GARDEN ROUTE DISTRICT
MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2025

GARDEN ROUTE DISTRICT MUNICIPALITY

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Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa. (Act 108 of 1996)

NATURE OF BUSINESS

Garden Route District Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998). The demarcation code is DC04.

JURISDICTION

The Garden Route District Municipality includes the following municipalities:

Bitou Municipality
George Municipality
Hessequa Municipality
Kannaland Municipality
Knysna Municipality
Mossel Bay Municipality
Oudtshoorn Municipality

REGISTERED OFFICE

54 York Street
GEORGE
6529

TELEPHONE NUMBER	*044 803 1300*
E-MAIL ADDRESS	*info@gardenroute.gov.za*
MUNICIPAL WBESITE	*www.gardenroute.gov.za*

EXECUTIVE MAYOR

Alderman A Stroebel

DEPUTY EXECUTIVE MAYOR

Alderman V Donson

SPEAKER

Alderlady GR Wolmarans

WHIP OF COUNCIL

Cllr M Kruger

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor	*Alderman A Stroebel*
Deputy Executive Mayor	*Alderman V Donson*
Whip of Council	*Cllr M Kruger*
Executive Councillor	*District Economic Development and Tourism: Alderlady RH Ruiters*
Executive Councillor	*Corporate services: Ald NS Ndayi*
Executive Councillor	*Strategic Services: Alderman WP Meshoa*
Executive Councillor	*Financial Services: Alderman D Swart*
Executive Councillor	*Community Services: Cllr J Hoogbaard*
Executive Councillor	*Property Development and Management: Cllr HRT Stroebel*
Executive Councillor	*Roads and Transport Services: Cllr D Cronje*

GENERAL INFORMATION

LEGAL FORM

MEMBERS OF SECTION 79 COMMITTEE: MPAC

Chairperson	*Clllr J Cornelius*
Member	*Cllr F September*
Member	*Cllr FK Malooi*
Member	*Cllr JG Meiring*
Member	*Cllr M Kannemeyer*
Member	*Cllr R Windwaai*
Member	*Ald CN Lichaba*
Member	*Cllr CP Taute*
Member	*Cllr D Acker*
Member	*Cllr A October*
Member	*Cllr DB Coeries*

MUNICIPAL MANAGER

Mr. M Stratu

CHIEF FINANCIAL OFFICER

Mr. C.H.R. Boshoff

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

Nedbank, George

ATTORNEYS

Raubenheimers Attorneys
Millers Attorneys
Schroter Attorneys
Le Roux Lamprecht
Brand & vd Bergh Attorneys
Mutsetsho Attorneys
GMI Attorneys
McWilliams & Elliot Attorneys

AUDIT COMMITTEE

Chairperson	*Mr ABJ Dippenaar – Chairperson*
Member	*Adv L Mtunzi*
Member	*Mr C Lamprecht*
Member	*Adv E Page*

GARDEN ROUTE DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

GENERAL INFORMATION

LEGAL FORM

RELEVANT LEGISLATION

Constitution (Act no.108 of 1998)
Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and regulations issued in terms of the Act)
SALBC Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

MEMBERS OF THE GARDEN ROUTE DISTRICT MUNICIPALITY

WARD		COUNCILLOR
Proportional		*Cllr F September*
Proportional		*Ald GR Wolmarans*
Proportional		*Cllr JG Meiring*
Proportional		*Ald NS Ndayi*
Proportional		*Ald A Stroebel*
Proportional		*Cllr K Malooi*
Proportional		*Ald P Terblanche*
Proportional		*Ald CN Lichaba*
Proportional		*Cllr CN Gungubele*
Proportional		*Ald S de Vries*
Proportional		*Cll JJ Cornelius*
Proportional		*Cllr A Oktober*
Proportional		*Cllr D Acker*
Proportional		*Cllr AR Marbi*
Representative:	George Municipality	*Cllr R Louw*
Representative:	George Municipality	*Cllr DL Cronje*
Representative:	George Municipality	*Cllr R Windwaai*
Representative:	George Municipality	*Cllr SM Toto*
Representative:	George Municipality	*Cllr M Kruger*
Representative:	George Municipality	*Cllr DB Coeries*
Representative:	Mossel Bay Municipality	*Cllr MA Mkonto*
Representative:	Mossel Bay Municipality	*Cllr M Kannemeyer*
Representative:	Mossel Bay Municipality	*Cllr J Bavuma*
Representative:	Mossel Bay Municipality	*Ald R Ruiters*

LEGAL FORM

MEMBERS OF THE GARDEN ROUTE DISTRICT MUNICIPALITY (CONTINUED)

Representative:	Oudtshoorn Municipality	*Ald JC Lambaatjeen*
Representative:	Oudtshoorn Municipality	*Cllr V Donson*
Representative:	Oudtshoorn Municipality	*Cllr J van der Ross*
Representative:	Knysna Municipality	*Cllr HRT Stroebel*
Representative:	Knysna Municipality	*Cllr RW Arends*
Representative:	Knysna Municipality	*Cllr PE Petros*
Representative:	Hessequa Municipality	*Cllr J Hoogbaard*
Representative:	Hessequa Municipality	*Cllr CP Taute*
Representative:	Bitou Municipality	*Cllr S Mangxaba*
Representative:	Bitou Municipality	*Ald D Swart*
Representative:	Kannaland Municipality	*Ald WP Meshoa*

ABBREVIATIONS

ASB	Accounting Standards Board
COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
DOI	Department of Infrastructure
DORA	Division of Revenue Act
GRAP	Generally Recognised Accounting Practice
GRDM	Garden Route District Municipality
HDF	Housing Development Act
LGSETA	Local Government Services Sector Education & Training Authority
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPAC	Municipal Public Accounts Committee
mSCOA	Municipal Standard Chart of Accounts
MSIG	Municipal System Improvement grant
NDPG	Neighbourhood Development and Partnership Grant
SALGA	South African Local Government Association
SARS	South African Revenue Service

GARDEN ROUTE DISTRICT MUNICIPALITY

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2025 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

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

I am 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.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2025 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

In terms of Section 13G, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black empowerment in their audited annual financial statements and annual reports.

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

The annual financial statements were prepared on the going concern basis and the Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the Municipality.

Mr. M Stratu **Accounting Officer**	19/01/2026 **Date**

GARDEN ROUTE DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Notes	2025 R	Restated 2024 R
ASSETS			
Non-Current Assets		**340 482 513**	**359 744 717**
Property, Plant and Equipment	2	273 544 795	232 945 148
Investment Property	3	65 730 481	65 839 192
Intangible Assets	4	1 191 571	1 316 812
Investments	5	15 665	15 665
Employee Benefits	11	-	59 627 900
Current Assets		**220 813 011**	**224 315 073**
Inventory	7	3 217 063	2 661 549
Receivables from Exchange Transactions	8	56 092 242	58 180 277
Unpaid Transfers and Subsidies	14	1 281 419	-
Operating Lease Asset	6	65 869	25 134
Taxes	15	1 481 451	2 031 937
Current Portion of Non-Current Employee Benefits	11	3 664 100	4 600 600
Cash and Cash Equivalents	9	155 010 868	156 815 575
Total Assets		**561 295 523**	**584 059 790**
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**272 072 252**	**258 441 727**
Long-term Borrowings	10	173 642 236	110 170 811
Non-current Employee Benefits	11	98 430 016	148 270 916
Current Liabilities		**73 118 336**	**83 105 202**
Current Employee Benefits	12	43 926 255	43 175 632
Trade and Other Payables from Exchange Transactions	13	26 016 920	30 786 157
Unspent Transfers and Subsidies	14	2 579 003	640 314
Current Portion of Long-term Borrowings	10	596 158	8 503 099
Total Liabilities		**345 190 588**	**341 546 929**
Net Assets	17	**216 104 935**	**242 512 860**
Capital Replacement Reserve	17	9 213 054	2 606 941
Employee Benefits Reserve	17	58 753 347	35 183 127
Accumulated Surplus/(Deficit)		148 138 535	204 722 792
Total Net Assets and Liabilities		**561 295 523**	**584 059 790**

GARDEN ROUTE DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 R	Restated 2024 R
REVENUE			
Revenue from Non-exchange Transactions		**218 027 341**	**208 916 016**
Transfer Revenue		**203 137 868**	**204 692 165**
Government Grants and Subsidies	18	198 076 297	204 679 365
Contributed Property, Plant and Equipment	19	2 493 353	12 800
Fines, Penalties and Forfeits		2 568 218	-
Other Revenue		**14 889 472**	**4 223 851**
Government Incentives Received - Skills Mecca		14 889 472	4 223 851
Revenue from Exchange Transactions		**241 044 814**	**235 145 555**
Department of Infrastructure - Roads Service Charges	21	192 233 565	201 022 398
Sales of Goods and Rendering of Services	22	23 671 358	13 339 782
Rent on Land	23	481 309	494 552
Rental of Facilities and Equipment	24	1 324 166	1 010 120
Interest Earned - External Investments	25	16 540 501	12 400 024
Interest Earned - Exchange Transactions	26	5 379 004	5 222 326
Licences and Permits	20	308 600	67 725
Operational Revenue	27	1 106 311	1 588 629
Total Revenue		**459 072 155**	**444 061 571**
EXPENDITURE			
Employee related costs	28	(309 453 321)	(302 456 076)
Remuneration of Councillors	29	(13 953 179)	(12 232 669)
Bad Debts Written Off	30	(1 613 949)	(1 601 917)
Contracted Services	31	(28 160 041)	(24 023 654)
Depreciation and Amortisation	32	(7 135 055)	(6 434 558)
Finance Costs	33	(434 547)	(198 224)
Inventory Consumed	7.1	(46 498 111)	(51 625 209)
Operating Leases		(88 457)	(270 013)
Transfers and Subsidies	34	(8 903 581)	(5 805 192)
Operational Costs	35	(47 216 796)	(49 209 689)
Total Expenditure		**(463 457 038)**	**(453 857 201)**
Operating Surplus/(Deficit) for the Year		**(4 384 883)**	**(9 795 630)**
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	7,2	202 974	234 220
Actuarial Gains / (Losses)	11	(4 135 784)	(1 251 252)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	36	(17 487 996)	(3 873 812)
Gains/(Loss) on Sale of Fixed Assets	37	(172 135)	(1 019 960)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	38	(430 100)	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(26 407 924)**	**(15 706 433)**

GARDEN ROUTE DISTRICT MUNICIPALITY

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

	Capital Replacement Reserve	Employee Benefits Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2023	**4 133 051**	**38 762 712**	**215 394 420**	**258 290 182**
Correction of Error - note 39.6	-	-	(70 890)	(70 890)
Restated balance	4 133 051	38 762 712	215 323 530	258 219 293
Net Surplus/(Deficit) for the year	-	-	(15 706 433)	(15 706 433)
Net Surplus/(Deficit) previously reported	-	-	(20 172 653)	(20 172 653)
Effects of Correction of Errors - note 39	-	-	-	-
Change in Accounting Policy - note 40	-	-	4 466 220	4 466 220
Transfer to/from CRR	6 434 558	-	(6 434 558)	-
Transfer to/from Employee Benefits Reserve	-	(3 579 585)	3 579 585	-
Property, Plant and Equipment purchased	(7 960 668)	-	7 960 668	-
Balance at 30 June 2024	**2 606 941**	**35 183 127**	**204 722 792**	**242 512 859**
Restated balance	**2 606 941**	**35 183 127**	**204 722 792**	**242 512 859**
Net Surplus/(Deficit) for the year	-	-	(26 407 924)	(26 407 924)
Transfer to/from CRR	7 135 055		(7 135 055)	-
Transfer to/from Employee Benefits Reserve	-	23 570 219	(23 570 219)	-
Property, Plant and Equipment purchased	(528 941)	-	528 941	-
Balance at 30 June 2025	**9 213 055**	**58 753 347**	**148 138 535**	**216 104 935**

GARDEN ROUTE DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 R	Restated 2024 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts		500 881 278	395 459 010
Other Revenue		264 952 673	169 827 192
Government - Operating		211 061 415	193 487 477
Government - Capital		2 947 686	14 521 990
Interest Earned - Exchange Transactions		5 379 004	5 222 326
Interest earned Financial Instruments		16 540 501	12 400 024
Cash payments		(512 640 835)	(440 298 368)
Suppliers of goods and services		(126 534 696)	(130 404 945)
Employee related cost		(376 381 951)	(303 126 801)
Finance Charges	33	(434 547)	(198 224)
Government grants repaid		(386 059)	(763 206)
Transfers and Grants	34	(8 903 581)	(5 805 192)
Taxes			
Net Cash from Operating Activities	**41**	**(11 759 557)**	**(44 839 359)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	2	(45 555 633)	(51 967 384)
Proceeds on Disposal of Fixed Assets			-
Purchase of Investment Properties		-	-
Purchase of Intangible Assets	4	(54 000)	(209 622)
Decrease (Increase) in Non-current receivables		-	-
Decrease (Increase) in Investments		-	-
Net Cash from Investing Activities		**(45 609 633)**	**(52 177 006)**
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowing - Long term and Finance Leases		64 019 847	118 128 705
Repayment of Finance leases		(8 455 363)	(700 215)
Net Cash from Financing Activities		**55 564 484**	**117 428 489**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(1 804 706)**	**20 412 125**
Cash and Cash Equivalents at the beginning of the year		156 815 575	136 403 451
Cash and Cash Equivalents at the end of the year	**42**	**155 010 868**	**156 815 575**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(1 804 706)**	**20 412 125**

GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Notes	Original Budget R	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) R	Final Adjustment Budget R	Final Budget R	Actual Outcome 2025 R	Variance as a % of Final Budget %
ASSETS								
Current Assets								
Cash and cash equivalents			105 504 997	(52 845 636)	52 659 361	52 659 361	155 010 868	194,37%
Trade and other receivables from exchange transactions			11 179 037	49 887 789	61 066 826	61 066 826	56 092 242	-8,15%
	Receivables from Exchange Transactions - Services							
Receivables from non-exchange transactions			45 989	-	45 989	45 989	-	-100,00%
	Receivables from Non-exchange Transactions							
Other current assets			5 474 713	(4 752 565)	722 148	722 148	1 347 288	86,57%
	Unpaid Transfers and Subsidies Operating Lease Asset							
Current portion of non-current receivables	Current Portion of Employee Benefits		4 293 176	-	4 293 176	4 293 176	3 664 100	-14,65%
VAT	Taxes		7 105 241	3 573 029	10 678 270	10 678 270	1 481 451	-86,13%
Inventory	Inventory		3 426 755	(601 541)	2 825 214	2 825 214	3 217 063	13,87%
Total Current Assets		**45.2.1**	137 029 908	(4 738 924)	132 290 984	132 290 984	220 813 011	66,91%
Non-Current Assets								
Non-current receivables from non-exchange transactions	Employee Benefits		60 087 924	(152 600)	59 935 324	59 935 324	-	-100,00%
Investments	Investments		28 416	(12 751)	15 665	15 665	15 665	0,00%
Investment Property	Investment Property		65 948 202	(218 911)	65 729 291	65 729 291	65 730 481	0,00%
Property, Plant and Equipment	Property, Plant and Equipment		455 727 031	(46 161 987)	409 565 044	409 565 044	273 544 795	-33,21%
Intangible Assets	Intangible Assets		-	(14 076)	(14 076)	(14 076)	1 191 571	-8565,27%
Total Non-Current Assets		**45.2.2**	581 791 573	(46 560 325)	535 231 248	535 231 248	340 482 513	-36,39%
TOTAL ASSETS			718 821 481	(51 299 249)	667 522 232	667 522 232	561 295 523	-15,91%
LIABILITIES								
Current Liabilities								
Financial liabilities			662 650	11 374 006	12 036 656	12 036 656	596 158	-95,05%
	Current Portion of Long-term Borrowings Short-term Borrowings							
Consumer Deposits	Consumer Deposits		637 128	22 766	659 894	659 894	-	-100,00%
Trade and other payables from exchange transactions			46 469 718	(6 066 119)	40 403 599	40 403 599	26 016 920	-35,61%
	Trade and Other Payables from Exchange Transactions							
Trade and other payables from non-exchange transactions			2 649 250	(2 008 931)	640 319	640 319	2 579 003	302,77%
	Unspent Transfers and Subsidies Transfers and Subsidies Payable							
Provisions			24 133 765	4 870 839	29 004 604	29 004 604	43 926 255	51,45%
	Provisions Current Employee Benefits							
VAT	Taxes		963 228	8 020 101	8 983 329	8 983 329	-	-100,00%
	Operating Lease Asset Construction contracts - liability							
Total Current Liabilities		**45.2.3**	75 515 739	16 212 662	91 728 401	91 728 401	73 118 336	-20,29%
Non-Current Liabilities								
Borrowing	Long-term Borrowings		239 923 326	(57 429 213)	182 494 113	182 494 113	173 642 236	-4,85%
Provisions	Non-current Employee Benefits		12 085 480	963 000	13 048 480	13 048 480	98 430 016	654,34%
Other non-current liabilities			130 224 320	5 043 680	135 268 000	135 268 000	-	-100,00%
Total Non-Current Liabilities		**45.2.4**	382 233 126	(51 422 533)	330 810 593	330 810 593	272 072 252	-17,76%
TOTAL LIABILITIES			457 748 865	(35 209 871)	422 538 994	422 538 994	345 190 588	-18,31%
NET ASSETS								
Accumulated Surplus/(Deficit)			218 181 334	(11 788 547)	206 392 787	206 392 787	148 138 535	-28,22%
Funds and reserves			42 891 282	(5 105 695)	37 785 587	37 785 587	67 966 401	79,87%
	Capital Replacement Reserve Employee Benefits Reserve							
TOTAL NET ASSETS		**45.2.5**	261 072 616	(16 894 242)	244 178 374	244 178 374	216 104 935	-11,50%

GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Final Budget	Actual Outcome 2025	Variance as a % of Final Budget
			R	R	R	R	R	%
REVENUE								
Exchange Revenue								
Service charges - Waste Management	Service Charges		-	13 051 278	13 051 278	13 051 278	-	-100,00%
Sale of Goods and Rendering of Services	Sales of Goods and Rendering of Services		16 874 622	2 922 629	19 797 251	19 797 251	23 671 358	19,57%
Agency Services	Department of Infrastructure - Roads Service Charges		24 214 000	-	24 214 000	24 214 000	192 233 565	693,89%
Interest earned from Receivables	Interest Earned - Exchange Transactions		6 224 259	2 052 533	8 276 792	8 276 792	5 379 004	-35,01%
Interest earned from Current and Non Current Assets	Interest Earned - External Investments		12 016 629	6 246 793	18 263 422	18 263 422	16 540 501	-9,43%
Rent on Land	Rent on Land		495 309	63 987	559 296	559 296	481 309	-13,94%
Rental from Fixed Assets	Rental of Facilities and Equipment		1 762 890	128 892	1 891 782	1 891 782	1 324 166	-30,00%
Licence and permits	Licences and Permits		-	-	-	-	308 600	100,00%
Operational Revenue	Operational Revenue		201 315 622	416 246	201 731 868	201 731 868	1 106 311	-99,45%
			262 903 331	24 882 358	287 785 689	287 785 689	241 044 814	-16,24%
Non-Exchange Revenue								
Fines, penalties and forfeits			-	108 218	108 218	108 218	2 568 218	2273,19%
Licences or permits	Licences and Permits		70 926	570 898	641 824	641 824	-	-100,00%
Transfers Recognised - Operational			214 786 393	(1 670 309)	213 116 084	213 116 084	210 402 565	-1,27%
	Government Grants and Subsidies (Operational only)							
	Government Incentives Received							
Other Revenue	Government Incentives Received		-	-	-	-	-	0,00%
Gains on disposal of Assets			-	(622 675)	(622 675)	(622 675)	-	-100,00%
Other Gains			(1 342 707)	3 563 731	2 221 024	2 221 024	202 974	-90,86%
	Actuarial Gains							
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets							
	Inventories:(Write-down)/Reversal of Write-down to Net Realisable Value							
			213 514 612	1 949 863	215 464 475	215 464 475	213 173 756	-1,06%
Total Revenue (excluding capital transfers and contributions)		**45.2.6**	476 417 943	26 832 221	503 250 164	503 250 164	454 218 571	-9,74%
EXPENDITURE								
Employee Related Costs	Employee related costs		299 649 138	10 225 715	309 874 853	309 874 853	309 453 321	-0,14%
Remuneration of Councillors	Remuneration of Councillors		14 053 502	434 187	14 487 689	14 487 689	13 953 179	-3,69%
Inventory Consumed	Inventory Consumed		44 467 451	4 401 110	48 868 561	48 868 561	46 498 111	-4,85%
Debt Impairment	Reversal of Impairment Loss/(Impairment Loss) on Receivables		-	-	-	-	17 487 996	100,00%
Depreciation and Amortisation			5 960 004	3 322 732	9 282 736	9 282 736	7 135 055	-23,14%
Interest	Finance Costs		75 194	62 737	137 931	137 931	434 547	215,05%
Contracted Services	Contracted Services		45 667 239	(3 685 258)	41 981 981	41 981 981	28 160 041	-32,92%
Transfers and Grants	Transfers and Subsidies		1 210 753	1 659 630	2 870 383	2 870 383	8 903 581	210,19%
Irrecoverable debts written off	Bad Debts Written Off		1 000 000	650 000	1 650 000	1 650 000	1 613 949	-2,18%
Operational costs			64 156 405	8 548 768	72 705 173	72 705 173	47 305 253	-34,94%
	Operational Costs							
	Operating Leases							
Losses on disposal of Assets	Gains/(Loss) on Sale of Fixed Assets		-	-	402 432	402 432	172 135	-57,23%
Other Losses			28 161	(191 826)	(163 665)	(163 665)	4 565 884	-2889,77%
	Actuarial Losses							
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets							
	Profit/(Loss) on Fair Value Adjustments							
	Inventories:(Write-down)/Reversal of Write-down to Net Realisable Value							
Total Expenditure		**45.2.7**	476 267 847	25 427 795	502 098 074	502 098 074	485 683 052	-3,27%
Surplus/(Deficit)			150 096	1 404 426	1 152 090	1 152 090	(31 464 482)	-2831,08%
Transfers and subsidies - capital (monetary allocations)	Government Grants and Subsidies (Capital only)		4 200 000	713 205	4 913 205	4 913 205	2 563 205	-47,83%
Transfers and subsidies - capital (in-kind - all)	Contributed Property, Plant and Equipment		-	-	-	-	2 493 353	0,00%
Surplus/(Deficit) after Capital Transfers & Contributions			4 350 096	2 117 631	6 065 295	6 065 295	(26 407 924)	-535,39%
Surplus/(Deficit) for the year			4 350 096	2 117 631	6 065 295	6 065 295	(26 407 924)	-535,39%

GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Notes	Original Budget R	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) R	Final Adjustment Budget R	Final Budget R	Actual Outcome 2025 R	Variance as a % of Final Budget %
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Service Charges	Service Charges		-	23 816 578	23 816 578	23 816 578	-	-100,00%
Other Revenue	Other Revenue		44 882 635	(667 182)	44 215 453	44 215 453	264 952 673	499,23%
Transfers and Subsidies - Operational	Government - Operating		411 646 393	(735 378)	410 911 015	410 911 015	211 061 415	-48,64%
Transfers and Subsidies - Capital	Government - Capital		4 200 000	713 205	4 913 205	4 913 205	2 947 686	-40,00%
Interest Earned - Exchange Transactions			-	-	-	-	5 379 004	100,00%
Interest earned Financial Instruments	Interest		11 073 613	888 121	11 961 734	11 961 734	16 540 501	38,28%
Payments								
Suppliers and Employees			(388 254 168)	(99 659 739)	(487 913 907)	(487 913 907)	(502 916 646)	3,07%
	Suppliers of goods and services Employee related cost							
Finance costs	Finance Charges		(75 194)	(62 737)	(137 931)	(137 931)	(434 547)	215,05%
Government grants repaid	Government grants repaid		-	-	-	-	(386 059)	100,00%
Transfers and Grants	Transfers and Grants		-	-	-	-	(8 903 581)	100,00%
Net Cash from/(used) Operating Activities		**45.2.8**	83 473 279	(75 707 132)	7 766 147	7 766 147	(11 759 557)	-251,42%
CASH FLOW FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE			-	-	-	-	-	0,00%
Decrease/(Increase) in Non-Current Investments			-	-	-	-	-	0,00%
Payments								
Capital Assets			(224 925 909)	36 306 714	(188 619 195)	(188 619 195)	(45 609 633)	-75,82%
	Purchase of Property, Plant and Equipment Purchase of Investment Properties Purchase of Intangible Assets							
Net Cash from/(used) Investing Activities		**45.2.9**	(224 925 909)	36 306 714	(188 619 195)	(188 619 195)	(45 609 633)	-75,82%
CASH FLOW FROM FINANCING ACTIVITIES								
Receipts								
Short Term Loans			-	-	-	-	-	
Borrowing long term/refinancing			220 575 909	(135 611 300)	84 964 609	84 964 609	64 019 847	-24,65%
Increase/(Decrease) in Consumer Deposits			-	-	-	-	-	0,00%
Payments								
Repayment of Borrowing			(16 235 353)	8 235 353	(8 000 000)	(8 000 000)	(8 455 363)	5,69%
Net Cash from/(used) Financing Activities		**45.2.10**	204 340 556	(127 375 947)	76 964 609	76 964 609	55 564 484	-27,81%
NET INCREASE/(DECREASE) IN CASH HELD			62 887 926	(166 776 365)	(103 888 439)	(103 888 439)	(1 804 708)	-98,26%
Cash and Cash Equivalents at the year begin:			121 182 607	35 632 968	156 815 575	156 815 575	156 815 575	0,00%
Cash and Cash Equivalents at the year end:			184 070 533	(131 143 397)	52 927 136	52 927 136	155 010 867	192,88%

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

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

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, except where an exemption or transitional provision has been granted. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification are disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

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

1.6. MATERIALITY

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

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by the National Treasury. The comparison of budget and actual amounts is disclosed as a separate additional financial statement, namely, Statement of Comparison of Budget and Actual Amounts.

The information is presented for budgets that are made publicly available.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is, therefore, on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts.

The approved budget is the expenditure authority derived from laws, appropriation bills, regulations and other decisions related to the anticipated revenue or receipts for the budgetary period. Thus, this is the budget as approved by Council.

The final budget is the approved budget adjusted for transfers, allocations, supplemental appropriations, and other changes applicable to the budget period. Therefore, the final budget includes all changes subsequently made to the Council's approval (e.g., virements).

Explanations are provided in the budget comparison regarding classification differences between the approved budget and the actual figure.

Explanations for material differences between the final budget amounts and actual amounts are included in the relevant notes 45 to the Financial Statements.

Explanations for differences between the approved and final budget are included in the notes to the Financial Statements.

Explanatory comments are provided for overall growth or decline in the budget and motivations for over or under spending on line items. The municipality considers a variance between the actual and budget of more than 10% of the budgeted value as material, provided that such variance exceeds R500,000.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 103	**<u>Heritage assets</u>** There are proposed amendments to the classification of mixed-use assets, cultural significance and the fair value accounting. The amendments to the Standard are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality's currently do not have any Heritage assets.	Unknown
GRAP 104	**<u>Financial Instruments</u>** The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. The Municipality might need to revise the categories of financial instruments and the impairment model.	1 April 2025

REFERENCE	TOPIC	EFFECTIVE DATE
	The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.	
GRAP 1: Going concern	**Presentation of Financial statements: Going concern** The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. Adjustments for going concern proposed to provide guidance on the preparation of AFS as going concern and the related disclosure. The transitional provisions are specified in the revised Standard. The amendments may not be applied. A by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
Improvement to GRAP standards (2023)	**Improvement to GRAP standards (2023)** The Improvements are approved by the Board. The effective date is yet to be determined by the Minister of Finance. The Improvements may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the Improvements once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
GRAP 105, GRAP 106 and GRAP 107 (amendments)	**Transfer of Functions and Mergers** The amendments to the Standards are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance. No significant impact is expected as the standards is not applicable to the operations of the Municipality.	Unknown
Guideline	**Application of Materiality of Financial Statements** The guideline is not authoritative but only encourage. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	No effective date as only encouraged
iGRAP 22	**Foreign Currency Transactions and Advanced Consideration** The interpretation is to provide guidance on determining the transaction date for purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. No significant impact is expected as the foreign currency transactions and advance consideration is not relevant to the operations of the Municipality.	1 April 2025

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The cash in the CRR can only be utilised to finance items of property, plant and equipment. The CRR is reduced, and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.

1.9.2. Employee Benefits Reserve

The reserve aims to ensure sufficient cash resources are available for the future payment of employee benefits. Contributions equal to the short-term portion of employee benefits, plus 10% of the prior year closing balance of long-term employee benefits is contributed to the reserve from accumulated surplus/(deficit) (Roads Department is excluded from this calculation).

1.10. LEASES

1.10.1. Municipality as Lessee

Initial Recognition and Measurement

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments (including any indirect costs) The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent Measurement

Subsequent recognition, the leased assets are accounted for in accordance with the accounting policies on assets. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to the disclosure and de-recognition of financial instruments are applied to lease payables. Contingent rents shall be charged as expenses in the periods in which they are incurred.

1.10.2. Municipality as Lessor

Operating Leases

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11. BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised to the cost of the asset. All other borrowing costs are recognised as an expense in the period in which it is incurred. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is disclosed in the notes below.

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional transfers and subsidies are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. The revenue received is driven from legislation. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the liability. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at the reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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

When expenditure incurred on the provision will be reimbursed, the reimbursement is recognised as a separate asset, when it is virtually certain the reimbursement will be received when the obligation is settled. The reimbursement will not exceed the provision. The expenditure is recognised in the Statement of Financial Performance, net of the reimbursement.

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

1.14. EMPLOYEE BENEFITS

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

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

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.14.1. Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution, and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the net defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The net interest cost of the defined benefit obligation is recognised as employee cost in the Statement of Financial Performance. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

1.14.2. Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically, and the corresponding liability is raised. Payments are set-off against the net defined benefit liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the period that it occurs

1.14.3. Ex gratia Gratuities

Ex gratia gratuities are provided to employees who were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries annually, and the corresponding liability is raised. Payments made by the Municipality are set off against the net defined benefit liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the period that they occur.

1.14.4. Provision for Staff Leave

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

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full, but is limited to a maximum of 48 days. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.14.5. Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year-end is based on bonus accrued at year-end for each employee.

1.14.6. Performance Bonuses

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

1.14.7. Exit Gratuity

Employees whose employment contracts are linked to political office bearers do not always enjoy the same benefits enjoyed by permanent employees. The Council considered the above risk associated with these positions – the fact that the contract will terminate when the political office bearer leaves.

In an effort to show appreciation to these employees for having served Council well, these employees are automatically eligible to an exit gratuity equal to 10% of their annual remuneration package for each completed year of service payable when their contracts terminate. The exit gratuity is applicable to appointments up to 30 June 2024.

1.14.8. Other Short-term Employee Benefits

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality 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.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1. Initial Recognition and Measurement

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

The following items will be regarded as Property, plant and equipment rather than investment property:

- Owner-occupied property (including held for future use);
- Owner-occupied property held for development;
- Property occupied by employees for housing;
- Owner-occupied property held for disposal;
- Property held by the municipality to fulfil their mandated function rather than rental or capital appreciation and; and
- Property held by the municipality for strategic purpose.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired (including transaction cost).

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy. If cost can, however, not be established, then infrastructure assets will be initially measured and recognised at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for assets where there is no active and liquid market.

1.15.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

1.15.3. Depreciation and Impairment

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets to the residual value of the asset, where applicable. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

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

	Years		*Years*
Infrastructure		Other	
Roads Infrastructure	20 – 29	Computer equipment	2 – 29
		Furniture and Office Equipment	2 - 36
		Machinery and Equipment	2 - 27
		Transport Assets	6 - 43
		Leased Assets	1 - 4
		Municipal Buildings	5 - 103

The depreciation charge is recognised in the Statement of Financial Performance.

Changes to the useful life of assets and residual value are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 prospectively as a change in the accounting estimate.

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

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

Additional considerations for impairment are included in policy 1.19: Impairment of non-financial assets.

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

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. The municipality assesses at each reporting date if there is an indication of impairment.

1.15.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15.5. Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets, the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.15.6. Decommissioning and Restoration Assets

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, shall be accounted for as follows:

The related asset (under the cost model) is measured as follows:

- Changes in the liability, shall be added or deducted from the asset cost;
- The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss, in accordance with its impairment policy. Refer to paragraph 1.20 of the policy.

1.16. INTANGIBLE ASSETS

1.16.1. Initial Recognition

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

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or

- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

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

The cost of the intangible asset includes the purchase price and any cost incurred to prepare the asset for its intended use.

The Municipality does not internally generate intangible assets.

Intangible assets are initially recognised at cost.

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

1.16.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite.

1.16.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by Management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	**Years**
Computer Software	4 - 29

The amortisation charge is recognised in the Statement of Financial Performance.

Changes to the useful life and residual values of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 prospectively as a change in accounting estimate.

Considerations for impairment is included for policy 1.19: Impairment of non-financial assets.

1.16.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17. INVESTMENT PROPERTY

1.17.1. Initial Recognition

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and

- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

At initial recognition, the Municipality measures investment property at cost, including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition (including transaction cost).

Transfers are made to or from investment property only when there is a change in use.

For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

For a transfer from investment property to inventory (view sale), the deemed cost for subsequent accounting is the fair value as at date of change.

For a transfer from owner occupied property becomes an investment property measured at fair value, the difference between the carrying value and fair value at the reporting date, shall be recognised in surplus and deficit.

For a transfer from inventory to investment property (operating lease), the difference between the carrying value and the fair value at the reporting date, shall be recognised in surplus and deficit.

1.17.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses.

1.17.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

Investment Property	Years
Buildings	27 – 103

Considerations for impairment is included for policy 1.19: Impairment of non-financial assets.

Changes to the useful life of assets and residual value are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP prospectively as a change in estimate.

1.17.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18. HERITAGE ASSETS

1.18.1. Initial Recognition

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

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

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition (including any transaction cost).

1.18.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.18.3. Depreciation and Impairment

Heritage assets are not depreciated

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

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

1.18.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits or service potential expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.1. Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- A decision to halt the construction of the asset before it is complete or in a usable condition; and
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.19.2. Non-cash-generating assets

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

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

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

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an 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 an 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. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.20. INVENTORIES

1.20.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

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

1.20.2. Subsequent Measurement

Inventories, consisting of consumable stores and raw materials, are valued at the lower of cost and net realisable value, unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised in the Statement of Financial Position include receivables from exchange transactions cash and cash equivalents, annuity loans and payables from exchange transactions and non-current investments. The future utilisation of Unspent Conditional Grants is evaluated in order to determine whether it is treated as a financial instrument, as per policy 1.12.

1.21.1. Initial Recognition

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

1.21.2. Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value or financial assets at amortised cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.2.1. <u>Receivables</u>

Receivables are classified as financial assets at amortised cost and are subsequently measured at amortised cost using the effective interest rate method.

1.21.2.2. *Payables and Borrowings*

Financial liabilities consist of payables and borrowings. They are categorised as financial liabilities held at amortised cost and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.21.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

1.21.2.4. *Non-Current Investments*

Investments which include fixed deposits invested in registered commercial banks, are stated at fair value.

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

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

1.21.3. De-recognition of Financial Instruments

1.21.3.1. *Financial Assets*

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

- the rights to receive cash flows from the asset have expired, settled or waived; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality’s continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality’s continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

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

1.21.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, expires or waived.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.21.4. Impairment of Financial Assets

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Municipality, after the appropriate legislative processes have been followed. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.21.5. Offsetting of Financial Instruments

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

1.22. STATUTORY RECEIVABLES

1.22.1. Identification

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments. Statutory receivables can arise from both exchange and non-exchange transactions.

1.22.2. Initial Recognition and Measurement

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition and recognition criteria of asset is met.

The Municipality initially measures the statutory receivables at their transaction amount.

1.22.3. Subsequent Measurement

The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement is adjusted with:

(a) interest or other charges that may have accrued on the receivable;
(b) impairment losses; and
(c) amounts derecognised.

1.22.4. De-recognition

The Municipality derecognises a statutory receivable when:

(a) the rights to the cash flows from the receivable are settled, expire or are waived;
(b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

(c) 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 Municipality:

(i) derecognise the receivable; and
(ii) recognise separately any rights and obligations created or retained in the transfer.

Any difference between consideration received and amounts derecognised/recognised is recognised in surplus and deficit.

1.23. REVENUE

1.23.1. Revenue from Non-Exchange Transactions

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

Government grants and subsidies received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

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

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

Revenue is measured at the fair value of the consideration received or receivable.

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

Services in-kind that are significant to the Municipality’s operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality’s operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality, therefore, recognises an expense and related revenue for the consumption of services in-kind.

Revenue arising from legislation is recognised in accordance with the approved tariff.

Debt forgiven is recognised when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners. Revenue arising from debt forgiveness is measured at the carrying amount of the debt forgiven.

1.23.2. Revenue from Exchange Transactions

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

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

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

Revenue from the services rendered is recognised when:

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

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue, this would be considered a subsequent event.

Interest revenue is recognised using the effective interest rate method.

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

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

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

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

Rental from Holiday Resorts is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality, as well as the Cancellation Policy of the Municipality. The Cancellation Policy has the following refund principles:

- Less than 72 hours: 0% refund of the fees paid.
- Less than 14 days: 25% refund of the fees paid.
- Less than 1 month: 50% refund of the fees paid.
- More than 1 month: 90% refund of the fees paid.

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

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

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

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;

- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.24. ACCOUNTING BY AGENTS AND PRINCIPALS

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

Where the Municipality is considered the principal, all revenues, expenses, liabilities and assets are recorded in the records of Municipality in accordance with the relevant standards of GRAP.

Where the Municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

1.24.1. Identification

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

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

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

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

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement. In the assessment reference is made to substance over form. Therefore, the exact wording of the contract is not the only indicator (for example if reference is made to “agent”). If rights and obligations are substantially transferred this could indicate a principal/agent arrangement. If not the arrangement is accounted for as a normal supplier/customer relationship.

1.25. SERVICE CONCESSION ARRANGEMENTS: (Municipality as grantor)

1.25.1. Identification

Service concession arrangements of the Municipality include the provision of mandated functions on behalf of the Municipality by the operator for a specified period of time, for which the operator is compensated for its services over the period of the service concession arrangement.

1.25.2. Initial Recognition

The service concession asset are recognised by grantor when:

- The Grantor controls the services provided by the operator, to who and the price of services,
- The Grantor controls any significant residual interest in the asset at the end of the arrangement term.

Service concession assets are measured initially at fair value except where the assets are existing assets of the municipality in which case the assets are reclassified at their carrying amounts. Service concession assets will be identified separately.

The service concession liability is recognised and initially measured at:

- The same amount as the service concession asset,
- Adjusted by the amount of any other consideration (e.g., cash) from the municipality to the operator, or from the operator to the municipality.

1.25.3. Subsequent Measurement

The Municipality initially measures the service concession asset at fair value if it Is not an existing asset of the Municipality.

After initial recognition, the Municipality applies the measurement (including impairment) and de-recognition principles to the service concession asset applicable to similar items of Property, Plant and Equipment, Intangible Assets or Heritage Assets.

Where the Municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the Municipality accounts for the liability as a financial liability.

The municipality allocates the payments to the operator and accounts for them according to their substance as a reduction in the service concession liability, a finance charge, and charges for services provided by the operator. The finance charge and charges for services are recognised as expenses in the Statement of Financial Performance.

1.25.4. Other Liabilities, Contingent Liabilities, Contingent Assets and Revenue

The Municipality accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial Instruments.

The Municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the principles of Revenue from Exchange Transactions.

1.25.5. Dividing the arrangement

When the Municipality pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

1.25.6. Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

Were the municipality controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the municipality recognises its right to receive the residual interest (i.e., a receivable) in the service concession asset at the commencement of the arrangement. The value of the receivable at the end of the service concession arrangement reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

1.26. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

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.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the Management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same Municipality (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Municipality of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the Management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an Economic Entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the accounting officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker, WIP of council and members of the Mayoral Committee.

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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

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

1.27. UNAUTHORISED EXPENDITURE

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

1.28. IRREGULAR EXPENDITURE

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

1.29. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

Management judgement is required when recognising and measuring contingent liabilities and assets.

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

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, Management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that Management has made in the process of applying the Municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

1.31.1. Post-retirement medical obligations, Long service awards, Ex gratia gratuities and Ex gratia pensions

The cost of post-retirement medical obligations, long service awards, ex gratia gratuities and ex gratia pensions is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in the relevant section of the annual financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.31.2. Impairment of Receivables

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

1.31.3. Property, Plant and Equipment

The useful lives of property, plant and equipment are based on Management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on Management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

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

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other Municipality has the same geographical setting as the Municipality and that the other Municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

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

1.31.4. Intangible Assets

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

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

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

1.31.5. Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.

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

1.31.6. Provisions ,Contingent Liabilities and Assets

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities and assets. Provisions are discounted where the time value effect is material.

1.31.7. Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by Management of the Municipality.

In making their judgement, Management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The Management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.31.8. Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date, capped at 48 days. This provision will be realised as employees take leave or when employment is terminated.

1.31.9. Provision for Performance bonuses

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

1.31.10. Componentisation of Infrastructure assets

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

1.32. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.33. CAPITAL COMMITMENTS

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

Commitments are disclosed in the notes inclusive of VAT.

1.34. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual 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).

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

1.35. SEGMENT REPORTING

A segment is an activity of an entity:

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

Management identifies reportable segments in accordance with the monthly section 71 report, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

1.36. TRANSFERS AND SUBSIDIES – NON-EXCHANGE EXPENDITURE

The Municipality transfers money to individuals, organisations and other sectors of government from time to time. These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

1.37. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2025

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying
	Opening Balance	Class Transfers	Additions	Transfers In	Transfers Out	Disposals/ Impairment	Closing Balance	Opening Balance	Class Transfers	Depreciation	Impairment	Reversal of Impairment	Disposals	Closing Balance	Value
Infrastructure															
Solid Waste Facility (Work in Progress)	49 890 737	-	41 659 863	-	-	-	91 550 599	-	-	-	-	-	-	-	91 550 599
Roads	104 489	-	-	-	-	-	104 489	71 699	-	2 951	-	-	-	74 650	29 839
	49 995 226	-	41 659 863	-	-	-	91 655 088	71 699	-	2 951	-	-	-	74 650	91 580 438
Other Assets															
Other Land	184 644 499	-	475 200	-	-	-	185 119 699	84 843 610	-	-	430 100	-	-	85 273 710	99 845 989
Municipal Buildings	73 762 027	-	1 941 440	-	-	(70 281)	75 633 186	22 711 857	-	1 570 007	-	-	(70 281)	24 211 584	51 421 602
Municipal Buildings - Work-in-Progress	-	-	653 200	-	-	-	653 200	-	-	-	-	-	-	-	653 200
Computer Equipment	24 291 634	-	334 609	-	-	(877 324)	23 748 919	17 103 805	-	1 251 263	-	-	(877 016)	17 478 052	6 270 866
Furniture and Office Equipment	15 033 920	-	111 541	-	-	(390 518)	14 754 943	7 808 844	-	1 115 104	-	-	(390 482)	8 533 466	6 221 477
Machinery and Equipment	10 318 624	-	80 312	-	-	(22 739)	10 376 197	5 133 635	-	851 665	-	-	(22 696)	5 962 604	4 413 594
Transport Assets	20 369 319	-	1 772 974	-	-	(4 361)	22 137 932	8 737 699	-	1 295 099	-	-	(4 361)	10 028 436	12 109 496
	328 420 023	-	5 369 276	-	-	(1 365 223)	332 424 076	146 339 449	-	6 083 138	430 100	-	(1 364 836)	151 487 852	180 936 224
Leases															
Computer Equipment	1 821 271	-	663 726	-	-	(806 202)	1 678 796	880 224	-	702 148	-	-	(634 454)	947 918	730 878
Furniture and Office Equipment	-		356 121				356 121	-	-	58 866	-	-	-	58 866	297 255
	1 821 271	-	1 019 847	-	-	(806 202)	2 034 916	880 224	-	761 013	-	-	(634 454)	1 006 783	1 028 133
Total	380 236 520	-	48 048 985	-	-	(2 171 425)	426 114 081	147 291 372	-	6 847 103	430 100	-	(1 999 289)	152 569 285	273 544 795

2.2 30 JUNE 2024

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying
	Opening Balance	Class Transfers	Additions	Transfers In	Transfers Out	Disposals/ Impairment	Closing Balance	Opening Balance	Class Transfers	Depreciation	Impairment	Reversal of Impairment	Disposals	Closing Balance	Value
Infrastructure															
Solid Waste Facility (Work in Progress)	18 410 786	-	31 479 950	-	-	-	49 890 737	-	-	-	-	-	-	-	49 890 737
Balance previously reported	18 410 786	-	27 322 571	-	-	-	45 733 357	-	-	-	-	-	-	-	45 733 357
Correction of Error - Incorrect VAT treatment - refer Note 39.5	-	-	(308 840)	-	-	-	(308 840)	-	-	-	-	-	-	-	(308 840)
Change in Accounting Policy	-	-	4 466 220	-	-	-	4 466 220	-	-	-	-	-	-	-	4 466 220
Roads	104 489	-	-	-	-	-	104 489	67 940	-	3 759	-	-	-	71 699	32 790
	18 515 275	-	31 479 950	-	-	-	49 995 226	67 940	-	3 759	-	-	-	71 699	49 923 527

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2024 ***(Continued)***

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying Value
	Opening Balance	Class Transfers	Additions	Transfers In	Transfers Out	Disposals/ Impairment	Closing Balance	Opening Balance	Class Transfers	Depreciation	Impairment	Reversal of Impairment	Disposals	Closing Balance	
Other Assets															
Other Land	184 644 499	-	-	-	-	-	184 644 499	84 843 610	-	-	-	-	-	84 843 610	99 800 889
Municipal Buildings	61 448 708	-	778 548	11 534 771	-	-	73 762 027	21 287 547	-	1 424 310	-	-	-	22 711 857	51 050 170
Municipal Buildings - Work-in-Progress	3 069 448	-	8 465 323	-	(11 534 771)	-	0	-	-	-	-	-	-	-	0
Computer Equipment	24 603 321	-	823 055	-	-	(1 134 742)	24 291 634	16 276 770	-	1 736 145	-	-	(909 110)	17 103 805	7 187 830
Furniture and Office Equipment	13 191 483	-	2 811 567	-	-	(969 130)	15 033 920	7 829 606	-	853 504	-	-	(874 266)	7 808 844	7 225 076
Machinery and Equipment	8 699 139	-	1 806 941	-	-	(187 456)	10 318 624	4 651 388	-	629 832	-	-	(147 585)	5 133 635	5 184 989
Transport Assets	16 083 732	-	5 706 228	-	-	(1 420 642)	20 369 319	9 342 915	-	643 453	-	-	(1 248 669)	8 737 699	11 631 620
	311 740 329	-	20 391 663	11 534 771	(11 534 771)	(3 711 969)	328 420 023	144 231 836	-	5 287 244	-	-	(3 179 631)	146 339 449	182 080 574
Leases															
Computer Equipment	2 806 476	-	108 956	-	-	(1 094 161)	1 821 271	971 292		632 773	-	-	(723 841)	880 224	941 047
	2 806 476	-	108 956	-	-	(1 094 161)	1 821 271	971 292	-	632 773	-	-	(723 841)	880 224	941 047
Total	333 062 081	-	51 980 569	11 534 771	(11 534 771)	(4 806 130)	380 236 520	145 271 068	-	5 923 776	-	-	(3 903 472)	147 291 373	232 945 148

2. PROPERTY, PLANT AND EQUIPMENT

2.3 Property, Plant and Equipment which is in the process of being constructed or developed:

	2025 R	2024 R
Infrastructure Assets	91 550 599	49 890 737
Solid Waste	91 550 599	49 890 737
Other Assets	653 200	-
Total Property, Plant and Equipment under construction	92 203 799	49 890 737

2.4 Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:

	2025 R	2024 R
Infrastructure Assets	91 550 599	45 733 357
Solid Waste	91 550 599	45 733 357
Total	91 550 599	45 733 357

Delays are due to the following:

Delays are due to various challenges which include unavailability of yellow plant in the region (as a result of various developments including the N2 upgrading), disputes between the main contractor and sub-contractors, sourcing of required quantities of material from the region, weather conditions not favouring the construction as well as performance of the contractor not in line with the performance plans.

The contract with the main contractor was terminated on 05 March 2025 due to poor performance resulting from cashflow issues.

2.5 Expenditure incurred to repair and maintain Property, Plant and Equipment:

	2025 R	2024 R
Other materials	2 563 773	3 732 191
Contracted Services	2 326 713	2 498 493
Other Expenditure	139 901	150 967
Total Repairs and Maintenance	**5 030 387**	**6 381 651**

2.6 Assets pledged as security:

Leased Property, Plant and Equipment of R 1 028 133 is secured for leases as set out in Note 10.

2.7 Third party payments received for losses incurred:

	2025 R	2024 R
Payments received (Excluding VAT)	325 896	201 171
Carrying value of assets written off/lost	(172 135)	(138 625)
Surplus/(Deficit)	**153 760**	**62 546**

2.8 Impairment losses of Property, Plant and Equipment

Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:

	2025 R	2024 R
Other	430 100	-
Total Impairment Losses	430 100	-

2.9 Effect of changes in accounting estimates

The effect of a change in accounting estimate will have on the current period and subsequent periods.

	2025 R	2026 R	2027 R
Effect on Property, plant and equipment	768 191	1 525 024	2 209 632

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2.10 Contractual commitments for acquisition of Property, Plant and Equipment:

	2025 R	2024 R
Approved and contracted for:	-	283 968 076
Infrastructure: Solid Waste	-	283 968 076
Total	**-**	**283 968 076**
This expenditure will be financed from:		
Capital Replacement Reserve	-	-
Government Grants	-	-
External Loans	-	283 968 076
Total	**-**	**283 968 076**

The commitments presented above are inclusive of VAT.

The contract with the main contractor was terminated on 05 March 2025 due to poor performance resulting from cashflow issues.

3. INVESTMENT PROPERTY

3.1 Net Carrying amount at 1 July

	2025 R	2024 R
Net Carrying amount at 1 July	**65 839 192**	**65 948 200**
Cost - Balance previously reported	240 211 209	240 211 209
Accumulated Depreciation - Balance previously reported	(3 280 491)	(3 171 483)
Accumulated Impairment Loss - Balance previously reported	(171 091 526)	(171 091 526)
Depreciation for the year	(108 711)	(109 008)
Net Carrying amount at 30 June	**65 730 481**	**65 839 192**
Cost	240 211 209	240 211 209
Accumulated Depreciation	(3 389 202)	(3 280 491)
Accumulated Impairment Loss	(171 091 526)	(171 091 526)

3.2 Revenue from Investment Property

	2025 R	2024 R
Revenue derived from the rental of Investment Property	962 878	949 928

	2025 R	2024 R

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

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

4. INTANGIBLE ASSETS

	2025 R	2024 R
Net Carrying amount at 1 July	**1 316 812**	**1 613 902**
Cost	2 345 126	5 453 187
Accumulated Amortisation	(1 028 314)	(3 839 285)
Additions	54 000	209 622
Amortisation	(179 241)	(401 774)
Disposals	-	(104 938)
Cost	(56 673)	(3 317 683)
Accumulated Amortisation	56 673	3 212 746
Net Carrying amount at 30 June	**1 191 571**	**1 316 812**
Cost	2 342 452	2 345 126
Accumulated Amortisation	(1 150 881)	(1 028 314)

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

5. INVESTMENTS

	2025 R	2024 R
Unlisted	15 665	15 665
KKLK shares and Loan Account	15 665	15 665
Total Investments	**15 665**	**15 665**

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to those shares.

Unlisted investments comprise of the following. Valuations of investments supplied by council are:

	2025 R	2024 R
KKLK shares	15 665	15 665
	15 665	15 665

6. OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor

	2025 R	2024 R
Operating Lease Asset	65 869	25 134

<u>Reconciliation</u>

	2025 R	2024 R
Balance at the beginning of the year	25 134	56 367
Movement during the year	40 735	(31 233)
Balance at the end of the year	**65 869**	**25 134**

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

	2025 R	2024 R
Up to 1 Year	290 958	178 772
1 to 5 Years	121 784	7 452
Total Operating Lease Arrangements	**412 742**	**186 223**

This lease income was determined from contracts that have a specific conditional contractual income. The leases are in respect of land and buildings being leased.

The municipality does not engage in any sub-lease arrangements. The municipality did not receive any contingent rent during the year.

7. INVENTORY

	2025 R	2024 R
Consumables	3 217 063	2 661 549
Total Inventory	**3 217 063**	**2 661 549**

7.1 Inventories recognised as an expense during the year:

	2025 R	2024 R
Consumables	25 041 750	27 239 210
Materials and Supplies	21 456 362	24 386 000
Total	**46 498 111**	**51 625 209**

Roads Function inventory is classified as consumables as this inventory is consumed in the performance of the service of maintaining the provincial roads on behalf of the Department of Infrastructure. The roads are not the asset of the Garden Route District Municipality.

7.2 Inventory surpluses / (written down due to losses) as identified during the annual stores counts:

	2025	2024
Consumables	202 974	234 220
Total	**202 974**	**234 220**

No inventories were pledged as security for liabilities.

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2025 R	2024 R
Property Rentals	5 287 984	4 033 390
Fire Fighting Fees	52 855 107	46 596 302
Other Arrears	26 907 314	7 700 238
Balance previously reported	-	7 614 191
Correction of Isivuno Receivable created at 30 June 2023 - refer tot Note 39.2	-	86 047
Department of Infrastructure - Roads	40 919 573	50 441 609
Total: Receivables from exchange transactions (before provision)	**125 969 978**	**108 771 539**
Less: Provision for Debt Impairment	(69 877 737)	(50 591 262)
Total: Receivables from exchange transactions (after provision)	**56 092 242**	**58 180 277**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

Ageing of Receivables from exchange transactions that is past due as at 30 June:	2025 R	2024 R
Property Rentals: Ageing		
31 - 60 Days	153 197	177 108
61 - 90 Days	131 137	115 437
+ 90 Days	5 016 550	3 743 345
Total	**5 300 884**	**4 035 890**
Fire Fighting Fees: Ageing		
31 - 60 Days	402 148	1 166 910
61 - 90 Days	394 418	385 424
+ 90 Days	52 058 541	45 043 968
Total	**52 855 107**	**46 596 302**
Other Arrears: Ageing		
31 - 60 Days	20 524 406	1 220 059
61 - 90 Days	200 722	115 289
+ 90 Days	5 614 070	6 279 383
Total	**26 339 198**	**7 614 730**
(Total): Ageing		
31 - 60 Days	21 079 751	2 564 077
61 - 90 Days	726 277	616 149
+ 90 Days	62 689 160	55 066 696
Total Receivables from exchange transactions that is past due as at 30 June	**84 495 189**	**58 246 922**

Reconciliation of Provision for Debt Impairment

Garden Route District Municipality

Balance at beginning of year	50 591 262	46 817 805
Contribution to provision	17 487 996	3 873 812
VAT on provision	1 798 479	(100 355)
Total Balance at end of year	**69 877 737**	**50 591 262**

Ageing of amounts past due but not impaired:

1 month past due	29 000 152	494 464
2+ months past due	25 933 171	33 815 545
	54 933 324	**34 310 009**

The provision for doubtful debts on debtors exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Reconciliation of bad debts written off (Inclusive of VAT)

	2025 R	2024 R
Property Rentals	7 600	36
Fire Fighting Fees	837 742	1 729 021
Other Arrears	848 128	48 814
	1 693 469	**1 777 871**

Uneconomical to recover as per assessment from appointed legal presentation.

Collection Rate of Receivables from exchange transactions

	2025	2024
Property Rentals	49%	64%
Fire Fighting Fees	24%	22%
Other Arrears	25%	41%
Department of Infrastructure - Roads	104%	81%

9. CASH AND CASH EQUIVALENTS

9.1 Cash and Cash Equivalents

	2025 R	2024 R
Current Accounts	150 269 968	152 443 465
Call Deposits and Investments	4 711 400	4 342 610
Cash On-hand	29 500	29 500
Total Cash and Cash Equivalents - Assets	**155 010 868**	**156 815 575**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Included in other deposits and bank balances are an amount of 2025: R2 579 003 (2024: R640 314) which is attributable to unspent grants and subsidies; and 2025: R9 213 054 (2024: R2 606 941) which is attributable to the Capital Replacement Reserve and 2025: R 58 753 347 (2024: R35 183 127) which is attributable to the Employee Benefit Reserve.

The municipality has the following bank accounts:

Current Accounts and Call Deposits and Investments Accounts

	2025 R	2024 R
Nedbank Limited - Account Number 1186616261 (Primary Current Account):	150 246 800	121 449 940
Nedbank Limited - Account Number 1153066203 (Secondary Current Account)	25 629	30 968 556
Nedbank Limited - Account Number 1278487034 (Secondary Current Account)	(2 462)	24 970
Nedbank Limited - Account Number 03/7881073772/000164 (32 Notice Deposit Account)	4 711 400	4 342 610
	154 981 368	**156 786 076**

Details of current accounts and call deposits and investments accounts are as follow:

	2025 R	2024 R
Nedbank Limited - Account Number 1186616261 (Primary Current Account):		
Cash book balance at beginning of year	121 449 940	120 142 285
Cash book balance at end of year	150 246 800	121 449 940
Bank statement balance at beginning of year	121 447 811	120 139 702
Bank statement balance at end of year	150 229 789	121 447 811
Nedbank Limited - Account Number 1153066203 (Secondary Current Account)		
Cash book balance at beginning of year	30 968 556	16 231 372
Cash book balance at end of year	25 629	30 968 556
Bank statement balance at beginning of year	30 968 556	16 231 372
Bank statement balance at end of year	25 269	30 968 556
Nedbank Limited - Account Number 1278487034 (Secondary Current Account)		
Cash book balance at beginning of year	24 970	-
Cash book balance at end of year	(2 462)	24 970
Bank statement balance at beginning of year	24 970	-
Bank statement balance at end of year	(2 462)	24 970
Nedbank Limited - Account Number 03/7881073772/000164 (32 Notice Deposit Account)		
Cash book balance at beginning of year	4 342 610	-
Cash book balance at end of year	4 711 400	4 342 610
Bank statement balance at beginning of year	4 342 610	-
Bank statement balance at end of year	4 711 400	4 342 610

10. LONG-TERM BORROWINGS

	2025 R	2024 R
Annuity Loans	173 287 682	118 019 749
Balance previously reported	-	116 912 000
Correction of accrud interest included under Trade Payables - refer tot Note 39.4	-	1 107 749
Capitalised Lease Liability - At amortised cost	950 712	654 161
	174 238 394	**118 673 910**
Less: Current Portion transferred to Current Liabilities	**596 158**	**8 503 099**
Annuity Loans	-	8 000 000
Capitalised Lease Liability - At amortised cost	596 158	503 099
Non-current portion of Long-term Borrowings	**173 642 236**	**110 170 811**

The obligations under annuity loans are scheduled below:

	Minimum payments 2025 R	2024 R
Amounts payable under annuity loans:		
Amounts still to be drawn	-	(161 330 043)
Payable within one year	16 984 906	30 472 490
Payable within two to five years	142 450 099	176 767 847
Payable after five years	119 364 230	266 271 172
	278 799 234	312 181 465
Less: Future finance obligations	(105 511 552)	(194 161 716)
Present value of annuity loans obligations	**173 287 682**	**118 019 749**

The Telkom obligations under finance leases are scheduled below:

	Minimum payments 2025 R	2024 R
Amounts payable under finance leases:		
Payable within one year	527 670	543 617
Payable within two to five years	166 643	155 565
Payable after five years	-	-
	694 313	699 183
Less: Future finance obligations	(48 356)	(45 022)
Capitalised Lease Liability: Telkom	**645 957**	**654 161**

The Konica Minolta obligations under finance leases are scheduled below:

	Minimum payments 2025 R	2024 R
Amounts payable under finance leases:		
Payable within one year	140 414	-
Payable within two to five years	210 621	-
Payable after five years	-	-
	351 035	-
Less: Future finance obligations	(46 280)	-
Capitalised Lease Liability: Konica Minolta	**304 755**	**-**
Total capitalised lease liablity	**950 712**	**654 161**

Supplier	**Description of leased item**	**Effective Interest rate**	**Annual Escalation**	**Lease Term**	**Maturity Date**
Konica Minolta	Photocopiers	Prima rate	None	36 Months	2027/12/31
Telkom	Mobile Communication Devices	Prima rate	None	24 /36 Months	Various
Standard Bank	Regional Landfill Site Loan	9%	3-Month JBAR per annum Variable Interest Rate	120 months	2035/06/29

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

11 NON-CURRENT EMPLOYEE BENEFITS

		2025 R	2024 R
Provision for Post Retirement Health Care Benefits	Note 11.1	97 272 000	142 969 000
Provision for Ex-Gratia Pension Benefits	Note 11.2	122 900	274 700
Provision for Long Service Awards	Note 11.3	11 854 000	16 160 000
Provision for Exit Gratuity		456 516	961 953
Total Non-current Employee Benefits		**109 705 416**	**160 365 653**
Less: Transfer of Current Portion to Current Provisions - Note 12		(11 275 400)	(12 094 737)
		98 430 016	**148 270 916**

Employee Benefits - Receivables (Note 11.5)

Included in the above provision for Employee Benefits are the following amounts receivable from the Department of Infrastructure with regards to employee benefits:

	2025 R	2024 R
Roads - Provision for Post Employment Health Care Benefits (Note 11.5)	2 716 000	58 045 000
Roads - Provision for Ex-Gratia Pension Benefits (Note 11.5)	16 100	164 500
Roads - Provision for Long Service Leave Awards (Note 11.5)	932 000	6 019 000
	3 664 100	64 228 500
Less: Short Term Portion Transferred to Current Employee Benefits Receivable (Note 11.5)	(3 664 100)	(4 600 600)
	-	**59 627 900**

Post Retirement Health Care Benefits

	2025 R	2024 R
Balance 1 July	142 969 001	136 667 001
Contribution for the year	19 805 000	19 186 000
Expenditure for the year	(9 402 608)	(8 615 987)
Roads transfer-out	(59 125 000)	-
Actuarial Loss/(Gain)	3 025 608	(4 268 013)
Total provision 30 June	**97 272 001**	**142 969 001**
Less: Transfer of Current Portion to Current Provisions - Note 12	(8 309 000)	(9 352 000)
Balance 30 June	**88 963 001**	**133 617 001**

Ex-Gratia Pensions

	2025 R	2024 R
Balance 1 July	274 700	274 500
Contribution for the year	24 100	24 700
Expenditure for the year	(57 787)	(53 556)
Roads transfer-out	(129 000)	-
Actuarial Loss/(Gain)	10 887	29 056
Total provision 30 June	**122 900**	**274 700**
Less: Transfer of Current Portion to Current Provisions - Note 12	(42 400)	(53 300)
Balance 30 June	**80 500**	**221 400**

Long Service Awards

	2025 R	2024 R
Balance 1 July	16 160 000	15 197 000
Contribution for the year	2 921 000	3 557 000
Expenditure for the year	(2 383 678)	(3 611 933)
Roads transfer-out	(5 692 000)	-
Actuarial Loss/(Gain)	848 678	1 017 933
Total provision 30 June	**11 854 000**	**16 160 000**
Less: Transfer of Current Portion to Current Provisions - Note 12	(2 924 000)	(2 184 000)
Balance 30 June	**8 930 000**	**13 976 000**

Exit Gratuity

	2025 R	2024 R
Balance 1 July	961 953	504 318
Contribution for the year	-	457 635
Expenditure for the year	(505 437)	-
Total provision 30 June	**456 516**	**961 953**
Less: Transfer of Current Portion to Current Provisions - Note 12	-	(505 437)
Balance 30 June	**456 516**	**456 516**

11. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

11.1 Provision for Post Retirement Health Care Benefits

Nature of the plan

Eligible employees will receive a post-employment subsidy of 70% of the contributions payable should they be a member of a medical scheme at retirement.

Continuation members and their eligible dependants receive a 70% subsidy.

Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

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

Bonitas
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

Regulatory framework

GRAP 25, derived from IPSAS 39 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023.

It applies to institutions falling within the ambit of the Finance Management Act.

Risks of the plan

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

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

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

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

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

There are no curtailments or settlement to reflect.

The Projected Unit Credit Method has been used to value the defined benefit obligation.

	2025 R	2024 R
Post Retirement Benefits (PEMA)	97 272 000	142 969 000
Total Net defined benefit liability	**97 272 000**	**142 969 000**

The total DBO has increased by 5% (or R 6.302 million) since the last valuation. A numerical analysis of the unexpected movement (actuarial gain/loss) is provided in the next section. The main reasons for the change in liability:

1. An increase in the average age, which means members are closer to retirement (less discounting) and less likely to leave before retirement
2. An increase in the average past service
3. An increase in the average post-employment subsidy
4. An increase in the proportion of members with a spouse dependant (continuation members)

	2025 R	2024 R
Provision for Post Retirement Health Care Benefits		
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	285	297
In-service (employee) non-members	264	242
Continuation members (e.g. Retirees, widows, orphans)	141	145
Total Members	**690**	**684**

	2025 R	2024 R
The liability in respect of past service has been estimated to be as follows:		
In-service (employee) members	31 594 000	49 106 000
In-service (employee) non-members	379 000	1 526 000
Continuation (retiree & widow) members	65 299 000	92 337 000
Total Liability	**97 272 000**	**142 969 000**

11. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

The Current-service Cost for the ensuing year is estimated to be R2,141,000, whereas the Interest Cost for the next year is estimated to be R10,231,000.

Key actuarial assumptions used:	2025 %	2024 %
i) Rate of interest		
Discount rate	11,00%	12,09%
CPI (Consumer Price inflation)	5,00%	6,10%
Medical Aid Contribution Inflation Rate	6,80%	7,60%
Net Effective Discount Rate	**3,90%**	**4,06%**

The next contribution increases were assumed to occur at 1 January 2026.

ii) Mortality during employment

SA85-90 tables, adjusted for female lives

iii) Mortality rates post-employment

The PA 90-1 with 1% mortality improvement from p.a from 2010

iv) Average retirement age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 60 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

v) Proportion with a spouse dependant at retirement

It has been assumed that 5% of eligible in-service non-members will be on a medical scheme by retirement (should they not exit employment before then) and continue with the subsidy at and after retirement.

vi) Continuation from membership

It has been assumed that 80% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

vii) Termination of service

Valuation: 30 June 2025

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

The amounts recognised in the Statement of Financial Position are as follows:	2025 R	2024 R
Present value of fund obligations	97 272 000	142 969 000
Net liability/(asset)	**97 272 000**	**142 969 000**

There are currently no long-term assets set aside off-balance sheet in respect of the DBO, thus plan assets is zero.
As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation.

Reconciliation of present value of fund obligation:	2025 R	2024 R
Present value of fund obligation at the beginning of the year	142 969 001	136 667 001
Total expenses	19 805 000	19 186 000
Current service cost	3 069 000	3 016 000
Interest Cost	16 736 000	16 170 000
Remeasurement of net defined benefit liability	(56 099 392)	(4 268 013)
Actuarial (gains)/losses from financial assumptions	3 025 608	(1 899 000)
Roads transfer-out	(59 125 000)	-
Experience adjustments	-	(2 369 013)
Benefits Paid	(9 402 608)	(8 615 987)
Present value of fund obligation at the end of the year	97 272 001	142 969 001
Less: Transfer of Current Portion	(8 309 000)	(9 352 000)
Net defined benefit liability	**88 963 001**	**133 617 001**

11. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis

Sensitivity Analysis on the Accrued Liability on 30 June 2025

Assumption	Change	Total liability (R)	% change
Central Assumptions		97 272,000	
Medical aid contribution inflation rate	1%	109 772,000	13%
Medical aid contribution inflation rate	-1%	86 932,000	-11%
Discount rate	1%	87 371,000	-10%
Discount rate	-1%	109 370,000	12%
Post-employment mortality	1 year	94 663,000	-3%
Post-employment mortality	(1 year)	99 865,000	3%
Average retirement age	(1 year)	99 976,000	3%
Membership continuation	-10%	93 424,000	-4%

Sensitivity Analysis on the Accrued Liability on 30 June 2024

Assumption	Change	Total liability (R)	% change
Central Assumptions		142 969,000	
Medical aid contribution inflation rate	1%	161 064,000	13%
Medical aid contribution inflation rate	-1%	127 914,000	-11%
Discount rate	1%	128 582,000	-10%
Discount rate	-1%	160 441,000	12%
Post-employment mortality	1 year	138 934,000	-3%
Post-employment mortality	(1 year)	146 988,000	3%
Average retirement age	(1 year)	147 429,000	3%
Membership continuation	-10%	136 859,000	-4%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2025

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	3 069 000	16 736 000	19 805 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	3 755 000	18 921 000	22 676 000	14%
Health care inflation	-1%	2 531 000	14 918 000	17 449 000	-12%
Discount rate	1%	2 576 000	16 238 000	18 814 000	-5%
Discount rate	-1%	3 698 000	17 288 000	20 986 000	6%
Post-retirement mortality	+1 year	3 002 000	16 249 000	19 251 000	-3%
Post-retirement mortality	-1 year	3 135 000	17 221 000	20 356 000	3%
Average retirement age	-1 year	3 308 000	17 263 000	20 571 000	4%
Continuation of membership at retirement	-10%	2 704 000	16 000 000	18 704 000	-6%

The method used to prepare the sensitivity analysis remained unchanged from the previous period. The assumptions used would be based on the market conditions and demographic inputs as at 30 June 2025.

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2024

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	3 016 000	16 170 000	19 186 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	3 708 000	18 297 000	22 005 000	15%
Health care inflation	-1%	2 477 000	14 403 000	16 880 000	-12%
Discount rate	1%	2 525 000	15 665 000	18 190 000	-5%
Discount rate	-1%	3 650 000	16 733 000	20 383 000	6%
Post-retirement mortality	+1 year	2 949 000	15 696 000	18 645 000	-3%
Post-retirement mortality	-1 year	3 084 000	16 642 000	19 726 000	3%
Average retirement age	-1 year	3 222 000	16 691 000	19 913 000	4%
Continuation of membership at retirement	-10%	2 660 000	15 477 000	18 137 000	-5%

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

Future Cashflows

The Current-service Cost for the ensuing year is estimated to be R2,141,000, whereas the Interest Cost for the next year is estimated to be R10,231,000.

Maturity analysis

Year	Future year	Expected Benefit Payments (R)
2026	1	8 759 000
2027	2	6 371 000
2028	3	6 714 000
2029	4	7 280 000
2030	5	7 804 000
2031-2035	6-10	47 584 000
2036-2040	11-15	65 354 000
2041-2045	16-20	87 684 000
2046-2050	21-25	117 072 000
2051-2055	26-30	146 402 000
2056-2065	31-40	340 931 000
2066-2075	41-50	327 724 000
2076-2085	51-60	230 346 000
2086-2095	61-70	98 535 000
2096-2105	71-80	17 509 000

11.2 Provision for Ex-Gratia Pension Benefits

Nature of the plan

The ex-gratia pensions valued here are pensions that are paid by the Municipality from its revenue i.e. they are not funded or paid from one of the Municipality's formalised pension arrangements.
All pensioners receive annually increasing monthly pension amounts until death.

	2025 R	2024 R
The Ex-Gratia Pension Plans are defined benefit plans. As at year end the following number of former employees were eligible for Ex-Gratia Pension Benefits.	4	5

Regulatory framework

GRAP 25, derived from IPSAS 39 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023.
It applies to institutions falling within the ambit of the Finance Management Act.

Risks of the plan

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

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

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

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

Future changes in legislation: The risk that changes to legislation with respect to the ex-gratia benefits may increase the DBO for the Municipality.

There are no curtailments or settlement to reflect.

Valuation Method

The Projected Unit Credit Method has been used to value the defined benefit obligation.

	2025 R	2024 R
Ex-Gratia Pension Benefits	122 900	274 700
Total Net defined benefit liability	**122 900**	**274 700**

The total DBO has also increased by less than 1% (or R 200) since the last valuation, due to the above, and because there was no change in the number of pensioners.

Key actuarial assumptions used:	2025 %	2024 %
i) Rate of interest		
Discount rate	8,60%	9,68%
CPI inflation rate	3,10%	4,30%
Pension inflation rate	1,60%	2,15%
Net discount rate	**6,90%**	**7,37%**

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

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)	2025 R	2024 R

Demographic assumptions

ii) Mortality post-employment

PA(90) -1 with a 1% mortality improvement p.a. from 2010

The amounts recognised in the Statement of Financial Position are as follows:

	2025 R	2024 R
Present value of fund obligations	122 900	274 700
Net liability/(asset)	**122 900**	**274 700**

Since there is no plan asset, this is also the Municipality's net defined benefit liability.

Reconciliation of present value of net defined benefit liability

	2025 R	2024 R
Present value of fund obligation at the beginning of the year	274 700	274 500
Total expenses	24 100	24 700
Current service cost	-	-
Interest Cost	24 100	24 700
Remeasurement of net defined benefit liability	(118 113)	29 056
Actuarial (gains)/losses from demographic assumptions	-	-
Actuarial (gains)/losses from financial assumptions	10 887	(1 100)
Roads transfer-out	(129 000)	-
Experience adjustments	-	30 156
Benefits Paid	(57 787)	(53 556)
Present value of fund obligation at the end of the year	**122 900**	**274 700**
Less: Transfer of Current Portion	(42 400)	(53 300)
Net defined benefit liability	**80 500**	**221 400**

Sensitivity Analysis

Sensitivity Analysis on the Accrued Liability on 30 June 2025

Assumption	**Change**	**Liability (R)**	**% change**
Central assumptions		122 900	
Inflation rate	+1%	126 400	3%
Inflation rate	-1%	119 500	-3%
Discount Rate	+1%	119 800	-3%
Discount Rate	-1%	126 200	3%
Post-employment mortality	+1 yr	117 400	-4%
Post-employment mortality	-1 yr	128 600	5%

Sensitivity Analysis on the Accrued Liability on 30 June 2024

Assumption	**Change**	**Liability (R)**	**% change**
Central assumptions		274 700	
Inflation rate	+1%	287 300	5%
Inflation rate	-1%	263 200	-4%
Discount Rate	+1%	264 000	-4%
Discount Rate	-1%	286 400	4%
Post-employment mortality	+1 yr	262 600	-4%
Post-employment mortality	-1 yr	287 200	5%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2025

Assumption	**Interest Cost (R)**
Central Assumptions	24 100

The effect of movements in the assumptions are as follows:

Assumption	**Change**	**Interest Cost (R)**	**% change**
Health care inflation	1%	25 300	5%
Health care inflation	-1%	23 000	-5%
Discount rate	1%	25 400	5%
Discount rate	-1%	22 600	-6%
Post-retirement mortality	+1 year	22 900	-5%
Post-retirement mortality	-1 year	25 300	5%

The method used to prepare the sensitivity analysis remained unchanged from the previous period. The assumptions used would be based on the market conditions and demographic inputs as at 30 June 2025.

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2024

	Interest Cost (R)
Assumption	
Central Assumptions	24 700

The effect of movements in the assumptions are as follows:

Assumption	Change	Interest Cost (R)	% change
Health care inflation	1%	26 000	5%
Health care inflation	-1%	23 500	-5%
Discount rate	1%	26 000	5%
Discount rate	-1%	23 300	-6%
Post-retirement mortality	+1 year	23 500	-5%
Post-retirement mortality	-1 year	25 900	5%

Future Cashflows

There is no Current-service cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest- Cost for the next year is estimated to be R8,700.

Maturity analysis

Year	Future year	Expected Benefit Payments (R)
2026	1	44 200
2027	2	23 200
2028	3	19 400
2029	4	16 000
2030	5	13 100
2031-2035	6-10	34 600
2036-2040	11-15	8 800
2041-2045	16-20	1 600
2046-2055	21-30	200
2056-2065	31-40	-

11.3 Provision for Long Service Bonuses — **2025** — **2024**

Nature of the plan

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

In the month that each “completed service” milestone is reached, the employee is granted an LSA.

	2025	2024
The Long Service Bonus plans are defined benefit plans. As at year end the following number of employees were eligible for Long Service Bonuses.	546	537

Regulatory framework

GRAP 25, derived from IPSAS 39 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023.

It applies to institutions falling within the ambit of the Finance Management Act.

Risks of the plan

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

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

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

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

Future changes in legislation: The risk that changes to legislation with respect to long service awards may increase the DBO for the Municipality.

There are no curtailments or settlement to reflect.

Valuation Method

The Projected Unit Credit Method has been used to value the defined benefit obligation.

	2025 R	2024 R
Long Service Awards	11 854 000	16 160 000
Total Net defined benefit liability	**11 854 000**	**16 160 000**

The total DBO has increased by 6% (or R 963,000) due to the above, partially offset by a decrease in the number of eligible employees since the last valuation.

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

Key actuarial assumptions used:

	2025 %	2024 %
i) Rate of interest		
Discount rate	10,00%	11,29%
CPI (Consumer Price Inflation)	4,00%	5,42%
Normal Salary Increase Rate	5,00%	6,42%
Net Discount rate	**4,80%**	**4,58%**

Demographic assumptions

ii) Normal retirement age

The normal retirement age is 65 for males and 60 for females

iii) Average retirement age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 60 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

iv) Mortality during employment

SA85-90 ultimate table,adjustes for female lives

v) Withdrawal from Service

Valuation: 30 June 2025

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

The amounts recognised in the Statement of Financial Position are as follows:

	2025 R	2024 R
Present value of fund obligations	11 854 000	16 160 000
Net liability/(asset)	**11 854 000**	**16 160 000**

Since there is no plan asset, this is also the Municipality's net defined benefit liability.

Reconciliation of present value of net defined benefit liability

	2025 R	2024 R
Present value of fund obligation at the beginning of the year	16 160 000	15 197 000
Total expenses	2 921 000	3 557 000
Current service cost	1 216 000	1 191 000
Past service cost	-	747 000
Interest Cost	1 705 000	1 619 000
Remeasurement of net defined benefit liability	(4 843 322)	1 017 933
Actuarial (gains)/losses from demographic assumptions	-	-
Actuarial (gains)/losses from financial assumptions	848 678	(85 000)
Roads transfer-out	(5 692 000)	-
Experience adjustments	-	1 102 933
Benefits Paid	(2 383 678)	(3 611 933)
Present value of fund obligation at the end of the year	11 854 000	16 160 000
Less: Transfer of Current Portion	(2 924 000)	(2 184 000)
Net defined benefit liability	**8 930 000**	**13 976 000**

Sensitivity Analysis

Sensitivity Analysis on the Accrued Liability on 30 June 2025

Assumption	Change	Liability (R)	% change
Central assumptions		11 854,000	
General earnings inflation	1%	12 540,000	6%
General earnings inflation	-1%	11 236,000	-5%
Discount rate	1%	11 222,000	-5%
Discount rate	-1%	12 564,000	6%
Average retirement age	2 year	12 979,000	9%
Average retirement age	(2 year)	10 773,000	-9%
Withdrawal rates	x2	9 834,000	-17%
Withdrawal rates	x0.5	13 246,000	12%

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis

Sensitivity Analysis on the Accrued Liability on 30 June 2024

Assumption	Change	Liability (R)	% change
Central assumptions		16 160,000	
General earnings inflation	1%	17 140,000	6%
General earnings inflation	-1%	15 272,000	-5%
Discount rate	1%	15 255,000	-6%
Discount rate	-1%	17 174,000	6%
Average retirement age	2 year	18 052,000	12%
Average retirement age	(2 year)	14 299,000	-12%
Withdrawal rates	x2	13 353,000	-17%
Withdrawal rates	x0.5	18 090,000	12%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2025

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	1 216 000	1 705 000	2 921 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
General earnings inflation	1%	1 315 000	1 815 000	3 130 000	7%
General earnings inflation	-1%	1 129 000	1 604 000	2 733 000	-6%
Discount rate	1%	1 138 000	1 745 000	2 883 000	-1%
Discount rate	-1%	1 305 000	1 658 000	2 963 000	1%
Average retirement age	2 year	1 340 000	1 932 000	3 272 000	12%
Average retirement age	(2 year)	1 089 000	1 473 000	2 562 000	-12%
Rates of termination of service	x2	909 000	1 388 000	2 297 000	-21%
Rates of termination of service	x0.5	1 442 000	1 922 000	3 364 000	15%

The method used to prepare the sensitivity analysis remained unchanged from the previous period. The assumptions used would be based on the market conditions and demographic inputs as at 30 June 2025.

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2024

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	1 191 000	1 619 000	2 810 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
General earnings inflation	1%	1 290 000	1 724 000	3 014 000	7%
General earnings inflation	-1%	1 102 000	1 523 000	2 625 000	-7%
Discount rate	1%	1 112 000	1 655 000	2 767 000	-2%
Discount rate	-1%	1 281 000	1 576 000	2 857 000	2%
Average retirement age	2 year	1 315 000	1 840 000	3 155 000	12%
Average retirement age	(2 year)	1 063 000	1 390 000	2 453 000	-13%
Rates of termination of service	x2	878 000	1 319 000	2 197 000	-22%
Rates of termination of service	x0.5	1 424 000	1 825 000	3 249 000	16%

Future Cashflows

The Current-service Cost for the ensuing year is estimated to be R789,000, whereas the Interest Cost for the next year is estimated to be R1,033,000.

Maturity analysis

Year	Future year	Expected
2026	1	3 117 000
2027	2	1 124 000
2028	3	1 284 000
2029	4	1 523 000
2030	5	1 670 000
2031-2035	6-10	8 539 000
2036-2040	11-15	10 024 000
2041-2045	16-20	11 546 000
2046-2055	21-30	13 174 000
2056-2065	31-40	355 000

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

11.4 Retirement funds

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

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

Therefore, although the Consolidated retirement fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2024 revealed that the fund has a funding level of 118.5% (30 June 2023 - 120,3%) and is in a sound financial position.

CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2024 revealed that the fund is in a sound financial position with a funding level of 100.2% (30 June 2023 - 120,1%).

Contributions paid recognised in the Statement of Financial Performance.

DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	2025 R	2024 R
Contributions paid recognised in the Statement of Financial Performance		
Government Employees Pension Fund	29 571 404	30 153 773
Municipal Councillors Pension Fund	558 919	34 795
	30 130 323	30 188 568
Expected contributions for the next period		
Government Employees Pension Fund	31 075 707	29 977 044
Municipal Councillors Pension Fund	562 904	31 794
	31 638 611	30 008 838

11.5 Employee Benefits Receivable

	2025	2024
Department of Infrastructure: Roads - Post Employment Health Care Benefits (Note 11.1) - At amortised cost	2 716 000	58 045 000
Department of Infrastructure: Roads - Ex-Gratia Pension Benefits (Note 11.2) - At amortised cost	16 100	164 500
Department of Infrastructure: Roads - Long Service Awards (Note 11.3) - At amortised cost	932 000	6 019 000
	3 664 100	64 228 500
Less: Current portion transferred to current employee benefits receivable	3 664 100	4 600 600
Department of Infrastructure: Roads - Post Employment Health Care Benefits (Note 11.1) - At amortised cost	2 716 000	3 918 000
Department of Infrasturcture: Roads - Ex-Gratia Pension Benefits (Note 11.2) - At amortised cost	16 100	25 600
Department of Infrastructure: Roads - Long Service Awards (Note 11.3) - At amortised cost	932 000	657 000
Total	**-**	**59 627 900**

DEPARTMENT OF INFRASTRUCTURE: ROADS	2025 R	2024 R

The Employee Benefits: Roads Receivable relates to the provision for post-retirement health benefits, long service awards and ex-gratia pension benefits made in respect of employees directly appointed for Roads Function performed on behalf of the Provincial Administration: Western Cape.

In terms of the agreement between the Western Cape Provincial Government and past practice, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all employee post retirement benefits. The future claim for the provision for retirement benefits has therefore been raised as a long term debtor. The carrying amount of these assets approximates their fair value.

Net actuarial gains/(losses) on employee benefit assets and liabilities	(4 135 784)	(1 251 252)

12. CURRENT EMPLOYEE BENEFITS

	2025 R	2024 R
Performance Bonuses	1 462 563	1 517 541
Staff Bonuses	7 584 594	7 295 654
Staff Leave	23 603 698	22 267 700
Current Portion of Non-Current Provisions	11 275 400	12 094 737
Current Portion of Post Retirement Benefits - Note 11	8 309 000	9 352 000
Current Portion of Ex-Gratia Pension Provisions - Note 11	42 400	53 300
Current Portion of Long-Service Provisions - Note 11	2 924 000	2 184 000
Current Portion of Exit Gratuity Provisions - Note 11	-	505 437
Total Provisions	**43 926 255**	**43 175 632**

12.1 *Performance Bonuses*

	2025 R	2024 R
Balance at beginning of year	1 517 541	1 299 804
Contribution to current portion	1 258 554	723 236
Expenditure incurred	(1 313 532)	(505 500)
Balance at end of year	**1 462 563**	**1 517 541**

Performance bonuses are being paid to the Municipal Manager and five Section 57 Executive Managers after an evaluation of performance by the council.

12.2 *Staff Bonuses*

	2025 R	2024 R
Balance at beginning of year	7 295 654	7 490 011
Contribution to current portion	13 817 538	14 411 746
Expenditure incurred	(13 528 598)	(14 606 103)
Balance at end of year	**7 584 594**	**7 295 654**

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

12.3 *Staff Leave*

	2025 R	2024 R
Balance at beginning of year	22 267 700	21 672 994
Contribution to current portion	3 595 295	11 998 629
Expenditure incurred	(2 259 297)	(11 403 923)
Balance at end of year	**23 603 698**	**22 267 700**

Staff leave accrued to employees according to collective agreement, capped at a maximum of 48 days. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

13. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2025 R	2024 R
Trade Payables	15 115 085	24 257 599
Balance previously reported	-	24 072 505
Correction of underprovision of creditors at 30 June 2023 - refer tot Note 39.1	-	342 672
Correction of over provision of accounts at 30 June 2023 - refer tot Note 39.1	-	(157 578)
Consumer Advance Payments	1 479 953	826 490
Control, Clearing and Interface Accounts	1 762 337	864 788
Other Payables	1 741 064	2 120 602
Balance previously reported	-	3 228 351
Correction of accrued interest trasferred to Long Term Borrowings - refer tot Note 39.1 & 39.4	-	(1 107 749)
Retentions	5 918 481	2 716 678
Total Trade Payables	**26 016 920**	**30 786 157**

Payables are being recognised net of any discounts.

Payables are payable within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

14. UNSPENT TRANSFERS AND SUBSIDIES

	2025 R	2024 R
Unspent Transfers and Subsidies	2 579 003	640 314
National Government Grants	48 386	267 041
Provincial Government Grants	2 530 617	373 272
Less: Unpaid Transfers and Subsidies	(1 281 419)	-
National Government Grants	-	-
Provincial Government Grants	(1 281 419)	-
Total Unspent Transfers and Subsidies	**1 297 584**	**640 314**

See Appendix "B" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

No grants were delayed or withheld.

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

15. TAXES

		2025 R	2024 R
15.1	VAT Payable	-	-
	VAT Output in Suspense	(1 636 432)	(765 001)
	Balance previously reported	-	(762 005)
	Correction incorrect VAT treatment on Debtor created 30 June 2023 - refer tot Note 39.3 & 39.2	-	(2 996)
	Less: Contribution to Provision for Doubtful Debt Impairment	-	
	Total VAT Payable	**(1 636 432)**	**(765 001)**
15.2	VAT Receivable	1 577 209	915 227
	Balance previously reported	-	575 233
	Correction incorrect VAT treatment on Work-in-Progress additions - refer tot Note 39.3 & 39.5	-	308 840
	Correction incorrect VAT treatment on Debtor created 30 June 2023 - refer tot Note 39.3 & 39.2	-	31 153
	VAT Input in Suspense	1 540 674	1 881 711
	Total VAT Receivable	**3 117 883**	**2 796 938**
15.3	**Net VAT (Payable)/Receivable**	**1 481 451**	**2 031 937**

VAT is accounted for on the payment basis.

The municipality requested a binding VAT ruling from SARS concerning the output VAT treatment of the roads funding received from the Western Cape Department of Infrastructure. The objective of the opinion or request was to confirm if the municipality must declare output VAT at 15% or zero % on the funding received from the Western Cape Department of Transport and Public Works.

The Municipality received the correspondence from SARS 30 July 2025 which stated that the application contains issues that are substantially similar to issues that are the subject of a policy document that has been published, i.e. Binding General Ruling 74 (refer to section 80 (1)(b)(iii)(bb) of the Tax Administration Act. According to section 4 Ruling of the BGR 74, the municipality applies the agency basis and treated VAT correctly as per ruling.

16 SHORT-TERM BORROWINGS

The Municipality has no short term borrowings.

17 NET ASSET RESERVES

	2025 R	2024 R
RESERVES	67 966 401	37 790 068
Capital Replacement Reserve	9 213 054	2 606 941
Employee Benefit Reserve	58 753 347	35 183 127
Total Net Asset Reserve and Liabilities	**67 966 401**	**37 790 068**

17.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

17.2 The Employee Benefits Reserve is used to finance future payment of post retirement as well as current employee benefits, excluding those relating to staff in the Roads Department, as this is payable by the Western Cape Provincial Department of Infrastructure and Public Works.

18 GOVERNMENT GRANTS AND SUBSIDIES	2025 R	2024 R
Government Grants and Subsidies - Operating	195 513 092	192 051 547
Equitable Share	182 224 000	178 333 000
Municipal Accreditation and Capacity Building Grant (Human Settlements)	4 772 046	4 333 809
Expanded Public Works Programme Integrated Grant	1 545 000	2 180 000
Energy Efficiency and Demand-side Management Grant	-	773 252
Rural Road Asset Management Systems Grant	2 721 000	2 754 000
Local Government Financial Management Grant	951 614	1 000 000
Municipal Service Delivery and Capacity Building Grant (Smoke Detectors)	-	500 000
Municipal Service Delivery and Capacity Building Grant (Agro-processing Support)	1 000 000	-
Municipal Water Resilience Grant	266 029	-
Integrated Transport Planning	938 776	218 016
Safety Initiative Implementation - Whole of Society Approach (WOSA)	956 705	1 560 000
Western Cape Municipal Interventions Grant (Disaster Management Internship)	100 000	54 789
Western Cape Financial Management Capability Grant	37 921	344 682
Government Grants and Subsidies - Capital	2 563 205	12 627 817
Fire Service Capacity Building Grant	1 314 815	4 416 185
Fire Service Capacity-building Grant (Flood Response Vehicle)	-	2 500 000
Municipal Water Resilience Grant	1 248 390	1 151 610
Emergency Municipal Load-Shedding Relief Grant	-	1 600 000
Western Cape Municipal Interventions Grant (Disaster Management Internship)	-	-
Energy Efficiency and Demand-side Management Grant	-	2 960 022
Total Government Grants and Subsidies	**198 076 297**	**204 679 365**

Included in above are the following grants and subsidies received during the year:

	2025 R	2024 R
Unconditional	182 224 000	178 333 000
Equitable Share	182 224 000	178 333 000
Conditional	16 695 627	25 452 617
Local Government Financial Management Grant	1 000 000	1 000 000
Expanded Public Works Programme Integrated Grant	1 545 000	2 180 000
Rural Road Asset Management Systems Grant	2 721 000	2 754 000
Municipal Accreditation and Capacity Building Grant (Human Settlements)	3 490 627	4 407 617
Integrated Transport Planning	939 000	570 000
Municipal Service Delivery and Capacity Building Grant (Agro-processing Support)	1 000 000	-
Western Cape Municipal Interventions Grant (Disaster Management Internship)	-	100 000
EEDSM (Energy Efficiency and Demand-side Management)	-	4 000 000
Western Cape Financial Management Capability Grant (Bursary Programme)	200 000	200 000
Safety Initiative Implementation - Whole of Society Approach (WOSA)	1 000 000	1 560 000
Fire Service Capacity Building Grant	3 000 000	4 481 000
Fire Service Capacity-building Grant (Flood Response Vehicle)	-	2 500 000
Municipal Water Resilience Grant	1 800 000	1 200 000
Municipal Service Delivery and Capacity Building Grant (Smoke Detectors)	-	500 000
Total Government Grants and Subsidies	**198 919 627**	**203 785 617**

	2025 R	2024 R
Unconditional		
Equitable Share	182 224 000	178 333 000

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

	2025 R	2024 R
Conditional grants	15 852 297	26 346 365
Office of the Municipal Manager	-	1 560 000
Financial Services	951 614	1 000 000
Corporate Services	37 921	344 683
Community Services	3 885 940	10 222 583
Planning and Economic Development	7 317 046	10 247 083
Roads	3 659 776	2 972 016
Total Government Grants and Subsidies	**198 076 297**	**204 679 365**

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

18 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

18.1 Equitable Share

	2025 R	2024 R
Opening balance	-	-
Grants received	182 224 000	178 333 000
Conditions met - Operating	(182 224 000)	(178 333 000)
Conditions still to be met	**-**	**-**

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

18.2 Local Government Financial Management Grant

	2025 R	2024 R
Opening balance	-	-
Grants received	1 000 000	1 000 000
VAT on Grants	(51 762)	(60 378)
Conditions met - Operating	(899 852)	(939 622)
Conditions still to be met	**48 386**	**-**

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act 56 of 2003 (MFMA). The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

18.3 Safety Initiative Implementation - Whole of Society Approach (WOSA)

	2025 R	2024 R
Opening balance	-	29 293
Grants received	1 000 000	1 560 000
VAT on Grants	(3 330)	-
Repaid to National Revenue Fund	-	(29 293)
Conditions met - Operating	(953 375)	(1 560 000)
Conditions met - Capital	-	-
Conditions still to be met	**43 295**	**-**

Grant utilised for the operationalisation of a Safety Plan.

18.4 Expanded Public Works Programme Integrated Grant

	2025 R	2024 R
Opening balance	-	-
Grants received	1 545 000	2 180 000
Conditions met - Operating	(1 545 000)	(2 180 000)
Conditions still to be met	**-**	**-**

The grant is utilised for job creation.

18.5 Integrated Transport Planning

	2025 R	2024 R
Opening balance	-	-
Correction of Error	-	(351 984)
Grants received	939 000	570 000
VAT on Grants	(122 449)	(12 892)
Conditions met - Operating	(816 327)	(205 124)
Conditions still to be met	**224**	**-**

Grant utilised to review and update integrated transport plans to improve public transport services.

18.6 Municipal Service Delivery and Capacity Building Grant (Agro-processing Support)

	2025 R	2024 R
Opening balance	-	-
Grants received	1 000 000	-
Conditions met - Operating	(1 000 000)	-
Conditions still to be met	**-**	**-**

Grant utilised for Agro-processing support - Erection of a multi-purpose processing unit to support the value chain for indigenous products within the Garden Route District.

18.7 Rural Road Asset Management Systems Grant

	2025 R	2024 R
Opening balance	-	-
Grants received	2 721 000	2 754 000
VAT on Grants	(117 596)	(8 237)
Conditions met - Operating	(2 603 404)	(2 745 763)
Conditions still to be met	**-**	**-**

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).

18 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

18.8 Municipal Service Delivery and Capacity Building Grant (Smoke Detectors)

	2025 R	2024 R
Opening balance	-	-
Grants received	-	500 000
VAT on Grants	-	(229)
Conditions met - Operating	-	(499 771)
Conditions still to be met	**-**	**-**

The purpose is to provide assistance and protection to the vulnerable households of society with the installation of smoke detectors.

18.9 Municipal Accreditation and Capacity Building Grant (Human Settlements)

	2025 R	2024 R
Opening balance	73 808	112 208
Grants received	3 490 627	4 407 617
VAT on Grants	-	(10 973)
Repaid to National Revenue Fund	(73 808)	(112 208)
Conditions met - Operating	(4 772 046)	(4 322 836)
Conditions still to be met	**(1 281 419)**	**73 808**

Financial assistance to support GAP housing initiatives.

18.10 Contribution Towards Acceleration of Housing Delivery

	2025 R	2024 R
Opening balance	-	386 705
Repaid to National Revenue Fund	-	(386 705)
Conditions still to be met	**-**	**-**

18.11 Western Cape Financial Management Capability Grant

	2025 R	2024 R
Opening balance	41 049	185 733
Grants received	200 000	200 000
Conditions met - Operating	(37 921)	(344 684)
Conditions still to be met	**203 128**	**41 049**

Financial assistance to provide bursaries to external recipients.

18.12 Energy Efficiency and Demand-side Management Grant

	2025 R	2024 R
Opening balance	267 041	235 316
Grants received	-	4 000 000
VAT on Grants	-	(459 217)
Repaid to National Revenue Fund	(267 041)	(235 000)
Conditions met - Operating	-	(314 035)
Conditions met - Capital	-	(2 960 022)
Conditions still to be met	**-**	**267 041**

Financial assistance to implement energy efficient measures.

18.13 Western Cape Municipal Interventions Grant (Disaster Management Internship)

	2025 R	2024 R
Opening balance	145 210	100 000
Grants received	-	100 000
Repaid to National Revenue Fund	(45 210)	-
Conditions met - Operating	(100 000)	(54 790)
Conditions still to be met	**-**	**145 210**

Financial assistance to appoint disaster management interns.

18.14 Emergency Municipal Load-Shedding Relief Grant

	2025 R	2024 R
Opening balance	-	1 600 000
Conditions met - Capital	-	(1 600 000)
Conditions still to be met	**-**	**-**

18.15 Fire Service Capacity Building Grant

	2025 R	2024 R
Opening balance	64 815	-
Grants received	3 000 000	4 481 000
Conditions met - Capital	(1 314 815)	(4 416 185)
Conditions still to be met	**1 750 000**	**64 815**

Financial assistance to purchase equipment for Fire and Disaster Section.

		2025	2024
18	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**	R	R
18.16	**Fire Service Capacity Building Grant (Flood Response Vehicle)**		
	Opening balance	-	-
	Grants received	-	2 500 000
	Conditions met - Capital	-	(2 500 000)
	Conditions still to be met	**-**	**-**
18.17	**Municipal Water Resilience Grant**		
	Opening balance	48 390	-
	Grants received	1 800 000	1 200 000
	Conditions met - Operating	(266 029)	-
	Conditions met - Capital	(1 248 390)	(1 151 610)
	Conditions still to be met	**333 970**	**48 390**

Financial assistance to purchase a water tanker and water tanks to be donated.

		2025	2024
18.18	**Municipal Service Delivery and Capacity Building Grant (Disaster Management Internship)**		
	Opening balance	-	-
	Grants received	200 000	-
	Conditions still to be met	**200 000**	**-**

Financial assistance to appoint interns for the Disaster Section.

		2025	2024
18.19	**Total Grants**		
	Opening balance	640 314	2 649 255
	Correction of Error	-	(351 984)
	Grants received	199 119 627	203 785 617
	VAT on Grants	(295 137)	(551 926)
	Repaid to National Revenue Fund	(386 059)	(763 206)
	Conditions met - Operating	(195 217 956)	(191 499 624)
	Conditions met - Capital	(2 563 205)	(12 627 817)
	Conditions still to be met/(Grant expenditure to be recovered)	**1 297 584**	**640 315**

		2025 R	2024 R
19	**CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT**		
	Contributed Property, Plant and Equipment	2 493 353	12 800
	Total Contributed Property, Plant and Equipment	**2 493 353**	**12 800**

		2025 R	2024 R
20	**LICENCES AND PERMITS**		
	Health Certificates	308 600	67 725
	Total Licences and Permits	**308 600**	**67 725**

		2025 R	2024 R
21	**DEPARTMENT OF INFRASTRUCTURE - ROADS SERVICE CHARGES**		
	Department of Infrastructure - Roads Service Charges	168 741 756	177 763 335
	Balance previously reported	-	180 594 602
	Correction of incorrect classification in 2024 - refer to Note 28	-	(2 831 267)
	Income for admin services	18 859 599	18 489 387
	Income from increase/(decrease) in Employee Benefit Asset with the Department of Infrastructure	4 632 211	4 769 676
	Total Service Charges	**192 233 565**	**201 022 398**

		2025 R	2024 R
22	**SALES OF GOODS AND RENDERING OF SERVICES**		
	Camping Fees	7 963 171	8 855 835
	Development Charges	-	107 500
	Entrance Fees	216 477	271 268
	Fire Services	4 263 743	2 562 401
	Health Services	1 423 163	473 715
	Sale of Goods	1 415 988	1 069 063
	Service charges - Waste Management Disposal Facilities	8 388 816	-
	Total Sales of Goods and Rendering of Services	**23 671 358**	**13 339 782**

		2025 R	2024 R
23	**RENT ON LAND**		
	Land	481 309	494 552
	Investment Property	244 471	317 657
	Undeveloped Land	236 837	176 895
	Total Rent on Land	**481 309**	**494 552**

		2025 R	2024 R
24	**RENTAL OF FACILITIES AND EQUIPMENT**		
	Investment Property	718 407	632 272
	Property, Plant and Equipment	605 759	377 848
	Total Rental from Fixed Assets	**1 324 166**	**1 010 120**

		2025 R	2024 R
25	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Bank	10 379 160	5 795 949
	Financial assets	6 161 341	6 604 075
	Total Interest Earned - External Investments	**16 540 501**	**12 400 024**

		2025 R	2024 R
26	**INTEREST EARNED - EXCHANGE TRANSACTIONS**		
	Other Receivables	5 379 004	5 222 326
	Total Interest Earned - Outstanding Receivables	**5 379 004**	**5 222 326**

		2025 R	2024 R
27	**OPERATIONAL REVENUE**		
	Administrative Handling Fees	13 244	9 399
	Incidental Cash Surplus	1 027	470
	Insurance Refund	325 896	201 171
	Merchandising, Jobbing and Contracts	338 149	245 611
	Request for Information	2 963	-
	Staff Recoveries	149 388	323 475
	Skills Development Levy Refund	275 645	808 503
	Total Operational Revenue	**1 106 311**	**1 588 629**

28 EMPLOYEE RELATED COSTS

	2025 R	2024 R
Basic Salaries and Wages	193 720 951	184 746 800
Pension and UIF Contributions	31 025 627	31 093 612
Medical Aid Contributions	32 915 038	32 319 313
Balance previously reported	-	35 150 580
Correction of incorrect classification in 2024 - refer to Note 21	-	(2 831 267)
Overtime	3 568 917	6 447 283
Acting allowance	638 317	925 362
Group life insurance	3 792 878	3 759 969
Bargaining council	82 790	80 013
Bonuses	17 494 704	19 505 407
Motor Vehicle Allowance	15 040 902	12 987 426
Cell Phone Allowance	279 758	272 159
Housing Allowances	2 964 996	2 834 451
Other benefits and allowances	1 676 305	1 295 328
Payments in lieu of leave	4 356 477	3 328 046
Standby allowance	1 895 662	2 860 907
Total Employee Related Costs	**309 453 321**	**302 456 076**

KEY MANAGEMENT PERSONNEL

Key management personnel are appointed permanently, except for the municipal manager who is appointed on a 5 year fixed contract. There are post-employment or termination benefits payable at the end of his/her term.

28 EMPLOYEE RELATED COSTS (CONTINUED)

	2025 R	2024 R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
Remuneration of the Municipal Manager - Mr MG Stratu	**12 Months**	**12 Months**
Basic Salary	2 005 028	2 947 487
Pension and UIF Contributions	52 539	226 673
Medical Aid Contributions	65 703	59 453
Motor Vehicle Allowance	300 000	300 000
Other benefits and allowances	20 340	20 340
	2 443 610	**3 553 953**
Total remuneration as per Ministerial Waiver dated 23 October 2023		
Cell Phone Allowance	137 400	137 400
Other benefits and allowances	32 072	26 938
Performance Bonus	339 278	241 367
	508 750	**405 706**
Remuneration of Executive Manager Finance - Mr CHR Boshoff	**12 Months**	**12 Months**
Basic Salary	1 410 192	946 601
Pension and UIF Contributions	267 432	730 115
Medical Aid Contributions	65 703	63 329
Motor Vehicle Allowance	216 000	128 000
Other benefits and allowances	20 340	16 605
Total	**1 979 667**	**1 884 649**
Total remuneration as per Ministerial Waiver dated 2 April 2024		
Other benefits and allowances	4 282	-
Performance Bonus	261 545	-
	265 827	**-**
Remuneration of Executive Manager Finance - Mr JVH de Jager	**0 Months**	**0 Months**
Pension and UIF Contributions	**-**	**177**
Performance Bonus	**-**	**132 811**
Remuneration of the Executive Manager Corporate Services - Mrs B Holtzhausen	**10 Months**	**12 Months**
Basic Salary	1 133 095	1 310 797
Pension and UIF Contributions	199 965	291 059
Motor Vehicle Allowance	93 686	112 423
Other benefits and allowances	16 950	20 340
	1 443 696	**1 734 619**
Other benefits and allowances	59 119	20 939
Performance Bonus	238 760	231 132
Payments in lieu of leave	254 992	-
	552 871	**252 071**
Remuneration of the Executive Manager Community Services - Mr C Africa	**0 Months**	**8 Months**
Basic Salary	-	477 462
Pension and UIF Contributions	-	109 358
Medical Aid Contributions	-	42 219
Motor Vehicle Allowance	-	77 323
Housing Allowances	-	47 435
Other benefits and allowances	-	13 139
	-	**766 937**
Performance Bonus	-	218 255
Payments in lieu of leave	-	13 962
		232 217
Remuneration of the Executive Manager Community Services - NM Raisa-Mlandu	**8 Months**	**0 Months**
Basic Salary	27 212	-
Pension and UIF Contributions	6 315	-
Medical Aid Contributions	35 999	-
Motor Vehicle Allowance	690 000	-
Other benefits and allowances	-	-
	759 526	**-**
Other benefits and allowances	**82 348**	**-**

28 EMPLOYEE RELATED COSTS (CONTINUED)

REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2025 R	2024 R
Remuneration of the Executive Manager Roads - Mr JG Daniels	**12 Months**	**12 Months**
Basic Salary	196 426	393 582
Pension and UIF Contributions	37 482	72 970
Medical Aid Contributions	31 518	34 074
Other benefits and allowances	20 340	20 340
Motor Vehicle Allowance	1 440 000	1 020 000
Housing Allowances	-	184 800
Total	**1 725 766**	**1 725 766**
Performance Bonus	238 760	231 132
Other benefits and allowances	21 573	20 939
	260 333	**252 071**
Remuneration of Executive Manager: Planning and Economic Development – Mr L Menze	**12 Months**	**12 Months**
Basic Salary	1 091 490	1 052 773
Pension and UIF Contributions	198 594	249 674
Medical Aid Contributions	65 698	62 196
Motor Vehicle Allowance	144 000	144 000
Housing Allowances	180 000	180 000
Other benefits and allowances	20 340	20 340
	1 700 122	**1 708 983**
Performance Bonus	235 189	227 676
Other benefits and allowances	48 126	20 628
	283 315	**248 304**

The following employees acted in management positions for a significant time (more than one month continuosly) during the course of the year. The amounts as indicated below are the acting allowances received for the period in which they acted in the respective positions:

		Number of months acting in this position		2025	2024
Employee	**Acting position**	**2025**	**2024**	**R**	**R**
NM Raisa-Mlandu	Municipal Manager	2		72 707	-
J Strydom	Executive Manager Roads	2		60 662	-
M Smit	Executive Manager Corporate Services	2		34 585	-
J Compion	Executive Manager Community Services	2	1	12 972	6 207
G Otto	Executive Manager Community Services		3	-	63 689
				180 927	**69 896**

Remuneration of Key Management Personnel - TOTAL	**2025 R**	**2024 R**
Basic Salary	5 863 443	7 128 701
Pension and UIF Contributions	762 327	1 680 028
Medical Aid Contributions	264 621	261 270
Performance Bonus	1 313 532	1 282 374
Motor Vehicle Allowance	2 883 686	1 781 746
Cell Phone Allowance	137 400	137 400
Housing Allowances	180 000	412 235
Payments in lieu of leave	254 992	13 962
Other benefits and allowances	345 830	200 549
Total Remuneration of Key Management Personnel	**12 005 831**	**12 898 265**

	2025 R	2024 R
29 REMUNERATION OF COUNCILLORS		
Alderlady - CN Lichaba	430 352	417 976
Alderlady - GR Wolmarans	1 019 297	977 901
Alderlady - IC Kritzinger	55 404	207 100
Alderlady - N Ndayi	949 292	561 488
Alderlady - RH Ruiters	609 518	561 488
Alderman - A Stroebel	1 224 879	-
Alderman - DJ Swart	597 221	-
Alderman - JC Lambaatjeen	207 046	-
Alderman - JJC Lambaatjeen	10 283	563 305
Alderman - M Booysen	31 547	1 135 718
Alderman - P Terblanche	444 583	890 225
Alderman - SA Mangxaba	87 602	9 549
Alderman - SE September	74 921	160 269
Alderman - SF de Vries	430 352	417 976
Alderman - V Gericke	269	25 567
Alderman - VM Donson	652 444	12 153
Alderman - WP Meshoa	581 286	-
Councillor - A Oktober	427 368	281 521
Councillor - AR Marbi	111 868	-
Councillor - B Petrus	18	1 428
Councillor - B van Noordwyk	7 005	206 371
Councillor - CP Taute	88 726	88 084
Councillor - D Acker	449 452	519 709
Councillor - D Gultig	1 013	31 971
Councillor - DB Coeries	20 135	-
Councillor - DC Saptoe	2 500	113 624
Councillor - DL Cronje	585 798	27 569
Councillor - F September	535 814	404 592
Councillor - GJ van Niekerk	23 014	637 593
Councillor - HD Ruiters	6 995	105 755
Councillor - HRT Stroebel	595 264	88 084
Councillor - J Cornelius	535 814	416 821
Councillor - J Fry	1 191	46 089
Councillor - J Gertse	194 545	-
Councillor - J Hoogbaard	626 203	900 379
Councillor - J Van Der Ross	74 995	-
Councillor - JC Petersen	7 342	49 931
Councillor - JG Meiring	430 352	416 821
Councillor - JJ Bavuma	194 188	87 905
Councillor - JP Buys	4 650	202 175
Councillor - K Malooi	442 422	519 709
Councillor - LSS van Rooyen	13 966	88 084
Councillor - M Kannemeyer	88 726	88 084
Councillor - M Kruger	22 983	-
Councillor - MA Mkonto	88 726	88 084
Councillor - MA Simmers	130 684	-
Councillor - MR Gericke	46 576	-
Councillor - NT Seti	1 128	78 535
Councillor - NV Gungubele	430 352	416 821
Councillor - PE Petros	88 726	85 830
Councillor - R Windwaai	22 983	-
Councillor - RJ April	3 623	65 689
Councillor - RM Louw	76 428	72 033
Councillor - RW Arends	88 726	86 152
Councillor - SM Toto	76 586	76 513
Total Councillors' Remuneration	**13 953 179**	**12 232 669**

Remuneration paid to Councillors can be summarised as follows:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	984 868	23 321	43 087	173 603	1 224 879
Deputy-Mayor	481 640	149 436	21 368	-	652 444
Speaker	823 905	148 388	47 004	-	1 019 297
Executive Committee Members	3 008 998	1 020 381	172 551	272 794	4 474 725
Councillors	4 268 634	1 253 403	818 383	241 414	6 581 834
Total Councillors' Remuneration	**9 568 045**	**2 594 930**	**1 102 393**	**687 812**	**13 953 179**

In-kind Benefits

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

The Executive Mayor is entitled to stay at the mayoral residence owned by the Council at no cost.

30 BAD DEBTS WRITTEN OFF

	2025 R	2024 R
Bad Debts Written Off	1 613 949	1 601 917
	1 613 949	**1 601 917**

The write-off mostly relates to fire fighting and other arrears fees written off.

31 CONTRACTED SERVICES

	2025 R	2024 R
Outsourced Services	3 314 284	3 141 428
Business and Advisory	1 817 190	-
Cleaning Services	-	43 805
Clearing and Grass Cutting Services	-	2 500
Hygiene Services	529 812	405 311
Medical Services [Medical Health Services & Support]	1 077	141 812
Professional Staff	99 950	199 901
Swimming Supervision	99 950	-
Transport Services	53 140	-
Security Services	713 166	2 348 100
Consultants and Professional Services	13 254 754	10 491 147
Business and Advisory	10 864 103	4 823 164
Legal Cost	1 048 044	4 189 440
Infrastructure and Planning	36 673	8 000
Laboratory Services	1 305 934	1 470 543
Contractors	11 591 002	10 391 079
Catering Services	284 778	1 315 694
Employee Wellness	238 676	117 304
Fire Protection	15 384	21 477
Fire Services	2 475 044	1 107 672
Gardening Services	36 929	39 000
Gas	-	10 628
Maintenance of Buildings and Facilities	650 354	1 636 943
Maintenance of Equipment	2 970 099	3 119 808
Maintenance of Unspecified Assets	1 409 934	1 624 900
Medical Services	355 325	-
Pest Control and Fumigation	12 883	5 500
Plants, Flowers and Other Decorations	500	25 359
Transportation	49 870	236 915
Safeguard and Security	3 049 301	787 377
Sewerage Services	-	131 825
Stage and Sound Crew	-	19 175
Removal of Hazardous Waste	41 926	191 501
Total Contracted Services	**28 160 041**	**24 023 654**

32 DEPRECIATION AND AMORTISATION

	2025 R	2024 R
Property, Plant and Equipment	6 847 103	5 923 776
Intangible Assets	179 241	401 774
Investment Property carried at cost	108 711	109 008
Total Depreciation and Amortisation	**7 135 055**	**6 434 558**

33 FINANCE COSTS

	2025 R	2024 R
Long-term Borrowings	95 989	106 889
Balance previously reported	-	4 573 109
Correction of borrowing cost not capitilised in 2023/2024 - refer to Note 39.4	-	(4 466 220)
Payables	338 558	91 335
Total Finance Costs	**434 547**	**198 224**

34 TRANSFERS AND SUBSIDIES

	2025 R	2024 R
Capital	603 375	-
Allocations In-kind	603 375	-
Households	603 375	-
Operational	8 300 207	5 805 192
Allocations In-kind	79 145	590 210
Households	79 145	302 476
Local Government	-	244 596
Non-profit Institutions	-	29 420
Private Enterprises	-	13 719
Monetary Allocations	8 221 062	5 214 981
Higher Educational Institutions	-	64 257
Households	6 545 175	2 417 040
Non-profit Institutions	210 314	470 065
Private Enterprises	3 000	317 827
Local Government	-	1 053 836
Public Corporations	1 462 573	891 957
Total Transfers and Subsidies	**8 903 581**	**5 805 192**

35 OPERATIONAL COSTS

	2025 R	2024 R
Advertising, Publicity and Marketing	556 562	1 591 822
External Audit Fees	4 774 907	4 310 559
Bank Charges, Facility and Card Fees	210 981	194 388
Bursaries (Employees)	490 925	599 287
Cleaning Services	2 150	20 153
Courier and Delivery Services	3 550	2 276
Communication	2 841 528	2 792 286
Deeds	2 038	8 332
Entertainment	11 990	85 832
External Computer Service	7 928 927	7 692 757
Fines and penalties	-	400
Freight Services	11 558	-
Full Time Union Representative	64 516	146 599
Hire Charges	1 881 988	6 661 724
Insurance Underwriting	1 925 434	1 554 967
Learnerships and Internships	179 043	425 733
Licences	132 560	151 612
Management Fee	113 643	-
Municipal Services	7 923 682	7 318 777
Printing, Publications and Books	79 999	99 269
Professional Bodies, Membership and Subscription	3 328 757	950 528
Registration Fees	3 935 976	4 281 901
Repayment of Forfeited Deposits	3 240	-
Rewards Incentives	45 800	49 970
Road Worthy Test	41 179	53 671
Samples and Specimens	13 561	6 340
Skills Development Fund Levy	1 499 565	1 490 560
Travel and Subsistence	5 859 822	6 250 219
Travel Agency Fees	48 606	-
Uniform and Protective Clothing	1 713 864	961 268
Workmen's compensation	1 590 447	1 508 458
Total Operational Costs	**47 216 796**	**49 209 689**

36 REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES

	2025 R	2024 R
Receivables from Exchange Transactions - Note 8	(17 487 996)	(3 873 812)
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	**(17 487 996)**	**(3 873 812)**

37 GAINS/ (LOSS) ON SALE OF FIXED ASSETS

	2025 R	2024 R
Property, Plant and Equipment and Intangible Assets	(172 135)	(1 019 960)
Total Gains/ (Loss) on Sale of Fixed Assets	**(172 135)**	**(1 019 960)**

		2025 R	2024 R
38	**REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS**		
	Property, Plant and Equipment	(430 100)	-
	Calitzdorp Spa property group:		

During the year, the municipality assessed its assets for indications of impairment. The flood that occurred in 2024, which caused damage to the Calitzdorp Spa property, was identified as an impairment trigger. A valuation was performed to determine whether the carrying amount of the asset exceeded its recoverable amount, which was determined based on fair value less costs to sell. The impairment recognised relates to one erf (land value) within the Calitzdorp Spa property group. No further impairments were recognised, as the valuations of the other properties within the Calitzdorp Spa group exceeded their carrying amounts.

	2025	2024
Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets	**(430 100)**	**-**

39 CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

		2024 R	2023 R
39.1	**Trade and Other Payables from Exchange Transactions**		
	Balance previously reported	31 708 812	38 247 207
	Correction of under provision for Trade and other Payables at 30 June 2023 - Note 13	342 672	342 672
	Correction of accrued interest trasferred to Long Term Borrowings - refer tot Note 13 &10	(1 107 749)	-
	Correction of under and over provision for Trade and other Payables at 30 June 2023 - Note 13	(157 578)	(157 578)
	Restated Balance	**30 786 157**	**38 432 302**
39.2	**Receivables from Exchange Transactions**		
	Balance previously reported	58 094 229	20 162 388
	Correction of Isivuno Debtor created at 30 June 2023 - Note 8	86 047	86 047
	Restated Balance	**58 180 277**	**20 248 435**
39.3	**Taxes**		
	Balance previously reported	1 694 939	3 317 797
	Correction of incorrect VAT treatment on Work-in-Progress additions - Note 15 & 2	308 840	-
	Correction of incorrect VAT treatment on Debtor created at 30 June 2023 - Note 15	28 158	28 158
	Restated Balance	**2 031 937**	**3 345 954**
39.4	**Long-term Borrowings**		
	Balance previously reported	109 063 061	582 771
	Correction of accrued interest trasferred to Long Term Borrowings - refer tot Note 10 & 13	1 107 749	-
	Restated Balance	**110 170 811**	**582 771**
39.5	**Property, Plant and Equipment**		
	Balance previously reported	228 787 768	187 791 012
	Correction of incorrect VAT treatment on Work-in-Progress additions - Note 15 & 2	(308 840)	-
	Restated Balance	**228 478 928**	**187 791 012**

		2022
39.6	**Accumulated Surplus/(Deficit) - 1 July 2023**	
	Correction of provision for Trade Payables incorrectly created at 30 June 2023	157 578
	Correction of Isivuno Debtor created at 30 June 2023	86 047
	Correction of incorrect VAT treatment on Debtor created at 30 June 2023	28 158
	Correction of under provision for Trade and other Payables at 30 June 2023	(342 672)
	Total	**(70 890)**

39 CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)

39.7 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented, changes in accounting policies, or standards not implemented correctly, in prior years:

	Note	Balance previously reported	Change in Accounting Policies Note 40	Correction of Errors	Restated Balance
Revenue					
Government Grants and Subsidies		204 679 365	-	-	204 679 365
Contributed Property, Plant and Equipment		12 800	-	-	12 800
Government Incentives Received		4 223 851	-	-	4 223 851
Department of Infrastructure - Roads Service Charges		203 853 665	-	(2 831 267)	201 022 398
Sales of Goods and Rendering of Services		13 339 782	-	-	13 339 782
Rent on Land		494 552	-	-	494 552
Rental of Facilities and Equipment		1 010 120	-	-	1 010 120
Interest Earned - External Investments		12 400 024	-	-	12 400 024
Interest Earned - Exchange Transactions		5 222 326	-	-	5 222 326
Licences and Permits from Exchange Transactions		67 725	-	-	67 725
Operational Revenue		1 588 629	-	-	1 588 629
Total		**446 892 838**	**-**	**(2 831 267)**	**444 061 571**
Expenditure					
Employee related costs		(305 287 343)	-	2 831 267	(302 456 076)
Remuneration of Councillors		(12 232 669)	-	-	(12 232 669)
Bad Debts Written Off		(1 601 917)	-	-	(1 601 917)
Contracted Services		(24 037 214)	-	13 561	(24 023 654)
Depreciation and Amortisation		(6 434 558)	-	-	(6 434 558)
Finance Costs		(4 664 444)	4 466 220	-	(198 224)
Inventory Consumed		(51 625 209)	-	-	(51 625 209)
Operating Leases		(270 013)	-	-	(270 013)
Transfers and Subsidies		(5 805 192)	-	-	(5 805 192)
Operational Costs		(49 196 128)	-	(13 561)	(49 209 689)
Total		**(461 154 687)**	**4 466 220**	**2 831 267**	**(453 857 201)**
Gains and Losses					
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		234 220	-	-	234 220
Actuarial Losses		(1 251 252)	-	-	(1 251 252)
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(3 873 812)	-	-	(3 873 812)
Gains/(Loss) on Sale of Fixed Assets		(1 019 960)	-	-	(1 019 960)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		-	-	-	-
Total		**(5 910 803)**	**-**	**-**	**(5 910 803)**
Net Surplus/(Deficit) for the year		**(20 172 653)**	**4 466 220**	**-**	**(15 706 433)**

40 CHANGE IN ACCOUNTING POLICY

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of the allowed alternative treatment of borrowing cost in terms of GRAP 5. Borrowing cost on qualifying assets are now capitalised.

40.1 Property, Plant and Equipment

	2024 R	2023 R
Balance previously reported	**228 787 768**	**187 791 012**
Borrowing costs now capitalised in 2023/2024 - Note 2	4 466 220	-
Restated Balance	**233 253 988**	**187 791 012**

40.2 Changes to Statement of Financial Performance

Refer to Note 39.7

41 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

	2025 R	2024 R
Surplus/(Deficit) for the year	(26 407 924)	(15 706 433)
Adjustments for:		
Depreciation and Amortisation	7 135 055	6 434 558
Loss/(Gain) on Sale of Fixed Assets	172 135	1 019 960
Impairment Loss/(Reversal of Impairment Loss)	430 100	-
Contributed Property, Plant and Equipment	(2 493 353)	(12 800)
Government Grants and Subsidies received	199 119 627	203 785 617
Government Grants and Subsidies repaid to National Revenue Fund	(386 059)	(763 206)
Government Grants and Subsidies recognised as revenue	(198 076 298)	(204 679 368)
Contribution from/to provisions - Non-Current Receivables	60 313 789	(4 319 676)
Contribution from/to provisions - Non-Current Receivables - Actuarial losses	250 611	4 472 276
Contribution from/to provisions - Non-Current Employee Benefits	(54 545 410)	10 943 859
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	3 885 173	(3 221 024)
Contribution from/to - Current Employee Benefits	1 569 960	618 086
Contribution to provisions – Bad Debt	19 286 475	3 773 457
Operating Surplus/(Deficit) before changes in working capital	10 253 881	2 345 306
Changes in working capital	(22 013 439)	(47 184 667)
Increase/(Decrease) in Trade and Other Payables	(4 769 238)	(7 646 145)
Increase/(Decrease) in Taxes	550 487	1 314 017
(Increase)/Decrease in Inventory	(555 514)	821 526
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(17 198 439)	(41 705 299)
(Increase)/Decrease in Operating Lease Asset	(40 735)	31 233
Cash generated/(absorbed) by operations	(11 759 559)	(44 839 361)

42 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

	2025 R	2024 R
Current Accounts - Note 9	150 269 968	152 443 465
Call Deposits and Investments - Note 9	4 711 400	4 342 610
Cash Floats - Note 9	29 500	29 500
Total cash and cash equivalents	**155 010 868**	**156 815 575**

43 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

	2025 R	2024 R
Cash and Cash Equivalents - Note 42	155 010 868	156 815 575
Less:	(2 579 003)	(640 314)
Unspent Transfers and Subsidies - Note 14	(2 579 003)	(640 314)
Net cash resources available for internal distribution	152 431 865	156 175 262
Allocated to:		
Capital Replacement Reserve	(9 213 054)	(2 606 941)
Employee Benefit Reserve	(58 753 347)	(35 183 127)
Resources available for working capital requirements	**84 465 464**	**118 385 194**

44 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

	2025 R	2024 R
Long-term Liabilities - Note 10	174 238 394	118 673 910
Used to finance property, plant and equipment - at cost	(174 238 394)	(118 673 910)
Cash invested for repayment of long-term liabilities	-	-

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

45 BUDGET INFORMATION

The Annual Budget of the Municipality is prepared for a 2024/2025 MTREF period and is applicable from 1 July 2024 until 30 June 2025.

The reasons for the variances between the approved and final budgets are mainly due to lower expenditure (and its related revenue) on Roads Services, that is duly explained in applicable variance explanations below.

45.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to lower expenditure (and its related revenue) on Roads Services, that is duly explained in applicable variance explanations below.

Explanation of variances greater than 10% and R500,000: Final Budget and Actual Amounts

45.2 Statement of Financial Position

45.2.1 Current Assets **Variance**

Cash and Cash equivalents 194%

Increase in cash balance due to draw down of long term loan and not utilized 100% at year-end.

Trade and other receivables from exchange transactions -8%

Decrease in trade receivables due to increase in debt impairment provision.

Receivables from non-exchange transactions -100%

GRDM does not provide water or electricity services and therefore thus not have any consumer debtors.

Other current assets 87%

Increase in operating lease assets due to renewal of rental contracts and alignment of rental to market related value.

Current portion of non-current receivables -15%

This is based on actuarial valuations performed by actuaries, which is subject to unpredicted changes in actuarial assumptions and therefore impacting the variance between budget and actual amounts.

VAT -86%

VAT receivable less at 30 June 2025 than anticipated as orders/invoices closed prior to June.

Inventory 14%

Inventory levels higher than budgeted for due to operational requirements of the Roads agency services department.

45.2.2 Non-current assets

Non-current receivables from non-exchange transactions -100%

Decrease due to non-current Debtor of Roads as the function will be transferred to Province 1 April 2026.

Property, Plant and Equipment -33,21%

It was anticipated that the regional landfill site would have been completed and the WIP would have been capitalized, however due to delays, landfill site is not completed due to various factors.

Intangible Assets -8565%

ICT budget was re-prioritised from PPE to address urgent need for intangible assets, causing the closing balance of this asset class being higher than the budgeted balance.

45.2.3 Current Liabilities

Financial liabilities -95%

It was anticipated that the landfill site would have been operational during 2024/2025 and capital repayments of the loan would have been made.

Consumer Deposits -100%

This should be included under other payables.

Trade and other payables from exchange transactions -36%

Trade payables less at 30 June 2025 than anticipated as orders/invoices closed prior to June and creditors balance decreased at year-end with earlier payments.

45 BUDGET INFORMATION (CONTINUED)

Trade and other payables from non-exchange transaction: 303%

Grants utilization higher than anticipated resulted in significant decrease in unspent grants at 30 June 2025.

Provisions 51%

Increase in employee benefits provisions due to salary increases, other factors included in calculations.

VAT -100%

No VAT payable to SARS at year-end, VAT was receivable from SARS.

45.2.4 Non-Current Liabilities

Long-term Borrowings -5%

It was anticipated that the landfill site would have been operational during 2024/2025 and capital repayments of the loan would have been made and that the last drawdown of the loan would have been received.

Provisions 654%

The budget amount is included under Other non-current liabilities. The actuarial valuation was less than anticipated due to the transfer of the Roads function to the Department of Infrastructure, which resulted in a decrease in the liability.

Other Non-current Liabilities -100%

The actual amount is included under Provisions. The actuarial valuation was less than anticipated due to the transfer of the Roads function to the Department of Infrastructure, which resulted in a decrease in the liability.

45.2.5 Net Assets

Accumulated Surplus/(Deficit) -28,22%

Accumulated surplus is based on the net of assets and liabilities and after transfers to/ from reserves. The variances as explained under the Statement of Financial Performance therefore contributes to the Accumulated surplus variance.

Funds and reserves 80%

Increase in Employee benefit reserve and capital replacement reserve balances at year-end.

Statement of Financial Performance

45.2.6 Revenue (excluding capital transfers and contributions)

Service charges - Waste Management -100,00%

Regional landfill site construction delayed and no revenue was generated from waste management.

Sale of Goods and Rendering of Services 19,57%

Income from Fire Fighting services higher due to increase in major fires and contributions to be received from PetroSA for the operations of their landfill site.

Agency Services 693,89%

Budget amount relating to the Roads function is included under Operational revenue. A journal was processed during the compilation of the annual financial statements to write back the Roads capital expenditure and expenditure relating to the agency fee. Actual expenditure on Inventory consumed was less than budgeted for. The revenue relating to the Roads function is based on actual expenditure incurred, therefore the above resulted in the revenue being less than the budget.

Interest earned from Receivables -35,01%

Decrease in reicevable balances on which interest is raised.

Interest earned from Current and Non Current Assets -9,43%

Lower interest derived from investments than anticipated.

Rent on Land -13,94%

Property section in process of revisiting expired leases and enter into new lease agreements at market related value.

45 BUDGET INFORMATION (CONTINUED)

Rental from Fixed Assets	-30,00%

Revenue for one of the resorts was budgeted under Rental of facilities and equipment, however the actual revenue was reclassified under Sales of goods and rendering of services.

Operational Revenue	-99,45%

Actual amount relating to the Roads function is included under Agency Services. A journal was processed during the compilation of the annual financial statements to write back the Roads capital expenditure and expenditure relating to the agency fee. Actual expenditure on Inventory consumed was less than budgeted for. The revenue relating to the Roads function is based on actual expenditure incurred, therefore the above resulted in the revenue being less than the budget.

The recovery of the medical aid contributions from retired employees is included under the revenue budget but the actual amount is offset against employee related costs in the financial statements.

Skills development levy refund and Air quality revenue was less than anticipated.

Fines, penalties and forfeits	2273,19%

Penalties raised on cancellation of contract which had penalty clauses.

Licences or permits	-100,00%

Actual amount recognised under Exchange revenue but the budget is under Non-exchange revenue.

Gains on disposal of Assets	-100,00%

Auction would have been held end of June 2025 for assets to be written off, due to SCM processes auction will be in 2025/2026.

Other Gains	-90,86%

Actuarial gains on post retirment benefits were included in the budget based on assumptions using the average of the preceeding years.

45.2.7 Expenditure

Debt Impairment	100%

Increase in debt impairment due to the impairment of one new major debtor with a balance of R10m.

Depreciation and Amortisation	-23,14%

Depreciation was budgeted for the Landfill site, which was anticipated to be operational to date.

Interest	215%

Increase due to new cellphone contracts and contracts for printers entered into during 2024/2025.

Contracted Services	-33%

Decrease in contracted services due to cost saving measures implemented and re-allocation of projects in the roads department.

Transfers and Grants	210%

Increase in housing fencing subsidies paid by the Roads Department and actual amounts aligned to the correct mSCOA classification.

Operational costs	-35%

Decrease in operational cost due to cost savings measures implemented.

Losses on disposal of Assets	-57,23%

GRAP related transactions processed in preparation of the AFS.

Other Losses	-2890%

Actuarial losses on post retirment benefits was excluded from the budget based on assumptions.

45 BUDGET INFORMATION (CONTINUED)

45.2.8 Net Cash from/(used) Operating Activities

Service Charges *-100,00%*

It was anticipated that the regional landfill site would have been completed and operational in 2024/2025 and service charges would have been collected, due to various factors the project was delayed.

Other Revenue 499,23%

Budgeted amount included under Transfers and Subsidies – Operational.

Increase in Government Incentives received which includes the National Skills Fund (NSF) received in the current year; as well as increased receipts from the Department of Infrastructure for the Roads function performed and Sales of goods and rendering of services.

Transfers and Subsidies - Operational -48,64%

Actual amount included under Other Revenue.

Increase in Government Incentives received which includes the National Skills Fund (NSF) received in the current year; as well as increased receipts from the Department of Infrastructure for the Roads function performed and Sales of goods and rendering of services.

Transfers and Subsidies - Capital -40,00%

Capital grants received by disaster section for hovercraft grant not spend at year end as anticipated due to delivery of items in 2025/2026, roll-over application has been submitted.

Interest earned Financial Instruments 38,28%

Interest received higher than anticipated due to the excess loan drawdowns received and not spend due to delays in construction of landfill sites, this money was invested to derive maximum interest.

Interest Earned - Exchange Transactions 100,00%

The interest was included under operational revenue in the budget and not classified separately as interest from exchange transactions.

Suppliers and Employees 3,07%

Minor increase due to increase in payment of suppliers.

45 BUDGET INFORMATION (CONTINUED)

Finance Cost 215,05%

New finance lease agreements entered into for cellphones and 5 new printers not anticipated.

Government grants repaid 100,00%

Approval for roll-over grant was denied and had to be repaid, which was not anticipated for.

Transfers and Grants 100,00%

This includes items that were budgeted under different expenditure classifications but was reclassified to Transfers and Grants during the compilation of the annual financial statements based on reviews performed. This includes reclassifications relating to Grants, Government incentives and Roads fencing subsidy.

45.2.9 Net Cash from/(used) Investing Activities

Capital Assets -75,82%

Included in budget is the regional landfill site, majority of underspending was on the landfill site.

45.2.10 Net Cash from/(used) Financing Activities

Borrowing long term/refinancing -24,65%

Last drawdown for external loan was not received in 2024/2025.

Repayment of Borrowing 5,69%

Payments for new finance leases entered into in 2024/2025 were made, was not anticipated.

46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

46.1 Unauthorised expenditure

	2025 R	2024 R
Reconciliation of unauthorised expenditure:		
Opening balance	18 908 782	6 943 402
Unauthorised expenditure current year - operational	18 038 825	11 383 797
Unauthorised expenditure current year - capital	2 891 661	581 583
Approved by Council or condoned	(18 412 350)	-
Unauthorised expenditure awaiting authorisation	**21 426 918**	**18 908 782**

The over expenditure incurred by municipal departments on their operating budgets during the year is attributable to the following categories:

	2025	2024
Non-cash	18 038 825	4 387 144
Cash	-	6 996 653
	18 038 825	**11 383 797**
Analysed as follows: Non-cash		
Employee related cost (Actuarial Valuations)	152 105	-
Depreciation and Amortisation	434 776	311 416
Impairment Loss on Receivables	17 451 944	4 075 728
	18 038 825	**4 387 144**
Analysed as follows: Cash		
Employee related cost	-	6 996 653
	-	**6 996 653**

The overspending of the Budget per municipal vote can be summarised as follows:

	2025 Actual R	2025 Final Budget R	2025 Variance R	2025 Unauthorised R
Unauthorised expenditure current year - operating				
Vote 1 and 2 - Office of the Municipal Manager	93 829 458	76 225 409	(17 604 049)	(17 604 049)
Vote 3 and 4 - Financial Services	23 791 800	29 064 380	5 272 580	-
Vote 5 and 6 - Corporate Services	62 753 572	63 590 280	836 708	-
Vote 7 and 8 - Community Services	92 590 667	93 982 676	1 392 009	-
Vote 9, 10 and 11 - Planning and Economic Development	39 250 106	38 815 330	(434 776)	(434 776)
Vote 12 and 13 - Roads	173 467 449	200 419 999	26 952 550	-
	485 683 052	**502 098 074**	**16 415 022**	**(18 038 825)**

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

Unauthorised expenditure current year - capital	2025 Actual R	2025 Final Budget R	2025 Variance R	2025 Unauthorised R
Vote 1 and 2 - Office of the Municipal Manager	165 638	123 516	(42 122)	(42 122)
Vote 3 and 4 - Financial Services	52 172	178 802	126 630	-
Vote 5 and 6 - Corporate Services	451 898	579 729	127 831	-
Vote 7 and 8 - Community Services	44 577 739	187 594 546	143 016 807	-
Vote 9, 10 and 11 - Planning and Economic Development	2 718 908	6 000	(2 712 908)	(2 712 908)
Vote 12 and 13 - Roads	136 630	-	(136 630)	(136 630)
	48 102 985	**188 482 593**	**140 379 608**	**(2 891 661)**

46.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:	2025 R	2024 R
Opening balance	149 541	57 806
Interest: Creditors	95 466	91 335
Penalties and fines	-	400
Approved by Council or condoned	(149 141)	-
Fruitless and wasteful expenditure awaiting condonement	**95 867**	**149 541**

46.3 Irregular expenditure

Reconciliation of irregular expenditure:	2025 R	2024 R
Opening balance	35 158 500	36 419 842
Irregular expenditure current year	26 581 328	17 954 961
Irregular expenditure - prior years	10 889 583	17 109 832
Irregular expenditure recovered	(3 000)	(1 501)
Irregular expenditure written-off as irrecoverable supported by council i.t.o section 32 of MFMA	(28 653 699)	(36 324 634)
Irregular expenditure awaiting further action	**43 972 712**	**35 158 500**

Majority of the irregular movement for the current and prior year:
Non-compliance with SCM Regulations: Preferential Procurement Policy Framework Act: R4 117 319 (2024: R10 803 138)
Non-compliance with CIDB Regulations: R541 177 (2024: R1 450 939)
Non-compliance of SCM Regulation 36 (1) R7 585 821 (2024: R5 353 606)
Non-compliance with pre-determined requirements: R4 320 608
Non-compliance with SCM Regulation 29 (4) R63 042
Non-compliance with SCM Regulation 2 (1)(b) R29 974
Non-compliance with SCM Regulation 116(2) R2 748 907
Non-compliance with SCM Regulation 43(1) R53 232
Non-compliance with Regulation 19(a) of the Municipal Supply Chain Management Regulations: R3 188 314 (2024: R5 717 427)
Non-compliance with Regulation 35 of the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers. (2024: R6 411 094.75)
Non-Compliance with MFMA (S65, 78, 116) R 7 143 622

Council resolved to write off as irrecoverable on:
26 June 2025 R28 653 699;
Recoverability of newly identified irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

47.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

	2025 R	2024 R
Opening balance	-	7 205
Council subscriptions	3 090 987	3 084 917
Amount paid - current year	(3 090 987)	(3 092 122)
Balance unpaid (included in creditors)	**-**	**-**

47.2 Audit fees - [MFMA 125 (1)(c)]

	2025 R	2024 R
Opening balance	8 073	-
Current year audit fee	5 291 049	4 589 492
External Audit - Auditor-General	5 291 049	4 589 492
Internal Audit	-	-
Audit Committee	-	-
Amount paid - current year	(5 299 122)	(4 581 419)
Balance unpaid (included in creditors)	**-**	**8 073**

47.3 VAT - [MFMA 125 (1)(c)]

	2025 R	2024 R
Amount paid - current year	2 279	-
Amounts received - current year	7 619 615	8 549 949
Closing balance	**7 619 615**	**8 549 949**

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

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

	2025 R	2024 R
Opening balance	-	-
Current year payroll deductions	49 109 219	47 822 955
Amount paid - current year	(49 109 219)	(47 822 955)
Balance unpaid (included in creditors)	**-**	**-**

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

	2025 R	2024 R
Opening balance	-	-
Current year pension and medical aid contributions	82 250 225	79 971 299
Amount paid - current year	(82 250 225)	(79 971 299)
Balance unpaid (included in creditors)	**-**	**-**

47.6 Levies paid to other government organisations (MFMA sec (1)(c)

	2025 R	2024 R
Opening balance	-	-
Current year payroll deductions	165 579	161 020
Amount paid - current year	(165 579)	(161 020)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	**-**	**-**

47.7 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

No Councillor who served during the financial year had an account in arrears for a period exceeding 90 days.

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)	2025 R	2024 R

47.8 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

The following deviations and ratifications of minor breaches of procurement processes are reported to Council in terms of Paragraph 36(2) of the SCM Policy:

Deviations per deviation type can be summarised as follows:

	2025 R	2024 R
Emergency	288 975	288 373
Impractical	2 658 034	12 070 988
Single Supplier	192 423	395 831
	3 139 432	**12 755 192**

Deviations from procurement processes in terms of section 36 of the Supply Chain Management Regulations were identified on the following categories:

30 June 2025	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Community Services	91 519	124 833	1 508 800	-
Corporate/Strategic Services	5 846	37 950	-	-
Financial Services	95 747	-	-	-
Office of the Municipal Manager	65 164	383 087	-	-
Planning and Economic Development Services	38 267	148 028	-	-
Roads Services	302 378	108 482	229 333	-
	598 921	**802 380**	**1 738 133**	**-**

The major deviations were as follows:

Awarded to	Reason/Explanation	Amount
Stadler & Swart Attorneys	Impractical Procurement Process	74 102
Brand van der Bergh Attorneys	Impractical Procurement Process	155 656
C & M Consulting Engineers	Impractical Procurement Process	94 570
Makhukane Consulting Engineers T/A CVW Electrical Consulting Engineers	Emergency	138 346
Marx Concrete Pipes	Impractical Procurement Process	229 333
Millers Attorneys	Impractical Procurement Process	207 522
Raaleborg Environemental Solutions	Impractical Procurement Process	251 930
Raaleborg Environemental Solutions	Impractical Procurement Process	477 020
Raaleborg Environemental Solutions	Impractical Procurement Process	378 810
Raaleborg Environemental Solutions	Impractical Procurement Process	401 580
Wear Check	Impractical Procurement Process	63 521
Total		**2 472 391**

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

Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005 (continued)

30 June 2024	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Community Services	10 737	169 837		-
Corporate/Strategic Services	27 597	224 180	3 978 555	2 333 660,70
Financial Services	65 861	-	-	-
Office of the Municipal Manager	190 551	312 727	204 284	-
Planning and Economic Development Services	121 884	41 700	-	-
Roads Services	380 419	1 539 447	4 112 362	-
	797 049	**2 287 891**	**8 295 201**	**2 333 661**

The major deviations were as follows:

Awarded to	Reason/Explanation	
Phoenix	Impractical procurement Process	2 333 661
Business Engineering	Impractical procurement Process	1 690 395
Ignite Advisory Services	Impractical procurement Process	683 609
Uber Technologie	Single Supplier - ERP Systems	226 066
IDI Technology Solutions	Single Supplier - ERP Systems	205 168
ESRI South Africa	Single Supplier - ERP Systems	531 376
Payday	Impractical procurement Process	645 941
Buco Hardware	Impractical procurement Process	516 992
Entsha Plant Hire	Impractical procurement Process	461 495
Sentraal Suid Koperasie	Impractical procurement Process	335 530
Sentraal Suid Koperasie	Impractical procurement Process	335 530
Sentraal Suid Koperasie	Impractical procurement Process	335 530
Sentraal Suid Koperasie	Impractical procurement Process	335 530
Sentraal Suid Koperasie	Impractical procurement Process	299 880
Sentraal Suid Koperasie	Impractical procurement Process	298 375
Sentraal Suid Koperasie	Impractical procurement Process	298 375
Sentraal Suid Koperasie	Impractical procurement Process	298 375
Sentraal Suid Koperasie	Impractical procurement Process	298 375
Sentraal Suid Koperasie	Impractical procurement Process	298 375
Bans Attorneys	Impractical procurement Process	204 284
Transand	Emergency	191 878
Sentraal Suid Koperasie	Impractical procurement Process	183 600
Sentraal Suid Koperasie	Impractical procurement Process	183 600
Sentraal Suid Koperasie	Impractical procurement Process	183 600
Sentraal Suid Koperasie	Impractical procurement Process	189 990
Sentraal Suid Koperasie	Impractical procurement Process	189 990
Sentraal Suid Koperasie	Impractical procurement Process	140 833
Zephyr Annual Subscriptions & Maintenance Plan	Single Supplier	106 893
Total		**12 003 244**

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

47.9 Awards to close family members of persons in the service of the state

The following purchases were made from close family members of persons in the service of the state :

2024/2025 Financial Year

Supplier	Connected person	Position held in state	Actual Expenditure R	Awarded Amount R
Libkaz Investments	Simphiwe Mzuku	Spouse to Maninzi Mzuku (Director), employed by South African Social Security Agency (SASSA) as a Team Leader	-	rates based
The Institute of Internal Auditors	Mamadimo Mogano	Internal Auditor At Limpopo Economic Development Agency and Director at IIA	21 600	21 600
Duokorp 109 T/A Irrikor	Celste Immink	Accountant at South Cape College	1 175	1 175
Playtime Production	Myrtle Sacuenda	Chairperson - Indigo Community Development NPO	13 570	13 570
C EN M Raadgewende Ingenieurs	LZ Ngele	Technician at SA Weather Services	94 570	106 893
Piston Power Chemical CC	Nadira Aweshee	Teacher at KZN Department of Education	1 009 244	rates based tender / quotations
Lezmin 2021 t/a K1 Quarries	Spouse of C Pieterse	Secretary in South African Police Service	147 869	rates based
Henna's Catering	Child of JL du Preez	Western Cape Department of Education	5 950	51 180
	Spouse of JL du Preez	Kannaland Municipality		
	Child of JL du Preez	Department of Agriculture		
Group Editors	AM Aucamp	Accountant Stores - Garden Route District Municipality	100 430	461 770
Zutari (Pty) Ltd	Cathrine H Ahlschlager	Special Investigating Unit - Legal representative	1 880 521	rates based
	Johan H Compion	Senior Manager Municipal Health & Solid Waste and Air Quality Control - Community Services at Garden Route District Municipality		
	K Nadesen	Director at National Department of Public Works		
	M Marques	Director at Home Affairs		
	U Jugwanth	Deputy Director: Head of Labour KZN Department of Sports, Arts and Culture		
	N Jugwanth	Chief Engineer at the Department of Water Affair		
	Byron M Ehrenreich	Civil Engineer Transnet NPA		
	Shanaaz Seegers	Manager Distributed Computing: City of Cape Town		
	Nadiema Allie	Operations Manager SARS		
	Tlou J Ndala	Debt Collections SARS		
	Tlou J Ndala	School Principal: Gauteng Department of Education		
School of Public Leadership (SPL) - University of Stellenbosch	FEM Douglas	Chief Municipal Heath Practitioner: Garden Route District Municipality	1 272 333	rate per learner
Mubesko Africa (Pty) Ltd	L Saaiman	Advisor at the Western Cape Department of Education	1 179 935	rates based
Nedbank	Venisha Subramoney	Department of Education	1 292 954	rates based
The Business Zone 1681 (ProWorx)	Mother of R Meyer	South African Police Service	13 750	13 750
Engineering Advice and Services	S Westerberg	Manager: Building Development: Mossel Bay Municipality	964 377	4 885 200
	EM Westerberg	Personal Assistant to the Municipal Manager: Mossel Bay Municipality		
SMEC South Africa	LT Viljoen	Department of Defence	938 776	1 383 795
			8 937 054	

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

47.9 Awards to close family members of persons in the service of the state (continued)

2023/2024 Financial Year

Supplier	Connected person	Position held in state	Actual Expenditure R	Awarded Amount R
The Institute of Internal Auditors	Mamadimo Mogano	Internal Auditor At Limpopo Economic Development Agency	17 333	17 333
Playtime Production	Myrtle Sacuenda	Chairperson - Indigo Community Development NPO	149 144	149 144
C EN M Raadgewende Ingenieurs	LZ Ngele	SA Weather Services	106 893	106 893
Piston Power Chemical CC	Nadira Aweshee	Teacher at KZN Department of Education	961 067	rates based tender / quotations
Lezmin 2021 t/a K1 Quarries	Spouse of C Pieterse	Secretary in South African Police Service	368 420	rates based
Henna's Catering	Child of JL du Preez	Western Cape Department of Education	51 180	51 180
	Spouse of JL du Preez	Kannaland Municipality		
	Child of JL du Preez	Department of Agriculture		
Group Editors	AM Aucamp	Accountant Stores - Garden Route District Municipality	463 560	461 770
Zutari (Pty) Ltd	HC Ahischlager	Special Investigating Unit - Legal representative	3 939 295	rates based
	S Seegers	City of Cape Town - Head of Security Architecture		
	K Nadasen	National Department of Public Works - Director		
	M Marques	National Department of Internal Affairs - Director		
	Mr Mzimkulu Msiwa	Part-time Commissioner of KZN Provincial Planning		
	Nadiema Allie	SARS - Operations Manager		
	Mariam Gasant	SARS - Debt Collection		
	TJ Ndala	Gauteng Department of Education - School Principal		
Genela Security Training and Projects	Alderman V. Gericke	Garden Route District Municipality - Councillor	15 980	15 980
School of Public Leadership (SPL) - University of Stellenbosch	FEM Douglas	GRDM Chief: Municipal Heath	2 880 412	rate per learner
Mubesko Africa (Pty) Ltd	L Saaiman	Northen Cape Department of Health	1 005 817	rates based
SCLI Environmental	Spouse of MC Kirstein	South African National Defence Force	183 000	183 000
Nedbank	Venisha Subramoney	Department of Education	1 753 291	rates based
		Previously reported	194 388	
		Correction	1 558 903	
The Business Zone 1681 (ProWorx)	Mother of R Meyer	South African Police Service	1 765	1 765
			11 897 158	

48 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2025 R	2024 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
1% (2024: 1%) Increase in interest rates	108 340	655 220
1% (2024: 1%) Decrease in interest rates	(108 340)	(655 220)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

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

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2025 %	2025 R	2024 %	2024 R
Rental Agreements	7,37%	5 151 309	7,74%	3 917 401
Fire Fighting Fees	75,04%	52 435 277	87,99%	44 513 661
Other Arrears	17,59%	12 291 150	4,27%	2 160 200
Total	**100,00%**	**69 877 736**	**100,00%**	**50 591 261**

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 8 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 2% where applicable.

48 FINANCIAL RISK MANAGEMENT (CONTINUED)

Ageing of amounts past due but not impaired are as follow:	Exchange Receivables	Non-exchange Receivables
2025		
1 month past due	29 000 152	-
2+ months past due	25 933 171	-
	54 933 324	-
2024		
1 month past due	494 464	-
2+ months past due	33 815 545	-
	34 310 009	-

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below. The risk on cash on hand is regarded as unlikely and excluded from credit risk disclosure.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (Nedbank and ABSA). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:	2025 R	2024 R
Receivables from exchange transactions	125 969 978	108 771 539
Cash and Cash Equivalents	154 981 368	156 786 075
	280 951 346	265 557 614

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	More than 5 years
2025			
Long-term Liabilities	17 652 990	142 827 363	119 364 230
Trade and Other Payables	26 016 920	-	-
Unspent conditional grants and subsidies	2 579 003	-	-
	46 248 912	142 827 363	119 364 230

	Less than 1 year	Between 1 and 5 years	More than 5 years
2024			
Long-term Liabilities	31 016 108	176 923 412	266 271 172
Trade and Other Payables	30 786 157	-	-
Unspent conditional grants and subsidies	640 314	-	-
	62 442 578	176 923 412	266 271 172

48 FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

Financial Assets	Classification	2025 R	2024 R
Investments			
Unlisted Shares	Financial Instruments at fair value	15 665	15 665
Receivables from Exchange Transactions			
Property Rentals	Financial Instruments at amortised cost	5 287 984	4 033 390
Fire Fighting Fees	Financial Instruments at amortised cost	52 855 107	46 596 302
Other Arrears	Financial Instruments at amortised cost	67 826 887	58 141 847
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	150 269 968	152 443 465
Investment Accounts	Financial Instruments at amortised cost	4 711 400	4 342 610
Cash on hand	Financial Instruments at amortised cost	29 500	29 500
Total Financial Assets		**280 996 511**	**265 602 780**

SUMMARY OF FINANCIAL ASSETS

		2025 R	2024 R
Financial Instruments at amortised cost:			
Receivables from Exchange Transactions	Property Rentals	5 287 984	4 033 390
Receivables from Exchange Transactions	Fire Fighting Fees	52 855 107	46 596 302
Receivables from Exchange Transactions	Other Arrears	67 826 887	58 141 847
Cash and Cash Equivalents	Cash on Hand	29 500	29 500
Cash and Cash Equivalents	Bank Balances	150 269 968	152 443 465
Cash and Cash Equivalents	Call Deposits and Investments	4 711 400	4 342 610
		280 980 846	**265 587 114**

		2025 R	2024 R
Financial Instruments at fair value:			
Investments	Unisted Investments	15 665	15 665
		15 665	**15 665**
Total Financial Assets		**280 996 511**	**265 602 780**

Financial Liabilities	Classification	2025 R	2024 R
Long-term Liabilities			
Annuity Loans	Financial Instruments at amortised cost	173 287 682	110 019 749
Capitalised Lease Liability	Financial Instruments at amortised cost	354 554	151 062
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	15 115 085	24 257 599
Other Payables	Financial Instruments at amortised cost	1 741 064	2 120 602
Retentions	Financial Instruments at amortised cost	5 918 481	2 716 678
Current Portion of Long-term Liabilities			
Annuity Loans	Financial Instruments at amortised cost	-	8 000 000
Capitalised Lease Liability	Financial Instruments at amortised cost	596 158	503 099
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	-	-
		197 013 024	147 768 789

SUMMARY OF FINANCIAL LIABILITIES

		2025 R	2024 R
Financial instruments at amortised cost:			
Long-term Liabilities	Annuity Loans	173 287 682	118 019 749
Long-term Liabilities	Capitalised Lease Liability	950 712	654 161
Trade and Other Payables	Trade Payables	15 115 085	24 257 599
Trade and Other Payables	Other Payables	1 741 064	2 120 602
Trade and Other Payables	Retentions	5 918 481	2 716 678
		197 013 024	**147 768 789**

		2025 R	2024 R
49	**STATUTORY RECEIVABLES**		
	In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
	Taxes		
	Nett VAT Receivable	1 481 451	2 031 937
	Total Statutory Receivables (before provision)	**1 481 451**	**2 031 937**
	Less: Provision for Debt Impairment	-	-
	Total Statutory Receivables (after provision)	**1 481 451**	**2 031 937**

		2025 R	2024 R
50	**CONTINGENT LIABILITY**		
50.1	**Possible Property Dispute: Calitzdorp Spa - Prins Family**		
	This municipality became aware of a land claim submitted by the Prins Family more than twenty (20) years ago. This dispute is still with the Land Claims Commissioner. The Land Claims Commissioner has completed the historical valuation assessment, and they are currently in the process of notifying the claimants regarding the findings of the investigation process that was conducted and there is a mandatory 90-day notification period that allows the claimants to provide additional information that may alter the decision regarding the findings (letter dated 19 June 2025).	6 717 112	7 504 242
	Once this process is completed, the Office will submit the comprehensive research report for approval by the Regional Land Claims Commissioner (RLCC) and upon approval of the research report by the RLCC, other processes like the verification of the beneficiaries will be completed, including options workshop to officially obtain binding preferred restitution option by the Prins family.		
	GRDM may inform the Regional Land Claims Commissioner in terms of section 11 (aA) of the Restitution Act of its intentions for the proposed development, lease agreements for his consideration.		
50.2	**Mossel Bay Transfer Agreement**		
	Portion of Portion 2 of the Farm Hoogekraal No.238 (Erf 832 Glentana)		
	Possible transfer to Mossel Bay Municipality as per signed Transfer Agreement between the parties, subject to completion of subdivision process. Herbie Oosthuizen Attorneys have been appointed by Mossel Bay Municipality to handle this matter. In process.	32 115	32 115
	Portion of Erf 271, Reebok		
	Erf 271 Reebok transfer to Mossel Bay Municipality will be finalised during the 2025/2026 financial year and is therefore removed as a Contingent Liability.	-	47 714
	Northern Portion of Erf 3803, Mossel Bay		
	Possible transfer to Mossel Bay Municipality as per signed Transfer Agreement between the parties, subject to completion of subdivision process. Herbie Oosthuizen Attorneys have been appointed by Mossel Bay Municipality to handle this matter. In process.	1 486 659	1 483 061
50.3	**Combined Summons: Geelhoutvlei CC**		
	On 09 January 2018, a veldfire originated and spread to the Plaintiffs plantation. It is alleged that the Defendants failed to extinguish this fire whilst it was still small and containable and the fire therefore spread, causing damage.	13 488 244	13 488 244
	The Second and Third Defendants filed their amended plea's after the Plaintiff amended theirs. The First Defendant did not provide their plea by 15 October 2021. There has been no movement from the Plaintiff after the Defendants filed their plea. The Plaintiff is *dominus litis* (owner of the case/trial) and will determine the procession of this litigation. The matter is kept in abeyance until further notice. The status quo remains the same. Raubenheimers Attorneys was appointed to defend this matter.		
50.4	**Knysna Municipality Property Dispute**		
	Ongoing challenge from Knysna Municipality claiming ownership of land registered in the name of Garden Route District Municipality. The parties are in discussion to find a resolution. Knysna municipality communicated their Council resolution to GRDM stating that the following properties are under dispute:	54 586 454	54 654 407
	Erf 20, 21 & 22 Belvedere Farm 185, Portion 0-2 George Road (Swartvlei) Farm 215, Portion 1-3 Knysna Rd (Buffalo Bay) Erf 2790, Knysna Farm 191, Portion 22, Knysna RD Westford		
50.5	**Combined Summons: S Pretorius**		
	On or about 23 October 2020 the Plaintiff, Shanelle Pretorius was driving a motor vehicle which drove through a pothole on Bibby's Hoek Road in Rheenendal. Summons was received by the Municipality on the 17th of January 2023. This matter was referred to the Insurance Company to defend.	120 613	120 613
	According to the Roads Department, only a portion of the road belongs to GRDM. This is still in progress.		

50 CONTINGENT LIABILITY (CONTINUED)

	2025 R	2024 R
50.6 Combined Summons: Province vs Garden Route District Municipality and SD Ndengane On the 16th of April a combined summons was hand delivered to Garden Route District Municipality "GRDM". On or about the 14th of April 2021 damages were caused to a Berth Priclo Caravan by Mr Ndengane, an employee of GRDM (Roads Department). The legal section has indicated that the likelihood of an outflow of resources relating to the claim previously disclosed is remote. Accordingly, the matter has been removed from the contingent liability disclosure.	-	133 389
50.7 Labour disputes: SN Mqota The dispute with SN Mqota was dismissed on 8 October 2024 by the Labour Court of South Africa. Accordingly, the matter has been removed from the contingent liability disclosure.	-	1 612 966
50.8 Labour disputes: M Salani A dispute was lodged by M Salani alleging unfair labour practice, which has been referred to the Labour Court. The matter is still in progress.	620 000	-
50.9 Labour disputes: Contract NSF Learners A dispute was lodged by contract NSF learners, alleging unfair labour practice, which has been referred to the CCMA for arbitration. The matter is still in progress.	350 000	-
50.10 VAT Treatment of Roads Function Performed on Behalf of the Department of Infrastructure Management has considered the VAT implications relating to the roads function performed on behalf of the Department of Infrastructure (DOI). Management's position, supported by a SARS non-binding ruling (2013), Binding General Ruling 74 (2023), an independent legal opinion (2025), and confirmation from the DOI (2025), is that the function is performed on an agency basis and therefore does not give rise to output VAT on the full receipts. The Office of the Auditor-General concluded that the function represents a delegated activity, which would require output VAT to be levied on the full amount received. SARS is currently conducting a VAT audit of GRDM, and the outcome will provide clarity on the appropriate VAT treatment.	75 510 624	-
	152 911 820	**79 076 750**

51 CONTINGENT ASSETS

	2025 R	2024 R
51.1 Portion of Portion of Erf 12406, Mossel Bay Erf 12406, Mossel Bay - EHP Building to be transferred from Mossel Bay Municipality to GRDM as per the Transfer Agreement signed on 17 March 2021. Erf 12406, Mossel Bay was transferred to Garden Route District Municipality during the year and is no longer disclosed as a contingent asset.	-	910 000
	-	**910 000**

52 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

52.1 Related Party Transactions

The following purchases were made during the 2023/2024 year where Councillors or staff have an interest:	2024 R Transaction(s) value	2024 R Outstanding Balance
Year ended 30 June 2024		
Genela Security Training and Projects		
Alderman Gericke V (Councillor - Garden Route District Municipality) Sister son owns Genela Security Training and Projects	15 980	
	15 980	**-**

	2024 R Other	2024 R Outstanding Balance
Year ended 30 June 2024		
Municipal Manager and Section 57 Employees		
Mr C Africa - Overpayment of Salary	140 473	109 017
	140 473	**109 017**

No purchases were made during the 2024/2025 year where Councillors or staff have an interest.

Related party relationship

Councillors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality. Related parties include:

- Accounting officer
- Other spheres of government
- Members of key management
- Councillors

52 RELATED PARTIES (CONTINUED)

52.2 Compensation of key management personnel

The compensation of key management personnel and councillors are set out in note 28 to the Annual Financial Statements.

52.3 Current Employee Benefits

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2025:

Name	Position	Staff Leave Obligations	Staff Bonus Obligations
Mr MG Stratu	Municipal Manager	285 143	346 595
Mr. C.H.R. Boshoff	Chief Financial Officer	79 388	280 901
Mrs B Holtzhausen	Executive Manager: Corporate Services	-	202 916
Mrs M Smit	Acting Executive Manager: Corporate Services	73 583	39 902
Mr JH Compion	Acting Executive Manager: Community Services	334 426	-
Mrs NM Mlandu	Executive Manager: Community Services	71 791	106 650
Mr JG Daniels	Executive Manager: Technical Services	352 964	244 607
Mr L Menze	Executive Manager: Planning and Economic Development	238 637	240 992
		1 435 933	**1 462 563**

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2024:

Name	Position	Exit Gratuity	Staff Leave Obligations	Staff Bonus Obligations
Mr MG Stratu	Municipal Manager	242 341	328 154	343 541
Mr. C.H.R. Boshoff	Chief Financial Officer	-	49 298	264 832
Mrs B Holtzhausen	Executive Manager: Corporate Services	-	196 818	241 760
Mr C Africa	Executive Manager: Community Services	-	-	187 011
Mr JH Compion	Acting Executive Manager: Community Services	-	296 307	6 933
Mr JG Daniels	Executive Manager: Technical Services	-	328 502	241 760
Mr L Menze	Executive Manager: Planning and Economic Development	-	341 004	238 637
		242 341	**1 540 083**	**1 524 474**

53 PRINCIPAL - AGENT ARRANGEMENTS

Principal in Principal-Agent Arrangement (Material)

Garden Route District Municipality's binding arrangements for services delivered on behalf of the municipality and for which commissions were paid, have been evaluated and it was found that the conditions don't meet the applicable GRAP 109 criteria to be regarded as a principal arrangements.

54 EVENTS AFTER REPORTING PERIOD

The roads agency function currently performed on behalf of the Department of Infrastructure (DOI) will be transferred to the DOI effective 1 April 2026. Negotiations regarding the terms of this transfer are ongoing. As these negotiations have not yet been finalized, the financial impact of the transfer cannot be reliably measured at the reporting date.

55 FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

As with most municipalities, the municipality is dependent on transfers and subsidies from National and Provincial Government.

55.1 Financial Indicators

The following ratios are considered to be key financial indicators to determine financial health and going concern:

i) Current ratio

This ratio has improved from the prior to the current year. It stands at 3.02 times and is above the norm set for municipalities.

Current Ratio: (Current Assets / Current Liabilities)
Norm: 1.5 - 2.1

	30 June 2025	30 June 2024	
Current Assets	220 813 011	224 315 073	
Current Liabilities	73 118 336	83 105 202	
Current ratio	**3,02**	**2,70**	*times*

ii) Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants):

This ratio has improved from the prior to the current year. It stands at 3.9 times and is better than the norm set for municipalities of 1 to 3 times.

Cash (Excl. Unspent Conditional Grants) / Monthly Fixed Cash Operating Expenditure

	30 June 2025	30 June 2024	
Cost cover	**3,9**	**4,1**	*times*

ii) Reconciliation of Available Cash and Investment Resources

Refer to note 41 that shows cash available after deduction of cash-backed items from the bank balances as at 30 June 2025.

56 DISCLOSURES IN TERMS OF BROAD BASED BLACK ECONOMIC EMPOWERMENT ACT

Information on compliance with the Broad Based Black Economic Empowerment Act is included in the annual report under the section titled B-BBBEE Compliance Performance Information.

57 REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2025

For management purposes, the municipality is organised and operates in key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

Management receives on a monthly basis a C Schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Office of the Municipal Manager	1.1 - Municipal Manager	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.2 - Office: of the Executive Mayor	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.3 - Office: of the Deputy Executive Mayor	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.4 - Office : of the speaker	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.5 - Mayor and Council	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.6 - Strategic Manager	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.7 - Legal Services	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.8 - Legal Services	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.9 - Legal Services	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.8 - Performance Management	Aggregated	Office of the Municipal Manager	Supporting service departments
Vote 2 - Office of the Municipal Manager (cont)	2.1 - Risk Management unit	Aggregated	Office of the Municipal Manager	Supporting service departments
	2.2 - Internal audit	Aggregated	Office of the Municipal Manager	Supporting service departments
	2.3 - Marketing publicity& media cor	Aggregated	Office of the Municipal Manager	Supporting service departments
Vote 3 - Financial Services	3.2 - Manager: Finance (CFO)	Aggregated	Financial Services	Supporting service departments
	3.3 - Expenditure	Aggregated	Financial Services	Supporting service departments
	3.4 - BTO & AFS	Aggregated	Financial Services	Supporting service departments
	3.5 - FMG Interns	Aggregated	Financial Services	Supporting service departments
	3.7 - Income	Aggregated	Financial Services	Supporting service departments
	3.8 - Assets	Aggregated	Financial Services	Supporting service departments
	3.9 - Data	Aggregated	Financial Services	Supporting service departments
	3.10 - Assets Management	Aggregated	Financial Services	Supporting service departments
Vote 4 - Financial Services (cont)	4.1 - SCM	Aggregated	Financial Services	Supporting service departments
Vote 5 - Corporate Services	5.1 - Executive Manager: Corporate Services	Aggregated	Corporate Services	Supporting service departments
	5.2 - Support Services: committee	Aggregated	Corporate Services	Supporting service departments
	5.3 - Support services: registry	Aggregated	Corporate Services	Supporting service departments
	5.4 - Task unit	Aggregated	Corporate Services	Supporting service departments
	5.5 - Training & Development	Aggregated	Corporate Services	Supporting service departments
	5.6 - Labour Relations	Aggregated	Corporate Services	Supporting service departments
	5.7 - Recruitment & Selection	Aggregated	Corporate Services	Supporting service departments
	5.8 - Basic Conditions of Service	Aggregated	Corporate Services	Supporting service departments
	5.9 - OHS	Aggregated	Corporate Services	Supporting service departments
	5.10 - EAP	Aggregated	Corporate Services	Supporting service departments
Vote 6 - Corporate Services (cont)	6.1 - Section 79/80 committees	Aggregated	Corporate Services	Supporting service departments
	6.2 - IT Section	Aggregated	Corporate Services	Supporting service departments
	6.3 - HR Manager	Aggregated	Corporate Services	Supporting service departments
	6.4 - It section	Aggregated	Corporate Services	Supporting service departments
Vote 7 - Community Services	7.1 - Disaster Management	Aggregated	Community Services	Disaster Management Services
	7.2 - Executive Manager: Community Services	Aggregated	Community Services	Health Services
	7.3 - Municipal Health Services: Administration	Aggregated	Community Services	Health Services
	7.4 - Municipal Health Services: George	Aggregated	Community Services	Health Services
	7.5 - Municipal Health Services: Klein Karoo	Aggregated	Community Services	Health Services
	7.6 - Municipal Health Services: Langeberg	Aggregated	Community Services	Health Services
	7.7 - Municipal Health Services: Lakes Areas	Aggregated	Community Services	Health Services
	7.8 - Disaster Management	Aggregated	Community Services	Disaster Management Services
	7.9 - Disaster Management	Aggregated	Community Services	Disaster Management Services
	7.10 - Environmental Management	Aggregated	Community Services	Environmental Protection

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 8 - Community Services (cont)	8.1 - Fire fighting	Aggregated	Community Services	Fire Fighting Services
	8.2 - Fire services: Riversdal	Aggregated	Community Services	Fire Fighting Services
	8.3 - Fire services: Kannaland	Aggregated	Community Services	Fire Fighting Services
	8.4 - Fire Fighting	Aggregated	Community Services	Fire Fighting Services
	8.5 - Bulk infrastructure:(m hubbe)	Aggregated	Community Services	Waste Management Services
	8.6 - Refuse	Aggregated	Community Services	Waste Management Services
	8.7 - Bulk infr.: water	Aggregated	Community Services	Waste Management Services
	8.8 - Air quality control	Aggregated	Community Services	Environmental Protection
	8.9 - Landfill Sites	Aggregated	Community Services	Waste Management Services
	8.10 - Solid Waste Removal	Aggregated	Community Services	Waste Management Services
Vote 9 - Planning and Economic Development	9.1 - Property Development	Aggregated	Planning and Development	Supporting service departments
	9.2 - Executive Manager: Planning and Economic Developm	Aggregated	Planning and Development	Supporting service departments
	9.3 - Regional planning	Aggregated	Planning and Development	Supporting service departments
	9.4 - Tourism	Aggregated	Planning and Development	Supporting service departments
	9.5 - Human Settlement	Aggregated	Planning and Development	Supporting service departments
	9.6 - EPWP Manager	Aggregated	Planning and Development	Supporting service departments
	9.7 - EPWP Projects	Aggregated	Planning and Development	Supporting service departments
	9.8 - Population Development	Aggregated	Planning and Development	Supporting service departments
	9.9 - Pollution Control	Aggregated	Planning and Development	Supporting service departments
	9.10 - Tourism	Aggregated	Planning and Development	Supporting service departments
Vote 10 - Planning and Economic Development (cont)	10.1 - PMU	Aggregated	Planning and Development	Supporting service departments
	10.2 - Led	Aggregated	Planning and Development	Local Economic Development Services
	10.3 - Idp	Aggregated	Planning and Development	Supporting service departments
	10.4 - EPWP Manager	Aggregated	Planning and Development	Supporting service departments
	10.5 - EPWP Projects	Aggregated	Planning and Development	Supporting service departments
	10.6 - Resorts: Calitzdorp Spa Kiosk	Aggregated	Planning and Development	Resorts
	10.7 - Resorts: Calitzdorp Spa Resort	Aggregated	Planning and Development	Resorts
	10.8 - Resorts: De Hoek Mountain Resort	Aggregated	Planning and Development	Resorts
	10.9 - Resorts: De Hoek Mountain Shop	Aggregated	Planning and Development	Resorts
	10.10 - Led	Aggregated	Planning and Development	Local Economic Development Services
Vote 11 - Planning and Economic Development(cont2)	11.1 - Resorts: Swartvlei	Aggregated	Planning and Development	Resorts
	11.2 - Resorts: Victoriabaai	Aggregated	Planning and Development	Resorts
	11.3 - Resorts: Kleinkrantz	Aggregated	Planning and Development	Resorts
Vote 12 - Roads	12.1 - Public transport	Aggregated	Roads Services	Roads Services
	12.2 - Road Transport - Roads General	Aggregated	Roads Services	Roads Services
	12.3 - ROADS OPERATIONAL COST 1	Aggregated	Roads Services	Roads Services
	12.4 - ROADS WORKSHOP OPERATIONAL COST 1	Aggregated	Roads Services	Roads Services
	12.5 - ROADS - MAINTENANCE OUDTSHOORN - PROJECT 1 - PREVENTATIVE CONDI	Aggregated	Roads Services	Roads Services
	12.6 - ROADS - GRADER OUDTSHOORN - PROJECT 1	Aggregated	Roads Services	Roads Services
	12.7 - ROADS - MAINTENANCE RIVERSDALE - PROJECT 1 - PREVENTATIVE CONDI	Aggregated	Roads Services	Roads Services
	12.8 - ROADS - GRADER RIVERSDALE - PROJECT 1	Aggregated	Roads Services	Roads Services
	12.9 - ROADS - GRADER GEORGE - PROJECT 1	Aggregated	Roads Services	Roads Services
	12.10 - ROADS - REGRAVEL - PROJECT 2 - SHORT SECTION	Aggregated	Roads Services	Roads Services
Vote 13 - Roads (cont)	13.1 - Roads	Aggregated	Roads Services	Roads Services
	13.2 - ROADS - MAINTENANCE GEORGE - PROJECT 1 - PREVENTATIVE CONDITION	Aggregated	Roads Services	Roads Services
	13.3 - ROADS - REGRAVEL - PROJECT 1 - MAINTENANCE RO	Aggregated	Roads Services	Roads Services
	13.4 - ROADS - RESEAL - PROJECT 1 - MAINTENANCE ROAD	Aggregated	Roads Services	Roads Services
	13.5 - ROADS - CONSTR (UPGRADE)- PROJECT 1 - CORRECTIVE MAINT - SLANGRIVIER	Aggregated	Roads Services	Roads Services
	13.6 - ROADS - CONSTR - CORRECTIVE MAINTEN SMALL IN/OUTLET STRUCTURES	Aggregated	Roads Services	Roads Services

SECONDARY SEGMENTS

Mscoa Functional Segments identified	Aggregation	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
	Internal audit	Aggregated	Governance and Administration	Supporting service departments
• Community and public safety	Community and social services	Aggregated	Community and public safety	Resorts and community services
	Sport and recreation	Aggregated	Community and public safety	
	Public safety	Aggregated	Community and public safety	Fire services
	Health services	Aggregated	Community and public safety	Health Services
• Economic and environmental services	Planning and development	Aggregated	Economic and environmental services	Supporting service departments
	Road transport	Aggregated	Economic and environmental services	Road services
	Environmental protection	Aggregated	Economic and environmental services	Environmental Protection
• Trading services	Water management	Individually Reported	Water management	Water management
	Waste management	Individually Reported	Waste management	Waste management service
• Other	Tourism	Individually Reported	Other	Tourism

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

Garden Route District Municipality consists of the following municipalities situated in different geographical areas:

Bitou Municipality
George Municipality
Hessequa Municipality
Kannaland Municipality
Knysna Municipality
Mossel Bay Municipality
Oudtshoorn Municipality

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

GARDEN ROUTE DISTRICT MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2025

	Office of the Municipal Manager	Financial Services	Corporate Services	Planning and Development	Community Services	Roads Services	Total
	R	R	R	R	R	R	R
SEGMENT REVENUE							
External revenue from exchange transactions	36 650 713	1 350 748	1 621 132	13 551 517	14 492 844	173 377 860	241 044 814
Roads Service Charge	18 859 599	-	-	-	-	173 373 967	192 233 565
Service Charges - Refuse Revenue	-	-	-	-	-	-	-
Rent on land	236 837	-	-	244 471	-	-	481 309
Rental from Fixed Assets	2 400	1 321 766	-	-	-	-	1 324 166
Interest Earned - External Investments	16 540 501	-	-	-	-	-	16 540 501
Interest Earned - Exchange Transactions	-	-	335 384	5 043 620	-	-	5 379 004
Licences and Permits	-	-	-	-	308 600	-	308 600
Sales of Goods and Rendering of Services	391 121	-	1 000 071	8 202 050	14 075 722	2 393	23 671 358
Other Revenue	620 255	28 982	285 677	61 376	108 521	1 500	1 106 311
External revenue from non-exchange transactions	186 199 869	1 168 144	13 444 877	7 425 264	3 782 735	3 646 220	215 667 109
Transfers And Subsidies - Operating	183 706 516	951 614	13 444 877	7 317 046	1 322 735	3 659 776	210 402 565
Public contributions and donations	2 493 353	-	-	-	-	-	2 493 353
Fines, Penalties and Forfeits	-	-	-	108 218	2 460 000	-	2 568 218
Gains	-	216 530	-	-	-	(13 556)	202 974
Total Segment Revenue (excluding capital transfers and contributions)	**222 850 582**	**2 518 892**	**15 066 010**	**20 976 782**	**18 275 578**	**177 024 080**	**456 711 924**
SEGMENT EXPENDITURE							
Employee Related Costs	(38 217 079)	(20 608 987)	(41 774 105)	(29 532 246)	(71 960 949)	(107 359 956)	(309 453 321)
Remuneration of Councillors	(13 953 179)	-	-	-	-	-	(13 953 179)
Debt Impairment	(19 101 944)	-	-	-	-	-	(19 101 944)
Depreciation and Amortisation	(278 932)	(221 204)	(1 142 853)	(2 642 279)	(2 728 693)	(121 094)	(7 135 055)
Finance Costs	(45 633)	(2 024)	(39 772)	(12 085)	(328 761)	(6 273)	(434 547)
Other Materials	(184 941)	(64 612)	(548 394)	(754 669)	(1 043 983)	(43 901 512)	(46 498 111)
Contracted Services	(1 231 260)	(1 853 309)	(1 268 229)	(1 556 929)	(13 517 092)	(8 733 222)	(28 160 041)
Transfers and Subsidies	(953 684)	-	(5 360 978)	(1 462 573)	(657 553)	(468 794)	(8 903 581)
Operating leases	-	-	(60 583)	-	(17 977)	(9 898)	(88 457)
Operational Cost	(15 805 499)	(1 041 664)	(12 558 659)	(2 859 224)	(2 335 660)	(12 616 089)	(47 216 796)
Losses	(4 057 308)	-	-	(430 100)	-	(250 611)	(4 738 019)
Total Segment Expenditure	(93 829 458)	(23 791 800)	(62 753 572)	(39 250 106)	(92 590 667)	(173 467 449)	(485 683 052)
Surplus/(Deficit)	129 021 124	(21 272 908)	(47 687 563)	(18 273 324)	(74 315 089)	3 556 631	(28 971 129)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 563 205	-	-	-	-	-	2 563 205
Surplus/(Deficit) after Capital Transfers & Contributions	131 584 329	(21 272 908)	(47 687 563)	(18 273 324)	(74 315 089)	3 556 631	(26 407 924)
Surplus/(Deficit) for the year	**131 584 329**	**(21 272 908)**	**(47 687 563)**	**(18 273 324)**	**(74 315 089)**	**3 556 631**	**(26 407 924)**
CAPITAL EXPENDITURE FOR THE YEAR	**165 638**	**52 172**	**451 898**	**2 718 908**	**44 577 739**	**136 630**	**48 102 985**

GARDEN ROUTE DISTRICT MUNICIPALITY

SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2025

	Community and public safety	Economic and environmental services	Trading services	Governance and Administration	Other	Total
			Waste management			
	R	R			R	R
SEGMENT REVENUE						
External revenue from exchange transactions	13 911 202	179 080 110	8 388 816	39 664 686	-	241 044 814
Roads Service Charge	-	173 373 967	-	18 859 599	-	192 233 565
Rent on land	-	244 471	-	236 837	-	481 309
Rental from Fixed Assets	-	-	-	1 324 166	-	1 324 166
Interest Earned - External Investments	-	-	-	16 540 501	-	16 540 501
Interest Earned - Exchange Transactions	-	5 043 620	-	335 384	-	5 379 004
Licences and Permits	-	308 600	-	-	-	308 600
Sales of Goods and Rendering of Services	13 888 957	2 393	8 388 816	1 391 192	-	23 671 358
Other Revenue	22 246	107 059	-	977 007	-	1 106 311
External revenue from non-exchange transactions	3 516 705	11 229 296	-	200 812 891	108 218	215 667 109
Transfers And Subsidies - Operating	1 056 705	11 242 852	-	198 103 007	-	210 402 565
Public contributions and donations	-	-	-	2 493 353	-	2 493 353
Fines, Penalties and Forfeits	2 460 000	-	-	-	108 218	2 568 218
Gains	-	(13 556)	-	216 530	-	202 974
Total Segment Revenue (excluding capital transfers and contributions)	**17 427 908**	**190 309 406**	**8 388 816**	**240 477 577**	**108 218**	**456 711 924**
SEGMENT EXPENDITURE						
Employee Related Costs	(71 795 856)	(124 820 592)	(2 671 788)	(108 948 437)	(1 216 648)	(309 453 321)
Remuneration of Councillors	-	-	-	(13 953 179)	-	(13 953 179)
Debt Impairment	-	-	-	(19 101 944)	-	(19 101 944)
Depreciation and Amortisation	(3 692 208)	(219 624)	(13 544)	(3 202 630)	(7 048)	(7 135 055)
Actuarial Losses	-	-	-	-	-	-
Finance Costs	(307 577)	(32 559)	-	(94 412)	-	(434 547)
Other Materials	(1 499 854)	(43 933 549)	(12 968)	(1 051 741)	-	(46 498 111)
Contracted Services	(4 279 393)	(10 113 427)	(8 910 534)	(4 756 686)	(100 000)	(28 160 041)
Transfers and Subsidies	(391 524)	(2 197 396)	-	(6 314 662)	-	(8 903 581)
Operating leases	(17 977)	(9 898)	-	(60 583)	-	(88 457)
Operational Cost	(3 012 094)	(13 799 588)	(109 508)	(30 032 389)	(263 217)	(47 216 796)
Losses	-	(250 611)	-	(4 487 408)	-	(4 738 019)
Total Segment Expenditure	(84 996 482)	(195 377 243)	(11 718 343)	(192 004 071)	(1 586 913)	(485 683 052)
Surplus/(Deficit)	(67 568 575)	(5 067 837)	(3 329 527)	48 473 506	(1 478 695)	(28 971 129)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	-	2 563 205	-	2 563 205
Surplus/(Deficit) after Capital Transfers & Contributions	(67 568 575)	(5 067 837)	(3 329 527)	51 036 711	(1 478 695)	(26 407 924)
Surplus/(Deficit) for the year	**(67 568 575)**	**(5 067 837)**	**(3 329 527)**	**51 036 711**	**(1 478 695)**	**(26 407 924)**
CAPITAL EXPENDITURE FOR THE YEAR	**2 999 361**	**2 754 711**	**41 659 863**	**689 051**	**-**	**48 102 985**

GARDEN ROUTE DISTRICT MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Office of the Municipal Manager	Financial Services	Corporate Services	Planning and Development	Community Services	Roads Services	Total
	R	R	R	R	R	R	R
SEGMENT REVENUE							
External revenue from exchange transactions	31 709 346	1 516 092	2 519 319	13 758 947	3 108 840	182 533 011	235 145 555
Roads Service Charge	18 489 387	-	-	-	-	182 533 011	201 022 398
Rental of Facilities and Equipment	176 895	1 010 120	-	317 657	-	-	1 504 672
Interest Earned - External Investments	12 400 024	-	-	-	-	-	12 400 024
Interest Earned - Exchange Transactions	-	373 543	310 744	4 538 038	-	-	5 222 326
Licences and Permits	-	-	-	-	67 725	-	67 725
Other Revenue	643 039	132 429	2 208 575	8 903 252	3 041 116	-	14 928 411
External revenue from non-exchange transactions	196 288 198	234 220	-	-	-	-	196 522 418
Transfers And Subsidies - Operating	196 288 198	-	-	-	-	-	196 288 198
Agency Services	-	-	-	-	-	-	-
Gains	-	234 220	-	-	-	-	234 220
Total Segment Revenue (excluding capital transfers and	**227 997 543**	**1 750 313**	**2 519 319**	**13 758 947**	**3 108 840**	**182 533 011**	**431 667 973**
SEGMENT EXPENDITURE							
Employee Related Costs	(41 607 699)	(20 679 081)	(33 667 041)	(29 829 320)	(69 280 850)	(107 392 085)	(302 456 076)
Remuneration of Councillors	(12 232 669)	-	-	-	-	-	(12 232 669)
Irrecoverable debt written off	-	-	-	-	-	-	-
Debt Impairment	(5 475 728)	-	-	-	-	-	(5 475 728)
Depreciation and Amortisation	(264 238)	(143 813)	(1 481 571)	(2 218 234)	(2 286 774)	(39 929)	(6 434 558)
Finance Costs	(106 889)	-	-	-	(91 335)	-	(198 224)
Inventory consumed	(496 094)	(124 099)	(749 395)	(624 950)	(975 283)	(48 655 389)	(51 625 209)
Contracted Services	(4 350 208)	(1 871 351)	(3 473 914)	(2 552 025)	(3 609 627)	(8 166 529)	(24 023 654)
Transfers and Subsidies	(2 341 040)	-	(942 327)	(551 013)	(775 342)	(1 195 470)	(5 805 192)
Operational cost	(12 419 481)	(1 234 579)	(11 775 183)	(3 624 011)	(3 351 424)	(17 075 024)	(49 479 702)
Losses	2 201 064	-	-	-	-	(4 472 276)	(2 271 212)
Total Segment Expenditure	(77 092 981)	(24 052 923)	(52 089 430)	(39 399 553)	(80 370 636)	(186 996 701)	(460 002 225)
Surplus/(Deficit)	150 904 562	(22 302 610)	(49 570 111)	(25 640 606)	(77 261 796)	(4 463 690)	(28 334 251)
Transfers and subsidies - capital (monetary allocations)	12 627 817	-	-	-	-	-	12 627 817
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	163 532 379	(22 302 610)	(49 570 111)	(25 640 606)	(77 261 796)	(4 463 690)	(15 706 434)
Surplus/(Deficit) for the year	**163 532 379**	**(22 302 610)**	**(49 570 111)**	**(25 640 606)**	**(77 261 796)**	**(4 463 690)**	**(15 706 434)**
CAPITAL EXPENDITURE FOR THE YEAR	**190 911**	**122 625**	**607 555**	**8 010 311**	**19 290 710**	**210 074**	**28 432 187**

GARDEN ROUTE DISTRICT MUNICIPALITY

SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Community and public safety	Economic and environmental services	Trading services			Governance and Administration	Other	Total
			Water Management	Waste water management	Waste management			
	R	R	R				R	R
SEGMENT REVENUE								
External revenue from exchange transactions	11 907 682	187 487 742	-	-	-	35 750 131	-	235 145 555
Roads Service Charge	-	182 533 011	-	-	-	18 489 387	-	201 022 398
Rental of Facilities and Equipment	-	317 657	-	-	-	1 187 015	-	1 504 672
Interest Earned - External Investments	-	-	-	-	-	12 400 024	-	12 400 024
Interest Earned - Exchange Transactions	-	4 538 038	-	-	-	684 288	-	5 222 326
Licences and Permits	-	67 725	-	-	-	-	-	67 725
Other Revenue	11 907 682	31 311	-	-	-	2 989 417	-	14 928 411
External revenue from non-exchange transactions	-	-	-	-	-	196 522 418	-	196 522 418
Transfers And Subsidies - Operating	-	-	-	-	-	196 288 198	-	196 288 198
Gains	-	-	-	-	-	234 220	-	234 220
Total Segment Revenue (excluding capital transfers and	**11 907 682**	**187 487 742**	**-**	**-**	**-**	**232 272 549**	**-**	**431 667 973**
SEGMENT EXPENDITURE								
Employee Related Costs	(69 840 572)	(124 900 994)	-	-	(2 467 444)	(104 075 579)	(1 171 488)	(302 456 076)
Remuneration of Councillors	-	-	-	-	-	(12 232 669)	-	(12 232 669)
Irrecoverable debt written off	-	-	-	-	-	-	-	-
Debt Impairment	-	-	-	-	-	(5 475 728)	-	(5 475 728)
Depreciation and Amortisation	(2 987 599)	(141 932)	-	-	(5 271)	(3 293 062)	(6 694)	(6 434 558)
Finance Costs	(91 335)	-	-	-	-	(106 889)	-	(198 224)
Inventory consumed	(1 395 769)	(48 708 849)	-	-	(12 888)	(1 507 704)	-	(51 625 209)
Contracted Services	(4 249 079)	(8 717 001)	-	-	(633)	(11 056 940)	-	(24 023 654)
Transfers and Subsidies	(775 342)	(1 746 483)	-	-	-	(3 283 367)	-	(5 805 192)
Operational cost	(4 247 711)	(18 101 546)	-	-	(211 088)	(26 270 469)	(648 887)	(49 479 702)
Losses	-	(4 472 276)	-	-	-	2 201 064	-	(2 271 212)
Total Segment Expenditure	(83 587 407)	(206 789 081)	-	-	(2 697 324)	(165 101 343)	(1 827 070)	(460 002 225)
Surplus/(Deficit)	(71 679 725)	(19 301 339)	-	-	(2 697 324)	67 171 206	(1 827 070)	(28 334 251)
Transfers and subsidies - capital (monetary allocations)	-	-	-	-	-	12 627 817	-	12 627 817
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	(71 679 725)	(19 301 339)	-	-	(2 697 324)	79 799 024	(1 827 070)	(15 706 434)
Surplus/(Deficit) for the year	**(71 679 725)**	**(19 301 339)**	**-**	**-**	**(2 697 324)**	**79 799 024**	**(1 827 070)**	**(15 706 434)**
CAPITAL EXPENDITURE FOR THE YEAR	**6 115 172**	**6 506 689**	**-**	**-**	**-**	**981 255**	**14 829 071**	**28 432 187**

Reconciliation Between Statement of Financial Performance and Segment Report

Item	2025 R Statement of Financial Performance	Budget Schedule Classification	2025 R Statement of Financial Performance
Government Grants and Subsidies - Operating	195 513 092	Transfers Recognised - Operational	195 513 092
Government Grants and Subsidies - Capital	2 563 205	Transfers and subsidies - capital (monetary allocations)	2 563 205
Contributed Property, Plant and Equipment	2 493 353	Transfers and subsidies - capital (in-kind - all)	2 493 353
Actuarial Gains	-	Other Gains	-
Fines. Penalties and Forfeits	2 568 218	Fines, penalties and forfeits	2 568 218
Government Incentives Received	14 889 472	Transfers Recognised - Operational	14 889 472
Department of Infrastructure - Roads Service Charges	192 233 565	Agency Services	192 233 565
Sales of Goods and Rendering of Services	23 671 358	Sale of Goods and Rendering of Services	23 671 358
Rent on Land	481 309	Rent on Land	481 309
Rental of Facilities and Equipment	1 324 166	Rental from Fixed Assets	1 324 166
Interest Earned - External Investments	16 540 501	Interest earned from Current and Non Current Assets	16 540 501
Interest Earned - Exchange Transactions	5 379 004	Interest earned from Receivables	5 379 004
Licences and Permits	308 600	Licence and permits	308 600
Operational Revenue	1 106 311	Operational Revenue	1 106 311
Total Revenue	**459 072 155**		**459 072 155**
Employee related costs	(309 453 321)	Employee related costs	(309 453 321)
Remuneration of Councillors	(13 953 179)	Remuneration of Councillors	(13 953 179)
Bad Debts Written Off	(1 613 949)	Irrecoverable debts written off	(1 613 949)
Contracted Services	(28 160 041)	Contracted Services	(28 160 041)
Depreciation and Amortisation	(7 135 055)	Depreciation and Amortisation	(7 135 055)
Actuarial Losses	(4 135 784)	Other Losses	(4 135 784)
Finance Costs	(434 547)	Interest	(434 547)
Inventory Consumed	(46 498 111)	Inventory Consumed	(46 498 111)
Operating Leases	(88 457)	Operational Costs	(88 457)
Transfers and Subsidies	(8 903 581)	Transfers and Grants	(8 903 581)
Operational Costs	(47 216 796)	Operational Costs	(47 216 796)
Total Expenditure	**(467 592 822)**		**(467 592 822)**
Operating Surplus/(Deficit) for the Year	**(8 520 667)**		**(8 520 667)**
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	202 974	Other Gains	202 974
Reversal of Impairment Loss/(Impairment Loss) on Receivables	(17 487 996)	Other Losses	(17 487 996)
Gains/(Loss) on Sale of Fixed Assets	(172 135)	Other Losses	(172 135)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(430 100)	Depreciation & Asset Impairment	(430 100)
NET SURPLUS/(DEFICIT) FOR THE YEAR	**(26 407 924)**		**(26 407 924)**

APPENDIX A
GARDEN ROUTE DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2025

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2024	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2025	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
LEASE LIABILITY										
Annuity Loan	9,42%	803554	2035/06/29	118 019 749	-	63 000 000	(7 732 067)	173 287 682	-	-
Photocopiers	Prime	40287810	2027/12/31	-	-	356 121	(51 366)	304 755	297 255	-
Mobile Communication Devices	Prime	334621609	Various	654 161	-	663 726	(671 930)	645 957	730 878	-
Total Lease Liabilities				118 673 910	-	64 019 847	(8 455 363)	174 238 394	-	-
TOTAL EXTERNAL LOANS				**118 673 910**	**-**	**64 019 847**	**(8 455 363)**	**174 238 394**	**-**	-

APPENDIX B
GARDEN ROUTE DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2024	Correction of Error	Restated Balance 30 June 2024	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT on Grants	Balance 30 June 2025	Unspent 30 June 2025 (Creditor)	Unpaid 30 June 2025 (Debtor)
National Government Grants											
Equitable Share	-	-	-	182 224 000	-	(182 224 000)	-	-	-	-	-
Local Government Financial Management Grant	-	-	-	1 000 000	-	(899 852)	-	(51 762)	48 386	48 386	-
Expanded Public Works Programme Integrated Grant	-	-	-	1 545 000	-	(1 545 000)	-	-	-	-	-
Energy Efficiency and Demand-side Management Grant	267 041	-	267 041	-	(267 041)	-	-	-	-	-	-
Rural Road Asset Management Systems Grant	-	-	-	2 721 000	-	(2 603 404)	-	(117 596)	-	-	-
Total National Government Grants	**267 041**	**-**	**267 041**	**187 490 000**	**(267 041)**	**(187 272 256)**	**-**	**(169 358)**	**48 386**	**48 386**	**-**
Provincial Government Grants											
Integrated Transport Planning	-	-	-	939 000	-	(816 327)	-	(122 449)	224	224	-
Municipal Accreditation and Capacity Building Grant (Human Settlements)	73 808	-	73 808	3 490 627	(73 808)	(4 772 046)	-	-	(1 281 419)	-	(1 281 419)
Fire Service Capacity Building Grant	64 815	-	64 815	3 000 000	-	-	(1 314 815)	-	1 750 000	1 750 000	-
Municipal Service Delivery and Capacity Building Grant (Agro-processing Support)	-	-	-	1 000 000	-	(1 000 000)	-	-	-	-	-
Municipal Service Delivery and Capacity Building Grant (Disaster Management Internship)	-	-	-	200 000	-	-	-	-	200 000	200 000	-
Western Cape Municipal Interventions Grant (Disaster Management Internship)	145 210	-	145 210	-	(45 210)	(100 000)	-	-	-	-	-
Municipal Water Resilience Grant	48 390	-	48 390	1 800 000	-	(266 029)	(1 248 390)	-	333 970	333 970	-
Safety Initiative Implementation - Whole of Society Approach (WOSA)	-	-	-	1 000 000	-	(953 375)	-	(3 330)	43 295	43 295	-
Western Cape Financial Management Capability Grant (Bursary Programme)	41 049	-	41 049	200 000	-	(37 921)	-	-	203 128	203 128	-
Total Provincial Government Grants	**373 272**	**-**	**373 272**	**11 629 627**	**(119 018)**	**(7 945 700)**	**(2 563 205)**	**(125 779)**	**1 249 198**	**2 530 617**	**(1 281 419)**
Total Grants	**640 314**	**-**	**640 314**	**199 119 627,03**	**(386 059,49)**	**(195 217 955,79)**	**(2 563 205,00)**	**(295 136,91)**	**1 297 584**	**2 579 003**	**(1 281 419)**

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

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	–	–	–	–		–	0,0%	0,0%				–
Service charges	–	–	13 051	–		–	0,0%	0,0%				–
Investment revenue	12 017	6 247	18 263	16 541		–	0,0%	0,0%				12 400
Transfers recognised - operational	214 786	(1 670)	213 116	210 403		–	0,0%	0,0%				196 275
Other own revenue	249 615	9 204	258 819	227 276		–	0,0%	0,0%				222 980
Total Revenue (excluding capital transfers and contributions)	**476 418**	**13 781**	**503 250**	**454 219**		**–**	**0,0%**	**0,0%**				**431 655**
Employee costs	299 649	10 226	309 875	309 453	–	–	0,0%	0,0%	–	–	–	302 456
Remuneration of councillors	14 054	434	14 488	13 953	–	–	0,0%	0,0%	–	–	–	12 233
Depreciation & asset impairment	5 960	3 323	9 283	7 135	–	–	0,0%	0,0%	–	–	–	6 435
Finance charges	75	63	138	435	–	–	0,0%	0,0%	–	–	–	198
Inventory consumed and bulk purchases	44 467	4 401	48 869	46 498	–	–	0,0%	0,0%	–	–	–	51 625
Transfers and grants	1 211	1 660	2 870	8 904	–	–	0,0%	0,0%	–	–	–	5 805
Other expenditure	110 852	5 724	116 576	99 305	–	–	0,0%	0,0%	–	–	–	81 250
Total Expenditure	**476 268**	**25 830**	**502 098**	**485 683**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**460 002**
Surplus/(Deficit)	**150**	**(12 049)**	**1 152**	**(31 464)**		**–**	**0,0%**	**0,0%**				**(28 347)**
Transfers and subsidies - capital (monetary allocations)	4 200	713	4 913	2 563		–	0,0%	0,0%				12 628
Transfers and subsidies - capital (in-kind - all)	–	–	–	2 493		–	0,0%	0,0%				13
Surplus/(Deficit) after capital transfers & contributions	**4 350**	**(11 336)**	**6 065**	**(26 408)**		**–**	**0,0%**	**0,0%**				**(15 706)**
Share of surplus/ (deficit) of associate	–	–	–	–		–	-	-				–
Surplus/(Deficit) for the year	**4 350**	**(11 336)**	**6 065**	**(26 408)**		**–**	**0,0%**	**0,0%**				**(15 706)**
Capital expenditure & funds sources												
Capital expenditure	**224 926**	**(36 307)**	**188 619**	**48 103**								
Transfers recognised - capital	4 200	713	4 913	2 563		–	0,0%	0,0%				3 149
Public contributions & donations	–	–		2 493		–	0,0%	0,0%				3 284
Borrowing	220 576	(38 022)	182 554	42 680		–	0,0%	0,0%				1 712
Internally generated funds	150	1 002	1 152	367		–	0,0%	0,0%				20 287
Total sources of capital funds	**224 926**	**(36 307)**	**188 619**	**48 103**		**–**	**0,0%**	**0,0%**				**28 432**
Financial position												
Total current assets	137 030	(4 739)	132 291	220 813		–	0,0%	0,0%				224 315
Total non current assets	581 792	(46 560)	535 231	340 483		–	0,0%	0,0%				359 745
Total current liabilities	75 516	16 213	91 728	73 118		–	0,0%	0,0%				83 105
Total non current liabilities	382 233	(51 423)	330 811	272 072		–	0,0%	0,0%				258 442
Community wealth/Equity	**261 073**	**(16 089)**	**244 178**	**216 105**		**–**	0,0%	0,0%				**242 513**
Cash flows												
Net cash from (used) operating	83 473	(75 707)	7 766	(11 760)		–	0,0%	0,0%				(44 839)
Net cash from (used) investing	(224 926)	36 307	(188 619)	(45 610)		–	0,0%	0,0%				(52 177)
Net cash from (used) financing	204 341	–	76 965	55 564		–	0,0%	0,0%				117 428
Cash/cash equivalents at the year end	**184 071**	**(131 143)**	**52 927**	**155 011**		**–**	**0,0%**	**0,0%**				**156 816**
Cash backing/surplus reconciliation												
Cash and investments available	105 533	(52 858)	52 675	155 011		–	0,0%	0,0%				156 816
Application of cash and investments	96 007	(59 097)	36 910	70 545		–	0,0%	0,0%				38 430
Balance - surplus (shortfall)	**9 526**	**6 239**	**15 765**	**84 465**		**–**	**0,0%**	**0,0%**				**118 385**
Asset Management												
Asset register summary (WDV)	237 278	9 715	246 993	340 467		–	0,0%	0,0%				300 101
Depreciation & asset impairment	5 960	3 323	9 283	7 135		–	0,0%	0,0%				6 435
Renewal and Upgrading of Existing Assets	3 000	(2 714)	286	48 103		–	0,0%	0,0%				28 432
Repairs and Maintenance	13 219	(943)	12 276	5 030		–	0,0%	0,0%				6 382

APPENDIX C: MUN - 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	**261 026**	**(13 794)**	**247 232**	**240 478**		**–**	**0,0%**	**0,0%**				**244 900**
Executive and council	253 317	(29 065)	224 252	222 851		–	0,0%	0,0%				240 625
Finance and administration	7 709	15 271	22 980	17 627		–	0,0%	0,0%				4 275
Internal audit	–	–	–	–		–	0,0%	0,0%				–
Community and public safety	**17 114**	**3 199**	**20 312**	**17 797**		**–**	**0,0%**	**0,0%**				**11 908**
Community and social services	–	3 148	3 148	2 571		–	0,0%	0,0%				–
Sport and recreation	11 289	(1 754)	9 534	8 221		–	0,0%	0,0%				8 867
Public safety	5 245	820	6 065	5 582		–	0,0%	0,0%				2 567
Housing	–	–	–	–		–	0,0%	0,0%				–
Health	580	985	1 565	1 423		–	0,0%	0,0%				474
Economic and environmental services	**202 478**	**14 216**	**216 695**	**190 043**		**–**	**0,0%**	**0,0%**				**187 488**
Planning and development	5 119	9 985	15 105	12 605		–	0,0%	0,0%				4 856
Road transport	196 860	3 660	200 520	177 024		–	0,0%	0,0%				182 533
Environmental protection	499	571	1 070	414		–	0,0%	0,0%				99
Trading services	**–**	**23 925**	**23 925**	**10 957**		**–**	**0,0%**	**0,0%**				**–**
Electricity	–	–	–	–		–	0,0%	0,0%				–
Water	–	–	–	–		–	0,0%	0,0%				–
Waste water management	–	–	–	–		–	0,0%	0,0%				–
Waste management	–	23 817	23 817	10 849		–	0,0%	0,0%				–
Other	**–**	108	108	108		**–**	**0,0%**	**0,0%**				–
Total Revenue - Standard	**480 618**	**27 545**	**508 163**	**459 275**		**–**	**0,0%**	**0,0%**				**444 296**
Expenditure - Standard												
Governance and administration	**169 599**	**1 943**	**171 542**	**183 670**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**165 161**
Executive and council	53 716	7 209	60 926	79 391	–	–	0,0%	0,0%	–	–	–	61 324
Finance and administration	112 572	(5 764)	106 808	100 423	–	–	0,0%	0,0%	–	–	–	100 741
Internal audit	3 310	498	3 808	3 856	–	–	0,0%	0,0%	–	–	–	3 096
Community and public safety	**82 291**	**2 381**	**84 671**	**86 048**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**83 664**
Community and social services	6 871	3 574	10 445	10 640	–	–	0,0%	0,0%	–	–	–	8 592
Sport and recreation	10 650	729	11 379	10 935	–	–	0,0%	0,0%	–	–	–	11 980
Public safety	27 406	(2 111)	25 295	27 020	–	–	0,0%	0,0%	–	–	–	26 346
Housing	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Health	37 363	189	37 553	37 453	–	–	0,0%	0,0%	–	–	–	36 746
Economic and environmental services	**219 998**	**10 827**	**230 825**	**202 660**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**206 652**
Planning and development	15 208	10 634	25 841	24 985	–	–	0,0%	0,0%	–	–	–	15 734
Road transport	200 520	(100)	200 420	173 467	–	–	0,0%	0,0%	–	–	–	186 997
Environmental protection	4 270	294	4 564	4 207	–	–	0,0%	0,0%	–	–	–	3 922
Trading services	**2 726**	**10 759**	**13 484**	**11 718**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**2 697**
Electricity	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Water	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Waste water management	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Waste management	2 726	10 759	13 484	11 718	–	–	0,0%	0,0%	–	–	–	2 697
Other	**1 656**	(80)	1 576	1 587	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	1 827
Total Expenditure - Standard	**476 268**	**25 830**	**502 098**	**485 683**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**460 002**
Surplus/(Deficit) for the year	**4 350**	**1 715**	**6 065**	**(26 408)**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**(15 706)**

APPENDIX C: MUN - 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 - Office of the Municipal Manager	253 317	(29 065)	224 252	222 851		–	0,0%	0,0%				240 625
Vote 2 - Office of the Municipal Manager (cont)	–	–	–	–		–	0,0%	0,0%				–
Vote 3 - Financial Services	4 359	1 096	5 454	2 499		–	0,0%	0,0%				1 764
Vote 4 - Financial Services (cont)	–	(0)	(0)	20		–	0,0%	0,0%				(14)
Vote 5 - Corporate Services	2 299	5 924	8 222	1 882		–	0,0%	0,0%				1 590
Vote 6 - Corporate Services (cont)	1 042	8 261	9 303	13 184		–	0,0%	0,0%				929
Vote 7 - Community Services	580	3 133	3 713	3 038		–	0,0%	0,0%				474
Vote 8 - Community Services (cont)	5 717	26 234	31 951	17 801		–	0,0%	0,0%				2 635
Vote 9 - Planning and Economic Development	37	5 071	5 108	4 922		–	0,0%	0,0%				37
Vote 10 - Planning and Economic Development (cont)	11 945	3 105	15 050	11 747		–	0,0%	0,0%				10 182
Vote 11 - Planning and Economic Development(cont2)	4 463	126	4 589	4 307		–	0,0%	0,0%				3 540
Vote 12 - Roads	196 860	3 660	200 520	177 024		–	0,0%	0,0%				182 533
Vote 13 - Roads (cont)	–	–	–	–		–	0,0%	0,0%				–
Vote 14 -	–	–	–	–		–	0,0%	0,0%				–
Vote 15 -	–	–	–	–		–	0,0%	0,0%				–
Total Revenue by Vote	**480 618**	**27 545**	**508 163**	**459 275**		**–**	**0,0%**	**0,0%**				**444 296**
Expenditure by Vote ***to be appropriated***												
Vote 1 - Office of the Municipal Manager	61 460	7 131	68 591	86 159	–	–	0,0%	0,0%	–	–	–	70 207
Vote 2 - Office of the Municipal Manager (cont)	6 893	741	7 634	7 670	–	–	0,0%	0,0%	–	–	–	6 886
Vote 3 - Financial Services	19 983	1 425	21 408	17 282	–	–	0,0%	0,0%	–	–	–	18 052
Vote 4 - Financial Services (cont)	6 181	1 476	7 656	6 510	–	–	0,0%	0,0%	–	–	–	6 000
Vote 5 - Corporate Services	34 127	(10 654)	23 472	19 534	–	–	0,0%	0,0%	–	–	–	24 044
Vote 6 - Corporate Services (cont)	30 412	9 706	40 118	43 219	–	–	0,0%	0,0%	–	–	–	28 045
Vote 7 - Community Services	47 948	2 722	50 670	49 089	–	–	0,0%	0,0%	–	–	–	48 502
Vote 8 - Community Services (cont)	33 161	10 152	43 313	43 502	–	–	0,0%	0,0%	–	–	–	31 869
Vote 9 - Planning and Economic Development	14 726	(8 131)	6 595	8 102	–	–	0,0%	0,0%	–	–	–	16 116
Vote 10 - Planning and Economic Development (cont)	18 531	1 179	19 710	20 085	–	–	0,0%	0,0%	–	–	–	20 970
Vote 11 - Planning and Economic Development(cont2)	2 327	10 183	12 510	11 064	–	–	0,0%	0,0%	–	–	–	2 314
Vote 12 - Roads	128 727	5 983	134 710	106 891	–	–	0,0%	0,0%	–	–	–	111 360
Vote 13 - Roads (cont)	71 793	(6 083)	65 710	66 577	–	–	0,0%	0,0%	–	–	–	75 637
Vote 14 -	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Vote 15 -	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Total Expenditure by Vote	**476 268**	**25 830**	**502 098**	**485 683**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**460 002**
Surplus/(Deficit) for the year	**4 350**	**1 715**	**6 065**	**(26 408)**		**–**	**0,0%**	**0,0%**				**(15 706)**

APPENDIX C: MUN - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2024/25								2023/24			
	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												
Exchange Revenue												
Service charges - Electricity	–	–	–	–		–	0,0%	0,0%				–
Service charges - Water	–	–	–	–		–	0,0%	0,0%				–
Service charges - Waste Water Management	–	–	–	–		–	0,0%	0,0%				–
Service charges - Waste Management	–	13 051	13 051	–		–	0,0%	0,0%				–
Sale of Goods and Rendering of Services	16 875	2 923	19 797	23 671		–	0,0%	0,0%				13 340
Agency services	24 214	–	24 214	192 234		–	0,0%	0,0%				201 022
Interest	–	–	–	–		–	0,0%	0,0%				–
Interest earned from Receivables	6 224	2 053	8 277	5 379		–	0,0%	0,0%				5 222
Interest earned from Current and Non Current Assets	12 017	6 247	18 263	16 541		–	0,0%	0,0%				12 400
Dividends	–	–	–	–		–	0,0%	0,0%				–
Rent on Land	495	64	559	481		–	0,0%	0,0%				495
Rental from Fixed Assets	1 763	129	1 892	1 324		–	0,0%	0,0%				1 010
Licence and permits	–	–	–	309		–	0,0%	0,0%				–
Operational Revenue	201 316	416	201 732	1 106		–	0,0%	0,0%				1 589
Non-Exchange Revenue												
Property rates	–	–	–	–		–	0,0%	0,0%				–
Surcharges and Taxes	–	–	–	–		–	0,0%	0,0%				–
Fines, penalties and forfeits	–	108	108	2 568		–	0,0%	0,0%				–
Licences or permits	71	571	642	–		–	0,0%	0,0%				68
Transfer and subsidies - Operational	214 786	(1 670)	213 116	210 403		–	0,0%	0,0%				196 275
Interest	–	–	–	–		–	0,0%	0,0%				–
Fuel Levy	–	–	–	–		–	0,0%	0,0%				–
Operational Revenue	–	–	–	–		–	0,0%	0,0%				–
Gains on disposal of Assets	–	(623)	(623)	–		–	0,0%	0,0%				–
Other Gains	(1 343)	3 564	2 221	203		–	0,0%	0,0%				234
Discontinued Operations	–	–	–	–		–	0,0%	0,0%				–
Total Revenue (excluding capital transfers and contributions)	**476 418**	**26 832**	**503 250**	**454 219**		**–**	**0,0%**	**0,0%**				**431 655**
Expenditure By Type			–				-	-				
Employee related costs	299 649	10 226	309 875	309 453	–	–	0,0%	0,0%	–	–	–	302 456
Remuneration of councillors	14 054	434	14 488	13 953	–	–	0,0%	0,0%	–	–	–	12 233
Bulk purchases - electricity	–	–	–	–								–
Inventory consumed	44 467	4 401	48 869	46 498								51 625
Debt impairment	–	–	–	17 488	–	–	0,0%	0,0%	–	–	–	3 874
Depreciation & asset impairment	5 960	3 323	9 283	7 135	–	–	0,0%	0,0%	–	–	–	6 435
Interest	75	63	138	435	–	–	0,0%	0,0%	–	–	–	198
Contracted services	45 667	(3 685)	41 982	28 160								24 024
Transfers and subsidies	1 211	1 660	2 870	8 904	–	–	0,0%	0,0%	–	–	–	5 805
Irrecoverable debts written off	1 000	650	1 650	1 614	–	–	0,0%	0,0%	–	–	–	1 602
Operational costs	64 156	8 549	72 705	47 305	–	–	0,0%	0,0%	–	–	–	49 480
Losses on disposal of Assets	–	402	402	172	–	–	0,0%	0,0%	–	–	–	1 020
Other Losses	28	(192)	(164)	4 566	–	–	0,0%	0,0%	–	–	–	1 251
Total Expenditure	**476 268**	**25 830**	**502 098**	**485 683**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**460 002**
Surplus/(Deficit)	**150**	**1 002**	**1 152**	**(31 464)**		**–**	**0,0%**	**0,0%**				**(28 347)**
Transfers and subsidies - capital (monetary allocations)	4 200	713	4 913	2 563		–	0,0%	0,0%				12 628
Transfers and subsidies - capital (in-kind - all)	–	–	–	2 493		–	0,0%	0,0%				13
Surplus/(Deficit) after capital transfers & contributions	**4 350**	**1 715**	**6 065**	**(26 408)**		**–**	**0,0%**	**0,0%**				**(15 706)**
Taxation	–	–	–	–		–	0,0%	0,0%				–
Surplus/(Deficit) after taxation	**4 350**	**1 715**	**6 065**	**(26 408)**		**–**	**0,0%**	**0,0%**				**(15 706)**
Share of Surplus/Deficit attributable to Joint Venture	–	–	–	–		–	0,0%	0,0%				–
Share of Surplus/Deficit attributable to Minorities	–	–	–									
Surplus/(Deficit) attributable to municipality	**4 350**	**1 715**	**6 065**	**(26 408)**		**–**	**0,0%**	**0,0%**				**(15 706)**
Share of Surplus/Deficit attributable to Associate	–	–	–	–		–	0,0%	0,0%				–
Intercompany/Parent subsidiary transactions	–	–	–									
Surplus/(Deficit) for the year	**4 350**	**1 715**	**6 065**	**(26 408)**		**–**	**0,0%**	**0,0%**				**(15 706)**

APPENDIX C: MUN - 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 - Office of the Municipal Manager	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 2 - Office of the Municipal Manager (cont)	–	41	41	72	–	–	0%	0%	–	–	–	–
Vote 3 - Financial Services	150	(6)	144	–	–	–	0%	0%	–	–	–	–
Vote 4 - Financial Services (cont)	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 5 - Corporate Services	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 6 - Corporate Services (cont)	–	320	320	–	–	–	0%	0%	–	–	–	–
Vote 7 - Community Services	–	2 500	2 500	2 859	–	–	0%	0%	–	–	–	–
Vote 8 - Community Services (cont)	4 200	180 167	184 367	41 719	–	–	0%	0%	–	–	–	–
Vote 9 - Planning and Economic Development	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 10 - Planning and Economic Development (c	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 11 - Planning and Economic Development(co	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 12 - Roads	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 13 - Roads (cont)	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 14 -	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 15 -	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital multi-year expenditure	**4 350**	**183 022**	**187 372**	**44 649**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**–**
Single-year expenditure												
Vote 1 - Office of the Municipal Manager	–	83	83	94	–	–	0%	0%	–	–	–	138
Vote 2 - Office of the Municipal Manager (cont)	–	–	–	–	–	–	0%	0%	–	–	–	53
Vote 3 - Financial Services	–	35	35	52	–	–	0%	0%	–	–	–	95
Vote 4 - Financial Services (cont)	–	–	–	–	–	–	0%	0%	–	–	–	28
Vote 5 - Corporate Services	–	232	232	452	–	–	0%	0%	–	–	–	60
Vote 6 - Corporate Services (cont)	–	28	28	–	–	–	0%	0%	–	–	–	548
Vote 7 - Community Services	–	727	727	–	–	–	0%	0%	–	–	–	19 003
Vote 8 - Community Services (cont)	220 576	(220 576)	0	–	–	–	0%	0%	–	–	–	288
Vote 9 - Planning and Economic Development	–	–	–	2 637	–	–	0%	0%	–	–	–	6 377
Vote 10 - Planning and Economic Development (c	–	6	6	81	–	–	0%	0%	–	–	–	1 633
Vote 11 - Planning and Economic Development(co	–	137	137	–	–	–	0%	0%	–	–	–	–
Vote 12 - Roads	–	–	–	137	–	–	0%	0%	–	–	–	210
Vote 13 - Roads (cont)	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 14 -	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 15 -	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital single-year expenditure	220 576	(219 329)	1 247	3 454	–	–	0%	0%	–	–	–	28 432
Total Capital Expenditure - Vote	**224 926**	**(36 307)**	**188 619**	**48 103**	–	–	0%	0%	–	–	–	**28 432**

APPENDIX C: MUN - 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 - Standard												
Governance and administration	**150**	**857**	**1 007**	**689**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**981**
Executive and council	–	83	83	94	–	–	0%	0%	–	–	–	97
Finance and administration	150	775	925	595	–	–	0%	0%	–	–	–	875
Internal audit	–	–	–	–	–	–	0%	0%	–	–	–	9
Community and public safety	**4 200**	**(2 379)**	**4 921**	**2 999**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**6 115**
Community and social services	–	–	3 100	1 819	–	–	0%	0%	–	–	–	1 072
Sport and recreation	–	6	6	81	–	–	0%	0%	–	–	–	1 544
Public safety	4 200	(2 387)	1 813	780	–	–	0%	0%	–	–	–	2 586
Housing	–	–	–	–	–	–	0%	0%	–	–	–	110
Health	–	2	2	319	–	–	0%	0%	–	–	–	804
Economic and environmental services	**–**	**137**	**137**	**2 755**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**6 507**
Planning and development	–	137	137	2 618	–	–	0%	0%	–	–	–	6 330
Road transport	–	–	–	137	–	–	0%	0%	–	–	–	177
Environmental protection	–	–	–	–	–	–	0%	0%	–	–	–	–
Trading services	**220 576**	**(38 022)**	**182 554**	**41 660**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**14 829**
Electricity	–	–	–	–	–	–	0%	0%	–	–	–	–
Water	–	–	–	–	–	–	0%	0%	–	–	–	–
Waste water management	–	–	–	–	–	–	0%	0%	–	–	–	–
Waste management	220 576	(38 022)	182 554	41 660	–	–	0%	0%	–	–	–	14 829
Other	**–**	**–**	**–**	**–**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**–**
Total Capital Expenditure - Standard	**224 926**	**(39 407)**	**188 619**	**48 103**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**28 432**
Funded by:												
National Government	–	–	–	–	–	–	0%	0%	–	–	–	2 970
Provincial Government	4 200	713	4 913	2 563	–	–	0%	0%	–	–	–	179
District Municipality	–	–	–	–	–	–	0%	0%	–	–	–	–
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	0%	0%	–	–	–	–
Transfers recognised - capital	**4 200**	**713**	**4 913**	**2 563**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**3 149**
Public contributions & donations	**–**	**–**	**–**	**2 493**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	3 284
Borrowing	**220 576**	**(38 022)**	**182 554**	**42 680**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	1 712
Internally generated funds	**150**	**1 002**	**1 152**	**367**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	20 287
Total Capital Funding	**224 926**	**(36 307)**	**188 619**	**48 103**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**28 432**

APPENDIX C: MUN - Reconciliation of Table A7 Budgeted Cash Flows

Description	2024/25							2023/24
R thousand	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	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts				**500 881**				**390 237**
Property rates, peanalties and collection charges	–	–	–	–	–	0,0%	0,0%	–
Service charges	–	23 817	23 817	–	–	0,0%	0,0%	–
Other revenue	44 883	(667)	44 215	264 953	–	0,0%	0,0%	169 827
Government - operating	411 646	(735)	410 911	211 061	–	0,0%	0,0%	193 487
Government - capital	4 200	713	4 913	2 948	–	0,0%	0,0%	14 522
Interest	11 074	888	11 962	16 541	–	0,0%	0,0%	12 400
Interest Earned - Exchange Transactions	–	–		5 379		0,0%	0,0%	–
Dividends	–	–	–	–	–	0,0%	0,0%	–
Payments				(512 641)				(440 298)
Suppliers and employees	(388 254)	(99 660)	(487 914)	(502 917)	–	0,0%	0,0%	(433 532)
Finance charges	(75)	(63)	(138)	(435)	–	0,0%	0,0%	(198)
Transfers and Grants	–	–	–	(9 290)	–	0,0%	0,0%	(6 568)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**83 473**	**(75 707)**	**7 766**	**(11 760)**	**–**	**0,0%**	**0,0%**	**(50 062)**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts				–				–
Proceeds on disposal of PPE	–	–	–	–	–	0,0%	0,0%	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	0,0%	0,0%	–
Decrease (increase) other non-current receivables	–	–	–	–	–	0,0%	0,0%	–
Decrease (increase) in non-current investments	–	–	–	–	–	0,0%	0,0%	–
Payments				(45 610)				(52 177)
Capital assets	(224 926)	36 307	(188 619)	(45 610)	–	0,0%	0,0%	(52 177)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(224 926)**	**36 307**	**(188 619)**	**(45 610)**	**–**	**0,0%**	**0,0%**	**(52 177)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts				64 020				118 129
Short term loans	–	–	–	–	–	0,0%	0,0%	–
Borrowing long term/refinancing	220 576	(135 611)	84 965	64 020	–	0,0%	0,0%	118 129
Increase (decrease) in consumer deposits	–	–	–	–	–	0,0%	0,0%	–
Payments				(8 455)				(700)
Repayment of borrowing	(16 235)	–	(8 000)	(8 455)	–	0,0%	0,0%	(700)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**204 341**	**(135 611)**	**76 965**	**55 564**	**–**	**0,0%**	**0,0%**	**117 428**
NET INCREASE/ (DECREASE) IN CASH HELD	**62 888**	**(175 012)**	**(103 888)**	**(1 805)**				**15 190**
Cash/cash equivalents at the year begin:	**121 183**	35 633	156 816	156 816				136 403
Cash/cash equivalents at the year end:	184 071	(131 143)	52 927	155 011	–	0,0%	0,0%	151 593