

HANTAM

MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2025

HANTAM MUNICIPALITY

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HANTAM MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

GENERAL INFORMATION

NATURE OF BUSINESS

Hantam Municipality is a local municipality performing the functions as set out in the Constitution of the republic of South Africa (Act no 108 of 1996).

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act, (Act no 117 of 1998) read with section 155(1) of the Constitution of the republic of South Africa (Act 108 of 1996).

JURISDICTION

The Hantam Municipality includes the following areas:

Calvinia
Brandvlei
Middelpos
Loeriesfontein
Nieuwoudtville

MAYOR

K. ALEXANDER

SPEAKER

C.H. SLAMEE

CHIEF WHIP

H. DE WEE

MEMBERS OF THE EXECUTIVE COMMITTEE

Mayor	<i>K. ALEXANDER</i>
Executive Councillor	<i>L.L. OLYN</i>
Executive Councillor	<i>A.J.E. CLAASSEN</i>

MUNICIPAL MANAGER

J. Fortuin

CHIEF FINANCIAL OFFICER

R.Ferris

REGISTERED OFFICE

Private Bag X14
Calvinia
8190

AUDITORS

The Auditor-General
Private Bag X5013
Kimberley
8300

HANTAM MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

GENERAL INFORMATION

PRINCIPLE BANKERS

Standard Bank

ATTORNEYS

Van der Walt Incorporated

RELEVANT LEGISLATION

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

MEMBERS OF THE HANTAM MUNICIPALITY

WARD	COUNCILLOR
1	SG KOOPMAN
2	H DE WEE
3	LL OLYN
4	G VYVER
5	F FARAO
6	K ALEXANDER
7	AJE CLAASSEN
Proportional	JH WILSCHUT
Proportional	F BANTOM
Proportional	K KLAZEN
Proportional	J PALM
Proportional	C SLAMBEE (Elected as from August 2022)
Proportional	G DE VRIES

HANTAM MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 March 2024, which are set out on pages 5 to 93 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

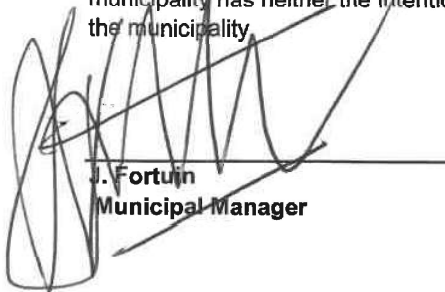
I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

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

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

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

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



J. Fortuin
Municipal Manager

31 August 2025

Date

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Hantam Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of Hantam Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement, and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of Hantam Local Municipality as at 30 June 2025, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora).

Basis for qualified opinion

Property Plant and Equipment

3. I was unable to obtain sufficient appropriate audit evidence regarding the valuation of other land, and operational buildings included in other immovable assets, as the municipality did not perform a revaluation of these assets during the current year. I was unable to confirm other land and operational buildings by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to other land, and operational buildings stated at R16 293 503 in the financial statements.
4. I was unable to obtain sufficient appropriate audit evidence for disposals included under infrastructure assets during the current year, as the municipality did not maintain supporting records to support these disposals. I was unable to confirm these disposals by alternative means. Consequently, I could not determine whether any adjustments were necessary to these disposals included in infrastructure asset disclosed at R17 298 139 in the financial statements.

Commitments

5. The municipality did not have adequate systems to record commitments in accordance with GRAP 17, *Property, Plant and Equipment*. Completed projects were incorrectly recognised as commitments due to ineffective controls over the assessment and verification of project completion status. Consequently, commitments are overstated by R17 684 821, and infrastructure assets were understated by R17 684 821. I was unable to quantify the misstatement of the depreciation amount as the municipality did not determine the useful life of

these assets. There was a resultant impact on the surplus for the period and on the accumulated surplus.

Context for opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
7. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International Code of ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.
10. We draw attention to note 58 in the financial statements, which deals with the possible effects of the future implications of continuing deterioration in operational results on the municipality's prospects, performance, and cash flows. Management have also described how they plan to deal with these events and circumstances.
11. As disclosed in note 41 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2025.
12. As disclosed in note 49.8 to the financial statements, material water losses of R8 573 153 (2024: R5 035 053) was incurred, which represents 31.59% (2024: 34.35%) of total water purchased. These losses occur due to normal pipe bursts and field leakages.
13. As disclosed in the financial statements, material losses of R7 825 065 was incurred as a result of a write-off of irrecoverable trade debtors.
14. As disclosed in note 8 and 9 to the financial statements, material losses of R104 274 066 was incurred as a result of allowance for impairment of trade debtors.

Other matters

15. I draw attention to the matters below. My opinion is not modified in respect of these matters.
16. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

17. The supplementary information set out on page xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

18. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
19. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

20. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
21. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description forms part of my auditor's report.

Report on the annual performance report

22. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
23. I selected the following material performance indicators related to Infrastructure development and basic service delivery presented in the annual performance report for the year ended 30 June 2025. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.
- Number of residential properties which are billed for electricity or have pre paid meters as at 30 June 2025(excluding Eskom areas)

- Number of residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2025
- Number of residential properties which are billed for refuse removal as at 30 June 2025
- Provide free basic water to indigent households earning less than R5 780 as at 30 June 2025
- Provide free basic electricity to indigent households earning less than R5 780 as at 30 June 2025
- Provide free wood and oil to indigent households earning less than R5 780 as at 30 June 2025
- Provide free basic sanitation to indigent households earning less than R5 780 as at 30 June 2025
- Provide free basic refuse removal to indigent households earning less than R5 780 as at 30 June 2025
- 95% spent of the library operational conditional grant by 30 June 2025 $\{(Actual\ expenditure\ divided\ by\ the\ total\ grant\ received) \times 100\}$
- 95% spent of the library operational conditional grant by 30 June 2025 $\{(Actual\ expenditure\ divided\ by\ the\ total\ grant\ received) \times 100\}$
- Limit unaccounted for electricity to less than 12% by 30 June 2025 $\{(Number\ of\ Electricity\ Units\ Purchased - Number\ of\ Electricity\ Units\ Sold) / Number\ of\ Electricity\ Units\ Purchased\} \times 100\}$
- Limit unaccounted for water to less than 20% by 30 June 2025 $\{(Number\ of\ Kilolitres\ Water\ Purified - Number\ of\ Kilolitres\ Water\ Sold) / Number\ of\ Kilolitres\ Water\ Purified\} \times 100\}$
- 100% spent of the MIG allocation by 30 June 2025 $\{(Actual\ capital\ expenditure\ on\ the\ project\ divided\ by\ the\ total\ approved\ capital\ budget\ for\ the\ project) \times 100\}$
- 90% spent of the budget for the construction of the Nieuwoudtville sewer network phase 1 by 30 June 2025 $\{(Actual\ capital\ expenditure\ on\ the\ project\ divided\ by\ the\ total\ approved\ capital\ budget\ for\ the\ project) \times 100\}$
- 90% spent of the budget for the upgrade of the Brandvl sportsground by 30 June 2025 $\{(Actual\ capital\ expenditure\ on\ the\ project\ divided\ by\ the\ total\ approved\ capital\ budget\ for\ the\ project) \times 100\}$
- 90% of microbiological water quality level achieved as per SANS 241 by 30 June 2025
- 90% of the budget spent for the Calvinia East Sewer Network by 30 June 2025 $\{(Actual\ capital\ expenditure\ on\ the\ project\ divided\ by\ the\ total\ approved\ capital\ budget\ for\ the\ project) \times 100\}$

- 90% the capital budget spent for the upgrade of the Nieuwoudtville pump station (removing of odor) by 30 June 2025{(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}
- 90% the capital budget spent for the Nieuwoudtville upgrade of boreholes (bulk water supply) by 30 June 2025{(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}
- 90% the capital budget spent for the completion of the Calvinia BWS (RBIG) by 30 June 2025{(Actual capital expenditure on the project divided by the total approval capital budget for the project)x100}
- 90% the capital budget spent for the upgrade of the Brandvlei electricity network by 30 June 2025{(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}
- 90% the capital budget spent for the energy efficient interventions, High Mast lights by 30 June 2025{(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}

24. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

25. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

26. The material findings on the reported performance information for the selected material indicators are as follows:

TL34: 90% of the budget spent for the Calvinia East Sewer Network by 30 June 2025{(Actual capital expenditure on the project divided by the total approved capital budget for the project) x100}

27. An achievement of 100% was reported against a target of 90%. However, the audit evidence showed the actual achievement to be 194.15%. The achievement against the target was better than reported.

TL35: 90% the capital budget spent for the upgrade of the Nieuwoudtville pump station (removing of odor) by 30 June 2025{(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}

28. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved

TL36: 90% the capital budget spent for the Nieuwoudtville upgrade of boreholes (bulk water supply) by 30 June 2025{(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}

29. The indicator and its target of 90% were included in the approved planning documents but were not reported on in the annual performance report. The municipality indicated that the reason for this was budget constraints. Consequently, performance against the planned target was not accounted for, which undermines transparency and accountability.

Various indicators

30. Various indicators and their targets were not clearly defined during the planning process. Consequently, the indicators and their targets are not useful for measuring and reporting on progress against the municipality's planned objectives.

Indicator	Target	Detail
TL28: Limit unaccounted for electricity to less than 12% by 30 June 2025 {(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) x 100}	12%	The name of the indicator sets the target at "less than 12% by 30 June 2025". (Which means any number that is below 12%) The target columns of the APR and SDBIP set the target at 12% (which is higher than the target described in name of the indicator.

TL29: Limit unaccounted for water to less than 20% by 30 June 2025 {(Number of Kilolitres Water Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purified)x 100}	20%	The name of the indicator sets the target at "less than 20% by 30 June 2025". (Which means any number that is below 20%) The target columns of the APR and SDBIP set the target at 20% (which is higher than the target described in name of the indicator. Therefore, it is not clear whether the target is 12%, or any number that is less than 12%.
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Other matters

31. I draw attention to the matters below.

Achievement of planned targets

32. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.
33. The tables that follow provides information on the achievement of planned targets and lists the key service deliver indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

Infrastructure development and service delivery

<i>Targets achieved: 60.87%%</i> <i>Budget spent: 128,21%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Provide free basic electricity to indigent households earning less than 6 070 as at 30 June 2025	2 365	2 081
Provide free wood and oil to indigent households earning less than R6 070 as at 30 June 2025 Number of households receiving free wood and oil as at 30 June 2025	151	63
The percentage of the municipal capital budget actually spent on capital projects by 30 June 2025 (Actual amount spent on capital projects /Total amount budgeted for capital projects)X100	99.25%	73%
Limit unaccounted for electricity to less than 12% by 30 June 2025 (Number of Electricity Units Purchased -Number of Electricity Units Sold) / Number of Electricity Units Purchased) x 100}	11.37%	11.17%
The percentage of the municipal capital budget actually spent on capital projects by 30 June 2025 (Actual amount spent on capital projects /Total amount budgeted for capital projects)X100	90%	73%

Limit unaccounted for electricity to less than 12% by 30 June 2025 (Number of Electricity Units Purchased -Number of Electricity Units Sold) / Number of Electricity Units Purchased) x 100	11.37%	11.17%
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Material misstatements

34. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Infrastructure Development and Basic Service Delivery. Management did not correct the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

35. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
36. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
37. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
38. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows

Annual financial statements

39. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and/or supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

40. Reasonable steps were not taken to ensure that money owed by the municipality was always paid within 30 days, as required by section 65(2)(e) of the MFMA.
41. Reasonable steps were not taken to prevent irregular expenditure amounting to R18 769 959 as disclosed in note 48.3 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management regulations.
42. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R137 534, as disclosed in note 48.2 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties charged on late payments to suppliers.
43. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R65 189 213 as disclosed in note 48.1 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by over expenditure incurred on municipal votes on their budget.

Asset management

44. Capital assets were permanently disposed of that were needed to provide the minimum level of basic municipal service, in contravention of section 14(1) of the MFMA.
45. Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by section 14(2)(a) and 14(2)(b) of the MFMA

Consequence managements

46. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.
47. Irregular expenditure incurred by the municipality were not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Human resource management

48. Bonuses were paid to the senior managers before the annual report for the applicable performance year was tabled and adopted by council, as required by municipal performance regulations for municipal managers and managers directly accountable to municipal managers 8(1).

Procurement and contract management

49. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Supply Chain Management Regulation 13(c). Similar non-compliance was also reported in the prior year.

Other information in the annual report

50. The accounting officer is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in key performance indicators presented in the annual performance report that have been specifically reported on in this auditor's report.
51. My opinion on the financial statements, and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
52. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in key performance indicators presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
53. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

54. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
55. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
56. The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls. Numerous misstatement and non-compliances were identified that resulted in the modification of the auditor's report.
57. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and

performance reporting. Numerous limitations were experienced that resulted in the modification of the auditor's report.

58. Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Numerous misstatements were identified that resulted in the modification of the auditor's report.
59. The accounting officer and management did not monitor compliance with applicable legislation as numerous non-compliance were identified that resulted in the modification of the auditor's report.

Auditor General

Kimberley

30 November 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the municipality to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)

Legislation	Sections or regulations
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 12(5), 16(1)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)

HANTAM MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Notes	2025 R	2024 R
ASSETS			
Non-Current Assets		779,803,776	702,129,436
Property, Plant and Equipment	2.	739,515,919	661,780,205
Agricultural	3.	13,500	13,500
Investment Property	4.	37,348,500	37,286,950
Intangible Assets	5.	1,307,802	1,430,725
Heritage Assets	6.	1,618,055	1,618,055
Current Assets		58,592,852	45,051,635
Inventory	7.	158,291	93,285
Receivables from Exchange Transactions	8.	9,460,962	7,498,712
Receivables from Non-exchange Transactions	9.	6,948,938	7,033,323
VAT Accrual	18.1	37,863,555	7,738,072
VAT Receivable	53	1,404,840	5,027,414
Cash and Cash Equivalents	10.	2,756,266	17,660,829
Total Assets		838,396,627	747,181,071
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		57,874,981	52,678,920
Long-term Borrowings	11.	129,398	334,861
Non-current Provisions	12.	18,034,929	15,780,612
Non-current Employee Benefits	13.	21,018,000	17,959,000
Trade and Other Payables from Exchange Transactions	16.	18,692,654	18,604,447
Current Liabilities		81,402,646	57,555,822
Consumer Deposits	14.	1,730,698	1,560,986
Current Employee Benefits	15.	6,755,006	5,787,901
Trade and Other Payables from Exchange Transactions	16.	38,344,889	48,356,606
Unspent Transfers and Subsidies	17.	64,859	2,852,172
Current Portion of Long-term Borrowings	11.	205,464	186,450
VAT Accrual	18.1	34,301,730	(1,188,294)
Total Liabilities		139,277,627	110,234,742
Net Assets		699,118,998	636,946,329
Revaluation Reserve	19.	15,924,389	2,551,323
Accumulated Surplus/(Deficit)		683,194,609	634,395,006
Total Net Assets and Liabilities		838,396,626	747,181,071

HANTAM MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 R	Restated 2024 R
REVENUE			
Revenue from Non-exchange Transactions		191,695,936	219,690,643
Taxation Revenue		21,664,740	21,150,593
Property Rates	20.	18,500,752	17,923,062
Interest Earned - Non-Exchange Transactions	27.	3,163,988	3,227,531
Transfer Revenue		169,044,767	194,033,592
Government Grants and Subsidies	21.	165,304,702	193,046,762
Allocation in Kind	57	3,740,065	986,830
Other Revenue		986,429	4,506,457
Actuarial Gains	13.	-	191,793
Availability Charges	22.	982,572	973,357
Fines, Penalties and Forfeits		3,857	1,276,902
Contributed Property, Plant and Equipment	2.11.	-	2,064,404
Operational Revenue	28.	-	-
Revenue from Exchange Transactions		64,911,294	60,161,267
Service Charges	23.	60,513,863	53,016,318
Sales of Goods and Rendering of Services	24.	480,072	537,229
Rental from Fixed Assets	25.	291,812	2,446,896
Interest Earned - External Investments	26.	1,876,863	2,401,680
Interest Earned - Exchange Transactions	27.	1,518,144	1,554,912
Licences and Permits		114,802	8,278
Agency Services		100,789	181,839
Operational Revenue	28.	14,950	14,115
Total Revenue		256,607,231	279,851,909
EXPENDITURE			
Employee Related Costs	29.	(50,757,929)	(47,334,380)
Remuneration of Councillors	30.	(5,871,952)	(5,710,417)
Bad Debts Written Off		(7,825,065)	(6,257,217)
Contracted Services	31.	(23,713,052)	(13,639,473)
Depreciation and Amortisation	32.	(9,523,782)	(8,313,765)
Actuarial Losses	13.	(1,722,662)	(514,957)
Finance Costs	33.	(3,860,512)	(3,654,758)
Bulk Purchases	34.	(36,183,917)	(30,412,592)
Inventory Consumed	7.1	(18,602,819)	(10,629,719)
Operating Leases		-	-
Transfers and Subsidies	35.	(84,652)	(150,079)
Operational Costs	36.	(14,835,204)	(12,579,834)
Total Expenditure		(172,981,547)	(139,197,191)
Operating Surplus/(Deficit) for the Year		83,625,684	140,654,719
Inventories: Write-down to Net Realisable Value	7.2	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	37.	(8,945,473)	(13,878,152)
Gains/(Loss) on disposal of Fixed Assets	38.	(17,298,139)	-
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(109,695)	-
Profit/(Loss) on Fair Value Adjustments	39.	61,550	7,983,820
Gains/(Loss) on Water Inventory	40.	(8,534,323)	(5,090,051)
NET SURPLUS/(DEFICIT) FOR THE YEAR		48,799,603	129,670,336

HANTAM MUNICIPALITY

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

	Revaluation Reserve R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2023	2,551,323	511,826,287	514,377,610
Effects of Correction of Errors - Note 41.1	-	(7,101,617)	(7,101,617)
Restated balance at 1 July 2022	2,551,323	504,724,670	507,275,993
Net Surplus for the year	-	128,143,472	
Net Surplus previously reported	-	632,868,142	
Effects of Correction of Errors - Note 41.1	-	1,526,864	
Restated balance at 30 June 2023	2,551,323	634,395,006	636,946,329
Increase in Land and Buildings revaluated	13,373,066		
Net Surplus for the year	-	48,799,603	
Balance at 30 JUNE 2025	15,924,389	683,194,609	699,118,998

HANTAM MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

		2025 R	2024 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Ratepayers and others		78,176,055	58,703,773
Government Grants and Subsidies		162,517,389	190,062,900
Interest Earned - Exchange and non-Exchange Transactions		1,758,035	2,968,683
Interest from External Investments		1,876,863	2,401,680
Cash payments			
Suppliers and Employees		(155,061,413)	(118,889,643)
Finance Charges		(42,752.12)	(78,519)
Interest paid on Trade Payables		(110.20)	(55,290)
Transfers and Grants		-	-
Net Cash from Operating Activities	43	89,224,067	135,113,582
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(103,942,181)	(123,498,688)
Purchase of Intangible Assets		-	-
Decrease/(Increase) in Non-Current Receivables			
Net Cash from Investing Activities		(103,942,181)	(123,498,688)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(Decrease) in Consumer Deposits	*		-
Repayment of Borrowing		(186,450)	(94,857)
Net Cash from Financing Activities		(186,450)	(94,857)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(14,904,564)	11,520,037
Cash and Cash Equivalents at the beginning of the year		17,660,829	6,140,792
Cash and Cash Equivalents at the end of the year	44	2,756,266	17,660,829
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(14,904,563)	11,520,037

* The movement in consumer deposits was previously recognised under Cash Flow from Financing activities. The amounts are however related to the municipality's operations and therefore the cash movement is included in Cash Flow from Operating Activities

HANTAM MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Notes	Original Budget R	* Budget Adjustments R	Final Adjustment Budget R	Final Budget R	Actual Outcome 2025 R	Outcome as % of Final Budget %
ASSETS							
Current Assets							
Cash		325,683	6,465,775	6,791,458	6,791,458	2,756,266	-59.42%
Call Investment Deposits		-	-	-	-	-	
Consumer Debtors		27,520,472	14,448,528	41,969,000	41,969,000	16,409,900	-60.90%
Other Debtors		767,996	159,868	927,864	927,612		-100.00%
Vat		10,985,658	(8,681,495)	2,304,163	2,304,163	37,863,555	1543.27%
Inventory		355,195	(98,810)	256,385	256,385	158,291	-38.26%
Total Current Assets	47.2.1	39,955,004	12,293,866	52,248,870	52,248,618	57,188,012	13
Non-Current Assets							
Investments		-	-	-	-	-	0.00%
Investment Property		37,734,130	7,983,820	45,717,950	45,717,950	37,348,500	-18.31%
Property, Plant and Equipment		785,835,283	(20,226,654)	765,608,629	765,608,629	739,515,919	-3.41%
Agricultural Assets			-	-	-	13,500	0.00%
Intangible Assets		1,527,277	(110,449)	1,416,828	1,416,828	1,307,802	-7.70%
Other Non-Current Assets		1,618,055	-	1,618,055	1,618,055	1,618,055	0.00%
Total Non-Current Assets	47.2.2	826,714,745	(12,353,283)	814,361,462	814,361,462	779,803,776	-4.24%
TOTAL ASSETS		866,669,749	(59,417)	866,610,332	866,610,080	836,991,787	-3.42%

HANTAM MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

Notes	Original Budget R	* Budget Adjustments R	Final Adjustment Budget R	Final Budget R	Actual Outcome 2025 R	Outcome as % of Final Budget %
LIABILITIES						
Current Liabilities						
Borrowing	22,357	164,093	186,450	186,450	205,464	10.20%
Consumer Deposits	1,430,142	130,845	1,560,987	1,560,987	1,730,698	10.87%
Trade and Other Payables	24,482,566	6,290,415	30,772,981	30,772,981	38,409,748	24.82%
Provisions	8,263,365	(1,625,394)	6,637,971	6,637,971	6,755,006	1.76%
Vat	938,674	(938,674)	-	-	-	-
47.2.3	35,137,104	4,021,285	39,158,389	39,158,389	47,100,916	20.28%
Non-Current Liabilities						
Borrowing	-	334,861	334,861	334,861	129,398	-61.36%
Provisions	38,965,026	(1,829,740)	37,135,286	37,135,286	39,052,929	5.16%
Long term portion of trade payables	18,647,308	(42,861)	18,604,447	18,604,447	18,692,654	
47.2.4	57,612,334	(1,537,740)	56,074,594	56,074,594	57,874,981	3.21%
TOTAL LIABILITIES	92,749,438	2,483,545	95,232,983	95,232,983	104,975,897	10.23%
NET ASSETS						
Accumulated Surplus/(Deficit)	771,368,988	(2,543,214)	768,825,774	768,825,774	683,194,609	-11.14%
Reserves	2,551,323	-	2,551,323	2,551,323	15,924,389	524.16%
47.2.5	773,920,311	(2,543,214)	771,377,097	771,377,097	699,118,998	-9.37%

[Denotes classification per Statement of Financial Position

* - budget adjustments done in terms of section 28 and section 31 of the MFMA

HANTAM MUNICIPALITY

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

Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	** Shifting of Funds	*** Virement	Final Budget	Actual Outcome 2025	Outcome as % of Final Budget
	R	R	R	R	R	R	R	%
REVENUE								
Property Rates	20,505,755	-	20,505,755	-	-	20,505,755	18,500,752	-9.78%
Service charges – Electricity	42,939,630	-	42,939,630	-	-	42,939,630	36,290,807	-15.48%
Service charges – Water	12,051,454	-	12,051,454	-	-	12,051,454	11,650,589	-3.33%
Service charges –Waste Water Management	6,629,784	-	6,629,784	-	-	6,629,784	7,042,386	6.22%
Service charges – Waste Management	6,553,560	-	6,553,560	-	-	6,553,560	6,512,654	-0.62%
Rental from Fixed Assets	259,091	-	259,091	-	-	259,091	291,812	12.63%
Sales of Goods and Rendering of Services	291,984	-	291,984	-	-	291,984	263,385	-8.79%
Interest Earned – External Investments	2,105,545	-	2,105,545	-	-	2,105,545	1,876,863	-10.86%
Interest Earned – Outstanding Debtors	1,684,108	-	1,684,108	-	-	1,684,108	1,518,144	-9.85%
Interest Earned – Non-Exchange Transactions	1,128,642	-	1,128,642	-	-	1,128,642	3,163,988	-
Fines, penalties and forfeits	29,845	-	29,845	-	-	29,845	3,857	-87.08%
Licences and Permits	348,044	-	348,044	-	-	348,044	331,489	-4.76%
Agency Services	212,303	-	212,303	-	-	212,303	100,789	-52.53%
Transfers and subsidies – Operational	40,920,000	82,000	41,002,000	-	-	41,002,000	41,008,561	0.02%
Operational Revenue	3,924,289	-	3,924,289	-	-	3,924,289	14,950	-99.62%
Other Gains	484,977	-	484,977	-	-	484,977	61,550	-87.31%
Total Revenue (excluding capital transfers and contributions)	140,069,011	82,000	140,151,011	-	-	140,151,011	128,632,576	-8.22%

HANTAM MUNICIPALITY

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

Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	** Shifting of Funds	*** Virement	Final Budget	Actual Outcome 2025	Outcome as % of Final Budget
	R	R	R	R	R	R	R	%
EXPENDITURE								
Employee Related Costs	57,567,230	(2,677,158)	54,890,072	-	-	54,890,072	52,538,833	-4.28%
Remuneration of Councilors	5,870,255	-	5,870,255	-	-	5,870,255	5,871,952	0.03%
Debt Impairment	6,072,248	1,356,767	7,429,015	-	-	7,429,015	16,770,538	125.74%
Depreciation and Asset Impairment	17,620,014	471,289	18,091,303	-	-	18,091,303	9,523,782	-47.36%
Finance Charges	2,239,395	70,000	2,309,395	-	-	2,309,395	3,860,512	67.17%
Bulk Purchases	29,704,482	2,000,000	31,704,482	-	-	31,704,482	36,183,917	14.13%
Inventory Consumed	3,079,221	182,782	3,262,003	-	-	3,262,003	18,602,819	470.29%
Transfers and Grants	-	-	-	-	-	-	84,652	-
Contracted Services	16,942,490	6,882,037	23,824,527	-	-	23,824,527	23,713,052	-0.47%
Other Expenditure	11,735,426	3,820,438	15,555,864	-	-	15,555,864	13,163,996	-15.38%
Losses	1,329,022	(300,000)	1,029,022	-	-	1,029,022	27,555,125	2577.80%
Total Expenditure	152,159,783	11,806,155	163,965,938	-	-	163,965,938	207,869,178	26.78%
Surplus/(Deficit)	(12,090,772)	(11,724,155)	(23,814,927)	-	-	(23,814,927)	(79,236,602)	232.72%
Transfers and Subsidies-Capital	124,376,000	(15,000)	124,361,000	-	-	124,361,000	124,296,141	-0.05%
Contributions Recognised - In Kind	-	-	-	-	-	-	3,740,065	0.00%
Contributed Assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	112,285,228	(11,739,155)	100,546,073	-	-	100,546,073	48,799,603	-51.47%

Denotes the classification per Statement of Financial Performance

* - budget adjustments done in terms of section 28 and section 31 of the MFMA

HANTAM MUNICIPALITY

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

	Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	Actual Outcome	Outcome as % of Final Budget
		R	R	R	R	%
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
		84,375,000	14,304,000	98,679,000	78,176,055	-20.78%
	Government Grants and Subsidies	165,296,000	67,000	165,363,000	162,517,389	-1.72%
	Interest	2,105,545	-	2,105,545	3,634,898	72.63%
Payments						
	Suppliers and Employees	(116,610,413)	(21,096,034)	(137,706,447)	(155,061,413)	12.60%
	Finance costs	(94,958)	(70,000)	(164,958)	(42,862)	-74.02%
	Transfers and Grants	-	-	-	-	
Net Cash from/(used) Operating Activities	47.2.9	135,071,174	(6,795,034)	128,276,140	89,224,067	-30.44%
CASH FLOW FROM INVESTING ACTIVITIES						
Receipts						
	Proceeds on disposal of Fixed and Intangible Assets	-	-	-	-	0.00%
	Decrease/(Increase) in Non-Current Receivables	-	-	-	-	0.00%
	Decrease/(Increase) in Non-Current Investments	-	-	-	-	0.00%
Payments						
	Capital Assets	(133,826,000)	15,000	(133,811,000)	(103,942,181)	-22.32%
Net Cash from/(used) Investing Activities	47.2.10	(133,826,000)	15,000	(133,811,000)	(103,942,181)	-22.32%
CASH FLOW FROM FINANCING ACTIVITIES						
Receipts						
	Short Term Loans	-	-	-	-	0.00%
	Borrowing long term/refinancing	-	-	-	-	0.00%
	Increase/(Decrease) in Consumer Deposits	-	-	-	-	0.00%
Payments						
	Repayment of Borrowing	-	-	-	(186,450)	0.00%
Net Cash from/(used) Financing Activities		-	-	-	(186,450)	0.00%
NET INCREASE/(DECREASE) IN CASH HELD						
		1,245,174	(6,780,034)	(5,534,860)	(14,904,564)	169.29%
	Cash and Cash Equivalents at beginning of the year:	4,430,297	13,230,532	17,660,829	17,660,829	0.00%
	Cash and Cash Equivalents at the end of the year:	5,675,471	6,450,498	12,125,969	2,756,265	-77.27%

Denotes the classification per Cash Flow Statement

* - budget adjustments done in terms of section 28 and section 31 of the MFMA

HANTAM MUNICIPALITY

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

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

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

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

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

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand and no foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

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

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the 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%

HANTAM MUNICIPALITY

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

of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

Management has determined materiality for the purposes of explaining variances between the final budget and actual amounts in the annual financial statements, as R1 000 000 and a variance of more than 10%.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury.

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

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

The comparable information includes the following:

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

A reconciliation is provided in the budget comparison regarding classification differences between the approved budget and the actual figure.

Explanations for material differences between the final budget amounts and actual amounts are included in the notes to the annual financial statements. Management considers a variance between the actual and budget of more than 10% of the budgeted value as material, provided that such variance exceeds R1,300,000. All variances less than R1,500,000 is considered immaterial.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

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

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 103	<u>Heritage assets</u> There are proposed amendments to the classification of mixed-use assets, cultural significance and the fair value accounting. The amendments to the Standard are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment	Unknown
GRAP 104	<u>Financial Instruments</u>	1 April 2025

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

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

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

REFERENCE	TOPIC	EFFECTIVE DATE
	No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment	
Guideline	<u>Application of Materiality of Financial Statements</u> The guideline is not authoritative but only encourage. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment	No effective date as only encouraged

1.9. RESERVES

1.9.1. *Revaluation Reserve*

The accounting for the Revaluation Reserve must be performed 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 revaluation reserve is realized as revaluated assets are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus. On disposal, the net revaluation surplus is transferred to the accumulated surplus while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.

1.10. LEASES

1.10.1. *Municipality as Lessee*

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

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

HANTAM MUNICIPALITY

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

1.10.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments (including indirect costs) to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. The revenue received is driven from the agreed terms of the contract rather than legislation.

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

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

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

1.13. PROVISIONS

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

HANTAM MUNICIPALITY

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

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

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.

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

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.

The restructuring provision only include direct expenditure arising from the restructuring.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

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

1.14. EMPLOYEE BENEFITS

(a) 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% are 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 in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as

HANTAM MUNICIPALITY

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

finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

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

(c) Staff Leave

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

Accumulated 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.

(d) Staff Bonuses

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

(e) 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.

(f) Other Short-term Employee Benefits

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

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

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

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

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1. Initial Recognition

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

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

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

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

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

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

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

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

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

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

1.15.2. Subsequent Measurement – Revaluation Model (Land and Buildings)

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

Subsequent to initial recognition, Land and Buildings are carried at a revalued 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.

1.15.3. Subsequent Measurement – Cost Model

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

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

1.15.4. Depreciation and Impairment

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

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

<u>Infrastructure</u>	<u>Useful Lives (Years)</u>
Roads and Stormwater	1-100
Electricity	1-80
Water Supply	1-80
Sanitation	5-20
Solid Waste	2-80
<u>Community Assets</u>	
Community Facilities	3-50
Outdoor Sport and Recreational Facilities	3-10
<u>Other Assets</u>	
Land	Indefinite
Buildings	3-50
Computer equipment	1-10
Furniture and Office Equipment	1-20
Machinery and Equipment	1-20
Transport Assets	1-15
<u>Finance lease assets</u>	
Office equipment	1-3

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease. The depreciation charge is recognised in the Statement of Financial Performance. Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

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

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

1.15.5. Derecognition

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

1.15.6. Landfill Site rehabilitation and restoration costs

Where the Municipality has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as "Provisions for the rehabilitation of Landfill Sites".

The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the Municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

As the related asset is measured using the cost model: -

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

1.15.7. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2015. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2015.

1.16. INTANGIBLE ASSETS

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

1.16.1. Initial Recognition

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

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

An asset meets the criteria of an intangible asset when it:

- is separable, i.e., is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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

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

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

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

1.16.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. 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 subject to an annual impairment test.

1.16.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e., when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end,

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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:

<u>Intangible Assets</u>	<u>Useful life (Years)</u>
Computer Software	2-12

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

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

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 charged to 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 impairment is recognised in the Statement of Financial Performance.

1.16.4. De-recognition

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

1.17. INVESTMENT PROPERTY

1.17.1. Initial Recognition

Investment property 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 to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

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

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);

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

- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

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

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property becomes an investment property measured at fair value, the difference between the carrying value and fair value at the reporting date, shall be treated as a revaluation.

1.17.2. Subsequent Measurement – Fair Value Model

Subsequent to initial recognition, investment property is measured at fair value. 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 included in Statement of Financial Performance for the period in which it arises.

1.17.3. De-recognition/Disposal

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.17.4. Application of deemed cost (Directive 7)

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

1.18. AGRICULTURE

1.18.1. Initial Recognition

A biological asset is a living animal or plant that is used by the Municipality in an agricultural activity.

A biological asset is recognised when and only when:

- the Municipality controls the asset as a result of past events;

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

Biological assets are initially measured at their fair value less cost to sell.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is included in profit or loss for the period in which it arises.

1.18.2. Subsequent Measurement

The fair value of game is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry. Game is considered to be consumable biological assets.

1.19. HERITAGE ASSETS

1.19.1. Initial Recognition

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

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

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

1.19.2. Subsequent Measurement – Cost Model

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

1.19.3. Depreciation and Impairment

Heritage assets are not depreciated

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

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

1.19.4. Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset.

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

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1. *Cash generating assets*

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

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

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

a) External sources of information

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

b) Internal sources of information

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

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

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

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risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

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

1.20.2. Non-cash-generating assets

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

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

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

a) External sources of information

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

b) Internal sources of information

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

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

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

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

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

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

1.21. INVENTORIES

1.21.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

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Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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

1.21.2. Subsequent Measurement

Inventories, consisting of consumable stores, materials and supplies and water, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down.

Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings.

1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables, cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.22.1. Initial Recognition

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

1.22.2. Subsequent Measurement

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

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1.22.2.1. *Receivables*

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

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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

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

1.22.2.2. *Payables and Annuity Loans*

Financial liabilities consist of trade and other payables and interest-bearing loans. They are categorised as financial liabilities held at amortised cost, 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.

1.22.2.3. *Cash and Cash Equivalents*

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

1.22.3. *Derecognition*

1.22.3.1. *Financial Assets*

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

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-

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through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

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

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

1.22.3.2. Financial Liabilities

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

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

1.22.4. Offsetting of Financial Instruments

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

1.23. STATUTORY RECEIVABLES

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

1.23.1. Initial Recognition and Measurement

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

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

1.23.2. Subsequent Measurement

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

- a) interest or other charges that may have accrued on the receivable;

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- b) impairment losses; and
- c) amounts derecognised.

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.

1.23.3. Derecognition

The Municipality derecognises a statutory receivable when:

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

1.23.4. Transitional Provision

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables.

The transitional period commences from 1 June 2019 and will be utilised until the period ending 30 June 2022.

1.24. REVENUE

1.24.1. 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.

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Revenue from non-exchange transactions is recognised when:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity and;
- the fair value of the asset can be measured reliably.

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 raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fines Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

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

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.

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

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

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

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

1.24.2. 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.

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

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

Revenue from services rendered is recognised when:

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

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

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. 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 an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied annually or monthly by choice of the user.

Interest revenue is recognised using the effective interest rate method.

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

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

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

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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.

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

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

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

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

1.25. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e., is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Application of the acquisition method requires:

- a) identifying the acquirer (Municipality);
- b) determining the acquisition date;
- c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- d) recognising the difference between (c) and the consideration transferred to the seller.

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As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.26. ACCOUNTING BY PRINCIPLES AND AGENTS

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

The municipality can be either the agent or the principal in terms of the circumstances of the arrangement.

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

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

Identification

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the municipality is an agent. The considerations include (all of) the following:

- Who determines significant terms?
- Who receives the benefit from the transactions?
- Is the municipality exposed to the variability of the outcome?

If these are not met, but the standard is applicable, the municipality would be regarded as the principal in the transaction.

1.27. SERVICE CONCESSION ARRANGEMENTS: (Municipality as grantor)

Identification

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

Initial Recognition

The service concession asset are recognised by grantor when:

- The Grantor controls the services provided by the operator, to who and the price of services

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

- The Grantor controls any significant residual interest in the asset at the end of the arrangement term.

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

The service concession liability is recognised and initially measured at:

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

Subsequent Measurement

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

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

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

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

Other Liabilities, Contingent Liabilities, Contingent Assets and Revenue

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

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

Dividing the arrangement

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

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

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

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

asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

1.28. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e., is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- a) identifying the acquirer (Municipality);
- b) determining the acquisition date;
- c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.29. RELATED PARTIES

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

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

HANTAM MUNICIPALITY

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

- has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity?
- b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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

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

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

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

Management personnel include:

- a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager.

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

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

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.

1.30. 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.

1.31. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32. 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.

1.33. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities represent 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 fully 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 fully 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.

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

1.34. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

HANTAM MUNICIPALITY

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

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

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

Post-retirement medical obligations and long service awards

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. Major assumptions used are disclosed in note 15 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

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

Impairment of Statutory Receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historic information available.

Property, Plant and Equipment

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

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.

HANTAM MUNICIPALITY

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

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

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

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

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

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an 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.

Intangible Assets

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

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

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

Investment Property

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

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

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an 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.

Provisions and Contingent Liabilities

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

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

Provision for Landfill Sites

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 best estimate to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance. Changes in market values are capitalised while the unwinding of interest is recognised as a Finance Charges in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave and bonuses

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

The municipality recognises the accrual of a guaranteed 13th cheque benefit only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made. The estimation is based on the current expected cost at the time of meeting the recognition criteria.

The leave and staff bonus liabilities are estimates. However, the nature of the balance is an accrual of unused benefits arising from past service and therefore this is classified as a payable from exchange transactions (excluded from the financial instruments).

Provision for Performance bonuses

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

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold around year-end, which is still unused at year-end.

Componentisation of Infrastructure assets

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

Revenue Recognition

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

Accounting Policy on Revenue from Exchange and Non-Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality. In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-Exchange Transactions). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

The iGRAP 20 interpretation is not regarded as having an effect, as the principals of revising revenue (for e.g., incorrect tariff or appeal) is already applied by the municipality.

1.35. TAXES – VALUE ADDED TAX

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

1.36. CAPITAL COMMITMENTS

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

Commitments are disclosed in the notes inclusive of VAT.

1.37. EVENTS AFTER REPORTING DATE

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

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

1.38. SEGMENT REPORTING

A segment is an activity of an entity:

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

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

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

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

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

2.1 30 JUNE 2025

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	Cost				Accumulated Depreciation and Impairment Losses						Carrying Value			
	Opening Balance Previously reported	Opening Balance reported now	Correction of Error	Additions/WIP	Transfers		Contributed	Disposals/ Impairment	Closing Balance	Depreciation		Transfers	Disposals/ Impairment	Closing Balance
					IGRAP 2	PPE								
Infrastructure														
Roads & Storm Water	64,896,189	51,224,724												
Electricity	63,807,451	63,807,451	(253,103)	4,152,724										
Water Supply	344,133,331	297,626,179		23,183										
Sanitation	92,781,981	60,433,640					1,201,463							
Solid Waste	6,835,904	6,835,904	101,378	(8,657)										
Work in progress	-	88,060,371	11,955,482	-	132,750,096		-							
	572,454,856	567,988,270	11,803,757	4,167,250	132,750,096		1,201,463	-	717,910,835	89,418,736	(680,115)	14,792,169	-	103,530,790
Community Assets														
Community Facilities	11,333,122		-	-			-							
Sport and Recreation Facilities														
Outdoor Facilities	28,778,680		-	-	-		-							
	40,111,801	-	-	-	-		-		40,111,801	8,883,696	-	1,133,295	-	6,388,439
Other Assets														
Other Immovable Assets														
Other Land	1,785,411	-	-	-	-		-							
Operational Buildings	5,620,676	-	-	-	-		-							
	7,406,086	-	-	-	-		-		7,406,086	4,307,890	-	89,072	-	4,396,961
Other Movable Assets														
Computer Equipment	2,870,982			143,902										
Furniture and Office Equipment	3,808,081			140,918										
Machinery and Equipment	3,019,085			93,591			32,442							
Transport Assets	17,784,982		1,454,602				830,500							
	27,483,130	-	1,454,602	378,411	-		862,942	-	30,179,085	14,041,569	565,199	1,301,978	-	15,908,747
Leases														
Furniture and Office Equipment	655,863	-	-	593,811	-		-							
	655,863	-	-	593,811	-		-		593,812	637,645	-	100,692	-	82,474
Total	648,111,737	567,988,270	13,258,359	5,139,472	132,750,096		2,064,404	(655,863)	796,201,620	117,289,536	(114,916)	17,902,658	-	661,780,205

	2025	2024 Restated
2.3 Property, Plant and Equipment which is in the process of being constructed or developed:		
Infrastructure Assets	34,572,689	232,765,950
Roads	20,652,267	14,996,593
Electricity		-
Water Supply		137,115,140
Sanitation	13,920,423	80,654,218
Community Assets	7,157,928	
Total Property, Plant and Equipment under construction	41,730,617	232,765,949
<i>The movements for the year can be reconciled as follows:</i>		
Balance at beginning of year	232,765,949	98,608,990
Expenditure during the year	102,639,770	134,204,698
Donated Assets		
Assets unbundled during the year	(293,675,102)	(47,737)
Balance at end of year	41,730,615	232,765,949
2.4 The construction or development of Property, Plant and Equipment is taking a significantly longer period of time to complete than expected :		
Re-construction of Calvinia Roads	13,671,464	-
2.5 Construction or development of Property, Plant and Equipment where construction or development has been halted :		
Re-construction of Calvinia Roads	13,671,464	-
2.6 Expenditure incurred to repair and maintain Property, Plant and Equipment:		
Other materials	18,602,819	2,782,566
Contracted Services	5,097,259	5,129,701
Other Expenditure	8,628	483
Total Repairs and Maintenance	23,708,706	7,912,750
2.7 Assets pledged as security:		
Leased Property, Plant and Equipment with a carrying value of R 511 388 (2024: R 511 388) is secured for leases as set out in Note 11.		
2.8 Details of Valuation		
The effective date of the revaluations was 1 July 2025. Revaluations were performed by an independent valuers, DDP Property Valuations, R van Niekerk . The valuers are not connected to the municipality. Land and Buildings are revalued independently every 5 years.		
The following methods and significant assumptions were used:		
<u>Residential, Vacant and Agricultural properties - Comparable Sales</u>		
An appraisal method that compares a piece of property to other properties with similar characteristics that have been sold recently. The sales comparison approach takes into account the effect that individual features have on the overall property value, meaning that the total value of the property is a sum of values of all its features.		
<u>Commercial/Industrial - Capitalization of Income Approach</u>		
Is applicable to income producing properties and is not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. This method is based on the principle of anticipation and a process of capitalization is used to convert an income projection into present capital indication.		

	2025 R	2024 R
2.9 Contractual commitments for acquisition of Property, Plant and Equipment:		
Approved and contracted for:	3,567,867	83,855,464
Infrastructure	3,567,867	83,855,464
Previously reported		94,907,003
Corrected	-	(11,051,539)
Other	-	-
Total	3,567,867	83,855,464
This expenditure will be financed from:		
Government Grants	3,567,867	83,855,464
Own Resources	-	-
Total	3,567,867	83,855,464

Contractual commitments are disclosed inclusive of VAT.

The opening balance on contractual commitments for acquisition of Property, Plant and Equipment were adjusted by R11 051 539 in the current year from R94 907 003, as previously report, to R83 855 464.

Retention amounts retained were incorrectly included closing balance of the capital commitment, now corrected

2.10 Properties held for strategic purposes:

Properties are classified as held for strategic purposes when the Municipality has not made a firm decision on the use of the property, but the property is likely to be used to fulfil its mandate. The only properties currently held for strategic purposes are vacant land which are included in Other Land.

2.11. Contributed Property, Plant and Equipment:

The Municipality received donated assets amounting to R nul 2024: R2 064 404) during the financial year. The donated assets are included in Property, Plant and Equipment (Note 2.1) and is reported per individual asset class.

3. AGRICULTURAL

3.1 Biological Assets that from part on an agricultural activity:

	Quantity (Units)	Fair Value	2025 R	2024 R
Consumable Biological Asset				
Springbuck	30	450	13,500	13,500
Total Biological Assets		450	13,500	13,500

Fair value of biological assets is based on selling prices less costs to sell in an open market.

3.2 Reconciliation of changes in the carrying amount of biological assets:

Balance beginning of year	13,500	13,500
Additions	-	-
Disposals	-	-
Transfers	-	-
Other changes	-	-
Balance end of year	13,500	13,500

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the development or acquisition of biological assets.

All biological assets are located in the Akkerdam Nature Reserve. The primary activities around biological assets are as follows:

- Ensure that the game life of the municipal area are conserved for future generations.
- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the purchase game, resulting in an inflow of resources to the municipality.

Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:

- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring of game quantities by municipal staff.

All biological assets are considered to be consumable biological assets in term of GRAP 27.

	2025 R	2024 R
4. INVESTMENT PROPERTY		
4.1 Net Carrying amount at 1 July	37,286,950	29,303,130
Fair Value	37,286,950	29,303,130
Gains arising from changes in fair value	61,550	7,983,820
Net Carrying amount at 30 June	37,348,500	37,286,950
Fair Value	38,225,500	37,286,950
4.2 Revenue from Investment Property		
Revenue derived from the rental of Investment Property	245,817	210,746

No Investment Property is in the process of being constructed or developed.

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

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

Fair value of Investment Properties was determined on 30 June 2024 by taking current property sales and current market conditions into consideration. Valuations were performed by independent valuers, DDP Valuers. The fair value of properties not located in the Municipal demarcation is confirmed with the external values contained in the latest published valuation roll for the specific area.

The following methods and significant assumptions were used:

Residential, Vacant and Agricultural properties - Comparable Sales

An appraisal method that compares a piece of property to other properties with similar characteristics that have been sold recently. The sales comparison approach takes into account the effect that individual features have on the overall property value, meaning that the total value of the property is a sum of values of all its features.

Commercial/Industrial - Capitalization of Income Approach

Is applicable to income producing properties and is not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. This method is based on the principle of anticipation and a process of capitalization is used to convert an income projection into present capital indication.

5. INTANGIBLE ASSETS		
5.1 Net Carrying amount at 1 July	1,430,725	1,554,422
Cost	1,715,670	1,715,670
Accumulated Amortisation	(284,945)	(161,248)
Additions	-	-
Amortisation	(122,924)	(123,697)
Net Carrying amount at 30 June	1,307,802	1,430,725
Cost	1,715,670	1,715,670
Accumulated Amortisation	(407,869)	(284,945)
5.2 Intangible Assets which is in the process of being constructed or developed:		
Servitudes	575,194	575,194
Total	575,194	575,194

Loeriesfontein Servitude is still in progress and finalisation is pending.

No intangible asset were assessed as having an indefinite useful life.

The Municipality does not have any internally generated intangible assets.

No restrictions are placed on intangible assets.

No intangible assets are pledged as security for liabilities.

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

	2025 R	2024 R
6. HERITAGE ASSETS		
6.1 Net Carrying amount at 1 July	1,618,055	1,618,055
Cost	1,618,055	1,618,055
Net Carrying amount at 30 June	1,618,055	1,618,055
Cost	1,618,055	1,618,055
<u>Heritage Assets consists of :</u>		
Historic Buildings		
Calvinia Museum	1,300,000	1,300,000
Loeriesfontein Museum Erven 355	282,500	282,500
Kerkstraat Erven 301 & 302	10,000	10,000
Conservation areas		
Akkerendam Nature Reserve	25,556	25,556
	1,618,056	1,618,056

There are no Heritage Assets which is in the process of being constructed or developed.

There are no Heritage Assets that is taking a significantly longer period of time to complete than expected.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

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

No Heritage Assets are pledged as security for liabilities.

No Heritage Assets are used for more than one purpose.

There was no expenditure incurred for repairs and maintenance of Heritage Assets.

	R	R
7. INVENTORY		
Water	158,291	93,285
Total Inventory	158,291	93,285

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

	2025 R	2024 R
7.1 Inventories recognise as an expense during the year:		
Materials and Supplies	158,967	900,447
Water	18,443,852	9,729,272
Total	18,602,819	10,629,719

Water inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their location and condition prior to being consumed.

Water Inventory expensed comprises of the following costs which were reallocated:

Reallocated from:	18,443,852	9,729,272
Employee related costs	709,150	702,243
Contracted Services	12,902,337	3,432,116
Operational Costs	634,676	403,127
Depreciation and Amortisation	12,770,842	10,226,840
(Loss) on Water Inventory	(8,573,153)	(5,035,053)

7.2 Inventories write-down to Net Replacement Value (NRV):

Water	-
-------	---

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	10,131,250	9,259,643
Water	22,687,328	20,441,481
Waste Management	19,389,999	18,017,146
Waste Water Management	13,708,411	12,362,487
Other Arrears	4,684,770	4,309,876
Not Billed -Electricity	1,318,479	1,069,667
Not Billed - Water	366,854	407,453
Not Billed -Other	383,219	-
Total: Receivables from exchange transactions (before provision)	72,670,310	65,867,753
Less: Provision for Debt Impairment	(63,209,349)	(58,369,041)
Total: Receivables from exchange transactions (after provision)	9,460,962	7,498,712

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

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)	2,897,442	2,270,516
31 - 60 Days	437,393	421,323
61 - 90 Days	267,521	297,570
+ 90 Days	6,528,895	6,270,234
Total	10,131,250	9,259,643

(Water): Ageing

Current (0 - 30 days)	1,523,344	1,426,672
31 - 60 Days	560,593	499,441
61 - 90 Days	506,220	441,501
+ 90 Days	20,097,171	18,073,866
Total	22,687,328	20,441,481

	2025 R	2024 R
<u>(Waste Management): Ageing</u>		
Current (0 - 30 days)	1,007,164	986,273
31 - 60 Days	374,345	374,498
61 - 90 Days	350,582	358,575
+ 90 Days	17,657,908	16,297,800
Total	19,389,999	18,017,146
<u>(Waste Water Management): Ageing</u>		
Current (0 - 30 days)	1,122,662	958,120
31 - 60 Days	444,015	328,764
61 - 90 Days	322,871	300,653
+ 90 Days	11,818,863	10,774,950
Total	13,708,411	12,362,487
<u>(Other): Ageing</u>		
Current (0 - 30 days)	339,076	249,458
31 - 60 Days	130,839	81,138
61 - 90 Days	104,994	81,069
+ 90 Days	4,109,862	3,898,211
Total	4,684,770	4,309,876
<u>(Total): Ageing</u>		
Current (0 - 30 days)	6,889,687	5,891,039
31 - 60 Days	1,947,184	1,705,164
61 - 90 Days	1,552,188	1,479,368
+ 90 Days	60,212,698	55,315,061
Total	70,601,758	64,390,632
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	58,369,041	53,832,853
Contribution to provision	4,235,491	3,944,511
VAT on provision	604,816	591,677
Reversal of provision		-
Balance at end of year	63,209,349	58,369,041
The total amount of this provision is R64 035 6032 (2024: R59 168 655) and consists of:		
Electricity	6,460,090	6,484,610
Water	21,481,166	19,256,145
Waste Management	18,591,406	17,233,465
Waste Water Management	12,438,736	11,403,076
Other Arrears	4,237,950	3,991,746
Total Provision for Debt Impairment on Receivables from exchange transactions	63,209,349	58,369,041
<u>Ageing of amounts past due but not impaired:</u>	502,722	130,552

	2025 R	2024 R Restated
9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Taxes - Rates	41,510,542	36,602,586
Availability Charges	5,635,812	5,060,374
Other Receivables	56,736	(18,320)
Other Receivables-Balancing	810,565	1,666,096
	48,013,654	43,310,736
Less: Provision for Debt Impairment	(41,064,717)	(36,277,412)
Total Receivables from non-exchange transactions	6,948,937	7,033,324

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition. The fair value of other receivables approximate their carrying value.

Ageing of Rates and Availability Charges:

(Availability Charges): Ageing

Current (0 - 30 days)	170,536	165,049
31 - 60 Days	75,394	71,735
61 - 90 Days	73,587	70,411
+ 90 Days	5,316,295	4,753,178
Total	5,635,812	5,060,374

(Rates): Ageing

Current (0 - 30 days)	1,987,950	1,922,277
31 - 60 Days	682,157	649,338
61 - 90 Days	645,598	625,258
+ 90 Days	38,194,836	33,405,714
Total	41,510,542	36,602,586

Summary of Debtors (Rates) by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government
30 JUNE 2025			
Current (0 - 30 days)	1,472,096	465,630	50,224
31 - 60 Days	517,072	150,171	14,914
61 - 90 Days	485,219	147,809	12,570
+ 90 Days	20,606,904	15,713,439	1,874,493
Sub-total	23,081,291	16,477,049	1,952,201
Less: Provision for Debt Impairment	(22,590,442)	(13,042,670)	
Total debtors by customer classification	490,849	3,434,379	1,952,201

Summary of Debtors (Rates) by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2024			
Current (0 - 30 days)	1,502,497	365,628	54,151
31 - 60 Days	533,549	96,224	19,565
61 - 90 Days	512,533	93,204	19,521
+ 90 Days	28,299,534	2,986,654	2,119,527
Sub-total	30,848,112	3,541,709	2,212,764
Less: Provision for Debt Impairment	(20,649,470)	(10,788,430)	
Total debtors by customer classification	10,198,642	(7,246,721)	2,212,764

	2025 R	2024 R
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	36,277,412	25,889,690
Contribution to provision	4,710,075	9,933,641
VAT on provision	77,230	454,081
Balance at end of year	41,064,717	36,277,412
The total amount of this provision is R 44 422 204 (2024: R 39 058 010) :		
Taxes	35,633,113	31,437,901
Availability Charges	5,431,604	4,839,511
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	41,064,717	36,277,412
<u>Ageing of Rates amounts past due but not impaired:</u>	R	R
	3,923,150	3,298,223

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

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

10. BANK ACCOUNTS

10.1 Cash and Cash Equivalents

Current Accounts	1,200,994	12,373,975
Call Deposits and Investments	1,553,772	5,285,354
Cash On-hand	1,500	1,500
Total Cash and Cash Equivalents - Assets	2,756,266	17,660,829

The municipality has the following bank accounts:

Current Accounts

Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):	677,306	11,425,418
ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):	522,597	934,993
Standard Bank - Account No. 08 299 664 4 (Account - opened in accordance with MFMA Section 12):	1,090	13,564
	1,200,994	12,373,975

Call Deposits and Investments

Call Deposit CRR - Standard Bank Account No. 088673669021:	118,348	-
Financial Management Grant - Standard Bank Account No. 088673669024:	11,375	847,653
Municipal Systems Improvement Grant - Standard Bank Account No. 088673669023:	88,969	15,517
Hantam DBSA - Standard Bank Account No. 088673669025:	178,854	642,373
Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:	35,734	3,765,685
Hantam Surplus Cash - Standard Bank Account No. 088673669026:	213,033	12,855
Hantam EPWP - Standard Bank Account No. 088673669027:	1,333	1,271
Hantam INEP - Standard Bank Account No. 088673669028:	906,126	-
	1,553,772	5,285,354

	2025 R	2024 R
<u>Details of current accounts are as follow:</u>		
Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):		
Cash book balance at beginning of year	11,425,418	219,136
Cash book balance at end of year	677,306	11,425,418
Bank statement balance at beginning of year	11,425,418	217,692
Bank statement balance at end of year	677,306	11,425,418
ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):		
Cash book balance at beginning of year	934,993	58,149
Cash book balance at end of year	522,597	934,993
Bank statement balance at beginning of year	934,983	78,639
Bank statement balance at end of year	522,597	934,983
Standard Bank - Account No. 08 299 664 4 (Account - opened in accordance with MFMA Section 12):		
Cash book balance at beginning of year	13,564	38,025
Cash book balance at end of year	1,090	13,564
Bank statement balance at beginning of year	13,564	7,184
Bank statement balance at end of year	1,090	13,564
<u>Details of call investment accounts are as follow:</u>		
Call Deposit CRR - Standard Bank Account No. 088673669021:		
Cash book balance at beginning of year	-	245,616
Cash book balance at end of year	118,348	-
Bank statement balance at beginning of year	-	245,616
Bank statement balance at end of year	118,348	-
Financial Management Grant - Standard Bank Account No. 088673669024:		
Cash book balance at beginning of year	847,653	2,596
Cash book balance at end of year	11,375	847,653
Bank statement balance at beginning of year	847,653	2,596
Bank statement balance at end of year	11,375	847,653
Water Services Infrastructure Grant - Standard Bank Account No. 088673669023:		
Cash book balance at beginning of year	15,517	20,201
Cash book balance at end of year	88,969	15,517
Bank statement balance at beginning of year	15,517	20,201
Bank statement balance at end of year	88,969	15,517
Hantam DBSA - Standard Bank Account No. 088673669025:		
Cash book balance at beginning of year	642,373	3,383
Cash book balance at end of year	178,854	642,373
Bank statement balance at beginning of year	642,373	3,382
Bank statement balance at end of year	178,854	642,373
Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:		
Cash book balance at beginning of year	3,765,685	5,643,802
Cash book balance at end of year	35,734	3,765,685
Bank statement balance at beginning of year	3,765,685	5,643,803
Bank statement balance at end of year	35,734	3,765,685

	2025 R	2024 R
Hantam Surplus Cash - Standard Bank Account No. 088673669026:		
Cash book balance at beginning of year	12,855	1,570
Cash book balance at end of year	213,033	12,855
Bank statement balance at beginning of year	12,855	1,570
Bank statement balance at end of year	213,033	12,855
Hantam EPWP - Standard Bank Account No. 088673669027:		
Cash book balance at beginning of year	1,271	1,216
Cash book balance at end of year	1,333	1,271
Bank statement balance at beginning of year	1,271	1,216
Bank statement balance at end of year	1,333	1,271
Hantam INEP - Standard Bank Account No. 088673669028:		
Cash book balance at beginning of year	0	2,492
Cash book balance at end of year	906,126	0
Bank statement balance at beginning of year	-	2,492
Bank statement balance at end of year	906,126	-
11. LONG-TERM BORROWINGS		
Capitalised Lease Liability - At amortised cost	334,861	521,311
Less: Current Portion of Long-term Borrowings	(205,464)	(186,450)
Total Long-term Borrowings	129,398	334,861
11.1 The obligations under finance leases are scheduled below:	Minimum payments	
Amounts payable under finance leases:		
Payable within one year	229,092	229,092
Payable within two to five years	133,637	362,729
	362,729	591,821
Less: Future finance obligations	(27,868)	(70,510)
Present value of finance lease obligations	334,861	521,311

The capitalised lease liability consist out of the following contracts:

Supplier	Description of item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
CJJ Business Solutions (ta Nashua)	Copiers/Printers	9.75%	0%	3 Years	2027/01/31

Refer to Appendix A for descriptions, maturity dates and effective interest rates.

Finance Leases are secured by property, plant and equipment - Note 2.

	2025 R	2024 R Restated
12. NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	18,034,929	15,780,612
Total Non-current Provisions	18,034,929	15,780,612
12.1 Landfill Sites		
Balance 1 July	15,780,613	14,521,481
Contribution for the year	1,663,760	1,582,174
Change in Provision for Rehabilitation Cost	590,556	(323,043)
Total provision 30 June	18,034,929	15,780,613
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	18,034,929	15,780,613

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:

	Brandvlei	Calvinia	Loeriesfontein	Nieuwoudtville
Rehabilitation area (m ²)	31,069	33,017	7,678	3,791
Preliminary and general (R)	2,702,764	2,651,020	655,971	377,765
Site Clearance and Preparation	47,225	50,186	11,671	5,762
Storm water control measures (R)	1,844,515	1,861,236	906,954	660,203
Capping (R)	12,345,002	11,860,181	2,765,721	1,370,913
Gas Management (R)	-	-	-	-
Leachate Management (R)	679,106	697,681	337,677	273,107
Fencing (R)	1,716,544	1,844,685	14,721	14,721
Environmental Authorisation Closing License (R)	460,688	460,688	460,688	460,688
Technical ROD (R)	236,794	236,794	236,794	236,794
Install Groundwater Monitoring Boreholes with locable caps (R)	213,910	167,105	171,470	196,315
Landscape Architects (R)	169,746	175,803	172,550	171,396
Water use licence (R)	39,000	39,000	39,000	39,000
Topographical Survey (R)	9,192	9,768	7,950	7,950
Contingencies (R)	1,933,515	1,896,499	469,272	270,247
Engineering: Professional Fees (R)	2,512,680	2,473,956	718,748	445,090
Site Supervision (Engineer's Representative) (R)	505,508	573,605	285,493	200,108
Site Supervision (Environmental Control Officer & OHS Agent) (R)	114,804	198,604	143,100	111,213

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. The estimate cost and date of decommission of the sites are as follows:

			2025	2024
Location	Estimated decommission date	Post-closure monitoring period		Previously reported
Brandvlei	2065	None		187,130,673
Calvinia	2033	2038 - 2068		38,463,163
Loeriesfontein	2050	None		26,250,089
Nieuwoudtville	2035	None		8,214,679
			-	260,058,604
				Reported now
Brandvlei	2065	None	215,103,392	227,631,854
Calvinia	2033	2038 - 2068	46,637,495	46,787,845
Loeriesfontein	2050	None	30,630,525	31,931,464
Nieuwoudtville	2035	None	9,851,128	9,992,604
			302,222,541	316,343,768

Post closure monitoring of the Calvinia landfill site is required in terms of the permit requirements of Hantam Municipality. Post closure monitoring is required for a period not exceeding 30 years and is expected to commence in 2038.

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life.

	2025 R	2024 R	
13. NON-CURRENT EMPLOYEE BENEFITS			
Provision for Post Retirement Health Care Benefits	18,679,000	15,960,000	
Provision for Long Service Awards	2,339,000	1,999,000	
Total Non-current Employee Benefits	21,018,000	17,959,000	
<u>Post Retirement Health Care Benefits</u>			
Balance 1 July	17,191,000	15,646,000	
Contribution for the year	2,285,000	2,132,000	
Expenditure for the year	(1,159,179)	(1,101,957)	
Actuarial Loss)	1,572,179	514,957	
Total provision	19,889,000	17,191,000	
<u>Less:</u> Transfer of Current Portion to Current Provisions - Note 17	(1,210,000)	(1,231,000)	
Balance	18,679,000	15,960,000	
<u>Long Service Awards</u>			
Balance 1 July	2,267,000	2,233,000	
Contribution for the year	427,000	417,000	
Expenditure for the year	(331,483)	(191,207)	
Actuarial Loss/(Gain)	150,483	(191,793)	
Total provision	2,513,000	2,267,000	
<u>Less:</u> Transfer of Current Portion to Current Provisions - Note 17	(174,000)	(268,000)	
Balance	2,339,000	1,999,000	
13.1 Provision for Post Retirement Health Care Benefits			
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:			
In-service (employee) members	27	27	
In-service (employee) non-members	100	95	
Continuation members (e.g. Retirees, widows, orphans)	13	15	
Total Members	140	137	
The liability in respect of past service has been estimated to be as follows:			
In-service members	6,448,000	5,024,000	
In-service non-members	1,018,000	759,000	
Continuation members	12,423,000	11,408,000	
Total Liability	19,889,000	17,191,000	
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
	2023 R	2022 R	2021 R
In-service members	4,199,000	4,166,000	3,463,000
In-service non-members	619,000	331,000	306,000
Continuation members	11,288,000	11,288,000	11,773,000
Total Liability	16,106,000	15,785,000	15,542,000

	2025 R	2024 R
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		

Bonitas
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The current-service cost for the ensuing year is estimated to be R362 000, whereas the interest cost for the next year is estimated to be R1 923 000.

Key actuarial assumptions used:	2025 %	2024 %
i) Rate of interest		
Discount rate	10.70%	11.59%
Health Care Cost Inflation Rate	4.80%	5.64%
Net Effective Discount Rate	3.80%	4.15%
ii) Mortality rates		
The PA(90) ultimate table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010 was used by the actuaries.		
iii) Normal retirement age		
The normal retirement age for employees of the municipality is 65 years.		
iv) Expected rate of salary increases		
2024/2025 - 4.9%		

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

Present value of fund obligations	19,889,000	17,191,000
Fair value of plan assets		
	19,889,000	17,191,000
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	19,889,000	17,191,000
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	17,191,000	15,646,000
Total expenses	2,285,000	2,132,000
Current service cost	362,000	329,000
Interest Cost	1,923,000	1,803,000
Actuarial (gains)/losses	1,572,179	514,957
Benefits Paid	(1,159,179)	(1,101,957)
Present value of fund obligation at the end of the year	19,889,000	17,191,000

Sensitivity Analysis on the defined benefits obligation on 30 June 2025:

<u>Assumption</u>		In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	
Central Assumptions		7.466	12.423	19.889	
<u>Assumption</u>	Change	In-service	Continuation	Total liability	% change
Health care inflation	+1%	8.737	13.451	22.188	12%
Health care inflation	-1%	6.428	11.512	17.940	-10%
Post-employment mortality	+1 yr	7.278	11.980	19.258	-3%
Post-employment mortality	-1 yr	7.652	12.868	20.520	3%
Average retirement age	-1 yr	8.162	12.423	20.585	3%
Withdrawal Rate	-10%	6.499	12.423	18.922	-5%

Sensitivity Analysis on the Accrued Liability on 30 June 2025:

<u>Assumption</u>	<u>In-service members liability (Rm)</u>	<u>Continuation members liability (Rm)</u>	<u>Total liability (Rm)</u>
Central Assumptions	0.362	1.923	2.285

<u>Assumption</u>	<u>Change</u>	<u>In-service members liability (Rm)</u>	<u>Continuation members liability (Rm)</u>	<u>Total liability (Rm)</u>	<u>% change</u>
Health care inflation	+1%	0.432	2.146	2.578	13%
Health care inflation	-1%	0.305	1.734	2.039	-11%
Post-employment mortality	+1 yr	0.353	1.861	2.214	-3%
Post-employment mortality	-1 yr	0.370	1.985	2.355	3%
Average retirement age	-1 yr	0.397	1.986	2.383	4%
Withdrawal Rate	-10%	0.316	1.837	2.153	-6%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2026:

<u>Assumption</u>	<u>Current Service Cost (R)</u>	<u>Interest Cost (R)</u>	<u>Total (R)</u>
Central Assumptions	0.424	2.062	2.486

The effect of movements in the assumptions are as follows:

<u>Assumption</u>	<u>Change</u>	<u>Current Service Cost (R)</u>	<u>Interest Cost (R)</u>	<u>Total (R)</u>	<u>% change</u>
Health care inflation	+1%	0.506	2.307	2.813	13%
Health care inflation	-1%	0.359	1.853	2.212	-11%
Post-retirement mortality	+1 yr	0.413	1.994	2.407	-3%
Post-retirement mortality	-1 yr	0.434	2.129	2.563	3%
Average retirement age	-1 yr	0.480	2.136	2.616	5%
Withdrawal Rate	-10%	0.370	1.959	2.329	-6%

Experience adjustments were calculated as follows:

	<u>Rm</u>	<u>Rm</u>
Liabilities: (Gain) / loss	0.925	0.681
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	<u>2023 Rm</u>	<u>2022 Rm</u>	<u>2021 Rm</u>
Liabilities: (Gain) / loss	0.248	(0.104)	(0.320)
Assets: Gain / (loss)	-	-	-

13.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 122 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R196 000 whereas the Interest Cost for the next year is estimated to be R216 000.

Key actuarial assumptions used:

i) Rate of interest

	<u>2025 %</u>	<u>2024 %</u>
Discount rate	9.60%	10.83%
General Salary Inflation (long-term)	3.60%	4.98%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	4.80%	5.98%

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

Present value of fund obligations	2,513,000	2,267,000
Fair value of plan assets	-	-
	<u>2,513,000</u>	<u>2,267,000</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	<u>2,513,000</u>	<u>2,267,000</u>

	2025 R	2024 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	2,267,000	2,233,000
Total expenses	427,000	417,000
Current service cost	196,000	191,000
Interest Cost	231,000	226,000
Actuarial (gains)/losses	150,483	(191,793)
Benefits Paid	(331,483)	(191,207)
Present value of fund obligation at the end of the year	2,513,000	2,267,000

Sensitivity Analysis on the Accrued Liability on 30 June 2025:

Assumption	Change	Liability (Rm)	% change
Central assumptions	-	2,513	-
General salary inflation	+1%	2,633	5%
General salary inflation	-1%	2,402	-4%
Average retirement age	+2 yrs	2,762	10%
Average retirement age	-2 yrs	2,138	-15%
Withdrawal rates	x2	2,168	-14%
Withdrawal rates	x0,5	2,739	9%

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	196,000	231,000	427,000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
General earnings inflation rate	+1%	209,000	243,000	452,000	6%
General earnings inflation rate	-1%	185,000	220,000	405,000	-5%
Discount rate	+1%	186,000	240,000	426,000	0%
Discount rate	-1%	208,000	221,000	429,000	0%
Average retirement age	+2 yrs	213,000	255,000	468,000	10%
Average retirement age	-2 yrs	176,000	198,000	374,000	-12%
Withdrawal Rate	x2	154,000	196,000	350,000	-18%
Withdrawal Rate	x0,5	226,000	254,000	480,000	12%

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	162,483	(166,793)
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2023 Rm	2022 Rm	2021 Rm
Liabilities: (Gain) / loss	(7,062)	54,485	(221,472)
Assets: Gain / (loss)	-	-	-

13.3 Retirement funds

DEFINED CONTRIBUTION FUNDS

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

Contributions paid recognised in the Statement of Financial Performance	5,077,701	4,583,767
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	2025 R	2024 R
14. CONSUMER DEPOSITS		
Electricity	1,598,572	1,450,405
Rental Properties	132,126	110,582
Total Consumer Deposits	1,730,698	1,560,986
The fair value of consumer deposits approximates their carrying value. No interest is paid on these deposits.		
15. CURRENT EMPLOYEE BENEFITS		
Performance Bonuses	355,957	150,823
Staff Bonuses	1,297,170	1,270,325
Staff Leave	3,717,878	2,867,752
Current Portion of Non-Current Provisions	1,384,000	1,499,000
Current Portion of Post Retirement Benefits - Note 13	1,210,000	1,231,000
Current Portion of Long-Service Provisions - Note 13	174,000	268,000
Total Current Employee Benefits	6,755,006	5,787,901
The movement in current provisions are reconciled as follows:		
15.1 Performance Bonuses		
Balance at beginning of year	150,823	400,410
Contribution to current portion	335,166	160,011
Expenditure incurred -130032.24	(130,033)	(409,598)
Balance at end of year	355,957	150,823
Performance bonuses are paid to the Municipal Manager and Senior Managers after an evaluation of performance by the council.		
15.2 Staff Bonuses		Restated
Balance at beginning of year	1,270,325	1,197,452
Contribution to current portion	2,406,472	2,235,813
Expenditure incurred	(2,379,628)	(2,162,940)
Balance at end of year	1,297,170	1,270,325
Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle.		
15.3 Staff Leave		
Balance at beginning of year	2,867,752	3,044,594
Contribution to current portion	984,030	183,594
Expenditure incurred	(133,904)	(360,436)
Balance at end of year	3,717,878	2,867,752
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.		
16. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	21,586,244	27,485,633
Advance Payments	1,208,633	999,354
Control, Clearing and Interface Accounts	(264,933)	50,141
Department of Transport	18,692,654	18,604,447
Other Payables	1,294,744	2,545,111
Retentions	14,520,200	17,276,368
Total Trade Payables	57,037,543	66,961,054

	2025 R	2024 R
<u>Disclosed as follows:</u>		
Trade and Other Payables	38,344,889	48,356,607
Non-Current Trade and Other Payables	18,692,654	18,604,447
Total Trade Payables	57,037,543	66,961,054
Payables are being recognised net of any discounts.		
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 trade and other payables approximates its fair value. All payables are unsecured.		
17. UNSPENT TRANSFERS AND SUBSIDIES		
Unspent Transfers and Subsidies	64,859	2,147,677
National Government Grants	64,859	2,147,677
Total Unspent Transfers and Subsidies	64,859	2,147,677
Refer to appendix "D" for reconciliation of grants.		
The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
18. TAXES		
18.1 VAT Output in Suspense	(34,301,730)	1,188,294
Total VAT Payable	(34,301,730)	1,188,294
18.2 VAT Input in Suspense	37,863,555	7,738,072
Total VAT Receivable in Suspense	3,561,825	8,926,366
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
19. NET ASSET RESERVES		
RESERVES	15,924,389	2,551,323
Revaluation Reserve	15,924,389	2,551,323
Total Net Asset Reserve and Liabilities	15,924,389	2,551,323
The Reserve is created by surplus arising from the revaluation of property, plant and equipment.		
20. PROPERTY RATES		
<u>Actual</u>		
Rateable Land and Buildings	26,481,934	25,376,339
Business and Commercial Property	4,331,701	4,144,075
Public Benefit Organisations	1,166,677	1,111,962
Residential Properties	13,491,094	12,798,523
State-owned Properties	2,733,853	2,797,334
Agricultural Property	4,758,610	4,524,446
Less: Revenue Forgone	(7,981,182)	(7,453,277)
Total Property Rates	18,500,752	17,923,062

	2025 R	2024 R
Valuations		
Rateable Land and Buildings	4,728,974,300	4,728,933,300
Business and Commercial Property	316,086,000	315,451,000
Farm Properties	446,000	446,000
Industrial Property	2,056,000	2,056,000
Municipal Properties	19,861,000	19,861,000
Public Benefit Organisations	9,925,000	9,925,000
Public Service Infrastructure Properties	2,000,000	3,065,000
Residential Properties	660,844,300	660,844,300
State-owned Properties	145,913,000	148,206,000
Agricultural Property	3,471,469,000	3,477,104,000
Other Categories	100,374,000	91,975,000
Total Assessment Rates	4,728,974,300	4,728,933,300

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

	2025	2024
Basic Rate		
Residential	1.894143477c/R	1.805665851c/R
Business and industrial	1.922626974 c/R	1.83281885 c/R
Agricultural	0.13690050c/R	0.130505719c/R
Nieuwoudtville - Land and buildings		
Agriculture Properties		

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential -	The first R41 000 on the valuation is exempted.
Agriculture -	50% Discount
Government -	20% Discount

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission to the amount of R 7 981 182 (2024: R7 453 277).

21. GOVERNMENT GRANTS AND SUBSIDIES

Government Grants and Subsidies - Operating	41,008,561	39,026,900
Equitable Share	35,954,172	33,888,000
Expanded Public Works Programme Integrated Grant	1,213,000	1,364,000
Local Government Financial Management Grant	1,900,000	1,920,000
Libraries, Archives and Museums	1,853,000	1,773,000
Seta	88,389	81,900
Capacity Building	-	-
Government Grants and Subsidies - Capital	124,296,141	154,724,358
Integrated National Electrification Programme Grant	2,545,556	-
Municipal Infrastructure Grant	20,550,585	13,724,358
Local Government Financial Management Grant	-	-
Energy Efficiency and Demand Side Management Grant	4,000,000	4,000,000
Municipal Water Infrastructure Grant	12,200,000	27,000,000
Regional Bulk Infrastructure Grant	85,000,000	110,000,000
Total Government Grants and Subsidies	165,304,702	193,751,257

	2025 R	2024 R
Included in above are the following grants and subsidies received:		
<u>Unconditional</u>	35,954,172	33,888,000
Equitable Share	35,954,172	33,888,000
<u>Conditional</u>	129,350,530	159,863,257
Local Government Financial Management Grant	1,900,000	1,920,000
Municipal Infrastructure Grant	20,550,585	13,724,358
Integrated National Electrification Programme Grant	2,545,556	-
Energy Efficiency and Demand Side Management Grant	4,000,000	4,000,000
Regional Bulk Infrastructure Grant	85,000,000	110,000,000
Seta	88,389	81,900
Expanded Public Works Programme Integrated Grant	1,213,000	1,364,000
Municipal Water Infrastructure Grant	12,200,000	27,000,000
Libraries, Archives and Museums	1,853,000	1,773,000
LGSETA - Capacity Building	-	-
Total Government Grants and Subsidies	165,304,702	193,751,257
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Executive and council	14,202,987	3,320,522
Finance and Administration	13,298,428	17,896,178
Community and social services	5,853,000	5,858,650
Sport and recreation	-	8,952,471
Road Transport	21,763,585	5,389,049
Energy Sources	3,594,130	1,473,588
Water Management	99,619,789	140,626,322
Waste Water Management	4,698,422	6,602,809
Waste Management	2,274,360	3,631,669
Total Government Grants and Subsidies	165,304,702	193,751,257
Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.		
21.1 <u>Equitable Share</u>		
Grants received	35,954,172	33,888,000
Repaid to National Revenue Fund	-	-
Revenue recognised	(35,954,172)	(33,888,000)
Conditions still to be met	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
21.2 <u>Local Government Financial Management Grant (FMG)</u>		
Opening balance	-	-
Grants received	1,900,000	1,920,000
Conditions met - Operating	(1,900,000)	(1,920,000)
Conditions met - Capital	-	-
All grant conditions met	-	-
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
21.3 <u>Municipal Infrastructure Grant (MIG)</u>		
Opening balance	2,147,677	5,836,035
Grants received	20,614,000	10,036,000
Repaid to National Revenue Fund	(2,852,172)	-
Conditions met - Capital	(20,550,585)	(13,724,358)
Conditions still to be met	63,414	2,147,677
The Grant was used to upgrade municipal infrastructure in previously disadvantaged areas.		
21.4 <u>Integrated National Electrification Grant</u>		
Opening balance	-	-
Grants received	2,547,000	-
Repaid to National Revenue Fund	-	-
Conditions met - Capital	(2,545,556)	-
Conditions still to be met	1,444	-
The Grant was used for electrical connections in previously disadvantaged areas.		

	2025 R	2024 R
21.5 <u>Libraries, Archives and Museums</u>		
Opening balance	-	-
Grants received	1,853,000	1,773,000
Conditions met - Operating	(1,853,000)	(1,773,000)
<i>All grant conditions met</i>	-	-
The grant was used to finance library activities.		
21.6 <u>Regional Bulk Infrastructure Grant</u>		
Opening balance	-	-
Grants received	85,000,000	110,000,000
Conditions met - Capital	(85,000,000)	(110,000,000)
<i>All grant conditions met</i>	-	-
The Grant was utilised to upgrade Bulk infrastructure in previously disadvantaged areas.		
21.7 <u>Expanded Public Works Programme Integrated Grant</u>		
Opening balance	-	-
Grants received	1,213,000	1,364,000
Conditions met - Operating	(1,213,000)	(1,364,000)
<i>All grant conditions met</i>	-	-
The grant was used for job creation.		
21.8 <u>Water Services Infrastructure Grant</u>		
Opening balance	-	-
Grants received	12,200,000	27,000,000
Conditions met - Capital	(12,200,000)	(27,000,000)
<i>All grant conditions met</i>	-	-
The grant was used for drought relief projects.		
21.9 <u>Energy Efficiency and Demand Side Management Grant</u>		
Opening balance	-	-
Grants received	4,000,000	4,000,000
Conditions met - Capital	(4,000,000)	(4,000,000)
<i>All grant conditions met</i>	-	-
The grant was used for energy related infrastructure		
21.10 <u>Seta</u>		
Opening balance	-	-
Grants received	88,389	81,900
Conditions met - Operating	(88,389)	(81,900)
<i>All grant conditions met</i>	-	-
The grant was used for various training needs for employees of the Municipality.		
21.11 <u>Total Grants</u>		
Opening balance	2,147,677	5,836,035
Grants received	165,369,561	190,062,900
Conditions met - Operating	(41,008,561)	(39,026,900)
Conditions met - Capital	(124,296,141)	(154,724,358)
Conditions still to be met - Note 19	64,859	2,147,677
22. AVAILABILITY CHARGES		Restated
Water	982,572	973,357
Total Availability Charges	982,572	973,357

	2025 R	2024 R
23. SERVICE CHARGES		
Electricity	36,290,807	30,148,502
Service Charges	37,970,888	31,899,898
Less: Revenue Forgone	(1,680,082)	(1,751,396)
Water	10,668,016	10,154,233
Service Charges	13,754,728	12,922,046
Less: Revenue Forgone	(3,086,711)	(2,767,813)
Waste Management	6,512,654	6,350,555
Service Charges	10,267,757	9,706,975
Less: Revenue Forgone	(3,755,103)	(3,356,420)
Waste Water Management	7,042,386	6,363,028
Service Charges	10,726,920	9,697,098
Less: Revenue Forgone	(3,684,534)	(3,334,070)
Total Service Charges	60,513,863	53,016,318

Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission R 12 206 430 (2024: R 11 209 699).

24. SALES OF GOODS AND RENDERING OF SERVICES		
Building Plan Approval	67,192	70,660
Building Plan Clause Levy	65,018	20,469
Camping Fees	272,130	394,856
Cemetery and Burial	21,698	18,021
Cleaning and Removal	-	-
Clearance Certificates	30,555	24,900
Photocopies and Faxes	5,804	5,090
Sale of Goods	-	12
Valuation Services	4,707	3,221
Town Planning and Servitudes	12,967	-
Total Sales of Goods and Rendering of Services	480,072	537,229
25. RENTAL FROM FIXED ASSETS		
Investment Property	245,817	210,746
Property, Plant and Equipment	45,995	52,756
Total Rental from Fixed Assets	291,812	263,502
26. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	1,876,863	2,401,680
Total Interest Earned - External Investments	1,876,863	2,401,680
27. INTEREST EARNED		
Interest Earned - Exchange Transactions	1,518,144	3,738,305
Interest Earned - Non-Exchange Transactions	3,163,988	2,161,432
Total Interest Earned - Outstanding Receivables	4,682,132	5,899,737
28. OPERATIONAL REVENUE		
Administrative Handling Fees	14,950	14,115
Debt Relief - Auditor-General	-	-
Total Operational Revenue	14,950	14,115
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	14,950	14,115
Revenue from Non-Exchange Transactions	-	-
Total Operational Revenue	14,950	14,115
29. EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	33,513,428	32,190,063
Pension and UIF Contributions	6,223,840	5,497,284
Medical Aid Contributions	1,161,764	971,960
Overtime	2,580,533	3,128,409
Bonuses	2,741,639	2,199,830
Motor Vehicle Allowance	2,468,493	2,098,044
Cell Phone Allowance	215,380	171,685
Housing Allowances	168,326	135,090
Other benefits and allowances	37,067	9,633

Payments in lieu of leave	782,544	183,594
Workmen's Compensation Fund	306,916	193,789
Long Service Awards	196,000	226,000
Previously reported	-	-
Reported now	-	226,000
Post-retirement Benefit Obligations	362,000	329,000
Previously reported	-	555,000
Reported now	-	(226,000)
Total Employee Related Costs	50,757,929	47,334,380

2025
R

2024
R

KEY MANAGEMENT PERSONNEL

The managers directly accountable to the municipal manager are appointed on a permanent basis. There are no post-employment or termination benefits payable to them at the end of the contract periods.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Mr JJ Fortuin (Contract 01 September 2024-30 June 2025)

Basic Salary	928,383	-
Performance Bonus	-	-
Motor Vehicle Allowance	50,000	-
Cell Phone Allowance	8,500	-
Other benefits and allowances	3,542	-
Payments in lieu of leave	-	-
Total	990,425	-

Remuneration of the Municipal Manager - Mr T Tlhoale -Contracted 1 July 2024 - 31 Augustus 2024)

Basic Salary	-	625,104
Motor Vehicle Allowance	-	275,000
Cell Phone Allowance	-	9,350
Other benefits and allowances	-	245,917
	-	1,155,371

2025
R

2024
R

Remuneration of the Acting Municipal Manager - Ms SA Tatas-Titus (Contract July 2023- 31 July 2023)

Basic Salary	4,549	53,100
Provision for leave	-	-
Leave paid	-	38,691
Back pay	-	37,725
Motor Vehicle Allowance	-	5,000
Cell Phone Allowance	-	850
Other benefits and allowances	91	28,587
Total	4,640	163,953

Remuneration of the Senior Manager: Finance and Corporate Services - Mr W Jonker (1 March 2023 - 30 September 2023)

Basic Salary	12,818	128,809
Performance Bonus	-	119,295
Back pay	-	47,682
Leave paid	-	63,540
Motor Vehicle Allowance	-	18,000
Cell Phone Allowance	-	2,550
Provision for leave	-	-
Other benefits and allowances	256	87,479
Total	13,074	467,355

Remuneration of Senior Manager: Community Services - Mr JR van Wyk

Basic Salary	931,248	583,212
Performance Bonus	130,032	135,820
Back pay	-	51,517
Motor Vehicle Allowance	60,000	60,000
Cell Phone Allowance	10,200	10,200
Other benefits and allowances	116,366	423,897
Provision for leave	-	-
Total	1,247,846	1,264,646

2025
R

2024
R

Remuneration of Senior Manager: Corporate Support Services-Mrs E De Wet (Appointed 01 September 2024)

Basic Salary	673,519	-
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Performance Bonus	-	-
Motor Vehicle Allowance	60,000	-
Cell Phone Allowance	8,500	-
Other benefits and allowances	76,894	-
Total	818,913	-

	2025	2024
	R	R
Remuneration of Senior Manager: Chief Financial Officer-Mr RW Ferris (Appointed 01 October 2024)		
Basic Salary	648,171	-
Performance Bonus	-	-
Motor Vehicle Allowance	12,000	-
Cell Phone Allowance	7,650	-
Other benefits and allowances	69,205	-
Total	737,026	-

	2025	2024
Remuneration of Senior Manager: Technical Services-Mr RC van Wyk (Appointed 01 April 2025)		
Basic Salary	202,057	-
Performance Bonus	-	-
Motor Vehicle Allowance	18,000	-
Cell Phone Allowance	2,550	-
Other benefits and allowances	23,069	-
Total	245,676	-

30. REMUNERATION OF COUNCILLORS

AJE Claasen (deceased October 2024)	119,829	423,384
GG Laban (elected December 2024)	176,326	-
H De Wee	432,891	423,384
K Alexander	981,760	825,153
LL Olyn	589,289	536,815
SG Koopman	390,312	430,252
JH Wilschut	343,114	332,316
G Vyver	428,375	412,424
F Faroa	426,210	332,316
K Klazen	343,114	332,316
G De Vries	343,114	332,316
F Bantom	343,114	332,316
J Palm	343,114	332,316
CH Slambee	611,390	665,108
Total Councillors' Remuneration	5,871,952	5,710,417

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	934,756	-	47,004	-	981,760
Speaker	773,013	-	68,808	-	841,821
Chief Whip	385,887	-	47,004	-	432,891
Executive Committee Members	758,114	35,204	107,827	-	901,146
Councillors	2,346,801	35,204	332,328	-	2,714,334
Total Councillors' Remuneration	5,198,571	70,409	602,972	-	5,871,952
				2025 R	2024 R

In-kind Benefits

Both the Mayor and Speaker are full-time councillors and are provided with an office and secretarial support at the cost of the Municipality.

	2025 R	2024 R (Reclassified)
31. CONTRACTED SERVICES		
Outsourced Services		
Business and Advisory	1,318,403	897,963
Personnel and Labour	3,286,650	3,204,838
Consultants and Professional Services		
Business and Advisory	13,632,658	5,306,297
Laboratory Services	-	-
Legal Cost	674,924	486,163
Contractors		
Catering Services	137,264	149,710
Electrical	298,308	274,989
Maintenance of Buildings and Facilities	390,783	502,698
Maintenance of Equipment	228,542	84,195
Maintenance of Unspecified Assets	3,745,519	2,732,620
Pest Control and Fumigation	-	-
Total Contracted Services	23,713,052	13,639,473
32. DEPRECIATION AND AMORTISATION		Restated
Property, Plant and Equipment	9,400,858	8,190,068
Intangible Assets	122,924	123,697
Total Depreciation and Amortisation	9,523,782	8,313,766
33. FINANCE COSTS		
Long-term Borrowings	42,642	23,229
Non-current Provisions	1,663,760	1,582,174
Non-current Employee Benefits	2,154,000	1,994,000
Payables	110	55,355
Total Finance Costs	3,860,512	3,654,758
34. BULK PURCHASES		
Electricity	36,183,917	30,412,592
Total Bulk Purchases	36,183,917	30,412,592
35. TRANSFERS AND SUBSIDIES		
Operational	84,652	150,079
Allocations In-kind		114,468
Monetary Allocations	84,652	35,611
Total Transfers and Subsidies	84,652	150,079

	2025 R	2024 R Restated
36. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	101,531	116,521
Audit Fees	5,149,788	4,101,229
Bank Charges, Facility and Card Fees	321,443	465,962
Commission	927,640	772,231
Courier and Delivery Services	11,235	14,894
Communication	275,290	208,478
Contribution to Provisions	-	(415,764)
Compensation for Occupational Injuries (COIDA)		-
Deeds	16,892	20,100
Entertainment	4,126	4,370
External Computer Service	16,091	18,659
Insurance Underwriting	507,200	690,198
Learnerships and Internships	98,898	318,588
Printing, Publications and Books	728,929	541,819
Professional Bodies, Membership and Subscription	646,817	500,000
Remuneration to Ward Committees	332,739	310,407
Signage	8,628	483
Skills Development Fund Levy	467,284	424,182
Travel and Subsistence	2,987,615	2,494,036
Uniform and Protective Clothing	145,239	150,144
Wet Fuel	2,087,819	1,843,298
Total Operational Costs	14,835,204	12,579,835
37. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 8	4,235,491	3,944,511
Receivables from Non-exchange Revenue - Note 9	4,710,075	9,933,641
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	8,945,566	13,878,152
38. GAINS/(LOSS) ON SALE OF FIXED ASSETS		
Property, Plant and Equipment	17,298,139	-
Total Loss on Sale of Fixed Assets	17,298,139	-
De- recognition, of infrastructure assets replaced, decommissioned and not existed		
39. PROFIT/(LOSS) ON FAIR VALUE ADJUSTMENTS		
Investment Property carried at fair value	61,550	7,983,820
Total Profit on Fair Value Adjustments	61,550	7,983,820
40. GAINS/(LOSS) ON INVENTORY		
Gains/(Losses) on Inventory	(8,534,323)	(5,090,050)
Total Water Losses	(8,534,323)	(5,090,051)
41. CORRECTION OF PRIOR PERIOD ERRORS	2024	2023
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from prior period errors and the implementation of GRAP:		

41.1 Accumulated Surplus

Balance previously reported	639,969,759	511,826,287
Landfill site - Depreciation	(7,452)	-
Landfill site - Operational Cost	(690,429)	
Trade and Other Payables from Exchange Transactions -(SALGA MEMBERSHIP FEES)	453,643	453,643
Trade and Other Payables from Exchange Transactions -(SALGA MEMBERSHIP FEES)	(500,000)	
Current Employee Benefits (bonusses)	(136)	
Trade and Other Payables from Exchange Transactions -(Internet fees)	(104,359)	
Receivables from Non-exchange Transactions-Interest on Non Exchange Transactions	(61,133)	(61,133)
Receivables from Non-exchange Transactions-Interest on Non Exchange Transactions	(21,961)	
Receivables from Non-exchange Transactions-Rates	(13,764)	
Receivables from Exchange Transactions- Impairment Provision	3,431,126	
Receivables from non-Exchange Transactions- Impairment Provision	(3,069,952)	
Property Plant and Equipment -(De recognition of assets) Lost on disposal	(150,053)	(150,053)
Property Plant and Equipment -(De recognition of assets) Depreciation	47,035	-
Property Plant and Equipment -(First time recognition of assets)	597,203	597,203
Property Plant and Equipment -(Depreciation on first time recognition asset)	(29,860)	(29,860)
Property Plant and Equipment -(Depreciation on first time recognition asset)	(29,860)	
Trade and Other Payables from Exchange Transactions -(Retention fees)	861,038	861,038
Trade and Other Payables from Exchange Transactions -(Fines, penalties and forfeits)	1,270,692	
Taxes	(229,408)	
Trade and Other Payables from Exchange Transactions -(Audit fees)	(279,799)	
Trade and Other Payables from Exchange Transactions -(Lab Fees)	(237,415)	
Trade and Other Payables from Exchange Transactions -(Prior year corrections)	(180,614)	(180,614)
Trade and Other Payables from Exchange Transactions -(Previous year corrections)	(1,941,152)	
Receivables from Non-exchange Transactions-Rates - billing integration errors	(1,583,396)	
Receivables from Non-exchange Transactions-Rates - billing integration errors	3,249,492	
Trade and Other Payables from Exchange Transactions -(Prior year corrections salary control clearing)	(119,613)	(119,613)
Unspent Government Grants (Revenue incorrectly recognised)	(704,495)	
Receivables from Non-exchange Transactions-Rates	2,770,753	
Receivables from Exchange Transactions- Impairment Provision	695,316	
Property Plant and Equipment -(Depreciation on first time recognition asset)	(41,227)	(41,227)
Property Plant and Equipment -(Depreciation on first time recognition asset)	(523,972)	
Investment Property -Fair Value adjustment	(7,554,000)	(7,554,000)
Written- off of Investment Properties	(877,000)	(877,000)
	634,395,006	504,724,670

41.2 Receivables from non- Exchange Transactions

Balance previously reported	6,928,759	8,054,206
Correction of Interest charge	(61,133)	(61,133)
Correction of Rates	(21,961)	
Correction of Interest charge	(13,764)	
Correction of Provision for Impairment	(3,524,815)	
Correction of rates interest	(1,583,396)	
Correction of rates interest	3,249,492	
Correction of Payable from Exchange Transactions	(720,456)	(720,456)
Correction of Provision for Impairment	2,780,598	
Restated Balance	7,033,324	7,272,617

Correction of service charges debtor incorrectly levied in prior periods.

Correction of previous year impairment based on audit findings R3 524 815

Correction of interest on rates incorrectly integrated in the billing system and incorrectly allocated in the previous year.R1 583 396

Correction of previous year impairment based on audit findings R2 780 598

	2024 R	2023 R
41.3 Receivables from Exchange Transactions		
Balance previously reported	2,753,304	10,139,816
Correction of Provision for Impairment	3,945,794	
Correction of Provision for Impairment	799,614	
	7,498,712	10,139,816
Correction of previous year impairment based on audit findings		
41.4 Non-current Provisions		
Balance previously reported	14,988,805	14,521,481
Property Plant and Equipment	101,378	
Accumulated Surplus-Operational Cost	690,429	
	-	
Restated Balance	15,780,613	14,521,481
Correction of GRAP 19 Provision for Landfill Site Rehabilitation Provision in 2023/24 R690 429		
Correction of iGRAP 2 Provision for Landfill Site Rehabilitation Provision in 2023/24 R101 379		
41.5 Property Plant and Equipment		
Balance previously reported	649,861,533	526,355,614
Accumulated Surplus-Depreciation - Landfill Site	(7,452)	-
Non Current Provision- Landfill Site	101,378	
Accumulated Depreciation	700,253	700,253
Depreciation	47,035	-
De-recognition of asset	(850,306)	(850,306)
First time recognition of Asset	597,203	597,203
Depreciation on first time recognition assets (2023/24))	(29,860)	(29,860)
Depreciation on first time recognition assets (prior year)	(29,860)	
Correction of retention fees not recognised	11,955,482	
Depreciation on first time recognition assets	(41,227)	(41,227)
Depreciation on first time recognition assets	(523,972)	
Restated Balance	661,780,206	526,772,904
Correction of iGRAP 2 Provision for Landfill Site Rehabilitation Provision in 2023/24		
Derecognition of electricity meters to their value of cost R850 306.07)		
First time recognition of new electric meters cost R597 203)		
Correction of retention fees not recognised as WIP in 2023/24 R11 955 482.93		
41.6 Trade and Other Payables from Exchange Transactions		
Balance previously reported	36,291,146	24,659,970
Correction of Operational Cost - Membership Fees	(453,643)	(453,643)
Correction of Operational Cost - Membership Fees	500,000	
Correction of Contracted Services - Internet Fees	104,359	
Correction of Retentions -prior years	(861,038)	(861,038)
Correction of current years Retention	11,955,482	
Correction of current years Retention	8,468	
Correction of Retention forfeited	(1,270,692)	
Correction of audit fees	279,799	
Correction of Lab Fees	237,415	
Correction of prior period errors	(539,842)	(521,842)
Correction of prior previous year errors	2,105,154	119,613
Correction of Receivable from non Exchange Transactions		
Restated Balance	48,356,607	22,943,060
Corrections of SALGA membership fees R453 643 overpaid in 2022/23		
Corrections of SALGA membership fees R500 000 under paid in 2023/24		
Correction of Internet Services fees R104 359 not paid previous year		
Corrections of retention fees originating from prior years R861 038.17		
Correction of retention fees not recognised in 2023/24 R11 955 481.93		
Correction of VAT incorrectly included in retention in 2023/24 R8 467.73		
Correction of retention fees forfeited and not recognised in 2023/24 R 1 270 692		
Correction of audit fees incorrect opening balance 2023/24) R279 799		
Correction of Lab Fees (Contracted Services) not recognised in 2023/24 R237 415		
Correction of various creditors not recognised in 2023/24 -R1 985 540 .71		
41.7 Current Employee Benefits		
Balance previously reported	5,787,765	6,136,456
Correction of Annual Bonusses Provision	136	
Restated Balance	5,787,901	6,136,456
Correction of Provision for bonusses incorrectly recognise in 2023/24		

41.8 Taxes			
Balance previously reported	14,304,279	10,114,370	
Correction of Debt Impairment on Exchange Transactions	(514,669)		
Correction of Debt Impairment on non- Exchange Transactions	454,863		
Correction of Retention	8,468		
Correction of Bulk Purchases	(229,408)		
Correction of previous year Trade Payables from Exchange Transactions	44,389		
Correction of Debt Impairment on Exchange Transactions	(104,297)		
Correction of Debt Impairment on non- Exchange Transactions	(9,844)		
Restated Balance	13,953,780	10,114,370	
Correction of VAT incorrectly included in retention in 2023/24 R8 467.73			
Correction of VAT incorrectly recorded on Eskom invoices 2023/24 R229 407.83			
41.9 Unspent Transfers and Subsidies			
Balance previously reported	2,147,677	5,836,035	
Correction of MIG	704,495		
Correction of RBIG	1,274,960		
Correction of WSIG	1,860,650		
Restated Balance	5,987,782	5,836,035	
Revenue recognition from the MIF Grant was incorrect in the previous year			
Revenue recognition from the RBIG Grant was incorrect in the previous year			
Revenue recognition from the WSIG			
41.10 Investment Property			
Balance previously reported	45,717,950	37,734,130	
Correction of fair value	(7,554,000)	(7,554,000)	
Written-off of assets	(877,000)	(877,000)	
Restated Balance	37,286,950	29,303,130	

		2025	2024
		R	R
41.10 Changes to Statement of Financial Performance			

Movement on operating account as a result of prior period adjustments:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property Rates		19,520,222	(1,597,160)	17,923,062
Interest Earned - Non-Exchange Transactions		-	3,227,531	3,227,531
Government Grants and Subsidies		193,751,257	(704,495)	193,046,762
Actuarial Gains		191,793		191,793
Availability Charges		973,357		973,357
Fines, Penalties and Forfeits		6,211	1,270,692	1,276,902
Contributed Property, Plant and Equipment		2,064,404		2,064,404
Operational Revenue		-		-
Service Charges		53,016,318		53,016,318
Sales of Goods and Rendering of Services		537,229		537,229
Rental from Fixed Assets		263,502		263,502
Interest Earned - External Investments		4,585,073		4,585,073
Interest Earned - Exchange Transactions		1,554,912		1,554,912
Licences and Permits from Exchange Transactions		8,278		8,278
Agency Services		181,839		181,839
Operational Revenue - Exchange Transactions		14,115		14,115
Allocation in Kind		986,830		986,830
Total		277,655,342	2,196,567	279,851,909

	Note	Balance previously reported	Adjustments	Restated Balance
Expenditure				
Employee Related Costs		(45,699,214)	(1,635,166)	(47,334,380)
Remuneration of Councillors		(5,710,417)		(5,710,417)
Bad Debts Written Off		(6,257,217)		(6,257,217)
Contracted Services		(13,093,466)	(546,007)	(13,639,473)
Depreciation and Amortisation		(7,799,515)	(514,250)	(8,313,765)
Actuarial Losses		(514,957)		(514,957)
Finance Costs		(3,654,693)	(65)	(3,654,758)
Bulk Purchases		(30,183,184)	(229,408)	(30,412,592)
Inventory Consumed		(10,629,719)		(10,629,719)
Operating Leases		0		0
Transfers and Subsidies		(150,079)		(150,079)
Operational Costs		(11,007,782)	(1,572,052)	(12,579,834)
Total		(134,700,243)	(4,496,947)	(139,197,190)

		2025 R	2024 R
Gains and Losses			
Inventories: Write-down to Net Realisable Value	-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	(17,705,397)	3,827,244	(13,878,152)
Gains/(Loss) on Sale of Fixed Assets	-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	-	-
Profit/(Loss) on Fair Value Adjustments	7,983,820		7,983,820
Gains/(Loss) on Water Inventory	(5,090,051)		(5,090,051)
Total	(14,811,627)	3,827,244	(10,984,383)
Net Surplus/(Deficit) for the year	128,143,472	1,526,864	129,670,336

42. RECLASSIFICATION

		2024		2024
		Balance previously reported	Adjustments	Reclassified Balance
Statement of Financial Performance	Note			
Expenditure				
Employee Related Costs		(45,799,335)	100,121	(45,699,214)
Remuneration of Councillors		(5,710,417)		(5,710,417)
Bad Debts Written Off		(6,257,217)		(6,257,217)
Contracted Services	31.		(13,093,466)	(13,093,466)
Depreciation and Amortisation		(7,799,515)		(7,799,515)
Actuarial Losses		(514,957)		(514,957)
Finance Costs		(3,654,693)		(3,654,693)
Bulk Purchases		(30,183,184)		(30,183,184)
Inventory Consumed		(10,524,595)	(105,124)	(10,629,719)
Operating Leases		(132,373)	132,373	0
Transfers and Subsidies		(150,079)		(150,079)
Operational Costs	36.	(24,028,875)	13,021,093	(11,007,782)
Total		(134,755,240)	54,997	(134,700,242)
Revenue				
Property Rates		19,520,222		19,520,222
Interest Earned - Non-Exchange Transactions		2,183,393	(2,183,393)	-
Government Grants and Subsidies		193,751,257		193,751,257
Actuarial Gains		191,793		191,793
Availability Charges		819,479	153,878	973,357
Fines, Penalties and Forfeits		6,211		6,211
Contributed Property, Plant and Equipment		2,064,404		2,064,404
Operational Revenue		986,830	(986,830)	-
Service Charges		53,170,196	(153,878)	53,016,318
Sales of Goods and Rendering of Services		537,229		537,229
Rental from Fixed Assets		263,502		263,502
Interest Earned - External Investments		2,401,680	2,183,393	4,585,073
Interest Earned - Exchange Transactions		1,554,912		1,554,912
Licences and Permits from Exchange Transactions		8,278		8,278
Agency Services		181,839		181,839
Operational Revenue - Exchange Transactions		14,115		14,115
Allocation in Kind		-	986,830	986,830
		277,655,342	0	277,655,342
Gains and Losses				
Inventories: Write-down to Net Realisable Value		-		-
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(17,705,397)		(17,705,397)
Gains/(Loss) on Sale of Fixed Assets		-		-
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		-		-
Profit/(Loss) on Fair Value Adjustments		7,983,820		7,983,820
Gains/(Loss) on Water Inventory		(5,035,053)	(54,997)	(5,090,051)
Total		(14,756,630)	(54,997)	(14,811,627)
Net Surplus/(Deficit) for the year		128,143,472	0	128,143,472

42.1

In terms of GRAP1 par 104 an entity shall present an analysis of expenses using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is reliable and more relevant. Further more GRAP 1 par.101 prescribe that when items of revenue and expense are material, their nature and amount shall be disclosed separately
For the reasons explained above, Contracted Services which was previously included in Operational Costs, is now reclassified

42.2

Correction of audit finding ISS 114 regarding water inventory, reclassify Employee Benefits R160 121.37 and Water Losses (R54 997.48) to Inventory Consumed R105 123.89

42.3

Operating Leases -Correction of photocopies fees incorrectly not allocated to Printing, publications and books under Operating Expenditure amounting R132 373

42.4

Auditors Fee credit amounting to R 279 798.58, was incorrectly classified as Receivables from Exchange Transactions instead of Trade and other Payables

42.5

Availability charges amounting to R3 524 089 was incorrectly calculated in the previous financial year which was included as water basic instead of availability charges.

42.6 Interest amounting to R2 183 393.26 on investments was incorrectly allocated to the interest received on non exchange transactions

42.7 Transfer of audit fees discount incorrectly disclosed as Operating Revenue R986 830 instead of In Kind

		2024		2025
		Balance previously reported	Adjustments	Reclassified Balance
Statement of Financial Position				
Note				
Non-Current Assets				
Property, Plant and Equipment		649,861,533		649,861,533
Agricultural		13,500		13,500
Investment Property		45,717,950		45,717,950
Intangible Assets		1,430,725		1,430,725
Heritage Assets		1,618,055		1,618,055
Current Assets				
Inventory		93,285		93,285
Receivables from Exchange Transactions		5,997,594	-3,244,290	2,753,304
Receivables from Non-exchange Transactions		3,404,670	3,524,089	6,928,759
Taxes		14,304,279		14,304,279
Cash and Cash Equivalents		17,660,829		17,660,829
Non-Current Liabilities				
Long-term Borrowings		334,861		334,861
Non-current Provisions		14,988,805		14,988,805
Non-current Employee Benefits		17,959,000		17,959,000
Trade and Other Payables from Exchange Transactions		18,604,447		18,884,246
Current Liabilities				
Consumer Deposits		1,560,986		1,560,986
Provisions		-		-
Current Employee Benefits		5,787,765		5,787,765
Trade and Other Payables from Exchange Transactions		36,011,347	279,799	36,291,146
Unspent Transfers and Subsidies		2,147,677		2,147,677
Current Portion of Long-term Borrowings		186,450		186,450
Net Assets				
Revaluation Reserve		2,551,323		2,551,323
Accumulated Surplus/(Deficit)		639,969,759		639,969,759

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

	2025	2024
	R	R
Surplus for the year	48,799,603	129,670,336
Adjustments for:		
Depreciation and Amortisation	9,523,782	8,313,765
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	109,695	-
Non-cash portion of Inventory consumed (non-cash) - Depreciation	12,770,842	10,226,840
Fair Value Adjustments	(61,550)	(7,983,820)
Contributed Property, Plant and Equipment	-	(2,064,404)
Government Grants and Subsidies received	162,517,389	190,062,900
Government Grants and Subsidies recognised as revenue	(162,452,530)	(193,046,762)
Government Grants and Subsidies re-paid	(2,852,172)	
Contribution to provisions – Non-Current Provisions	2,254,317	1,267,789
Contribution from/to provisions - Non-Current Employee Benefits	1,336,338	1,250,836
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial (gains)/loss	1,722,662	323,164
Contribution from/to - Current Employee Benefits	967,105	(348,555)
Contribution to provisions – Bad Debt	8,945,473	13,878,152
Gains/(Loss) on disposal of Fixed Assets	17,298,139	
Bad Debts written off	7,825,065	6,257,217
Operating Surplus before changes in working capital	108,704,158	157,807,456
Changes in working capital	(19,480,091)	(22,693,874)
Increase/(Decrease) in Trade and Other Payables	(9,923,510)	(1,988,446)
Increase in Taxes	8,987,115	(3,960,502)
Increase in Consumer Deposits	169,712	130,845
Increase in Inventory	(65,006)	(38,821)
Increase in Other Receivables from Non-Exchange Transactions	(18,648,403)	(16,836,950)
Cash generated by operations	89,224,067	135,113,582

44. CASH AND CASH EQUIVALENTS

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

Current Accounts - Note 10	1,200,994	12,373,975
Call Deposits and Investments - Note 10	1,553,772	5,285,354
Cash Floats - Note 10	1,500	1,500
Total cash and cash equivalents	2,756,266	17,660,829

45. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 44

2,756,266

17,660,829

Less:

(64,859)

(2,147,677)

Unspent Transfers and Subsidies - Note 17

(64,859)

(2,147,677)

Unspent Borrowings

-

-

VAT

-

-

Net cash resources available for internal distribution

2,691,406

15,513,152

Resources available for working capital requirements**2,691,406****15,513,152****2025
R****2024
R****46. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

Long-term Liabilities - Note 11

334,861

521,311

Used to finance property, plant and equipment - at cost

(334,861)

(521,311)

Cash invested for repayment of long-term liabilities**-****-**

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

47. BUDGET INFORMATION**47.1 Explanation of variances between approved and final budget amounts**

The reasons for the variances between the approved and final budgets are mainly due to the current economic climate, actuarial valuations and changes in estimates.

Final Budget and Actual Amounts: Explanation for variances greater than 10% and in excess of R1,500,000 (1% of operating expenses).

47.2 Statement of Financial Position**47.2.1 Current Assets****Cash**

The cash balance at year-end is lower than budgeted due to under collection of debt owed to the municipality by customers.

Other Debtors

The actual outcome incurred for other debtors are included in the consumer deposit.

47.2.2 Non-Current Assets

No material variances

47.2.3 Current Liabilities**Trade and Other Payables**

Due to the increased retention recognition in the current that was not sufficiently budgeted for. The low revenue collection resulted in a decreased cash balance at year-end that impacted in the municipality being unable to service outstanding creditors at year-end.

47.2.4 Non-Current Liabilities

No material variances

47.2.5 Net Assets

The variance identified is due to prior year adjustments including taking into account the budget variance identified on the statement of position as recorded above.

Statement of Financial Performance**47.2.6 Revenue****Service charges - Electricity**

Decrease due to current economic climate.

Rental from Fixed Assets

Increase is due hiring of more investment property than what was budgeted for.

Interest Earned - External Investments

Due to early finalisation of grant funded projects, that could have yielded more interest, resulted in the decrease recorded.

Fines, penalties and forfeits

Decrease is resultant of low fines/traffic violations experience during the year.

Agency Fees

Decreased in licence and permits due to low population in Hantam. Other services are rendered by Provincial Traffic Department.

Operational Revenue

Inappropriate budgeting for operational revenue

Other Gains

Other gains relate to fair value adjustments which is recorded separately in the statement of financial performance.

47.2.7 Expenditure

Debt Impairment

Due to current economic climate, debtors did not pay on time and interest had to be charged.

Finance Charges

Interest portion of the rehabilitation of the landfill site provision increased.

Depreciation and Asset Impairment

Restructuring and unbundling of infrastructured assets as well as inappropriate budgeting.

Bulk Purchases

Due to increase in Eskom tariffs, insufficient budget was allocated to Bulk purchases of electricity.

Transfers and subsidies

Inappropriate budgeting for transfers and budget. This votes are used to record mainly the expenditure

Inventory Consumed

All expenditure relating to the water department was evaluated and reclassified to Inventory consumed as applicable.

Contracted Services

The municipality decreased the use of consultant during the year.

Operating expenditure

Decrease is due to implementation of cost containment measures.

This is resulted on the losses experienced on water inventory, fair value adjustment and impairment/disposal o

47.2.8 Capital Assets

Contributed Assets

None

Cash Flow Statement

47.2.9 Net Cash from Operating Activities

Ratepayers and others

Due to economic climate, customers are not able to pay debtor accounts regularly as expected.

Interest

Due to current economic climate.

47.2.10 Net Cash from Investing Activities

Capital Assets

VAT Portion of the capital expenditure is disclosed in the VAT control account to be claimed from SARS. The Municipality usually budget for the whole funding received as per DORA allocation.

48. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

48.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	21,480,764	-
Restated opening balance	21,480,764	
Unauthorised expenditure current year - operational	52,355,831	21,480,764
Unauthorised expenditure current year - capital	12,833,382	-
Written-off by Council	-	-

Current	-	-
Prior Period	-	-
Unauthorised expenditure awaiting authorisation	86,669,977	21,480,764

	2025 R	2024 R
Unauthorised expenditure can be summarised as follow:		
Incident	Disciplinary steps/criminal proceedings	
Over expenditure of 2024 approved budget -Operating	None	-
Over expenditure of 2025 approved budget - Operating	None	21,480,764
Over expenditure of 2025 approved budget - Capital	None	-
	51,123,991	-
	12,833,382	-
	63,957,372	21,480,764

The comparison between actuals and Budget per municipal vote can be summarised as follows:

	2025 Actual R	2025 Final Budget R	2025 Variance R	2025 Unauthorised R
Unauthorised expenditure current year - operating				
Vote 1 - Executive and Council	25,031,419	22,849,037	2,182,382	2,182,382
Vote 2 - Budget and Treasury Office	32,137,832	24,226,988	7,910,844	7,910,844
Vote 3 - Corporate Services	13,922,616	13,846,403	76,213	76,213
Vote 4 - Community and Social Services	2,492,028	3,268,168	(776,140)	-
Vote 5 - Sport and Recreation	530,570	2,612,542	(2,081,972)	-
Vote 6 - Public Safety	1,474,280	63,687	1,410,593	1,410,593
Vote 7 - Planning and Development	906,387	783,893	122,494	122,494
Vote 8 - Road Transport	7,390,963	8,505,006	(1,114,043)	-
Vote 9 - Electricity	45,667,937	40,275,158	5,392,779	5,392,779
Vote 10 - Water	56,737,332	24,714,970	32,022,362	32,022,362
Vote 11 - Waste Water Management	12,101,802	10,258,933	1,842,869	1,842,869
Vote 12 - Solid Waste	13,866,904	12,471,609	1,395,295	1,395,295
Vote 13 - Other	35,834	84,574	(48,740)	-
Vote 14 - Environmental Health	-	-	-	-
	212,295,904	163,960,968	48,334,936	52,355,831
Unauthorised expenditure current year - capital				
	2025 Actual R	2025 Final Budget R	2025 Variance R	2025 Unauthorised R
Vote 1 - Executive and Council	665,158	150,000	515,158	515,158
Vote 2 - Budget and Treasury Office	-	-	-	-
Vote 3 - Corporate Services	541,697	300,000	241,697	241,697
Vote 4 - Community and Social Services	-	-	-	-
Vote 5 - Sport and Recreation	7,157,928	-	7,157,928	7,157,928
Vote 6 - Public Safety	-	-	-	-
Vote 7 - Planning and Development	-	-	-	-
Vote 8 - Road Transport	11,081,862	7,500,000	3,581,862	3,581,862
Vote 9 - Electricity	6,784,105	8,047,000	(1,262,895)	-
Vote 10 - Water	55,228,529	97,200,000	(41,971,471)	-
Vote 11 - Waste Water Management	21,950,737	20,614,000	1,336,737	1,336,737
Vote 12 - Solid Waste	-	-	-	-
Vote 13 - Other	-	-	-	-
Vote 14 - Environmental Health	-	-	-	-
	103,410,016	133,811,000	(30,400,984)	12,833,382

48.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	50,846	-
Fruitless and wasteful expenditure current year	137,534	50,846
Written-off by Council	(121,014)	-
Current	(70,168)	-
Prior Period	(50,846)	-
Transfer to receivables for recovery - not condoned	(1,410)	-
Current	(1,410)	-
Prior Period	-	-
Fruitless and wasteful expenditure awaiting condonement	65,956	50,846

	2025 R	2024 R
Fruitless and wasteful expenditure can be summarised as follow:		
Incident	Disciplinary steps/criminal proceedings	
An error on the payment amount per EPWP employee was made with more than the required amount was paid per EPWP employee .	Referred to council Committee for investigation	50,846
Interest and penalties paid on overdue accounts	Referred to council Committee for investigation. R70 168 was written off	136,124
Accommodation fee recovered from an official not attending training	Referred to council Committee for investigation. Council determined that the amount must be recovered from the employee	1,410
	137,534	50,846

48.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	2,917,155	173,099
Correction of prior period error	(302,190)	
	2,614,965	173,099
Irregular expenditure- current year	13,085,548	2,835,780
Irregular expenditure- prior year	5,684,411	1,007,158
Written off by council	-	(1,098,882)
Current		-
Prior Period		(1,098,882)
Irregular expenditure awaiting further action	21,384,925	2,917,155

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	
Back pay on increased salaries of councillors based on Government Gazette 49142. Council did not receive concurrence from the MEC.	Refer to MPAC and disciplinary board for investigation	264,938
Competitive bidding process not followed. After investigation the prior year expenditure of the previous sample amount of the AG is amended	Refer to MPAC and Disciplinary board for investigation	1,007,158
Overpayments to service provider on a capital project	Refer to MPAC and Disciplinary board for investigation	16,729,514
Overpayments to service provider on an operational project	Refer to MPAC and Disciplinary board for investigation	671,834
Motivation for deviation in terms of SCM regulation 36 deemed not reasonable.	Refer to MPAC and Disciplinary board for investigation	758,258
Performance bonus paid before tabling of annual report	Refer to MPAC and Disciplinary board for investigation	130,032
Invoices not adequately certified by appropriate official/consulting engineer.	Refer to MPAC and Disciplinary board for investigation	375,754
Formal quotation processes not followed; Preferential procurement points system not adequately calculated	Refer to MPAC and Disciplinary board for investigation	104,567
	18,769,959	3,842,938

Irregular Expenditure disclosure is inclusive of VAT.

	2025	2024
49. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
49.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)		Restated
		(Previously Reported)
Opening balance	1,920,000	3,228,000
Council subscriptions	634,334	500,000
Amount paid - current year	(1,920,000)	(1,800,000)
Amount paid - previous years		-
	634,334	1,928,000
		(Reported now)
Opening balance		3,225,000
Council subscriptions		500,000
Amount paid - current year		(1,805,000)
Amount paid - previous years		
Balance unpaid (included in creditors)	634,334	1,920,000
49.2 Audit fees - [MFMA 125 (1)(c)]		Restated

			(Previously reported)
Opening balance	-	(132,184)	
Current year audit fee	4,285,945	3,812,429	
External Audit - Auditor-General	4,285,945	3,812,429	
Amount paid - current year	(4,285,945)	(3,180,840)	
Amount paid - previous year	-	-	
Balance unpaid (included in receivables)	-	499,405	
	2025	2024	
		(Reported now)	
Opening balance		(133,409)	
Current year audit fee		3,314,249	
Amount paid - current year		(3,180,840)	
Balance unpaid (included in receivables)	-	-	
	R	R	
49.3 VAT - [MFMA 125 (1)(c)]			
Opening balance	5,027,415	5,385,479	
Amounts received - previous year	(5,027,415)	(5,385,479)	
Amounts received - current year	(23,060,652)	(12,974,926)	
Amount paid - current year	-	-	
Amounts claimed - current year	24,465,492	18,002,341	
Closing balance	1,404,840	5,027,415	
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.			
49.4 PAYE and UIF - [MFMA 125 (1)(c)]			
Opening balance	624,134	578,158	
Current year payroll deductions	9,469,859	7,469,083	
Amount paid - current year	(8,708,818)	(6,844,949)	
Amount paid - previous year	(624,134)	(578,158)	
Balance unpaid (included in creditors)	761,041	624,134	
49.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]			
Opening balance	595,141	551,810	
Current year payroll deductions and Council Contributions	11,145,849	10,081,643	
Amount paid - current year	(11,149,804)	(9,486,502)	
Amount paid - previous year	(595,141)	(551,810)	
Balance unpaid (included in creditors)	(3,955)	595,141	
49.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]			
The following Councillors had arrear accounts for more than 90 days as at 30 June:			
AF Fritz	1,264		
K Alexander	5,636	-	
GJ de Vries	18,191	-	
TF Bantom	32,987	23,060	
G Vyver	1,469	-	
JH Wilschut	2,921	-	
C Slambee	479	-	
49.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005			
Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b):			

	<u>Type of Deviation</u>				
	Amount	Single Supplier	Impossible	Impractical	
30 JUNE 2025					
July	624,657		-	1	-
August	134,042	1	-	2	-
September	-		-		-
October	402,628		-	3	-
November	-		-		-
December	-		-		-
January	-		-		-
February	33,822	2	-		1
March	-		-		-
April	9,320	1	-		-
May	33,822		-	2	1
June	-		-		-
	1,238,291	4	-	8	2

30 June 2024	Type of Deviation				Emergency
	Amount	Single Supplier	Impossible	Impractical	
July	121,785	2	-	2	-
August	215,102	6	-	7	-
September	3,504	2	-	2	-
October	-	-	-	-	-
November	40,445	4	-	4	-
December	76,887	1	-	2	-
January	107,646	-	-	2	-
February	-	-	-	-	-
March	18,072	3	-	3	-
April	239,131	3	-	3	-
May	7,556	1	-	1	-
June	28,207	6	-	6	-
	858,335	28	-	32	-

Reconciliation of SCM Deviations:

Opening balance	505,104	505,104
Deviations from SCM current year	1,238,291	858,335
Approved in terms of Regulation 36(1)(a) and (b)	(1,238,291)	(858,335)
Transfer to receivables for recovery - not condoned	-	-
	505,104	505,104

49.8 Material losses

Electricity distribution losses

Units purchased (Kwh)	14,878,099	13,948,589
Units lost during distribution (Kwh)	1,662,524	1,586,313
Percentage lost during distribution	11.17%	11.37%
Distribution loss (Rand Value)	3,591,052	2,497,638

Electricity losses are due to electricity theft on pre-paid meters and illegal connections. The rand value of the electricity losses are based on the Eskom purchase price.

Water distribution losses

Units purchased (KI)	885,826	741,247
Units lost during distribution (KI)	279,821	254,599
Percentage lost during distribution	31.59%	34.35%
Distribution loss (Rand Value)	8,573,153	5,035,053

Normal pipe bursts and field leakages are responsible for water losses.

50. DISCLOSURE IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

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

51. FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

The potential impact on the municipality's surplus/(deficit) for the year due to changes in interest rates were as follow:

.5% (2024: 1%) Increase in interest rates	(87,494)	(270,116)
1% (2024: 1%) Decrease in interest rates	174,988	270,116

(d) Credit Risk

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

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

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

All rates and services are payable within 30 days from invoice date. Refer to note 7 and 8 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 8 for balances included in receivables that were re-negotiated for the period under review.

	2025 %	2025 R	2024 %	2024 R
<u>Non-Current Receivables</u>				
Repay Arrangements	100.00%	-	100.00%	16,668
<u>Non-exchange Receivables</u>				
Rates	88.05%	41,510,542	87.85%	36,602,586
Availability Charges	11.95%	5,635,812	12.15%	5,060,374
	100.00%	47,146,353	100.00%	41,662,961

			2025 R	2024 R
<u>Exchange Receivables</u>				
Electricity	14.35%	10,131,250	14.38%	9,259,643
Water	32.13%	22,687,328	31.75%	20,441,481
Waste Management	27.46%	19,389,999	27.98%	18,017,146
Waste Water Management	19.42%	13,708,411	19.20%	12,362,487
Other	6.64%	4,684,770	6.69%	4,309,876
	100.00%	70,601,758	100.00%	64,390,632

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 10 and 11 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2025 %	2025 R	2024 %	2024 R
<u>Non-exchange Receivables</u>				
Rates	34.17%	35,633,113	33.22%	31,437,901
Availability Charges	5.21%	5,431,604	5.11%	4,839,511
<u>Exchange Receivables</u>				
Services	60.62%	63,209,349	61.67%	58,369,041
	100.00%	104,274,066	100.00%	94,646,454

Ageing of amounts past due but not impaired are as follow:

	Exchange Receivables	Non-exchange Receivables
2025		
1 month past due	(323,531)	565,662
2+ months past due	-	-
	(323,531)	565,662
2024		
1 month past due	(669,062)	517,625
2+ months past due	-	-
	(669,062)	517,625

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

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

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

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

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

	2025 R	2024 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	72,670,310	65,867,753
Receivables from non-exchange transactions	48,013,654	43,310,736
Cash and Cash Equivalents	2,754,766	17,659,329
	123,438,730	126,837,818

(e) Liquidity Risk

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2025				
Long-term Liabilities	229,092	133,637	-	-
Consumer Deposits	1,730,698	-	-	-
Trade and Other Payables	57,037,543	-	-	-
	58,997,334	133,637	-	-
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2024				
Long-term Liabilities	229,092	362,729	-	-
Consumer Deposits	1,560,986	-	-	-
Trade and Other Payables	66,961,054	-	-	-
	68,751,133	362,729	-	-

52. FINANCIAL INSTRUMENTS

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

52.1	<u>Financial Assets</u>	<u>Classification</u>		
	Receivables from Exchange Transactions			
	Electricity	Financial Instruments at amortised cost	10,131,250	9,259,643
	Water	Financial Instruments at amortised cost	22,687,328	20,441,481
	Waste Management	Financial Instruments at amortised cost	19,389,999	18,017,146
	Waste Water Management	Financial Instruments at amortised cost	13,708,411	12,362,487
	Other Arrears	Financial Instruments at amortised cost	4,684,770	4,309,876
	Receivables from Non-Exchange Transactions			
	Water - Availability Charges	Financial Instruments at amortised cost	5,635,812	5,060,374
	Cash and Cash Equivalents			
	Bank Balances	Financial Instruments at amortised cost	1,200,994	12,373,975
	Call Deposits	Financial Instruments at amortised cost	1,553,772	5,285,354
	Total Financial Assets		78,992,335	87,110,335

		2025 R	2024 R
Financial Instruments at amortised cost:			
Receivables from Exchange Transactions	Electricity	10,131,250	9,259,643
Receivables from Exchange Transactions	Water	22,687,328	20,441,481
Receivables from Exchange Transactions	Waste Management	19,389,999	18,017,146
Receivables from Exchange Transactions	Waste Water Management	13,708,411	12,362,487
Receivables from Exchange Transactions	Other Arrears	4,684,770	4,309,876
Receivables from Non-Exchange Transactions	Water - Availability Charges	5,635,812	5,060,374
Cash and Cash Equivalents	Bank Balances	1,200,994	12,373,975
Cash and Cash Equivalents	Call Deposits	1,553,772	5,285,354
Total Financial Assets		78,992,335	87,110,335
52.2 Financial Liabilities	Classification		
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	129,398	334,861
Consumer Deposits			
Consumer Deposits	Financial Instruments at amortised cost	1,730,698	1,560,986
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	21,586,244	27,485,633
Advance Payments	Financial Instruments at amortised cost	1,208,633	999,354
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	(264,933)	50,141
Other Payables	Financial Instruments at amortised cost	1,294,744	2,545,111
Retentions	Financial Instruments at amortised cost	14,520,200	17,276,368
		40,204,985	50,252,455
SUMMARY OF FINANCIAL LIABILITIES			
Financial instruments at amortised cost:			
Long-term Liabilities	Capitalised Lease Liability	129,398	334,861
Consumer Deposits	Consumer Deposits	1,730,698	1,560,986
Trade and Other Payables	Trade Payables	21,586,244	27,485,633
Trade and Other Payables	Advance Payments	1,208,633	999,354
Trade and Other Payables	Control, Clearing and Interface Accounts	(264,933)	50,141
Trade and Other Payables	Other Payables	1,294,744	2,545,111
Trade and Other Payables	Retentions	14,520,200	17,276,368
		40,204,985	50,252,455
53. STATUTORY RECEIVABLES			
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:			
Taxes			
VAT Receivable		1,404,840	5,027,414
Receivables from Non-Exchange Transactions		41,510,542	36,602,586
Rates		41,510,542	36,602,586
Total Statutory Receivables (before provision)		42,915,382	41,630,000
Less: Provision for Debt Impairment		(35,633,113)	(31,437,901)
Total Statutory Receivables (after provision)		7,282,269	10,192,099
Statutory Receivables arises from the following legislation:			
Taxes	- Value Added Tax Act (No 89 of 1991)		
Rates	- Municipal Properties Rates Act (No 6 of 2004)		
Fines	- Criminal Procedures Act		
(Rates): Ageing			
Current (0 - 30 days)		1,987,950	1,922,277
31 - 60 Days		682,157	649,338
61 - 90 Days		645,598	625,258
+ 90 Days		38,194,836	33,405,714
Total		41,510,542	36,602,586

	2025 R	2024 R
<u>Reconciliation of Rates Provision for Debt Impairment</u>		
Balance at beginning of year	31,437,901	20,558,777
Contribution to provision	4,195,212	10,879,124
Balance at end of year	35,633,113	31,437,901
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	(3,889,478)	(3,242,409)
2+ months past due	(3,207,322)	(2,593,071)
	(7,096,800)	(5,835,479)

54. CONTINGENT LIABILITY

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:

Hantam Municipality v Public Protector (Case no: 633/2021):

Matter is pending. Review application to set aside the Public Protector's finding in her report, no.4 of 2020/21. Matter was sat down for 18 July 2022 and struck from the roll, currently busy re-enrolling the matter. Future Legal Cost is unknown.

55. RELATED PARTIES

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

55.1

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

Related party relationship

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

55.2 Compensation of key management personnel

The remuneration of Managers is set out in note 29 to the Annual Financial Statements.

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

Name	Position	Staff Leave Obligations	Staff Bonus Obligations
JJ Fortuin	Municipal Manager	28,234	-
RW Ferris	Chief Financial Officer	38,132	-
RC van Wyk	Director: Technical Services	44,659	-
E de Wet	Director :Corporate Services	42,293	-
JR van Wyk	Director: Community Services	62,534	-
		215,852	-

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

Name	Position	Staff Leave Obligations	Staff Bonus Obligations
T Tlhoale	Municipal Manager	13,802	-
Vacant	Chief Financial Officer	-	-
Vacant	Director: Technical Services	-	-
Vacant	Director :Corporate Services	-	-
JR van Wyk	Director: Community Services	62,865	-
		76,667	-

55.3 Remuneration of Councillors

The remuneration of councillors is set out in note 30 to the Annual Financial Statements.

55.4 Other related party transactions

None

- -

56. **PRINCIPAL - AGENT ARRANGEMENTS**

56.1 **Principal in other Principal-Agent Arrangements (non-material)**

Hantam Municipality is the Principal in arrangements with service providers who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction.

The following information is disclosed in aggregate as per GRAP 109 par 61.

Compensation paid for agency activities

Commission - Note 36	927,640	772,231
Total Compensation	927,640	772,231

There are no resources under the custodianship of the agents, nor have they been recognised as such.

56.2 **Agent in arrangement**

Hantam Municipality is the Agent in the Principal-Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Income from Agency Services in the Statement of Financial Performance. The amounts due to the Provincial Department at year end is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

The municipality does not incur any expenses on behalf of the Provincial Department. No significant risks are noted to arise from the arrangement as the municipality merely collects monies on behalf of the department as part of its existing service offering at the traffic department and municipal cashier collection points. No resources are held on behalf of the Provincial Department (other than the receipts).

Compensation received for agency activities

Agency Fees	100,789	181,839
Total Compensation received	100,789	181,839

Hantam Municipality was paid 12% commission by the Provincial Departement of Transport for acting as an agent on its behalf during the financial year.

Reconciliation of Agency Funds and Disbursements

Principal name	Total Agency funds received	Amount remitted to the principal	Variance between amounts received and remitted	Explanation of Variance
Provincial Department of Transport	100,789	100,789	-	None
	100,789	100,789	-	

57. **IN KIND DONATION**

The municipality has received an inkind donation amounting to R 2 317 185.60 from the Development Bank SA . This donation was paid directly to an external service provider to provide HANTAM MUNICIPALITY with a Water Service Master Plan. This Plans main purpose is to assist the Municipality to reduce the non revenue water losses.

The Municipality has received a discount on the outstanding audit account from the Auditor General, amounting to R1 422 879, (2024) R986 830

58. **FINANCIAL SUSTAINABILITY**

The extremely high cost associated with the Delivery of Basic Services and Infrastructure needs to communities due to the vast distances between several settlements coupled with the social-economic profile (high unemployment rate) of Hantam Municipality communities resulted in a serious risk for the Municipality to remain as a going concern.□

The indicators or conditions that may, individually or collectively, cast doubt about the going concern assumption are as follows:

Financial Indicators

The municipality is still experiencing difficulty with settlement of its current obligations as its net current asset position is insufficient. The results have worsen dramtically in 2024/25, with the current liabilities continues to exceed the current assets by R37 165 154 (2024: R5 961 545).How ever, the Current Liabilities position improved signifcintly and is it evedent that a large potion of the decrease in the Cash and Cash Equivalents is the result of payments to Creditors which has decreased.

The municipality has budgeted for an operating surplus of R100.5 million for the 2024/2025 financial year, and has budgeted for cash flows decrease for R5 million. The actual operating surplus realized is R48 million, almost 50% less than budgeted, which is clearly evident in the decrease of R14 million in the net cash flow. All this is an indication that the municipality must embark on more strict budget controlling and cost containing measurements and strictly apply their credit control policies to remain as a going concern ,

Other adverse indicators are :

- Creditors days exceed 30 days
- Overdue payments at year end is more than 2% of budgeted expenditure
- Current Liabilities (Excl Unspent Grants) exceeds 10% of the next years budgeted resources
- Other receivables ,exceed 30 days
- Consumer debtor days, exceed 30 days
- Poor enforcement of credit control measures
- Debtors impairment provision exceed 10% of accounts receivable
- Electricity distribution losses exceed 10%
- Water distribution losses exceed 30%

There is a deterioration in assets used to generate revenue and or cash flow due to the existing assets renewal and rehabilitation expenditure which is less than 40% of capital expenditure and less than 100% of total depreciation and impairment as well as the excessive water and electricity distribution losses.

The municipality is struggling with relative poor communities with more than average unemployment and other social challenges. Unless sustainable job creation is achieved, the municipality will not be able to function as a going concern without Government Grants and Subsidies. It is furthermore evident that the municipality has to realign and make adjustments to its rates and tariffs which need a marginally additional increase of 5% to improve the cashflow. Even a breakeven position would make the municipality financially viable.

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

58.

EVENTS AFTER REPORTING PERIOD

R

R

The acting Municipal Manager secondment ended at the end of August 2024 .

COGTA has seconded a replacement , Mr J Fortuin which will be at office from 1 September 2024. Mr Fortuin is officially appointed on 28 August 2025 on a contract basis for a period lapsing one year after the following Municipal elections.

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2025

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

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

The key functional segments comprise of:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Executive and Council	1.1 - Municipal Manager	Aggregated	Governance and Administration	Supporting service departments
	1.2 - Councillors	Aggregated	Governance and Administration	Supporting service departments
	2.1 - Finance General	Aggregated	Governance and Administration	Supporting service departments
Vote 2 - Budget and Treasury Office	2.2 - Accountant Revenue	Aggregated	Governance and Administration	Supporting service departments
	2.3 - Accountant Expenditure	Aggregated	Governance and Administration	Supporting service departments
	2.4 - Supply Chain Management	Aggregated	Governance and Administration	Supporting service departments
	3.1 - Administration	Aggregated	Governance and Administration	Supporting service departments
Vote 3 - Corporate Services	3.2 - Human Resources	Aggregated	Governance and Administration	Supporting service departments
	3.3 - Property Services	Aggregated	Governance and Administration	Supporting service departments
Vote 4 - Community and Social Services	4.1 - Cemeteries	Aggregated	Community and Public Safety	Cemeteries and Library services
	4.2 - Libraries	Aggregated	Community and Public Safety	Cemeteries and Library services
Vote 5 - Sport and Recreation	5.1 - Nature Reserves	Aggregated	Community and Public Safety	Sports- and Recreation facilities
	5.2 - Sport Ground	Aggregated	Community and Public Safety	Sports- and Recreation facilities
	5.3 - Swimming Pool	Aggregated	Community and Public Safety	Sports- and Recreation facilities
	5.4 - Caravan Park	Aggregated	Community and Public Safety	Sports- and Recreation facilities
	6.1 - Civil Defence	Individually Reported	Community and Public Safety	Supporting service departments
Vote 6 - Public Safety	7.1 - IDP Department	Individually Reported	Economic and Environmental Services	Supporting service departments
Vote 7 - Planning and Development	8.1 - Roads	Aggregated	Economic and Environmental Services	Supporting service departments
Vote 8 - Road Transport	8.2 - Traffic Services	Aggregated	Economic and Environmental Services	Supporting service departments
Vote 9 - Electricity	9.1 - Electricity Distribution	Individually Reported	Trading Services	Electricity services
Vote 10 - Water	10.1 - Water Distribution	Individually Reported	Trading Services	Water management
Vote 11 - Waste Water Management	11.1 - Waste Water Management	Individually Reported	Trading Services	Waste water management
Vote 12 - Solid Waste	12.1 - Waste Removal	Individually Reported	Trading Services	Waste management services
Vote 13 - Other	13.1 - Aerodrome	Individually Reported	Other	Supporting service departments

SECONDARY SEGMENTS

Mscosa Functional Segments identified	Function	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
	Internal audit	Aggregated	Governance and Administration	Supporting service departments
• Community and public safety	Community and social services	Aggregated	Community and public safety	Library services, Sports and Recreational Centers
	Sport and recreation	Aggregated	Community and public safety	Supporting service departments
	Planning and development	Aggregated	Economic and environmental services	Supporting service departments
• Economic and environmental services	Road transport	Aggregated	Economic and environmental services	Supporting service departments
	Environmental protection services	Aggregated	Economic and environmental services	Supporting service departments
	Energy sources	Individually Reported	Energy sources	Electricity services
• Trading services	Water management	Individually Reported	Water management	Water management
	Waste water management	Individually Reported	Waste water management	Waste water management
	Waste management service	Individually Reported	Waste management service	Waste management services
• Other	Air Transport	Aggregated	Other	Airfield

Grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services. Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The Cost to develop this separately would be excessive.

60.1 PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2025

	Governance and Administration	Community and Public Safety	Trading Services	Economic and Environmental Services	Other	Unallocated	Total
	R	R	R	R	R	R	R
External revenue from exchange transactions	2,432,872	345,628	62,032,006	-	-	-	64,810,506
Service Charges - Electricity Revenue	-	-	36,290,807	-	-	-	36,290,807
Service Charges - Water Revenue	-	-	10,668,016	-	-	-	10,668,016
Service Charges - Sanitation Revenue	-	-	7,042,386	-	-	-	7,042,386
Service Charges - Refuse Revenue	-	-	6,512,654	-	-	-	6,512,654
Rental of Facilities and Equipment	245,817	45,995	-	-	-	-	291,812
Interest Earned - External Investments	1,876,863	-	-	-	-	-	1,876,863
Interest Earned - Outstanding Debtors	-	-	1,518,144	-	-	-	1,518,144
Licences and Permits	114,802	216,687	-	-	-	-	331,489
Other Revenue - Exchange	195,389	82,946	-	-	-	-	278,335
External revenue from non-exchange transactions	49,227,706	1,853,707	11,423,718	1,316,939	-	-	63,822,070
Fines	-	707	-	3,150	-	-	3,857
Property Rates	18,500,752	-	-	-	-	-	18,500,752
Availability Charges	-	-	982,572	-	-	-	982,572
Interest Earned - Non-Exchange Transactions	3,163,988	-	-	-	-	-	3,163,988
Agency Services	-	-	-	100,789	-	-	100,789
Transfers Recognised - Operational	27,501,415	1,853,000	10,441,146	1,213,000	-	-	41,008,561
Other Revenue - Non-Exchange	61,550	-	-	-	-	-	61,550
Total Segment Revenue (excluding capital transfers and contributions)	51,660,577	2,199,335	73,455,725	1,316,939	-	-	128,632,576
SEGMENT EXPENDITURE							
Employee Related Costs	24,656,514	2,759,040	19,427,157	5,696,120	-	-	52,538,833
Remuneration of Councillors	5,871,952	-	-	-	-	-	5,871,952
Debt Impairment	6,590,779	-	10,179,759	-	-	-	16,770,538
Depreciation and Asset Impairment	1,921,242	1,468,898	4,894,155	1,239,486	-	-	9,523,782
Finance Charges	2,179,145	14,513	1,665,412	1,442	-	-	3,860,512
Bulk Purchases	-	-	36,183,917	-	-	-	36,183,917
Other Materials	120,081	-	18,476,328	6,411	-	-	18,602,819
Contracted Services	14,206,340	89,729	8,388,732	1,028,251	-	-	23,713,052
Transfers and Grants	84,652	-	-	-	-	-	84,652
Other Expenditure	15,491,970	164,698	24,731,787	294,831	35,834	-	40,719,121
Internal charges	-	-	-	-	-	-	-
Total Segment Expenditure	71,122,675	4,496,878	123,947,248	8,266,542	35,834	-	207,869,178
Surplus/(Deficit)	(19,462,097)	(2,297,543)	(50,491,524)	(6,949,604)	(35,834)	-	(79,236,602)
Transfers Recognised - Capital	-	4,000,000	99,745,556	20,550,585	-	-	124,296,141
Contributions Recognised - In Kind	3,740,065	-	-	-	-	-	3,740,065
Contributed Assets	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	(15,722,033)	1,702,457	49,254,032	13,600,981	(35,834)	-	48,799,603
Taxation	-	-	-	-	-	-	-
Attributable to Minorities	-	-	-	-	-	-	-
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(15,722,033)	1,702,457	49,254,032	13,600,981	(35,834)	-	48,799,603
OTHER INFORMATION							
Segment Assets	-	-	-	-	-	838,396,627	838,396,627
Segment liabilities	-	-	-	-	-	139,277,627	139,277,627
Non-cash revenue (included above)	-	-	-	-	-	-	-

Non-cash expenditure (included above)

-
-
-
-
-
-
-
-

SEGMENT REVENUE

External revenue from exchange transactions

Service Charges - Electricity Revenue
 Service Charges - Water Revenue
 Service Charges - Sanitation Revenue
 Service Charges - Refuse Revenue
 Rental of Facilities and Equipment
 Interest Earned - External Investments
 Interest Earned - Outstanding Debtors
 Licences and Permits
 Other Revenue - Exchange

External revenue from non-exchange transactions

Fines
 Property Rates
 Interest Earned - Non-Exchange Transactions
 Availability Charges
 Agency Services
 Transfers Recognised - Operational
 Other Revenue - Non-Exchange

Total Segment Revenue (excluding capital transfers and contributions)

SEGMENT EXPENDITURE

Employee Related Costs
 Remuneration of Councillors
 Debt Impairment
 Depreciation and Asset Impairment
 Finance Charges
 Bulk Purchases
 Other Materials
 Contracted Services
 Transfers and Grants
 Other Expenditure
 Internal charges

Total Segment Expenditure

Surplus/(Deficit)

Transfers Recognised - Capital
 Contributions Recognised - In Kind
 Contributed Assets

Surplus/(Deficit) after Capital Transfers & Contributions

Taxation
 Attributable to Minorities
 Share of Surplus/(Deficit) of Associate

Surplus/(Deficit) for the year

OTHER INFORMATION

Segment Assets
 Segment liabilities

	Governance and Administration	Community and Public Safety	Trading Services	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
External revenue from exchange transactions	3,740,900	470,735	54,725,108	-	-	58,936,743
Service Charges - Electricity Revenue	-	-	30,148,502	-	-	30,148,502
Service Charges - Water Revenue	-	-	10,308,111	-	-	10,308,111
Service Charges - Sanitation Revenue	-	-	6,363,028	-	-	6,363,028
Service Charges - Refuse Revenue	-	-	6,350,555	-	-	6,350,555
Rental of Facilities and Equipment	210,746	52,756	-	-	-	263,502
Interest Earned - External Investments	2,401,680	-	-	-	-	2,401,680
Interest Earned - Outstanding Debtors	-	-	1,554,912	-	-	1,554,912
Licences and Permits	8,278	325,009	-	-	-	333,287
Other Revenue - Exchange	1,120,166	92,970	-	-	-	1,213,166
External revenue from non-exchange transactions	51,095,928	1,896,283	16,153,867	767,578,90	1	69,913,667
Fines	-	1,611	-	4,600,00	-	6,211
Property Rates	19,520,222	-	-	-	-	19,520,222
Interest Earned - Non-Exchange Transactions	2,183,393	-	-	-	1	2,183,394
Availability Charges	-	-	819,479	-	-	819,479
Agency Services	-	-	-	181,838,90	-	181,839
Transfers Recognised - Operational	21,216,700	1,894,672	15,334,388	581,140,00	-	39,026,900
Other Revenue - Non-Exchange	8,175,613	-	-	-	-	8,175,613
Total Segment Revenue (excluding capital transfers and contributions)	54,836,828	2,367,017	70,878,975	767,579	1	128,850,400
SEGMENT EXPENDITURE						
Employee Related Costs	20,670,962	2,548,611	17,882,941	4,696,822	-	45,799,335
Remuneration of Councillors	5,710,417	-	-	-	-	5,710,417
Debt Impairment	8,962,349	-	15,000,264	-	-	23,962,614
Depreciation and Asset Impairment	1,626,864	1,599,756	3,322,199	1,243,130	7,566	7,799,515
Finance Charges	3,631,465	-	23,229	-	-	3,654,693
Bulk Purchases	-	-	30,183,184	-	-	30,183,184
Other Materials	74,545	-	10,045,327	404,723	-	10,524,595
Contracted Services	7,054,849	477,386	3,436,651	2,124,581	-	13,093,466
Transfers and Grants	150,079	-	-	-	-	150,079
Other Expenditure	12,100,022	266,725	4,978,375	784,373	60,350	18,189,844
Internal charges	-	-	-	-	-	-
Total Segment Expenditure	59,981,550	4,892,478	84,872,170	9,253,629	67,916	159,067,742
Surplus/(Deficit)	(5,144,722)	(2,525,460)	(13,993,195)	(8,486,050)	(67,916)	(30,217,341)
Transfers Recognised - Capital	-	12,916,449	137,000,000	4,807,909	-	154,724,358
Contributions Recognised - In Kind	-	-	-	-	-	-
Contributed Assets	2,064,404	-	-	-	-	2,064,404
Surplus/(Deficit) after Capital Transfers & Contributions	(3,080,317)	10,390,988	123,006,805	(3,678,141)	1	126,571,420
Taxation	-	-	-	-	-	-
Attributable to Minorities	-	-	-	-	-	-
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
Surplus/(Deficit) for the year	(3,080,317)	10,390,988	123,006,805	(3,678,141)	(67,916)	126,571,420
OTHER INFORMATION						
Segment Assets	-	-	-	-	-	747,181,071
Segment liabilities	-	-	-	-	-	110,234,742

60.3 SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2025

	Community and public safety	Economic and environmental services		Trading services				Other	Governance and Administration		Unallocated	Total
		R	R	Energy Sources	Water Management	Waste water management	Waste management		R	R		
External revenue from exchange transactions	345,628	-	37,808,950	10,668,016	7,042,386	6,512,654	-	-	2,432,872	-	-	64,810,506
Service Charges - Electricity Revenue	-	-	36,290,807	-	-	-	-	-	-	-	-	36,290,807
Service Charges - Water Revenue	-	-	-	10,668,016	-	-	-	-	-	-	-	10,668,016
Service Charges - Sanitation Revenue	-	-	-	-	7,042,386	-	-	-	-	-	-	7,042,386
Service Charges - Refuse Revenue	-	-	-	-	-	6,512,654	-	-	-	-	-	6,512,654
Rental of Facilities and Equipment	45,995	-	-	-	-	-	-	-	245,817	-	-	291,812
Interest Earned - External Investments	-	-	-	-	-	-	-	-	1,876,863	-	-	1,876,863
Interest Earned - Outstanding Debtors	-	-	1,518,144	-	-	-	-	-	1,518,144	-	-	1,518,144
Licences and Permits	216,687	-	-	-	-	-	-	-	114,802	-	-	331,489
Other Revenue - Exchange	82,946	-	-	-	-	-	-	-	195,389	-	-	278,335
External revenue from non-exchange transactions	1,853,707	1,316,939	1,048,575	3,402,361	4,698,422	2,274,360	-	-	49,227,706	-	-	63,822,070
Fines	707	3,150	-	-	-	-	-	-	-	-	-	3,857
Property Rates	-	-	-	-	-	-	-	-	18,500,752	-	-	18,500,752
Interest Earned - Non-Exchange Transactions	-	-	-	-	-	-	-	-	3,163,988	-	-	3,163,988
Availability Charges	-	-	-	982,572	-	-	-	-	-	-	-	982,572
Agency Services	-	100,789	-	-	-	-	-	-	-	-	-	100,789
Transfers Recognised - Operational	1,853,000	1,213,000	1,048,575	2,419,789	4,698,422	2,274,360	-	-	27,501,415	-	-	41,008,561
Other Revenue - Non-Exchange	-	-	-	-	-	-	-	-	61,550	-	-	61,550
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	2,199,335	1,316,939	38,857,525	14,070,378	11,740,808	8,787,014	-	-	51,660,577	-	-	128,632,576
SEGMENT EXPENDITURE												
Employee Related Costs	2,759,040	5,696,120	2,742,467	6,527,029	3,306,986	6,850,675	-	-	24,656,514	-	-	52,538,833
Remuneration of Councillors	-	-	-	-	-	-	-	-	5,871,952	-	-	5,871,952
Debt Impairment	-	-	488,665	4,974,788	2,161,395	2,554,912	-	-	6,590,779	-	-	16,770,538
Depreciation and Asset Impairment	1,468,898	1,239,486	1,548,512	122,924	3,168,092	54,628	-	-	1,921,242	-	-	9,523,782
Finance Charges	14,513	1,442	-	1,651	-	1,663,760	-	-	2,179,145	-	-	3,860,512
Bulk Purchases	-	-	36,183,917	-	-	-	-	-	-	-	-	36,183,917
Other Materials	-	6,411	-	18,476,328	-	-	-	-	120,081	-	-	18,602,819
Contracted Services	89,729	1,028,251	1,459,798	1,602,269	2,840,374	2,486,292	-	-	14,206,340	-	-	23,713,052
Transfers and Grants	-	-	-	-	-	-	-	-	84,652	-	-	84,652
Other Expenditure	164,698	294,831	(759,445)	24,609,639	624,955	256,639	-	35,834	15,491,970	-	-	40,719,121
Loss on Disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total Segment Expenditure	4,496,878	8,266,542	41,663,915	56,314,627	12,101,802	13,866,904	-	35,834	71,122,675	-	-	207,669,178
Surplus/(Deficit)	(2,297,543)	(6,949,604)	(2,806,390)	(42,244,250)	(360,993)	(5,079,891)	-	(35,834)	(19,462,097)	-	-	(79,236,602)
Transfers Recognised - Capital	4,000,000	20,550,585	2,945,556	97,200,000	-	-	-	-	-	-	-	124,296,141
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	1,702,457	13,600,981	(260,834)	54,955,750	(360,993)	(5,079,891)	-	(35,834)	(19,462,097)	-	-	45,059,538
Taxation	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to Minorities	-	-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1,702,457	13,600,981	(260,834)	54,955,750	(360,993)	(5,079,891)	-	(35,834)	(19,462,097)	-	-	45,059,538
OTHER INFORMATION												
Segment Assets	-	-	-	-	-	-	-	-	-	-	838,396,627	838,396,627
Segment liabilities	-	-	-	-	-	-	-	-	-	-	139,277,627	139,277,627
Non-cash revenue (included above)	-	-	-	-	-	-	-	-	-	-	-	-

60.4 SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Community and public safety	Economic and environmental services	Energy Sources			Trading services			Other	Governance and Administration			Unallocated	Total
			R	R	R	R	R	R		R	R	R		
SEGMENT REVENUE														
External revenue from exchange transactions														
	470,735	-	31,703,414	10,308,111	6,363,028	6,350,555	-	3,740,900	-	-	-	-	-	58,936,743
Service Charges - Electricity Revenue	-	-	30,148,502	-	-	-	-	-	-	-	-	-	-	30,148,502
Service Charges - Water Revenue	-	-	-	10,308,111	-	-	-	-	-	-	-	-	-	10,308,111
Service Charges - Sanitation Revenue	-	-	-	-	6,363,028	-	-	-	-	-	-	-	-	6,363,028
Service Charges - Refuse Revenue	-	-	-	-	-	6,350,555	-	-	-	-	-	-	-	6,350,555
Rental of Facilities and Equipment	52,756	-	-	-	-	-	-	210,746	-	-	-	-	-	263,502
Interest Earned - External Investments	-	-	-	-	-	-	-	2,401,680	-	-	-	-	-	2,401,680
Interest Earned - Outstanding Debtors	-	-	1,554,912	-	-	-	-	-	-	-	-	-	-	1,554,912
Licences and Permits	325,009	-	-	-	-	-	-	8,278	-	-	-	-	-	333,287
Other Revenue - Exchange	92,970	-	-	-	-	-	-	1,120,196	-	-	-	-	-	1,213,166
External revenue from non-exchange transactions	1,896,283	767,579	1,473,588	4,445,801	6,602,809	3,631,669	-	51,095,928	-	1	-	-	-	69,913,667
Fines	1,611	4,600	-	-	-	-	-	-	-	-	-	-	-	6,211
Property Rates	-	-	-	-	-	-	-	19,520,222	-	-	-	-	-	19,520,222
Interest Earned - Non-Exchange Transactions	-	-	-	-	-	-	-	2,163,393	-	1	-	-	-	2,163,394
Availability Charges	-	-	-	819,479	-	-	-	-	-	-	-	-	-	819,479
Agency Services	-	181,839	-	-	-	-	-	-	-	-	-	-	-	181,839
Transfers Recognised - Operational	1,894,672	581,140	1,473,588	3,626,322	6,602,809	3,631,669	-	21,216,700	-	-	-	-	-	39,026,900
Other Revenue - Non-Exchange	-	-	-	-	-	-	-	8,175,613	-	-	-	-	-	8,175,613
Revenue from transactions with other segments														
Internal Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)														
	2,367,017	767,579	33,177,002	14,753,912	12,965,837	9,982,224	-	54,836,828	-	1	-	-	-	128,850,400
SEGMENT EXPENDITURE														
Employee Related Costs	2,548,611	4,696,822	2,142,585	5,157,707	3,228,167	7,354,481	-	20,670,962	-	-	-	-	-	45,799,335
Remuneration of Councilors	-	-	(3,016,025)	6,289,562	4,984,884	6,741,844	-	5,710,417	-	-	-	-	-	5,710,417
Debt Impairment	1,599,756	1,243,130	1,456,974	(0)	1,847,342	17,893	7,566	8,962,349	-	-	-	-	-	23,962,614
Depreciation and Asset Impairment	-	-	-	-	-	-	-	1,626,864	-	-	-	-	-	7,799,515
Finance Charges	-	-	-	23,229	-	-	-	3,631,465	-	-	-	-	-	3,654,693
Bulk Purchases	-	-	30,183,184	-	-	-	-	-	-	-	-	-	-	30,183,184
Other Materials	-	404,723	-	10,045,327	-	-	-	74,545	-	-	-	-	-	10,524,595
Contracted Services	477,386	2,124,581	1,161,250	-	216,927	2,058,474	-	7,064,849	-	-	-	-	-	13,093,466
Transfers and Grants	-	-	-	-	-	-	-	150,079	-	-	-	-	-	150,079
Other Expenditure	266,725	784,373	(2,144,776)	6,501,495	937,877	(316,221)	60,350	12,100,022	-	-	-	-	-	18,189,844
Loss on Disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segment Expenditure														
	4,892,478	9,253,629	29,783,192	28,017,320	11,215,197	15,056,461	67,916	59,981,550	-	-	-	-	-	159,007,742
Surplus/(Deficit)														
Transfers Recognised - Capital	(2,525,460)	(8,486,050)	3,393,811	(13,263,409)	1,750,640	(5,874,236)	(67,916)	(5,144,722)	-	1	-	-	-	(30,217,341)
Contributions Recognised - Capital	12,916,449	4,807,909	-	137,000,000	-	-	-	-	-	-	-	-	-	154,724,358
Contributed Assets	-	-	-	-	2,064,404	-	-	-	-	-	-	-	-	2,064,404
Surplus/(Deficit) for the year														
	10,390,988	(3,678,141)	3,393,811	123,736,591	3,815,044	(5,874,236)	(67,916)	(5,144,722)	-	1	-	-	-	126,571,421
OTHER INFORMATION														
Segment Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	747,181,071
Segment liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	110,234,742
Non-cash revenue (included above)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

60.5 RECONCILIATION OF REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023:

	2025 R	2024 R
Reconciliation of Segment Revenue to Total Revenue as per the Annual Financial Statements for the year ended 30 JUNE 2025:		
Total Segment Revenue (including capital transfers and contributions)	252,928,716	285,639,163
Total Revenue as per Statement of Financial Performance	256,607,231	279,851,909
Difference	(3,678,515)	5,787,253
Reconciling items - not included in Operating revenue	61,550	7,983,820
<i>Profit/(Loss) on Fair Value Adjustments</i>	61,550	7,983,820
Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 JUNE 2025:		
Total Segment Expenditure	207,869,178	159,067,742
Total Expenditure as per Statement of Financial Performance	172,981,547	139,197,191
Difference	34,887,631	19,870,551
Reconciling items - not included in Operating expenditure	34,777,936	18,968,203
<i>Inventories: Write-down to Net Realisable Value</i>	-	-
<i>Impairment Loss on Receivables</i>	8,945,473	13,878,152
<i>Loss on Sale of Fixed Assets</i>	17,298,139	-
<i>Water Losses</i>	8,534,323	5,090,051
Reconciliation of the Statement of Financial Performance as at 30 JUNE 2025 as per the Annual Financial Statements vs the Surplus of the Segment report:		
Surplus for the year as per Segments	45,059,538	126,571,421
Surplus for the year as per Statement of Financial Performance	48,799,603	129,670,336
Difference - None	-3,740,064.61	-3,098,915.00
Reconciliation of Segment Assets to Total Assets as per the Annual Financial Statements for the year ended 30 JUNE 2025:		
Total Segment Assets	838,396,627	747,181,071
Total Assets as per Statement of Financial Position	838,396,627	747,181,071
Difference - None	-	-
<i>Insert reconciling item details</i>	-	-
Reconciliation of Segment Liabilities to Total Liabilities as per the Annual Financial Statements for the year ended 30 JUNE 2025:		
Total Segment Liabilities	139,277,627	110,234,742
Total Liabilities as per Statement of Financial Position	139,277,627	110,234,742
Difference - None	-	-

APPENDIX A
HANTAM MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2025

	Rate	Loan Number	Redeemable	Balance on 1 July 2024	Correction of Error	Received during the period	Redeemed / written-off during the period	Balance on 30 JUNE 2025
LEASE LIABILITY								
PrinterBP-50M45	9.75%		31/01/2027	15,756	-		5,635	10,121
PrinterBP-50M45	9.75%		31/01/2027	15,756	-		5,635	10,121
PrinterBP-50C26	9.75%		31/01/2027	15,756	-		5,635	10,121
PrinterBP-50C26	9.75%		31/01/2027	15,756	-		5,635	10,121
PrinterBP-50C26	9.75%		31/01/2027	15,756	-		5,635	10,121
PrinterBP-50C26	9.75%		31/01/2027	15,756	-		5,635	10,121
PrinterBP-50M45	9.75%		31/01/2027	15,756	-		5,635	10,121
PrinterB287	9.75%		31/01/2027	74,793	-		26,750	48,043
PrinterB4050i	9.75%		31/01/2027	62,450	-		22,336	40,115
PrinterB4050i	9.75%		31/01/2027	44,346	-		15,861	28,485
PrinterB4050i	9.75%		31/01/2027	32,631	-		11,671	20,961
PrinterB4050i	9.75%		31/01/2027	45,902	-		16,417	29,485
PrinterB4050i	9.75%		31/01/2027	45,902	-		16,417	29,485
PrinterB4050i	9.75%		31/01/2027	45,902	-		16,417	29,485
PrinterB4050i	9.75%		31/01/2027	13,189	-		4,717	8,472
Total Lease Liabilities				521,311	-	-	186,450	334,861
TOTAL EXTERNAL LOANS				521,311	-	-	186,450	334,861

APPENDIX B
HANTAM MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025
GENERAL FINANCE STATISTIC CLASSIFICATIONS

Actual Income R	2024 Actual Expenditure R	2024 Surplus/ (Deficit) R		2025 Actual Income R	2025 Actual Expenditure R	2025 Surplus/ (Deficit) R
			Governance and Administration			
4,434,718	(17,365,180)	(12,930,462)	Executive and council	-	-	-
42,189,576	(29,049,564)	13,140,012	Finance and administration	-	-	-
-	(1,739,742)	(1,739,742)	Internal audit	-	-	-
			Community and Public Safety			
1,827,592	(3,093,658)	(1,266,067)	Vote 4 - Community and Social Services	-	-	-
5,687,774	(1,588,516)	4,099,258	Vote 5 - Sport and Recreation	-	-	-
			Economic and Environmental Services			
-	(1,850,166)	(1,850,166)	Vote 7 - Planning and Development	-	-	-
5,487,411	(10,955,437)	(5,468,026)	Vote 8 - Road Transport	-	-	-
87,843	(2,716)	85,128	Environmental protection	-	-	-
			Trading Services			
30,822,415	(32,150,939)	(1,328,524)	Energy sources	-	-	-
86,538,537	(22,197,807)	64,340,730	Water management	-	-	-
13,125,981	(7,635,982)	5,490,000	Waste water management	-	-	-
10,090,604	(12,272,410)	(2,181,806)	Waste management	-	-	-
-	(60,872)	(60,872)	Other	-	-	-
200,292,451	(139,962,988)	60,329,463	Sub Total	-	-	-
-	-	-	Less Inter-Departmental Charges	-	-	-
200,292,451	(139,962,988)	60,329,463	Total	-	-	-

APPENDIX C
HANTAM MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025
MUNICIPAL VOTES CLASSIFICATIONS

Actual Income R	2024 Actual Expenditure R	2024 Surplus/ (Deficit) R		2025 Actual Income R	2025 Actual Expenditure R	2025 Surplus/ (Deficit) R
			Executive and Council			
-	(4,510,272)	(4,510,272)	Municipal Manager	-	-	-
4,434,718	(14,594,650)	(10,159,932)	Councillors	-	-	-
			Budget and Treasury Office			
22,370,225	(15,794,910)	6,575,314	Finance General	-	-	-
-	-	-	Accountant Revenue	-	-	-
-	(5,876)	(5,876)	Accountant Expenditure	-	-	-
-	(1,117,969)	(1,117,969)	Supply Chain Management	-	-	-
			Corporate Services			
19,286,130	(6,558,788)	12,727,342	Administration	-	-	-
-	(1,600,583)	(1,600,583)	Human Resources	-	-	-
533,221	(3,880,843)	(3,347,622)	Property Services	-	-	-
			Community and Social Services			
116,555	(563,711)	(447,157)	Cemeteries	-	-	-
1,711,037	(2,406,900)	(695,863)	Libraries	-	-	-
			Sport and Recreation			
-	(2,716)	(2,716)	Nature Reserves	-	-	-
5,687,774	(1,220,565)	4,467,209	Sport Ground	-	-	-
-	(304,148)	(304,148)	Swimming Pool	-	-	-
87,843	-	87,843	Caravan Park	-	-	-
			Public Safety			
-	(117,447)	(117,447)	Civil Defence	-	-	-
			Planning and Development			
-	(487,786)	(487,786)	IDP Department	-	-	-
			Road Transport			
5,230,073	(9,198,680)	(3,968,607)	Roads	-	-	-
257,339	(1,613,549)	(1,356,210)	Traffic Services	-	-	-
			Electricity			
30,822,415	(34,197,298)	(3,374,883)	Electricity Distribution	-	-	-
			Water			
86,538,537	(21,787,992)	64,750,544	Water Distribution	-	-	-
			Waste Water Management			
13,125,981	(7,635,982)	5,490,000	Waste Water Management	-	-	-
			Solid Waste			
10,090,604	(12,301,451)	(2,210,847)	Waste Removal	-	-	-
			Other			
-	(60,872)	(60,872)	Aerodrome	-	-	-
-	-	-	Vehicle Account	-	-	-
			Environmental Health			
-	-	-	Environmental Health	-	-	-
200,292,451	(139,962,988)	60,329,463	Sub Total	-	-	-
-	-	-	Less Inter-Departmental Charges	-	-	-
200,292,451	(139,962,988)	60,329,463	Total	-	-	-

APPENDIX D
HANTAM MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2024	Correction of Error	Restated Balance 30 June 2024	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2025
<u>National Government Grants</u>								
Equitable Share	-	-	-	35,954,172	-	(35,954,172)	-	-
Local Government Financial Management Grant	-	-	-	1,900,000	-	(1,900,000)	-	-
Municipal System Improvement Grant	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	2,147,677	704,495	2,852,172	20,614,000	(2,852,172)	-	(20,550,585)	63,414
Energy Efficiency and Demand Side Management Grant	-	-	-	4,000,000	-	-	(4,000,000)	-
Regional Bulk Infrastructure Grant	-	-	-	85,000,000	-	-	(85,000,000)	-
Expanded Public Works Programme Integrated Grant	-	-	-	1,213,000	-	(1,213,000)	-	-
Municipal Water Infrastructure Grant	-	-	-	12,200,000	-	-	(12,200,000)	-
Integrated National Electrification Programme Grant	-	-	-	2,547,000	-	-	(2,545,556)	1,444
Total National Government Grants	2,147,677	704,495	2,852,172	163,428,172	(2,852,172)	(39,067,172)	(124,296,141)	64,859
<u>Provincial Government Grants</u>								
Libraries, Archives and Museums	-	-	-	1,853,000	-	(1,853,000)	-	-
Seta	-	-	-	88,389	-	(88,389)	-	-
Total Provincial Government Grants	-	-	-	1,941,389	-	(1,941,389)	-	-
Total Grants	2,147,677	704,495	2,852,172	165,369,561	(2,852,172)	(41,008,561)	(124,296,141)	64,859

The municipality complied with the conditions attached to all grants received. No grants were withheld.

NC065 Hantam - Table B1 Adjustments Budget Summary - 45841

Description	Budget Year 2024/25										Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget A	Prior Adjusted 1 A1	Accum. Funds 2 B	Multi-year capital 3 C	Unfore, Unavoid, 4 D	Nat. or Prov. Govt 5 E	Other Adjusts., 6 F	Total Adjusts., 7 G	Adjusted Budget 8 H	Adjusted Budget	Adjusted Budget	
R thousands												
Financial Performance												
Property rates	20,506	20,506	-	-	-	-	-	-	20,506	21,429	22,393	
Service charges	68,174	68,174	-	-	-	-	-	-	68,174	71,301	74,510	
Investment revenue	2,106	2,106	-	-	-	-	-	-	2,106	-	-	
Transfers recognised - operational	40,920	40,920	-	-	-	-	82	82	41,002	41,572	43,416	
Other own revenue	8,363	8,363	-	-	-	-	-	-	8,363	8,740	9,133	
Total Revenue (excluding capital transfers and contributions)	140,069	140,069	-	-	-	-	82	82	140,151	143,041	149,451	
Employee costs	57,567	57,517	-	-	-	-	(2,627)	(2,627)	54,890	60,434	62,800	
Remuneration of councillors	5,870	5,870	-	-	-	-	-	-	5,870	6,187	6,521	
Depreciation & asset impairment	17,620	17,620	-	-	-	-	1,828	1,828	19,448	18,051	18,051	
Finance charges	2,239	2,239	-	-	-	-	70	70	2,309	2,342	2,448	
Inventory consumed and bulk purchases	32,784	32,784	-	-	-	-	2,183	2,183	34,966	30,632	30,777	
Transfers and subsidies	-	55	-	-	-	-	(55)	(55)	-	300	300	
Other expenditure	36,079	36,074	-	-	-	-	10,407	10,407	46,482	39,150	41,634	
Total Expenditure	152,160	152,160	-	-	-	-	11,806	11,806	163,966	157,097	162,531	
Surplus/(Deficit)	(12,091)	(12,091)	-	-	-	-	(11,724)	(11,724)	(23,815)	(14,056)	(13,080)	
Transfers and subsidies - capital (monetary allocations)	124,376	124,376	-	-	-	-	(15)	(15)	124,361	29,784	34,315	
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions	112,285	112,285	-	-	-	-	(11,739)	(11,739)	100,546	15,728	21,235	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	
Surplus/ (Deficit) for the year	112,285	112,285	-	-	-	-	(11,739)	(11,739)	100,546	15,728	21,235	
Capital expenditure & funds sources												
Capital expenditure	133,826	133,826	-	-	-	-	(15)	(15)	133,811	29,991	34,522	
Transfers recognised - capital	124,526	124,526	-	-	-	-	(15)	(15)	124,511	29,841	34,372	
Borrowing	-	-	-	-	-	-	-	-	-	-	-	
Internally generated funds	9,300	9,300	-	-	-	-	-	-	9,300	150	150	
Total sources of capital funds	133,826	133,826	-	-	-	-	(15)	(15)	133,811	29,991	34,522	
Financial position												
Total current assets	39,955	39,955	-	-	-	-	12,294	12,294	52,249	49,272	65,370	
Total non current assets	826,715	826,715	-	-	-	-	(12,353)	(12,353)	814,361	837,689	854,278	
Total current liabilities	35,137	35,137	-	-	-	-	4,021	4,021	39,158	40,721	46,657	
Total non current liabilities	57,612	57,612	-	-	-	-	(1,538)	(1,538)	56,075	60,749	64,040	
Community wealth/Equity	773,920	773,920	-	-	-	-	(2,543)	(2,543)	771,377	789,648	812,902	

NC065 Hantam - Table B2 Adjustments Budget Financial Performance (functional classification) - 45841

Standard Description		Ref	Budget Year 2024/25										Budget Year +1 2025/26		Budget Year +2 2026/27	
			Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget			
R thousands		1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H					
Revenue - Functional																
Governance and administration			50,851	50,851	-	-	-	-	82	82	50,933	51,027	53,295			
Executive and council			4,008	4,008	-	-	-	-	-	-	4,008	4,201	4,383			
Finance and administration			46,843	46,843	-	-	-	-	82	82	46,925	46,826	48,912			
Internal audit			-	-	-	-	-	-	-	-	-	-	-	-		
Community and public safety			21,299	21,299	-	-	-	-	(15)	(15)	21,284	10,066	10,591			
Community and social services			5,956	5,956	-	-	-	-	-	-	5,956	1,898	2,014			
Sport and recreation			15,344	15,344	-	-	-	-	(15)	(15)	15,329	8,168	8,577			
Economic and environmental			6,533	6,533	-	-	-	-	-	-	6,533	3,486	3,658			
Planning and development			-	-	-	-	-	-	-	-	-	-	-	-		
Road transport			6,192	6,192	-	-	-	-	-	-	6,192	3,130	3,285			
Environmental protection			341	341	-	-	-	-	-	-	341	356	372			
Trading services			185,761	185,761	-	-	-	-	-	-	185,761	108,247	116,223			
Energy sources			48,734	48,734	-	-	-	-	-	-	48,734	52,175	53,973			
Water management			113,060	113,060	-	-	-	-	-	-	113,060	31,380	36,466			
Waste water management			13,635	13,635	-	-	-	-	-	-	13,635	14,281	14,910			
Waste management			10,332	10,332	-	-	-	-	-	-	10,332	10,411	10,873			
Other			-	-	-	-	-	-	-	-	-	-	-	-		
Total Revenue			264,445	264,445	-	-	-	-	67	67	264,512	172,825	183,766			
Expenditure - Functional																
Governance and administration			54,786	54,786	-	-	-	-	6,045	6,045	60,831	57,538	60,462			
Executive and council			19,389	19,389	-	-	-	-	1,156	1,156	20,545	20,498	21,523			
Finance and administration			32,907	32,907	-	-	-	-	5,070	5,070	37,977	34,422	36,188			
Internal audit			2,490	2,490	-	-	-	-	(181)	(181)	2,309	2,618	2,751			
Community and public safety			5,552	5,552	-	-	-	-	456	456	6,007	5,679	5,866			
Community and social services			3,529	3,529	-	-	-	-	(191)	(191)	3,338	3,679	3,838			
Sport and recreation			2,022	2,022	-	-	-	-	647	647	2,669	2,000	2,028			
Economic and environmental			11,690	11,690	-	-	-	-	(467)	(467)	11,224	12,101	12,653			
Planning and development			2,871	2,871	-	-	-	-	(442)	(442)	2,429	3,026	3,189			
Road transport			8,816	8,816	-	-	-	-	(22)	(22)	8,794	9,072	9,460			
Environmental protection			4	4	-	-	-	-	(3)	(3)	0	4	4			
Trading services			80,052	80,052	-	-	-	-	5,768	5,768	85,820	78,773	80,249			
Energy sources			37,036	37,036	-	-	-	-	1,646	1,646	38,681	33,782	33,829			
Water management			21,358	21,358	-	-	-	-	3,050	3,050	24,408	22,192	22,714			
Waste water management			7,463	7,463	-	-	-	-	2,796	2,796	10,259	7,820	8,068			
Waste management			14,195	14,195	-	-	-	-	(1,724)	(1,724)	12,472	14,979	15,638			
Other			81	81	-	-	-	-	4	4	85	84	87			
Total Expenditure			152,160	152,160	-	-	-	-	11,806	11,806	163,966	154,175	159,318			
Surplus/ (Deficit) for the year			112,285	112,285	-	-	-	-	(11,739)	(11,739)	100,546	18,650	24,449			

NC065 Hantam - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 45841

Vote Description [Insert departmental structure etc]	Ref	Budget Year 2024/25											Budget Year +1 2025/26	Budget Year +2 2026/27
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget			
R thousands		A	3	4	5	6	7	8	9	10				
			A1	B	C	D	E	F	G	H				
Revenue by Vote	1													
Vote 01 - Executive & Council		4,008	4,008	-	-	-	-	-	-	4,008	4,201	4,383		
Vote 02 - Budget & Treasury Office		25,671	25,671	-	-	-	-	-	-	25,671	26,841	28,058		
Vote 03 - Corporate Services		21,172	21,172	-	-	-	-	82	82	21,254	19,986	20,853		
Vote 04 - Community & Social Services		5,956	5,956	-	-	-	-	-	-	5,956	1,898	2,014		
Vote 05 - Sports & Recreation		15,685	15,685	-	-	-	-	(15)	(15)	15,670	8,524	8,949		
Vote 06 - Public Safety		-	-	-	-	-	-	-	-	-	-	-		
Vote 07 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-		
Vote 08 - Road Transport		6,192	6,192	-	-	-	-	-	-	6,192	3,130	3,285		
Vote 09 - Electricity		48,734	48,734	-	-	-	-	-	-	48,734	52,175	53,973		
Vote 10 - Water		113,060	113,060	-	-	-	-	-	-	113,060	31,380	36,466		
Vote 11 - Waste Water Management		13,635	13,635	-	-	-	-	-	-	13,635	14,281	14,910		
Vote 12 - Solid Waste		10,332	10,332	-	-	-	-	-	-	10,332	10,411	10,873		
Vote 13 - Own Other		-	-	-	-	-	-	-	-	-	-	-		
Vote 14 - Environmental Health		-	-	-	-	-	-	-	-	-	-	-		
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-		
Total Revenue by Vote	2	264,445	264,445	-	-	-	-	67	67	264,512	172,825	183,766		
Expenditure by Vote	1													
Vote 01 - Executive & Council		21,879	21,879	-	-	-	-	975	975	22,854	23,116	24,274		
Vote 02 - Budget & Treasury Office		19,045	19,045	-	-	-	-	5,182	5,182	24,227	21,016	23,074		
Vote 03 - Corporate Services		14,261	14,261	-	-	-	-	(414)	(414)	13,846	15,137	14,923		
Vote 04 - Community & Social Services		3,379	3,379	-	-	-	-	(111)	(111)	3,268	3,523	3,677		
Vote 05 - Sports & Recreation		1,969	1,969	-	-	-	-	644	644	2,613	1,989	2,016		
Vote 06 - Public Safety		144	144	-	-	-	-	(81)	(81)	64	149	154		
Vote 07 - Planning & Development		923	923	-	-	-	-	(139)	(139)	784	973	1,025		
Vote 08 - Road Transport		8,527	8,527	-	-	-	-	(22)	(22)	8,505	8,872	9,241		
Vote 09 - Electricity		38,630	38,630	-	-	-	-	1,646	1,646	40,275	36,646	36,979		
Vote 10 - Water		21,665	21,665	-	-	-	-	3,050	3,050	24,715	22,795	23,377		
Vote 11 - Waste Water Management		7,463	7,463	-	-	-	-	2,796	2,796	10,259	7,820	8,068		
Vote 12 - Solid Waste		14,195	14,195	-	-	-	-	(1,724)	(1,724)	12,472	14,979	15,638		
Vote 13 - Own Other		81	81	-	-	-	-	4	4	85	84	87		
Vote 14 - Environmental Health		-	-	-	-	-	-	-	-	-	-	-		
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-		
Total Expenditure by Vote	2	152,160	152,160	-	-	-	-	11,806	11,806	163,966	157,097	162,531		
Surplus/ (Deficit) for the year	2	112,285	112,285	-	-	-	-	(11,739)	(11,739)	100,546	15,728	21,235		

NC065 Hantam - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 45841

Description	Ref	Budget Year 2024/25										Budget Year +1 2025/26	Budget Year +2 2026/27
		Original Budget	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget	
R thousands	1	A											
Revenue By Source													
Exchange Revenue													
Service charges - Electricity	2	42 940	42 940	-	-	-	-	-	-	42 940	44 915	46 936	
Service charges - Water	2	12 051	12 051	-	-	-	-	-	-	12 051	12 596	13 163	
Service charges - Waste Water Management	2	6 630	6 630	-	-	-	-	-	-	6 630	6 935	7 247	
Service charges - Waste Management	2	6 554	6 554	-	-	-	-	-	-	6 554	6 855	7 164	
Sale of Goods and Rendering of Services		292	292	-	-	-	-	-	-	292	305	319	
Agency services		212	212	-	-	-	-	-	-	212	222	232	
Interest													
Interest earned from Receivables		1 684	1 684	-	-	-	-	-	-	1 684	1 760	1 839	
Interest earned from Current and Non Current Assets		2 106	2 106	-	-	-	-	-	-	2 106	-	-	
Dividends													
Rent on Land													
Rental from Fixed Assets		259	259	-	-	-	-	-	-	259	271	283	
Licence and permits		348	348	-	-	-	-	-	-	348	364	380	
Operational Revenue		3 924	3 924	-	-	-	-	-	-	3 924	4 101	4 285	
Property rates	2	20 506	20 506	-	-	-	-	-	-	20 506	21 429	22 393	
Surcharges and Taxes													
Fines, penalties and forfeits		30	30	-	-	-	-	-	-	30	31	33	
Licences or permits													
Transfer and subsidies - Operational		40 920	40 920	-	-	-	-	82	82	41 002	41 572	43 416	
Interest		1 129	1 129	-	-	-	-	-	-	1 129	1 179	1 233	
Fuel Levy													
Operational Revenue													
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	
Other Gains		485	485	-	-	-	-	-	-	485	507	530	
Discontinued Operations													
Total Revenue (excluding capital transfers and contributions)		140 069	140 069	-	-	-	-	82	82	140 151	143 041	149 451	

NC065 Hantam - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 45841

Description	Ref	Budget Year 2024/25										Budget Year +1 2025/26	Budget Year +2 2026/27
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget	
Expenditure By Type													
Employee related costs		57,567	57,517	-	-	-	-	(2,627)	(2,627)	54,890	60,434	62,800	
Remuneration of councillors		5,870	5,870	-	-	-	-	-	-	5,870	6,187	6,521	
Bulk purchases - electricity		29,704	29,704	-	-	-	-	2,000	2,000	31,704	27,411	27,411	
Inventory consumed		3,079	3,079	-	-	-	-	183	183	3,262	3,221	3,366	
Debt impairment		-	-	-	-	-	-	1,357	1,357	1,357	-	-	
Depreciation and amortisation		17,620	17,620	-	-	-	-	471	471	18,091	18,051	18,051	
Interest		2,239	2,239	-	-	-	-	70	70	2,309	2,342	2,448	
Contracted services		16,942	17,097	-	-	-	-	6,727	6,727	23,825	18,722	20,564	
Transfers and subsidies		-	55	-	-	-	-	(55)	(55)	-	300	300	
Irrecoverable debts written off		6,072	6,072	-	-	-	-	-	-	6,072	6,452	6,452	
Operational costs		11,735	11,575	-	-	-	-	3,980	3,980	15,556	12,575	13,141	
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	
Other Losses		1,329	1,329	-	-	-	-	(300)	(300)	1,029	1,401	1,476	
Total Expenditure		152,160	152,160	-	-	-	-	11,806	11,806	163,966	157,097	162,531	
Surplus/(Deficit)		(12,091)	(12,091)	-	-	-	-	(11,724)	(11,724)	(23,815)	(14,056)	(13,080)	
Transfers and subsidies - capital (monetary allocations)		124,376	124,376	-	-	-	-	(15)	(15)	124,361	29,784	34,315	
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) before taxation		112,285	112,285	-	-	-	-	(11,739)	(11,739)	100,546	15,728	21,235	
Income Tax		-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after taxation		112,285	112,285	-	-	-	-	(11,739)	(11,739)	100,546	15,728	21,235	
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-	-	
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) attributable to municipality		112,285	112,285	-	-	-	-	(11,739)	(11,739)	100,546	15,728	21,235	
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-	-	
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-	
Surplus/ (Deficit) for the year	1	112,285	112,285	-	-	-	-	(11,739)	(11,739)	100,546	15,728	21,235	

NC065 Hantam - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 45841

Description	Ref	Budget Year 2024/25										Budget Year +1 2025/26		Budget Year +2 2026/27
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H				
Capital expenditure - Vote	2													
Multi-year expenditure to be adjusted														
Vote 07 - Planning & Development		–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 08 - Road Transport		7,500	7,500	–	–	–	–	–	–	7,500	–	–	–	–
Vote 09 - Electricity		6,547	6,547	–	–	–	–	–	–	6,547	3,861	3,488	–	–
Vote 10 - Water		97,200	97,200	–	–	–	–	–	–	97,200	15,000	19,356	–	–
Vote 11 - Waste Water Management		20,629	20,629	–	–	–	–	–	(15)	20,614	10,923	11,471	–	–
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	3	131,876	131,876	–	–	–	–	(15)	(15)	131,861	29,784	34,315	–	–
Single-year expenditure to be adjusted	2													
Vote 01 - Executive & Council		150	150	–	–	–	–	–	–	150	57	57	–	–
Vote 02 - Budget & Treasury Office		–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 03 - Corporate Services		300	300	–	–	–	–	–	–	300	150	150	–	–
Vote 04 - Community & Social Services		–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 08 - Road Transport		–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 09 - Electricity		1,500	1,500	–	–	–	–	–	–	1,500	–	–	–	–
Capital single-year expenditure sub-total		1,950	1,950	–	–	–	–	–	–	1,950	207	207	–	–
Total Capital Expenditure - Vote		133,826	133,826	–	–	–	–	(15)	(15)	133,811	29,991	34,522	–	–
Capital Expenditure - Functional														
Governance and administration														
Executive and council		450	450	–	–	–	–	–	–	450	207	207	–	–
Finance and administration		–	–	–	–	–	–	–	–	–	–	–	–	–
Internal audit		300	300	–	–	–	–	–	–	300	150	150	–	–
Community and public safety														
Health		150	150	–	–	–	–	–	–	150	57	57	–	–
Economic and environmental services														
Planning and development		7,500	7,500	–	–	–	–	–	–	7,500	–	–	–	–
Road transport		–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services														
Energy sources		125,876	125,876	–	–	–	–	(15)	(15)	125,861	29,784	34,315	–	–
Water management		8,047	8,047	–	–	–	–	–	–	8,047	3,861	3,488	–	–
Waste water management		97,200	97,200	–	–	–	–	–	–	97,200	15,000	19,356	–	–
Waste management		20,629	20,629	–	–	–	–	(15)	(15)	20,614	10,923	11,471	–	–
		–	–	–	–	–	–	–	–	–	–	–	–	–

NC065 Hantam - Table B6 Adjustments Budget Financial Position - 45841

Description	Ref	Budget Year 2024/25										Budget Year +1 2025/26	Budget Year +2 2026/27
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H			
R thousands													
ASSETS													
Current assets													
Cash and cash equivalents		326	326	-	-	-	-	6,466	6,466	6,791	8,582	17,653	
Trade and other receivables from exchange transactions	1	12,741	12,741	-	-	-	-	(1,654)	(1,654)	11,087	14,298	16,216	
Receivables from non-exchange transactions	1	14,780	14,780	-	-	-	-	16,102	16,102	30,882	19,507	24,448	
Current portion of non-current receivables	2								-	-			
Inventory		355	355	-	-	-	-	(99)	(99)	256	516	685	
VAT		10,986	10,986	-	-	-	-	(8,681)	(8,681)	2,304	5,600	5,600	
Other current assets		768	768	-	-	-	-	160	160	928	768	768	
Total current assets		39,955	39,955	-	-	-	-	12,294	12,294	52,249	49,272	65,370	
Non current assets													
Investments									-	-			
Investment property		37,734	37,734	-	-	-	-	7,984	7,984	45,718	37,734	37,734	
Property, plant and equipment	3	785,835	785,835	-	-	-	-	(20,227)	(20,227)	765,609	796,824	813,426	
Biological assets		-	-	-	-	-	-	-	-	-	-	-	
Living and non-living resources									-	-			
Heritage assets		1,618	1,618	-	-	-	-	-	-	1,618	1,618	1,618	
Intangible assets		1,527	1,527	-	-	-	-	(110)	(110)	1,417	1,513	1,500	
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-	-	
Non-current receivables from non-exchange transactions									-	-			
Other non-current assets									-	-			
Total non current assets		826,715	826,715	-	-	-	-	(12,353)	(12,353)	814,361	837,689	854,278	
TOTAL ASSETS		866,670	866,670	-	-	-	-	(60)	(60)	866,610	886,962	919,648	
LIABILITIES													
Current liabilities													
Bank overdraft													
Financial liabilities		22	22	-	-	-	-	164	164	-	22	22	

Consumer deposits		1,430	1,430	-	-	-	-	-	-	131	1,561	1,430	1,430
Trade and other payables from exchange transactions		24,483	24,483	-	-	-	-	-	-	6,290	30,773	26,807	29,307
Trade and other payables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-	-	-
Provisions		8,263	8,263	-	-	-	-	-	-	(1,625)	6,638	11,523	14,959
VAT		939	939	-	-	-	-	-	-	(939)	-	939	939
Other current liabilities										-	-		
Total current liabilities		35,137	35,137	-	-	-	-	-	-	4,021	39,158	40,721	46,657
Non current liabilities													
Borrowing	1	-	-	-	-	-	-	-	-	335	335	-	-
Provisions	1	38,965	38,965	-	-	-	-	-	-	(1,830)	37,135	42,102	45,393
Long term portion of trade payables		18,647	18,647	-	-	-	-	-	-	(43)	18,604	18,647	18,647
Other non-current liabilities										-	-		
Total non current liabilities		57,612	57,612	-	-	-	-	-	-	(1,538)	56,075	60,749	64,040
TOTAL LIABILITIES		92,749	92,749	-	-	-	-	-	-	2,484	95,233	101,470	110,697
NET ASSETS	2	773,920	773,920	-	-	-	-	-	-	(2,543)	771,377	785,491	808,951
COMMUNITY WEALTH/EQUITY													
Accumulated Surplus/(Deficit)		771,369	771,369	-	-	-	-	-	-	(2,543)	768,826	787,097	810,350
Funds and Reserves		2,551	2,551	-	-	-	-	-	-	-	2,551	2,551	2,551
Other										-	-		
TOTAL COMMUNITY WEALTH/EQUITY		773,920	773,920	-	-	-	-	-	-	(2,543)	771,377	789,648	812,902

NC065 Hantam – Table B7 Adjustments Budget Cash Flows - 45841

Description	Ref	Budget Year 2024/25										Budget Year +1 2025/26	Budget Year +2 2026/27
		Original Budget	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget	
R thousands		A											
CASH FLOW FROM OPERATING ACTIVITIES													
Receipts													
Property rates		17,110	17,110	-	-	-	-	-	-	17,110	17,880	18,685	
Service charges		62,473	62,473	-	-	-	-	-	-	62,473	65,337	68,277	
Other revenue		4,793	4,793	-	-	-	-	14,304	14,304	19,097	4,708	4,933	
Transfers and Subsidies - Operational	1	40,920	40,920	-	-	-	-	82	82	41,002	41,572	43,416	
Transfers and Subsidies - Capital	1	124,376	124,376	-	-	-	-	(15)	(15)	124,361	29,784	34,315	
Interest		2,106	2,106	-	-	-	-	-	-	2,106	2,200	2,299	
Dividends										-			
Payments													
Suppliers and employees		(116,610)	(116,610)	-	-	-	-	(21,096)	(21,096)	(137,706)	(125,427)	(89,392)	
Finance charges		(95)	(95)	-	-	-	-	(70)	(70)	(165)	(99)	(104)	
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES		135,071	135,071	-	-	-	-	(6,795)	(6,795)	128,277	35,955	82,429	
CASH FLOWS FROM INVESTING ACTIVITIES													
Receipts													
Proceeds on disposal of PPE										-			
Decrease (increase) in non-current receivables										-			
Decrease (increase) in non-current investments										-			
Payments													
Capital assets		(133,826)	(133,826)	-	-	-	-	15	15	(133,811)	(29,991)	(34,522)	
NET CASH FROM/(USED) INVESTING ACTIVITIES		(133,826)	(133,826)	-	-	-	-	15	15	(133,811)	(29,991)	(34,522)	
CASH FLOWS FROM FINANCING ACTIVITIES													
Receipts													
Short term loans										-			
Borrowing long term/refinancing										-			
Increase (decrease) in consumer deposits										-			
Payments													

