248	-	**13,491,248**	12,602,622	**(888,626)**	Note 47
Rental from fixed assets	240,000	-	**240,000**	258,751	**18,751**	
Agency services	133,303,635	-	**133,303,635**	122,959,373	**(10,344,262)**	Note 47
Licenses and permits	653,000	-	**653,000**	867,768	**214,768**	Note 47 & 48
Other revenue	1,425,200	-	**1,425,200**	1,188,940	**(236,260)**	Note 47 & 48
Interest earned from current and non- current assets	85,000,000	-	**85,000,000**	86,565,765	**1,565,765**	
Transfers and subsidies	274,743,598	-	**274,743,598**	272,373,713	**(2,369,885)**	Note 47
Other gains	355,000	-	**355,000**	15,687,737	**15,332,737**	Note 47 & 48
Total revenue (excluding capital transfers and contributions)	**509,211,681**	**-**	**509,211,681**	**512,504,669**	**3,292,988**	
Expenditure						
Employee- related costs	(271,833,461)	649,691	**(271,183,770)**	(256,197,993)	**14,985,777**	Note 47
Remuneration of councillors	(15,626,710)	-	**(15,626,710)**	(15,244,600)	**382,110**	
Inventory consumed	(32,742,479)	(142,878)	**(32,885,357)**	(31,347,294)	**1,538,063**	Note 47
Debt impairment	(100,000)	(144,506)	**(244,506)**	(243,960)	**546**	
Depreciation and amortisation	(11,498,904)	(1,221,455)	**(12,720,359)**	(8,648,390)	**4,071,969**	Note 47 & 48
Interest	(4,462,337)	1,400,000	**(3,062,337)**	(2,462,337)	**600,000**	Note 47 & 48
Contracted services	(62,316,889)	199,066	**(62,117,823)**	(51,270,803)	**10,847,020**	Note 47 & 48
Transfers and subsidies	(15,749,821)	50,000	**(15,699,821)**	(14,186,541)	**1,513,280**	
Irrecoverable debt written off	(400,000)	305,722	**(94,278)**	(94,278)	**-**	
Operational costs	(88,945,865)	(852,718)	**(89,798,583)**	(81,893,114)	**7,905,469**	Note 47
Losses on disposal of assets	(15,882)	(340,603)	**(356,485)**	(345,546)	**10,939**	
Other losses	(5,519,333)	97,681	**(5,421,652)**	(175,864)	**5,245,788**	Note 47 & 48
Total expenditure	**(509,211,681)**	**-**	**(509,211,681)**	**(462,110,720)**	**47,100,961**	
Surplus/ (Deficit)	**-**	**-**	**-**	**50,393,949**	**50,393,949**	
Transfers and subsidies - capital (monetary allocations) (national/ provincial and district)	3,292,000	-	**3,292,000**	806,947	**(2,485,053)**	Note 47 & 48
Surplus / (Deficit)for the year	**3,292,000**	**-**	**3,292,000**	**51,200,896**	**47,908,896**	

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

28 November 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Cash and cash equivalents	386,608,726	-	**386,608,726**	410,384,444	**23,775,718**	
Trade and other receivables from exchange transactions	14,329,207	-	**14,329,207**	6,445,305	**(7,883,902)**	Note 47 & 48
Receivables from non-exchange transactions	186,816	-	**186,816**	181,492	**(5,324)**	Note 47
Inventory	3,754,405	-	**3,754,405**	1,957,310	**(1,797,095)**	Note 48
VAT	2,110,203	-	**2,110,203**	8,244,999	**6,134,796**	Note 47 & 48
Other current assets	101,726,481	-	**101,726,481**	105,501,417	**3,774,936**	Note 47
	508,715,838	**-**	**508,715,838**	**532,714,967**	**23,999,129**	
Non-Current Assets						
Investments	378,000,000	-	**378,000,000**	408,000,000	**30,000,000**	
Property, plant and equipment	308,523,068	-	**308,523,068**	279,087,797	**(29,435,271)**	
Intangible assets	280,720	-	**280,720**	225,571	**(55,149)**	Note 48
	686,803,788	**-**	**686,803,788**	**687,313,368**	**509,580**	
Non-Current Assets	686,803,788	-	**686,803,788**	687,313,368	**509,580**	
Current Assets	508,715,838	-	**508,715,838**	532,714,967	**23,999,129**	
Total Assets	**1,195,519,626**	**-**	**1,195,519,626**	**1,220,028,335**	**24,508,709**	
Liabilities						
Current Liabilities						
Consumer deposits	22,500	-	**22,500**	22,500	**-**	Note 47
Trade and other payables from exchange transactions	11,841,667	-	**11,841,667**	25,442,833	**13,601,166**	Note 47 & 48
Trade and other payables from non- exchange transactions	510,512	-	**510,512**	4,169,885	**3,659,373**	Note 48
Provisions	47,819,763	-	**47,819,763**	40,061,294	**(7,758,469)**	Note 47 & 48
Financial liabilities	-	-	**-**	8,140,107	**8,140,107**	Note 48
VAT	67,338	-	**67,338**	2,593,074	**2,525,736**	Note 47 & 48
	60,261,780	**-**	**60,261,780**	**80,429,693**	**20,167,913**	
Non-Current Liabilities						
Financial liabilities	83,738,537	-	**83,738,537**	75,598,429	**(8,140,108)**	
Provisions	13,937,000	-	**13,937,000**	13,716,977	**(220,023)**	
Other non-currrent liabilities	159,439,071	-	**159,439,071**	139,405,813	**(20,033,258)**	Note 48
	257,114,608	**-**	**257,114,608**	**228,721,219**	**(28,393,389)**	
Total Liabilities	**317,376,388**	**-**	**317,376,388**	**309,150,912**	**(8,225,476)**	
Net Assets	**878,143,238**	**-**	**878,143,238**	**910,877,423**	**32,734,185**	
Net Assets						
Reserves						
Accumulated surplus	804,349,110	-	**804,349,110**	849,993,448	**45,644,338**	Note 47
Funds and reserves	73,794,128	-	**73,794,128**	60,883,972	**(12,910,156)**	Note 47 & 48
Total Net Assets	**878,143,238**	**-**	**878,143,238**	**910,877,420**	**32,734,182**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Other revenue	211,605,627	-	**211,605,627**	127,330,911	**(84,274,716)**	Note 48
Transfers and subsidies - Operational	271,142,000	-	**271,142,000**	268,592,217	**(2,549,783)**	
Transfers and subsidies - Capital	3,292,000	-	**3,292,000**	2,300,000	**(992,000)**	Note 48
Interest	46,091,830	-	**46,091,830**	44,411,943	**(1,679,887)**	
	532,131,457	**-**	**532,131,457**	**442,635,071**	**(89,496,386)**	
Payments						
Suppliers and employees	(496,518,664)	-	**(496,518,664)**	(396,144,512)	**100,374,152**	Note 47 & 48
Finance charges	(2,000,000)	-	**(2,000,000)**	(1,975,715)	**24,285**	
Transfer and grants	(15,749,821)	-	**(15,749,821)**	(14,186,541)	**1,563,280**	Note 47
	(514,268,485)	**-**	**(514,268,485)**	**(412,306,768)**	**101,961,717**	
Net cash flows from operating activities	**17,862,972**	**-**	**17,862,972**	**30,328,303**	**12,465,331**	
Cash flows from investing activities						
Decrease/ (increase) in non-current investments	-	-	**-**	(30,000,000)	**(30,000,000)**	Note 48
Capital assets	(139,239,948)	-	**(139,239,948)**	(97,957,821)	**41,282,127**	Note 48
Proceeds on disposal of PPE	-	-	**-**	28,260	**28,260**	Note 48
Net cash flows from investing activities	**(139,239,948)**	**-**	**(139,239,948)**	**(127,929,561)**	**11,310,387**	
Cash flows from financing activities						
Repayment of borrowing	(7,261,463)	-	**(7,261,463)**	(7,261,463)	**-**	
Borrowing long term/ refinancing	91,000,000	-	**91,000,000**	91,000,000	**-**	
Net cash flows from financing activities	**83,738,537**	**-**	**83,738,537**	**83,738,537**	**-**	
Net increase/(decrease) in cash and cash equivalents	(37,638,439)	-	**(37,638,439)**	(13,862,721)	**23,775,718**	
Cash and cash equivalents at the beginning of the year	424,247,165	-	**424,247,165**	424,247,165	**-**	
Cash and cash equivalents at the end of the year	**386,608,726**	**-**	**386,608,726**	**410,384,444**	**23,775,718**	

Accounting Policies

1. Presentation of Annual Financial Statements

The financial statements have been prepared in accordance with the GRAP Standards issued by the ASB and approved by the Minister of Finance as effective in accordance with section 122(3) of the MFMA.

These financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost convention as the basis of measurement, except where indicated otherwise. The municipality has adopted Directive 5, as issued by the ASB, which outlines the GRAP reporting framework hierarchy. In the absence of an issued and effective standard of GRAP, accounting policies for material transactions, events or conditions have been developed using the principles set out in the “Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors”, read with Directive 5.

In preparing the financial statements, management has used assessments and estimates that are based on the best information available at the time of preparation.

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Significant judgements and sources of estimation uncertainty

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

Significant judgements include:

Receivables

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

The impairment for receivables is calculated on an individual basis. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy, and default of payments are all considered indicators of impairment.

Additional information is disclosed in notes 4, 5, 7 and 8.

Impairment testing

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair value less costs to sell. These calculations require the use of assumptions and estimates. It is reasonably possible that the assumptions may change, which may then impact the estimations and may require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets:

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

Value in use of non-cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Additional information is disclosed in note 9.

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on historical data collected by the municipality. The estimate is based on the pattern in which an asset's future economic benefits or service potential is expected to be consumed by the municipality.

Additional information is disclosed in note 9.

Post-retirement benefits

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-retirement obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all benefit payments, the municipality uses current market rates of the appropriate term to discount shorter-term payments and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

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

Additional information is disclosed in note 15.

Effective interest rate

The municipality uses the prime lending rate to discount future cash flows.

Allowance for impairment

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

Allowance for slow moving, damaged and obsolete inventory

Allowances are made for inventory to write inventory down to the lower of cost or net realisable value. Management makes estimates of the selling price and direct cost to sell on certain inventory items.

Additional information is disclosed in note 6.

Provisions

Provisions are raised and management determines an estimate based on the information available.

Additional information is disclosed in note 16.

Impairment of statutory receivables

If there is an indication that a statutory receivable may be impaired, the municipality recognises an impairment loss. The impairment loss is measured 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, either directly or by using an allowance account. The impairment loss is recognised in surplus or deficit.

Additional information is disclosed in note 7.

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Accounting by principals and agents

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships, based on the rights and obligations of the various parties established in the binding arrangement.

1.2 Reserves

Internal ring-fenced reserves

Capital replacement reserve (CRR)

To finance the provision of infrastructure and other items of property, plant and equipment and intangible assets from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the IDP. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when funds from the CRR are utilised.

- The cash is invested until it is utilised. The cash may only be invested in accordance with the Cash Management and Investments Policy of the municipality.
- Interest earned on the CRR investment is recorded as part of the total interest earned in the statement of financial performance, whereafter such interest may be transferred from accumulated surplus to CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment and intangible assets for the municipality and may not be used for the maintenance of these items.
- If gains or losses are made on the sale of assets, these are reflected in the statement of financial performance.

Additional information is disclosed in note 17.

Government grant reserve (GGR)

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the GGR equal to the government grant recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the GGR to the accumulated surplus. The purpose of this accounting policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant-funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the GGR relating to such item is transferred to the accumulated surplus.

Additional information is disclosed in note 17.

Self- insurance reserve (SIR)

In order to finance the settlement of existing obligations which arise to due insurance and third party claims not being approved, amounts are transferred from the accumulated surplus / deficit to the SIR. The amount transferred to the SIR is based on the municipality's assessment of the insurance claims that will not be settled by the insurers based on the underwritten portfolio guidelines and limits.

The SIR is reduced and the accumulated surplus / deficit is credited by a corresponding amount when the funds from the SIR are utilised.

The cash is invested until it is utilised. The cash may only be invested in accordance with the Cash Management and Investments Policy of the municipality.

Interest earned on the SIR investment is recorded as part of the total interest earned in the statement of financial performance, whereafter such interest may be transferred from accumulated surplus to SIR.

The SIR may only be utilised for the purpose of settling existing insurance and/or third party obligations which have arisen.

Additional information is disclosed in note 17.

Accounting Policies

1.2 Reserves (continued)

Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are debited/ credited against accumulated surplus. Prior year adjustments, relating to income and expenditure, are debited/ credited against accumulated surplus when retrospective adjustments are made.

Additional information is disclosed in note 17.

1.3 Cash and cash equivalents

Cash includes cash on hand and cash held with registered banking institutions. Cash and cash equivalents are short-term, highly liquid investments that are held with registered banking institutions with a maturity period of between three and twelve months and are subject to an insignificant risk of change in value. Cash and cash equivalents recorded at amortised cost in the annual financial statements approximate their fair values.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash held at the registered banking institutions, net of bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Amounts recovered from the WCG, Department of Infrastructure, in respect of the future medical liability of the road staff are included in the balance of cash and cash equivalents.

Additional information is disclosed in note 3.

1.4 Property, plant and equipment

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

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

Property, plant and equipment are initially measured at cost.

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

Where an asset is acquired at no cost, or for a nominal cost, the cost is considered to be the fair value on the date of acquisition.

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

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

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

Subsequent to initial recognition, items of property, plant and equipment are measured as follows:

(i) Plant and machinery - at cost less accumulated depreciation and accumulated impairment losses; and

(ii) Buildings - at cost less accumulated depreciation and accumulated impairment losses.

Accounting Policies

1.4 Property, plant and equipment (continued)

Depreciation

Depreciation is calculated using the straight-line method as a systematic basis. The depreciation amount of an asset is the cost of the asset less its residual value. The depreciation charge for each reporting period is calculated as the assets depreciated amount over its useful life.

The depreciation rates are based on the full estimated useful lives, assessed for the current and comparative years:

Item	Depreciation method	Estimated useful life
Buildings	Straight line	30-65 years
Infrastructure	Straight line	5-60 years
Furniture and fixtures	Straight line	3-45 years
Motor vehicles	Straight line	5-35 years
Office equipment	Straight line	3-30 years
Plant and machinery	Straight line	3-50 years
Other property, plant and equipment	Straight line	3-60 years
Leased assets	Straight line	5-10 years

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

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

Expected useful life

In assessing whether there is any indication that the expected useful life of an asset has changed, the municipality considers the following indications:

(a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.

(b) The use of the asset has changed, because of the following:

(i) The entity has changed the manner in which the asset is used.

(ii) The entity has changed the utilisation rate of the asset.

1.4 Property, plant and equipment (continued)

(iii) The entity has decided to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.

(iv) Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.

(v) Legal or similar limits placed on the use of the asset have changed.

(vi) The asset was idle or retired from use during the reporting period.

(c) The asset is approaching the end of its previously expected useful life.

(d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.

(e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.

(f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period.

Additional information is disclosed in notes 9, 26 and 27.

1.5 Intangible assets

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

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

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

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

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value on the date of acquisition.

Any expenditure that does not form part of the cost of an intangible asset, is recognised as an expense when incurred.

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

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

The amortisation charge for each period is recognised in surplus or deficit unless required by another standard of GRAP to be included in the carrying amount of another asset.

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

Internally generated goodwill is not recognised as an intangible asset.

Accounting Policies

1.5 Intangible assets (continued)

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

Item	**Useful life**
Computer software, other	3 - 15 years

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised (unless GRAP 13 requires otherwise on a sale and leaseback).

Additional information is disclosed in notes 10 and 26.

1.6 Heritage assets

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

Recognition

The municipality's heritage assets are culturally significant resources. These assets, in addition to meeting the definition of a heritage asset, are currently in use as office accommodation and therefore meets the definition of property, plant and equipment.

Heritage assets are not recognised as a heritage asset even though the definition of a heritage asset is met, because a significant portion is applied for administrative purposes.

Heritage assets are accounted for in accordance with GRAP on property, plant and equipment (GRAP 17). Refer to accounting policy 1.4.

The municipality has the following registered heritage assets:
- Building at 46 Alexander Street, Stellenbosch that was declared as a provincial heritage site on 8 September 1967; and
- Building at 194 Main Road, Paarl.

Impairment

On an annual basis the municipality assess heritage assets for any indications of impairment. The municipality uses the following guidance provided by GRAP 21 and 26 (impairment of non- cash and cash generating assets). The indicators for impairment may include but are not limited to:

External sources:

Changes in the market - if there is a significant decrease in the market value of a similar item.

Changes in the market - absence of an active market for a revalued heritage asset, for example if the supplier has been liquidated.

I**nternal sources:**

Significant change with an adverse effect on the entity - spare parts are no longer available and changes in technology took place.

Physical damage to the heritage asset or prolonged deterioration affecting its value.

Additional information is disclosed in note 9.

Accounting Policies

1.7 Changes in accounting policies, restatements, estimates and correction of errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases, the municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

Correction of errors are applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases, the municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 50 of the annual financial statements for details of the correction of errors recorded during the period under review.

Additional information is disclosed in note 44.

1.8 Financial instruments

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

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

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

A concessionary loan is a loan granted to or received by a municipality on terms that are not market related.

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.

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.

Accounting Policies

1.8 Financial instruments (continued)

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

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

A financial asset is:
- cash
- a residual interest of another municipality
- a contractual right to:
  - receive cash or another financial asset from another municipality; or
  - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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

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

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

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

Accounting Policies

1.8 Financial instruments (continued)

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.

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

Reclassification

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

Where the municipality cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

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

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

Fair value measurement considerations

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

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

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

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

Accounting Policies

1.8 Financial instruments (continued)

Impairment and uncollectibility of financial assets

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

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost

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

Where financial assets are impaired using an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are recognised as revenue.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

Financial liabilities

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

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

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

Additional information is disclosed in notes 11, 12 and 37.

Accounting Policies

1.9 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on revenue from non-exchange transactions (taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

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 changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on revenue from exchange transactions or the policy on revenue from non-exchange transactions (taxes and transfers).

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or another financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

Accounting Policies

1.9 Statutory receivables (continued)

If there is an indication that a statutory receivable, or a group of statutory receivables, 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, or group of statutory receivables, is reduced, either directly or using an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, a 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 entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred based on their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of Standard of GRAP on financial instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

Additional information is disclosed in note 7.

1.10 Leases

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

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the prime lending rate.

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

Accounting Policies

1.10 Leases (continued)

Operating leases - lessor

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

The difference between the amounts recognised as revenue and the contractual receipts is recognised as an operating lease asset or liability.

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

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

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

Operating leases - lessee

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

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

Any contingent rent is expensed in the period in which it is incurred.

Additional information is disclosed in notes 19 and 33.

1.11 Inventories

Inventories consist of unsold properties and consumable (including roads inventory).

Initial measurement

Inventories are initially measured at cost. Cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired at no cost or for nominal consideration, the cost is deemed to be the fair value on the date of acquisition. Direct costs relating to unsold properties are accumulated for each separately identifiable development.

Subsequent measurement

Unsold properties and consumables to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Roads inventory to be distributed at no or nominal consideration or to be consumed in the production process of goods to be distributed at no or nominal consideration is subsequently measured at the lower of cost and current replacement cost.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories are assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Derecognition

The municipality derecognises unsold low-cost housing contained in inventory when construction of such properties has been completed and occupation of houses has been taken by the beneficiaries. At date of derecognition, the expense is recognised in the statement of financial performance.

Accounting Policies

1.11 Investments in associates and/or joint ventures (continued)

When other inventories are utilised or consumed, the carrying amounts 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 expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are 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.

Additional information is disclosed in note 6.

1.12 Grants in aid

The municipality annually awards grants to organisations in terms of section 67 of the MFMA. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

Additional information is disclosed in note 30.

1.13 Events after reporting date

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

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

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

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

Additional information is disclosed in note 46.

1.14 Budget information

The municipality is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget covers the period from 01/07/2024 to 30/06/2025.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period has been included in the statement of comparison of budget and actual amounts as prescribed in GRAP 24.

A comparison of actual versus budgeted revenue and expenditure is disclosed in the statement of comparison of budget and actual amounts and reasons for variances in excess of 10%.

Additional information is disclosed in note 47 and 48.

1.15 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.

Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

Accounting Policies

1.15 Related parties (continued)

Joint control is the agreed sharing of control over an activity by a binding arrangement and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control over those policies.

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

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

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

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity’s financial statements to understand the effect of related party transactions on its annual financial statements.

Additional information is disclosed in note 43.

1.16 Value Added Tax

The municipality is registered with SARS for VAT on the invoice basis, in accordance with section 15(1) of the VAT Act (Act No. 89 of 1991).

Additional information is disclosed in note 7.

1.17 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Accounting Policies

1.17 Impairment of cash-generating assets (continued)

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

Identification

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

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

Value in use

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

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

Discount rate

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

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

An impairment loss is recognised immediately in surplus or deficit.

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

Cash-generating units

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

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all the output is used internally. The municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating the future cash inflows used to determine the asset's or cash-generating unit's value in use.

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

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

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

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

Accounting Policies

1.17 Impairment of cash-generating assets (continued)

- its value in use (if determinable); and
- zero.

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

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

Reversal of impairment loss

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

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

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

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

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

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

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

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

Additional information is disclosed in note 9 and 10.

1.18 Impairment of non-cash-generating assets

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

Identification

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

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

Value in use

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

Accounting Policies

1.18 Impairment of non-cash-generating assets (continued)

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Reversal of an impairment loss

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

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

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

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

Additional information is disclosed in note 9 and 10.

1.19 Provisions and contingencies

Provisions are recognised when:

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

Accounting Policies

1.19 Provisions and contingencies (continued)

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

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.

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

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

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

Provisions shall not be recognised for deficits from future operating activities.

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

Contingent assets and contingent liabilities are not recognised.

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

A contingent liability:
- 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; or
- 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 or service potential will be required to settle the obligation; and
  - the amount of the obligation cannot be measured with sufficient reliability.

Additional information is disclosed in note 16 and 42.

1.20 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Additional information is disclosed in note 51.

1.21 Revenue from exchange transactions

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

1.21 Revenue from exchange transactions (continued)

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

Measurement

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

Rendering of services

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

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

Agency fees are recognised to the extent of work performed.

Interest

Revenue arising from the use by others of municipal assets yielding interest is recognised when:

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

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

Additional information is disclosed in notes 18,19, 20, 21 and 22.

1.22 Borrowing costs

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

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

Borrowing costs are capitalised as part of the cost of a qualifying asset when they are directly attributable to the acquisition, construction, or production of that qualifying asset.

Additional information is disclosed in note 9.

1.23 Comparative figures

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

Additional information is disclosed in note 52.

1.24 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 MFMA.

Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) and where recovered, it is subsequently accounted for as revenue.

Additional information is disclosed in note 39.

Accounting Policies

1.25 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) and where recovered, it is subsequently accounted for as revenue.

Additional information is disclosed in note 40.

1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the MFMA, 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) and where recovered, it is subsequently accounted for as revenue.

Additional information is disclosed in note 41.

1.27 Presentation currency

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

1.28 Going concern assumption

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

Additional information is disclosed in note 38.

1.29 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees.

Termination benefits are employee benefits payable as a result of either:
- an entity’s decision to terminate an employee’s employment before the normal retirement date; or;
- an employee’s decision to accept voluntary redundancy in exchange for those benefits.

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

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

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for services rendered by employees.

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

Short-term employee benefits

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

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;

Accounting Policies

1.29 Employee benefits (continued)

- bonus and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

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

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

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) that are payable after the completion of employment.

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

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

Long term receivable

When, and only when, it is virtually certain that another party will reimburse some or all the expenditure required to settle a defined benefit obligation, a municipality shall recognise its right to reimbursement as a separate asset. The municipality shall measure the asset at fair value. Furthermore, the municipality shall disaggregate and recognise changes in the fair value of its right to reimbursement in the same way as for changes in the fair value of plan assets. In the statement of financial performance, the expense relating to a defined benefit plan may be recognised net of amounts relating to changes in the carrying amount of the right to reimbursement.

The municipality recognised a long-term receivable relating to the recoveries from the WCG Department of Infrastructure in respect of the post-employment medical benefit relating to the roads staff.

The assumptions used by the actuaries to calculate the portion of the roads staff are the same as that used to calculate the amount of the liability relating to the post-employment medical aid.

Multi-employer plans

The entity classifies a multi-employer plan as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined benefit plan, the entity accounts for its proportionate share of the defined benefit obligation, plan assets (where applicable) and cost associated with the plan in the same way as for any other defined benefit plan.

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

Post-employment benefits: Defined benefit plans

Accounting Policies

1.29 Employee benefits (continued)

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

Defined benefit plans may be unfunded, or they may be wholly or partly funded by contributions by an entity, and sometimes its employees, into an entity, or fund, that is legally separate from the reporting entity and from which the employee benefits are paid.

Plan assets (of which the municipality does not have any) comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

Defined benefit cost is made up of the following components:

a) Service cost, comprising:
- Current service cost;
- Settlements; and
- Past service cost, comprising of:
  (1) Plan amendments
  (2) Curtailments

b) Net interest revenue/ expense

c) Remeasurements, comprising:
- Actuarial gains and losses;
- Return on plan assets (where applicable), excluding amounts included in net interest on the net defined benefit liability (asset); and
- Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

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

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

Interest cost is the increase during a period in the present value of a defined benefit obligation, which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability, the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

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

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

The amount recognised as a defined benefit liability is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:
- the amount determined above; and

Accounting Policies

1.29 Employee benefits (continued)

- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate that reflects the time value of money.

Any adjustments arising from the limit above are recognised in surplus or deficit.

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

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

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

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

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets (where applicable).

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

Post-employment benefit obligations are measured on a basis that reflects:

Accounting Policies

1.29 Employee benefits (continued)

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

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

Other long-term employee benefits

The amount recognised as a liability for other long-term service awards is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets (where applicable) and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Termination benefits

The municipality provides termination benefits for its employees in terms of the municipality's employee benefit plan.

Termination benefits are employee benefits payable as a result of either:

- an entity’s decision to terminate an employee’s employment before the normal retirement date; or
- an employee’s decision to accept voluntary redundancy in exchange for those benefits.

Termination benefits to employees are recognised as an expense in the statement of financial performance and as a liability in the statement of financial position when the municipality can no longer withdraw the offer of those benefits.

Additional information is disclosed in note 15.

1.30 Investment income

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

Additional information is disclosed in note 22.

1.31 Segment information

A segment is an activity of an entity:

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

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

Accounting Policies

1.31 Segment information (continued)

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Management uses only one measure of a segment's surplus or deficit, the segment's assets, or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities that are reported in terms of that measure.

Additional information is disclosed in note 50.

1.32 Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling exchange rate on the date of the transaction.

1.33 Grants and transfers

Grants and transfers 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.

A corresponding liability is recognised to the extent that the grant and transfer recognised as an asset is subject to conditions that require that the municipality either consumes the future economic benefits or service potential of the asset as specified, or that in the event that the conditions are breached, the municipality returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants and transfers are met.

Grants and transfers that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Additional information is disclosed in notes 13 and 23.

1.34 Payables

Payables are initially measured at fair value plus transactional cost, and are subsequently measured at amortised cost, using the effective interest rate method.

Additional information is disclosed in note 14.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not adopted and applied the following GRAP standards and interpretations, which have been issued but are not yet effective.

The municipality expects to adopt these standards and interpretations for the first time when the Minister sets the effective date for these standards and interpretations.

2.1.1 GRAP 1 (amended): Presentation of Financial Statements (Going concern)

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

Applicability of going concern in the public sector

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

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

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

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

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

Disclosure on going concern

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

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

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

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

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

2.1.2 GRAP 103 (as revised): Heritage Assets

Background

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

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

Key amendments to GRAP 103

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

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

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

The amendments further relate to the classification of dual- purpose heritage assets, determining a reliable value for a heritage asset, protective rights imposed on heritage assets, re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, impairment of heritage assets, mandatory disclosures of heritage assets borrowed or on loan.

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

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

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

2.1.3 GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is for the years beginning on or after 01 April 2025.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The municipality expects to adopt the revisions for the first time during the 2025/2026 financial year.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

2.1.4 GRAP 2023 Improvements to the Standards of GRAP 2023

The Board undertakes periodic revisions of the Standards of GRAP in line with best practice internationally among standard setters. The Improvements to the Standards of GRAP include changes resulting from amendments to the International Public Sector Accounting Standards and the International Financial Reporting Standards, as well as general improvements identified through consultation with stakeholders. The Improvements to the Standards of GRAP (2023) was approved by the Board and issued in November 2023.

2.1.4.1 GRAP1 - Presentation of Financial Statements

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from “significant accounting policies” to “material accounting policies” because the Standards of GRAP do not define the term “significant”.

General Improvements

- Provide clarity to the terms “publicly available” and “publicly accountable”.

- Remove encouraged disclosures with limited information value.

2.1.4.2 GRAP2 - Cash Flow Statements

General Improvements

Amend disclosures to read as “useful additional information that may be disclosed” as opposed to “encouraged disclosures”.

2.1.4.3 GRAP3 - Accounting Policies, Changes in Accounting Estimates and Errors

Narrow scope amendments to IAS 8 Feb 2021

Change in the definition of an accounting estimate because the previous definition was not sufficiently clear.

General Improvements

Clarify that the requirements only apply to Standards of GRAP that are not yet effective for which the Minister of Finance has already determined an effective date.

2.1.4.4 GRAP5 - Borrowing Costs

Amendments to the IPSAS on Borrowing Costs (IPSAS 5) – Non-authoritative Guidance 2021

Add the Illustrative Examples in IPSAS 5 to GRAP 5.

2.1.4.5 GRAP13 - Leases

General Improvements

Remove encouraged disclosures with limited information value.

2.1.4.6 GRAP17 - Property, Plant and Equipment

Improvements to IPSAS 2021

Amendments are made to prohibit proceeds from selling items produced before that asset is available, to be deducted from the cost of property, plant and equipment.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

2.1.4.7 GRAP19 - Provisions, Contingent Liabilities and Contingent Assets

General Improvements

Remove encouraged disclosures with limited information value.

2.1.4.8 GRAP20 - Related Party Disclosures

General Improvements

Update the definition of “significant influence” to align with the Standard of GRAP on Investments in Associates and Joint Ventures (GRAP 36).

2.1.4.9 GRAP23 - Revenue from Non-exchange Transactions (Taxes and Transfers)

General Improvements

Remove encouraged disclosures with limited information value.

2.1.4.10 GRAP24 - Presentation of Budget Information in Financial Statements

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from “significant accounting policies” to “material accounting policies” because the Standards of GRAP do not define the term “significant”.

General Improvements

- Provide clarity to the terms “publicly available” and “publicly accountable”.

- Simplify the disclosures on the presentation of a reconciliation to improve the quality of reporting, by not prescribing the line items to reconcile to.

- Re-instate the Illustrative Examples that were deleted when GRAP 24 became effective.

2.1.4.11 GRAP27 - Agriculture

General Improvements

Remove encouraged disclosures and repackage it as “useful information” in another section of the Standard.

2.1.4.12 GRAP31 - Intangible Assets

General Improvements

- Clarify when the Standard of GRAP on Service Concession Arrangements: Grantor (GRAP 32) is applicable.

- Remove reference to fully depreciated assets.

- Remove encouraged disclosures with limited information value.

2.1.4.13 GRAP104 - Financial Instruments

Improvements to IPSAS 2021

- Interest Rate Benchmark Reform - Amendments to provide a practical expedient not to treat changes in contractual cash flows as a modification.

- Amendments to clarify the fees that an entity includes when it applies the “10 percent” test to derecognise a financial liability.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from “significant accounting policies” to “material accounting policies” because the Standards of GRAP do not define the term “significant”.

General Improvements

Remove encouraged disclosures with limited information value.

2.1.4.14 iGRAP20 - Accounting for Adjustments to Revenue

Narrow scope amendments to IAS 8 Feb 2021

Change in the definition of an accounting estimate because the previous definition was not sufficiently clear.

2.1.4.15 Directive 12 - The Selection of an Appropriate Reporting Framework by Public Entities

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from “significant accounting policies” to “material accounting policies” because the Standards of GRAP do not define the term “significant”.

2.1.4.16 Guideline on The Application of Materiality to Financial Statements

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from “significant accounting policies” to “material accounting policies” because the Standards of GRAP do not define the term “significant”.

General Improvements

Amendments resulting from the review of the Standard of GRAP on Cash Flow Statements (GRAP 2) and the Standard of GRAP on Presentation of Budget Information in Financial Statements (GRAP 24).

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

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

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	41,384,444	16,247,165
Short-term investments	369,000,000	408,000,000
	410,384,444	**424,247,165**

Included in the balance of cash and cash equivalents is an amount of R43 164 247 (2024: R41 686 806) relating to the portion recovered from the WCG, Department of Infrastructure in respect of the future medical aid liability of the roads staff.

Included in the balance of cash and cash equivalents is an amount relating to unspent conditional grants (refer to note 13).

No cash and cash equivalents have been pledged as security.

Short-term investments

ABSA - Investment		
Opening balance	39,000,000	84,000,000
Movement for the year	(24,000,000)	(45,000,000)
	15,000,000	**39,000,000**
FNB - Investment		
Opening balance	38,000,000	144,000,000
Movement for the year	(38,000,000)	(106,000,000)
	-	**38,000,000**
INVESTEC - Investment		
Opening balance	15,000,000	130,000,000
Movement for the year	(15,000,000)	(115,000,000)
	-	**15,000,000**
NEDBANK - Investment		
Opening balance	195,000,000	171,000,000
Movement for the year	10,000,000	24,000,000
	205,000,000	**195,000,000**
STANDARD BANK - Investment		
Opening balance	121,000,000	107,000,000
Movement for the year	28,000,000	14,000,000
	149,000,000	**121,000,000**
	369,000,000	**408,000,000**

The municipality had the following bank accounts:

Account / description	**Bank statement balances**			**Cash book balances**		
	30 June 2025	**30 June 2024**	**30 June 2023**	**30 June 2025**	**30 June 2024**	**30 June 2023**
Nedbank - Primary bank account	5,384,444	4,247,165	4,041,786	5,384,444	4,247,165	4,041,786
Nedbank - Call account	36,000,000	12,000,000	3,500,000	-	-	-
Total	**41,384,444**	**16,247,165**	**7,541,786**	**5,384,444**	**4,247,165**	**4,041,786**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Other receivables from exchange transactions

Current

Accrued interest	13,575,093	17,622,040
Allowance for impairment	(73,953)	(167,898)
Councillors	42,185	47,400
Deposits	4,740	4,740
Insurance claims	54,560	44,734
Municipal health debtor	77,760	55,418
Other receivables	744,546	605,978
Post retirement medical aid	282,587	265,439
Prepayments	3,245,886	2,650,030
Rental	29,592	4,241
Roads services (WCG, Department of Infrastructure)	2,242,652	7,376,427
	20,225,648	**28,508,549**

Non-current

Accrued interest (Non-current investments)	91,638,998	45,438,229
Allowance for impairment	-	-
	91,638,998	**45,438,229**

Total other receivables from exchange transactions		
Other receivables from exchange transactions (Non-current)	91,638,998	45,438,229
Other receivables from exchange transactions (Current)	20,225,648	28,508,549
	111,864,646	**73,946,778**

Other receivables pledged as security

No other receivables were pledged as security.

Credit quality of other receivables

The credit quality of other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty defaults. The municipality’s historical experience in collection of other trade receivables falls within recorded allowances. Due to these factors, management's view is that no additional risk beyond amounts provided for collection losses is inherent in the municipality’s other trade receivables.

Other receivables from exchange transactions (Current)

Gross balance		
Other receivables from exchange transactions	20,299,601	28,676,447
	20,299,601	**28,676,447**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Other receivables from exchange transactions (continued)

Less: Allowance for impairment		
Other receivables	(31,864)	(133,608)
Post retirement medical aid	(42,089)	(34,290)
	(73,953)	**(167,898)**

Net balance		
Other receivables from exchange transactions	20,225,648	28,508,549
	20,225,648	**28,508,549**

Other receivables from exchange transactions		
Current (0-30 days)	2,868,082	7,921,860
31 - 60 days	4,342	3,536
61 - 90 days	342	2,291
91 - 120 days	-	-
121 - 365 days	877	(21,961)
> 365 days	488,788	283,354
	3,362,431	**8,189,080**

None of the financial assets that are fully performing have been renegotiated in the last year.

Prepayments of R3 245 886 (2024: R2 650 030) were not included as the future economic benefits relate to the receipt of goods and services. Councillor debt of R42 185 (2024: R47 400) was not included as this relate(s) to recoveries still to be concluded at reporting date. The short-term interest accrual of R13 575 093 (2024: R17 622 040) was not included in the ageing as it is not due yet.

Other receivables past due but not impaired

Management regards other receivables from exchange transactions for outstanding amounts of more than 30 days as past due. The impairment of other receivables from exchange transactions is based on the historic payment rate of the receivable.

As at 30 June 2025, other receivables of R506 626 (2024: R287 141) were past due but not impaired.

No other receivables were pledged as security.

Reconciliation of provision for impairment of other receivables from exchange transactions

Opening balance	(167,899)	(139,187)
Provision for impairment	(9,512)	(29,381)
Write off	99,557	-
Unused amounts reversed	3,901	669
	(73,953)	**(167,899)**

Ageing: Other receivables from exchange transactions (Non-current)

Gross balance		
Accrued interest	91,638,998	45,438,229

Less: Allowance for impairment		
Accrued interest	-	-

Figures in Rand	2025	2024

4. Other receivables from exchange transactions (continued)

Net balance		
Accrued interest	91,638,998	45,438,229

The long-term interest accrual of R91 638 998 (2024: R45 438 229) was not included in the ageing as it is not due yet. No portion of the accrued interest is considered to be past due but not impaired.

Other receivables past due but not impaired

Management regards the accrued interest due from the long-term investments as not being past due. The accrued interest only becomes payable to the municipality upon maturity of the underlying investment.

No other receivables were pledged as security.

5. Trade receivables from exchange transactions

Gross balances		
Fire fighting	640,992	276,267
Less: Allowance for impairment		
Fire fighting	(602,523)	(264,618)
Net balance		
Fire fighting	38,469	11,649

Ageing: Trade receivables from exchange transactions		
Current (0 - 30 days)	38,469	16,562
31 - 60 days	-	-
61 - 90 days	317,622	-
91 - 120 days	56,971	-
121 - 365 days	14,009	90,171
> 365 days	213,921	169,534
	640,992	**276,267**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(264,618)	(289,641)
Contributions to allowance	(393,162)	(90,171)
Reversal of allowance	55,257	115,194
	(602,523)	**(264,618)**

Trade receivables pledged as security

No trade receivables were pledged as security.

The risk profile of each class of debtor was assessed to determine the allowance for impairment.

No collateral is held for any of the debtors disclosed above.

Credit quality of trade receivables

Due to historic trends that cannot be determined, the credit quality of each individual debtor that is neither due nor past nor impaired was assessed. As per the Credit Control and Debt Collection Policy, all debtors with accounts outstanding for more than 60 days are handed over to the debt collectors of the municipality. The municipality’s historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, it is management's view that no additional risk beyond amounts provided for collection losses is inherent in the municipality’s trade receivables.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Trade receivables from exchange transactions (continued)

Trade receivables past due but not impaired

The debt originated as a result of firefighting services rendered in terms of the Fire Fighting Act. The impairment for receivables from exchange transactions was calculated based on the assessment of each individual debtor, as a historic payment trend cannot be determined for firefighting debtors.

As at 30 June 2025, trade receivables of R602 523 (2024: R264 618) were past due but not impaired.

Trade receivables impaired and provided for

As at 30 June 2025, no consumer debtors were impaired (2024: Rnil).

Ageing: Trade receivables from exchange transactions (Consumer debtors)		
Current (0 - 30 days)	-	-
31 - 60 days	-	-
61 - 90 days	317,622	-
91 - 120 days	56,971	-
120 days or more	227,930	264,618
	602,523	**264,618**

6. Inventories

Consumable stores	1,884,370	2,297,400
Housing stock	72,940	72,940
	1,957,310	**2,370,340**

No inventory has been pledged as security.

Consumables valued at R85 804 (2024: R160 819) were written off and recognised in the statement of financial performance.

Consumables valued at R90 060 (2024: Rnil) was adjusted for during the current year due to losses that occurred.

Inventory valued at R5 852 415 (2024: R6 009 398) were expensed in the statement of financial performance.

7. VAT receivable

VAT (SARS)	5,750,092	5,471,068
Statutory receivables		
Gross balance		
VAT (SARS)	5,750,092	5,471,068
Less: Allowance for impairment		
VAT (SARS)	-	-
Net balance		
VAT (SARS)	5,750,092	5,471,068

Transactions arising from statute

The municipality is registered with SARS for VAT on the invoice basis, in accordance with Section 15(1) of the VAT Act (Act No. 89 of 1991). The statutory receivable is measured at its transactional amount.

The VAT receivable recognised at year end is mainly due to the impact of the difference between the input and output VAT recognised during the financial year as well as the accruals raised at year end.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. VAT receivable (continued)

No interest or other charges are levied against the statutory receivable as historically, all refunds have been received within 30 days of the submission of the VAT 201 returns to SARS.

Management regards statutory receivables as being impaired on the same basis that other receivables from exchange transactions are assessed for impairment (historic payment rate of the receivable).

Reconciliation of the provision for impairment

The statutory receivable is not considered to be impaired by the municipality as SARS has not defaulted on refund payments in the past.

Receivables past due not impaired

Statutory receivables which are less than 30 days past due are not considered for impairment. At 30 June 2025, no statutory receivables were past due but not impaired (2024:Rnil).

Statutory receivables pledged as security

No statutory receivables were pledged as security.

No collateral is held for any of the statutory receivables.

8. Receivables from non-exchange transactions

Government grants and subsidies	126,933	132,432

Receivables from non-exchange transactions pledged as security

No receivables from non-exchange transactions were pledged as security.

The risk profile of each class of receivable was assessed to determine the allowance for impairment.

No collateral is held for any of the receivable disclosed above.

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from non-exchange transactions impaired

As at 30 June 2025, no receivables from non-exchange transactions were impaired and provided for (2024: Rnil).

Net balances

Government grant and subsidies	126,933	132,432

Ageing: Receivables from non- exchange transactions

Current (0 - 30 days)	126,933	132,432

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

Closing balance	-	-

9. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	66,375,026	-	66,375,026	66,375,026	-	66,375,026
Buildings	54,858,620	(30,083,505)	24,775,115	52,433,616	(29,208,875)	23,224,741
Plant and machinery	38,052,607	(16,563,285)	21,489,322	36,705,333	(15,884,186)	20,821,147
Furniture and fixtures	10,288,373	(6,291,716)	3,996,657	9,019,577	(6,161,359)	2,858,218
Motor vehicles	75,472,838	(34,571,636)	40,901,202	74,832,715	(32,240,286)	42,592,429
Office equipment	36,648,298	(17,243,063)	19,405,235	34,612,059	(17,212,583)	17,399,476
Infrastructure	97,285,518	(1,483,419)	95,802,099	6,210,932	(1,358,017)	4,852,915
Other property, plant and equipment	12,748,990	(6,405,846)	6,343,144	11,220,681	(5,733,174)	5,487,507
Total	**391,730,270**	**(112,642,470)**	**279,087,800**	**291,409,939**	**(107,798,480)**	**183,611,459**

Criteria for determination for classification between PPE and investment property

The criteria created to identify whether an asset meets the definition of PPE or investment property have been determined as follows:

a) In the instance where the property yields rental income, where a significant portion of the property is held for administrative purposes and an insignificant portion is held for rental, the total property will be classified as PPE and not as investment property. This will apply even if the intention is to lease the property out for a prolonged period.

b) Where a significant portion (more than 50%) of the total property, including land and all other buildings is held for rental, the property will be classified as investment property. This will apply even if management intends to lease the property out for a prolonged period.

A property consisting of a parking area is leased to the public, and a significant portion of the property (land and buildings) is held by the municipality for administrative purposes. The property meets the criteria set out above and has therefore been classified as PPE.

The consideration of a new lease is based on the need of the municipality prior to expiry of the existing lease agreements.

Heritage assets are not recognised as a heritage asset, even though the definition of a heritage asset is met, because a significant portion is applied for administrative purposes by the municipality.

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	66,375,026	-	-	-	-	66,375,026
Buildings	23,224,741	2,425,004	-	(801,433)	(73,197)	24,775,115
Plant and machinery	20,821,147	2,601,161	(142,296)	(1,790,690)	-	21,489,322
Furniture and fixtures	2,858,218	1,426,265	(9,555)	(278,271)	-	3,996,657
Motor vehicles	42,592,429	760,544	(40,096)	(2,411,675)	-	40,901,202
Office equipment	17,399,476	4,581,557	(180,303)	(2,395,495)	-	19,405,235
Infrastructure	4,852,915	91,074,589	-	(125,405)	-	95,802,099
Other property, plant and equipment	5,487,510	1,542,698	(1,556)	(685,508)	-	6,343,144
	183,611,462	**104,411,818**	**(373,806)**	**(8,488,477)**	**(73,197)**	**279,087,800**

Included in the additions is work-in- progress that relates to buildings (R2 259 439), infrastructure (R90 976 306) and plant and equipment (R25 478).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

9. Property, plant and equipment (continued)

Included in the opening balance is work in progress that relates to buildings (R1 499 339), infrastructure (R2 290 185), motor vehicles (R29 440), office equipment (R195 000) and plant and equipment (R3 187 065).

The impairment loss recognised related to a building at the Montagu offices which was declared unsafe to use due to physical damages to the building and will be demolished during the 2026/2027 financial year.

During the current financial year PPE with a carrying amount of R373 806 was disposed of. The proceeds received for the disposed PPE was R28 260 which resulted in a loss on disposal of R345 546, reported in the statement of financial performance.

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Land	66,454,904	1,369,016	(1,448,894)	-	66,375,026
Buildings	23,248,115	1,374,441	(240,174)	(1,157,641)	23,224,741
Plant and equipment	8,929,119	14,010,156	(135,574)	(1,982,554)	20,821,147
Furniture and fittings	2,837,517	429,731	(672)	(408,358)	2,858,218
Motor vehicles	31,827,833	14,903,005	(147,583)	(3,990,826)	42,592,429
Office equipment	15,281,801	5,451,400	(109,456)	(3,224,269)	17,399,476
Infrastructure	4,804,985	173,044	-	(125,114)	4,852,915
Other property, plant and equipment	4,441,804	1,826,136	(69,194)	(711,239)	5,487,507
	157,826,078	**39,536,929**	**(2,151,547)**	**(11,600,001)**	**183,611,459**

Included in the additions is work-in- progress that relates to buildings (R1 256 689), infrastructure (R173 044), office equipment (R195 000), motor vehicles (R29 440) and plant and equipment (R3 187 065).

During the current year, PPE with a carrying amount of R2 151 547 was disposed of. No proceeds were received which resulted in a loss on disposal of R2 151 547, reported in the statement of financial performance together with the loss on disposal of intangible assets with a carrying amount of R71 129. The total loss on disposal was R2 222 674.

Borrowing costs capitalised

	2025	2024
Borrowing costs capitalised in this period		
Infrastructure	1,975,715	-

At 30 June 2025, the Regional Landfill Site was not yet operational, and construction was ongoing. The borrowing costs capitalised form part of the asset's carrying value in capital work- in- progress and will be depreciated once construction has been completed and the asset is available for use.

Maintenance of property, plant and equipment by nature and type of expenditure - 2025

	Contracted services	Employee related cost	Materials and supplies	Total
Buildings	3,202,271	2,443,999	108,085	5,754,355
Office equipment	1,159,463	-	-	1,159,463
Plant and equipment	-	-	522	522
Furniture and fittings	3,217	-	-	3,217
Motor vehicles	2,228,648	-	-	2,228,648
Other property, plant and equipment	285,244	-	-	285,244
	6,878,843	**2,443,999**	**108,607**	**9,431,449**

9. Property, plant and equipment (continued)

Maintenance of property, plant and equipment by nature and type of expenditure - 2024

	Contracted services	Employee related costs	Materials and supplies	Total
Buildings	2,716,448	2,013,987	22,796	4,753,231
Office equipment	1,457,899	-	19,976	1,477,875
Plant and equipment	-	-	17,273	17,273
Furniture and fittings	-	-	-	-
Motor vehicles	3,748,294	-	-	3,748,294
Other property, plant and equipment	1,058,225	-	-	1,058,225
	8,980,866	**2,013,987**	**60,045**	**11,054,898**

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

No assets have been pledged as security.

Other property, plant and equipment were split into the various classes as disclosed in the note for both the current and prior year.

An impairment assessment was performed based on the indicators as listed in the accounting policy under paragraph 1.4 PPE.

A review of useful lives of PPE was performed. Management considers whether there is any indication that expectations about the useful life of an asset have changed since the previous reporting date. There were changes in the remaining useful lives of PPE and Intangible assets during the financial year. Refer to note 44 for details relating to the change in accounting estimates.

Refer to note 51 for the capital commitments related to PPE.

10. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,784,726	(1,559,155)	225,571	1,784,726	(1,472,441)	312,285

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software	312,285	(86,714)	225,571

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	348,274	153,000	(71,129)	(117,860)	312,285

During the current year, intangible assets with a carrying amount of R71 129 was disposed of. No proceeds were received which resulted in a loss on disposal of R71 129, reported in the statement of financial performance together with the loss on disposal of PPE with a carrying amount of R2 151 547. The total loss on disposal was R2 222 674.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

11. Investments

ABSA		
Opening balance	209,000,000	108,000,000
Movements during the year	-	101,000,000
	209,000,000	**209,000,000**
STANDARD BANK		
Opening balance	55,000,000	55,000,000
Movements during the year	-	-
	55,000,000	**55,000,000**
INVESTEC		
Opening balance	80,000,000	15,000,000
Movements during the year	30,000,000	65,000,000
	110,000,000	**80,000,000**
FNB		
Opening balance	34,000,000	-
Movements during the year	-	34,000,000
	34,000,000	**34,000,000**
NEDCOR		
Movements during the year	40,000,000	-
Short term: Transfer to cash and cash equivalents	(40,000,000)	-
	-	**-**
Total investments	**408,000,000**	**378,000,000**

The long-term investments have a maturity period of five years and are measured at amortised cost.

During the current year, a short - term transfer to cash and cash equivalents was only made for NEDCOR which will mature in the next 12 months.

12. Other financial liabilities

At amortised cost		
Nedbank	83,738,537	-
Liabilities		
Current liabilities - capital repayments due within the next twelve months.	8,140,108	-
Non-current liabilities	75,598,429	-
	83,738,537	**-**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

12. Other financial liabilities (continued)

Movements for the year		
Drawdown 1 - 02 December 2024	17,495,036	-
Drawdown 2 - 31 December 2024	6,825,008	-
Drawdown 3 - 31 January 2025	6,270,711	-
Drawdown 4 - 28 February 2025	7,023,966	-
Drawdown 5 - 31 March 2025	7,720,194	-
Drawdown 6 - 30 April 2025	7,413,210	-
Drawdown 7 - 30 May 2025	11,197,856	-
Drawdown 8 - 30 June 2025	27,054,019	-
Loans redeemed	(7,261,463)	-
	83,738,537	**-**

Long-term liabilities have been utilised in accordance with the MFMA.

A new unsecured loan of R91 000 000, bearing a fixed interest rate, repayable monthly in equal instalments was taken up from Nedbank Limited during the financial year. The interest rate applicable is 9.61% and is fixed for the full loan period of 8 years. The loan was drawn in 8 tranches as indicated above. The loan will be fully paid on 30 November 2032.

The amortised cost of the long-term liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant institution.

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Community development worker operational support grant	12,404	1,598
Fire service capacity building grant	-	1,525
Non-motorised transport infrastructure grant	915,835	3,500,000
Municipal service delivery and capacity building grant	200,000	-
Rural roads asset management systems grant (RRAMS)	1,141,019	1,354,642
Safety initiative implementation - whole of society approach (WOSA)	69,928	493,930
Municipal water resilience grant	1,800,000	1,200,000
Western Cape municipal interventions grant	30,700	116,582
	4,169,886	**6,668,277**

Refer to note 23 for reconciliation of grants from national and provincial government. These amounts are invested until utilised. Refer to note 3.

14. Payables from exchange transactions and other

Creditor accruals	13,955,711	5,360,608
Other payables	808,387	191,770
Payments received in advance	122,388	93,462
Retention	8,852,675	435,322
Trade payables	344,190	319,123
Unclaimed funds	15,461	83,369
	24,098,812	**6,483,654**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Employee benefit obligation

Current employee benefits		
Employee benefit accruals	1,366,521	2,374,910
Post-retirement medical aid benefits	10,404,022	10,588,382
Provision for staff leave	20,338,801	19,216,063
13th Cheque	6,132,372	5,637,779
Ex-gratia benefit	15,945	59,171
Long service award	1,108,232	1,777,109
Performance bonus	2,061,923	1,055,395
	41,427,816	**40,708,809**

Non-current employee benefits		
Long service award	13,394,418	13,356,948
Post-retirement medical aid benefits	139,405,813	140,815,845
Ex-gratia benefit	322,559	367,421
	153,122,790	**154,540,214**

Current liability	41,427,816	40,708,809
Non-current liability	153,122,790	154,540,214
	194,550,606	**195,249,023**

The municipality finalised a Medical Funds Administration Policy that was approved by Council which invariably impact on the actuarial assumptions that informs the valuation and measurement of this provision.

15.1 Post-retirement and medical aid benefits

The municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death in service or death-in-retirement, the surviving dependents may continue membership of the medical scheme.

In- service members will receive a post- employment subsidy of 60% or 70% of the contribution payable should they be a member of a medical aid at retirement.

All continuation members and their eligible dependents receive a 60% or 70% subsidy.

Upon a member's death-in-service or death-in-retirement the surviving dependents will continue to receive the same subsidy.

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Key Health
- Samwumed
- Sizwe Hosmed
- LA Health

Details relating to eligible employees of the post-retirement medical aid benefit obligation are listed below:

Active members		
Principal members	230	248
Average age (years)	50.10	49.30
Average past service cost (years)	20.90	20.60

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Employee benefit obligation (continued)

Continuation members		
Principal members	154	149
Average age (years)	72.1	72.6

The amounts recognised in the statement of financial position are -		
Projected benefit obligation	149,809,835	151,404,227
	149,809,835	**151,404,227**

The obligation in respect of past services has been estimated as follows:		
Active members	45,599,852	47,925,132
Continuation members	104,209,983	103,479,095
Net obligation	**149,809,835**	**151,404,227**

The amounts recognised in the statement of financial performance		
Current service cost	1,890,003	1,708,291
Interest cost	21,883,364	16,901,018
Recognised actuarial (gains)/ losses	(15,699,531)	1,660,443
Amount charged to statement of financial performance	**8,073,836**	**20,269,752**

The estimated future service cost in the 2025/2026 financial year is estimated to be R2 042 058, whereas the estimated interest cost for the next financial year is R17 537 132.

The best estimate for the employer benefit payments in the 2025/2026 financial year is expected to be R10 404 022.

The estimate for roads services is R3 066 583 while the estimate for other employees is R7 337 439.

Movements in the present value of the defined benefit obligation were as follows:		
Opening benefit obligation liability	151,404,228	140,141,113
Service cost: Current service cost	1,890,003	1,708,291
Interest expense	21,883,364	16,901,018
Contributions to the defined benefit: Payment of benefits	(9,668,228)	(9,006,638)
Remeasurement of defined benefit:		
Actuarial gains / (losses) from changes in demographic assumptions	(9,681,425)	9,953,635
Actuarial gains/ (losses) from changes in financial assumptions	(6,018,106)	(8,293,191)
Total recognised benefit liability	**149,809,836**	**151,404,228**

The assumptions were determined on a “best estimate” basis. This implies that the assumptions are based on the actuary's best view of the likely future experience and does not contain any explicit or implicit margins. The most important assumptions are discussed below.

Assumed discount rate

GRAP 25 requires that the discount rate used should be derived from the yield available on high quality corporate bonds. Where a deep and liquid market for these do not exist, the municipality is required to use the yields on government bonds with a suitable duration. The practice in South Africa currently is to use government bond yields.

The duration of the liabilities is 12 years. Therefore, the actuaries have used 12-year government bond yields on the valuation date. The discount rate is set at 11.71%. At the previous valuation, it was set at 14.45%.

Notes to the Annual Financial Statements

15. Employee benefit obligation (continued)

Medical aid contribution inflation

The long-term inflation expectation was determined to be equal to 5.27%. The actuaries then added 1.50% to the inflation expectation to determine the municipality's assumption for medical aid contribution inflation. They therefore used an assumption of 7.61% for future medical aid contribution inflation. At the previous valuation, it was set at 10.64%.

Net discount rate

Based on the above discount rate and medical aid contribution inflation rate, the actuaries have used a net discount rate of 3.81%. The previous valuation used a net discount rate of 3.45%.

Key actuarial assumptions	2025	2024
Discount rate	11.71%	14.45 %
Health care inflation	7.61%	10.64 %
Real inflation rate	3.81%	3.45 %

Sensitivity analysis on current service and interest cost:

Assumption	Change	Current service cost	Interest cost	Total liability	% change
Central assumptions		2,042,058	17,537,132	19,579,190	
Health care inflation	1 %	2,471,700	19,541,665	22,013,365	12 %
	-1 %	1,697,891	15,832,081	17,529,972	-10 %
Mortality rate	20%	1,899,215	16,295,781	18,194,996	-7 %
	-20%	2,217,153	19,064,691	21,281,844	9 %
Post-retirement mortality rate	+ 1 year	2,042,058	17,099,218	19,141,276	-2 %
	- 1 year	2,042,058	17,976,339	20,018,397	2 %

Sensitivity analysis on the benefit liability:

Assumption	Change	Total liability	% change
Central assumptions		149,809,837	
Health care inflation	1 %	166,933,431	11 %
	-1 %	135,244,554	-10 %
Mortality rate	20%	139,205,676	-7 %
	-20%	162,858,912	9 %
Post-retirement mortality rate	+ 1 year	146,068,984	-2 %
	- 1 year	153,561,740	3 %

Maturity analysis	Within 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Total
Expected future payments	10,761,942	24,070,627	27,691,302	363,822,769	426,346,640
Capitalised liability	10,958,051	20,559,844	18,599,426	99,692,514	149,809,835

In terms of the memorandum of agreement between the WCG, Department of Infrastructure and the past experience hereon, funds will be made available to maintain the approved organogram of the roads division in the municipality. When applicable, the future claim for roads staff for post- employment medical aid is raised as an employee benefit asset.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Employee benefit obligation (continued)

Movements in the present value of the employee benefit asset were as follows:		
Balance at the beginning of the year	-	575,785
Service cost: Current service cost	529,800	478,863
Interest cost	6,025,245	5,137,514
Contributions		
Interest on payments from WCG	(1,477,441)	-
Payments received from WCG	-	-
Payment of benefits	(2,849,708)	(2,388,272)
The effect of transfer of functions, mergers and disposals		
Actuarial gains/ (losses from changes in demographic assumptions	(464,007)	(1,555,787)
Actuarial gains/ (losses from changes in financial assumptions	(1,763,889)	(2,248,103)
	-	-

The assumptions used by the actuaries to calculate the portion of the roads staff is the same as was used to calculate the amount recognised as post- employment medical aid.

The amounts recognised as the current portion is equal to the amount recognised in the valuation report for the respective financial years.

15.2 Ex-gratia benefits

The ex- gratia pensions are pensions that are paid by the municipality from its revenue i.e. and are not funded or paid from one of the municipality's formalised pension arrangements.

All employees who did not participate in the municipality's formal pension funds are entitled to a Revenue Pension, which are sometimes referred to as "Ex-gratia" pensions.

Details of employees eligible for ex-gratia benefits are detailed below:

Members		
In- service employees for ex-gratia pension	2	2
In-service employees for lump sum benefit on retirement	2	3
Average age in years		
In-service employees for ex-gratia pension	62.00	60.50
In-service employees eligible for lump sum benefit on retirement	56.00	56.80
The amount recognised in the statement of financial position are:		
Projected benefit obligation	338,504	426,591
The amount recognised in the statement of financial performance are:		
Interest cost	61,943	45,115
Recognised actuarial (Gain)/ Loss	(74,788)	66,494
Amount charged to statement of financial performance	**(12,845)**	**111,609**
Movements in the present value of the liability were as follows:		
Opening balance	426,591	405,712
Interest expense	61,943	45,115
Contributions to the liability: Payment of benefits	(75,243)	(90,730)
Remeasurement of liability:		
Actuarial gains/ (losses) from changes in demographic assumptions	(58,031)	(8,172)
Actuarial gains/ (losses) from changes in financial assumptions	(16,757)	74,666
	338,503	**426,591**

Figures in Rand	2025	2024

15. Employee benefit obligation (continued)

The future service cost for the 2025/2026 financial year is estimated to be R nil, whereas the interest cost for the next financial year is estimated to be R41 558.

The best estimates of the employer benefit payments in the 2025/2026 financial year is R15 945.

The assumptions were determined on a “best estimate” basis. This implies that the assumptions are based on the actuary's best view of the likely future experience and does not contain any explicit or implicit margins. The most important assumptions are discussed below.

Assumed discount rate

GRAP 25 requires that the discount rate used should be derived from the yield available on high quality corporate bonds. Where a deep and liquid market for these do not exist, the municipality is required to use the yields on government bonds with a suitable duration. The practice in South Africa currently is to use government bond yields.

Based on the average duration of 14 years of the liability, therefore the 14-year government bond yield on the valuation date was utilized. The discount rate was set at 12.28%. The previous valuation was set at 14.52%

Normal salary inflation

The long-term inflation expectation was determined to be equal to 6.69%. The previous valuation used an inflation rate of 9.24%. The actuaries added 1.5% to the inflation expectation to determine the assumption for salary inflation. Therefore, an assumption of 8.19% for future salary inflation was utilized. The previous valuation used a salary inflation rate of 10.74%.

Net discount rate

A net discount rate to value the Capitalised Pensions benefit was utilized, which reflects the impact of salary increases on the present value of future liabilities. The net discount rate is derived as the difference between the gross discount rate and the assumed rate of salary increases.

For this valuation:
- The gross discount rate is 12.28%.
- The net discount rate is 3.78%, incorporating the assumed salary increase rate.

Additionally, for the fixed lump sum benefit, the actuaries have applied the gross discount rate of 12.28%, as this benefit does not escalate with salary increases.

This approach ensures that the discounting methodology aligns with the nature of each benefit, providing an accurate valuation of the liabilities.

Key actuarial assumptions		
Discount rate	12.28 %	14.52 %
CPI inflation rate	6.69 %	9.24 %
Salary inflation rate	8.19 %	10.74 %

Sensitivity analysis on current service and interest cost:

Assumption	Change	Current service cost	Interest cost	Total liability	% change
Central assumptions		-	41,558	41,558	
Net discount rate	1 %	-	47,157	47,157	13 %
	-1 %	-	36,753	36,753	-12 %

Figures in Rand	2025	2024

15. Employee benefit obligation (continued)

Sensitivity analysis on the benefit liability:

Assumption	**Change**	**Liability**	**% change**
Central Assumptions		338,502	
Net discount rate	1 %	384,092	13 %
	-1 %	299,392	-12 %

Maturity analysis	**Within 1 year**	**Between 2 and 3 years**	**Between 4 and 5 years**	**Over 5 years**	**Total**
Expected future payments	15,945	252,747	174,282	-	442,974
Capitalised liability	15,945	199,207	123,134	-	338,286

15.3 Long service awards

The municipality offers employees a long service award for every five years of service completed from ten years of service to forty- five years of service.

Details of employees eligible for long service awards are detailed below:

	2025	2024
Members	392	388
Average age in years	46.0	46.6

The amounts recognised in the statement of financial position are:		
Projected benefit obligation	14,502,650	15,134,057

The amounts recognised in the statement of financial performance are:		
Current service cost	636,156	598,413
Interest cost	2,462,337	1,904,441
Recognised actuarial (gain)/ losses	(2,141,314)	(704,912)
Amount charged to statement of financial performance	**957,179**	**1,797,942**

The future service cost for the ensuing financial period is estimated to be R847 886, whereas the interest cost for the next year is estimated to be R1 780 484.

The best estimates of the employer benefit payments in the 2025/2026 financial period is R1 710 721.

Movements in the present value of the liability were as follows:		
Opening balance	15,134,060	15,791,385
Service cost: Current service cost	636,156	598,413
Interest expense	2,462,337	1,904,441
Contributions to the liability: Payment of benefits	(1,588,587)	(2,455,268)
Remeasurement of liability:		
Actuarial gains/ (losses) from changes in demographic assumptions	(230,916)	117,480
Actuarial gains/ (losses) from changes in financial assumptions	(1,910,398)	(822,394)
	14,502,652	**15,134,057**

Key actuarial assumptions		
Discount rate	12.28%	16.27%
Salary inflation	7.69%	12.49%
Average retirement age	63	62

The assumptions were determined on a “best estimate” basis. This implies that the assumptions are based on the actuary's best view of the likely future experience and does not contain any explicit or implicit margins. The most important assumptions are discussed below.

15. Employee benefit obligation (continued)

Assumed discount rate

GRAP 25 requires that the discount rate used should be derived from the yield available on high quality corporate bonds. Where a deep and liquid market for these do not exist, the municipality is required to use the yields on government bonds with a suitable duration. The practice in South Africa currently is to use government bond yields.

Based on the average duration of 13.7 years of the liability, we have used the 14-year government bond yield on the valuation date. The discount rate was set at 12.28%. The previous valuation was set at 16.27%.

Salary inflation

The long-term inflation expectation was determined to be equal to 6.69%. The previous valuation used an inflation rate of 11%.The actuaries then added 1.0% to the inflation expectation to determine the municipality assumption for salary inflation. Therefore, an assumption of 7.69% for future salary inflation was utilized. The previous valuation used a salary inflation rate of 12.49%.

Net discount rate

Based on the above discount rate and salary inflation rate, a net discount rate of 4.26% was utilized. The previous valuation used a net discount rate of 3.36%.

Sensitivity analysis on current service and interest cost:

Assumptions	Change	Current service cost	Interest cost	Total liability	% change
Central assumptions		847,886	1,780,484	2,628,370	
Net discount rate	1%	915,555	1,897,292	2,812,847	7 %
	-1%	787,075	1,673,670	2,460,745	-6 %
Withdrawal rates	20%	811,696	1,736,273	2,547,969	-3 %
	-20%	888,322	1,828,085	2,716,407	3 %

Sensitivity analysis on the benefit liability:

Assumption	Change	Liability	% change
Central assumptions		14,502,652	
Net discount rate	1 %	15,454,091	7 %
	-1 %	13,632,620	-6 %
Withdrawal rates	20 %	14,142,536	-2 %
	-20 %	14,890,380	3 %

Maturity analysis	Within 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Total
Expected future payments	2,068,932	4,412,859	5,686,102	48,282,154	60,450,047
Capitalised liability	1,757,520	2,979,115	2,747,119	7,018,897	14,502,651

15.4 Retirement benefit information

The municipality makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions.

Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

These schemes are multi-employer plans and are subject to a tri-annual, bi-annual or annual actuarial valuation as set out below.

15. Employee benefit obligation (continued)

a) LA Retirement Fund (Previously: Cape Joint Pension Fund)

The LA Retirement Fund operates both as a defined benefit and defined contribution scheme.

This defined benefit plan is accounted for as a defined contribution plan as the municipality's liability in the proportionate share of actuarial gains and losses cannot readily be determined.

Defined Benefit Scheme

The contribution rate payable under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2024 disclosed an actuarial valuation amounting to R1 302 163 000 (30 June 2023: R1 338 791 000), with a net accumulated surplus of R202 952 000 (2023: R226 285 000), with a funding level of 118.5% (30 June 2023: 120.3%).

Defined Contribution Scheme

The actuarial valuation report at 30 June 2024 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R2 213 314 000 (30 June 2023: R2 163 627 000), net investment reserve of Rnil (30 June 2023: Rnil) and with a funding level of 100% (2023: 100%).

The actuary concluded that:

- The Defined Benefit Section is in a sound financial condition with a funding level of 118.5% as at 30 June 2024.

- The Defined Contribution Section of the fund was in a sound financial condition with a funding level of 100% as at 30 June 2024.

- The Trustees awarded a 5.1% pension increase effective 1 January 2025.

- The Trustees awarded 100% of monthly pension bonus to pensioners payable in December 2024.

b) Consolidated Retirement Fund for Local Government (Previously: Cape Joint Retirement Fund)

The contribution rate for members is 7.5% of basic salary, whilst the respective employers are contributing 19.5%.

The fund provides defined contribution benefits to its active members and deferred members. The benefit payable on exit of a member is the member's share. This is broadly equal to the contributions (after costs) with the addition of investment returns.

The last statutory valuation performed as at 30 June 2024 revealed that the net assets of the fund amounted to R47 307 646 000 (30 June 2023: R42 710 035 000), with funding levels of 100.2% and 117.3% (30 June 2023: 100.2% and 120.1%) for the Pensions Account and the Share Account respectively. The contribution rate paid by the members (7,50%/9%) and the municipalities (7,50%/19,5%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the Fund is in a sound financial condition as at the valuation date.

15. Employee benefit obligation (continued)

c) The Municipal Workers Retirement Fund (Previously: SAMWU National Provident Fund)

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. From 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates. The statutory valuation performed as at 30 June 2020 revealed that the assets of the fund amounted to R9 021 008 000 (30 June 2017: R7 720 948 000), with funding levels of 102.2% (30 June 2017: 110.3%). The Fund's assets were sufficient to cover the members' Fund Credits and to provide a margin for contingency reserves as at 30 June 2020. We have allocated the full margin towards the required balance for the risk benefits reserve, which leaves no assets available for the data reserve and a (very small) negative balance for the investment reserve – this is discussed further below, but it should be noted that strong investment returns for the 18 months following the valuation date have enabled the negative investment reserve to be eliminated (as at 31 December 2021). The Fund was in a sound financial position at the valuation date.

d) The Municipal Councillors Pension Fund

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2018 revealed that the assets of the fund amounted to R1 798 030 000 (30 June 2015 : R2 551 861 000), with funding levels of 103.26% (30 June 2015: 101.08%). The contribution rate paid by the members (13.75%) and council (15%) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2018, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

The appointment of a Curator in terms of section 5(1) of the Financial Institutions (protection of funds) Act 2001 for the whole of the business of the Municipal Councillors Pension Fund was done in December 2017. Due to the provisional curatorship, a short moratorium has been placed on the payment of benefits to members/beneficiaries. In terms of the curatorship order, the Court ordered as follows:

1. The provisional Curatorship order of 19 December 2017 is made final;

2. The Curator shall furnish the Registrar of the Pension Fund with a progress report; and

3. The Curator must deliver a further progress report to the Court by no later than 31 October 2018 which report deals with the status of curatorship as at 30 September 2018; on the curatorship once every two months.

The Court cancelled the appointment of the curators on 6 June 2024.

16. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Utilised during the year	Reversed during the year	Total
Provision (Insurance claims)	25,698	(10,698)	(15,000)	-

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Total
Provision (Insurance claims)	57,000	25,698	(57,000)	25,698

The provision relates to the uncertain timing of these insurance claims, which were not finalised at year end, but were finalised before the financial statements were authorised for issue.

17. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2025

	Capital replacement reserve	Government grant reserve	Self-insurance reserve	Accumulated surplus	Total
Opening balance	28,290,596	404,457	45,372,232	785,609,240	859,676,525
Surplus for the year	-	-	-	51,200,896	51,200,896
Transfer to and from government grant reserve	-	437,655	-	(437,655)	-
Property, plant and equipment purchases	(12,778,856)	(789,789)	-	13,568,645	-
	15,511,740	**52,323**	**45,372,232**	**849,941,126**	**910,877,421**

Ring-fenced internal funds and reserves within accumulated surplus - 2024

	Capital replacement reserve	Government grant reserve	Self insurance reserve	Accumulated surplus	Total
Opening balance	66,314,371	2,070,543	-	767,204,826	835,589,740
Surplus for the year	-	-	-	24,086,784	24,086,784
Property, plant and equipment purchases	(37,870,775)	(1,666,086)	-	39,536,861	-
Intangible assets	(153,000)	-	-	153,000	-
Transfer from accumulated surplus	-	-	45,372,232	(45,372,232)	-
	28,290,596	**404,457**	**45,372,232**	**785,609,239**	**859,676,524**

18. Service charges

Fire service charges	407,859	88,132

19. Rental of facilities and equipment

Premises	258,751	264,803

The operating lease relates to fixed property leased from the municipality until 30 June 2025.

Under this operating lease agreement an amount of R241 378 (2024: R249 848) was received during the current year.

No contingent rent receipts are applicable.

20. Roads services

WCG: Department of Infrastructure	121,466,973	114,747,334

The municipality has a Memorandum of Agreement with the WCG, Department of Infrastructure for rendering services regarding the roads function within the jurisdiction of the CWDM.

The final allocation approved by the WCG, Department of Infrastructure during the current financial year was R132 350 000 (Initial allocation: R121 900 000).

The municipality currently performs the Roads function on behalf of the WCG, Department of Infrastructure. On 07 April 2025, the municipality received communication from the WCG, Department of Infrastructure informing the municipality of the discontinuation of the Roads function with effect from 01 April 2026. In light of this communication received from the WCG, the municipality is in the process of assessing the impact that this will have on all operational matters going forward.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

21. Other income

Brokerage	83,774	77,630
Insurance income	179,963	47,764
LG SETA refund	413,607	398,702
Miscellaneous income	45,438	41,666
Municipal health income	867,768	818,913
Tender document income	2,973	1,055
	1,593,523	**1,385,730**

22. Interest received

Long - term investments	50,009,207	39,088,947
Conveyancer (Landfill site)	-	102,147
Short - term investments	36,556,558	50,770,775
	86,565,765	**89,961,869**

During the current year, the average interest rate on the short-term investments is 9.06% (2024: 9.40%) whereas the average interest rate on the long-term investments is 11.55% (2024:11.82%).

The municipality deposits its investments with multiple banks with varying interest rates linked to the prime rate.

In the 2022/2023 financial year, other receivables from exchange transactions (note 4) included an amount of R1 839 670 related to the purchase of land (for the landfill site). The interest received of R102 147, relates to the interest earned on the trust account, held by the conveyancing attorney.

23. Government grants & subsidies

Operating and capital grants		
Community development worker operational support grant	65,194	88,517
Emergency municipal load-shedding relief grant	-	950,000
Equitable share grant	3,174,000	3,046,000
Expanded public works programme integrated grant for municipalities	1,249,000	2,271,000
Fire service capacity building grant	500,000	498,475
Local government financial management grant	1,000,000	1,000,000
Sandhills - toilet hire	511,397	529,729
RSC levy replacement grant	260,486,000	255,683,000
Integrated transport planning grant	939,000	-
Rural roads asset management systems grant (RRAMS)	1,876,981	1,533,433
Safety initiative implementation - whole of society approach (WOSA)	930,072	1,821,894
Western Cape municipal interventions grant	69,300	81,900
Non-motorised transport infrastructure grant	2,584,165	-
	273,385,109	**267,503,948**

Conditional and Unconditional

Included above are the following grants and subsidies received:

Equitable share	3,174,000	3,046,000
RSC levy replacement grant	260,486,000	255,683,000
	263,660,000	**258,729,000**

Equitable Share

Equitable share is the conditional share of the revenue raised nationally and is allocated in terms of section 214 of the Constitution (Act 108 of 1996) to the municipality by National Treasury.

23. Government grants & subsidies (continued)

Community development worker operational support grant

	2025	2024
Balance unspent at beginning of year	1,598	14,116
Current-year receipts	76,000	76,000
Conditions met - transferred to revenue	(65,194)	(88,518)
	12,404	**1,598**

Conditions still to be met - remain liabilities (see note 13).

Division: Community Development and Planning Services.

To provide financial assistance to municipalities to cover the operational and capital costs pertaining to the line functions of the community development workers including the supervisors and regional coordinators.

Integrated transport planning grant

	2025	2024
Balance unspent at beginning of year	-	85,605
Current-year receipts	939,000	-
Conditions met - transferred to revenue	(939,000)	-
Refund of unspent portion	-	(85,605)
	-	**-**

Division: Technical Services

To review and update the municipal integrated transport plans in terms of the National Land Transport Act, 2009 (Act 5 of 2009).

Local government financial management grant

	2025	2024
Current-year receipts	1,000,000	1,000,000
Conditions met - transferred to revenue	(1,000,000)	(1,000,000)
	-	**-**

Division: Financial Services.

To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

This grant was mainly utilised to improv the municipality's audit outcome, the upgrade and maintenance of financial management systems and to implement National Treasury's internship programme.

Fire service capacity building grant

	2025	2024
Balance unspent at beginning of year	1,525	-
Current-year receipts	500,000	500,000
Conditions met - transferred to revenue	(500,000)	(498,475)
Refund of unspent portion	(1,525)	-
	-	**1,525**

Conditions still to be met - remain liabilities (see note 13).

Division: Community Development and Planning Services

To provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and fire services.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Government grants & subsidies (continued)

Non-motorised transport infrastructure grant

Balance unspent at beginning of year	3,500,000	-
Current-year receipts	-	3,500,000
Conditions met - transferred to revenue	(2,584,165)	-
	915,835	**3,500,000**

Conditions still to be met - remain liabilities (see note 13).

Division: Technical Services

To provide non-motorised transport infrastructure in the Cape Winelands District as part of the Provincial Sustainable Transport Programme.

Sandhills - toilet hire

Current-year receipts	511,397	529,729
Conditions met - transferred to revenue	(511,397)	(529,729)
	-	-

Division: Technical Services.

The allocation is made to the municipality by the WCG Department of Transport and Public Works (Department of Infrastructure) as a refund for temporary toilets hired in Sandhills.

Joint district and metro approach grant

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

Division: The Office of the Municipal Manager

To provide financial assistance to district municipalities to implement catalytic projects to improve infrastructure, systems, structures and service delivery.

Local government internship grant

Balance unspent at beginning of year	-	8,200
Refund of unspent portion	-	(8,200)
	-	-

Division: Financial and Strategic Support Services (Corporate Services)

The purpose of the grant is to provide financial assistance to municipalities in support of capacity building for the future by means of an internship programme.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Government grants & subsidies (continued)

Rural roads asset management systems grant (RRAMS)

Balance unspent at beginning of year	1,354,642	75
Current-year receipts	3,018,000	2,888,000
Conditions met - transferred to revenue	(1,876,981)	(1,533,433)
Refund of unspent portion	(1,354,642)	-
	1,141,019	**1,354,642**

Conditions still to be met - remain liabilities (see note 13).

Division: Technical Services.

The purpose is to assist rural district municipalities in setting up their road asset management systems and collect road and traffic data in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA).

Safety initiative implementation - whole of society approach (WOSA)

Balance unspent at beginning of year	493,930	755,824
Current-year receipts	1,000,000	1,560,000
Conditions met - transferred to revenue	(930,072)	(1,821,894)
Refund of unspent portion	(493,930)	-
	69,928	**493,930**

Conditions still to be met - remain liabilities (see note 13).

Division: Community Development and Planning Services.

To enable a resilient, sustainable, quality living environment through the operationalisation of a safety plan.

Municipal water resilience grant

Balance unspent at beginning of year	1,200,000	-
Current-year receipts	1,800,000	1,200,000
Refund of unspent portion	(1,200,000)	-
	1,800,000	**1,200,000**

Conditions still to be met - remain liabilities (see note 13).

Division: Community Development and Planning Services

To provide financial assistance to municipalities to enhance water resilience through water supply augmentation, infrastructure capacity upgrades, water source management and water demand management across the province.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Government grants & subsidies (continued)

Expanded public works programme integrated grant for municipalities

Current-year receipts	1,249,000	2,271,000
Conditions met - transferred to revenue	(1,249,000)	(2,271,000)
	-	-

Conditions still to be met - remain liabilities (see note 13).

Divisions: Financial and Strategic Support Services (Corporate Services), Community Development and Planning Services, Corporate Services and Technical Services.

This grant incentivises the municipality to expand job creation efforts through the use of labour-intensive delivery methods in various identified focus areas, in compliance with the Expanded Public Works Programme Guidelines.

The grant contributed towards increased levels of employment in areas where unemployment is relatively high as well as providing work experience and gaining expertise through in- house training.

Western Cape municipal interventions grant

Balance unspent at beginning of year	116,582	98,482
Current-year receipts	-	100,000
Conditions met - transferred to revenue	(69,300)	(81,900)
Refund of unspent portion	(16,582)	-
	30,700	**116,582**

Conditions still to be met - remain liabilities (see note 13).

Division: Community Development and Planning Services.

This grant provides financial assistance to municipalities to improve infrastructure, systems, structures, corporate governance, service delivery and compliance with executive obligations.

Emergency municipal load- shedding relief grant

Current-year receipts	-	950,000
Conditions met - transferred to revenue	-	(950,000)
	-	-

Division: Community Development and Planning Services.

To provide a financial contribution to municipalities towards the purchase and installation of back-up energy supply (which may include generators, renewable power sources, batteries and all ancillary costs associated with the installation, i.e. switch gear, safe keeping, caging, etc.) for water and wastewater infrastructure as an immediate response to the prolonged load-shedding, thereby mitigating the impact on the provision of basic services and potential health risks.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Government grants & subsidies (continued)

Municipal service delivery and capacity building grant

Current-year receipts	200,000	-

Conditions still to be met - remain liabilities (see note 13).

Division: Community Development and Planning Services

To provide financial assistance to municipalities to improve infrastructure, systems, structures, corporate governance and service delivery.

24. Employee-related costs

	2025	2024
Acting allowances	619,727	225,639
Basic	144,418,669	137,577,429
Bonus	11,547,025	10,984,760
Defined contribution plans	24,418,194	23,286,626
Group schemes	2,537,000	2,722,714
Housing benefits and allowances	5,136,034	4,968,957
Leave pay provision charge	2,191,192	2,484,373
Medical aid - company contributions	14,076,694	13,611,767
Other allowances	7,999,679	7,391,702
Overtime payments	9,254,396	9,264,558
Performance bonus	1,094,571	1,055,395
Remeasurement of employee benefits: Actuarial loss/ (gain)	(15,687,737)	4,825,915
Service cost related to employee benefits: Current service cost	1,996,359	1,827,841
Telephone	792,477	810,595
Travel, motor car, accommodation, subsistence and other allowances	13,320,152	12,733,290
Unemployment insurance fund	875,763	881,810
Workmen's compensation assistance	1,351,315	1,291,147
	225,941,510	**235,944,518**

2025	**Long-service awards**	**Ex-gratia**	**PRMA**	**Less: Funded asset**	**Total**
Current service cost	636,156	-	1,890,003	(529,800)	1,996,359
Net actuarial (gains)/ losses recognised	(2,141,314)	(74,788)	(15,699,531)	2,227,896	(15,687,737)
	(1,505,158)	**(74,788)**	**(13,809,528)**	**1,698,096**	**(13,691,378)**

2024	**Long-service awards**	**Ex-gratia**	**PRMA**	**Less: Funded asset**	**Total**
Current service cost	598,413	-	1,708,291	(478,863)	1,827,841
Net actuarial (gains)/ losses recognised	(704,912)	66,494	1,660,443	3,803,890	4,825,915
	(106,499)	**66,494**	**3,368,734**	**3,325,027**	**6,653,756**

24. Employee-related costs (continued)

Remuneration to senior management

2025	Basic salary	Car allowance	Performance bonuses	Contribution to UIF, medical and pension funds	Other	Total
Municipal Manager (HF Prins)	1,773,542	360,000	6,512	108,905	24,000	2,272,959
Acting Municipal Manager (W Markus)	215,230	-	-	-	-	215,230
Chief Financial Officer (FA Du Raan- Groenewald)	1,386,384	240,000	-	333,984	24,000	1,984,368
ED: Community development and planning services (PA Williams)	2,505,685	355,000	81,532	42,543	24,000	3,008,760
ED: Technical services (F van Eck)	703,301	75,000	-	169,441	106,373	1,054,115
Acting ED: Technical services (H Maart))	28,312	-	-	-	-	28,312
ED: Corporate Services (IM Barnard)	142,180	20,000	-	28,079	4,000	194,259
Acting ED: Corporate services (R van Wyk)	26,374	-	-	-	-	26,374
Acting ED: Corporate services (A Gabier)	4,153	-	-	-	-	4,153
Acting ED: Corporate (B Daries)	12,152	-	-	-	-	12,152
	6,797,313	**1,050,000**	**88,044**	**682,952**	**182,373**	**8,800,682**

2024	Basic salary	Car allowance	Performance bonuses	Contribution to UIF, medical and pension funds	Other	Total
Municipal Manager (HF Prins)	1,384,367	360,000	248,608	98,126	24,000	2,115,101
Chief Financial Officer (FA Du Raan- Groenewald)	1,308,247	240,000	243,301	289,717	24,000	2,105,265
ED: Community development and planning services (PA Williams)	1,212,478	300,000	208,927	38,925	24,000	1,784,330
ED: Technical services (F van Eck)	1,348,120	150,000	243,301	323,552	24,000	2,088,973
	5,253,212	**1,050,000**	**944,137**	**750,320**	**96,000**	**8,093,669**

Figures in Rand	2025	2024

24. Employee-related costs (continued)

The following accrued to key management personnel in terms of GRAP 25 at year-end:

Staff leave		
Municipal Manager (HF Prins)	175,959	64,185
Chief Financial Officer (FA Du Raan-Groenewald)	203,658	166,772
ED: Community development and planning services (PA Williams)	89,789	71,920
ED: Technical services (F van Eck)	-	130,622
ED: Corporate services (IM Barnard)	18,304	-
	487,710	**433,499**

25. Remuneration of councillors

Executive Mayor	1,262,378	1,213,985
Deputy Executive Mayor	643,931	615,515
Speaker	1,019,297	979,271
Councillors	12,318,994	11,778,604
	15,244,600	**14,587,375**

2025	**Salaries**	**Contribution to medical and pension funds**	**Car allowance**	**Other**	**Total**
Executive Mayor	524,182	119,069	180,000	439,127	1,262,378
Deputy Executive Mayor	489,565	34,366	120,000	-	643,931
Speaker	804,341	56,775	111,177	47,004	1,019,297
Councillors	9,704,190	536,949	1,375,768	702,087	12,318,994
	11,522,278	**747,159**	**1,786,945**	**1,188,218**	**15,244,600**

2024	**Salaries**	**Contribution to medical and pension funds**	**Car allowance**	**Other**	**Total**
Executive Mayor	475,192	117,063	180,000	441,730	1,213,985
Deputy Executive Mayor	460,945	34,570	120,000	-	615,515
Speaker	761,382	57,104	111,177	49,608	979,271
Councillors	9,161,965	561,605	1,317,381	737,653	11,778,604
	10,859,484	**770,342**	**1,728,558**	**1,228,991**	**14,587,375**

The salaries, allowances and benefits of Councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa, read with the Remuneration of Public Office Bearers Act and the MEC of local government in the province's determination in accordance with this Act.

Refer to page 1 & 2 for the list of councillors.

26. Depreciation and amortisation

Property, plant and equipment	8,488,477	11,600,001
Intangible assets	86,715	117,860
	8,575,192	**11,717,861**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

27. Impairment loss

Property, plant and equipment	73,197	-

The impairment loss recognised related to a building at the Montagu Offices which was declared unsafe to use due to physical damages to the building and will be demolished during the 2026/2027 financial year.

28. Debt impairment

Debt impairment	243,960	3,688

29. Bad debt written off

Bad debts written off	94,278	-

The bad debts written off relates to insurance debtors and other receivables written off during the current year.

30. Transfer and subsidies

Grants in aid		
National department agencies	370,442	-
Farmer households	498,627	468,553
Sports and recreation	1,986,999	2,275,507
Private enterprises	472,893	494,119
	3,328,961	**3,238,179**
Monetary allocations		
Fire services	300,000	300,000
Farmer households	1,034,260	613,500
Community and social services	466,860	523,198
Social relief	352,000	353,910
Tourism	3,914,792	2,617,750
Sport and recreation	1,542,687	1,362,000
Support to local municipalities	2,966,982	4,656,000
Private enterprises	30,000	30,000
National department agencies	250,000	100,000
	10,857,581	**10,556,358**
Total transfers and subsidies	**14,186,542**	**13,794,537**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

31. Contracted services

Outsourced services		
Alien vegetation control	1,349,848	2,171,528
Burial services	83,904	82,500
Business and advisory	159,375	86,250
Cleaning services	762,542	766,411
Clearing and grass cutting services	1,782,050	2,558,923
Hygiene services	887,776	975,363
Personnel and labour	937	-
Professional staff	1,526,811	1,726,505
Security services	4,578,515	4,017,066
Translators, scribes and editors	260,368	228,316
Traffic control	-	51,077
Consultants and professional services		
Business and advisory	9,356,025	9,419,992
Infrastructure and planning	4,386,431	707,993
Laboratory services	1,668,359	1,620,197
Legal cost	848,014	75,518
Contractors		
Artists and performers	741,850	451,380
Audio-visual services	293,972	2,300
Catering services	2,512,804	2,576,525
Employee wellness	493,653	188,160
Exhibit installations	5,192	-
Fire services	11,811,737	22,674,007
Gardening services	168,922	162,222
Graphic designers	-	1,408
Interior decorator	-	75,380
Maintenance of buildings, facilities, equipment and unspecified assets	7,173,466	9,553,982
Pest control and fumigation	154,073	144,612
Photographer	10,580	4,200
Plants, flowers and other decorations	19,413	-
Stage and sound crew	75,811	105,880
Transportation	7,475	40,520
Total contracted services	**51,119,903**	**60,468,215**

32. Finance costs

Employee benefits	18,382,399	13,713,060

The interest expense relating to employee benefits relates to the interest cost as calculated in the actuarial valuation. Refer to note 15 for additional disclosure.

33. Lease rentals on operating lease

Lease rentals on operating lease	280,566	275,766

The operating leases held by the municipality relate to:

(i) Network telephony system up to 30 June 2026.

There are no escalations and subleasing applicable to this operating lease.

(ii) Occupation of a dedicated space for the housing of radio communication equipment at the Romansrivier and Klipvoet Repeater Sites until 25 March 2028.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

33. Lease rentals on operating lease (continued)

The lease payments are subject to an annual escalation based on the CPI.

No subleasing is applicable to the operating lease.

No contingent rental payments are applicable to the above operating leases and the are no restrictions.

The operating lease payments in future will be as follows:

	Within one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Operating lease	294,966	19,200	14,400	-

34. General expenses

	2025	2024
Achievements and awards	1,271,302	1,269,893
Advertising, publicity and marketing	5,221,546	4,681,220
Auditors remuneration	3,109,944	2,851,724
Bank charges, facility and card fees	443,366	679,405
Bargaining council	69,487	63,591
Bursaries (employees)	235,867	448,156
Chemicals	216,666	249,375
Cleaning materials	272,227	228,501
Communications	4,642,374	4,215,310
Consumables	736,859	854,556
Courier and delivery services	31,452	404,117
Deeds	1,776	1,886
Drivers licenses and permits	18,835	16,801
Entertainment	57,117	57,371
Entrance fees	36,010	11,749
External computer services	7,930,136	8,608,893
Fines and penalties	500	-
Full-time union representatives	89,468	107,851
Hire charges	11,448,655	15,167,929
Insurance underwriting	1,683,211	2,011,148
Laundry services	-	1,830
Licenses	215,367	184,288
Materials and supplies	24,172,203	15,816,673
Municipal services	8,242,875	7,223,394
Printing and stationery	1,170,180	1,352,246
Printing, publications and books	979,076	816,401
Professional bodies, memberships and subscription	2,319,016	2,564,203
Refreshments	654,522	647,581
Registration fees	157,428	196,395
Roadworthy tests	17,279	16,830
Signage	755	-
Skills development fund levy	2,113,359	2,031,064
Tollgate fees	553,322	361,931
Transport provided as part of departmental activities	996,921	1,870,328
Travel and visas	25,399	26,907
Travel and subsistence	3,313,790	3,565,757
Uniforms and protective clothing	1,699,459	2,372,318
Vehicle tracking	165,562	231,371
Wet fuel	13,500,216	15,767,526
	97,813,527	**96,976,519**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

35. Auditors' remuneration

Fees	3,109,944	2,851,724

36. Cash generated from operations

Surplus	51,200,896	24,086,792
Adjustments for:		
Depreciation and amortisation	8,575,192	11,717,861
Loss/(gain) on disposal of assets	345,546	2,222,674
Finance	18,382,399	13,713,060
Impairment deficit	73,197	-
Debt impairment	243,960	3,688
Movements in retirement benefit assets and liabilities	(698,417)	12,950,732
Inventory write- off	175,864	160,819
Changes in working capital:		
Inventories	237,166	72,274
Other receivables from exchange transactions	(37,917,868)	(24,505,167)
Trade receivables from exchange transactions	(270,780)	8,986
Other receivables from non-exchange transactions	5,499	(47,540)
Movement in provisions	(25,698)	(31,302)
Payables from exchange transactions	11,161,161	(236,709)
VAT	(279,024)	(2,777,544)
Unspent conditional grants and receipts	(2,498,391)	4,755,975
Employee benefit obligation	(18,382,399)	(14,288,845)
Long-term receivable	-	575,785
	30,328,303	**28,381,539**

Purchase of property, plant and equipment		
Additions (Note 9)	(104,411,818)	(39,536,928)
Movement in accruals related to property, plant and equipment	6,453,997	(7,986,229)
	(97,957,821)	**(47,523,157)**

Proceeds from the sale of property, plant and equipment		
Loss on disposal of assets and liabilities	(345,546)	(2,222,675)
Disposal of intangible assets (Note 10)	-	71,128
Disposal of property, plant and equipment (Note 9)	373,806	2,151,547
	28,260	**-**

Purchase of intangible assets		
Additions (Note 10)	-	153,000

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. Financial instruments

Financial risk management

The accounting policy for financial instruments was applied to the following statement of financial position items:

Financial assets at amortised cost		
Trade receivables from exchange transactions	38,469	11,649
Other receivables from exchange transactions	107,845,951	70,750,719
Receivables from non-exchange transactions	126,933	132,432
Cash and cash equivalents	410,384,444	424,247,165
Investments	408,000,000	378,000,000
	926,395,797	**873,141,965**

The other receivables from exchange transactions of R111 864 646 (2024: R73 946 778), note 4 excludes prepayments of R3 245 886 (2024: R2 650 030), other receivables of R730 623 (2024: R498 628) and councillors of R42 185 (2024: R47 400).

An amount of R18 629 in the 2023/2024 financial year included in other receivables should have been excluded from the financial instrument, other receivables from exchange transactions.

Financial liabilities at amortised cost		
Other financial liabilities	83,738,537	-
Payables from exchange transactions and other	24,098,812	6,483,654
	107,837,349	**6,483,654**

Refer to notes 3, 4, 5, 8, 11 and 14 for additional disclosure.

Liquidity risk

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

The municipality has limited exposure to liquidity risk and is able to meet its financial obligations as it falls due. The municipality limits exposure to liquidity risk by ensuring all liabilities are cash backed.

The following are contractual maturities of financial assets and liabilities.

At 30 June 2025	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Other financial liabilities	8,140,108	8,956,630	32,636,545	34,005,254
Payables from exchange transactions and other	24,098,811	-	-	-
	32,238,919	**8,956,630**	**32,636,545**	**34,005,254**

At 30 June 2024	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Payables from exchange transactions and other	6,483,654	-	-	-

Credit risk

Credit risk consists mainly of cash and cash equivalents. The municipality invests cash with multiple banks, limiting exposure to any one counterparty.

The carrying amount of investments, receivables and cash and cash equivalents represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Figures in Rand	2025	2024

37. Financial intruments (continued)

Financial assets at amortised cost

Other receivables from exchange transactions	107,845,951	70,750,719
Trade receivables from exchange transactions	38,469	11,649
Cash and cash equivalents	410,384,444	424,247,165
Receivables from non-exchange transactions	126,933	132,432
Investments	408,000,000	378,000,000

Fair values

Irrespective of the longer maturity for the investments held by the municipality, the fair value of these financial instruments are substantially identical to the values reflected in the statement of financial position.

There were no changes in the municipality's approach to financial risk management from the prior year.

Interest rate risk

The municipality's exposure to interest rate risk and effective interest rate on financial instruments at the reporting date are as follows:

a) Investments and Cash and cash equivalents
The average interest rate on the short- term investments is 9.06% (2024: 9.40%) whereas the average interest rate on the long-term investments is 11.55% (2024:11.82%). The municipality invests with multiple banks with varying interest rates linked to the prime rate.

b) External loans
The municipality had external loans and borrowings of R83 738 537 (2024: Rnil) as at 30 June 2025.

Market risk

The risk that changes in market prices, such as foreign currency exchange rates and interest rates that will affect the municipality's projected income. The municipality does not hold any assets that are impacted by changes in the market.

Foreign currency risk is deemed to be minimal as very few foreign currency transactions are conducted.

There were no changes in the municipality's approach to financial risk management from the prior year.

38. Going concern

We draw attention to the fact that as at 30 June 2025, the municipality had an accumulated surplus of R910 877 420 (2024: R859 676 524).

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

With the abolishment of the RSC Levies on 30 June 2006, the municipality is dependent on government grants, including the equitable share, for approximately 57% of the municipality's revenue. In addition, funds received for roads services account for a further 25%.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

39. Unauthorised expenditure

No unauthorised expenditure was incurred and/or identified for the current and previous financial year.

40. Fruitless and wasteful expenditure

Opening balance as previously reported	-	-
Fruitless and wasteful expenditure identified - current year	199,001	-
Fruitless and wasteful expenditure identified - prior period	480,000	-
Closing balance	**679,001**	**-**

Details of fruitless and wasteful expenditure

Expenditure incurred related to accommodation booked for an Acting MM. The accommodation was subsequently not used, however, the expenditure was still incurred by the municipality.	19,001	-
Expenditure, for the period 01 July 2022 – 31 March 2025 was incurred through the Revised Telecoms and Cellular Phone Allowance Policy. Council reviewed and amended the approved cellular phone and data allowances for the affected officials which had resulted in an overpayment.	660,000	-
	679,001	**-**

41. Irregular expenditure

Opening balance as previously reported	-	-
Irregular expenditure - current	26,019	-
Closing balance	**26,019**	**-**

Details of the irregular expenditure

Expenditure incurred related to a salary overpayment paid by means of backpay in respect of the first term of the Municipal Manager. The remuneration exceeded the prescribed Local Government: Upper Limits of Total Remuneration packages payable to Municipal Managers and Managers directly accountable to Municipal Managers. This overpayment was in contravention of the requirements of the Municipal Systems Act. As at the date of approval of the AFS, the repayment arrangement for the Municipal Manager had not yet been finalised, as it remains subject to ongoing processes.	26,019	-

42. Contingencies

Contingent liabilities

(i) 2025: The status of the delictual claim amounting to R451 000 (2024: R451 000) remains the same as reported in the prior year.

(2024: This matter remains the same as reported in the previous year and relates to a delictual claim for damages suffered to the amount of R451 000 against Cape Winelands District Municipality and the Minister of Transport and Public Works by Mr P Afrika allegedly arising from an accident in July 2008. At the pre-trial conference, it was decided that the matter is to be transferred from the High Court to the Magistrate's Court. This has the effect that the potential liability of the municipality is reduced to approximately R100 000. The said process is currently pending. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.)

(ii) 2025: The status of the claim amounting to R2 371 525 (2024: R2 371 525) remains the same as reported in the prior year.

42. Contingencies (continued)

(2024: This matter remains the same as reported in the previous year and relates to a claim where the Cape Winelands District Municipality was jointly added as a third party On 22 January 2018 a Combined Summons was issued by the High Court of South Africa under Case No 728/18 in terms of which the trustees of the Fransie Conrade Trust (the plaintiffs) instituted action against the trustees of the Thera Trust (the defendants) for the damages suffered to the amount of R2 371 525 as a result of a fire that started on the property of Thera Trust and which allegedly spread to the property of the Fransie Conradie Trust. On 18 May 2018 a Third Party Notice was served on the District Municipality, in terms of which the Cape Winelands District Municipality was added as a third party by the defendants (Thera Trust) who avers that the District Municipality is a joint wrongdoer with Thera Trust (the defendant) in that the District Municipality was negligent and that such negligence caused or contributed to the damages suffered by the plaintiff. The matter was reported to the District Municipality's insurers and a fire incident report was accordingly provided, whereafter a Notice of Intention to Defend was entered. The Cape Winelands District Municipality is currently awaiting the matter to be set down for Pre-trial hearing and thereafter trial. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.)

(iii) 2025: The status of the claims amounting to R20 667 475 (2024: R20 667 475) and R6 100 000 (2024:R6 100 000) remains the same as reported in the prior year.

(2024: This matter remains the same as reported in the previous year. On 1 February 2021 a summons was issued by the High Court of South Africa, Western Cape Division, under Case Number 2023/21 in terms of which the plaintiffs instituted action against the Cape Winelands District Municipality, as the sixth defendant, for damages suffered to the amount of R26 767 475. The plaintiffs' claims that a veld or forest fire happened on or about 5 February 2018 and spread onto the plaintiffs properties from a certain property situated adjacent to the plaintiffs properties. The properties are located within the jurisdiction of the Cape Winelands District Municipality. The plaintiffs claim that the District Municipality owed a general duty of care to the public to prevent the spread of a veldfire and resultant damages by acting reasonably and practically in the circumstances and furthermore to comply with the standard operating procedures in respect of veldfires occurring on days marked with a "Red" of "High - Extreme" Fire Danger Index rating. The District Municipality entered a Notice of Intention to Defend. The relief that the plaintiffs are seeking is as follows: (a) that the defendants be held liable for the damages to the amount of R20 667 475, (b) that the defendants be held liable for the damages to the amount R6 100 000, (c) interest on the aforesaid amounts at the prescribed rate a tempore morae from date of demand alternatively date of summons until date of payment in full, (d) costs of suit, (e) further and/or alternative relief. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.)

vii) 2025: The Municipality is still waiting on the outcome of 5 public liability claims, 35 third party accident claims that were handed over to the state attorneys and / or the Municipality's insurers. It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.

(2024: The Municipality is still waiting on the outcome of 6 public liability claims, 46 third party accident claims that were handed over to the state attorneys and / or the Municipality's insurers. It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.)

viii) 2025: The status of the claim amounting to R402 286 (2024: R402 286) remains the same as reported in the prior year.

(2024: A summons was served on the municipality in April 2024 from the plaintiff, Liquid Telecommunications SA (Pty) Ltd, due to a contractual dispute to the amount of R402 286. Notice of intention to Defend, Plea and Counterclaim were filed by the municipality. The plaintiff has requested that the matter be mediated. The municipality's legal counsel has advised that the matter rather be adjudicated through arbitration. The parties are currently in discussion and awaiting formal communication in this regard. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.)

ix) 2025: The status of the claim amounting to R33 732 (2024: R33 732) remains the same as reported in the prior year.

(2024: The status of the claim amounting to R33 732 (2024: R33 732) remains the same as reported in the prior year. The municipality responded to the notice received from Marlo Laubscher Attorneys regarding an arrears municipal account. The municipality has not received further correspondence from the plaintiff. The municipality is still awaiting the outcome of the enquiries it has made regarding the responsibility for the settlement of this arrears account as there are community members residing on the property who should be responsible for the settlement of the municipal accounts.)

42. Contingencies (continued)

Contingent assets

2025: The Municipality is still awaiting the outcome of a cost order that was granted in favour of the Municipality. It is not yet practical to provide and estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

(2024: The Municipality is still awaiting the outcome of 1 insurance claim that was not concluded at 30 June 2024. The claim is specific to the 2023/2024 financial year and all the prior year claims have been concluded.)

43. Related parties

The salaries and remuneration of key management and councillors are disclosed in notes 24 & 25 to the annual financial statements.

44. Change in estimate

Property, plant and equipment

Redundant store assets

The estimated useful lives and residual values of furniture and fittings, motor vehicles, office equipment and plant and equipment were evaluated during the 2024/2025 financial year and the change in the estimates were implemented on 1 July 2024. This led to a change in depreciation for the 2024/2025 financial year.

The following changes were made during the year in accounting estimates. The new depreciation for the year have been calculated and stated as well as the amount that the depreciation would have been had an estimate change not been effected.

Asset type description	Total of depreciation on assets for 2024/2025 had no change been effected	Total new depreciation for 2024/2025 after the change was effected	Difference: Increase/ (decrease) in depreciation	Total of depreciation on assets for future years had no change been effected	Total new depreciation for future years after the change was effected	Difference: Increase/(decrease) in depreciation
Furniture and fittings	(847)	(7,106)	6,259	6,259	-	(6,259)
Motor vehicles	-	(227,039)	227,039	227,039	-	(227,039)
Office equipment	(15,845)	(139,461)	123,616	123,616	-	(123,616)
Plant and equipment	(1,935)	(17,235)	15,300	15,300	-	(15,300)
	(18,627)	**(390,841)**	**372,214**	**372,214**	**-**	**(372,214)**

The effect of the change in estimate led to an decrease in depreciation of furniture and fitting of R6 259, an decrease in depreciation of motor vehicles of R227 039, an decrease in depreciation of office equipment of R123 616 and an decrease in depreciation of plant and equipment of R15 300 for the future years.

44. Change in estimate (continued)

Review of RUL of property, plant and equipment and intangibles

Asset type description	Total of depreciation on assets for 2024-25 had no change been effected:	Total new depreciation for 2024-25 after the change was affected:	Difference: Increase/ (decrease) in depreciation	Total of depreciation on assets for future years had no change been effected:	Total new depreciation for future years after the change was affected:	Difference: Increase/ (decrease) in depreciation
Buildings	(414,641)	(91,016)	(323,625)	(818,156)	(1,141,781)	323,625
Infrastructure	(1,748)	(549)	(1,199)	(11,420)	(12,619)	1,199
Intangible assets	(104,274)	(64,858)	(39,416)	(55,311)	(94,727)	39,416
Plant and equipment	(929,010)	(394,670)	(539,339)	(3,004,933)	(3,539,272)	534,339
Furniture and fittings	(222,890)	(82,900)	(139,990)	(789,839)	(929,829)	139,990
Motor vehicles	(2,300,115)	(772,776)	(1,527,339)	(10,930,338)	(12,457,677)	1,527,339
Office equipment	(1,793,009)	(825,557)	(967,451)	(5,174,224)	(6,141,675)	967,451
Other PPE	(275,443)	(113,268)	(162,174)	(876,588)	(1,038,763)	162,174
	(6,041,130)	**(2,345,594)**	**(3,700,533)**	**(21,660,809)**	**(25,356,343)**	**3,695,533**

The effect of the change in estimate led to an increase in depreciation of buildings of R323 625, an increase in depreciation of infrastructure of R1 199, increase in amortisation of R39 416, an increase in depreciation of plant and equipment of R534 339, an increase in depreciation of furniture and fittings of R139 990, an increase in depreciation of motor vehicles of R1 527 339, an increase in depreciation of office equipment of R967 451 and an increase in depreciation of other property, plant and equipment of R162 174 for the future years.

45. B-BBEE Performance

2024/2025

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

2023/2024

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

46. Events after the reporting date

a) An overpayment of remuneration, including cellular phone and data allowances, was identified in respect of the first term of the Municipal Manager. The Executive Director: Community Development and Planning Services was also affected by the overpayment of the cellular phone and data allowances. The Council has resolved that the amounts overpaid are to be recovered.

As at the date of approval of the Annual Financial Statements:

- A repayment arrangement for the Executive Director: Community Development and Planning Services has been agreed upon, with the effective date set for September 2025; and
- The repayment arrangement for the Municipal Manager had not yet been finalised, as it remains subject to ongoing processes.

b) The amount of R54 560 disclosed in Note 4 (Other receivables from exchange transactions) pertains to insurance claims related to incidents that occurred prior to 30 June 2025. These claims were still in progress at year-end and have subsequently been approved during the first quarter of the financial year ending 30 June 2026.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Reconciliation between budget and annual financial statements

47.1 Statement of financial performance

Service charges (Actual amount as per statement of comparison)	-	-
Service charges	407,859	-
Actual amount as per statement of financial performance	**407,859**	**-**

Service charges were remapped from sale of goods and rendering of services to adhere to the requirements of GRAP.

Sale of goods and rendering of services (actual amount as per statement of comparison)	12,602,622	-
Management fees: Road services	(11,995,652)	-
Management fees: Rural roads asset management	(150,900)	-
Tender documents	(2,973)	-
Encroachment fees	(1,850)	-
Scrap, waste and other goods	(43,388)	-
Service charges	(407,859)	-
Amount as per statement of financial performance	**-**	**-**

Sale of goods and rendering of services were remapped to adhere to the requirements of GRAP.

Agency services (Actual amount as per statement of comparison)	122,959,373	-
Roads capital	306,947	-
Management fees	11,995,652	-
Management fees	(13,795,000)	-
Actual amount as per statement of financial performance	**121,466,972**	**-**

The capital financing for roads services was remapped from transfers and subsidies to roads services. Management fees were remapped to roads services to adhere to the requirements of GRAP.

To align to the accounting treatment for the funding received from WCG, Department of Infrastructure with regards to the roads maintenance, the prior year naming convention for this funding source was changed from agency services to roads services. Both the prior year and current year naming convention is therefore consistent. This allows the users of the financial statements to have a clear understanding of the substance of this funding source.

Licences and permits (Actual amount as per statement of comparison)	867,768	-
Licences and permits	(867,768)	-
Actual amount as per statement of financial performance	**-**	**-**

Licences and permits were remapped to other income to adhere to the requirements of GRAP.

Transfers and subsidies (Actual amount as per statement of comparison)	272,373,713	-
Sandhills toilet hire	511,397	-
Fire service capacity building grant	500,000	-
Actual amount as per statement of financial performance	**273,385,110**	**-**

Sandhills toilet hire was remapped from other revenue to transfers and subsidies to adhere to the requirements of GRAP.
Capital grants were remapped to adhere to the requirements of GRAP.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Reconciliation between budget and annual financial statements (continued)

Other revenue (Actual amount as per statement of comparison)	1,188,940	-
Tender documents	2,973	-
Scrap, waste and other goods	43,387	-
Sandhills toilet hire	(511,397)	-
Encroachment fees	1,850	-
Licenses and permits	867,768	-
Actual amount as per statement of financial performance	**1,593,521**	**-**

Other revenue was remapped to adhere to the requirements of GRAP.

Employee-related costs (Actual amount as per statement of comparison)	256,197,993	-
Workmen's compensation fund	1,351,315	-
Interest cost	(15,920,062)	-
Actuarial gains	(15,687,737)	-
Actual amount as per statement of financial performance	**225,941,509**	**-**

Workmen's compensation fund was remapped from other expenditure to employee related cost to adhere to requirements of GRAP. Interest cost on post-retirement benefits were remapped from employee related benefits to finance costs and actuarial gains were remapped from gains and losses to employee related costs to adhere to the requirements of GRAP.

Other gains (Actual amount as per statement of comparison)	15,687,737	-
Actuarial gains	(15,687,737)	-
Actual amount as per statement of financial performance	**-**	**-**

Actuarial gains were remapped from other gains to employee related costs to adhere to the requirements of GRAP.

Interest (Actual amount as per statement of comparison)	2,462,337	-
Post-retirement benefit: interest cost	15,920,062	-
Actual amount as per statement of financial performance	**18,382,399**	**-**

Interest cost on post-retirement benefits and long-service awards was remapped from employee-related costs to finance costs to adhere to the requirements of GRAP.

Inventory consumed (Actual amount as per statement of comparison)	31,347,294	-
General expenses	(31,347,294)	-
Actual amount as per statement of financial performance	**-**	**-**

Inventory consumed was remapped to general expenses to adhere to the requirements of GRAP.

Operational cost (Actual amount as per statement of comparison)	81,893,114	-
Workmen's compensation fund	(1,351,315)	-
Lease rental on operating leases	(280,566)	-
Inventory consumed	31,347,294	-
Management fees	(13,795,000)	-
Actual amount as per statement of financial performance	**97,813,527**	**-**

Workmen's compensation fund was remapped from other expenditure to employee- related cost to adhere to the requirements of GRAP. Lease rentals on operating lease were remapped from other expenditure to adhere to the requirements of GRAP. Inventory consumed was remapped to general expenditure to adhere to the requirements of GRAP. Management fees were remapped from other expenditure to roads services.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Reconciliation between budget and annual financial statements (continued)

Other losses (Actual amount as per statement of comparison)	175,864	-
Inventories losses	(175,864)	-
Actual amount as per statement of financial performance	**-**	**-**

Other losses were remapped to adhere to the requirements of GRAP.

Inventories losses (Actual amount as per statement of comparison)	-	-
Inventories losses	(175,864)	-
Actual amount as per statement of financial performance	**(175,864)**	**-**

Inventories losses were remapped from other losses to adhere to the requirements of GRAP.

Transfers and subsidies: Capital monetary (Actual amount as per statement of comparison)	806,947	-
Roads capital	(306,947)	-
Fire service capacity building grant	(500,000)	-
Actual amount as per statement of financial performance	**-**	**-**

The capital financing for roads was remapped from transfers and subsidies to roads services. Capital grants were remapped to transfers and subsidies to adhere to the requirements of GRAP.

Lease rentals on operating lease (Actual amount as per statement of comparison)	-	-
Lease rentals on operating lease	280,566	-
Actual amount as per statement of financial performance	**280,566**	**-**

Lease rentals on operating lease was remapped from other expenditure to adhere to the requirements of GRAP.

Contracted services (Actual amount as per statement of comparison)	51,270,803	-
Management fee: Rural roads asset management	(150,900)	-
Actual amount as per statement of financial performance	**51,119,903**	**-**

Management fee for the rural roads asset management was remapped from other income to adhere to the requirements of GRAP.

Depreciation and amortisation (Actual amount as per statement of comparison)	8,648,390	-
Reversal of impairment loss: PPE	35,597	-
Impairment loss: PPE	(108,794)	-
Actual amount as per statement of financial performance	**8,575,193**	**-**

Reversal of impairment loss and impairment loss were remapped to adhere to the requirements of GRAP.

47.2 Statement of financial position

Trade and other receivables from exchange (Actual amount as per statement of comparison)	6,445,305	-
Service charges	(136,636)	-
Insurance claims	54,560	-
Deposits	4,740	-
Accrued interest	13,575,093	-
Third party refunds	282,587	-
Actual amount as per statement of financial position	**20,225,649**	**-**

Figures in Rand	2025	2024

47. Reconciliation between budget and annual financial statements (continued)

Trade and other receivables were remapped to adhere to the requirements of GRAP.

VAT receivable (Actual amount as per statement of comparison)	8,244,999	-
Output tax	(2,494,906)	-
Actual amount as per statement of financial position	**5,750,093**	**-**

Output tax was remapped from current liabilities to VAT receivable to adhere to the requirements of GRAP.

Receivables from non-exchange transactions (Actual amount as per statement of comparison)	181,492	-
Insurance claims	(54,560)	-
Actual amount as per statement of financial position	**126,932**	**-**

Insurance claims were remapped from to other receivables from exchange transactions to adhere to the requirements of GRAP.

Other current assets (Actual amount as per statement of comparison)	105,501,417	-
Accrued interest	(105,214,090)	-
Third party refunds	(282,587)	-
Deposits	(4,740)	-
Actual amount as per statement of financial position	**-**	**-**

Other current assets were remapped to other receivables from exchange transactions to adhere to the requirements of GRAP

Other receivables from exchange transactions: Non-current (Actual amount as per statement of comparison)	-	-
Accrued income	(91,638,998)	-
Actual amount as per statement of financial position	**(91,638,998)**	**-**

The non-current portion of the accrued income was remapped from other current debtors to adhere to the requirements of GRAP.

VAT (Actual amount as per statement of comparison)	2,593,074	-
Output tax	(2,494,906)	-
Provision for doubtful debt impairment	(98,168)	-
Actual amount as per statement of financial position	**-**	**-**

Output tax was remapped to adhere to the requirements of GRAP.

Consumer deposits (Actual amount as per statement of comparison)	22,500	-
Consumer deposits	(22,500)	-
Actual amount as per statement of financial position	**-**	**-**

Consumer deposits were remapped to payables from exchange transactions to adhere to the requirements of GRAP.

Trade and other payables (Actual amount as per statement of comparison)	25,442,833	-
Employee benefits	(1,366,522)	-
Consumer deposits	22,500	-
Actual amount as per statement of financial position	**24,098,811**	**-**

Trade and other payables were remapped to adhere to the requirements of GRAP.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Reconciliation between budget and annual financial statements (continued)

Provisions (Actual amount as per statement of comparison)	40,061,294	-
Employee benefits	(40,061,294)	-
Actual amount as per statement of financial position	**-**	**-**

Provisions were remapped to employee benefit obligation to adhere to the requirements of GRAP.

Accumulated surplus (Actual amount as per statement of comparison)	849,993,450	-
Reserves	60,883,972	-
Actual amount as per statement of financial position	**910,877,422**	**-**

Reserves were remapped to accumulated surplus to adhere to the requirements of GRAP.

47.3 Cashflow statement

Suppliers and employees (Actual amount as per statement of comparison)	396,144,512	-
Employee cost	(245,039,474)	-
Suppliers	(152,027,909)	-
Remuneration of councillors	(15,239,385)	-
Finance cost	1,975,715	-
Transfer and grants	14,186,541	-
Amount as per cash flow statement	**-**	**-**

Suppliers and employees were remapped to adhere to the requirements of GRAP.

Transfers and grants (Actual amount as per statement of comparison)	(14,186,541)	-
Transfers and grants	14,186,541	-
Amount as per cash flow statement	**-**	**-**

Transfers and grants were remapped to suppliers to adhere to the requirements of GRAP.

Remuneration to councillors (Actual amount as per statement of comparison)	-	-
Remuneration to councillors	15,239,385	-
Amount as per Cash flow statement	**15,239,385**	**-**

Remuneration of councillors was remapped from Suppliers and employees to adhere to the requirements of GRAP.

48. Actual operating expenditure versus budgeted operating expenditure

According to the accounting policy, explanations should be provided in cases where the difference between the adjustments budget and the actual expenditure exceeds 10%.

48.1 Statement of financial position

Current assets

Cash and cash equivalents

Variance does not exceed 10%, no reason required.

Trade and other receivables from exchange transactions

Variance as a result of the roads services receivable which has decreased due to the impact of the actuarial valuations performed and the decrease in revenue recognised in the current year.

48. Actual operating expenditure versus budgeted operating expenditure (continued)

Receivables from non-exchange transactions

Variance does not exceed 10%, no reason required.

Inventory

Variance as a result of the issuing of inventory being more than anticipated during the preparation of the budget.

VAT

Variance as a result of the VAT refund for May 2025 only being received during July 2025.

Other current assets

Variance does not exceed 10%, no reason required.

Non-current assets

Property, plant and equipment

Variance does not exceed 10%, no reason required.

Investments

Variance does not exceed 10%, no reason required.

Intangible assets

Variance as a result of capital items classified as intangible during the preparation of the budget and reclassified to property, plant and equipment during the preparation of the annual financial statements.

Liabilities

Current liabilities

Consumer deposits

Variance does not exceed 10%, no reason required.

Financial liabilities

The short term portion of the loan was budgeted for under the long term financial liability.

Trade and other payables: non exchange transactions

Variance mainly as a result of one provincial grant funded project that could not be rolled out during the current financial year. An application to roll over these funds has been submitted, and if approved, this projects will be rolled out during the next financial year.

Trade and other payables: exchange transactions

Variance as a result of an increase in creditor accruals compared to the previous financial year.

VAT

Variance as a result of the VAT refund for May 2025 only being received during July 2025.

48. Actual operating expenditure versus budgeted operating expenditure (continued)

Provisions

Variance as a result of the actuarial valuation performed related to the employee benefits. The actuarial valuation is performed at year end and not available during the budget preparation process.

Non-current liabilities

Financial liabilities

Variance does not exceed 10%, no reason required.

Non-current liabilities

Provisions

Variance does not exceed 10%, no reason required.

Other non-current liabilities

Variance as a result of the actuarial valuation performed related to the employee benefits. The actuarial valuation is performed at year end and not available during the budget preparation process.

Net assets

Reserves

Variance as a result of the transfer to the capital replacement reserve. The transfer to the capital replacement reserve is performed at year end and the amount is undetermined during the preparation of the budget.

48.2 Statement of financial performance

Revenue from exchange transactions

Sale of goods and rendering of services

Variance does not exceed 10%, no reason required.

Agency services

Variance does not exceed 10%, no reason required.

Interest earned from current and non- current assets

Variance does not exceed 10%, no reason required.

Rental of facilities and equipment

Variance does not exceed 10%, no reason required.

Licences and permits

Variance as a result of an increase in economic activity and a vast number of export certificates being issued.

Other revenue

Variance as a result of other revenue consisting of a number of different income sources which are subject to change due to external factors.

48. Actual operating expenditure versus budgeted operating expenditure (continued)

Transfers and subsidies

Variance does not exceed 10%, no reason required.

Other gains

Variance as a result of the actuarial valuation performed related to the employee benefits. During the preparation of the budget the actuarial valuation indicated an actuarial loss and at year-end the final evaluation report indicated an actuarial gain.

Expenditure

Employee-related costs

Variance does not exceed 10%, no reason required

Remuneration of councillors

Variance does not exceed 10%, no reason required.

Inventory consumed

Variance does not exceed 10%, no reason required.

Depreciation and amortisation

Variance as a result of the adjustments made to the expected lifespan of certain assets during the annual assessment of the useful lives of assets. The extended lifespan led to a lower depreciation charge than anticipated during the preparation of the budget.

Interest

Variance as a result of the borrowing cost of the regional landfill site being capitalised.

Debt impairment

Variance does not exceed 10%, no reason required.

Contracted services

Variance as a result of not all projects being rolled out as planned during the current year.

Irrecoverable debt written off

Variance does not exceed 10%, no reason required.

Other losses

Variance as a result of the actuarial valuation performed related to the employee benefits. During the preparation of the budget the actuarial valuation indicated an actuarial loss and at year-end the final evaluation report indicated an actuarial gain.

Operational costs

Variance does not exceed 10%, no reason required.

Transfers and subsidies

Variance does not exceed 10%, no reason required.

48. Actual operating expenditure versus budgeted operating expenditure (continued)

Operational cost

Variance does not exceed 10%, no reason required.

Loss on disposal of assets

Variance does not exceed 10%, no reason required

Transfer and subsidies - capital (monetary allocations)

Variance mainly as a result of one provincial grant funded project that could not be rolled out during the current financial year. An application to roll over these funds has been submitted, and if approved, these projects will be rolled out during the next financial year.

48.3 Cash flow statement

Other revenue

Refer to reasons provided above for the variances in statement of financial performance.

Transfers and subsidies - operational

Variance does not exceed 10%, no reason required.

Transfers and subsidies - capital

Refer to reasons provided above for the variances in statement of financial performance.

Interest

Variance does not exceed 10%, no reason required.

Suppliers and employees

Refer to reasons provide**d above for the variances in statement of financial performance.**

Transfers and grants

Variance does not exceed 10%, no reason required.

Capital assets

Variance as a result of the construction of the regional landfill site being completed in the next financial year.

Proceeds on disposal of PPE

Variance as a result of the fact that during the preparation of the budget it is undetermined which assets will be disposed during the financial year.

Investments

Long term investments moved to current investments as the maturity date was less than 12 months.

Borrowing long term/ refinancing

Variance does not exceed 10%, no reason required.

Repayment of borrowing

Variance does not exceed 10%, no reason required.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Additional disclosure in terms of Municipal Finance Management Act

49.1 Contributions to organised local government

Current year subscription / fee	2,423,469	2,519,294
Amount paid	(2,302,296)	(2,393,329)
Discount received	(121,173)	(125,965)
	-	-

49.2 Audit fees

Current year audit fee - AGSA	3,109,944	2,851,724
Current year audit fee - Audit committee	220,386	155,097
Amount paid	(3,322,016)	(3,011,645)
	8,314	**(4,824)**

An amount of R24 798 was paid during the 2023/2024 financial year which related to an accrual raised in the 2022/2023 financial year. This accrual was recognised as an expenditure in the 2022/2023 financial year, but only paid in the 2023/2024 financial year. As a result, the audit fees paid exceeds the 2023/2024 audit fee expenditure by R4 824.

49.3 PAYE, UIF and SDL

Current year payroll deductions	47,169,135	43,937,312
Amount paid	(47,169,135)	(43,937,312)
	-	-

49.4 Pension and medical aid deductions

Current year payroll deductions	78,233,550	74,556,097
Amount paid	(78,233,550)	(74,556,097)
	-	-

49.5 VAT

VAT receivable	5,750,092	5,471,068
VAT payable	-	-
	5,750,092	**5,471,068**

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

49.6 Councillors' arrear accounts

During the financial year under review no councillor was in arrears with the settlement of municipal services provided by the municipality.

The councillor arrear accounts in respect of Cllrs Ross and Heradien relate to the overpayment of remuneration due to the upward change in the grading of Drakenstein and Witzenberg Local Municipalities. The overpayment to Cllr. Kriel is due to a late notification of termination as chairperson of Municipal Public Accounts Committee (MPAC).

The overpayment of Cllr Goedeman is due to a system error that was subsequently corrected.

Figures in Rand	2025	2024

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

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr. J. Kriel	3,853	-	3,853
Cllr. S Goedeman	26,055	-	26,055
Cllr. P. Heradien	-	10,315	10,315
Cllr. S. Ross	-	1,962	1,962
	29,908	**12,277**	**42,185**

In terms of section 167(2) of the MFMA, the municipality must and has the right to recover remuneration paid otherwise than in accordance with the framework of the Remuneration of Public Office-Bearers Act (1998) from political office-bearers and may not write off any expenditure incurred by the municipality in paying or giving such remuneration.

The municipality recovered all overpayments as a result of the upward grading, overpayments upon termination/resignation or incorrect salary payments, except for the above-mentioned councillors. The following actions have been taken by the municipality:

(i) In respect of upward grading of the local municipalities within the district:

A payment arrangement has been entered into with Cllr Ross. The councillor arrear account is currently being recovered through a monthly deduction by Drakenstein Municipality and paid over to CWDM.

A debt collector is currently attending to the councillor arrear account of Cllr Heradien.
However, all previous attempts to trace Cllr Heradien have been unsuccessful.

(ii) In respect of overpayment due to late notification of termination as chairperson of MPAC:

Cllr Kriel has signed an acknowledgement of debt for the overpayment that was made. The overpayment will be deducted from his July 2025 salary.

(iii) In respect of overpayments due to a system error:

Cllr Goedeman has signed an acknowledgement of debt for the overpayment that was made. The overpayment will be deducted from his salary on a monthly basis.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr. Z.L Gwada	-	2,463	2,463
Cllr. S. Ross	-	4,387	4,387
Cllr. S.W. Nyamana	-	769	769
Cllr. P Heradien (resigned 10/12/2014)	-	10,315	10,315
Cllr. C. Mcako (resigned 29/06/2016)	-	1,138	1,138
Cllr. S.S. Magqazana	-	742	742
Cllr. L.N. Qoba	-	107	107
Cllr. G.J.Carinus	5,123	-	5,123
Cllr. D.D.Joubert	2,700	-	2,700
Cllr. N.M.Bushwana	316	-	316
Cllr. E.Groenewald	3,277	-	3,277
Cllr. V.Hani	1,100	-	1,100
Cllr. D.B.Janse	316	-	316
Cllr. J.J.J.Januarie	316	-	316
Cllr. J.Maliti	1,085	-	1,085
Cllr. X.L.Mdemka	3,277	-	3,277
Cllr. T.R.Mpulanyana	1,106	-	1,106
Cllr. R.S.Nalumango	316	-	316
Cllr. L.Ngwane	1,107	-	1,107
Cllr. N.Phatsoane	316	-	316
Cllr. W.C.Petersen	3,277	-	3,277
Cllr. C.F.Wilskut	316	-	316
Cllr. M.H.Yabo	1,085	-	1,085
Cllr. J.H.P. Steyn	2,446	-	2,446
	27,479	**19,921**	**47,400**

In terms of section 167(2) of the MFMA, the municipality must and has the right to recover remuneration paid otherwise than in accordance with the framework of the Remuneration of Public Office-Bearers Act (1998) from political office-bearers and may not write off any expenditure incurred by the municipality in paying or giving such remuneration.

The municipality had recovered all overpayments as a result of the upward grading, overpayments upon termination/resignation or incorrect backpay payments, except for the above-mentioned councillors. The following actions have been taken by the municipality:

(i) In respect of upward grading of the local municipalities within the district:

Legal action has been instituted against Cllrs Ross and Heradien for the recovery of the arrear debt. These legal processes are currently underway.

During the debt collection process, it was confirmed that Cllr Gwada is deceased. All attempts to recover the arrear debt from his deceased estate have been unsuccessful. The likelihood of this debt being recovered is remote.

During the debt collection process, it was confirmed that the estimated cost to recover the arrear debt from Cllr Nyamana is R2 800. The arrear debt owed is R769, thus it is not economically viable for the municipality to recover this debt.

(ii) In respect of overpayment due to late notification of termination:

During the debt collection process, it was confirmed that Cllr Mcako is deceased. All attempts to recover the arrear debt from his deceased estate have been unsuccessful. The likelihood of this debt being recovered is remote.

(**iii) In respect of overpayments due to termination / resignation:**

Cllrs Magqazana and Qoba have been handed over for the institution of legal action.

Figures in Rand	2025	2024

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

(iv) In respect of overpayments related to backpay:

These councillors have agreed to a repayment period of two months and the repayments will be made at the end of July and August 2024. These repayments will be deducted directly from their monthly salaries. Refer to note 44.

(v) Application for departure from section 167 of the MFMA:

The municipality has submitted an application to the Minister of Finance, for the departure from section 167 of the MFMA, specifically section 167(2)(b), which does not allow the write off of the arrear debt accounts of the councillors.

The application specifically refers to Cllrs Gwada and Mcako who are deceased and the likelihood of recovery from their deceased estates is remote as well as Cllr Nyamana whose arrear debt recovery is not economically viable for the municipality as indicated above.

Should the departure from section 167 of the MFMA be approved, the municipality will follow its Credit Control and Debt Collection Policy for the write off of these three arrear debt accounts.

49.7 Disclosures by municipality on intergovernmental and other allocations

Allocations made to municipalities

Section 123 of the MFMA determines that the municipality must disclose information on any allocations made by the municipality to another municipality. The following allocations were made to local municipalities within the CWDM demarcation for projects as identified by the respective local municipality in terms of service level agreements:

	2025	2024
Breede Valley Municipality	663,000	1,726,000
Drakenstein Municipality	699,000	798,000
Langeberg Municipality	600,000	672,000
Stellenbosch Municipality	669,000	638,000
Witzenberg Municipality	136,000	822,000
	2,767,000	**4,656,000**

50. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of nine major functional areas. The functional areas make up segments of the three strategic objectives of the municipality.

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

Types of goods and/or services by segment

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

Reportable segment	**Goods and/or services**
Community development and planning services	Creating an environment and forging partnerships that ensure social and economic development of all communities, including the empowerment of the poor in the Cape Winelands District
Technical services	Promoting sustainable infrastructure services and a transport system that foster social and economic opportunities.

50. Segment information (continued)

2025

	Community development and planning services	Technical services	Non-reportable	Total
Revenue				
Revenue from exchange transactions				
Service charges	407,859	-	-	407,859
Rental of facilities and equipment	-	-	258,751	258,751
Roads services	-	109,471,321	11,995,652	121,466,973
Other income	867,768	45,438	680,317	1,593,523
Interest received	-	2,922,675	83,643,092	86,565,767
Revenue from non- exchange transactions				
Transfer revenue				
Government grant & subsidies	1,564,566	7,160,543	264,660,000	273,385,109
Total segment revenue	**2,840,193**	**119,599,977**	**361,237,812**	**483,677,982**
Expenditure				
Employee related cost	103,561,062	70,953,839	51,426,608	225,941,509
Remuneration to councillors	-	-	15,244,600	15,244,600
Depreciation and amortisation	4,136,238	1,654,866	2,784,088	8,575,192
Lease rentals on operating lease	4,800	-	275,766	280,566
Loss on impairment	-	-	73,197	73,197
Debt impairment	-	-	243,960	243,960
Finance costs	-	-	18,382,399	18,382,399
Bad debt written off	-	-	94,278	94,278
Contracted services	23,362,908	10,426,098	17,330,897	51,119,903
Transfers and subsidies	9,477,282	2,709,259	2,000,000	14,186,541
Loss on disposal of assets	49,084	220,302	76,160	345,546
Inventories losses/ write downs	-	-	175,864	175,864
General expenditure	12,860,419	55,503,246	29,449,863	97,813,528
Total segment expenditure	**153,451,793**	**141,467,610**	**137,557,680**	**432,477,083**
Surplus/(deficit)				**51,200,899**
Assets				
Non- current assets				
Property, plant and equipment	5,752,306	93,624,245	5,035,269	104,411,820
Total additions to non- current assets	**5,752,306**	**93,624,245**	**5,035,269**	**104,411,820**

Notes to the Annual Financial Statements

Figures in Rand

50. Segment information (continued)

2024

	Community development and planning services	Technical services	Non-reportable	Total
Revenue				
Revenue from exchange transactions				
Service charges	88,132	-	-	88,132
Rental of facilities and equipment	-	-	264,803	264,803
Roads services	-	103,371,931	11,375,403	114,747,334
Other income	818,913	41,667	525,150	1,385,730
Interest revenue - Investment	-	4,438,814	85,523,055	89,961,869
Revenue from non- exchange transactions				
Transfer revenue				
Government grant & subsidies	3,440,786	4,334,162	259,729,000	267,503,948
Total segment revenue	**4,347,831**	**112,186,574**	**357,417,411**	**473,951,816**
Expenditure				
Employee related cost	99,478,586	69,703,610	66,762,323	235,944,519
Remuneration of councillors	-	-	14,587,376	14,587,376
Depreciation and amortisation	5,784,194	2,787,378	3,146,288	11,717,860
Lease rentals on operating lease	-	-	275,766	275,766
Debt impairment	-	-	3,688	3,688
Finance costs	-	-	13,713,060	13,713,060
Contracted services	36,188,510	8,146,837	16,132,867	60,468,214
Transfers and subsidies	8,717,530	2,577,007	2,500,000	13,794,537
Loss on disposal of assets	232,093	1,889,553	101,029	2,222,675
Inventories losses / write- downs	-	-	160,819	160,819
General expenses	15,913,098	52,041,902	29,021,522	96,976,522
Total segment expenditure	**166,314,011**	**137,146,287**	**146,404,738**	**449,865,036**
Surplus/(deficit)				**24,086,780**
Assets				
Property, plant and equipment	28,367,116	8,804,072	2,365,740	39,536,928
Intangible assets	-	153,000	-	153,000
Total additions to non- current assets	**28,367,116**	**8,957,072**	**2,365,740**	**39,689,928**

Measurement of segment surplus or deficit

Basis of accounting for transactions between reportable segments

The accounting policies of the reportable segments are the same as those described in the significant accounting policies of the municipality. Refer to note 1.

Information about geographical areas

Although the municipality operates in a number of geographical areas, it is irrelevant for users of the financial statements as the municipality's geographical areas of operation can be seen as a single geographical area when deciding how to allocate resources.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

51. Capital commitments

The below amounts are all inclusive of VAT:

Approved and contracted for		
Property, plant and equipment - Buildings	-	-
Property, plant and equipment - Infrastructure	4,151,000	104,305,616
	4,151,000	**104,305,616**

2024/2025

An amount of R4 151 000 has been committed in respect of tender T2023/022 for the development and construction of a regional landfill site. The completion of this project requires the services of a consulting engineer, who has been appointed on a tariff basis, for the finalisation of the outstanding commitment.

2023/2024

The amount of R104 305 616 relates to tenders T2021/057 (2024: R285 365) and T2023/022 (2024: R104 020 250) respectively for the development and construction of a regional landfill site.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

52. Prior period errors

The prior year has been amended to account for prior period errors.

Statement of Financial Position

	Audited	Prior year error	Reclassi-fications	Restated
Assets				
Current Assets				
Cash and cash equivalents	424,247,165	-	-	424,247,165
Trade receivables from exchange transactions	11,649	-	-	11,649
Other receivables from exchange transactions	42,576,314	(14,067,765)	-	28,508,549
Receivables from non-exchange transactions	132,432	-	-	132,432
Inventories	2,370,340	-	-	2,370,340
VAT receivable	5,471,068	-	-	5,471,068
	474,808,968	**(14,067,765)**	**-**	**460,741,203**
Non-Current Assets				
Property, plant and equipment	184,465,537	(854,078)	-	183,611,459
Intangible assets	435,320	(123,035)	-	312,285
Other receivables from exchange transactions	45,438,229	-	-	45,438,229
Investments	378,000,000	-	-	378,000,000
	608,339,086	**(977,113)**	**-**	**607,361,973**
Total Assets	**1,083,148,054**	**(15,044,878)**	**-**	**1,068,103,176**
Liabilities				
Current Liabilities				
Payables from exchange transactions and other	6,353,814	129,840	-	6,483,654
Unspent conditional grants and receipts	6,668,277	-	-	6,668,277
Provisions	25,698	-	-	25,698
Employee benefit obligation	40,708,809	-	-	40,708,809
	53,756,598	**129,840**	**-**	**53,886,438**
Non-Current Liabilities				
Employee benefit obligation	154,540,214	-	-	154,540,214
	154,540,214	**-**	**-**	**154,540,214**
Total Liabilities	**208,296,812**	**129,840**	**-**	**208,426,652**
Net Assets	**874,851,242**	**(15,174,718)**	**-**	**859,676,524**
Accumulated surplus	874,851,242	(15,174,718)	-	859,676,524

Figures in Rand	2025	2024

52. Prior period error (continued)

52.1 Other receivables from exchange transactions

Balance previously reported	42,576,314
(i) Roads services (WCG Department of Infrastructure)	(14,538,115)
(ii) Insurance claims	(9,650)
(iii) Other receivables (Overpayment)	480,000
	28,508,549

(i) A prior period error was identified and corrected, relating to the duplication of post-retirement medical aid reimbursements. Upon assessment it was identified that revenue from exchange transactions and other receivables from exchange transactions, roads services (WCG Department of Infrastructure), was overstated for the financial years 2019/2020 to 2021/2022. The total correction amounts to R 14 538 115 and also impacted the accumulated surplus as at the beginning of the comparative period.

(ii) It was identified that insurance claims dated 15 August 2012 and 23 August 2012 were incorrectly recorded under insurance claims. These claims were recorded despite no loss agreement having been signed between the municipality and the insurer. The total correction amounts to R9 650 and also impacted the accumulated surplus as at the beginning of the comparative period.

(iii) Expenditure for the period 01 July 2022 to 31 March 2025 was incurred under the Revised Telecommunications and Cellular Phone Allowance Policy. The Council subsequently reviewed and amended the approved cellular phone and data allowances, which resulted in an overpayment to be recovered. The correction of this error resulted in the adjustment of both other receivables by R480 000 and a restatement of the opening accumulated surplus by R240 000. Furthermore, employee-related costs were overstated by R240 000 in the 2023/2024 financial year and have been adjusted accordingly.

52.2 Property, plant and equipment

Balance previously reported	184,465,537
(i) Motor vehicles - Cost (Maintenance plan)	(882,600)
(i) Motor vehicles - Accumulated depreciation (Maintenance plan)	149,545
(ii) Motor vehicles - Cost (Insurance)	(100,320)
(ii) Motor vehicles - Accumulated depreciation (Insurance)	72,003
(iii) Other property, plant and equipment - Cost (Cellphone)	3,470
(iii) Other property, plant and equipment - Accumulated depreciation (Cellphone)	(487)
(iv) Buildings - Additions (Architectural cost))	(89,968)
(v) Other property, plant and equipment - Accumulated depreciation (Inverter)	(3,935)
(vi) Buildings - Accumulated depreciation (Montague Office)	(1,786)
	183,611,459

(i) During the 2023/2024 financial year, it was identified that vehicle maintenance plan costs had been incorrectly classified as capital expenditure instead of operational expenditure. This misclassification impacted the financial statements as follows: the opening balance of cost was overstated by R882 600 (comprising R630 485 and R252 115), the opening balance of accumulated depreciation was overstated by R149 545 (comprising R111 252 and R38 293), depreciation for the 2023/2024 financial year was overstated by R38 293 and as a result, the accumulated surplus was understated by R733 055.

(ii) A motor vehicle was written off by the insurance, with the date of loss occurring within the 2023/2024 financial year. The error impacted the financial statements as follows: the cost was overstated by R100 320, accumulated depreciation by R72 003 (comprising R355 and R71 648), and the loss on disposal by R 28 672 as well as the accumulated surplus by R28 318.

(iii) A cell phone that had previously been written off as a missing asset was later recovered, and the necessary correction was processed. This adjustment affected the 2023/2024 financial year as follows: the cost of assets increased by R3 470, accumulated depreciation increased by R487, and the accumulated surplus increased by R2 983.

(iv) Architectural costs related to certain work-in-progress projects were expensed, as these projects were put on hold due to the planned transfer of the Roads Function to the WCG, Department of Infrastructure. This adjustment, made in the 2023/2024 financial year, resulted in a decrease in the cost of assets by R89 968 and an increase in contracted services by R89 968. As a result, the accumulated surplus decreased by R89 968.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

52. Prior period error (continued)

(v) The installation cost of an inverter was erroneously allocated to the wrong asset—another inverter. As a result, the 2023/2024 financial year was affected as follows: accumulated depreciation increased by R3 935, depreciation expense increased by R3 935, and the accumulated surplus decreased by R3 935.

(vi) A building in Montagu was subdivided, causing rounding differences in the depreciation calculations. This error led to the following adjustments for the 2023/2024 financial year: the opening balance of accumulated depreciation was adjusted by R1 703; accumulated depreciation and depreciation expense were each impacted by R83; and the accumulated surplus was adjusted by R1 786.

52.3 Intangible assets

Balance previously reported	435,320
(i) Computer software (Performance Management System) - Cost	(144,000)
(i) Computer software (Performance Management System) - Amortisation	20,628
(i) Computer software (Performance Management System) - Accumulated amortisation	337
	312,285

(i) The cost of acquiring the performance management system was incorrectly capitalised. Since the expenditure related solely to a right of use, with no ownership transferred to the municipality, it should have been recorded as an expense. The correction impacted the opening balance of the cost of assets by R144 000 and the opening balance of accumulated amortisation by R337. Additionally, amortisation for the 2023/2024 financial year was adjusted by R20 628, resulting in a corresponding accumulated surplus adjustment of R123 034.

52.4 Payables from exchange transactions and other

Balance previously reported	6,353,814
(i) Retention	129,840
	6,483,654

(i) During the current financial year, a contractor submitted a retention claim in accordance with the terms of a previously concluded contract. Upon assessment, it was identified that the associated liability had not been recognised in prior years, despite a contractual obligation existing at the time the expenditure was incurred and the retention condition being established. The correction of this error resulted in the recognition of a previously unrecorded retention amounting to R129 840, and a restatement of the opening accumulated surplus, which was reduced by R121 778 as at the beginning of the comparative period. Furthermore, contracted services were understated by R8 062 in the 2023/2024 financial year and have been adjusted accordingly.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

52. Prior period error (continued)

52.5 Accumulated surplus

Balance previously reported	874,851,242
(i) Roads agency (WCG Department of Infrastructure)	(14,538,115)
(ii) Vehicle maintenance - Cost (Maintenance plan)	(882,600)
(ii) Vehicle maintenance - Accumulated depreciation (Maintenance plan)	149,545
(iii) Retention	(129,840)
(iv) Other vehicles - Motor vehicles (Insurance)	(28,318)
(v) Other property, plant and equipment - Disposals (Cellphone)	2,983
(vi) Insurance claims	(9,650)
(vii) Intangible asset - Disposals (Performance management system)	(123,034)
(viii) Contracted services - Consultants and professional services (Architect cost)	(89,968)
(ix) Telephone	480,000
(x) Other property, plant and equipment - Accmulated depreciation (Inverter)	(3,935)
(xi) Buildings- Accumulated depreciation (Montagu office)	(1,786)
	859,676,524

(i) A prior period error was identified and corrected, relating to the duplication of post-retirement medical aid reimbursements. Upon assessment it was identified that revenue from exchange transactions and other receivables from exchange transactions, roads services (WCG Department of Infrastructure), was overstated for the financial years 2019/2020 to 2021/2022. The total correction amounts to R 14 538 115 and also impacted the accumulated surplus as at the beginning of the comparative period.

(ii) During the 2023/2024 financial year, it was identified that vehicle maintenance plan costs had been incorrectly classified as capital expenditure instead of operational expenditure. This misclassification impacted the financial statements as follows: the opening balance of cost was overstated by R882 600 (comprising R630 485 and R252 115), the opening balance of accumulated depreciation was overstated by R149 545 (comprising R111 252 and R38 293), depreciation for the 2023/2024 financial year was overstated by R38 293 and as a result, the accumulated surplus was understated by R733 055.

(iii) During the current financial year, a contractor submitted a retention claim in accordance with the terms of a previously concluded contract. Upon assessment, it was identified that the associated liability had not been recognised in prior years, despite a contractual obligation existing at the time the expenditure was incurred and the retention condition being established. The correction of this error resulted in the recognition of a previously unrecorded retention amounting to R129 840, and a restatement of the opening accumulated surplus, which was reduced by R121 778 as at the beginning of the comparative period. Furthermore, contracted services were understated by R8 062 in the 2023/2024 financial year and have been adjusted accordingly.

(iv) A motor vehicle was written off by the insurance, with the date of loss occurring within the 2023/2024 financial year. The error impacted the financial statements as follows: the cost was overstated by R100 320, accumulated depreciation by R72 003 (comprising R355 and R71 648), and loss on disposal by R 28 672 as well as the accumulated surplus by R28 318.

(v) A cell phone that had previously been written off as a missing asset was later recovered, and the necessary correction was processed. This adjustment affected the 2023/2024 financial year as follows: the cost of assets increased by R3 470, accumulated depreciation increased by R487, and the accumulated surplus increased by R2 983.

(vi) It was identified that insurance claims dated 15 August 2012 and 23 August 2012 were incorrectly recorded under insurance claims. These claims were recorded despite no loss agreement having been signed between the municipality and the insurer. The total correction amounts to R9 650 and also impacted the accumulated surplus as at the beginning of the comparative period.

(vii) The cost of acquiring the performance management system was incorrectly capitalised. Since the expenditure related solely to a right of use, with no ownership transferred to the municipality, it should have been recorded as an expense. The correction impacted the opening balance of the cost of assets by R144 000 and the opening balance of accumulated amortisation by R337. Additionally, amortisation for the 2023/2024 financial year was adjusted by R20 628, resulting in a corresponding accumulated surplus adjustment of R123 034.

52. Prior period error (continued)

(viii) Architectural costs related to certain work-in-progress projects were expensed, as these projects were put on hold due to the planned transfer of the Roads Function to the WCG, Department of Infrastructure. This adjustment, made in the 2023/2024 financial year, resulted in a decrease in the cost of assets by R89 968 and an increase in contracted services by R89 968. As a result, the accumulated surplus decreased by R89 968.

(ix) Expenditure for the period 01 July 2022 to 31 March 2025 was incurred under the Revised Telecommunications and Cellular Phone Allowance Policy. The Council subsequently reviewed and amended the approved cellular phone and data allowances, which resulted in an overpayment to be recovered. The correction of this error resulted in the adjustment of both other receivables by R480 000 and a restatement of the opening accumulated surplus by R240 000. Furthermore, employee-related costs were overstated by R240 000 in the 2023/2024 financial year and have been adjusted accordingly.

(x) The installation cost of an inverter was erroneously allocated to the wrong asset—another inverter. As a result, the 2023/2024 financial year was affected as follows: accumulated depreciation increased by R3 935, depreciation expense increased by R3 935, and the accumulated surplus decreased by R3 935.

(xi) A building in Montagu was subdivided, causing rounding differences in the depreciation calculations. This error led to the following adjustments for the 2023/2024 financial year: the opening balance of accumulated depreciation was adjusted by R1 703; accumulated depreciation and depreciation expense were each impacted by R83; and the accumulated surplus was adjusted by R1 786.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

52. Prior period error (continued)

Statement of Financial Performance

	Audited	Prior year error	Reclassifi.	Restated
Revenue				
Revenue from exchange transactions				
Service charges	88,132	-	-	88,132
Rental of facilities and equipment	264,803	-	-	264,803
Roads services	114,747,334	-	-	114,747,334
Other income	1,385,730	-	-	1,385,730
Interest received	89,961,869	-	-	89,961,869
	206,447,868	**-**	**-**	**206,447,868**
Revenue from non-exchange transactions				
Transfer revenue				
Government grants and subsidies	267,503,948	-	-	267,503,948
Total revenue	**473,951,816**	**-**	**-**	**473,951,816**
Expenditure				
Employee-related costs	(236,184,518)	240,000	-	(235,944,518)
Remuneration of councillors	(14,587,375)	-	-	(14,587,375)
Finance costs	(13,713,060)	-	-	(13,713,060)
Depreciation and amortisation	(11,773,119)	55,258	-	(11,717,861)
Lease rentals on operating lease	(275,766)	-	-	(275,766)
Loss on disposal of assets and liabilities	(2,196,986)	(25,688)	-	(2,222,674)
Debt impairment	(3,688)	-	-	(3,688)
Inventories losses/write-downs	(160,819)	-	-	(160,819)
Contracted services	(60,118,069)	(350,146)	-	(60,468,215)
Transfers and subsidies	(13,794,537)	-	-	(13,794,537)
General expenses	(96,976,519)	-	-	(96,976,519)
Total expenditure	**(449,784,456)**	**(80,576)**	**-**	**(449,865,032)**
Surplus for the year	**24,167,360**	**(80,576)**	**-**	**24,086,784**

52.6 Employee-related costs

Balance previously reported	(236,184,518)
(i) Telephone	240,000
	(235,944,518)

(i) Expenditure for the period 01 July 2022 to 31 March 2025 was incurred under the Revised Telecommunications and Cellular Phone Allowance Policy. The Council subsequently reviewed and amended the approved cellular phone and data allowances, which resulted in an overpayment to be recovered. The correction of this error resulted in the adjustment of both other receivables by R480 000 and a restatement of the opening accumulated surplus by R240 000. Furthermore, employee-related costs were overstated by R240 000 in the 2023/2024 financial year and have been adjusted accordingly.

Figures in Rand	2025	2024

52. Prior period error (continued)

52.7 Depreciation and amortisation

Balance previously reported	(11,773,119)
(i) Depreciation - Motor vehicles (Maintenance plans)	38,293
(ii) Depreciation - Motor vehicles (Insurance vehicle)	355
(iii) Depreciation - Other property, plant and equipment (Inverter)	(3,935)
(iv) Amortisation - Computer software (Performance management system)	20,628
v) Depreciation - Buildings (Montagu office)	(83)
	(11,717,861)

(i) During the 2023/2024 financial year, it was identified that vehicle maintenance plan costs had been incorrectly classified as capital expenditure instead of operational expenditure. This misclassification impacted the financial statements as follows: the opening balance of cost was overstated by R882 600 (comprising R630 485 and R252 115), the opening balance of accumulated depreciation was overstated by R149 545 (comprising R111 252 and R38 293), depreciation for the 2023/2024 financial year was overstated by R38 293 and as a result, the accumulated surplus was understated by R733 055.

(ii) A motor vehicle was written off by the insurance, with the date of loss occurring within the 2023/2024 financial year. The error impacted the financial statements as follows: the cost was overstated by R100 320, accumulated depreciation by R72 003 (comprising R355 and R71 648), and loss on disposal by R 28 672 as well as the accumulated surplus by R28 318.

(iii) The installation cost of an inverter was erroneously allocated to the wrong asset—another inverter. As a result, the 2023/2024 financial year was affected as follows: accumulated depreciation increased by R3 935, depreciation expense increased by R3 935, and the accumulated surplus decreased by R3 935.

(iv) The cost of acquiring the performance management system was incorrectly capitalised. Since the expenditure related solely to a right of use, with no ownership transferred to the municipality, it should have been recorded as an expense. The correction impacted the opening balance of the cost of assets by R144 000 and the opening balance of accumulated amortisation by R337. Additionally, amortisation for the 2023/2024 financial year was adjusted by R20 628, resulting in a corresponding accumulated surplus adjustment of R123 034.

(v) A building in Montagu was subdivided, causing rounding differences in the depreciation calculations. This error led to the following adjustments for the 2023/2024 financial year: the opening balance of accumulated depreciation was adjusted by R1 703; accumulated depreciation and depreciation expense were each impacted by R83; and the accumulated surplus was adjusted by R1 786.

52.8 Contracted services

Balance previously reported	(60,118,070)
(i) Maintenance of buildings, facilities, equipment and unspecified assets (Maintenance plans)	(252,115)
(ii) Infrastructure and planning (Retention)	(8,062)
(iii) Infrastructure and planning (Architectural costs)	(89,968)
	(60,468,215)

(i) During the 2023/2024 financial year, it was identified that vehicle maintenance plan costs had been incorrectly classified as capital expenditure instead of operational expenditure. This misclassification impacted the financial statements as follows: the opening balance of cost was overstated by R882 600 (comprising R630 485 and R252 115), the opening balance of accumulated depreciation was overstated by R149 545 (comprising R111 252 and R38 293), depreciation for the 2023/2024 financial year was overstated by R38 293 and as a result, the accumulated surplus was understated by R733 055.

(ii) During the current financial year, a contractor submitted a retention claim in accordance with the terms of a previously concluded contract. Upon assessment, it was identified that the associated liability had not been recognised in prior years, despite a contractual obligation existing at the time the expenditure was incurred and the retention condition being established. The correction of this error resulted in the recognition of a previously unrecorded retention amounting to R129 840, and a restatement of the opening accumulated surplus, which was reduced by R121 778 as at the beginning of the comparative period. Furthermore, contracted services were understated by R8 062 in the 2023/2024 financial year and have been adjusted accordingly.

Figures in Rand	2025	2024

52. Prior period error (continued)

(iii) Architectural costs related to certain work-in-progress projects were expensed, as these projects were put on hold due to the planned transfer of the Roads Function to the WCG, Department of Infrastructure. This adjustment, made in the 2023/2024 financial year, resulted in a decrease in the cost of assets by R89 968 and an increase in contracted services by R89 968. As a result, the accumulated surplus decreased by R89 968.

52.9 Loss on disposal of assets

Balance previously reported	(2,196,986)
(i) Motor vehicles (Insurance)	(28,672)
(ii) Other property, plant and equipment (Cellphone)	2,984
	(2,222,674)

(i) A motor vehicle was written off by the insurance, with the date of loss occurring within the 2023/2024 financial year. The error impacted the financial statements as follows: the cost was overstated by R100 320, accumulated depreciation by R72 003 (comprising R355 and R71 648), and loss on disposal by R 28 672 as well as the accumulated surplus by R28 318.

(ii) A cell phone that had previously been written off as a missing asset was later recovered, and the necessary correction was processed. This adjustment affected the 2023/2024 financial year as follows: the cost of assets increased by R3 470, accumulated depreciation increased by R487, and the accumulated surplus increased by R2 984.

52.10 Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005

(i) **Regulation 36(2)- Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)**

2024	**Total Transactions Value (incl. VAT)**	**Emergency**	**Sole Supplier/ Agent**	**Impractical**
Balance previously reported	4,579,332	5	19	57
June	3,516,969	-	-	1
	8,096,301	**5**	**19**	**58**

An amount of R3 516 969 for Telkom SOC Ltd was erroneously omitted in the disclosure of Regulation 36(2) awards made for the 2023/2024 financial year and has been corrected. Details are included in note 53.1.

(ii) **Regulation 45 - Particulars of awards of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months.**

Balance previously reported	-	26,741,388
Piston Power Chemicals Close Corporation	-	(387,803)
	-	**26,353,585**

In the case of Piston Power Chemicals Close Corporation, the amount of R387 803 was erroneously included and therefore the disclosure of the 2023/2024 financial year was adjusted. The prior year comparative amount was restated during the 2024/2025 financial year. Details are included in note 53.2.

Notes to the Financial Statements

Figures in Rand	2025	2024

52. Prior period error (continued)

Cashflow statement

	Audited	Prior year error	Reclassifications	Restated
Cash flows from operating activities				
Receipts				
Sale of goods and services	122,648,881	(192,461)	-	122,456,420
Grants	267,503,948	4,708,435	-	272,212,383
Interest income	56,762,196	-	-	56,762,196
	446,915,025	**4,515,974**	**-**	**451,430,999**
Payments				
Employee-related cost	(236,963,840)	240,000	-	(236,723,840)
Suppliers	(166,612,717)	(5,098,059)	-	(171,710,776)
Remuneration of councillors	(14,614,854)	-	-	(14,614,854)
	(418,191,411)	**(4,858,059)**		**(423,049,470)**
Net cash flows from operating activities	**28,723,614**	**(342,086)**		**28,381,529**
Cash flows from investing activities				
Purchase of property, plant and equipment	(47,865,242)	342,086	-	(47,523,156)
Proceeds from sale of property, plant and equipment	-	-	-	-
Purchase of intangible assets	(153,000)	-	-	(153,000)
Net cash flows from investing activities	**(48,018,242)**	**342,086**		**(47,676,156)**
Cash flows from financing activities				
Investments	(200,000,000)	-	-	(200,000,000)
Other financial liabilities	-	-	-	-
Net cash flows from financing activities	**(200,000,000)**	**-**		**(200,000,000)**
Net increase / (decrease) in cash and cash equivalents	**(219,294,628)**	**-**	**-**	**(219,294,627)**
Cash and cash equivalents at the beginning of the year	643,541,787	-	-	643,541,787
Cash and cash equivalents at the end of the year	**424,247,159**	**-**	**-**	**424,247,160**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

52. Prior period error (continued)

52.11 Cash flow statement

	2025	2024
Net cash flows from operating activities		
Balance previously reported	-	28,723,614
(i) Sale of goods and services	-	(192,461)
(ii) Grants	-	4,708,435
(iii) Employee-related cost	-	240,000
(iv) Suppliers	-	(5,098,059)
	-	**28,381,529**
Net cash flows from investing activities		
Balance previously reported	-	(48,018,242)
(v) Purchase of property, plant and equipment	-	342,086
	-	**(47,676,156)**
Net cash flows from financing activities		
Balance as previously reported	-	(200,000,000)
Net increase / (decrease) in cash and cash equivalents	-	(219,294,627)
Cash and cash equivalents at the beginning of the year	-	643,541,787
Cash and cash equivalents at the end of the year	**-**	**424,247,160**

(i) It was identified that the movement in receivables from non-exchange transactions (grants and subsidies) was incorrectly classified as cash receipts from the sale of goods and services instead of receipts from grants. This error resulted in an overstatement of receipts from grants with R47 540 and an understatement of receipts from the sale of goods and services with R47 540.

(i) Expenditure for the period 01 July 2022 to 31 March 2025 was incurred under the Revised Telecommunications and Cellular Phone Allowance Policy. The Council subsequently reviewed and amended the approved cellular phone and data allowances, which resulted in an overpayment to be recovered. The correction of this error resulted in the adjustment of both other receivables by R480 000 and a restatement of the opening accumulated surplus by R240 000. Furthermore, employee-related costs were overstated by R240 000 in the 2023/2024 financial year and have been adjusted accordingly.

(ii) It was identified that the movement in unspent conditional grants and receipts was incorrectly classified as cash paid to suppliers instead of as receipts from grants. This error resulted in an understatement of receipts from grants with R4 755 975 and an understatement of payments to suppliers with R4 755 975.

(ii) It was identified that the movement in receivables from non-exchange transactions (grants and subsidies) was incorrectly classified as cash receipts from the sale of goods and services instead of receipts from grants. This error resulted in an overstatement of receipts from grants with R47 540 and an understatement of receipts from the sale of goods and services with R47 540.

(iii) Expenditure for the period 01 July 2022 to 31 March 2025 was incurred under the Revised Telecommunications and Cellular Phone Allowance Policy. The Council subsequently reviewed and amended the approved cellular phone and data allowances, which resulted in an overpayment to be recovered. The correction of this error resulted in the adjustment of both other receivables by R480 000 and a restatement of the opening accumulated surplus by R240 000. Furthermore, employee-related costs were overstated by R240 000 in the 2023/2024 financial year and have been adjusted accordingly.

(iv) It was identified that the movement in unspent conditional grants and receipts was incorrectly classified as cash paid to suppliers instead of as receipts from grants. This error resulted in an understatement of receipts from grants with R4 755 975 and an understatement of payments to suppliers with R4 755 975.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

52. Prior period error (continued)

(iv) Architectural costs related to certain work-in-progress projects were expensed, as these projects were put on hold due to the planned transfer of the Roads Function to the Western Cape Government (WCG) Department of Infrastructure. This adjustment, made in the 2023/2024 financial year, resulted in a decrease in the cost of assets by R89 968 and an increase in contracted services by R89 968. As a result, the accumulated surplus decreased by R89 968.

(iv) During the 2023/2024 financial year, it was identified that vehicle maintenance plan costs had been incorrectly classified as capital expenditure instead of operational expenditure. This misclassification impacted the financial statements as follows: the opening balance of cost was overstated by R882 600 (comprising R630 485 and R252 115), the opening balance of accumulated depreciation was overstated by R149 545 (comprising R111 252 and R38 293), depreciation for the 2023/2024 financial year was overstated by R38 293 and as a result, the accumulated surplus was understated by R733 055.

(v) Architectural costs related to certain work-in-progress projects were expensed, as these projects were put on hold due to the planned transfer of the Roads Function to the Western Cape Government (WCG) Department of Infrastructure. This adjustment, made in the 2023/2024 financial year, resulted in a decrease in the cost of assets by R89 968 and an increase in contracted services by R89 968. As a result, the accumulated surplus decreased by R89 968.

(v) During the 2023/2024 financial year, it was identified that vehicle maintenance plan costs had been incorrectly classified as capital expenditure instead of operational expenditure. This misclassification impacted the financial statements as follows: the opening balance of cost was overstated by R882 600 (comprising R630 485 and R252 115), the opening balance of accumulated depreciation was overstated by R149 545 (comprising R111 252 and R38 293), depreciation for the 2023/2024 financial year was overstated by R38 293 and as a result, the accumulated surplus was understated by R733 055.

Figures in Rand	2025	2024

53. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005

53.1 Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b).

		No. of awards based on nature / reason		
2025	**Estimated value (incl. VAT)**	**Emergency**	**Sole Supplier/ Agent**	**Impractical**
July	501,324.05	-	2	2
August	2,061,108.59	-	1	1
September	108,199.00	-	3	2
October	38,143.00	-	2	-
November	47,102.40	-	2	-
December	-	-	-	-
January	305,241.56	-	-	2
February	160,622.42	-	2	-
March	-	-	-	-
April	717,121.38	-	1	1
May	229,207.26	-	2	1
June	362,100.00	-	2	1
	4,530,169.66	**0**	**17**	**10**

		No. of awards based on nature / reason		
2024	**Estimated value (incl. VAT)**	**Emergency**	**Sole Supplier/ Agent**	**Impractical**
July	2,919,488.70	-	4	3
August	-	-	-	-
September	-	-	-	-
October	145,684.48	-	4	1
November	10,960.56	-	1	-
December	-	-	-	-
January	-	-	-	-
February	125,893.95	-	1	-
March	594,175.67	-	-	1
April	669,966.63	-	3	3
May	14,900.00	-	2	-
June	5,159,189.34	-	2	4
	9,640,259.33	**0**	**17**	**12**

In the current year, the details related to the deviations for the financial year ended 30 June 2024 have been updated to reflect the estimated value at the date of award. In cases where the deviation is "rates-based", the total expenditure incurred at year end has been disclosed.

Notes to the Financial Statements

Figures in Rand	2025	2024

53.2 Regulation 45 - Particulars of awards of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months. (Amounts disclosed include VAT)

Supplier	Relationship	Name of Family Member	Name of Institution	Capacity		
M & N Bakwerkwe Close Corporation	Brother/Sister	E Niemand	Cape Winelands District Municipality	Senior Administrator: Quotations & Tenders	19,051	10,000
JPCE (Pty) Ltd	Spouse	JA Minnie	City of Cape Town	Manager: Disaster Management Centre: Safety and Security Directorate	21,563	60,000
NCC Environmental Services Proprietary Limited	Spouse	C Rhoda	City of Cape Town	Manager	4,941,365	8,583,204
Piston Power Chemicals Close Corporation	Spouse	N Andhee	Department of Education	Teacher	-	-
JCB Marine Concepts (PTY)LTD	Father	B Van Rooyen	Western Cape Government	Official	68,045	-
Jah Guide Agriculture Proprietary Limited	Spouse	G Davids	SAPS	Police Official	357,974	741,746
CC Davids T/A Mc Sound and Lightning	Spouse	M Davids	Witzenburg Municipality	Official	22,650	16,900
Neoteric Trading Services (Pty) Ltd	Spouse	AA Jacobs	Matzikama Municipality	Contract employee - Technical Advisor	79,956	-
Ladybugs Innovative Marketing (Pty) Ltd	Spouse	RA Levendal	Department of Correctional Services	Environmental Health Practitioner	21,956	237,827
Nedbank	Spouse	V Subramoney	Department of Education	Teacher	2,957,217	16,190,792

Notes to the Financial Statements

Figures in Rand					2025	2024
Ducharme Asset Management and Accounting (Pty)Ltd	Spouse	L Mbekeni	Department of Rural Development and Land Reform	Senior Legal Admin Officer	261,619	-
Innovative Transport Solutions	Son	D Pretorius	CSIR	Engineer	1,562,412	381,246
Adapt IT	Spouse	D Mbambo	SANRAL	Operations and Maintenance Manager	138,397	131,870
					10,452,205	**26,353,585**

Annexure "A'

DC2 Cape Winelands DM - Reconciliation of Table A1 Budget Summary

Description	2024/25								2023/24			
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	–	–	–	–		–	-	-				–
Service charges	–	–	–	–		–	-	-				–
Investment revenue	80,000	5,000	85,000	86,566		1,566	101.8%	108.2%				–
Transfers recognised - operational	274,545	199	274,744	272,374		(2,370)	99.1%	99.2%				–
Other own revenue	161,864	(12,396)	149,468	153,565		4,097	102.7%	94.9%				–
Total Revenue (excluding capital transfers and contributions)	**516,409**	**(7,198)**	**509,212**	**512,505**		**3,293**	**100.6%**	**99.2%**				**–**
Employee costs	286,665	(15,481)	271,184	256,198	–	(14,986)	94.5%	89.4%	–	–	–	–
Remuneration of councillors	15,946	(319)	15,627	15,245	–	(382)	97.6%	95.6%	–	–	–	–
Debt impairment	100	145	245	244	–	(1)	99.8%	244.0%	–	–	–	–
Depreciation & asset impairment	9,812	2,908	12,720	8,648	–	(4,072)	68.0%	88.1%	–	–	–	–
Finance charges	1,763	1,299	3,062	2,462	–	(600)	80.4%	139.7%	–	–	–	–
Materials and bulk purchases	21,298	11,588	32,885	31,347	–	(1,538)	95.3%	147.2%	–	–	–	–
Transfers and grants	20,389	(4,689)	15,700	14,187	–	(1,513)	90.4%	69.6%	–	–	–	–
Other expenditure	160,436	(2,648)	157,789	133,780	–	(24,009)	84.8%	83.4%	–	–	–	–
Total Expenditure	**516,409**	**(7,198)**	**509,212**	**462,111**	**–**	**(47,101)**	**90.8%**	**89.5%**	**–**	**–**	**–**	**–**
Surplus/(Deficit)	**–**	**–**	**–**	**50,394**		**50,394**	**#DIV/0!**	**#DIV/0!**				**–**
Transfers recognised - capital	1,546	1,746	3,292	807		(2,485)	24.5%	52.2%				–
Contributions recognised - capital & contributed assets	–	–	–	–		–	-	-				–
Surplus/(Deficit) after capital transfers & contributions	**1,546**	**1,746**	**3,292**	**51,201**		**47,909**	**1555.3%**	**3311.8%**				**–**
Share of surplus/ (deficit) of associate	–	–	–	–		–	-	-				–
Surplus/(Deficit) for the year	**1,546**	**1,746**	**3,292**	**51,201**		**47,909**	**1555.3%**	**3311.8%**				**–**
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	1,546	1,746	3,292	807		(2,485)	24.5%	52.2%				–
Public contributions & donations	–	–	–	–		–	-	-				–
Borrowing	–	–	–	90,888		90,888	#DIV/0!	#DIV/0!				–
Internally generated funds	34,633	6,488	41,121	12,717		(28,404)	30.9%	36.7%				–
Total sources of capital funds	**36,179**	**8,234**	**44,413**	**104,412**		**59,999**	**235.1%**	**288.6%**				**–**
Cash flows												
Net cash from (used) operating	(30,182)	48,045	17,863	30,328		12,465	169.8%	-100.5%				–
Net cash from (used) investing	(129,972)	(9,268)	(139,240)	(127,930)		11,310	91.9%	98.4%				–
Net cash from (used) financing	–	83,739	83,739	83,739		–	100.0%	#DIV/0!				–
Cash/cash equivalents at the year end	**184,193**	**202,415**	**386,609**	**410,384**		**23,776**	**106.1%**	**222.8%**				**–**

DC2 Cape Winelands DM - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2024/25								2023/24			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	**374,610**	**(10,804)**	**363,806**	**376,667**		**12,861**	**103.5%**	**100.5%**				–
Executive and council	109,085	(7,200)	101,885	114,680		12,795	112.6%	105.1%				
Budget and treasury office	263,990	(2,404)	261,586	261,573		(13)	100.0%	99.1%				
Corporate services	1,535	(1,200)	335	414		79	123.5%	26.9%				
Community and public safety	**2,349**	**2,102**	**4,451**	**2,840**		**(1,610)**	**63.8%**	**120.9%**				–
Community and social services	1,076	2,102	3,178	1,065		(2,113)	33.5%	98.9%				
Sport and recreation	–	–	–	–		–	-	-				
Public safety	620	–	620	908		288	146.4%	146.4%				
Housing	–	–	–	–		–	-	-				
Health	653	–	653	868		215	132.9%	132.9%				
Economic and environmental services	**140,996**	**3,251**	**144,247**	**133,805**		**(10,442)**	**92.8%**	**94.9%**				–
Planning and development	5,211	151	5,362	4,047		(1,315)	75.5%	77.7%				
Road transport	135,785	3,100	138,885	129,757		(9,127)	93.4%	95.6%				
Environmental protection	–	–	–	–		–	-	-				
Trading services	**–**	**–**		**–**		**–**	**-**	**-**				–
Electricity	–	–	–	–		–	-	-				
Water	–	–	–	–		–	-	-				
Waste water management	–	–	–	–		–	-	-				
Waste management	–	–	–	–		–	-	-				
Other	**–**	**–**	**–**	**–**		**–**	**-**	**-**				
Total Revenue - Standard	**517,955**	**(5,452)**	**512,504**	**513,312**		**808**	**100.2%**	**99.1%**				–
Expenditure - Standard												
Governance and administration	**169,517**	**7,156**	**176,673**	**155,255**	**–**	**(21,418)**	**87.9%**	**91.6%**	–	–	–	–
Executive and council	51,447	15,747	67,194	56,645	–	(10,549)	84.3%	110.1%			–	
Budget and treasury office	35,102	(4,075)	31,027	29,768	–	(1,259)	95.9%	84.8%			–	
Corporate services	82,968	(4,516)	78,452	68,841	–	(9,611)	87.7%	83.0%			–	
Community and public safety	**144,610**	**(4,288)**	**140,321**	**131,899**	**–**	**(8,422)**	**94.0%**	**91.2%**	–	–	–	–
Community and social services	23,640	872	24,512	21,186	–	(3,326)	86.4%	89.6%			–	
Sport and recreation	–	–	–	–	–	–	-	-			–	
Public safety	71,558	(1,422)	70,136	67,652	–	(2,484)	96.5%	94.5%			–	
Housing	–	–	–	–	–	–	-	-			–	
Health	49,411	(3,738)	45,673	43,061	–	(2,611)	94.3%	87.1%			–	
Economic and environmental services	**189,749**	**(8,699)**	**181,050**	**165,556**	**–**	**(15,494)**	**91.4%**	**87.2%**	–	–	–	–
Planning and development	44,240	(4,837)	39,404	33,007	–	(6,397)	83.8%	74.6%			–	
Road transport	145,509	(3,862)	141,647	132,549	–	(9,098)	93.6%	91.1%			–	
Environmental protection	–	–	–	–	–	–	-	-			–	
Trading services	**–**	**632**	**632**	**32**	**–**	**(600)**	**5.0%**	**#DIV/0!**	–	–	–	–
Electricity	–	–	–	–	–	–	-	-			–	
Water	–	–	–	–	–	–	-	-			–	
Waste water management	–	–	–	–	–	–	-	-			–	
Waste management	–	632	632	32	–	(600)	5.0%	#DIV/0!			–	
Other	**12,533**	**(1,998)**	**10,535**	**9,369**	**–**	**(1,166)**	**88.9%**	**74.8%**			–	
Total Expenditure - Standard	**516,409**	**(7,198)**	**509,212**	**462,111**	**–**	**(47,101)**	**90.8%**	**89.5%**	–	–	–	–
Surplus/(Deficit) for the year	**1,546**	**1,746**	**3,292**	**51,201**	**–**	**47,909**	**1555.3%**	**3311.8%**	–	–	–	–

DC2 Cape Winelands DM - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2024/25								2023/24			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	–	–	–	–		–	-	-				
Vote 2 - COMM AND DEV	–	–	–	–		–	-	-				
Vote 3 - ENGINERING	–	–	–	–		–	-	-				
Vote 4 - RURAL AND SOCIAL	–	–	–	–		–	-	-				
Vote 5 - OFFICE OF THE MM	–	–	–	–		–	-	-				
Vote 6 - FINANCIAL SERVICES	–	–	–	–		–	-	-				
Vote 7 - CORPORATE SERVICES	–	–	–	–		–	-	-				
Vote 8 - ROADS AGENCY	–	–	–	–		–	-	-				
Vote 9 - TASK	–	–	–	–		–	-	-				
Vote 10 - MUNICIPAL MANAGER	–	–	–	–		–	-	-				
Vote 11 - CORPORATE SERVICES	109,420	(7,200)	102,220	115,094		12,874	112.6%	105.2%				
Vote 12 - CORPORATE SERVICES	1,200	(1,200)	–	–		–	-	-				
Vote 13 - FINANCIAL SERVICES	263,990	(2,404)	261,586	261,573		(13)	100.0%	99.1%				
Vote 14 - COMMUNITY DEVELOPMENT AND PLANNING SERVIC	2,349	2,102	4,451	2,840		(1,610)	63.8%	120.9%				
Vote 15 - TECHNICAL SERVICES	140,996	3,251	144,247	133,805		(10,442)	92.8%	94.9%				
Total Revenue by Vote	**517,955**	**(5,452)**	**512,504**	**513,312**		**808**	**100.2%**	**99.1%**				**–**
Expenditure by Vote ***to be appropriated***												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	–	–	–	–		–	-	-			–	
Vote 2 - COMM AND DEV	–	–	–	–		–	-	-			–	
Vote 3 - ENGINERING	–	–	–	–		–	-	-			–	
Vote 4 - RURAL AND SOCIAL	–	–	–	–		–	-	-			–	
Vote 5 - OFFICE OF THE MM	–	–	–	–		–	-	-			–	
Vote 6 - FINANCIAL SERVICES	–	–	–	–		–	-	-			–	
Vote 7 - CORPORATE SERVICES	–	–	–	–		–	-	-			–	
Vote 8 - ROADS AGENCY	–	–	–	–		–	-	-			–	
Vote 9 - TASK	–	–	–	–		–	-	-			–	
Vote 10 - MUNICIPAL MANAGER	14,122	708	14,830	13,936		(894)	94.0%	98.7%			–	
Vote 11 - CORPORATE SERVICES	97,562	10,425	107,987	91,936		(16,050)	85.1%	94.2%			–	
Vote 12 - CORPORATE SERVICES	25,434	97	25,532	22,088		(3,443)	86.5%	86.8%			–	
Vote 13 - FINANCIAL SERVICES	35,102	(4,075)	31,027	29,768		(1,259)	95.9%	84.8%			–	
Vote 14 - COMMUNITY DEVELOPMENT AND PLANNING SERVIC	171,823	(7,833)	163,990	153,452		(10,538)	93.6%	89.3%			–	
Vote 15 - TECHNICAL SERVICES	172,366	(6,519)	165,847	150,930		(14,916)	91.0%	87.6%			–	
Total Expenditure by Vote	**516,409**	**(7,198)**	**509,212**	**462,111**	**–**	**(47,101)**	**90.8%**	**89.5%**	**–**	**–**	**–**	**–**
Surplus/(Deficit) for the year	**1,546**	**1,746**	**3,292**	**51,201**		**47,909**	**1555.3%**	**3311.8%**				

DC2 Cape Winelands DM - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2024/25								2023/24			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	–		–			–	-	-				
Property rates - penalties & collection charges	–		–			–	-	-				
Service charges - electricity revenue	–		–	–		–	-	-				
Service charges - water revenue	–		–	–		–	-	-				
Service charges - sanitation revenue	–		–	–		–	-	-				
Service charges - refuse revenue	–		–	–		–	-	-				
Service charges - other	–	–	–	–		–	-	-				
Rental of facilities and equipment	240	–	240	259		19	107.8%	107.8%				
Interest earned - external investments	80,000	5,000	85,000	86,566		1,566	101.8%	108.2%				
Interest earned - outstanding debtors	–	–	–	–		–	-	-				
Dividends received	–	–	–	–		–	-	-				
Fines	–	–	–	–		–	-	-				
Licences and permits	653	–	653	868		215	132.9%	132.9%				
Agency services	133,650	(346)	133,304	122,959		(10,344)	92.2%	92.0%				
Transfers recognised - operational	274,545	199	274,744	272,374		(2,370)	99.1%	99.2%				
Other revenue	14,766	150	14,916	13,792		(1,125)	92.5%	93.4%				
Gains	12,555	(12,200)	355	15,688		15,333	4419.1%	125.0%				
Total Revenue (excluding capital transfers and contributions)	**516,409**	**(7,198)**	**509,212**	**512,505**		**3,293**	**100.6%**	**99.2%**				**–**
Expenditure By Type			–				-	-				
Employee related costs	286,665	(15,481)	271,184	256,198		(14,986)	94.5%	89.4%			–	
Remuneration of councillors	15,946	(319)	15,627	15,245		(382)	97.6%	95.6%			–	
Debt impairment	100	145	245	244		(1)	99.8%	244.0%			–	
Depreciation & asset impairment	9,812	2,908	12,720	8,648		(4,072)	68.0%	88.1%			–	
Finance charges	1,763	1,299	3,062	2,462		(600)	80.4%	139.7%			–	
Bulk purchases	–	–	–	–		–	-	-			–	
Other materials	21,298	11,588	32,885	31,347		(1,538)	95.3%	147.2%			–	
Contracted services	72,055	(9,937)	62,118	51,271		(10,847)	82.5%	71.2%			–	
Transfers and grants	20,389	(4,689)	15,700	14,187		(1,513)	90.4%	69.6%			–	
Irrecoverable debt written off	500	(406)	94	94		(0)	100.0%	18.9%				
Other expenditure	87,815	1,983	89,799	81,893		(7,905)	91.2%	93.3%			–	
Losses	66	5,712	5,778	521		(5,257)	9.0%	790.0%			–	
Total Expenditure	**516,409**	**(7,198)**	**509,212**	**462,111**	**–**	**(47,101)**	**90.8%**	**89.5%**	**–**	**–**	**–**	**–**
Surplus/(Deficit)	**–**	**–**	**–**	**50,394**		**50,394**	**#DIV/0!**	**#DIV/0!**				**–**
Transfers recognised - capital	1,546	1,746	3,292	807		(2,485)	24.5%	52.2%				
Contributions recognised - capital	–	–	–	–		–	-	-				
Contributed assets	–	–	–	–		–	-	-				
Surplus/(Deficit) after capital transfers & contributions	**1,546**	**1,746**	**3,292**	**51,201**		**47,909**	**1555.3%**	**3311.8%**				**–**
Taxation	–		–			–	-	-				
Surplus/(Deficit) after taxation	**1,546**	**1,746**	**3,292**	**51,201**		**47,909**	**1555.3%**	**3311.8%**				**–**
Attributable to minorities	–		–			–	-	-				
Surplus/(Deficit) attributable to municipality	**1,546**	**1,746**	**3,292**	**51,201**		**47,909**	**1555.3%**	**3311.8%**				**–**
Share of surplus/ (deficit) of associate	–		–			–	-	-				
Surplus/(Deficit) for the year	**1,546**	**1,746**	**3,292**	**51,201**		**47,909**	**1555.3%**	**3311.8%**				**–**

DC2 Cape Winelands DM - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2024/25								2023/24			
R thousand	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	–	–	–	–		–	-	-			–	
Vote 2 - COMM AND DEV	–	–	–	–		–	-	-			–	
Vote 3 - ENGINERING	–	–	–	–		–	-	-			–	
Vote 4 - RURAL AND SOCIAL	–	–	–	–		–	-	-			–	
Vote 5 - OFFICE OF THE MM	–	–	–	–		–	-	-			–	
Vote 6 - FINANCIAL SERVICES	–	–	–	–		–	-	-			–	
Vote 7 - CORPORATE SERVICES	–	–	–	–		–	-	-			–	
Vote 8 - ROADS AGENCY	–	–	–	–		–	-	-			–	
Vote 9 - TASK	–	–	–	–		–	-	-			–	
Vote 10 - MUNICIPAL MANAGER	98	16	114	80		(34)	70%	82%			–	
Vote 11 - CORPORATE SERVICES	–	–	–	–		–	-	-			–	
Vote 12 - CORPORATE SERVICES	30	4	34	29		(4)	87%	97%			–	
Vote 13 - FINANCIAL SERVICES	–	–	–	–		–	-	-			–	
Vote 14 - COMMUNITY DEVELOPMENT AND PLANNING SERVIC	9,050	(6,478)	2,572	1,422		(1,150)	55%	16%			–	
Vote 15 - TECHNICAL SERVICES	91,070	16,062	107,132	90,945		(16,187)	85%	100%			–	
Capital multi-year expenditure	**100,248**	**9,604**	**109,852**	**92,476**	**–**	**(17,376)**	**84%**	**92%**	**–**	**–**	**–**	**–**
Single-year expenditure												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	–	–	–	–		–	-	-			–	
Vote 2 - COMM AND DEV	–	–	–	–		–	-	-			–	
Vote 3 - ENGINERING	–	–	–	–		–	-	-			–	
Vote 4 - RURAL AND SOCIAL	–	–	–	–		–	-	-			–	
Vote 5 - OFFICE OF THE MM	–	–	–	–		–	-	-			–	
Vote 6 - FINANCIAL SERVICES	–	–	–	–		–	-	-			–	
Vote 7 - CORPORATE SERVICES	–	–	–	–		–	-	-			–	
Vote 8 - ROADS AGENCY	–	–	–	–		–	-	-			–	
Vote 9 - TASK	–	–	–	–		–	-	-			–	
Vote 10 - MUNICIPAL MANAGER	1,346	(1,016)	330	166		(164)	50%	12%			–	
Vote 11 - CORPORATE SERVICES	1,694	530	2,223	1,918		(305)	86%	113%			–	
Vote 12 - CORPORATE SERVICES	5,105	(513)	4,592	2,334		(2,258)	51%	46%			–	
Vote 13 - FINANCIAL SERVICES	–	250	250	222		(28)	89%	#DIV/0!			–	
Vote 14 - COMMUNITY DEVELOPMENT AND PLANNING SERVIC	9,325	2,544	11,869	4,331		(7,538)	36%	46%			–	
Vote 15 - TECHNICAL SERVICES	9,461	(3,164)	6,297	2,964		(3,333)	47%	31%			–	
Capital single-year expenditure	26,931	(1,370)	25,561	11,936	–	(13,625)	47%	44%	–	–	–	–
Total Capital Expenditure - Vote	127,179	8,234	135,413	104,412	–	(31,001)	77%	82%	–	–	–	–
Capital Expenditure - Standard												
Governance and administration	**8,273**	**(730)**	**7,543**	**4,751**	**–**	**(2,792)**	**63%**	**57%**	**–**	**–**	**–**	**–**
Executive and council	1,011	(878)	133	91		(42)	68%	9%			–	
Budget and treasury office	–	250	250	222		(28)	89%	#DIV/0!			–	
Corporate services	7,262	(102)	7,160	4,437		(2,722)	62%	61%			–	
Community and public safety	**18,315**	**(3,934)**	**14,381**	**5,723**	**–**	**(8,658)**	**40%**	**31%**	**–**	**–**	**–**	**–**
Community and social services	11,426	(4,892)	6,534	1,569		(4,964)	24%	14%			–	
Sport and recreation	–	–	–	–		–	-	-			–	
Public safety	6,871	943	7,814	4,125		(3,689)	53%	60%			–	
Housing	–	–	–	–		–	-	-			–	
Health	18	15	33	29		(4)	87%	160%			–	
Economic and environmental services	**9,591**	**(3,127)**	**6,464**	**3,050**	**–**	**(3,414)**	**47%**	**32%**	**–**	**–**	**–**	**–**
Planning and development	8,545	(3,073)	5,472	2,743		(2,729)	50%	32%			–	
Road transport	1,046	(54)	992	307		(685)	31%	29%			–	
Environmental protection	–	–	–	–		–	-	-			–	
Trading services	**91,000**	**16,024**	**107,024**	**90,888**	**–**	**(16,136)**	**85%**	**100%**	**–**	**–**	**–**	**–**
Electricity	–	–	–	–		–	-	-			–	
Water	–	–	–	–		–	-	-			–	
Waste water management	–	–	–	–		–	-	-			–	
Waste management	91,000	16,024	107,024	90,888		(16,136)	85%	100%			–	
Other	**–**	**–**	**–**	**–**		**–**	**-**	**-**			**–**	
Total Capital Expenditure - Standard	**127,179**	**8,234**	**135,413**	**104,412**	**–**	**(31,001)**	**77%**	**82%**	**–**	**–**	**–**	**–**
Funded by:												
National Government	–	–	–	–		–	-	-				
Provincial Government	1,546	1,746	3,292	807		(2,485)	25%	52%				
District Municipality	–	–	–	–		–	-	-				
Other transfers and grants	–	–	–	–		–	-	-				
Transfers recognised - capital	**1,546**	**1,746**	**3,292**	**807**		**(2,485)**	**25%**	**52%**				**–**
Public contributions & donations	**–**	**–**	**–**	**–**		**–**	**-**	**-**				
Borrowing	**91,000**	**–**	**91,000**	**90,888**		**(112)**	**100%**	**100%**				
Internally generated funds	**34,633**	**6,488**	**41,121**	**12,717**		**(28,404)**	**31%**	**37%**				
Total Capital Funding	**127,179**	**8,234**	**135,413**	**104,412**		**(31,001)**	**77%**	**82%**				**–**

DC2 Cape Winelands DM - Reconciliation of Table A7 Budgeted Cash Flows

Description R thousand	2024/25 Original Budget	 Budget Adjustments (i.t.o. s28)	 Final adjustments budget	 Actual Outcome	 Variance	 Actual Outcome as % of Final Budget	 Actual Outcome as % of Original Budget	2023/24 Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	176,239	35,366	211,606	127,331	(84,275)	60.2%	72.2%	
Government - operating	274,545	(3,403)	271,142	268,592	(2,550)	99.1%	97.8%	
Government - capital	1,546	1,746	3,292	2,300	(992)	69.9%	148.8%	
Interest	45,854	238	46,092	44,412	(1,680)	96.4%	96.9%	
Dividends	–	–	–	–	–	-	-	
Payments								
Suppliers and employees	(507,977)	11,459	(496,519)	(396,145)	100,374	79.8%	78.0%	
Finance charges	–	(2,000)	(2,000)	(1,976)	24	98.8%	#DIV/0!	
Transfers and Grants	(20,389)	4,639	(15,750)	(14,187)	1,563	90.1%	69.6%	
NET CASH FROM/(USED) OPERATING ACTIVITIES	**(30,182)**	**48,045**	**17,863**	**30,328**	**12,465**	**169.8%**	**-100.5%**	**–**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	–	–	28	28	#DIV/0!	#DIV/0!	
Decrease (Increase) in non-current debtors	–	–	–	–	–	-	-	
Decrease (increase) other non-current receivables	–	–	–	–	–	-	-	
Decrease (increase) in non-current investments	–	–	–	(30,000)	(30,000)	#DIV/0!	#DIV/0!	
Payments								
Capital assets	(129,972)	(9,268)	(139,240)	(97,958)	41,282	70.4%	75.4%	
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(129,972)**	**(9,268)**	**(139,240)**	**(127,930)**	**11,310**	**91.9%**	**98.4%**	**–**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	-	-	
Borrowing long term/refinancing	–	91,000	91,000	91,000	–	100.0%	#DIV/0!	
Increase (decrease) in consumer deposits	–	–	–	–	–	-	-	
Payments								
Repayment of borrowing	–	(7,261)	(7,261)	(7,261)	–	100.0%	#DIV/0!	
NET CASH FROM/(USED) FINANCING ACTIVITIES	**–**	**83,739**	**83,739**	**83,739**	**–**	**100.0%**	**#DIV/0!**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD	(160,154)	122,515	(37,638)	(13,863)				–
Cash/cash equivalents at the year begin:	344,347	79,900	424,247	424,247				
Cash/cash equivalents at the year end:	184,193	202,415	386,609	410,384	23,776	106.1%	222.8%	