SENQU LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2025

AUDITED

SENQU LOCAL MUNICIPALITY

INDEX

SENQU LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Senqu Local Municipality performs the functions as set out in the Constitution. (Act no 108 of 1996)

LEGAL FORM

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

JURISDICTION

The Senqu Local Municipality includes the following areas:

Lady Grey
Barkly East
Sterkspruit
Rhodes
Herschel
Rossouw

MEMBERS OF THE COUNCIL

Position	Councillor	Ward	Additional Portfolio
Mayor	VV Stokhwe	Proportional	Member of Executive Committee
Speaker	NR Gwabeni	Proportional	Member of Executive Committee
Chief Whip	S Mfisa	Ward 10	Portfolio Head: Corporate Service
Ward Councillor	T Mbane	Ward 1	
Ward Councillor	P Mmele	Ward 2	
Ward Councillor	SM Ntlwatini	Ward 3	
Ward Councillor	M Mbijeka	Ward 4	
Ward Councillor	N Sebatana	Ward 5	
Ward Councillor	M Mbutyu	Ward 6	
Ward Councillor	Z Mangcipu	Ward 7	
Ward Councillor	KS Mpiti-Xhelesha	Ward 8	
Ward Councillor	JD Somsila	Ward 9	
Ward Councillor	T Nonjola	Ward 11	
Ward Councillor	B Duba	Ward 12	
Ward Councillor	M Kafile	Ward 13	
Ward Councillor	TM Dumzela	Ward 14	
Ward Councillor	M Phuza	Ward 15	
Ward Councillor	MA Mshasha	Ward 16	
Ward Councillor	A Mvelase	Ward 17	
PR Councillor	MN Ngendane	Proportional	Portfolio Head: Community Services
PR Councillor	SL Ndakisa	Proportional	Portfolio Head: Technical Services
PR Councillor	B Mbonjwa	Proportional	Portfolio Head: DTPS
PR Councillor	N Ngendane	Proportional	Portfolio Head: Finance Services
PR Councillor	XG Magcai	Proportional	
PR Councillor	N Nyongwana	Proportional	
PR Councillor	L Nongogo	Proportional	
PR Councillor	MN Mgojo	Proportional	
PR Councillor	NM Phama	Proportional	
PR Councillor	B Lawu	Proportional	
PR Councillor	ZR Mxoli	Proportional	
PR Councillor	TJ Madiene	Proportional	
PR Councillor	P Mei	Proportional	
PR Councillor	N January	Proportional	
PR Councillor	MJ Moahloli	Proportional	

SENQU LOCAL MUNICIPALITY

GENERAL INFORMATION

MUNICIPAL MANAGER

T Mawonga

CHIEF FINANCIAL OFFICER

AK Fourie

REGISTERED OFFICE

19 Murray Street, Lady Grey, 9755

POSTAL ADDRESS

P.O. Box 18, Lady Grey, 9755

AUDITORS

Auditor-General of South Africa, 14 St Helena Road, Beacon Bay East London

PRINCIPAL BANKERS

Standard Bank, Lady Grey

ATTORNEYS

Le Roux Incorporated, 101 Cape Road, Gqeberha
MM Baloyi Incorporated, 14th Floor Marble Towers, Cnr Jeppe and Von Wielligh Streets, Johannesburg
Wesley Pretorious & Associates Incorporated, 24 Tottenham Road, Baysville, East London

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Labour Relation Amendment Act (Act 6 of 2014)
Collective Agreements
SALGBC Leave Regulations
Municipal Budget and Reporting Regulations
Municipal Regulation on Standard Chart of Accounts (mSCOA)
Amended Municipal Structures Act No: 3 of 2021

SENQU LOCAL MUNICIPALITY

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I am responsible for the preparation of these financial statements for the year ended 30 June 2025, which are set out on pages 1 to 122 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 the Generally Recognised Accounting Practices (GRAP) Standards, including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

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

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

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

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

T Mawonga
Municipal Manager

Date

SENQU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Notes	2025 R (Actual)	2024 R (Restated)
ASSETS			
Current Assets		**517 408 470**	**544 353 054**
Cash and Cash Equivalents	**2**	475 879 824	506 726 350
Receivables from exchange transactions	**3**	20 622 942	24 313 874
Receivables from non-exchange transactions	**4**	9 473 535	7 346 339
Taxes	**5**	10 862 350	5 242 268
Operating Lease Asset	**6.1**	52 000	50 746
Inventory	**7**	517 818	673 476
Non-Current Assets		**702 844 495**	**611 851 332**
Investment Property	**8**	35 328 000	48 397 100
Property, Plant and Equipment	**9**	664 933 662	562 362 479
Intangible Assets	**10**	19 490	47 570
Capitalised Restoration Cost (PPE)	**11**	2 563 343	1 044 183
Total Assets		**1 220 252 965**	**1 156 204 387**
Current Liabilities		**98 778 199**	**72 839 493**
Borrowings	**12**	964 225	942 652
Consumer Deposits	**13**	1 986 289	1 948 713
Payables from exchange transactions	**14**	36 683 026	15 590 902
Payables from non-exchange transactions	**15**	36 872 216	27 924 692
Current Employee benefits	**16**	22 272 443	26 432 534
Non-Current Liabilities		**62 788 640**	**54 380 642**
Borrowings	**12**	4 013 625	4 978 161
Employee benefits	**17**	26 962 000	22 216 000
Non-Current Provisions	**18**	31 813 015	27 186 480
Total Liabilities		**161 566 839**	**127 220 135**
NET ASSETS		**1 058 686 127**	**1 028 984 252**
COMMUNITY WEALTH			
Revaluation Reserve	**19.1**	92 480 612	100 386 876
Accumulated Surplus	**19.2**	966 205 515	928 597 376
Total Community Wealth		**1 058 686 127**	**1 028 984 252**

SENQU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025

	Notes	2025 R (Actual)	2024 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		**291 753 318**	**268 222 656**
Taxation Revenue		**17 976 947**	**18 782 134**
Property Rates	**20**	17 976 947	18 782 134
Transfer Revenue		**270 186 323**	**243 082 515**
Transfers and Subsidies - Capital	**21**	56 708 507	43 309 971
Transfers and Subsidies - Operating	**21**	213 477 816	199 772 544
Other Revenue		**3 590 048**	**6 358 006**
Actuarial Gains	**17**	-	1 364 572
Fines, Penalties and Forfeits	**22**	668 061	1 047 288
Insurance Refunds	**23**	538 999	-
Interest Earned - Penalty Interest on Property Rates	**27**	2 287 335	2 000 203
Gain on Fair Value Adjustments of Investment Property	**8**	-	1 333 675
Gain on Disposal of Capitalised Restoration Cost (PPE)	**11**	95 654	612 268
REVENUE FROM EXCHANGE TRANSACTIONS		**123 453 379**	**119 571 960**
Operating Activities		**123 453 379**	**119 571 960**
Service Charges	**24**	73 005 406	65 298 288
Rental from Fixed Assets	**25**	1 720 967	1 813 788
Interest Earned - external investments	**26**	40 743 925	43 067 757
Interest Earned - Service Debtors	**27**	4 440 050	5 815 409
Licences and Permits	**28**	1 418 640	1 225 974
Agency Services	**29**	1 243 626	1 046 830
Sales of Goods and Rendering of Services	**30**	350 832	403 874
Operational Revenue	**31**	529 933	551 150
Gain on Disposal of Investment Property	**43.1**	-	348 891
TOTAL REVENUE		**415 206 697**	**387 794 616**
EXPENDITURE			
Employee related costs	**32**	142 902 385	132 393 691
Remuneration of Councillors	**33**	14 498 184	13 910 269
Debt Impairment	**34**	16 137 129	17 464 288
Depreciation and Amortisation	**35**	18 276 288	17 689 077
Impairment Loss	**36**	3 138 894	837 447
Actuarial Losses	**17**	656 641	20 207
Finance Charges	**37**	6 122 180	5 865 728
Bulk Purchases	**38**	62 144 072	48 678 878
Contracted services	**39**	48 611 479	38 519 241
Transfers and Subsidies	**40**	-	36 321
Operating Leases	**41**	1 847 306	408 494
Operational Cost	**42**	49 806 835	40 011 385
Loss on Disposal of Assets	**43.2**	373 175	705 871
Inventory Loss	**7**	14 889	23 892
Loss on Fair Value Adjustments of Investment Property	**8**	13 069 100	-
TOTAL EXPENDITURE		**377 598 558**	**316 564 788**
NET SURPLUS FOR THE YEAR		**37 608 139**	**71 229 828**

SENQU LOCAL MUNICIPALITY

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

	REVALUATION RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2023	**91 022 401**	**854 062 513**	**945 084 915**
Correction of Error - Refer to note 45.4	-	3 305 035	3 305 035
Balance on 30 June 2023 - Restated	**91 022 401**	**857 367 548**	**948 389 949**
Net Surplus for the year	-	71 229 828	71 229 828
Revaluation on Land and Buildings	9 364 474	-	9 364 474
Balance on 30 June 2024 - Restated	**100 386 876**	**928 597 376**	**1 028 984 252**
Net Surplus for the year	-	37 608 139	37 608 139
Revaluation on Land and Buildings	(7 906 264)	-	(7 906 264)
Balance on 30 June 2025	**92 480 612**	**966 205 515**	**1 058 686 127**

SENQU LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

	Notes	2025 R (Actual)	2024 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates		13 620 466	16 190 097
Service charges and interest on outstanding debtors		66 744 599	49 621 757
Other revenue		6 450 647	6 160 154
Government - operating		223 113 450	200 396 174
Government - capital		54 982 550	42 515 826
Interest		44 111 285	41 527 120
Payments			
Suppliers and employees		(322 459 227)	(270 158 928)
Finance charges		(513 090)	(599 568)
Transfers and Grants		-	(36 321)
NET CASH FROM OPERATING ACTIVITIES	**46**	**86 050 680**	**85 616 312**
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on Disposal of Investment Property		-	557 391
Payments			
Purchase of Property, Plant and Equipment		(116 023 771)	(76 434 148)
NET CASH USED INVESTING ACTIVITIES		**(116 023 771)**	**(75 876 757)**
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
Increase in Consumer Deposits		37 576	64 015
Payments			
Loans repaid		(911 010)	(909 046)
NET CASH USED FINANCING ACTIVITIES		**(873 434)**	**(845 031)**
NET INCREASE/(DECREASE) IN CASH HELD		**(30 846 526)**	**8 894 525**
Cash and Cash Equivalents at the beginning of the year		506 726 350	497 831 825
Cash and Cash Equivalents at the end of the year		475 879 824	506 726 350

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

ASSETS	2025 R (Actual)	2025 R (Final Budget)	2025 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
Current assets					
Cash and cash equivalents	475 879 824	341 006 727	134 873 097	40%	Effect of the under-expenditure on both the capital and operating budget.
Trade and other receivables from exchange transactions	20 622 942	27 555 726	(6 932 784)	-25%	Conservative budget approached followed for the collection rate; Significantly lower Interest Accrual at 30 June 2025
Receivables from non-exchange transactions	9 473 535	6 208 468	3 265 068	53%	Result of lower collection rate for Property Rates as well as the effect of the Provision on Debt Impairment calculation
Inventory	517 818	673 476	(155 658)	-23%	More inventory utilised before year-end than anticipated
VAT	10 862 350	5 497 593	5 364 757	98%	Increase in invoices submitted before year-end, with VAT not yet claimed from SARS
Other current assets	52 000	50 746	1 254	2%	-
Total current assets	**517 408 469**	**380 992 736**	**136 415 734**		
Non-current assets					
Investment property	35 328 000	48 397 100	(13 069 100)	-27%	Effect of the Revaluations done as at 30 June 2025
Property, plant and equipment	664 933 662	698 368 791	(33 435 129)	-5%	Under-expenditure of Capital Budget
Intangible Assets	19 490	131 394	(111 904)	-85%	The latest Microsoft office software were treated as an operational expense as it expires after one year
Capitalised Restoration Cost	2 563 343	1 044 183	1 519 160	145%	Effect of the calculations done by the consultants for the rehabilitation of Landfill sites
Total non-current assets	**702 844 496**	**747 941 468**	**(45 096 972)**		
TOTAL ASSETS	**1 220 252 965**	**1 128 934 204**	**91 318 761**		
LIABILITIES					
Current liabilities					
Borrowing	964 225	963 873	352	0%	-
Consumer deposits	1 986 289	2 016 918	(30 629)	-2%	-
Trade and other payables from exchange transactions	36 683 026	26 116 852	10 566 174	40%	Invoices of infrastructure projects submitted just before year-end but only paid after year-end
Trade and other payables from non-exchange transactions	36 872 216	30 601 500	6 270 716	20%	MDRG grant received in the current year but remained unspent
Provisions	22 272 443	21 043 558	1 228 884	6%	-
Total current liabilities	**98 778 198**	**80 742 701**	**18 035 497**		
Non-current liabilities					
Borrowing	4 013 625	4 013 977	(352)	0%	-
Provisions	35 013 015	33 083 882	1 929 133	6%	Effect of the calculations done by the consultants for the rehabilitation of Landfill sites
Other non-current liabilities	23 762 000	22 612 000	1 150 000	5%	Effect of Actuarial Assumptions used for the Post Employment medical aid calculations
Total non-current liabilities	**62 788 640**	**59 709 859**	**3 078 781**		
TOTAL LIABILITIES	**161 566 838**	**140 452 560**	**21 114 278**		
NET ASSETS	**1 058 686 127**	**988 481 644**	**70 204 483**		
COMMUNITY WEALTH					
Accumulated Surplus	769 535 842	649 412 103	120 123 740	18%	Effect of under-expenditure of budget; Less contributions to reserves
Reserves	289 150 285	339 069 541	(49 919 256)	-15%	Effect of the Revaluations done as at 30 June 2025; Effect of the Less contributions to reserves than anticipated
TOTAL COMMUNITY WEALTH	**1 058 686 127**	**988 481 644**	**70 204 483**		

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

ADJUSTMENTS TO APPROVED BUDGET

ASSETS	2025 R (Approved Budget)	2025 R (Adjustments)	2025 R (Final Budget)		Explanations for material variances (10% of line-item with a minimum of R1m)
Current assets					
Cash and cash equivalents	257 141 302	83 865 424	341 006 727	33%	Increased to a more realistic amount and the result of all other transactions in the budget
Trade and other receivables from exchange transactions	17 230 083	10 325 643	27 555 726	60%	Increased to a more realistic amount based on the actuals for the previous financial year
Receivables from non-exchange transactions	5 740 453	468 015	6 208 468	8%	Increased to a more realistic amount based on the actuals for the previous financial year
Inventory	607 567	65 910	673 476	11%	Increased to a more realistic amount based on the actuals for the previous financial year
VAT	6 124 640	(627 047)	5 497 593	-10%	Decreased to a more realistic amount based on the actuals for the previous financial year
Other current assets	-	50 746	50 746	100%	Operating lease asset previously not included
Total current assets	**286 844 045**	**94 148 691**	**380 992 736**		
Non-current assets					
Investment property	47 271 925	1 125 175	48 397 100	2%	Increased to a more realistic amount based on the actuals for the previous financial year
Property, plant and equipment	722 738 237	(24 369 447)	698 368 791	-3%	Decreased to a more realistic amount based on the actuals for the previous financial year
Intangible Assets	1 149 316	(1 017 921)	131 394	-89%	Decreased to a more realistic amount based on the actuals for the previous financial year
Other non-current assets	-	1 044 183	1 044 183	100%	Capitalised Restoration Cost (Landfill site asset) previously included under Property, plant and equipment
Total non-current assets	**771 159 478**	**(23 218 010)**	**747 941 468**		
TOTAL ASSETS	**1 058 003 523**	**70 930 681**	**1 128 934 204**		
LIABILITIES					
Current liabilities					
Borrowing	964 168	(295)	963 873	0%	-
Consumer deposits	2 097 670	(80 752)	2 016 918	-4%	Decreased to a more realistic amount based on the actuals for the previous financial year
Trade and other payables from exchange transactions	16 296 659	9 820 193	26 116 852	60%	Increased to a more realistic amount based on the actuals for the previous financial year
Trade and other payables from non-exchange transactions	11 785 396	18 816 103	30 601 500	160%	Effect of the Unspent grants for the 2023/2024 financial year
Provisions	22 858 951	(1 815 392)	21 043 558	-8%	Decreased to a more realistic amount based on the actuals for the previous financial year
Total current liabilities	**54 002 844**	**26 739 857**	**80 742 701**		
Non-current liabilities					
Borrowing	4 013 977	0	4 013 977	0%	-
Provisions	32 319 393	764 489	33 083 882	2%	Increased to a more realistic amount based on the actuals for the previous financial year
Other non-current liabilities	24 954 898	(2 342 898)	22 612 000	-9%	Decreased to a more realistic amount based on the actuals for the previous financial year
Total non-current liabilities	**61 288 268**	**(1 578 409)**	**59 709 859**		
TOTAL LIABILITIES	**115 291 112**	**25 161 448**	**140 452 560**		
NET ASSETS	**942 712 411**	**45 769 233**	**988 481 644**		
COMMUNITY WEALTH					
Accumulated Surplus/(Deficit)	621 049 244	28 362 859	649 412 103	5%	Appropriation to and from Reserves
Funds and Reserves	321 663 167	17 406 374	339 069 541	5%	Increased to a more realistic amount based on the actuals for the previous financial year
TOTAL COMMUNITY WEALTH	**942 712 411**	**45 769 233**	**988 481 644**		

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

REVENUE BY SOURCE	2025 R (Actual)	2025 R (Final Budget)	2025 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
Exchange Revenue					
Service charges	73 005 406	75 300 998	(2 295 592)	-3%	Consumption based budget
Sale of Goods and Rendering of Services	350 832	462 527	(111 695)	-24%	Less revenue received from Building Plans than budgeted for
Agency services	1 243 626	928 716	314 910	34%	More revenue received than budgeted for as a result of more transactions
Interest earned from Receivables	4 440 050	5 411 953	(971 904)	-18%	Effect of revenue enhancement programme
Interest earned from Current and Non-Current Assets	40 743 925	37 655 922	3 088 003	8%	Effect of bigger investment amounts due to Investment strategy
Rent on Land	-	46 911	(46 911)	-100%	-
Rental from Fixed Assets	1 720 967	1 944 137	(223 170)	-11%	FNB rental not renewed in the financial year
Licence and permits	1 418 640	2 272 325	(853 684)	-38%	Less revenue received than budgeted for as a result of fewer transactions
Operational Revenue	529 933	479 182	50 751	11%	-
Non-Exchange Revenue					
Property rates	17 976 947	19 200 567	(1 223 620)	-6%	Actual Property Rates billed less than expected
Fines, penalties and forfeits	668 061	208 444	459 617	220%	Effect of iGRAP 1 on revenue recognition; recognised penalties and retention forfeits on infrastructure contracts
Transfer and subsidies - Operational	213 477 816	215 926 557	(2 448 740)	-1%	Result of the Unspent grants
Interest	2 287 335	2 579 899	(292 565)	-11%	Effect of revenue enhancement programme
Insurance Refunds	538 999	-	538 999	100%	Insurance claims not budgeted for
Gains	95 654	500 000	(404 346)	-81%	No disposal of Properties or Land sales in the 2024/2025 financial year
TOTAL OPERATING REVENUE	**358 498 190**	**362 918 139**	**(4 419 948)**		
EXPENDITURE BY TYPE					
Employee related costs	142 902 385	147 667 218	(4 764 832)	-3%	Not all new positions that were created in the budget were filled before year-end
Remuneration of councillors	14 498 184	15 141 432	(643 248)	-4%	-
Bulk purchases - electricity	62 144 072	69 007 708	(6 863 636)	-10%	Demand less than anticipated
Inventory consumed	12 850 940	25 206 338	(12 355 398)	-49%	Cost containment measures
Debt impairment	11 359 364	18 337 503	(6 978 139)	-38%	Indigent write-offs will only be done in the new financial year
Depreciation and amortisation	18 276 288	19 014 671	(738 383)	-4%	Effect of the review of useful lives
Interest	6 122 180	6 106 402	15 779	0%	-
Contracted services	48 611 479	73 913 914	(25 302 435)	-34%	Cost containment measures and delays in implementing some projects
Transfers and subsidies	-	150 000	(150 000)	-100%	No Transfers and Subsidies paid for the 2024/25 financial year
Irrecoverable debts written off	4 777 765	8 000 000	(3 222 235)	-40%	Indigent write-offs will only be done in the new financial year
Operational costs	38 803 201	59 010 599	(20 207 397)	-34%	Cost containment measures
Losses	17 252 699	18 000 000	(747 301)	-4%	Effect of the Revaluations done as at 30 June 2025
TOTAL OPERATING EXPENDITURE	**377 598 558**	**459 555 784**	**(81 957 226)**		
OPERATING DEFICIT FOR THE YEAR	**(19 100 368)**	**(96 637 646)**	**77 537 278**		
Transfers and subsidies - capital	56 708 507	59 492 637	(2 784 130)	-5%	Result of the Unspent grants
NET SURPLUS/(DEFICIT) FOR THE YEAR	**37 608 139**	**(37 145 008)**	**74 753 147**		

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025

ADJUSTMENTS TO APPROVED BUDGET	2025 R	2025 R	2025 R		
REVENUE BY SOURCE	**(Approved Budget)**	**(Adjustments)**	**(Final Budget)**		**Explanations for material variances (10% of line-item with a minimum of R1m)**
Exchange Revenue					
Service charges	73 305 842	1 995 156	75 300 998	3%	Increased to a more realistic amount based on the actual trends for the first 6 months
Sale of Goods and Rendering of Services	290 592	171 935	462 527	59%	Increased as a result of Entrance fees received for a concert that was held.
Agency services	1 538 135	(609 419)	928 716	-40%	Decreased to a more realistic amount based on the actual trends for the first 6 months
Interest earned from Receivables	5 659 261	(247 308)	5 411 953	-4%	Decreased to a more realistic amount based on the actual trends for the first 6 months
Interest earned from Current and Non-Current Assets	31 508 822	6 147 100	37 655 922	20%	Increased as a result of the higher interest rates and Investment Strategy
Rent on Land	2 533	44 378	46 911	1752%	-
Rental from Fixed Assets	1 750 944	193 193	1 944 137	11%	Increased to a more realistic amount based on the actual trends for the first 6 months
Licence and permits	1 508 441	763 884	2 272 325	51%	Increased to a more realistic amount based on the actual trends for the first 6 months
Operational Revenue	804 846	(325 664)	479 182	-40%	Decreased to a more realistic amount based on the actual trends for the first 6 months
Non-Exchange Revenue					
Property rates	17 900 566	1 300 001	19 200 567	7%	Increased to a more realistic amount based on the actual trends for the first 6 months
Fines, penalties and forfeits	589 098	(380 654)	208 444	-65%	Decreased to a more realistic amount based on the actual trends for the first 6 months
Transfer and subsidies - Operational	214 655 144	1 271 413	215 926 557	1%	Result of the VAT portion of the Disaster Recovery Grant received from National Treasury
Interest	1 880 265	699 634	2 579 899	37%	-
Gains	-	500 000	500 000	100%	Gains on disposal of land previously not budgeted for
TOTAL OPERATING REVENUE	**351 394 489**	**11 523 649**	**362 918 139**		
EXPENDITURE BY TYPE					
Employee related costs	146 668 770	998 448	147 667 218	1%	-
Remuneration of councillors	14 775 784	365 648	15 141 432	2%	-
Bulk purchases - electricity	55 383 367	13 624 341	69 007 708	25%	Increased to a more realistic amount based on the actual trends for the first 6
Inventory consumed	25 338 574	(132 236)	25 206 338	-1%	-
Debt impairment	15 982 644	2 354 859	18 337 503	15%	Increased to a more realistic amount based on the actuals for the previous financial year
Depreciation and amortisation	19 624 349	(609 678)	19 014 671	-3%	-
Interest	6 106 402	-	6 106 402	0%	-
Contracted services	72 725 787	1 188 127	73 913 914	2%	Increased to a more realistic amount based on the actual trends for the first 6 months
Transfers and subsidies	48 727	101 273	150 000	208%	Increased to a more realistic amount of what will be paid
Irrecoverable debts written off	2 100 000	5 900 000	8 000 000	281%	Increased to account for the Indigent write-offs in the current financial year
Operational costs	53 269 688	5 740 911	59 010 599	11%	Increased to a more realistic amount based on the actual trends for the first 6 months.
Losses	2 100 000	15 900 000	18 000 000	757%	Increased to account for the movements in the revaluation of land and buildings
TOTAL OPERATING EXPENDITURE	**414 124 091**	**45 431 693**	**459 555 784**		
OPERATING DEFICIT FOR THE YEAR	**(62 729 602)**	**(33 908 044)**	**(96 637 646)**		
Transfers and subsidies - capital	55 783 143	3 709 494	59 492 637	7%	Net result of the additional Disaster Recovery Grant received from National Treasury
NET DEFICIT FOR THE YEAR	**(6 946 458)**	**(30 198 550)**	**(37 145 008)**		

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2025 R	2025 R	2025 R		
CASH FLOW FROM OPERATING ACTIVITIES	**(Actual)**	**(Final Budget)**	**(Variance)**		**Explanations for material variances (10% of line-item with a minimum of R1m)**
Receipts					
Property rates	13 620 466	14 921 032	(1 300 566)	-10%	Actual Property Rates billed less than expected
Service charges	66 744 599	55 268 915	11 475 684	17%	Consumption based budget
Other revenue	6 450 647	5 854 535	596 111	9%	Effect of Insurance refunds
Government - operating	223 113 450	214 699 001	8 414 448	4%	Effect of VAT portion on Capital grants
Government - capital	54 982 550	63 397 000	(8 414 449)	-15%	Effect of VAT portion on Capital grants
Interest	44 111 285	42 005 617	2 105 668	5%	Effect of bigger investment amounts due to Investment strategy
Payments					
Suppliers and Employees	(322 459 227)	(391 126 689)	68 667 462	-21%	Under-expenditure of the budget due to unresponsive and delayed tenders
Finance charges	(513 090)	(570 000)	56 910	-11%	-
Transfers and Grants	-	(150 000)	150 000	-100%	-
NET CASH FROM OPERATING ACTIVITIES	**86 050 680**	**4 299 411**	**81 751 269**		
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments					
Capital assets	(116 023 771)	(169 144 273)	53 120 501	-46%	Result of under-expenditure of Capital Budget
NET CASH USED IN INVESTING ACTIVITIES	**(116 023 771)**	**(169 144 273)**	**53 120 501**		
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Increase in consumer deposits	37 576	68 205	(30 629)	-82%	Less consumer deposits during the year than anticipated
Payments					
Repayment of borrowing	(911 010)	(942 964)	31 953	-4%	-
NET CASH USED IN FINANCING ACTIVITIES	**(873 434)**	**(874 759)**	**1 324**		
NET DECREASE IN CASH HELD	**(30 846 526)**	**(165 719 620)**	**134 873 094**		
Cash and Cash Equivalents at the beginning of the year	506 726 350	506 726 350	0	0%	-
Cash and Cash Equivalents at the end of the year	475 879 824	341 006 729	134 873 094	28%	Result of under-expenditure of the budget due to non-responsive tenders and effect of unspent grants at year end

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

ADJUSTMENTS TO APPROVED BUDGET

	2025 R	2025 R	2025 R		
CASH FLOW FROM OPERATING ACTIVITIES	**(Approved Budget)**	**(Adjustments)**	**(Final Budget)**		**Explanations for material variances (10% of line-item with a minimum of R1m)**
Receipts					
Property rates	14 030 079	890 953	14 921 032	6%	-
Service charges	57 455 544	(2 186 630)	55 268 915	-4%	Decreased as a result of the more conservative collection rate
Other revenue	6 105 997	(251 462)	5 854 535	-4%	-
Transfers and Subsidies - Operational	211 348 391	3 350 610	214 699 001	2%	Result of the VAT portion of the Disaster Recovery Grant received from National Treasury
Transfers and Subsidies - Capital	47 099 609	16 297 391	63 397 000	35%	Result of the Disaster Recovery Grant received from National Treasury
Interest	39 048 349	2 957 268	42 005 617	8%	Increased as a result of the higher interest rates and Investment Strategy
Payments					
Suppliers and Employees	(358 348 368)	(32 778 321)	(391 126 689)	9%	Result of the increase in budget for operating expenditure as well as increase in Employee Related Costs
Finance charges	(6 106 402)	5 536 402	(570 000)	-91%	Decreased as a result of the exclusion of the "non-cash" interest previously included due to a formula error from NT on the schedules
Transfers and subsidies	(48 727)	(101 273)	(150 000)	208%	Increased to a more realistic amount of what will be paid
NET CASH FROM OPERATING ACTIVITIES	**10 584 473**	**(6 285 062)**	**4 299 411**		
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments					
Capital assets	(142 990 194)	(26 154 079)	(169 144 273)	18%	Result of the additional infrastructure projects included in the final budget
NET CASH USED IN INVESTING ACTIVITIES	**(142 990 194)**	**(26 154 079)**	**(169 144 273)**		
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Increase in consumer deposits	99 889	(31 684)	68 205	-32%	-
Payments					
Repayment of borrowing	(942 342)	(622)	(942 964)	0%	-
NET CASH USED IN FINANCING ACTIVITIES	**(842 453)**	**(32 306)**	**(874 759)**		
NET DECREASE IN CASH HELD	**(133 248 173)**	**(32 471 447)**	**(165 719 620)**		
Cash and Cash Equivalents at the beginning of the year	390 389 476	116 336 874	506 726 350	30%	Increased to a more realistic amount based on the actuals for the previous financial year
Cash and Cash Equivalents at the end of the year	257 141 302	83 865 427	341 006 729	33%	Increased to a more realistic amount and the result of all other transactions in the budget

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

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

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

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

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

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

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

1.02 TRANSITIONAL PROVISIONS

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

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

1.03 PRESENTATION CURRENCY

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

1.04 GOING CONCERN ASSUMPTION

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

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

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

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Items deemed immaterial are also corrected if the value thereof can become material.

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

1.05.2 Amended Accounting Policies

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

No significant amendments were made to the accounting policies in the current year.

1.06 MATERIALITY

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

Standards of GRAP set out how an item should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the Standards of GRAP if the effect of applying those requirements are immaterial.

1.07 BUDGET INFORMATION

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

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

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of Comparison of Budget and Actual Amounts. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R1 million.

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

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

1.08.1 Effective dates determined

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

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

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

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

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.

1.08.1.2 iGRAP 22 - Foreign Currency Transactions and Advance Consideration (effective 1 April 2025)

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

1.08.2 Effective dates not yet determined

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

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

1.08.2.1 GRAP 103 (Revised 2022) - Heritage Assets

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

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

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

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

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

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

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

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

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

1.08.2.4 GRAP 107 (Revised 2023) - Mergers

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

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

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

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

Currently, the Municipality is not faced with any going concern issues and therefore these amendments will have no effect on the financial statements.

1.08.2.6 Improvements to the Standards of GRAP (2023)

The improvements will affect the following pronouncements to the Standard of GRAP:

Pronouncement	Description
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting policies, Changes in Accounting Estimates and Errors
GRAP 5	Borrowing Costs
GRAP 13	Leases
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 23	Revenue from Non-exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 104	Financial Instruments
IGRAP 20	Accounting for Adjustments to Revenue
Directive 12	The Selection of an Appropriate Reporting Framework by Public Entities
Guideline	Application of Materiality to Financial Statements

The effect of the improvements to the above-mentioned pronouncements is considered insignificant. The improvements mainly relates to the clarification of accounting principles.

1.09 RESERVES

1.09.1 *Revaluation Reserve*

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The following reserves are ring-fenced in the accumulated surplus and therefore disclosed as part of the accumulated surplus in the statement of financial position:

1.09.2 *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 following provisions are set for the creation and utilisation of the CRR:

(a) The cash funds that back up the CRR are invested until utilised.
(b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
(c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

1.09.3 *Employee Benefits Reserve*

The aim of the reserve is 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 5% of the prior year closing balance of long term employee benefits is contributed to the reserve from accumulated surplus.

1.09.4 *Valuation Roll Reserve*

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

The contribution to this reserve should be approximately 25% of the anticipated cost of the General Valuation.

1.10 INVESTMENT PROPERTY

1.10.1 Initial Recognition

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

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

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

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

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

1.10.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is recognised in the Statement of Financial Performance for the period in which it arises. The fair value of Investment Property reflects market conditions at the reporting date.

1.10.3 Derecognition

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

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

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

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

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

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

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

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

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

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

1.11.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment, other than Land and Buildings, 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.

1.11.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

1.11.4 Depreciation

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

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

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

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

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

	YEARS		YEARS
Infrastructure		**Land and Buildings**	
Roads and Paving	7 - 118	Buildings and Improvements	100
Bridges	50 - 80	Land	Indefinite
Electricity	10 - 70		
Storm Water	15 - 88		
Community		**Other Assets**	
Community Halls	100	Vehicles	5 - 27
Libraries	100	Plant & Equipment	3 - 24
Parks & Gardens	15 - 50	Furniture	5 - 28
Sports facilities	30 - 45	Special Vehicles	10 - 15
Cemeteries	10 - 15	Specialised plant and Equipment	10 - 23
Capitalised Restoration Cost		Office Equipment	5 - 24
Landfill Sites	9 - 25	Computer Equipment	5 - 24

1.11.5 Impairment

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

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

1.11.6 Derecognition

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

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

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

1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

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

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

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

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

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

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

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

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

1.12.2 Subsequent Measurement - Cost Model

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

1.12 INTANGIBLE ASSETS (CONTINUED)

1.12.3 Amortisation

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

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

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

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

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

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

	Years
Computer Software	5 - 12

1.12.4 Impairment

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

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

1.12.5 Derecognition

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

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

1.13 IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.13.1 Recoverable amount of Cash-generating assets

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

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

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

1.13.2 Recoverable amount of Non-cash-generating assets

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

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

1.13.3 Impairment loss

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

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

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

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

1.13.4 Reversal of an impairment loss

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

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

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

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

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

1.14 INVENTORIES

1.14.1 Initial Recognition

Inventories are assets:

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

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

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

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

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

1.14.2 Subsequent Measurement

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

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

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

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

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

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

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.15 EMPLOYEE BENEFITS

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

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

1.15.1 Post-Retirement Benefits

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

1.15.1.1 Defined Contribution Plans

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

1.15.1.2 Post Retirement Medical Obligations

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

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

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

1.15 EMPLOYEE BENEFITS (CONTINUED)

1.15.2 Long-term Benefits

1.15.2.1 Long Service Awards

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

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

1.15.3 Short-term Benefits

1.15.3.1 Provision for Staff Leave

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

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

1.15.3.2 Staff Bonuses Accrued

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

1.15.3.3 Provision for Performance Bonuses

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

1.15.3.4 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:

(a) 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

(b) as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.16 PROVISIONS

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

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

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

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

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

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

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

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

1.17 LEASES

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

1.17.1 Municipality as Lessee

1.17.1.1 Finance Leases

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

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

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

1.17.1.2 Operating leases

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

1.17.2 Municipality as Lessor

1.17.2.1 Operating Leases

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

1.18 FINANCIAL INSTRUMENTS

1.18.1 Initial Recognition

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

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

1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

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

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

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

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

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

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.3 Impairment and uncollectability of financial assets

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

1.18.3.1 Financial assets measured at amortised cost

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

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

1.18.3.2 Financial assets measured at cost

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

1.18.4 Derecognition of financial instruments

1.18.4.1 Financial assets

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

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

1.18.4.2 Financial liabilities

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

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

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.5 Offsetting of financial instruments

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

1.19 STATUTORY RECEIVABLES

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

1.19.1 Initial Recognition

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

1.19.2 Subsequent Measurement

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

1.19.3 Impairment and uncollectability of statutory receivables

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

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

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

1.19.4 Derecognition

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

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

1.20 CASH AND CASH EQUIVALENTS

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

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

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

1.21 RECEIVABLES

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

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

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

1.22 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 in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the cash basis.

1.23 PAYABLES AND ANNUITY LOANS

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

1.24 CONSUMER DEPOSITS

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

1.25 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

1.26 REVENUE

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

1.26.1 Revenue from Non-Exchange Transactions

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

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

1.26.1.1 Taxation Revenue

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.26 REVENUE (CONTINUED)

1.26.1.2 Transfer Revenue

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

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

1.26.1.3 Fines

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

1.26.1.4 Insurance Receipts

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

1.26.1.5 Unclaimed deposits

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. Therefore the substance of these transactions indicate 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.

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

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

1.26.1.7 Services in-kind

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

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

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

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

1.26 REVENUE (CONTINUED)

1.26.1.8 Contributed Assets

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

1.26.2 Revenue from Exchange Transactions

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

1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

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

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

1.26.2.2 Interest earned

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

1.26.2.3 Rental income

Revenue from the rental of fixed assets is recognised on a straight-line basis over the term of the lease agreement.

1.26.2.4 Income from Agency Services

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

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

1.26.2.5 Other Tariffs

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

1.26 REVENUE (CONTINUED)

1.26.2.6 Sale of goods

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

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

1.26.2.7 Deferred payment

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

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

1.27 BORROWING COSTS

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

1.28 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.

1.29 IRREGULAR EXPENDITURE

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

1.30 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.

1.31 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.

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

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

1.32 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.

1.33 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:

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

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

1.34 RELATED PARTIES

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

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

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

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

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

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

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

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

1.35 ACCOUNTING BY PRINCIPALS AND AGENTS

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

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

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

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

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

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

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

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

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

Where the Municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria 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 an entity is an agent.

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

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

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

1.36 SEGMENT REPORTING

A segment is an activity of the Municipality:

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

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

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

Adjustments and eliminations made in preparing the Municipality's annual financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis (i.e. departmental charges).

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

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

1.37 SERVICE CONCESSION ARRANGMENTS: ENTITY AS GRANTOR

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator, which in this case will be the Municipality.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

1.37 SERVICE CONCESSION ARRANGMENTS: ENTITY AS GRANTOR (CONTINUED)

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

(a) is provided by the operator which:
- the operator constructs, develops, or acquires from a third party; or
- is an existing asset of the operator; or

(b) is provided by the grantor which:
- is an existing asset of the grantor; or
- is an upgrade to an existing asset of the grantor.

The Municipality recognises an asset provided by the operator and an upgrade to an existing asset of the Municipality, as a service concession asset if the Municipality controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the Municipality controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a “whole-of-life” asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the Municipality recognises a service concession asset, and the asset is not an existing asset of the Municipality (grantor), the Municipality (grantor) also recognises a liability.

The Municipality does not recognise a liability when an existing asset of the Municipality is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

The Municipality initially measures the service concession asset as follows:

(a) Where the asset is not an existing asset of the Municipality, the asset is measured at its fair value.

(b) Where the asset is an existing asset of the Municipality and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The Municipality initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the Municipality to the operator, or from the operator to the Municipality.

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 liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

1.37 SERVICE CONCESSION ARRANGMENTS: ENTITY AS GRANTOR (CONTINUED)

Where the asset and service components are not separately identifiable, the service component of payments from the Entity to the operator is determined using estimation techniques.

Where the Municipality does not have 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, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the Municipality accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the Municipality and the operator.

The Municipality recognises revenue and reduces the liability according to the substance of the service concession arrangement.

If 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.

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 Standard of GRAP on Revenue from exchange transactions.

1.38 CONSTRUCTION CONTRACTS

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The Municipality participates as a non-accredited municipality in the National Housing Programme. The Municipality's roles and responsibilities in the housing development process are set out in the binding arrangements entered into with the provincial Department of Human Settlements. The Municipality assesses the terms and conditions of each contract concluded with the provincial Department of Human Settlements to establish whether the contract is a construction contract or not.

The Accounting Standards Board (ASB) issued a *Guideline on accounting for arrangements undertaken in terms of the National Housing Programme.* The guideline makes a distinction between a project manager and a project developer.

Where the Municipality is appointed as the project manager, it will assist with the process of appointing a contractor to construct houses on behalf of the provincial Department of Human Settlements. The responsibility of appointment and payment of the contractors ultimately vest with the provincial Department of Human Settlements.

Where the Municipality is appointed as the project developer, it will take on the responsibility for the construction of the houses. As project developer the Municipality will appoint contractors and will make payments for work completed on meeting milestones agreed between itself and the contractor.

1.38 CONSTRUCTION CONTRACTS (CONTINUED)

In general, where the Municipality is appointed as the project manager, it will act as an agent for the provincial Department of Human Settlements. Where the Municipality is appointed as the project developer, it is considered that the Municipality has entered into a construction contract with the provincial Department of Human Settlements.

The binding agreements entered into with the provincial Department of Human Settlements are non-commercial fixed price contracts. The objective of the arrangements is to construct low-cost houses for the beneficiaries of the National Housing Programme in return for full reimbursement of costs from the department through a housing grant or subsidy.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for the work performed to date bear to the estimate total contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs shall be recognised as an expense in the period in which they are incurred.

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

1.39.1 Application of Directive 7

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

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

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

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

GRAP implementation date for the Municipality is 1 July 2007 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2007 to the current year's reported date. Where the economic useful life of an items of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.39.2 Impairment of Receivables

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

1.39.3 Useful lives and residual values

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

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

1.39.4 Impairment of non-monetary assets

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

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

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

1.39.5 Post-Retirement and Long-term Benefits

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

1.39.6 Provisions and Contingent Liabilities

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

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

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.39.7 Distinguishing between Financial Instruments and Statutory Receivables

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

1.39.8 Financial assets and liabilities

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

1.39.9 Revenue Recognition

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

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

1.39.10 Recognition and Derecognition of Land

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

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

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

1.39.11 Applying materiality

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

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

(b) How the nature or size or both, of the information could reasonably be expected to influence users’ decisions.

	2025 R	2024 R
2 CASH AND CASH EQUIVALENTS		
Primary Bank Account	9 237 486	47 195 296
Call and short-term Investments Deposits	466 641 639	459 530 354
Cash Floats	700	700
Total	**475 879 824**	**506 726 350**

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

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

	2025	2024
Unspent Conditional Grants	36 872 216	27 924 692
Capital Replacement Reserve	146 452 978	203 391 447
Valuation Roll Reserve	982 252	2 973 437
Employee Benefit Reserve	49 234 443	49 749 909
Taxes	1 607 421	1 768 388
Working Capital Requirements	240 730 514	220 918 478
	475 879 824	**506 726 350**

Primary Bank Account

Standard Bank - Lady Grey Branch - Account Number 28 063 130 8

	2025	2024
Bank Statement Balance - Opening Balance	47 130 078	452 175
Bank Statement Balance - Closing Balance	9 146 029	47 130 078
Cashbook Balance - Opening Balance	47 195 296	520 449
Cashbook Balance - Closing Balance	9 237 486	47 195 296

Call and short-term Deposits

Call and short-term Deposits consist out of the following accounts:

	2025	2024
Standard Bank 388489162/0	189 954 552	324 647 554
Standard Bank 388489731/0	132 319 377	122 184 544
Standard Bank 388486066/0	13 822 852	12 698 256
Standard Bank 388486066/4	130 544 858	-
	466 641 639	**459 530 354**

Short-term deposits attracted interest of between 7.25% and 9.30% (2024: 8.25% and 8.75%).

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2025

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**102 687 230**	**85 724 954**	**16 962 275**
Electricity	41 439 473	26 105 255	15 334 218
Refuse	59 529 005	58 206 400	1 322 605
Housing Rentals	1 718 751	1 413 300	305 452
Other Receivables	**3 660 666**	**-**	**3 660 666**
Joe Gqabi District Municipality (WSA)	3 429 066	-	3 429 066
Interest Accrual	231 601	-	231 601
Total	**106 347 896**	**85 724 954**	**20 622 942**

30 JUNE 2024

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**96 594 025**	**78 482 153**	**18 111 872**
Electricity	39 782 785	23 395 380	16 387 405
Refuse	55 665 854	54 279 880	1 385 973
Housing Rentals	1 145 387	806 892	338 494
Other Receivables	**6 202 002**	**-**	**6 202 002**
Joe Gqabi District Municipality (WSA)	3 640 889	-	3 640 889
Interest Accrual	2 561 113	-	2 561 113
Total	**102 796 027**	**78 482 153**	**24 313 874**

Included in the outstanding balances at 30 June 2025 are consumer debtors to the value of R3 215 408 (30 June 2024: R3 988 311) who have made arrangements to repay their outstanding debt over a re-negotiated period.

The carrying value of receivables are in line with their fair value. A credit period of 30 days is granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

Ageing of service and other receivables:	2025 R	2024 R
Electricity Ageing		
Current (0 - 30 days)	5 553 530	4 484 132
Past Due (31 - 60 Days)	2 728 723	2 499 673
Past Due (61 - 90 Days)	2 137 646	2 038 703
Past Due (90 Days +)	31 019 574	30 760 276
Total	**41 439 473**	**39 782 785**

3	RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)	2025 R	2024 R
	Refuse Ageing		
	Current (0 - 30 days)	1 300 658	1 373 933
	Past Due (31 - 60 Days)	1 203 906	1 176 623
	Past Due (61 - 90 Days)	1 118 927	1 106 899
	Past Due (90 Days +)	55 905 515	52 008 398
	Total	**59 529 005**	**55 665 854**
	Housing Rentals Ageing		
	Current (0 - 30 days)	54 601	114 228
	Past Due (31 - 60 Days)	146 144	45 521
	Past Due (61 - 90 Days)	51 988	45 321
	Past Due (90 Days +)	1 466 018	940 317
	Total	**1 718 751**	**1 145 387**
	Other Receivables Ageing		
	Current (0 - 30 days)	231 601	2 561 113
	Past Due (90 Days +)	3 429 066	3 640 889
	Total	**3 660 666**	**6 202 002**
	Total Service and Other Receivables Ageing		
	Current (0 - 30 days)	7 140 390	8 533 407
	Past Due (31 - 60 Days)	4 078 773	3 721 817
	Past Due (61 - 90 Days)	3 308 561	3 190 923
	Past Due (90 Days +)	91 820 173	87 349 879
	Total	**106 347 896**	**102 796 027**
	Reconciliation of Allowance for impairment		
	Balance at the beginning of the year	78 482 152	68 462 185
	Contribution to the provision	11 850 454	13 503 088
	Electricity	2 879 804	2 733 361
	Refuse	8 364 243	10 487 733
	Housing Rentals	606 407	281 994
	Bad Debts Written off	(4 607 652)	(3 483 120)
	Electricity	(169 929)	(1 319 095)
	Refuse	(4 437 724)	(2 164 025)
	Balance at the end of the year	**85 724 954**	**78 482 152**

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance.

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2025

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**38 702 780**	**32 475 861**	**6 226 919**
Rates	38 702 780	32 475 861	6 226 919
Other Receivables	**5 437 016**	**2 190 400**	**3 246 616**
Traffic fines income due	2 190 400	2 190 400	-
Other Receivables	3 246 616	-	3 246 616
Total	**44 139 796**	**34 666 261**	**9 473 535**

30 JUNE 2024

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**32 229 078**	**28 100 874**	**4 128 204**
Rates	32 229 078	28 100 874	4 128 204
Other Receivables	**5 206 036**	**1 987 900**	**3 218 136**
Traffic fines income due	1 987 900	1 987 900	-
Other Receivables	3 218 136	-	3 218 136
Total	**37 435 113**	**30 088 774**	**7 346 339**

The carrying value of receivables are in line with their fair value. A credit period of 30 days is granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	2025 R	2024 R
Ageing of service receivables:		
Rates Ageing		
Current (0 - 30 days)	285 788	231 667
Past Due (31 - 60 Days)	801 897	666 170
Past Due (61 - 90 Days)	692 931	680 703
Past Due (90 Days +)	36 922 165	30 650 537
Total	**38 702 780**	**32 229 078**

Reconciliation of Allowance for impairment

	2025 R	2024 R
Balance at the beginning of the year	30 088 774	26 428 012
Contribution to the provision	4 747 600	4 897 721
Rates	4 545 100	4 645 121
Fines	202 500	252 600
Bad Debts Written off	(170 113)	(1 236 958)
Rates	(170 113)	(1 236 958)
Balance at the end of the year	**34 666 261**	**30 088 774**

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

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

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

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2025			
1 month past due	2 450 231	227 514	2 677 745
2 + months past due	9 258 424	5 940 828	15 199 251
Total	**11 708 654**	**6 168 342**	**17 876 996**
2024			
1 month past due	2 059 053	105 446	2 164 499
2 + months past due	11 780 310	4 002 140	15 782 450
Total	**13 839 363**	**4 107 586**	**17 946 949**

Trade and other receivables impaired:

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2025			
Total	85 724 954	34 666 261	120 391 215
2024			
Total	78 482 152	30 088 774	108 570 926

		2025	2024
5	**TAXES**	**R**	**R**
	Vat Receivable/(Payable)	2 738 667	(2 420 489)
	Balance previously reported	-	(2 165 164)
	Prior period adjustment - Note 45.1	-	(255 325)
	Vat on Contribution to Provision for Impairment of Trade Receivables from Exchange Transactions	8 123 682	7 662 757
	Total	**10 862 350**	**5 242 268**

The Vat Receivable/(Payable) can be summarised as follows:

	2025	2024
VAT Output in Suspense	(1 607 421)	(1 768 388)
VAT Input in Suspense	2 631 537	1 169 985
VAT Payable to/(Refundable from) SARS	9 838 234	5 840 671
Total	**10 862 350**	**5 242 268**

VAT is accounted for on the cash basis.

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

The Input VAT in Suspense balance represents the Input VAT accrued on outstanding payables at year-end while the Output VAT in suspense represents the Output VAT accrued on outstanding debtors at year-end less the portion which we do not expect to recover from the respective debtor due to non-collectability (ie Output VAT impaired).

6 OPERATING LEASES

6.1 OPERATING LEASE ASSETS

	2025	2024
Operating Lease Asset	**52 000**	**50 746**

The operating lease asset is derived from contracts where the municipality acts as the lessor in the agreement.

Reconciliation of Operating Lease Asset:

	2025	2024
Balance at the beginning of the year	50 746	359
Movement during the year	1 254	50 387
Balance at the end of the year	**52 000**	**50 746**

The municipality will receive the following lease payments from contracts that have defined lease payments and terms:

	2025	2024
Within 1 Year	589 876	601 628
Between 1 and 5 Years	-	589 876
	589 876	**1 191 505**

The lease payments are in respect of properties being lease out over a period ranging up to June 2026.

	2025	2024
6 OPERATING LEASES (CONTINUED)	**R**	**R**
6.2 OPERATING LEASE LIABILITIES		
Operating Lease Liability	-	-

The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms:

	2025	2024
Within 1 Year	462 276	-
Between 1 and 5 Years	616 368	-
	1 078 645	**-**

The operating lease liability relates to the following lease arrangements:

The Municipality entered into a lease agreement to rent the Library building in Lady Grey. The lease agreement was renewed on 1 March 2018 and expired on 28 February 2023. The initial monthly rental was R3 238 (VAT inclusive) with an annual increase of 8%. The lease is currently continuing on a month-to-month basis.

A lease agreement was entered into with Omni Technologies relating to the rental of printers. Based on the terms of the agreement and the GRAP 13 assessment, it was considered appropriate to classify the arrangement as an operating lease rather than a finance lease. The initial lease commenced on 1 November 2024 and will expire on 31 October 2027. The lease amount payable is R 38 523 per month (VAT Exclusive) and there are no escalation over the lease term.

7 INVENTORY

	2025	2024
Electricity materials	517 818	673 476
Total	**517 818**	**673 476**

No inventory was pledged as security for liabilities.

Inventory is disclosed at the lower of cost or net realisable value (NRV).

	2025	2024
Inventory Loss recognised as a result of NRV test	14 889	23 892
Inventory recognised as an expense during the year.	794 860	825 060

8 INVESTMENT PROPERTY

	2025	2024
Investment Property - Carrying Value	**35 328 000**	**48 397 100**

8 INVESTMENT PROPERTY (CONTINUED)

The movement in investment properties is reconciled as follows:

	2025 R	2024 R
Opening Carrying Value	48 397 100	47 271 925
Fair Value	48 397 100	47 271 925
Fair Value Adjustment	(13 069 100)	1 333 675
Balance previously reported	-	1 605 675
Prior period adjustment - Note 45.5	-	(272 000)
Impairment	-	-
Balance previously reported	-	(272 000)
Prior period adjustment - Note 45.5	-	272 000
Disposal	-	(208 500)
Closing Carrying Value	35 328 000	48 397 100
Fair Value	35 328 000	48 397 100

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.

The valuations of Investment Properties were performed by DDP Valuers and the valuer was Ms Tanya du Plessis, a professional valuer with registration number 6662. Properties were valued on the Comparable Sales Method of Valuation and Accrued Depreciation Method of Valuation sales method of valuation, based on the active market values in the area.

	2025	2024
Rental revenue earned from Investment Properties	1 699 449	1 793 232

9 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2025	Cost R	Accumulated Depreciation R	Carrying Value R
Land and Buildings	188 508 403	-	188 508 403
Infrastructure	514 432 900	169 755 584	344 677 316
Community Assets	92 157 728	18 568 388	73 589 340
Other Assets	105 531 356	47 372 753	58 158 603
	900 630 387	**235 696 725**	**664 933 662**
30 JUNE 2024			
Land and Buildings	179 509 998	-	179 509 998
Infrastructure	445 736 829	160 012 915	285 723 914
Community Assets	72 439 172	16 435 288	56 003 884
Other Assets	86 447 565	45 322 882	41 124 682
	784 133 564	**221 771 085**	**562 362 479**

The valuations of Land and Buildings were performed by DDP Valuers and the valuer was Ms Tanya du Plessis, a professional valuer with registration number 6662. Properties were valued on the Comparable Sales Method of Valuation and Accrued Depreciation Method of Valuation sales method of valuation, based on the active market values in the area

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

No assets were pledged as security for liabilities.

The municipality have 59 assets that are fully depreciated which are still in use. These assets are immaterial in value and will be replaced once funding is made available.

Refer to note 43 for the disclosure of repairs and maintenance per asset class as required by GRAP 17.

9.1 Effect of changes in accounting estimates	**2025** **R**	**2026** **R**
During the current year the remaining useful lives of Property, Plant and Equipment were reviewed and adjusted accordingly. The effect on the current and future periods are as follow:		
Increase / (Decrease) in Depreciation and Amortisation	(1 802 062)	1 802 062
Increase / (Decrease) in Accumulated Surplus	1 802 062	(1 802 062)
Increase / (Decrease) in Property, Plant and Equipment	1 802 062	(1 802 062)

9.2 Work in Progress projects taking a significant longer period to complete

The following projects (included in Work in Progress) is taking a significant longer period to complete:

Project	**Reason for delays**	**2025** **Carrying value**
Sterkspruit Landfill Site	Alternative location needs to be identified	1 215 195
Rossouw - Solid Landfill Site	Contract to be terminated	10 880 838
Rhodes - Solid Landfill Site	Site was converted to a transfer station and waiting on record of decision for exemption from doing EIA process	566 527
Renovation town hall Barkly East	Contractual related disputes	10 292 988

9.3 Work in Progress balances	**2025** **R**	**2024** **R**
The following work in progress balances are included in PPE. No depreciation charge is recognised against these amounts.		
Buildings	47 837 191	27 204 002
Infrastructure - Roads	87 893 073	34 289 852
Infrastructure - Waste Management	12 662 560	12 662 560
Infrastructure - Electricity	1 968 658	865 200
Sports Fields	26 588 601	7 215 253
Cemetery	216 420	216 420
Community Assets - Other	1 568 136	1 222 928
Total Work in Progress (WIP)	**178 734 639**	**83 676 215**

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Senqu Municipality.

Refer to note 18 for more detail relating to this asset financed by way of a provision.

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 June 2025	Cost						Accumulated Depreciation						
	Opening Balance	Additions	Disposals	Gain on Fair Value Revaluation	Transfers	Closing Balance	Opening Balance	Additions	Disposals/ Revaluation	Loss on Fair Value Revaluation	Transfers to Cost	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**179 509 998**	**21 576 931**	**-**	**5 995 644**	**(18 574 171)**	**188 508 403**	**-**	**1 533 369**	**(1 533 369)**	**18 574 171**	**(18 574 171)**	**-**	**188 508 403**
Land	32 174 375	-	-	4 195 600	(8 781 175)	27 588 800	-	-		8 781 175	(8 781 175)	-	27 588 800
Buildings	147 335 623	21 576 931	-	1 800 044	(9 792 996)	160 919 603	-	1 533 369	(1 533 369)	9 792 996	(9 792 996)	-	160 919 603
Infrastructure	**445 736 829**	**69 211 024**	**(514 953)**	**-**	**-**	**514 432 900**	**160 012 915**	**10 049 781**	**(307 112)**	**-**	**-**	**169 755 584**	**344 677 316**
Roads	264 054 078	66 732 964	(243 005)	-	-	330 544 037	121 207 989	5 609 127	(242 939)	-	-	126 574 177	203 969 860
Stormwater	67 706 709	-	-	-	-	67 706 709	19 738 423	1 177 699	-	-	-	20 916 121	46 790 588
Solid Waste	68 299 313	-	-	-	-	68 299 313	5 430 415	1 605 658	-	-	-	7 036 073	61 263 239
Electricity	33 160 298	2 478 061	(271 948)	-	-	35 366 411	9 774 406	1 271 149	(64 173)	-	-	10 981 381	24 385 029
Taxi Ranks	12 516 431	-	-	-	-	12 516 431	3 861 682	386 149	-	-	-	4 247 831	8 268 600
Community Assets	**72 439 172**	**19 718 556**	**-**	**-**	**-**	**92 157 728**	**16 435 288**	**2 133 100**	**-**	**-**	**-**	**18 568 388**	**73 589 340**
Sports Fields	33 346 649	19 373 348	-	-	-	52 719 997	7 177 135	835 493	-	-	-	8 012 627	44 707 369
Node Development	8 728 613	-	-	-	-	8 728 613	2 877 471	293 062	-	-	-	3 170 533	5 558 080
Parks & Gardens	7 829 419	-	-	-	-	7 829 419	676 929	182 707	-	-	-	859 636	6 969 783
Cemetery	19 895 840	-	-	-	-	19 895 840	4 328 341	811 964	-	-	-	5 140 305	14 755 535
Other	2 638 650	345 208	-	-	-	2 983 858	1 375 411	9 876	-	-	-	1 385 287	1 598 572
Other Assets	**86 447 565**	**21 262 894**	**(2 179 102)**	**-**	**-**	**105 531 356**	**45 322 882**	**4 063 639**	**(2 013 768)**	**-**	**-**	**47 372 753**	**58 158 603**
Motor Vehicles	14 817 625	1 660 062	(421 230)	-	-	16 056 457	9 570 735	356 510	(351 154)	-	-	9 576 090	6 480 367
Plant & Equipment	31 083 364	538 251	(603 248)	-	-	31 018 367	17 169 042	889 709	(560 711)	-	-	17 498 040	13 520 326
Office Equipment	2 447 431	-	(296 665)	-	-	2 150 766	2 334 951	37 827	(291 009)	-	-	2 081 769	68 997
Furniture & Fittings	5 794 543	312 986	(350 276)	-	-	5 757 252	4 695 035	249 876	(313 257)	-	-	4 631 654	1 125 598
Loose Equipment	405 296	-	(144 630)	-	-	260 665	399 884	2 122	(144 317)	-	-	257 689	2 977
Computer Equipment	10 503 993	1 520 430	(363 052)	-	-	11 661 371	7 198 236	1 194 803	(353 319)	-	-	8 039 720	3 621 651
Specialised Vehicles	21 395 314	17 231 164	-	-	-	38 626 478	3 954 998	1 332 792	-	-	-	5 287 791	33 338 687
Total	**784 133 564**	**131 769 405**	**(2 694 055)**	**5 995 644**	**(18 574 171)**	**900 630 387**	**221 771 085**	**17 779 889**	**(3 854 249)**	**18 574 171**	**(18 574 171)**	**235 696 725**	**664 933 662**

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2024	Cost						Accumulated Depreciation						
	Opening Balance	Additions	Disposals	Gain on Fair Value Revaluation	Transfers	Closing Balance	Opening Balance	Additions	Disposals/ Revaluation	Loss on Fair Value Revaluation	Transfers to Cost	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**155 172 498**	**17 220 851**	**-**	**7 954 096**	**(837 447)**	**179 509 998**	**-**	**1 410 378**	**(1 410 378)**	**837 447**	**(837 447)**	**-**	**179 509 998**
Land	30 185 175	-	-	1 989 200	-	32 174 375	-	-				-	32 174 375
Buildings	124 987 323	17 220 851	-	5 964 896	(837 447)	147 335 623	-	1 410 378	(1 410 378)	837 447	(837 447)	-	147 335 623
Infrastructure	**409 112 284**	**36 715 082**	**(90 537)**	**-**	**-**	**445 736 829**	**149 715 307**	**10 319 344**	**(21 736)**	**-**	**-**	**160 012 915**	**285 723 914**
Roads	232 924 374	31 129 703	-	-	-	264 054 078	115 150 232	6 057 757	-	-	-	121 207 989	142 846 089
Stormwater	67 154 586	552 123	-	-	-	67 706 709	18 555 583	1 182 840	-	-	-	19 738 423	47 968 287
Solid Waste	64 223 314	4 075 998	-	-	-	68 299 313	3 992 266	1 438 149	-	-	-	5 430 415	62 868 898
Electricity	32 293 578	957 258	(90 537)	-	-	33 160 298	8 541 641	1 254 502	(21 736)	-	-	9 774 406	23 385 892
Taxi Ranks	12 516 431	-	-	-	-	12 516 431	3 475 585	386 096	-	-	-	3 861 682	8 654 750
Community Assets	**65 111 540**	**8 147 548**	**(819 916)**	**-**	**-**	**72 439 172**	**14 454 091**	**2 181 885**	**(200 688)**	**-**	**-**	**16 435 288**	**56 003 884**
Sports Fields	26 441 844	6 904 805	-	-	-	33 346 649	6 341 745	835 390	-	-	-	7 177 135	26 169 514
Node Development	9 548 529	-	(819 916)	-	-	8 728 613	2 766 916	311 243	(200 688)	-	-	2 877 471	5 851 142
Parks & Gardens	7 829 419	-	-	-	-	7 829 419	494 243	182 686	-	-	-	676 929	7 152 490
Cemetery	19 679 420	216 420	-	-	-	19 895 840	3 516 631	811 711	-	-	-	4 328 341	15 567 499
Other	1 612 327	1 026 323	-	-	-	2 638 650	1 334 557	40 855	-	-	-	1 375 411	1 263 239
Other Assets	**66 382 777**	**20 435 544**	**(370 756)**	**-**	**-**	**86 447 565**	**42 695 781**	**2 981 348**	**(354 247)**	**-**	**-**	**45 322 882**	**41 124 682**
Motor Vehicles	14 030 120	787 505	-	-	-	14 817 625	9 377 536	193 199	-	-	-	9 570 735	5 246 890
Plant & Equipment	31 280 086	33 908	(230 630)	-	-	31 083 364	16 322 135	1 070 634	(223 727)	-	-	17 169 042	13 914 322
Office Equipment	2 448 089	-	(657)	-	-	2 447 431	2 297 475	38 133	(656)	-	-	2 334 951	112 480
Furniture & Fittings	5 302 375	499 619	(7 451)	-	-	5 794 543	4 455 831	245 782	(6 578)	-	-	4 695 035	1 099 507
Loose Equipment	405 296	-	-	-	-	405 296	397 760	2 124	-	-	-	399 884	5 411
Computer Equipment	8 835 434	1 800 576	(132 017)	-	-	10 503 993	6 572 503	749 019	(123 285)	-	-	7 198 236	3 305 756
Specialised Vehicles	4 081 378	17 313 935	-	-	-	21 395 314	3 272 541	682 458	-	-	-	3 954 998	17 440 315
Total	**695 779 099**	**82 519 025**	**(1 281 209)**	**7 954 096**	**(837 447)**	**784 133 564**	**206 865 179**	**16 892 955**	**(1 987 049)**	**837 447**	**(837 447)**	**221 771 085**	**562 362 479**

		2025	2024
10	**INTANGIBLE ASSETS**	**R**	**R**
	Intangible Assets - Carrying Value	**19 490**	**47 570**
	The movement in intangible assets is reconciled as follows:		
	Opening Carrying Value	47 570	77 642
	Cost	535 086	968 300
	Accumulated Amortisation	(487 516)	(890 658)
	Disposal	-	(1 333)
	Cost	-	(433 214)
	Amortisation	-	431 881
	Amortisation for the year	(28 080)	(28 739)
	Closing Carrying Value	19 490	47 570
	Cost	535 086	535 086
	Accumulated Amortisation	(515 596)	(487 516)

Intangible Assets consist only of software.

No intangible assets 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.

		2025	2024
11	**CAPITALISED RESTORATION COST (PPE)**		
	Capitalised Restoration Cost - Carrying Value	**2 563 343**	**1 044 183**
	The movement in capitalised restoration cost is reconciled as follows:		
	Opening Carrying Value	1 044 183	1 553 817
	Cost	10 373 232	10 115 484
	Accumulated Depreciation	(9 015 032)	(8 247 649)
	Accumulated Impairments	(314 017)	(314 017)
	Additions	2 177 041	429 596
	Disposal	(189 562)	(171 847)
	Depreciation for the year	(468 319)	(767 383)
	Closing Carrying Value	2 563 343	1 044 183
	Cost	12 360 711	10 373 232
	Accumulated Depreciation	(9 483 351)	(9 015 032)
	Accumulated Impairments	(314 017)	(314 017)

11	CAPITALISED RESTORATION COST (PPE) (CONTINUED)	2025 R	2024 R
	A gain on disposal is recognised as a result of the actual calculated disposal being bigger than the carrying value of the specific landfill site.		
	Gain on Disposal of Capitalised Restoration Cost (PPE)	**95 654**	**612 268**

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Senqu Municipality.

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

Refer to note 18 for more detail relating to this asset financed by way of a provision

12	BORROWINGS	2025 R	2024 R
	Annuity Loans	4 977 850	5 920 813
	Sub-Total	**4 977 850**	**5 920 813**
	Less: Current portion	964 225	942 652
	Annuity Loans	964 225	942 652
	Total Non-current Borrowings	**4 013 625**	**4 978 161**

Borrowings were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future instalments.

Borrowings consist out of the following agreements:

Nr	Institution	Interest Rate	Redemption Date
1	Development Bank of Southern Africa (DBSA)	floating	30-Sep-29
2	Development Bank of Southern Africa (DBSA)	6.75%	30-Sep-30

Annuity loans are payable as follows:	2025 R	2024 R
Payable within one year	1 344 731	1 417 968
Payable within two to five years	4 450 304	4 968 683
Payable after five years	235 564	1 035 274
Total amount payable	**6 030 599**	**7 421 925**
Less: Outstanding Future Finance Charges	(1 052 749)	(1 501 111)
Present value of annuity loans	**4 977 850**	**5 920 814**

		2025	2024
13	**CONSUMER DEPOSITS**	**R**	**R**
	Electricity	1 986 289	1 948 713
	Total	**1 986 289**	**1 948 713**

No guarantees held in lieu of Electricity Deposits

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

Consumer deposits are paid by consumers on application for new and electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

		2025	2024
14	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	22 296 914	9 475 852
	Other Payables	676 237	167 378
	Balance previously reported	-	582 575
	Prior period adjustment - Note 45.2	-	(415 197)
	Payments received in advance	874 926	1 244 951
	Retentions	12 729 152	4 564 971
	Balance previously reported	-	6 661 324
	Prior period adjustment - Note 45.2	-	(2 096 353)
	DBSA Interest Accrual	105 796	137 750
	Total	**36 683 026**	**15 590 902**

Payables are being recognised net of any discounts received.

Payables are being paid 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 payables approximates its fair value.

		2025	2024
15	**PAYABLES FROM NON-EXCHANGE TRANSACTIONS**	**R**	**R**
	Unspent Conditional Government Grants		
	National Government	20 882 206	2 010 056
	Provincial Government	15 990 009	25 914 636
	Total	**36 872 216**	**27 924 692**

Detail reconciliations of all grants received and grant conditions met are included in note 21. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

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

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.

		2025	2024
16	**CURRENT EMPLOYEE BENEFITS**		
	Post Retirement Medical Benefits - Note 17	335 000	430 000
	Long Service Awards - Note 17	608 000	337 000
	Bonuses	4 343 878	3 979 875
	Performance Bonuses	7 987 099	8 707 628
	Compensation for injuries on duty	2 362 920	6 314 578
	Balance previously reported	-	7 264 292
	Prior period adjustment - Note 45.3	-	(949 714)
	Staff Leave	6 635 545	6 663 453
	Balance previously reported	-	6 815 114
	Prior period adjustment - Note 45.3	-	(151 661)
	Total	**22 272 443**	**26 432 534**

The movement in current employee benefits are reconciled as follows:

Bonuses

	2025	2024
Opening Balance	3 979 875	3 505 416
Contribution during the year	7 674 512	6 822 189
Payments made	(7 310 509)	(6 347 730)
Balance at end of year	**4 343 878**	**3 979 875**

Bonuses are paid in November of each year to permanent employees and contract employees structuring the package to provide for 13th cheque.

16	CURRENT EMPLOYEE BENEFITS (CONTINUED)	2025	2024
		R	R

Performance Bonuses

	2025 R	2024 R
Opening Balance	8 707 628	11 105 426
Contribution during the year	5 143 873	4 355 065
Payments made	(5 864 402)	(6 752 863)
Balance at end of year	**7 987 099**	**8 707 628**

Performance bonuses are being paid to Municipal Manager, Directors, Managers and Below-Managers after an evaluation of performance by the Council. The provision at 30 June 2024 includes the Performance bonuses for the 2022/23 and the 2023/24 financial years. The Performance bonuses for 2020/2021 and 2021/2022 were paid in December 2023 and a portion of the Performance bonuses for the 2022/23 and the 2023/24 financial years were paid in June 2025. The performance assessments for 2022/23 and 2023/2024 will be finalised in August 2025.

Compensation for injuries on duty

	2025 R	2024 R
Opening Balance	6 314 578	5 153 477
Contribution during the year	1 001 142	941 059
Interest and Penalties	166 334	220 043
Payments made	(5 119 135)	-
Balance at end of year	**2 362 920**	**6 314 578**

The balance on the compensation for injuries on duty represents the current liability of the municipality that has not yet been paid over to the relevant authorities. The 30 June 2024 balance was restated in line with the Compensation Fund statements received during the financial year.

Staff Leave

	2025 R	2024 R
Opening Balance	6 663 453	5 348 378
Contribution during the year	2 842 913	3 860 981
Payments made	(2 870 821)	(2 545 906)
Balance at end of year	**6 635 545**	**6 663 453**

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

		2025	2024
17	**EMPLOYEE BENEFITS**	**R**	**R**
	Post Retirement Medical Benefits	23 762 000	19 278 000
	Long Service Awards	3 200 000	2 938 000
	Total	**26 962 000**	**22 216 000**

17.1 POST RETIREMENT MEDICAL BENEFITS

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

	2025	2024
Opening Balance	19 708 000	17 538 000
Contribution during the year	4 062 000	3 859 000
Current Service Cost	1 656 000	1 670 000
Interest Cost	2 406 000	2 189 000
Payments made	(285 225)	(324 428)
Actuarial Loss/(Gain)	612 225	(1 364 572)
Change in Financial Assumptions	1 197 000	(467 000)
Experience Adjustments	(584 775)	(897 572)
Total balance at year-end	24 097 000	19 708 000
Less: Current Portion - Note 16	(335 000)	(430 000)
Total	**23 762 000**	**19 278 000**

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

	2025	2024
In-service members	20 983 000	15 815 000
In-service non-members	1 463 000	1 491 000
Continuation members	1 651 000	2 402 000
Total Unfunded Liability	**24 097 000**	**19 708 000**

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

	2025	**2024**
In-service members	216	209
In-service non-members	74	76
Continuation members	1	3
Total	**291**	**288**

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

17 EMPLOYEE BENEFITS (CONTINUED)

Last Valuation and Actuarial Valuation Method

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

Characteristics of defined benefit plans and risks associated with them

The municipality provides post employment medical benefits as follows:

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

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

- Inflation: The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.
- Longevity: The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.
- Volatility of open-ended, long-term Defined-Benefit Obligation: The risk that the Defined-Benefit Obligation may
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
- Future changes in legislation: The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the Defined-Benefit Obligation for the Municipality.

17 EMPLOYEE BENEFITS (CONTINUED)

Significant Actuarial Assumptions

	2025	2024
i) Financial Assumptions		
- Medical aid contribution inflation rate	7.20%	7.81%
- Discount rate	11.40%	12.34%
ii) Demographic Assumptions		
- Post-Employment Mortality	PA(90)	PA(90)
The PA(90) ultimate table, adjusted down by 1 year of age, and a 1% annual compound		
- Average Retirement Age		
Males	62 years	62 years
Females	59 years	59 years
- Membership continuation	75%	75%

Sensitivity Analysis - Defined Benefit Obligation at year-end

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

Assumption	Eligible Employees (Rm)	Continuation members (Rm)	Total liability (Rm)	% change
Liability	22.446	1.651	24.097	
Medical aid contribution inflation rate				
+ 1%	27.103	1.765	28.868	20%
- 1%	18.758	1.547	20.305	-16%
Discount rate				
+ 1%	18.911	1.552	20.463	-15%
- 1%	26.951	1.761	28.712	19%
Post-employment mortality				
+ 1 year	21.914	1.584	23.498	-2%
- 1 year	22.970	1.718	24.688	2%
Average retirement age				
- 1 year	24.609	1.651	26.260	9%
Membership continuation				
- 10%	19.538	1.651	21.189	-12%

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

17 EMPLOYEE BENEFITS (CONTINUED)

Expected contributions and maturity analysis

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

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

Future years	Expected Benefit Payments R m	% contribution of bracket
Future year 1 to 10	12.962	1%
Future year 11 to 20	72.878	6%
Future year 21 to 30	190.181	15%
Future year 30 to 40	300.772	24%
Future year 40 to 50	326.621	26%
Future year 50 to 60	238.293	19%
Future year 60 to 70	97.525	8%
Future year 70 to 80	15.904	1%
Total	**1 255.136**	

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

17.2 LONG SERVICE AWARDS

The movement in Long Service Awards are reconciled as follows:

	2025 R	2024 R
Opening Balance	3 275 000	2 932 000
Contribution during the year	768 000	690 000
Current Service Cost	434 000	389 000
Interest Cost	334 000	301 000
Payments made	(279 416)	(367 207)
Actuarial Loss/(Gain)	44 416	20 207
Change in Financial Assumptions	(6 000)	(36 000)
Experience Adjustments	50 416	56 207
Total balance at year-end	**3 808 000**	**3 275 000**
Less: Current Portion - Note 16	(608 000)	(337 000)
Total	**3 200 000**	**2 938 000**

The following members are eligible for long service bonuses:

	2025	2024
In-service members	290	285

17 EMPLOYEE BENEFITS (CONTINUED)

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

Last Valuation and Actuarial Valuation Method

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

Characteristics of defined benefit plans and risks associated with them

The municipality provides a long service award benefits as follows:

- The Municipality offers employees Long Service Awards for every five years of service completed, from five years of service to 25 years of service, inclusive.
- In the month that each "Completed Service" milestone is reached, the employee is granted a Long Service Award.
- "Completed Service" milestone reached (i.e 5 years) up to 6% of total annual earnings for the last "Completed Service" milestone reached (i.e 25 years).
- Earnings relates to the officials basic salary.
- The Municipality does not pay any pro-rata Long Service Awards.

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

- Inflation: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.
- Termination of service: The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.
- Volatility of open-ended, long-term Defined-Benefit Obligation: The risk that the Defined-Benefit Obligation may
- 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.

Significant Actuarial Assumptions

	2025	2024
i) Financial Assumptions		
- General Earnings Inflation Rate	4.50%	5.94%
- Discount Rate	9.30%	10.75%

17 EMPLOYEE BENEFITS (CONTINUED)

	2025	2024
ii) Demographic Assumptions		
- Average Retirement Age		
Males	62 years	62 years
Females	59 years	59 years
- Termination of Services		

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

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

Sensitivity Analysis - Defined Benefit Obligation at year-end

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

Assumption	**Total liability R**	**% change**
Liability	3 808 000	
General earnings inflation rate		
+ 1%	3 975 000	4%
- 1%	3 651 000	-4%
Discount rate		
+ 1%	3 646 000	-4%
- 1%	3 984 000	5%
Average retirement age		
+ 2 years	3 957 000	4%
- 2 years	3 652 000	-4%
Rates of termination of service		
x 2	3 164 000	-17%
x 0.5	4 216 000	11%

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

17 EMPLOYEE BENEFITS (CONTINUED)

Expected contributions and maturity analysis

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

Maturity analysis of the future undiscounted expected benefits to be paid in respect of the current eligible employees can be illustrated as follows:

Future years	Expected Benefit Payments R m	% contribution of bracket
Future year 1 to 10	7.297	56%
Future year 11 to 20	5.192	40%
Future year 21 to 30	0.643	5%
Future year 30 to 40	-	0%
Total	**13.132**	

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

17.3 Defined Contribution Plans

Council contributes to the following defined contribution plans:

	2025 R	2024 R
SALA Pension Fund	1 354 558	1 322 826
SAMWU National Provident Fund	75 019	84 423
National Fund Municipal Workers	779 520	471 996
Consolidated Retirement Fund	12 321 593	11 536 344
Total	**14 530 690**	**13 415 589**

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.

The municipality previously assessed the Consolidated Retirement Fund (Cape Joint Retirement Fund) to be Multi-Employer Defined-Benefit Plans. This assessment was incorrect as the municipality is only liable for the required contributions to the fund and will not be liable for any shortfall in the fund. This is in contrast to the former funds (Cape Joint Retirement Fund) which were deemed to be Defined-Benefit Plans. Accordingly, any contributions previously disclosed as Defined-Benefit Plans are now included as part of the Defined Contributions Plans. All disclosures previously made in relation to Defined-Benefit Plans were also removed.

		2025	2024
18	**NON-CURRENT PROVISIONS**	**R**	**R**

	2025 R	2024 R
Rehabilitation Provision - Landfill Sites	**31 813 015**	**27 186 480**

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

	2025 R	2024 R
Opening Balance	27 186 480	24 971 393
Contribution during the year	4 626 534	2 215 087
Increase/(Decrease) in estimate	1 891 825	(354 520)
Interest Cost	2 734 709	2 569 607
Total	**31 813 015**	**27 186 480**

It is expected that outflows of economic benefits in respect of the provision for rehabilitation of landfill sites will occur beyond the 3-Year Medium Term Revenue and Expenditure Framework period.

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

Site	**Expected Closure Date**	2025 R	2024 R
Barkly East	2031	9 446 374	7 174 725
Lady Grey	2028	4 931 100	3 764 092
Sterkspruit	2025	5 672 790	5 248 779
Rhodes	2025	8 557 810	7 969 203
Rossouw	2016	3 204 941	3 029 681
Total		**31 813 015**	**27 186 480**

The Rossouw Landfill site reached maximum capacity in 2016. The site is currently not licensed, and it must be licensed for closure and rehabilitation.

As per the requirements of the closure licence, rehabilitation construction commences 4 years after the issue date of the closure licence. Should a closure licence be issued in 2026, rehabilitation construction would then require commencement in 2030, which is 5 years from 2025.

There is no current portion associated with this liability, as there is no intention to rehabilitate any sites within 12 months of reporting date

19 COMMUNITY WEALTH

19.1 RESERVES

	2025 R	2024 R
Revaluations Reserve	92 480 612	100 386 876
Total	**92 480 612**	**100 386 876**

The Revaluation Reserve is treated in accordance with the requirements of GRAP 17. See Statement of Changes in Net Assets for detail on the movement in the Revaluations Reserve.

19 COMMUNITY WEALTH (CONTINUED)

19.2 ACCUMULATED SURPLUS	**2025** **R**	**2024** **R**
The following internal funds and reserves are ring-fenced within the Accumulated Surplus:		
Capital Replacement Reserve	146 452 978	203 391 447
Employee Benefits Reserve	49 234 443	49 749 909
Valuation Roll Reserve	982 252	2 973 437
Accumulated Surplus due to the results of operations	769 535 842	672 482 584
Total	**966 205 515**	**928 597 376**

The Capital Replacement Reserve is created in order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources.

The aim of the Employee Benefits Reserve is to ensure that sufficient cash resources are available for the future payment of employee benefits.

The Valuation Roll Reserve is to ensure that sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

20 PROPERTY RATES

	2025	2024
Total Property Rates	24 002 113	24 977 829
Less: Rebates	(6 025 166)	(6 195 695)
Total	**17 976 947**	**18 782 134**

Property rates levied are based on the following rateable valuations:

	2025	2024
Residential Property	792 076 000	863 446 500
Commercial Property	452 978 000	404 627 000
Public Benefits Organisations	79 540 500	73 413 000
Public Open Space	2 720 500	-
Public Service Infrastructure	4 727 000	2 072 000
Agricultural Purposes	2 484 225 500	2 469 242 000
State - National / Provincial Services	765 225 500	748 537 000
Municipal Property	431 744 000	436 773 000
Vacant Property	118 192 000	72 303 000
Industrial Property	15 751 500	13 029 000
Total Valuation	**5 147 180 500**	**5 083 442 500**

Valuations on land and buildings are performed every five years. The effective date for the valuation is 1 July 2017.

The first R15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

The following rates are applicable to the valuations above:	**2025**	**2024**
Residential	0.0000c/R	0.8859c/R
Commercial	1.2430c/R	1.1516c/R
Public Service Infrastructure	1.2150c/R	0.0000c/R
Agricultural	1.2150c/R	0.2215c/R
State - National / Provincial Services	0.0000c/R	1.1516c/R
Vacant Property	0.0000c/R	1.3288c/R

20 PROPERTY RATES (CONTINUED)

Rates are levied monthly and payable by the end of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

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

21 TRANSFERS AND SUBSIDIES	2025 R	2024 R
Unconditional Grants - National Government	**196 724 000**	**186 760 000**
Equitable Share	196 724 000	186 760 000
Conditional Grants - National Government	**60 093 850**	**45 336 899**
Municipal Finance Management	1 700 000	1 700 000
Municipal Infrastructure Grant	54 789 000	42 442 899
INEP (Integrated National electrification programme)	1 268 976	-
EPWP (Expanded Public Works Program)	1 620 000	1 194 000
Municipal Disaster Recovery Grant	715 873	-
Conditional Grants - Provincial Government	**13 368 473**	**10 985 617**
Libraries	2 106 000	1 500 000
Greenest Municipality	82 090	-
Municipal Disaster Relief Grant	11 180 383	9 485 617
Total	**270 186 323**	**243 082 515**
Disclosed as:		
Transfers and Subsidies - Capital	56 708 507	43 309 971
Transfers and Subsidies - Operating	213 477 816	199 772 544
Total	**270 186 323**	**243 082 515**
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	196 724 000	186 760 000
Budget & Treasury	1 700 000	1 700 000
Planning & Development	9 528 522	7 381 290
Community & Social Services	2 106 000	1 500 000
Road Transport	58 776 735	45 741 225
Electricity	1 268 976	-
Waste Management	82 090	-
Total	**270 186 323**	**243 082 516**

The movements per grant can be summarised as follows:

21.01 Equitable Share

Grants Received	196 724 000	186 760 000
Transferred to Revenue - Operating	(196 724 000)	(186 760 000)
Closing Unspent Balance	-	-

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

21 TRANSFERS AND SUBSIDIES (CONTINUED)

21.02 Financial Management Grant (FMG)

	2025 R	2024 R
Opening Unspent Balance	-	-
Grants Received	1 700 000	1 700 000
Transferred to Revenue - Operating	(1 700 000)	(1 700 000)
Closing Unspent Balance	-	-

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

21.03 Municipal Infrastructure Grant (MIG)

	2025 R	2024 R
Opening Unspent Balance	-	4 950 899
Grants Received	54 789 000	42 443 000
Transferred to Revenue - Capital	(45 260 478)	(35 061 609)
Transferred to Revenue - Operating	(9 528 522)	(7 381 290)
Funds returned to NT	-	(4 951 000)
Closing Unspent/(Unpaid) Balance	-	-

The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.

21.04 INEP (Integrated National electrification programme)

	2025 R	2024 R
Opening Unspent Balance	-	-
Grants Received	1 269 000	-
Transferred to Revenue - Capital	(1 103 458)	-
Transferred to Revenue - Operating	(165 519)	-
Closing Unspent Balance	24	-

The Integrated National Electrification Grant was received from National Treasury to utilised for electrical projects within the Senqu area.

21.05 NDPG (Neighbourhood Development Partnership Grant)

	2025 R	2024 R
Opening Unspent Balance	2 010 056	2 010 056
Closing Unspent Balance	2 010 056	2 010 056

The NDPG is utilised to attract private and community investment to unlock the social and economic potential within the Senqu area.

21.06 EPWP (Expanded Public Works Program) - National

	2025 R	2024 R
Opening Unspent Balance	-	-
Grants Received	1 620 000	1 194 000
Transferred to Revenue - Operating	(1 620 000)	(1 194 000)
Closing Unspent Balance	-	-

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

21 TRANSFERS AND SUBSIDIES (CONTINUED)

21.07 Municipal Disaster Recovery Grant

	2025 R	2024 R
Opening Unspent Balance	-	-
Grants Received	19 588 000	-
Transferred to Revenue - Capital	(622 499)	-
Transferred to Revenue - Operating	(93 375)	-
Closing Unspent Balance	18 872 127	-

The grant was received from National Government to be utilised for post-disaster reconstruction and rehabilitation within the Senqu area.

21.08 Prov Gov - Housing (Hillside)

	2025 R	2024 R
Opening Unspent Balance	232 651	232 651
Closing Unspent Balance	232 651	232 651

The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.

21.09 Herschel People's Housing

	2025 R	2024 R
Opening Unspent Balance	13 743 055	12 722 578
Current year receipts - Interest	1 037 847	1 020 477
Closing Unspent Balance	14 780 902	13 743 055

The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.

21.10 Libraries

	2025 R	2024 R
Opening Unspent Balance	-	-
Grants Received	2 106 000	1 500 000
Transferred to Revenue - Operating	(2 106 000)	(1 500 000)
Closing Unspent Balance	-	-

The Libraries grant was utilised for the upkeeping and operational cost for libraries.

21.11 Greenest Municipality

	2025 R	2024 R
Opening Unspent Balance	758 545	758 545
Grants Received	300 000	-
Transferred to Revenue - Operating	(82 090)	-
Closing Unspent Balance	976 455	758 545

The grant was received for 'greening' the environment as well as proactively preserving it for future generations.

21.12 Municipal Disaster Relief Grant

	2025 R	2024 R
Opening Unspent Balance	11 180 383	6 400 000
Grants Received	-	14 266 000
Transferred to Revenue - Capital	(9 722 072)	(8 248 362)
Transferred to Revenue - Operating	(1 458 311)	(1 237 254)
Closing Unspent Balance	-	11 180 383

The grant was received from Provincial Government to be utilised for flood intervention measures within the Senqu area.

21	TRANSFERS AND SUBSIDIES (CONTINUED)	2025 R	2024 R
21.13	**Total Transfers and Subsidies**		
	Opening Unspent Balance	27 924 691	27 074 730
	Grants Received	278 096 000	247 863 000
	Current year receipts - Interest	1 037 847	1 020 477
	Transferred to Revenue - Capital	(56 708 507)	(43 309 971)
	Transferred to Revenue - Operating	(213 477 816)	(199 772 544)
	Funds returned to NT	-	(4 951 000)
	Closing Unspent Balance	36 872 216	27 924 691

22 FINES, PENALTIES AND FORFEITS

	2025	2024
Fines: Pound Fees	51 685	51 904
Fines: Traffic	205 500	252 800
Fines: Other	500	-
Penalties	114 329	624 036
Forfeits: Retentions	200 358	11 812
Forfeits: Unclaimed Money	95 690	106 736
Total	**668 061**	**1 047 288**

In terms of the requirements of GRAP 23 and IGRAP1, all Traffic fines issued during the year less any cancellations or reductions identified are recognised as revenue.

23 INSURANCE REFUNDS

	2025	2024
Insurance Refunds	538 999	-
Total	**538 999**	**-**

24 SERVICE CHARGES

	2025	2024
Electricity Revenue	63 512 009	55 765 832
Refuse Removal Revenue	9 493 397	9 532 457
Total	**73 005 406**	**65 298 288**

The costs associated with the Free Basic Services provided to indigents are disclosed under operating expenditure projects. It is disclosed in various other expenditure line items as stated below:

	2025	2024
Cost of Free Basic Services: Electricity	7 411 150	7 181 155
Bulk Purchases	6 117 791	5 173 502
Operational Cost	1 293 359	2 007 653
Cost of Free Basic Services: Refuse	798 433	12 799
Operational Cost	798 433	12 799
Total	**8 209 583**	**7 193 954**

		2025	2024
25	**RENTAL FROM FIXED ASSETS**	**R**	**R**
	Investment Property	1 699 449	1 793 232
	Buildings	21 518	18 518
	Machinery and Equipment	-	2 038
	Total	**1 720 967**	**1 813 788**

26	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Interest earned on Investment - Standard Bank 388489162/0	20 042 848	31 723 501
	Interest earned on Investment - Standard Bank 388489731/0	10 127 159	10 036 814
	Interest earned on Investment - Standard Bank 388486066/3	-	1 307 442
	Interest earned on Investment - Standard Bank 388486066/4	10 573 918	-
	Total	**40 743 925**	**43 067 757**

27	**INTEREST EARNED - OUTSTANDING DEBTORS**		
	Interest Earned - Service Debtors	4 440 050	5 815 409
	Interest Earned - Penalty Interest on Property Rates	2 287 335	2 000 203
	Total	**6 727 384**	**7 815 612**

28	**LICENCES AND PERMITS**		
	Drivers Licence Application	965 106	967 917
	Learner Licence Application	247 250	225 762
	Business Licenses	206 285	32 295
	Total	**1 418 640**	**1 225 974**

29	**AGENCY SERVICES**		
	Vehicle Licencing and Registration	1 243 626	1 046 830
	Total	**1 243 626**	**1 046 830**

30	**SALES OF GOODS AND RENDERING OF SERVICES**		
	Advertisements	5 635	5 009
	Building Plan Clause Levy	94 726	187 470
	Cemetery and Burial	21 989	24 044
	Clearance Certificates	20 912	17 435
	Entrance Fees	153 714	45 671
	Library Fees	6 661	9 906
	Photocopies and Faxes	13 160	10 561
	Sale of Agricultural Products	29 606	86 003
	Sub-division and Consolidation Fees	-	12 600
	Valuation Services	4 430	5 175
	Total	**350 832**	**403 874**

		2025	2024
31	**OPERATIONAL REVENUE**	**R**	**R**
	Commission	253 649	300 296
	LG Seta	276 284	250 855
	Total	**529 933**	**551 150**

32	**EMPLOYEE RELATED COSTS**		
	Basic Salary	90 829 087	83 367 025
	Pension and UIF Contributions	15 128 622	14 045 688
	Medical Aid Contributions	8 284 222	7 530 619
	Bonuses	7 674 512	6 822 189
	Performance Bonus	5 143 873	4 355 066
	Telephone allowance	1 415 600	1 233 145
	Housing Allowances	869 671	417 096
	Other benefits and allowances	41 337	39 032
	Acting and Post Related Allowances	749 131	1 020 487
	Overtime	2 828 063	3 063 192
	Standby Allowance	985 411	881 305
	Travel allowance	4 019 943	3 698 867
	Leave Contributions	2 842 913	3 860 981
	Long service awards	434 000	389 000
	Post Retirement Medical Benefits	1 656 000	1 670 000
	Total	**142 902 385**	**132 393 691**

Remuneration of Key Personnel

Key management personnel are all appointed on 5-year fixed contracts.

Municipal Manager - MM Yawa (Resigned February 2023)

Performance Bonus - 2020/21 and 2021/22	-	924 670
Performance Bonus - 2022/23	263 978	-
Total	**263 978**	**924 670**

Municipal Manager - T Mawonga

Annual Remuneration	2 503 574	2 244 517
Performance Bonus - 2023/24	478 682	-
Travel Allowance	144 000	144 000
Telephone allowance	66 000	68 825
UIF Contributions	2 125	2 125
Total	**3 194 382**	**2 459 468**

Director Financial Services - Mr K Fourie
(Contract expired April 2023; Re-appointed November 2023)

Annual Remuneration	1 919 813	1 044 441
Performance Bonus - 2020/21 and 2021/22	-	692 652
Performance Bonus - 2022/23 and 2023/24	546 429	-
Travel Allowance	144 000	96 000
Telephone allowance	8 400	-
UIF Contributions	2 125	1 417
Total	**2 620 767**	**1 834 510**

32 EMPLOYEE RELATED COSTS (CONTINUED)

	2025	2024
	R	R
Director Technical Services - R Ruiters		
Annual Remuneration	1 685 599	1 489 631
Performance Bonus - 2020/21 and 2021/22	-	597 025
Performance Bonus - 2022/23 and 2023/24	712 614	-
Travel Allowance	336 368	336 368
Telephone allowance	50 400	52 696
UIF Contributions	2 125	2 125
Total	**2 787 107**	**2 477 846**
Director Community and Social Services - N Nyezi		
Annual Remuneration	2 025 247	1 861 548
Performance Bonus - 2021/22	-	330 734
Performance Bonus - 2022/23 and 2023/24	747 815	-
Telephone allowance	50 400	53 225
UIF Contributions	2 125	2 125
Total	**2 825 587**	**2 247 632**
Director Corporate and Support Services - Z Koyana		
Annual Remuneration	1 965 247	1 773 107
Performance Bonus - 2020/21	-	597 025
Performance Bonus - 2022/23 and 2023/24	712 614	-
Travel Allowance	60 000	60 000
Telephone allowance	50 400	53 225
UIF Contributions	2 125	2 125
Total	**2 790 387**	**2 485 482**
Director Development and Town Planning Services - K Chaphi (Resigned January 2025)		
Annual Remuneration	1 134 460	1 600 237
Performance Bonus - 2020/21 and 2021/22	-	597 025
Performance Bonus - 2022/23 and 2023/24	712 614	
Travel Allowance	135 841	232 870
Telephone allowance	29 400	53 225
UIF Contributions	1 240	2 125
Total	**2 013 555**	**2 485 482**

33 REMUNERATION OF COUNCILLORS

	2025	2024
Mayor	1 022 425	1 003 681
Speaker	877 316	812 867
Chief Whip	743 356	448 803
Executive Committee Members	1 820 821	1 795 212
Councillors	8 766 426	8 600 918
Other Councillors' contributions and allowances	1 267 840	1 248 788
Total	**14 498 184**	**13 910 269**

33	REMUNERATION OF COUNCILLORS (CONTINUED)	2025	2024
		R	R

In-kind Benefits

The Mayor and Speaker are full-time Councillors and each is provided with an office and shared secretarial support at the cost of the Municipality. The Mayor and Speaker may utilise official Council transportation when engaged in official duties. The packages are set out below:

	2025 R	2024 R
Mayor		
Annual Remuneration	975 421	957 111
Telephone allowance	47 004	46 570
Total	**1 022 425**	**1 003 681**
Speaker		
Annual Remuneration	830 312	766 297
Telephone allowance	47 004	46 570
Total	**877 316**	**812 867**
Chief Whip		
Annual Remuneration	696 352	402 233
Telephone allowance	47 004	46 570
Total	**743 356**	**448 803**
Executive Committee Members		
Annual Remuneration	1 632 805	1 608 932
Telephone allowance	188 016	186 280
Total	**1 820 821**	**1 795 212**
Councillors (Section 79)		
Annual Remuneration	1 981 095	1 952 565
Telephone allowance	235 020	232 850
Total	**2 216 115**	**2 185 415**
Councillors (Ordinary)		
Annual Remuneration	6 785 331	6 648 353
Telephone allowance	1 032 820	1 015 938
Total	**7 818 151**	**7 664 291**

34 DEBT IMPAIRMENT

	2025 R	2024 R
Receivables from exchange transactions - Note 3	11 850 454	13 503 088
Receivables from non-exchange transactions - Note 4	4 747 600	4 897 721
Total Contribution to Debt Impairment Provision	**16 598 054**	**18 400 808**
Movement in VAT included in debt impairment - Note 5	(460 925)	(936 520)
Total	**16 137 129**	**17 464 288**

Debt Impairment consists out of the following:

	2025 R	2024 R
Debt Impairment	11 359 364	12 744 209
Bad Debts Written off	4 777 765	4 720 079
Total	**16 137 129**	**17 464 288**

		2025	2024
35	**DEPRECIATION AND AMORTISATION**	**R**	**R**
	Property, Plant and Equipment	17 779 889	16 892 955
	Intangible Assets	28 080	28 739
	Capitalised Restoration Cost (PPE)	468 319	767 383
	Total	**18 276 288**	**17 689 077**

36	**IMPAIRMENT LOSS**		
	Land and Buildings	3 138 894	837 447
	Total	**3 138 894**	**837 447**

37	**FINANCE CHARGES**		
	Annuity Loans	481 137	586 079
	Rehabilitation Provision - Landfill Sites	2 734 709	2 569 607
	Post Retirement Medical Benefits	2 406 000	2 189 000
	Long Service Awards	334 000	301 000
	Overdue Accounts	166 334	220 043
	Total	**6 122 180**	**5 865 728**

38	**BULK PURCHASES**		
	Electricity	62 144 072	48 678 878
	Total	**62 144 072**	**48 678 878**

39	**CONTRACTED SERVICES**		
	Consultants and Professional Services	13 467 647	12 842 969
	Business and Advisory	10 561 505	9 670 178
	Infrastructure and Planning	302 033	260 870
	Legal Cost	2 604 109	2 911 921
	Contractors	13 575 543	7 710 046
	Electrical	577 501	177 599
	Event Promoters	1 799 707	1 270 651
	Fire Services	78 299	-
	Interior Decorator	-	15 000
	Plants, Flowers and Other Decorations	27 500	-
	Maintenance of Buildings and Facilities	2 525 915	807 549
	Maintenance of Equipment	2 109 203	711 854
	Maintenance of Unspecified Assets	6 438 336	4 645 001
	Transportation	19 084	82 392
	Outsourced Services	21 568 289	17 966 226
	Burial Services	25 700	65 800
	Catering Services	1 770 038	1 037 135
	Cleaning Services	-	29 000
	Personnel and Labour	8 709 925	7 077 945
	Project Management	340 000	378 807
	Security Services	10 722 626	9 377 540
	Total	**48 611 479**	**38 519 241**

		2025 R	2024 R
40	**TRANSFERS AND SUBSIDIES**		
	Tourism Support	-	36 321
	Total	**-**	**36 321**

		2025 R	2024 R
41	**OPERATING LEASES**		
	Buildings	508 109	367 835
	Furniture and Office Equipment	-	14 185
	Machinery and Equipment	1 339 197	24 300
	Transport Assets	-	2 174
	Total	**1 847 306**	**408 494**

		2025 R	2024 R
42	**OPERATIONAL COST**		
	Advertising, Publicity and Marketing	799 271	605 817
	Assets less than the Capitalisation Threshold	156 251	100 963
	Bank Charges, Facility and Card Fees	476 001	418 025
	Bursaries (Employees)	1 754 590	112 417
	Communication	14 199	137 923
	Commission: Prepaid Electricity	-	223 073
	Consumables	4 395 047	2 405 477
	Deeds	17 481	19 835
	Entertainment	30 025	24 402
	External Audit Fees	4 544 843	4 263 711
	External Computer Service	4 514 011	3 770 641
	Fuel and Oil	4 716 872	5 013 524
	Insurance Underwriting	1 778 836	900 531
	Learnerships and Internships	664 292	511 982
	Maintenance Materials	3 739 021	3 368 048
	Motor Vehicle Licence and Registrations	458 172	302 587
	Municipal Services	211 823	191 252
	Printing. Publications and Books	110 446	74 833
	Professional Bodies, Membership and Subscription	1 601 175	1 497 428
	Registration Fees	1 784 798	1 336 263
	Remuneration to Ward Committees	2 443 500	2 554 000
	Seating Allowance for Traditional Leaders	158 808	174 714
	Skills Development Fund Levy	1 285 557	1 275 525
	Transport Provided as Part of Departmental Activities	730 388	490 091
	Travel Agency Fees	613 241	466 154
	Travel and Subsistence	10 155 794	7 050 197
	Uniform and Protective Clothing	1 651 252	1 780 912
	Workmen's Compensation Fund	1 001 142	941 059
	Total	**49 806 835**	**40 011 385**

		2025	2024
43	**DISPOSAL OF NON-MONETARY ASSETS**	**R**	**R**

43.1 Gain on Disposal of Investment Property

	2025	2024
Proceeds	-	557 391
Less: Fair value of Investment Property disposed	-	(208 500)
Total	**-**	**348 891**

43.2 Loss on Disposal of Assets

	2025	2024
Less: Carrying value of Property, Plant and Equipment disposed	373 175	704 538
Less: Carrying value of Intangible Assets	-	1 333
Total	**373 175**	**705 871**

44 REPAIRS AND MAINTENANCE

Repairs and Maintenance is removed as a line item from the Statement of Financial Performance with the implementation of mSCOA as it does not reflect the nature of the expense. It is disclosed in various other expenditure line items as stated below:

The following expenditure relating to Repairs and Maintenance projects were identified by the municipality:

	2025	2024
Contracted Services	11 929 380	6 929 826
Contractors - Electrical	577 501	177 599
Contractors - Maintenance of Buildings and Facilities	2 525 915	807 549
Contractors - Maintenance of Equipment	2 109 203	711 854
Contractors - Maintenance of Unspecified Assets	6 190 797	4 643 701
Contractors - Transportation	19 084	82 392
Outsourced Services - Personnel and Labour	506 881	506 731
Operational Cost	4 729 282	3 977 402
Assets less than the Capitalisation Threshold	20 113	-
Consumables	334 993	149 461
Fuel and Oil	1 260 241	1 069 269
Maintenance Materials	2 943 065	2 499 803
Uniform and Protective Clothing	170 870	258 870
Total	**16 658 662**	**10 907 228**

GRAP 17 requires disclosure of repairs and maintenance per asset class:

	2025	2024
Buildings and other structures	3 915 070	2 051 417
Tools and equipment	1 024 870	501 079
Furniture and office equipment	144 319	245 802
Vehicles and Implements	7 134 710	5 235 574
Roads and stormwater	3 189 173	2 274 349
Electricity Reticulation	582 278	221 862
Streetlights	483 703	377 144
Solid Waste Sites	184 540	-
Total	**16 658 662**	**10 907 228**

45 CORRECTION OF ERROR IN TERMS OF GRAP 3

Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below.

45.1 TAXES

	2024 R
Balance previously reported	**5 497 593**
VAT portion of Retention forfeits previously not recognised - 1 July 2023 - Notes 5 and 45.2	(255 325)
Restated Balance on 30 June 2024	**5 242 268**

45.2 PAYABLES FROM EXCHANGE TRANSACTIONS

	2024 R
Balance previously reported	**18 102 451**
Recognise Unclaimed deposits - 1 July 2023 - Notes 14 and 45.4	(308 461)
Recognise Unclaimed deposits - 30 June 2024 - Notes 14 and 45.5	(106 736)
Retention forfeits previously not recognised - 1 July 2023 - Notes 14 and 45.4	(2 084 541)
Retention forfeits previously not recognised - 30 June 2024 - Notes 14 and 45.5	(11 812)
Restated Balance on 30 June 2024	**15 590 902**

45.3 CURRENT EMPLOYEE BENEFITS

	2024 R
Balance previously reported	**27 533 907**
Correction of Compensation for injuries on duty balance - 1 July 2023 - Notes 16 and 45.4	(2 142 758)
Correction of Compensation for injuries on duty balance - 2023/24 - Notes 16 and 45.5	(2 399)
Recognise Interest and Penalties on Compensation for injuries on duty - 1 July 2023 - Notes 16 and 45.4	975 400
Recognise Interest and Penalties on Compensation for injuries on duty - 2023/2024 - Notes 16 and 45.5	220 043
Correction of prior year leave balance - 2023/24 - Notes 16 and 45.5	(151 661)
Restated Balance on 30 June 2024	**26 432 532**

45.4 ACCUMULATED SURPLUS

	2024 R
Recognise Unclaimed deposits - 1 July 2023 - Notes 14 and 45.2	308 461
Retention forfeits previously not recognised - 1 July 2023 - Notes 14 and 45.2	1 829 216
Correction of Compensation for injuries on duty balance - 1 July 2023 - Notes 16 and 45.3	2 142 758
Recognise Interest and Penalties on Compensation for injuries on duty - 1 July 2023 - Notes 16 and 45.3	(975 400)
Restated Balance on 30 June 2024	**3 305 035**

		2024 R
45	**CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)**	
45.5	**STATEMENT OF FINANCIAL PERFORMANCE**	
	Balance previously reported	**71 177 262**
	Reversal of Duplicate journal included in 30 June 2024 balances - Notes 20 and 24	-
	Effect on Property Rates	178 789
	Effect on Service Charges - Refuse Removal Revenue	893 506
	Effect on Service Charges - Electricity Revenue	(1 072 295)
	Fair Value Adjustments of Investment Property incorrectly classified - 30 June 2024 - Notes 8 and 36	-
	Effect on Gain on Fair Value Adjustments of Investment Property	(272 000)
	Effect on Impairment Loss	272 000
	Recognise Unclaimed deposits - 30 June 2024 - Notes 14 and 45.2	106 736
	Effect on Fines, Penalties and Forfeits	106 736
	Retention forfeits previously not recognised - 30 June 2024 - Notes 14 and 45.2	11 812
	Effect on Fines, Penalties and Forfeits	11 812
	Correction of Compensation for injuries on duty balance - 2023/24 - Notes 16 and 45.3	2 399
	Effect on Operational Cost	2 399
	Recognise Interest and Penalties on Compensation for injuries on duty - 2023/2024 - Notes 16 and 45.3	(220 043)
	Effect on Finance Charges	(220 043)
	Correction of prior year leave balance - 2023/24 - Notes 16 and 45.3	151 661
	Effect on Employee related costs	151 661
	Restated Balance on 30 June 2024	**71 229 828**

46	NET CASH FROM OPERATING ACTIVITIES	2025 R	2024 R
	Net Surplus for the year	37 608 139	71 229 828
	Adjusted for:		
	Non-Cash Items	57 211 506	38 361 024
	Debt Impairment	16 137 129	17 464 288
	Depreciation and Amortisation	18 276 288	17 689 077
	Impairments	3 138 894	837 447
	Gain on Fair Value Adjustments of Investment Property	-	(1 333 675)
	Loss on Fair Value Adjustments of Investment Property	13 069 100	-
	Gain on Disposal of Capitalised Restoration Cost (PPE)	(95 654)	(612 268)
	Actuarial Gains	-	(1 364 572)
	Actuarial Losses	656 641	20 207
	Finance Charges	5 641 044	5 279 649
	Loss on disposal of PPE	373 175	705 871
	Inventory Loss	14 889	23 892
	Gain on Disposal of Investment Property	-	(348 891)
	Contributions - Provisions and Employee Benefits	18 752 441	18 038 295
	Post Retirement Medical Benefits	1 656 000	1 670 000
	Long Service Awards	434 000	389 000
	Performance Bonuses	5 143 873	4 355 065
	Bonuses	7 674 512	6 822 189
	Compensation for injuries on duty	1 001 142	941 059
	Staff Leave	2 842 913	3 860 981
	Expenditure - Provisions and Employee Benefits	(21 729 507)	(16 338 135)
	Post Retirement Medical Benefits	(285 225)	(324 428)
	Long Service Awards	(279 416)	(367 207)
	Performance Bonuses	(5 864 402)	(6 752 863)
	Bonuses	(7 310 509)	(6 347 730)
	Compensation for injuries on duty	(5 119 135)	-
	Staff Leave	(2 870 821)	(2 545 906)
	Other adjustments	(4 779 019)	(4 770 465)
	Bad Debts Written Off	(4 777 765)	(4 720 079)
	Movement on Operating Lease Asset	(1 254)	(50 387)
	Operating Surplus before changes in working capital	87 063 559	106 520 547
	Movement in working capital	(1 012 879)	(20 904 235)
	Receivables from exchange and non-exchange transactions	(9 795 627)	(22 867 057)
	Inventory	140 769	(89 801)
	Payables from exchange transactions	5 314 537	(104 541)
	Payables from non-exchange transactions	8 947 524	849 961
	Taxes	(5 620 082)	1 307 203
	Cash Flow from Operating Activities	**86 050 680**	**85 616 312**

47 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	9 237 486	47 195 296
Call and short-term Investments Deposits	466 641 639	459 530 354
Cash Floats	700	700
Total	**475 879 824**	**506 726 350**

Refer to note 2 for more details relating to cash and cash equivalents.

48 BUDGET COMPARISONS

48.1 COMPARABLE BASIS

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

The following items are affected by these classification differences:

Statement of financial position

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

Employee Benefits (Long Service Awards) and Non-Current Provisions are dislcosed as Provisions in the budget statement, while Employee Benefits (Post Retirement Medical Benefits) are disclosed as Other non-current liabilities.

Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items:

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

The budget statements do not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for are incorporated under the line item Operational Costs in the budget statement. Operational Costs per budget statement consist out of the following line items - Operating Leases and Operational Cost. Inventory Consumed are also included under Operational cost in the annual financial statements and not as a separate item on the Statement of financial performance as per the budget schedules. The reason for this is that the current detail provided in mSCOA does not provide the nature of the expense which could be problematic from a GRAP point of view.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

48.2 MATERIAL VARIANCES

Refer to the Statements of comparison of budget and actual amounts in pages 8 to 13 of this document.

		2025	2024
49	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**	**R**	**R**

49.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure can be reconciled as follow:

	2025 R	2024 R
Opening balance	2 049 931	-
Unauthorised expenditure current year - capital	-	2 049 931
Unauthorised expenditure awaiting Council consideration	**2 049 931**	**2 049 931**

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

Unauthorised expenditure - Operating	**2025 (Actual) R**	**2025 (Final Budget) R**	**2025 (Unauthorised) R**
Executive & Council	47 613 712	54 648 807	-
Planning & Development	23 748 610	33 060 022	-
Corporate Services	66 355 132	80 091 608	-
Budget & Treasury	48 433 101	56 718 210	-
Road Transport	34 678 297	40 805 046	-
Waste Water Management	3 903 344	6 028 439	-
Community & Social Services	21 940 675	24 690 278	-
Sport & Recreation	2 450 957	2 955 899	-
Public Safety	1 910 211	1 974 476	-
Electricity	83 770 118	99 782 636	-
Waste Management	42 794 400	58 800 363	-
Total	**377 598 558**	**459 555 784**	**-**
Unauthorised expenditure - Capital			
Executive & Council	199 318	335 537	-
Corporate Services	1 980 832	3 777 059	-
Budget & Treasury	1 534 751	1 743 215	-
Road Transport	100 853 478	130 918 682	-
Waste Water Management	-	694 424	-
Community & Social Services	4 636 520	8 086 251	-
Sport & Recreation	19 373 348	22 132 407	-
Public Safety	345 208	408 000	-
Electricity	2 478 061	3 586 728	-
Waste Management	367 890	922 500	-
Total	**131 769 405**	**172 604 803**	**-**

The unauthorised expenditure balance for 30 June 2024 relates to payment of invoices for the Construction of the Blue-gums Sports Field which exceeded the budget allocated only for the 2023/24 financial year. The aggregate 2023/24 MTREF budget of the project and the contract amount has not been exceeded.

49.2 FRUITLESS AND WASTEFUL EXPENDITURE	2025 R	2024 R
Fruitless and wasteful expenditure consist of the following:		
Opening Balance as previously reported	2 084 488	2 023 681
Correction of prior period error	975 400	-
Opening balance as restated	3 059 888	2 023 681
Fruitless and wasteful expenditure incurred - current year	166 334	10 524
Fruitless and wasteful expenditure incurred - prior year	220 043	50 283
Amount written off - Prior period	(146 520)	-
Closing Balance	**3 299 745**	**2 084 488**

Details of Fruitless and wasteful expenditure incurred:		
Interest and Penalties - Compensation Fund	1 361 777	-
Interest paid to SARS	-	59 104
Lithaba Travels (Accommodation)	-	1 703
Total	**1 361 777**	**60 807**

The Fruitless and Wasteful expenditure for the year under review relates to Interest and Penalties charged by the Compensation Fund on the overdue balance.

The amount for 2023/24 includes the interest charged on employment taxes (SARS) as well as an accommodation booking that was not cancelled upon cancellation of the related trip.

The Council has written off an amount of R146 520 during 2024/25 financial year. The balance remaining has been referred to MPAC for investigation, except for those that were recently identified during the AFS preparation process which will be reported in the next council meeting.

49.3 IRREGULAR EXPENDITURE

Irregular expenditure consist of the following:	2025	2024
Opening balance	65 326 446	59 548 156
Irregular expenditure incurred - current	5 518 295	5 778 289
Amount written off - current	(4 304 891)	-
Amount written off - Prior period	(65 326 446)	-
Closing Balance	**1 213 404**	**65 326 446**

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

		2025 R	2024 R
Breakdown of Irregular expenditure incurred:			
1.	Expenditure incurred without following SCM prescripts	9 672	21 714
2.	Deviation not in terms of regulation 36 (1)(a)(v) of the Municipal Supply Chain Management Regulations	-	-
3.	Non-compliance with Section 217 of the RSA Constitution and Regulation 20 of the Municipal Supply Chain Management Regulations.	713 404	5 553 548
4.	Non-compliance with MFMA Act Sections 33 and 116	-	203 028
5.	Non-compliance with MFMA Circular No. 62 and the Supply Chain Management Policy	3 772 680	-
6.	Non-compliance with CIDB Regulations and Practice Guideline A6	723 267	-
7.	Non-compliance with of Preferential Procurement Regulations (Reg 4) of 2022	299 271	-
Total		**5 518 295**	**5 778 289**

		2025	2024
Number of incidents:			
1.	Expenditure incurred without following SCM prescripts	3	3
2.	Deviation in terms of regulation 36 (1)(a)(v) of the Municipal Supply Chain Management Regulations	-	-
3.	Non-compliance with Section 217 of the RSA Constitution and Regulation 20 of the Municipal Supply Chain Management Regulations.	2	10
4.	Non-compliance with MFMA Act Sections 33 and 116	-	1
5.	Non-compliance with MFMA Circular No. 62 and the Supply Chain Management Policy	1	-
6.	Non-compliance with CIDB Regulations and Practice Guideline A6	1	-
7.	Non-compliance with of Preferential Procurement Regulations (Reg 4) of 2022	1	
Total		**8**	**14**

Irregular expenditure amounting to R34 651 097.39 was written off by the council through a council resolution in a meeting held on 31 July 2024 and an additional amount of R 34 982 938.99 was written off by Council through a council resolution in a meeting held on 30 June 2025

The classification, validation and recoverability of all remaining irregular expenditure will be determined by Council in terms of section 32 of MFMA and section 14 of the PPPFA 2017.

The Council has referred the amounts disclosed above to MPAC for investigation, except for those that were recently identified during the AFS preparation process which will only be reported in the next council meeting.

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

49.4 MATERIAL LOSSES	2025	2024
Electricity distribution losses		
- Units purchased (Kwh)	25 871 843	23 242 554
- Units sold (Kwh)	19 862 032	18 369 707
- Units lost during distribution (Kwh)	6 009 811	4 872 847
- Units cost (Kwh)	2.1379	1.9986
- Percentage lost during distribution	23.23%	20.97%
- Units lost considered material losses above a 12.5% norm	3 422 626	2 548 592
- Cost of units lost considered as material losses	7 317 236	5 093 627

50 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	2025	2024
	R	R
50.1 Salga Contributions [MFMA 125 (1)(b)]		
Opening balance	-	-
Expenditure incurred	1 562 217	1 482 308
Payments	(1 562 217)	(1 482 308)
Outstanding Balance	-	-
50.2 Audit Fees [MFMA 125 (1)(c)]		
Opening balance	-	7 346
Expenditure incurred	5 226 569	4 903 268
External Audit - Auditor-General	5 226 569	4 903 268
Payments	(4 793 272)	(4 910 614)
Outstanding Balance	433 298	-
50.3 VAT [MFMA 125 (1)(c)]		
Opening balance	5 840 671	6 779 572
Amounts received - previous year	-	(2 672 177)
Amounts received - current year	(21 443 475)	(15 579 232)
Amounts claimed - current year (payable)	21 443 475	15 579 232
Input VAT Claimable/(Output VAT Payable)	3 997 563	1 733 275
Vat Receivable	**9 838 234**	**5 840 671**
Vat in suspense due to cash basis of accounting	**(7 099 567)**	**(8 261 160)**

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.

50.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]	2025	2024
Payments due to SARS	28 166 045	25 042 848
Payments	(28 166 045)	(25 042 848)
Outstanding Balance	-	-

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

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

	2025 R	2024 R
Payments due to pension fund and medical aid	39 509 132	36 168 042
Payments	(39 509 132)	(36 168 042)
Outstanding Balance	**-**	**-**

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

No Councillors had arrear accounts outstanding for more than 90 days at year end.

50.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

During the year under review the municipality procured goods and services in accordance with the requirements of the supply chain management policy and all deviations from the policy and its related regulations were noted, approved by the Municipal Manager.

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

	2025 R	2024 R
Emergencies	929 655	21 783 873
Goods and services are available from a Single provider only	99 116	68 186
Other exceptional cases where it is impractical or impossible to follow the official procurement processes.	2 379 953	-
Total	**3 408 725**	**21 852 059**

Deviations per vote:

	2025 R	2024 R
Corporate Services	99 116	43 553
Budget & Treasury	870 000	24 633
Road Transport	1 509 953	21 499 204
Community & Social Services	141 795	-
Electricity	787 860	284 669
Total	**3 408 725**	**21 852 059**

	2025 R	2024 R
Expenditure incurred on deviations from Supply Chain Management Regulations that are Rates-based	3 857 384	4 808 090

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

No non-compliance in terms of Regulation 9(1) of the Preferential Procurement Regulations were identified. This Regulation relates to the awarding of bids with reference to local production and content.

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

50.9 AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN SERVICE OF THE STATE

During the year under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45). These transactions were at arms-length, interests were declared and employees played no part in procurement.

Entity	Staff Member	2025 R	2024 R
January Tours and Projects (Brother is owner)	Cllr N January	257 175	124 148
Total		**257 175**	**124 148**

51 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

	2025 R	2024 R
Approved and contracted for:	131 518 274	191 675 566
Land & Buildings	18 760 544	32 519 059
Infrastructure	104 735 870	134 961 507
Community	8 021 861	24 195 000
Total	**131 518 274**	**191 675 566**

This expenditure will be financed from:

	2025 R	2024 R
Capital Replacement Reserve	83 225 056	96 162 811
Government Grants - MIG	43 947 282	87 734 800
Government Grants - Disaster Relief Grant	-	7 777 956
Government Grants - Disaster Recovery Grant	2 584 034	-
Government Grants - INEP	1 761 903	-
Total	**131 518 274**	**191 675 566**

The decrease in the Capital Commitments balance for 30 June 2025 is due to significant expenditure for 2024/2025 on four major ongoing infrastructure projects.

52 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

52.1 Credit Risk

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

The following financial assets are exposed to credit risk:	2025 R	2024 R
Cash and Cash Equivalents	475 879 824	506 726 350
Receivables from exchange transactions	20 622 942	24 313 874
Total	**496 502 766**	**531 040 224**

Cash and Cash Equivalents

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

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

Receivables from Exchange Transactions

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

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

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

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be past due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

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

52 FINANCIAL RISK MANAGEMENT (CONTINUED)

	2025 R	2024 R
The following service receivables are past due, but not impaired:		
Electricity	10 373 529	12 572 671
Refuse	1 032 607	1 017 808
Other Services	302 518	248 883
Total	**11 708 654**	**13 839 363**

These receivables can be aged as follows:

	2025 R	2024 R
1 Month past due	2 450 231	2 059 053
2 Month past due	1 541 603	1 526 801
3 Month past due	779 110	1 059 210
> 3 Months past due	6 937 710	9 194 299
Total	**11 708 654**	**13 839 363**

52.2 Currency risk (Market Risk)

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

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

52.3 Interest rate risk (Market Risk)

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

The following balances are exposed to interest rate fluctuations:

	2025 R	2024 R
Cash and Cash Equivalents (Excluding Cash on Hand)	475 879 124	506 725 650
Borrowings (Including Current Portion)	(4 977 850)	(5 920 813)
Net balance exposed	**470 901 274**	**500 804 836**

Although the non-current provision is not defined as a financial instrument, the potential effect of changes in interest rates used to discount this balance over time, is included for the benefit of the user of the annual financial statements.

Potential effect of changes in interest rates on surplus and deficit for the year:

	2025 R	2024 R
1% (2024 - 1%) increase in interest rates	4 709 013	5 008 048
0% (2024 - 0%) decrease in interest rates	-	-

South Africa is currently in an upward interest rate cycle and management does not foresee a decrease in the next 12 months.

52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.4 Liquidity risk

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

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

The following balances are exposed to liquidity risk:

30 JUNE 2025		**PAYABLE**	
	Within 1 Year	**Two to five years**	**After five years**
Annuity Loans	1 344 731	4 450 304	235 564
Payables from exchange transactions	35 808 100	-	-
Total	**37 152 831**	**4 450 304**	**235 564**

30 JUNE 2024		**PAYABLE**	
	Within 1 Year	**Two to five years**	**After five years**
Annuity Loans	1 417 968	4 968 683	1 035 274
Payables from exchange transactions	16 857 500	-	-
Total	**18 275 468**	**4 968 683**	**1 035 274**

The rehabilitation provision does not meet the definition of a financial instrument (due to the absence of a contracted counterparty for the balance).

52.5 Other price risk (Market Risk)

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

The municipality is not exposed to any other price risk.

53 FINANCIAL INSTRUMENTS

	2025	2024
	R	R
The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)		
Financial Assets		
Cash and Cash Equivalents	475 879 824	506 726 350
Receivables from exchange transactions	19 748 016	23 068 924
Total	**495 627 840**	**529 795 274**
Financial Liabilities		
Current Portion of Borrowings	964 225	942 652
Payables from exchange transactions	35 808 100	14 345 951
Borrowings	4 013 625	4 978 161
Total	**40 785 950**	**20 266 764**

54 STATUTORY RECEIVABLES

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

	2025	2024
Receivables from Non-Exchange Transactions		
Rates	38 702 780	32 229 078
Fines	2 190 400	1 987 900
Total	**40 893 180**	**34 216 978**
Taxes		
VAT Receivable from SARS (VAT Control)	9 838 234	5 840 671
Total	**9 838 234**	**5 840 671**

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

Statutory Receivables are disclosed after taking into account any impairments raised against gross amounts. Refer to note 4 for more detail relating to fines and rates receivables.

		2025	2024
55	**PRINCIPAL-AGENT ARRANGEMENTS**	**R**	**R**

The Municipality has assessed that the following significant principal-agent arrangements exists:

55.01 Department of Transport and Public Works

The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission.

The following transactions were undertaken as part of the principal-agent arrangement:

	2025	2024
Collections payable to the Department at the beginning of year	379 682	155 383
Revenue collected from third parties	8 517 797	8 765 964
Commission earned on collections	(2 958 003)	(2 996 137)
Collections paid over to The Department	(5 530 159)	(5 545 528)
Collections payable to the Department at year-end	**409 318**	**379 682**

Minimal risk was transferred from the Department of Transport, as the principal, to Senqu Municipality, as the agent, beyond the cash collected on behalf of the principal.

56 EVENTS AFTER REPORTING DATE

No events after reporting date have been reported in the current and prior year.

57 IN-KIND DONATIONS AND ASSISTANCE

No in-kind donations and assistance in the current and prior year.

58 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

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

		2025 R	2024 R
59	**CONTINGENT LIABILITIES**		

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

59.01 <u>Dibanani Consulting CC</u>

	2025 R	2024 R
Dibanani Consulting CC	-	640 369

The CC has instituted action in the High Court, Grahamstown during December 2019 for the recovery of professional consulting engineering fees for road construction projects in Tienbank and Herschel. The Municipality has defended the action and filed an exception to the particulars of claim inter alia based on the fact that the claims are based on variation orders of the original contract that did not comply with the regulatory framework.

Dibanani wanted to settle this matter out of court but the Municipality has been advised against doing so. The matter has become dormant and the plaintiff has not advanced the litigation for years and it is unlikely that the matter will revived.

59.02 <u>RT Civils CC ("The contractor")</u>

	2025 R	2024 R
RT Civils CC	8 141 903	8 141 903

The contractor has submitted a claim for the unlawful termination of the contract for Bid number: 03/2018, the Upgrading of the Lady Grey Solid Waste Site.

The Municipality’s position is that the contractor abandoned the works and that the termination was lawful. The contractor has demanded payment of R8 141 903.40 on 20 April 2020 but no statement of claim has been submitted.

The dispute was referred to arbitration. The arbitration was set down for hearing on 21 to 23 August 2023. The arbitration hearing was postponed sine die as the contractor was not able to pay the arbitrator’s fee and its attorney’s fee. It is likely that the claim will be dismissed with costs and that the counter claim will succeed.

59.03 <u>Mr D Tsembeyi</u>

	2025 R	2024 R
Mr D Tsembeyi	700 000	700 000

Mr Tsembeyi instituted action in the High Court, Mthatha during March 2020 for the market value of the top structures of houses that he allegedly constructed on municipal land. The Municipality has defended the action but the matter has not progressed.

No settlement agreement was concluded and the claimant is unable to produce documents that show he built those top structures. It is highly likely that such documents do not exist. The Mthatha High Court is likely to issue a judgement in favour of the Municipality.

59	CONTINGENT LIABILITIES (CONTINUED)	2025 R	2024 R
59.04	**DCB van Zyl N.O. & 4 Others**		
	The plaintiffs have issued summons in the Barkly East Magistrate's Court for the recovery of the costs of erecting a boundary fence in the amount of R166 538.56. The Municipality has filed a special plea that the plaintiffs have not complied with the Fencing Act. It is likely that the claim will be dismissed with costs if the special plea succeeds. The Municipality is, however, liable as an adjacent landowner for half of the reasonable costs of the fence if the claim is properly	166 539	166 539
59.05	**Mvenya Auto & Towing Services (Pty) Ltd**		
	The plaintiff has issued summons in the Lady Grey Magistrate's Court for damages of R150 431.61 as a result of damages to the plaintiff's vehicle due to a pothole near Botha and Murray Street, Lady Grey. The investigation by the Municipality has shown that there was no pothole at the time and it is likely that the claim will be dismissed with costs.	150 432	150 432
59.06	**New Beginnings Projects CC**		
	The applicant brought a two-part application on 7 November 2023. In the first part of the application, Part A, which was brought as a matter of urgency, the applicant essentially sought to interdict the municipality from continuing with the implementation of a contract which it had awarded to a third party. Part B, is to obtain an order reviewing and setting aside the municipality's decision to award the contract. The matter is dormant. The onus is on the applicant in the review (New Beginnings) to prosecute its review. However, given that the contract which is the subject of the review has been finalised, it is unlikely that the review will be further prosecuted.	-	300 000
59.07	**Silindokhle May**		
	S May instituted action in the High Court for injuries suffered after she allegedly fell from a roundabout in a playground in Barkly East. The municipality is defending the matter and the matter is pending.	500 000	500 000

		2025 R	2024 R
59	**CONTINGENT LIABILITIES (CONTINUED)**		
59.08	**B Tsotso**		
	Application in the Labour Court for the reinstatement of Ms Tsotso as a result of the alleged unlawful termination of her services, alternatively for the payment of compensation of R17 771 332.40 as damages. The Municipality filed it's statement of defence on 17 October 2023 but the litigation has not advanced. It is unlikely that the application for the reinstatement will succeed. In the unlikely event of the Labour Court awarding compensation such award will not exceed 12 months' salary. The quantum of the claim for back-pay for reinstatement has not been quantified by Ms Tsotso. If an award is made for compensation its expected to be not more than 12 months' salary of R1 091 515.10.	1 091 515	1 091 515
59.09	**Mr T Wonga**		
	Mr Wonga has claimed compensation for the value of the remainder of his contract of employment as a senior manager. Mr Wonga was re-employed by the Municipality with effect from the termination of his contract in an acting capacity as a senior manager at a lower rate of remuneration. He was subsequently re-employed by the Municipality as a bargaining unit employee and remained in this position until he was medically boarded. The application was dismissed by the SALGBC on 20 May 2025. Mr Wonga has applied for the rescission of the award and the Municipality has opposed the application.	1 259 898	-
59.10	**Senqu Local Municipality v Kgompo (Maadima) (Pty) Ltd**		
	The municipality appointed Kgompo Civils under contract number 97/2021-2022. Payment of guarantees was paid to Maadima PTY LTD amounting to R1 800 000. The municipality had to recall those guarantees. It is likely that a judgement will be granted in favour of the municipality.	1 800 000	-
59.11	**Nsovo Construction (Pty) Ltd**		
	Nsovo Construction (Pty) Ltd instituted arbitration proceedings against the municipality for the payment of it's outstanding claims.	9 263 727	-
59.12	**Landfill Sites**		
	The municipality does not have a permit or license for all of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.	-	-
59.13	**Land Invasion**		
	The municipality is currently engaged in litigation in respect of various land invasion cases in the Senqu Municipal Area.	-	-

60 RELATED PARTIES

Related parties are defined in note 1.34

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

Remuneration of related parties are disclosed in notes 32 and 33

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

Year ended 30 June 2025	Rates - Levied 1 Jul 24 - 30 June 2025	Service Charges - Levied 1 Jul 24 - 30 June 2025
Councillors	**9 033**	**18 318**
MA Mshasha	3 710	2 617
DM Matsaba	355	2 617
B Mbonjwa	4 813	5 234
NC Stokwe	-	2 617
NL Dumzela	154	2 617
SN Mfisa	-	2 617
Municipal Manager and Section 56 Employees	**215**	**2 617**
AK Fourie	215	2 617

61 B-BBEE PERFORMANCE

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

62 SEGMENT REPORTING

62.01 <u>General Information</u>

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

62 SEGMENT REPORTING (CONTINUED)

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Community Services	Community Halls, Cemeteries, Libraries, Parks and Sports fields
2	Public safety	Traffic control, Animal pounds, Public Nuisances, Fencing, Licensing and Control of Animals
3	Planning and development	Town Planning, Economic Development, Corporate Planning, Billboards and Project Management Unit
4	Roads	Construction and maintenance of Roads, Taxi Ranks, Road and Traffic Regulation
5	Electricity	Electricity related services
6	Waste water management	Storm Water Management and Public Toilets
7	Waste management	Solid Waste Removal, Landfill Sites, Recycling and Street Cleaning

No	Non-Reportable Segment	Goods and/or services delivered
1	Other	Supply of overall Governance and Internal Audit function; Administrative, Corporate and Finance services to the segments above; Tourism, Markets, Licensing and Regulation

The Non-Reportable Segment is added to reconcile back to the Statement of Financial Position and the Statement of Financial Performance as required by GRAP 18.

62.02 Reporting on segment assets and liabilities

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

62.03 Geographic Segment Reporting

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

62.04 Measurement of specific segment information

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

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

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed on the following page.

62 SEGMENT REPORTING (CONTINUED)

	Reportable Segments							Total Reportable Segments	Non-Reportable Segments	Total
	Community Services	Public safety	Planning and development	Roads	Electricity	Waste water management	Waste management		Other	
2025										
REVENUE										
REVENUE FROM NON-EXCHANGE TRANSACTIONS	**2 106 000**	**257 185**	**9 528 522**	**58 977 092**	**1 268 976**	**-**	**292 072**	**72 429 848**	**219 323 470**	**291 753 318**
Property Rates	-	-	-	-	-	-	-	-	17 976 947	17 976 947
Government Grants and subsidies	2 106 000	-	9 528 522	58 776 735	1 268 976	-	82 090	71 762 323	198 424 000	270 186 323
Fines, Penalties and Forfeits	-	257 185	-	200 358	-	-	114 329	571 871	96 190	668 061
Insurance Refunds	-	-	-	-	-	-	-	-	538 999	538 999
Interest Earned - Penalty Interest on Property Rates	-	-	-	-	-	-	-	-	2 287 335	2 287 335
Gain on Disposal of Capitalised Restoration Cost (PPE)	-	-	-	-	-	-	95 654	95 654	-	95 654
REVENUE FROM EXCHANGE TRANSACTIONS	**63 997**	**2 739 237**	**100 361**	**-**	**65 204 923**	**-**	**12 133 401**	**80 241 918**	**43 211 462**	**123 453 379**
Service Charges	-	-	-	-	63 512 009	-	9 493 397	73 005 406	-	73 005 406
Rental from Fixed Assets	21 518	-	-	-	-	-	-	21 518	1 699 449	1 720 967
Interest Earned - external investments	-	-	-	-	-	-	-	-	40 743 925	40 743 925
Interest Earned - Service Debtors	-	-	-	-	1 692 914	-	2 640 003	4 332 917	107 132	4 440 050
Licences and Permits	-	1 212 356	-	-	-	-	-	1 212 356	206 285	1 418 640
Agency Services	-	1 243 626	-	-	-	-	-	1 243 626	-	1 243 626
Sales of Goods and Rendering of Services	42 479	29 606	100 361	-	-	-	-	172 445	178 387	350 832
Operational Revenue	-	253 649	-	-	-	-	-	253 649	276 284	529 933
TOTAL REVENUE	**2 169 997**	**2 996 421**	**9 628 882**	**58 977 092**	**66 473 899**	**-**	**12 425 473**	**152 671 765**	**262 534 932**	**415 206 697**
EXPENDITURE										
Employee related costs	16 953 621	6 848 319	16 627 180	14 435 404	8 533 922	2 600 844	16 043 043	82 042 334	60 860 051	142 902 385
Remuneration of Councillors	-	-	-	-	-	-	-	-	14 498 184	14 498 184
Debt Impairment	-	202 500	-	-	2 879 804	-	7 903 318	10 985 622	5 151 507	16 137 129
Depreciation and Amortisation	2 270 427	165 411	78 073	6 301 510	1 628 565	1 177 699	2 196 384	13 818 068	4 458 220	18 276 288
Impairment Loss	-	-	-	-	-	-	-	-	3 138 894	3 138 894
Actuarial Losses	-	-	-	-	612 225	-	-	612 225	44 416	656 641
Finance Charges	-	-	-	-	2 560 701	-	2 734 709	5 295 410	826 770	6 122 180
Bulk Purchases	-	-	-	-	62 144 072	-	-	62 144 072	-	62 144 072
Contracted services	2 263 504	383 217	2 408 270	3 699 935	2 288 941	-	9 552 966	20 596 833	28 014 646	48 611 479
Operating Leases	65 756	-	-	-	-	-	225 399	291 155	1 556 151	1 847 306
Operational Cost	2 183 910	1 034 717	2 226 292	3 144 319	3 121 889	124 801	4 138 582	15 974 510	33 832 325	49 806 835
Loss on Disposal of Assets	-	-	-	373 175	-	-	-	373 175	-	373 175
Inventory Loss	-	-	-	-	-	-	-	-	14 889	14 889
Loss on Fair Value Adjustments of Investment Property	-	-	-	-	-	-	-	-	13 069 100	13 069 100
TOTAL EXPENDITURE	**23 737 218**	**8 634 164**	**21 339 816**	**27 954 344**	**83 770 118**	**3 903 344**	**42 794 400**	**212 133 405**	**165 465 154**	**377 598 558**
SURPLUS FOR THE YEAR	**(21 567 221)**	**(5 637 743)**	**(11 710 933)**	**31 022 748**	**(17 296 219)**	**(3 903 344)**	**(30 368 927)**	**(59 461 639)**	**97 069 778**	**37 608 139**
CAPITAL EXPENDITURE	**23 839 506**	**16 313 339**	**-**	**84 885 347**	**2 478 061**	**-**	**367 890**	**127 884 143**	**3 885 262**	**131 769 405**

62 SEGMENT REPORTING (CONTINUED)	Reportable Segments							Total Reportable Segments	Non-Reportable Segments	Total
	Community Services	Public safety	Planning and development	Roads	Electricity	Waste water management	Waste management		Other	
2024										
REVENUE										
REVENUE FROM NON-EXCHANGE TRANSACTIONS	**1 500 000**	**304 504**	**7 381 290**	**45 753 037**	**1 364 572**	**-**	**1 236 304**	**57 539 707**	**210 682 948**	**268 222 655**
Property Rates	-	-	-	-	-	-	-	-	18 782 134	18 782 134
Government Grants and subsidies	1 500 000	-	7 381 290	45 741 225	-	-	-	54 622 516	188 460 000	243 082 516
Actuarial Gains	-	-	-	-	1 364 572	-	-	1 364 572	-	1 364 572
Fines, Penalties and Forfeits	-	304 504	-	11 812	-	-	624 036	940 352	106 936	1 047 288
Interest Earned - Penalty Interest on Property Rates	-	-	-	-	-	-	-	-	2 000 203	2 000 203
Gain on Fair Value Adjustments of Investment Property	-	-	-	-	-	-	-	-	1 333 675	1 333 675
Gain on Disposal of Capitalised Restoration Cost (PPE)	-	-	-	-	-	-	612 268	612 268	-	612 268
REVENUE FROM EXCHANGE TRANSACTIONS	**67 026**	**2 626 808**	**553 970**	**2 038**	**57 063 051**	**-**	**14 040 213**	**74 353 106**	**45 218 855**	**119 571 961**
Service Charges	-	-	-	-	55 765 832	-	9 532 457	65 298 288	-	65 298 288
Rental from Fixed Assets	18 518	-	-	2 038	-	-	50 387	70 943	1 742 845	1 813 788
Interest Earned - external investments	-	-	-	-	-	-	-	-	43 067 757	43 067 757
Interest Earned - Service Debtors	-	-	-	-	1 297 220	-	4 457 369	5 754 589	60 820	5 815 409
Licences and Permits	-	1 193 679	-	-	-	-	-	1 193 679	32 295	1 225 974
Agency Services	-	1 046 830	-	-	-	-	-	1 046 830	-	1 046 830
Sales of Goods and Rendering of Services	48 508	86 003	205 079	-	-	-	-	339 590	64 284	403 874
Operational Revenue	-	300 296	-	-	-	-	-	300 296	250 855	551 150
Gain on Disposal of Investment Property	-	-	348 891	-	-	-	-	348 891	-	348 891
TOTAL REVENUE	**1 567 026**	**2 931 312**	**7 935 260**	**45 755 075**	**58 427 623**	**-**	**15 276 516**	**131 892 813**	**255 901 803**	**387 794 616**
EXPENDITURE										
Employee related costs	15 988 453	5 034 560	16 795 491	12 691 157	7 979 826	2 694 307	16 310 889	77 494 683	54 899 008	132 393 691
Remuneration of Councillors	-	-	-	-	-	-	-	-	13 910 269	13 910 269
Debt Impairment	-	252 600	-	-	2 733 361	-	9 551 213	12 537 174	4 927 114	17 464 288
Depreciation and Amortisation	2 238 063	164 635	115 739	6 820 533	1 628 717	1 182 840	2 409 468	14 559 994	3 129 082	17 689 077
Impairment Loss	-	-	-	-	-	-	-	-	837 447	837 447
Actuarial Losses	-	-	-	-	-	-	-	-	20 207	20 207
Finance Charges	-	-	-	-	2 365 779	-	2 569 607	4 935 385	930 343	5 865 728
Bulk Purchases	-	-	-	-	48 678 878	-	-	48 678 878	-	48 678 878
Contracted services	958 493	199 608	970 130	3 039 421	1 450 108	-	7 221 701	13 839 460	24 679 781	38 519 241
Transfers and Subsidies	-	-	-	-	-	-	-	-	36 321	36 321
Operating Leases	52 341	-	-	-	-	-	24 300	76 641	331 853	408 494
Operational Cost	1 839 537	1 243 651	2 120 150	2 610 647	4 198 326	30 874	2 564 223	14 607 407	25 403 978	40 011 385
Loss on Disposal of Assets	-	-	-	705 871	-	-	-	705 871	-	705 871
Inventory Loss	-	-	-	-	-	-	-	-	23 892	23 892
TOTAL EXPENDITURE	**21 076 888**	**6 895 053**	**20 001 509**	**25 867 628**	**69 034 994**	**3 908 021**	**40 651 400**	**187 435 493**	**129 129 296**	**316 564 789**
SURPLUS FOR THE YEAR	**(19 509 862)**	**(3 963 741)**	**(12 066 249)**	**19 887 447**	**(10 607 371)**	**(3 908 021)**	**(25 374 883)**	**(55 542 680)**	**126 772 507**	**71 229 828**
CAPITAL EXPENDITURE	**10 739 583**	**14 628 816**	**-**	**30 270 251**	**991 166**	**1 615 675**	**21 389 934**	**79 635 423**	**2 883 601**	**82 519 025**

63 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
Financial Performance						
Property rates	17 900 566	1 300 001	19 200 567	17 976 947	(1 223 620)	18 782 134
Service charges	73 305 842	1 995 156	75 300 998	73 005 406	(2 295 592)	65 298 288
Investment revenue	31 508 822	6 147 100	37 655 922	40 743 925	3 088 003	43 067 757
Transfers recognised - operational	214 655 144	1 271 413	215 926 557	213 477 816	(2 448 740)	199 772 544
Other own revenue	14 024 116	809 979	14 834 095	13 294 096	(1 539 999)	17 563 922
Total Operating Revenue	**351 394 489**	**11 523 649**	**362 918 139**	**358 498 190**	**(4 419 948)**	**344 484 645**
Employee costs	146 668 770	998 448	147 667 218	142 902 385	(4 764 832)	132 393 691
Remuneration of councillors	14 775 784	365 648	15 141 432	14 498 184	(643 248)	13 910 269
Debt impairment	15 982 644	2 354 859	18 337 503	16 137 129	(2 200 374)	17 464 288
Depreciation & asset impairment	19 624 349	(609 678)	19 014 671	18 276 288	(738 383)	17 689 077
Finance charges	6 106 402	-	6 106 402	6 122 180	15 779	5 865 728
Materials and bulk purchases	80 721 940	13 492 106	94 214 046	62 144 072	(32 069 974)	48 678 878
Contracted services	72 725 787	1 188 127	73 913 914	48 611 479	(25 302 435)	38 519 241
Transfers and grants	48 727	101 273	150 000	-	(150 000)	36 321
Irrecoverable debts written off	2 100 000	5 900 000	8 000 000	-	(8 000 000)	-
Other expenditure	53 269 688	5 740 911	59 010 599	51 654 141	(7 356 458)	40 440 085
Losses	2 100 000	15 900 000	18 000 000	17 252 699	(747 301)	1 567 210
Total Expenditure	**414 124 091**	**45 431 693**	**459 555 784**	**377 598 558**	**(81 957 226)**	**316 564 788**
Surplus/(Deficit)	**(62 729 602)**	**(33 908 044)**	**(96 637 646)**	**(19 100 368)**	**77 537 278**	**27 919 857**
Transfers recognised - capital	55 783 143	3 709 494	59 492 637	56 708 507	(2 784 130)	43 309 971
Surplus/(Deficit) for the year	**(6 946 458)**	**(30 198 550)**	**(37 145 008)**	**37 608 139**	**74 753 147**	**71 229 828**

63 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
Capital expenditure & funds sources						
Capital expenditure	142 990 194	29 614 610	172 604 804	116 023 771	(56 581 032)	76 434 148
Transfers recognised - capital	55 783 143	3 709 494	59 492 637	54 982 551	(4 510 087)	43 309 971
Internally generated funds	87 207 050	25 905 116	113 112 166	75 060 898	(38 051 268)	33 124 177
Total sources of capital funds	142 990 194	29 614 610	172 604 804	130 043 449	(42 561 355)	76 434 148
Cash flows						
Net cash from (used) operating	10 584 473	(6 285 062)	4 299 411	86 050 680	81 751 269	85 616 312
Net cash from (used) investing	(142 990 194)	(26 154 079)	(169 144 273)	(116 023 771)	53 120 501	(75 876 757)
Net cash from (used) financing	(842 453)	(32 306)	(874 759)	(873 434)	1 324	(845 031)
Net Cash Movement for the year	(133 248 173)	(32 471 447)	(165 719 620)	(30 846 526)	134 873 094	8 894 524
Cash/cash equivalents at beginning of year	390 389 476	116 336 874	506 726 350	506 726 350	0	497 831 825
Cash/cash equivalents at the year end	**257 141 302**	**83 865 427**	**341 006 729**	**475 879 824**	**134 873 095**	**506 726 349**

SENQU LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2025

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2024	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2025
				R	R	R
ANNUITY LOANS						
DBSA loan	103126/1	Floating	2029	3 475 231	631 860	2 843 371
DBSA loan	103126/2	Fixed	2030	2 445 583	311 103	2 134 479
Total Annuity Loans				**5 920 814**	**942 964**	**4 977 850**
Total Borrowings				**5 920 814**	**942 964**	**4 977 850**

SENQU LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2025

	Cost/Revaluation					Accumulated Depreciation				
	Opening Balance R	Additions (Includes WIP) R	Total Revaluation R	Disposals R	Closing Balance R	Opening Balance R	Additions R	(Disposals)/ Revaluation R	Closing Balance R	Carrying Value R
Executive & Council	6 610 564	267 779	-	(73 374)	6 804 969	4 393 239	265 313	(71 027)	4 587 525	2 217 443
Planning & Development	4 273 580	6 000	-	(146 324)	4 133 256	3 707 681	80 100	(140 856)	3 646 925	486 331
Corporate Services	184 322 091	2 465 728	7 187 056	(361 149)	193 613 726	3 048 454	1 532 201	33 345 621	37 926 276	155 687 450
Budget & Treasury	42 502 965	20 377 274	-	(525 875)	62 354 364	18 968 350	2 666 589	(511 676)	21 123 263	41 231 101
Road Transport	384 640 384	105 802 626	-	(274 397)	490 168 612	151 788 896	7 488 562	(272 386)	159 005 073	331 163 540
Community & Social Services	68 682 689	365 938	2 782 356	(145 192)	71 685 792	10 240 167	1 794 231	182 740	12 217 138	59 468 654
Sport & Recreation	15 759 245	-	77 900	-	15 837 145	3 617 352	468 575	167 912	4 253 839	11 583 306
Public Safety	6 686 562	-	-	-	6 686 562	492 186	155 769	-	647 954	6 038 608
Electricity	44 342 056	2 478 061	-	(773 769)	46 046 347	15 380 390	1 628 565	(493 806)	16 515 149	29 531 198
Waste Management	75 245 615	6 000	-	(393 974)	74 857 641	10 621 886	1 728 065	(365 831)	11 984 120	62 873 520
Total	**833 065 751**	**131 769 405**	**10 047 312**	**(2 694 055)**	**972 188 414**	**222 258 600**	**17 807 970**	**31 840 692**	**271 907 262**	**700 281 152**

SENQU LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2025

	30 JUNE 2025			30 JUNE 2024		
VOTE	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Executive & Council	196 724 000	47 613 712	149 110 288	-	39 869 787	(39 869 787)
Planning & Development	9 776 292	23 748 610	(13 972 319)	8 180 425	21 919 868	(13 739 443)
Corporate Services	2 088 500	66 355 132	(64 266 633)	3 393 203	43 521 984	(40 128 781)
Budget & Treasury	63 368 738	48 433 101	14 935 638	252 439 640	42 968 121	209 471 519
Road Transport	61 892 223	34 678 297	27 213 926	48 339 980	31 147 872	17 192 108
Waste Water Management	-	3 903 344	(3 903 344)	-	3 908 021	(3 908 021)
Community & Social Services	2 372 794	21 940 675	(19 567 881)	1 599 022	19 528 840	(17 929 818)
Sport & Recreation	3 488	2 450 957	(2 447 469)	299	2 399 092	(2 398 793)
Public Safety	81 291	1 910 211	(1 828 921)	137 908	1 614 809	(1 476 902)
Electricity	66 473 899	83 770 118	(17 296 219)	58 427 623	69 034 994	(10 607 371)
Waste Management	12 425 473	42 794 400	(30 368 927)	15 276 516	40 651 400	(25 374 883)
Total	**415 206 697**	**377 598 558**	**37 608 139**	**387 794 616**	**316 564 789**	**71 229 828**

SENQU LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2025

Refer to Note 49.1 for disclosure of Unauthorised expenditure

	ACTUAL R	BUDGET R	VARIANCE R
OPERATING EXPENDITURE			
Executive & Council	47 613 712	54 648 807	(7 035 095)
Planning & Development	23 748 610	33 060 022	(9 311 412)
Corporate Services	66 355 132	80 091 608	(13 736 475)
Budget & Treasury	48 433 101	56 718 210	(8 285 109)
Road Transport	34 678 297	40 805 046	(6 126 749)
Waste Water Management	3 903 344	6 028 439	(2 125 095)
Community & Social Services	21 940 675	24 690 278	(2 749 604)
Sport & Recreation	2 450 957	2 955 899	(504 942)
Public Safety	1 910 211	1 974 476	(64 265)
Electricity	83 770 118	99 782 636	(16 012 518)
Waste Management	42 794 400	58 800 363	(16 005 963)
Total	**377 598 558**	**459 555 784**	**(81 957 226)**
CAPITAL EXPENDITURE			
Executive & Council	199 318	335 537	(136 219)
Corporate Services	1 980 832	3 777 059	(1 796 228)
Budget & Treasury	1 534 751	1 743 215	(208 464)
Road Transport	100 853 478	130 918 682	(30 065 203)
Waste Water Management	-	694 424	(694 424)
Community & Social Services	4 636 520	8 086 251	(3 449 732)
Sport & Recreation	19 373 348	22 132 407	(2 759 059)
Public Safety	345 208	408 000	(62 792)
Electricity	2 478 061	3 586 728	(1 108 667)
Waste Management	367 890	922 500	(554 610)
Total	**131 769 405**	**172 604 803**	**(40 835 398)**

SENQU LOCAL MUNICIPALITY

APPENDIX E (UNAUDITED)

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

	OPENING BALANCE (RESTATED) R	GRANTS RECEIVED R	INTEREST ON INVESTMENTS R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	CLOSING BALANCE R
NATIONAL GOVERNMENT						
Equitable Share	-	196 724 000	-	196 724 000	-	-
Municipal Finance Management Grant	-	1 700 000	-	1 700 000	-	-
Municipal Infrastructure Grant	-	54 789 000	-	9 528 522	45 260 478	-
INEP (Integrated National electrification programme)	-	1 269 000	-	165 519	1 103 458	24
NDPG (Neighbourhood Development Partnership Grant)	2 010 056	-	-	-	-	2 010 056
EPWP (Expanded Public Works Program)	-	1 620 000	-	1 620 000	-	-
Municipal Disaster Recovery Grant	-	19 588 000	-	93 375	622 499	18 872 127
Total	**2 010 056**	**275 690 000**	**-**	**209 831 415**	**46 986 435**	**20 882 206**
PROVINCIAL GOVERNMENT						
Prov Gov - Housing (Hillside)	232 652	-	-	-	-	232 652
Herschel People's Housing	13 743 054	-	1 037 847	-	-	14 780 902
Libraries	-	2 106 000	-	2 106 000	-	-
Greenest Municipality	758 545	300 000	-	82 090	-	976 455
Municipal Disaster Relief Grant	11 180 383	-	-	1 458 311	9 722 072	-
Total	**25 914 635**	**2 406 000**	**1 037 847**	**3 646 401**	**9 722 072**	**15 990 009**
ALL SPHERES GOVERNMENT	**27 924 691**	**278 096 000**	**1 037 847**	**213 477 816**	**56 708 507**	**36 872 216**

SENQU LOCAL MUNICIPALITY

APPENDIX F (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
REVENUE						
Governance and administration	**175 930 683**	**8 396 841**	**184 327 523**	**262 175 603**	**77 848 080**	**255 827 834**
Executive and council	7 549 616	0	7 549 616	196 724 000	189 174 384	-
Finance and administration	168 381 067	8 396 840	176 777 907	65 451 603	(111 326 304)	255 827 834
Community and public safety	**5 480 904**	**(1 006 137)**	**4 474 766**	**2 251 288**	**(2 223 479)**	**1 755 320**
Community and social services	1 689 664	703 717	2 393 381	2 166 509	(226 872)	1 566 727
Sport and recreation	1 891	(0)	1 891	3 488	1 597	299
Public safety	3 789 349	(1 709 854)	2 079 495	81 291	(1 998 204)	188 294
Economic and environmental services	**68 087 552**	**5 406 583**	**73 494 135**	**71 521 106**	**(1 973 029)**	**56 483 740**
Planning and development	11 208 793	294 665	11 503 458	9 628 882	(1 874 576)	8 143 760
Road transport	56 878 759	5 111 918	61 990 677	61 892 223	(98 454)	48 339 980
Trading services	**157 630 826**	**819 121**	**158 449 948**	**78 899 372**	**(79 550 575)**	**73 653 753**
Energy sources	103 755 664	2 578 478	106 334 142	66 473 899	(39 860 243)	58 427 623
Waste management	53 875 163	(1 759 357)	52 115 806	12 425 473	(39 690 333)	15 226 130
Other	**47 668**	**1 616 735**	**1 664 403**	**359 329**	(1 305 073)	**73 969**
Total Revenue - Standard	**407 177 633**	**15 233 142**	**422 410 775**	**415 206 697**	**(7 204 077)**	**387 794 616**

SENQU LOCAL MUNICIPALITY

APPENDIX F (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
EXPENDITURE						
Governance and administration	**161 980 696**	**29 454 347**	**191 435 043**	**163 724 781**	**(27 710 262)**	**127 487 358**
Executive and council	37 736 825	10 291 256	48 028 081	43 497 766	(4 530 315)	36 268 299
Finance and administration	118 913 913	19 324 969	138 238 881	116 111 069	(22 127 813)	87 617 571
Internal audit	5 329 958	(161 878)	5 168 081	4 115 946	(1 052 135)	3 601 488
Community and public safety	**32 025 704**	**1 924 272**	**33 949 976**	**25 291 621**	**(8 658 356)**	**22 608 296**
Community and social services	20 862 136	1 787 319	22 649 455	20 930 452	(1 719 003)	18 594 395
Sport and recreation	2 997 986	(42 087)	2 955 899	2 450 957	(504 942)	2 399 092
Public safety	8 165 582	179 040	8 344 622	1 910 211	(6 434 410)	1 614 809
Economic and environmental services	**71 406 973**	**(5 347 549)**	**66 059 423**	**56 373 921**	**(9 685 502)**	**51 232 782**
Planning and development	33 993 039	(2 826 920)	31 166 118	21 339 816	(9 826 303)	20 001 509
Road transport	36 955 877	(2 520 977)	34 434 900	34 678 297	243 397	31 147 872
Environmental protection	458 057	348	458 405	355 809	(102 596)	83 401
Trading services	**144 737 904**	**19 873 534**	**164 611 438**	**130 467 863**	**(34 143 575)**	**113 594 415**
Energy sources	90 810 747	8 971 890	99 782 636	83 770 118	(16 012 518)	69 034 994
Waste water management	6 248 691	(220 253)	6 028 439	3 903 344	(2 125 095)	3 908 021
Waste management	47 678 466	11 121 897	58 800 363	42 794 400	(16 005 963)	40 651 400
Other	**3 972 815**	**(472 911)**	**3 499 903**	**1 740 373**	**(1 759 531)**	**1 641 937**
Total Expenditure - Standard	**414 124 091**	**45 431 693**	**459 555 784**	**377 598 558**	**(81 957 226)**	**316 564 789**
Surplus/(Deficit) for the year	**(6 946 458)**	**(30 198 551)**	**(37 145 010)**	**37 608 139**	**74 753 149**	**71 229 828**

SENQU LOCAL MUNICIPALITY

APPENDIX F (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
REVENUE						
Executive & Council	7 549 616	0	7 549 616	196 724 000	189 174 384	-
Planning & Development	11 238 308	398 882	11 637 190	9 776 292	(1 860 898)	8 180 425
Corporate Services	1 851 456	255 761	2 107 218	2 088 500	(18 718)	3 393 203
Budget & Treasury	166 542 096	8 141 079	174 683 176	63 368 738	(111 314 437)	252 439 640
Road Transport	60 505 396	3 417 686	63 923 082	61 892 223	(2 030 859)	48 339 980
Community & Social Services	1 695 332	2 216 234	3 911 566	2 372 794	(1 538 772)	1 599 022
Sport & Recreation	1 891	(0)	1 891	3 488	1 597	299
Public Safety	162 712	(15 622)	147 090	81 291	(65 799)	137 908
Electricity	103 755 664	2 578 478	106 334 142	66 473 899	(39 860 243)	58 427 623
Waste Management	53 875 163	(1 759 357)	52 115 806	12 425 473	(39 690 333)	15 276 516
Total Revenue by Vote	**407 177 633**	**15 233 142**	**422 410 775**	**415 206 697**	**(7 204 077)**	**387 794 616**

SENQU LOCAL MUNICIPALITY

APPENDIX F (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
EXPENDITURE						
Executive & Council	44 428 392	10 220 415	54 648 807	47 613 712	(7 035 095)	39 869 787
Planning & Development	36 340 474	(3 280 452)	33 060 022	23 748 610	(9 311 412)	21 919 868
Corporate Services	64 011 847	16 079 761	80 091 608	66 355 132	(13 736 475)	43 521 984
Budget & Treasury	53 564 463	3 153 747	56 718 210	48 433 101	(8 285 109)	42 968 121
Road Transport	43 157 191	(2 352 145)	40 805 046	34 678 297	(6 126 749)	31 147 872
Waste Water Management	6 248 691	(220 253)	6 028 439	3 903 344	(2 125 095)	3 908 021
Community & Social Services	22 921 566	1 768 712	24 690 278	21 940 675	(2 749 604)	19 528 840
Sport & Recreation	2 997 986	(42 087)	2 955 899	2 450 957	(504 942)	2 399 092
Public Safety	1 964 267	10 209	1 974 476	1 910 211	(64 265)	1 614 809
Electricity	90 810 747	8 971 890	99 782 636	83 770 118	(16 012 518)	69 034 994
Waste Management	47 678 466	11 121 897	58 800 363	42 794 400	(16 005 963)	40 651 400
Total Expenditure by Vote	**414 124 091**	**45 431 693**	**459 555 784**	**377 598 558**	**(81 957 226)**	**316 564 789**
Surplus/(Deficit) for the year	**(6 946 458)**	**(30 198 551)**	**(37 145 010)**	**37 608 139**	**74 753 149**	**71 229 828**

SENQU LOCAL MUNICIPALITY

APPENDIX F (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
REVENUE BY SOURCE						
Exchange Revenue						
Service charges	73 305 842	1 995 156	75 300 998	73 005 406	(2 295 592)	65 298 288
Sale of Goods and Rendering of Services	290 592	171 935	462 527	350 832	(111 695)	403 874
Agency services	1 538 135	(609 419)	928 716	1 243 626	314 910	1 046 830
Interest earned from Receivables	5 659 261	(247 308)	5 411 953	4 440 050	(971 904)	5 815 409
Interest earned from Current and Non Current Ass	31 508 822	6 147 100	37 655 922	40 743 925	3 088 003	43 067 757
Rent on Land	2 533	44 378	46 911	-	(46 911)	-
Rental from Fixed Assets	1 750 944	193 193	1 944 137	1 720 967	(223 170)	1 813 788
Licence and permits	1 508 441	763 884	2 272 325	1 418 640	(853 684)	1 225 974
Operational Revenue	804 846	(325 664)	479 182	529 933	50 751	551 150
Gain on Disposal of Investment Property	-	-	-	-	-	348 891
Non-Exchange Revenue	-	-	-			
Property rates	17 900 566	1 300 001	19 200 567	17 976 947	(1 223 620)	18 782 134
Fines, penalties and forfeits	589 098	(380 654)	208 444	668 061	459 617	1 047 288
Insurance Refunds	-	-	-	538 999	538 999	-
Transfer and subsidies - Operational	214 655 144	1 271 413	215 926 557	213 477 816	(2 448 740)	199 772 544
Interest	1 880 265	699 634	2 579 899	2 287 335	(292 565)	2 000 203
Gains	-	500 000	500 000	95 654	(404 346)	3 310 515
Total Revenue (excluding capital transfers and contributions)	**351 394 489**	**11 523 649**	**362 918 139**	**358 498 190**	**(4 419 948)**	**344 484 645**

SENQU LOCAL MUNICIPALITY

APPENDIX F (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
EXPENDITURE BY TYPE						
Employee related costs	146 668 770	998 448	147 667 218	142 902 385	(4 764 832)	132 393 691
Remuneration of councillors	14 775 784	365 648	15 141 432	14 498 184	(643 248)	13 910 269
Bulk purchases - electricity	55 383 367	13 624 341	69 007 708	62 144 072	(6 863 636)	48 678 878
Inventory consumed	25 338 574	(132 236)	25 206 338	-	(25 206 338)	-
Debt impairment	15 982 644	2 354 859	18 337 503	16 137 129	(2 200 374)	17 464 288
Depreciation and amortisation	19 624 349	(609 678)	19 014 671	18 276 288	(738 383)	17 689 077
Interest	6 106 402	-	6 106 402	6 122 180	15 779	5 865 728
Contracted services	72 725 787	1 188 127	73 913 914	48 611 479	(25 302 435)	38 519 241
Transfers and subsidies	48 727	101 273	150 000	-	(150 000)	36 321
Irrecoverable debts written off	2 100 000	5 900 000	8 000 000	-	(8 000 000)	-
Operational costs	53 269 688	5 740 911	59 010 599	51 654 141	(7 356 458)	40 419 878
Losses on disposal of Assets	2 100 000	15 900 000	18 000 000	373 175	(17 626 825)	705 871
Other Losses	-	-	-	16 879 524	16 879 524	881 546
Total Expenditure	**414 124 091**	**45 431 693**	**459 555 784**	**377 598 558**	**(81 957 226)**	**316 564 788**
Surplus/(Deficit)	**(62 729 602)**	**(33 908 044)**	**(96 637 646)**	**(19 100 368)**	**77 537 278**	**27 919 857**
Transfers and subsidies - capital (monetary allocations)	55 783 143	3 709 494	59 492 637	56 708 507	(2 784 130)	43 309 971
Surplus/(Deficit) for the year	**(6 946 458)**	**(30 198 550)**	**(37 145 008)**	**37 608 139**	**74 753 147**	**71 229 828**

SENQU LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
CAPITAL EXPENDITURE (VOTE)						
Multi-year expenditure						
Corporate Services	800 000	159 000	959 000	943 743	(15 258)	-
Road Transport	96 216 605	9 711 504	105 928 109	82 701 094	(23 227 014)	30 309 474
Waste water management	2 444 424	(1 750 000)	694 424	-	(694 424)	1 615 675
Community & Social Services	6 000 000	1 356 251	7 356 251	4 466 158	(2 890 093)	3 834 778
Sport & Recreation	12 710 126	9 422 281	22 132 407	19 373 348	(2 759 059)	6 904 805
Public safety	408 000	-	408 000	345 208	(62 792)	1 026 323
Electricity	1 839 130	(735 652)	1 103 478	1 103 458	(20)	-
Waste Management	-	-	-	-	-	4 075 998
Total Multi-year expenditure	**120 418 285**	**18 163 384**	**138 581 669**	**108 933 009**	**(29 648 660)**	**47 767 053**
Single-year expenditure						
Executive & Council	656 150	(320 613)	335 537	199 318	(136 219)	209 205
Corporate Services	11 351 866	(8 533 807)	2 818 059	1 037 089	(1 780 970)	899 282
Budget & Treasury	1 897 893	(154 678)	1 743 215	1 534 751	(208 464)	1 775 114
Road Transport	850 250	24 140 323	24 990 573	18 152 384	(6 838 189)	13 563 270
Community & Social Services	730 000	-	730 000	170 362	(559 638)	-
Public safety	600 000	(600 000)	-	-	-	-
Electricity	5 533 250	(3 050 000)	2 483 250	1 374 603	(1 108 647)	991 166
Waste Management	952 500	(30 000)	922 500	367 890	(554 610)	17 313 935
Total Single-year expenditure	**22 571 909**	**11 451 226**	**34 023 134**	**22 836 396**	**(11 186 738)**	**34 751 972**
Total Capital Expenditure by Vote	**142 990 194**	**29 614 609**	**172 604 803**	**131 769 405**	**(40 835 398)**	**82 519 025**

SENQU LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration	**14 705 909**	**(8 850 097)**	**5 855 811**	**3 714 901**	**(2 140 911)**	**2 883 601**
Executive and council	656 150	(320 613)	335 537	199 318	(136 219)	209 205
Finance and administration	14 049 759	(8 529 484)	5 520 274	3 515 583	(2 004 691)	2 674 396
Internal audit	-	-	-		-	
Community and public safety	**34 892 305**	**17 233 532**	**52 125 838**	**24 184 714**	**(27 941 124)**	**11 765 906**
Community and social services	6 200 000	1 356 251	7 556 251	4 466 158	(3 090 093)	3 834 778
Sport and recreation	12 710 126	9 422 281	22 132 407	19 373 348	(2 759 059)	6 904 805
Public safety	15 982 179	6 455 000	22 437 179	345 208	(22 091 971)	1 026 323
Economic and environmental services	**82 092 675**	**26 796 827**	**108 889 503**	**100 853 478**	**(8 036 024)**	**43 872 744**
Road transport	82 092 675	26 796 827	108 889 503	100 853 478	(8 036 024)	43 872 744
Trading services	**10 769 305**	**(5 565 653)**	**5 203 652**	**2 845 951**	**(2 357 701)**	**23 996 774**
Energy sources	7 372 380	(3 785 653)	3 586 728	2 478 061	(1 108 667)	991 166
Waste water management	2 444 424	(1 750 000)	694 424	-	(694 424)	1 615 675
Waste management	952 500	(30 000)	922 500	367 890	(554 610)	21 389 934
Other	**530 000**	**-**	**530 000**	**170 362**	**(359 638)**	**-**
Total Capital Expenditure - Standard	**142 990 194**	**29 614 610**	**172 604 804**	**131 769 405**	**(40 835 398)**	**82 519 025**

SENQU LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
CAPITAL EXPENDITURE (FUNDING SOURCES)						
National Government	47 099 609	2 670 955	49 770 564	46 986 435	(2 784 129)	35 061 609
Provincial Government	8 683 535	1 038 538	9 722 072	9 722 072	(0)	8 248 362
Transfers recognised - capital	**55 783 143**	**3 709 493**	**59 492 636**	**56 708 507**	**(2 784 129)**	**43 309 971**
Internally generated funds	87 207 050	25 905 116	113 112 167	75 060 898	(38 051 268)	39 209 054
Total Capital Funding	**142 990 194**	**29 614 609**	**172 604 803**	**131 769 405**	**(40 835 398)**	**82 519 025**

SENQU LOCAL MUNICIPALITY

APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

CASH FLOWS

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	14 030 079	890 953	14 921 032	13 620 466	(1 300 566)	16 190 097
Service charges	57 455 544	(2 186 630)	55 268 915	66 744 599	11 475 684	49 621 757
Other revenue	6 105 997	(251 462)	5 854 535	6 450 647	596 111	6 160 154
Government - operating	211 348 391	3 350 610	214 699 001	223 113 450	8 414 448	200 396 174
Government - capital	47 099 609	16 297 391	63 397 000	54 982 550	(8 414 449)	42 515 826
Interest	39 048 349	2 957 268	42 005 617	44 111 285	2 105 668	41 527 120
Payments						
Suppliers and employees	(358 348 368)	(32 778 321)	(391 126 689)	(322 459 227)	68 667 462	(270 158 928)
Finance charges	(6 106 402)	5 536 402	(570 000)	(513 090)	56 910	(599 568)
Transfers and Grants	(48 727)	(101 273)	(150 000)	-	150 000	(36 321)
NET CASH FROM OPERATING ACTIVITIES	10 584 473	(6 285 062)	4 299 411	86 050 680	81 751 269	85 616 312
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	-	-	557 391
Payments						
Capital assets	(142 990 194)	(26 154 079)	(169 144 273)	(116 023 771)	53 120 501	(76 434 148)
NET CASH USED IN INVESTING ACTIVITIES	(142 990 194)	(26 154 079)	(169 144 273)	(116 023 771)	53 120 501	(75 876 757)

SENQU LOCAL MUNICIPALITY

APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

CASH FLOWS

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Increase (decrease) in consumer deposits	99 889	(31 684)	68 205	37 576	(30 629)	64 015
Payments						
Repayment of borrowing	(942 342)	(622)	(942 964)	(911 010)	31 953	(909 046)
NET CASH FROM FINANCING ACTIVITIES	(842 453)	(32 306)	(874 759)	(873 434)	1 324	(845 031)
NET INCREASE/ (DECREASE) IN CASH HELD	(133 248 173)	(32 471 447)	(165 719 620)	(30 846 526)	134 873 094	8 894 524
Cash/cash equivalents at the year begin:	390 389 476	116 336 874	506 726 350	506 726 350	0	497 831 825
Cash/cash equivalents at the year end:	257 141 302	83 865 427	341 006 729	475 879 824	134 873 094	506 726 350