2025

WITZENBERG
Municipality • Munisipaliteit • UMasipala Wase

Annual Financial Statements

30 June 2025

WITZENBERG MUNICIPALITY

Table of Contents

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

Abbreviations

AARTO	Administrative Adjudication of Road Traffic Offences
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
ASB	Accounting Standards Board
CIGFARO	Chartered Institute of Government, Finance, Audit and Risk Officers
COGTA	Cooperative Governance and Traditional Affairs
COID	Compensation for Occupational Injuries and Diseases
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DSACR	Department of Sport, Arts, Culture and Recreation
ED	Executive Director
EEDSM	Energy Efficiency and Demand Side Management
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
INEP	Integrated National Electrification Programme
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
IUDG	Integrated Urban Devopment Grant
JSE	Johannesburg Stock Exchange
LED	Local Economic Development
LGSETA	Local Government Services Sector Education and Training Authority
MBA	Master of Business Administration
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPAC	Municipal Public Accounts Committee
MPRA	Municipal Property Rates Act
MSA	Municipal Structures Act

Abbreviations

MSA	Municipal System Act
mSCOA	Municipal Standard Chart of Accounts
MSIG	Municipal System Improvement Grant
NDPG	Neighbourhood Development Partnership Grant
NDPG	Neighbourhood Development And Partnership Grant
NRA	Normal Retirement Age
PAYE	Pay As You Earn
PPE	Property, Plant and Equipment
PTNG	Public Transport Network Grant
RBIG	Regional Bulk Infrastructure Grant
RSA	Republic of South Africa
SACNASP	South African Council of Natural Scientific Professions
SAIEES	South African Institute of Ecologists and Environmental Scientists
SALGA	South African Local Government Association
SAPS	South African Police Services
SARS	South African Revenue Services
SCM	Supply Chain Management
SDL	Skills Development Levy
SETA	Sector Education and Training Authority
SRAC	Sports, Recreation, Arts and Culture
UIF	Unemployment Insurance Fund
VAT	VAlue added Tax
WSIG	Water and Sanitation Infrastructure Grant

General Information

Nature of business and principal activities	The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment
Legislation governing the municipality's operations	Constitution of the Republic of south Africa (Act 108 of 1998) Municipal Finance Management Act (Act 56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007)

Executive mayor and chairperson of mayoral commitee

Portfolio	**Councillor**
Executive mayor	Abrahams TE
Deputy executive mayor	Nel JF
Speaker	Sidego EM
Mayoral Committee Member	Alderman Smit, HJ
Mayoral Committee Member	Alderman Adams, K
Mayoral Committee Member	Fredericks JP
Mayoral Committee Member	Daniels P
MPAC Chairperson	Hardnek LA
MPAC Chairperson	Rooi J

Council members

Nr	**Surname**	**Initials**
1	Alexander	WJ
2	Alderman Visagie	JJ
3	Laban	G
4	Phatsoane	N
5	Swart	D
6	Ndaba	MJ
7	Mouton	JS
8	Gili	AL
9	Zalie	J
10	Yisa	K
11	Nogcinisa	N
12	Franse	GJ
13	De Bruin	S
14	Swartz	IL
15	Robyn	KA

Registered head office	50 Voortrekker Street Ceres 6835
Physical address	50 Voortrekker Street Ceres 6835
Postal address	P O Box 44 Ceres 6835

General Information

Bankers	First National Bank ABSA
Auditors	Auditor-General of South Africa (AGSA)
Demarcation code	WC022

Accounting Officer's Statement

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

I certify that the salaries, allowances and benefits of Councillors as disclosed in the notes of these annual financial statements 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.

David Nasson
Municipal Manager

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	198,636,427	187,244,733
Trade and other receivables from exchange transactions	4	102,211,701	122,582,281
Receivables from non-exchange transactions	5	43,005,281	31,639,039
Inventory	6	17,738,984	22,625,335
Operating lease receivable	7	2,303,438	1,240,313
Total Current Assets		**363,895,831**	**365,331,701**
Non-Current Assets			
Investment property	9	41,250,996	41,919,719
Property, plant and equipment	10	1,158,195,068	1,118,888,937
Heritage assets	11	550,000	550,000
Intangible assets	12	1,278,268	1,057,687
Total Non-Current Assets		**1,201,274,332**	**1,162,416,343**
Total Assets		**1,565,170,163**	**1,527,748,044**
Liabilities			
Current Liabilities			
Financial liabilities	13	162,737	334,172
Employee benefits	14	38,223,159	33,906,947
Consumer deposits	15	10,655,130	9,739,377
Trade and other payables from exchange transactions	16	90,643,547	83,707,978
Trade and other payables from non-exchange transactions	17	4,005,642	(4,043,952)
Provisions	18	3,791,013	3,630,749
VAT Payables	8	3,075,774	4,665,378
Total Current Liabilities		**150,557,002**	**131,940,649**
Non-Current Liabilities			
Financial liabilities	13	889,278	1,052,015
Employee benefits	14	80,122,398	71,753,312
Provisions	18	63,832,456	52,330,758
Total Non-Current Liabilities		**144,844,132**	**125,136,085**
Total Liabilities		**295,401,134**	**257,076,734**
Net Assets		**1,269,769,029**	**1,270,671,310**
Community Wealth / Equity			
Reserves and funds	19	11,166,356	11,166,358
Accumulated surplus		1,258,602,662	1,259,504,952
Total Community Wealth / Equity		**1,269,769,018**	**1,270,671,310**

* See Note 50

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Exchange Revenue			
Services charges	20	508,072,018	528,791,554
Sales of goods and rendering of services	21	15,430,642	14,483,782
Agency services	22	4,948,368	4,738,934
Interest earned from receivables	23	27,153,392	28,557,418
Interests on current and non-current assets	24	18,758,044	22,018,748
Rent from fixed assets	25	6,764,809	6,007,232
Operational revenue	26	2,334,861	3,046,065
Construction contract revenue	27	11,373,082	33,460,159
Gain on Adjustment of Provision		-	1,986,710
Total Exchange Revenue		**594,835,216**	**643,090,602**
Non-Exchange Revenue			
Availability charges	28	2,824,476	2,990,685
Property rates by usage	29	107,320,205	101,316,646
Surcharges and taxes	30	7,975,570	9,121,658
Fines, penalties and forfeits	31	22,353,641	20,634,347
Licence and permits	32	1,068,580	1,182,780
Transfers and subsidies – Operational	33	150,058,027	145,661,090
Transfers and subsidies – Capital	33	42,292,480	36,536,411
Interest earned from receivables	23	4,881,176	4,091,476
Gains	34	8,082,849	1,821,382
Total Non-Exchange Revenue		**346,857,004**	**323,356,475**
Total Revenue		**941,692,220**	**966,447,077**
Expenditure			
Employee related cost	35	265,016,218	238,876,956
Remuneration of councillors	36	12,315,281	11,630,945
Bulk purchases	37	391,687,224	324,085,574
Inventory consumed	38	24,212,928	23,244,559
Debt impairment	39	66,389,465	(72,354,972)
Depreciation and amortisation	40	38,282,632	34,132,831
Impairment losses / (reversal) of impairment	41	1,163,041	108,454
Interest	42	15,330,174	13,827,042
Rent on land	43	49,779	38,769
Contracted services	44	60,134,886	89,214,236
Transfers and subsidies	45	4,633,156	2,877,601
Irrecoverable debts written off	46	15,347,310	159,168,262
Operating leases	47	1,200,791	1,106,871
Operational cost	48	46,831,621	44,903,295
Total Expenditure		**942,594,506**	**870,860,423**
(Deficit) surplus for the year		**(902,286)**	**95,586,654**

* See Note 50

Statement of Changes in Net Assets

Figures in Rand	Capital replacement reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	12,539,508	1,156,421,813	1,168,961,321
Adjustments			
Change in accounting policy	-	1,808,951	1,808,951
Correction of errors	-	(2,930,411)	(2,930,411)
Balance at 01 July 2023 as restated*	**12,539,508**	**1,155,300,353**	**1,167,839,861**
Surplus for the year	-	95,586,654	95,586,654
Transfers to / from accumulated surplus for the year	-	(43,832,167)	(43,832,167)
Increase in reserve	(1,373,150)	45,205,317	43,832,167
Total changes	(1,373,150)	96,959,804	95,586,654
Restated Subtotal	11,166,357	1,252,260,160	1,263,426,517
Adjustments			
Correction of errors	-	7,244,795	7,244,795
Restated* Balance at 01 July 2024 as restated*	**11,166,357**	**1,259,504,955**	**1,270,671,312**
Surplus for the year	-	(902,286)	(902,286)
Increase in reserve	(1)	-	(1)
Total changes	(1)	(902,286)	(902,287)
Balance at 30 June 2025	**11,166,356**	**1,258,602,662**	**1,269,769,018**
Note(s)			

* See Note 50

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Property rates & Other Taxes		106,158,287	102,509,333
Sales of goods and services		509,844,529	494,814,895
Government Grants		200,400,101	171,336,713
Interest		52,984,642	48,344,009
Increase in consumer deposits		915,751	274,818
Payments			
Employee and Councillor Costs		(275,489,801)	(250,595,740)
Suppliers		(509,791,346)	(534,596,331)
Net cash from(used) operating activities	49	**85,022,163**	**32,087,697**
Cash flows from investing activities			
Receipts			
Proceeds on disposal of fixed and intangible assets		1,745,635	21,174
Payments			
Property, Plant and Equipment		(75,203,429)	(71,696,448)
Intangible Assets		(220,580)	(330,870)
Net cash flows from investing activities		**(73,678,374)**	**(72,006,144)**
Cash flows from financing activities			
Payments			
Decrease in borrowing long-term		47,904	206,029
Net cash flows from financing activities		**47,904**	**206,029**
Net increase/(decrease) in cash		**11,391,693**	**(39,556,989)**
Cash and cash equivalents at year begin		187,244,734	226,801,723
		198,636,427	**187,244,734**

* See Note 50

Comparison of Budget and Actual Amounts for the year ended 30 June 2025

Figures in Rand	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of origional budget	Reason for the material variance
2025									
Financial performance									
Revenue									
Exchange revenue									
Service charges - Electricity	431,223,350	(2)	431,223,348	431,223,348	395,036,514	(36,186,834)	91.61 %	91.61 %	Alternative energy installed by large consumers and increase in electricity losses.
Service charges - Water	49,358,871	-	49,358,871	49,358,871	50,461,847	1,102,976	102.23 %	102.23 %	
Service charges - Waste Water Management	50,931,952	-	50,931,952	50,931,952	26,461,450	(24,470,502)	51.95 %	51.95 %	Attributed to Industrial Effluent adjustment.
Service charges - Waste Management	33,773,623	-	33,773,623	33,773,623	36,112,207	2,338,584	106.92 %	106.92 %	
Sale of goods and rendering of services	5,535,924	10,683,001	16,218,925	16,218,925	26,803,724	10,584,799	165.26 %	484.18 %	Recognition of Library Services.
Agency services	4,684,213	-	4,684,213	4,684,213	4,948,368	264,155	105.64 %	105.64 %	
Interest	10,860	-	10,860	10,860	-	(10,860)	- %	- %	
Interest earned from receivables	23,549,060	-	23,549,060	23,549,060	27,153,393	3,604,333	115.31 %	115.31 %	
Interest earned from current and non current assets	22,444,468	-	22,444,468	22,444,468	18,758,044	(3,686,424)	83.58 %	83.58 %	
Rent on land	27,150	-	27,150	27,150	-	(27,150)	- %	- %	
Rental from fixed assets	6,015,322	-	6,015,322	6,015,322	6,764,809	749,487	112.46 %	112.46 %	
Operational revenue	1,763,667	(1)	1,763,666	1,763,666	2,334,861	571,195	132.39 %	132.39 %	
	629,318,460	**10,682,998**	**640,001,458**	**640,001,458**	**594,835,217**	**(45,166,241)**	**92.94 %**	**94.52 %**	
Non-exchange revenue									
Property rates	113,495,472	-	113,495,472	113,495,472	107,320,206	(6,175,266)	94.56 %	94.56 %	

Comparison of Budget and Actual Amounts for the year ended 30 June 2025

Figures in Rand	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of origional budget	Reason for the material variance
Surcharges and taxes	5,501,303	4,859,004	10,360,307	10,360,307	7,975,570	(2,384,737)	76.98 %	144.98 %	
Fines, penalties and forfeits	11,253,803	-	11,253,803	11,253,803	22,353,641	11,099,838	198.63 %	198.63 %	Increase in fines issued.
Licences or permits	2,443,535	-	2,443,535	2,443,535	1,068,580	(1,374,955)	43.73 %	43.73 %	
Transfer and subsidies - Operational	196,212,696	(14,316,483)	181,896,213	181,896,213	150,058,027	(31,838,186)	82.50 %	76.48 %	Contract revenue for low cost housing and library services.
Interest	3,566,095	-	3,566,095	3,566,095	4,881,176	1,315,081	136.88 %	136.88 %	
Operational revenue	3,095,150	-	3,095,150	3,095,150	2,824,476	(270,674)	91.25 %	91.25 %	
Gains on disposal of assets	-	6,120,737	6,120,737	6,120,737	144,214	(5,976,523)	2.36 %	- %	
	335,568,054	**(3,336,742)**	**332,231,312**	**332,231,312**	**296,625,890**	**(35,605,422)**	**89.28 %**	**88.40 %**	
Total Revenue (excl. capital transfers and contributions)	**964,886,514**	**7,346,256**	**972,232,770**	**972,232,770**	**891,461,107**	**(80,771,663)**	**91.69 %**	**92.39 %**	

Comparison of Budget and Actual Amounts for the year ended 30 June 2025

Figures in Rand	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of origional budget	Reason for the material variance
Expenditure									
Employee costs	(277,558,134)	(1,635,978)	(279,194,112)	(279,194,112)	(269,855,115)	9,338,997	96.66 %	97.22 %	Vacant positions not filled.
Remuneration of councillors	(12,311,169)	-	(12,311,169)	(12,311,169)	(12,315,281)	(4,112)	100.03 %	100.03 %	
Bulk purchases - Electricity	(375,257,918)	(2,200,001)	(377,457,919)	(377,457,919)	(391,687,224)	(14,229,305)	103.77 %	104.38 %	Increase in electricity losses.
Inventory consumed	(25,928,541)	90,973	(25,837,568)	(25,837,568)	(24,212,932)	1,624,636	93.71 %	93.38 %	
Debt impairment	(62,757,730)	3	(62,757,727)	(62,757,727)	(66,389,465)	(3,631,738)	105.79 %	105.79 %	
Depreciation and amortisation	(54,218,569)	-	(54,218,569)	(54,218,569)	(38,282,640)	15,935,929	70.61 %	70.61 %	Insignificant changes in remaining usefull life of landfill sites.
Finance charges	(10,233,393)	-	(10,233,393)	(10,233,393)	(7,846,834)	2,386,559	76.68 %	76.68 %	
Contracted services	(75,234,155)	9,904,128	(65,330,027)	(65,330,027)	(60,134,885)	5,195,142	92.05 %	79.93 %	
Transfers and subsidies	(37,115,788)	2,299,841	(34,815,947)	(34,815,947)	(4,633,155)	30,182,792	13.31 %	12.48 %	Due to housing expenditure regarded as construction cost.
Irrecoverable debts written off	(2,130,824)	(6)	(2,130,830)	(2,130,830)	(15,347,310)	(13,216,480)	720.25 %	720.25 %	Write-off of fines and consumer debt more than anticipated.
Operational costs	(63,983,950)	2,572,478	(61,411,472)	(61,411,472)	(53,160,171)	8,251,301	86.56 %	83.08 %	
Losses on disposal of Assets	-	-	-	-	10,282,235	10,282,235	- %	- %	Sale of land.
Other Losses	-	-	-	-	(1,073,098)	(1,073,098)	- %	- %	
Total Expenditure	**(996,730,171)**	**11,031,438**	**(985,698,733)**	**(985,698,733)**	**(934,655,875)**	**51,042,858**	**94.82 %**	**93.77 %**	
Deficit	**(31,843,657)**	**18,377,694**	**(13,465,963)**	**(13,465,963)**	**(43,194,768)**	**(29,728,805)**	**320.77 %**	**135.65 %**	
Transfers and subsidies - capital (monetary allocations)	35,556,521	1,771,088	37,327,609	37,327,609	40,834,480	3,506,871	109.39 %	114.84 %	
Transfers and subsidies - capital (in-kind)	-	-	-	-	1,458,000	1,458,000	- %	- %	

Comparison of Budget and Actual Amounts for the year ended 30 June 2025

Figures in Rand	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of origional budget	Reason for the material variance
Deficit for the year	**3,712,864**	**20,148,782**	**23,861,646**	**23,861,646**	**(902,288)**	**(24,763,934)**	**(3.78)%**	**(24.30)%**	
Capital expenditure and funds sources									
Capital expenditure	82,771,082	2,025,961	84,797,043	84,797,043	82,874,187	(1,922,856)	97.73 %	100.12 %	
Financial position									
Assets									
Current assets									
Cash and cash equivalents	227,306,118	(19,411,412)	207,894,706	207,894,706	198,636,426	(9,258,280)	95.55 %	87.39 %	Collection rate lower than budgeted.
Trade and other receivables from exchange transactions	68,636,312	57,688,160	126,324,472	126,324,472	102,436,314	(23,888,158)	81.09 %	149.25 %	Due to impairment, write-off and usage of alternative energy by consumers.
Receivables from non-exchange transactions	49,233,850	(9,145,752)	40,088,098	40,088,098	40,361,630	273,532	100.68 %	81.98 %	
Inventory	9,181,240	18,775,442	27,956,682	27,956,682	17,738,985	(10,217,697)	63.45 %	193.21 %	Fewer purchases of electrical supplies than budgeted.
VAT	6,836,054	(1,534,446)	5,301,608	5,301,608	10,087,643	4,786,035	190.28 %	147.57 %	
Other current assets	1,709,188	(470,239)	1,238,949	1,238,949	4,722,475	3,483,526	381.17 %	276.30 %	
Total current assets	**362,902,762**	**45,901,753**	**408,804,515**	**408,804,515**	**373,983,473**	**(34,821,042)**	**91.48 %**	**103.05 %**	
Non-current assets									
Investment property	40,609,725	(1,811,125)	38,798,600	38,798,600	41,250,995	2,452,395	106.32 %	101.58 %	

Comparison of Budget and Actual Amounts for the year ended 30 June 2025

Figures in Rand	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of origional budget	Reason for the material variance
Property, plant and equipment	1,091,865,577	44,462,547	1,136,328,124	1,136,328,124	1,158,195,068	21,866,944	101.92 %	106.07 %	Lower amount for depreciation on landfill site.
Heritage assets	550,000	-	550,000	550,000	550,000	-	100.00 %	100.00 %	
Intangible assets	2,529,043	(1,055,130)	1,473,913	1,473,913	1,278,267	(195,646)	86.73 %	50.54 %	
Total non-current assets	**1,135,554,345**	**41,596,292**	**1,177,150,637**	**1,177,150,637**	**1,201,274,330**	**24,123,693**	**102.05 %**	**105.79 %**	
Total assets	**1,498,457,107**	**87,498,045**	**1,585,955,152**	**1,585,955,152**	**1,575,257,803**	**(10,697,349)**	**99.33 %**	**105.13 %**	
Liabilities									
Current liabilities									
Financial liabilities	(3,329,711)	(117,676)	(3,447,387)	(3,447,387)	162,737	3,610,124	(4.72)%	(4.89)%	
Consumer deposits	12,158,284	(2,418,905)	9,739,379	9,739,379	10,655,130	915,751	109.40 %	87.64 %	
Trade and other payables from exchange transactions	110,940,615	(32,250,867)	78,689,748	78,689,748	93,126,825	14,437,077	118.35 %	83.94 %	Due to Ceres Power Station not completed and with outstanding invoices at year end.
Trade and other payables from non-exchange transactions	3,308,749	7,851,735	11,160,484	11,160,484	4,392,644	(6,767,840)	39.36 %	132.76 %	
Provision	33,244,633	(2,955,677)	30,288,956	30,288,956	36,230,896	5,941,940	119.62 %	108.98 %	
VAT	18,268,607	(23,099,769)	(4,831,162)	(4,831,162)	13,163,417	17,994,579	(272.47)%	72.05 %	Decrease in debt written off.
Other current liabilities	8,825,372	(5,774,377)	3,050,995	3,050,995	3,300,000	249,005	108.16 %	37.39 %	
Total current liabilities	**183,416,549**	**(58,765,536)**	**124,651,013**	**124,651,013**	**161,031,649**	**36,380,636**	**129.19 %**	**87.80 %**	

Non-current liabilities

Comparison of Budget and Actual Amounts for the year ended 30 June 2025

Figures in Rand	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of origional budget	Reason for the material variance
Financial liabilities	25,645,246	1,900,747	27,545,993	27,545,993	889,278	(26,656,715)	3.23 %	3.47 %	Loan for Ceres Power Station not taken up during the financial year.
Other non-current liabilities	155,711,984	(7,865,933)	147,846,051	147,846,051	143,954,854	(3,891,197)	97.37 %	92.45 %	
Total non-current liabilities	**181,357,230**	**(5,965,186)**	**175,392,044**	**175,392,044**	**144,844,132**	**(30,547,912)**	**82.58 %**	**79.87 %**	
Total liabilities	**364,773,779**	**(64,730,722)**	**300,043,057**	**300,043,057**	**305,875,781**	**5,832,724**	**101.94 %**	**83.85 %**	
Net assets	**1,133,683,328**	**152,228,767**	**1,285,912,095**	**1,285,912,095**	**1,269,382,022**	**(16,530,073)**	**98.71 %**	**111.97 %**	
Community wealth/ Equity									
Accumulated Surplus/(Deficit)	1,120,420,236	154,890,143	1,275,310,379	1,275,310,379	1,258,602,666	(16,707,713)	98.69 %	112.33 %	Cumulative effect of differences between assets and liabilities.
Reserves	12,539,508	(1,373,151)	11,166,357	11,166,357	11,166,357	-	100.00 %	89.05 %	
Total current community wealth/ equity	**1,132,959,744**	**153,516,992**	**1,286,476,736**	**1,286,476,736**	**1,269,769,023**	**(16,707,713)**	**98.70 %**	**112.08 %**	

Comparison of Budget and Actual Amounts for the year ended 30 June 2025

Figures in Rand	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of origional budget	Reason for the material variance
Cash flow									
Net cash from/(used) operating activities	(48,895,520)	(954,609)	(49,850,129)	(49,850,129)	(18,069,922)	31,780,207	36.25 %	36.96 %	Aggregation of reasons stated above.
Net cash from/(used) investing activities	-	-	-	-	(1,531,584)	(1,531,584)	- %	- %	
Net cash from/(used) financing activities	-	-	-	-	(1,865,756)	(1,865,756)	- %	- %	
Cash/cash equivalents at the year end:	168,689,542	(31,304,409)	137,385,133	137,385,133	165,768,000	28,382,867	120.66 %	98.27 %	Aggregation of reasons stated above.

The budget and accounting basis' are the same - both are on the accrual basis. The Financial Statemens are prepared using a classification on the nature of expenses in the Statement of Financial Performance.

The changes between approved and final budget are a consequence of reallocations within the budget and other factors allowable in terms of the Municipal Finance Management Act

Reportable Segments for the year ended 30 June 2025

Figures in Rand	Community and public safety	Economic and environmental services	Trading services	Governance and administration	Unallocated	Total
2025						
Segment revenue						
External revenue from non-exchange transactions	170,957,507	1,624,995	43,860,405	117,341,541	108,531	333,892,979
External revenue from exchange transactions	34,853,242	3,850,105	508,318,013	1,902,420	-	548,923,780
Interests on investments	-	-	-	18,758,044	-	18,758,044
Interest earned from receivables	247,777	-	24,824,672	6,962,119	-	32,034,568
Gain on disposal of assets	42,746	18,467	-	8,531,347	-	8,592,560
	206,101,272	**5,493,567**	**577,003,090**	**153,495,471**	**108,531**	**942,201,931**
Segment expenses						
Total segment expenses	136,003,162	34,083,857	518,656,487	139,097,149	1,022,100	828,862,755
Depreciation, amortisation and impairment	4,831,527	7,897,258	18,704,934	6,848,913	-	38,282,632
Loss on disposal of assets	-	-	509,711	-	-	509,711
Impairment losses on financial assets	3,461,076	-	56,066,608	8,024,822	-	67,552,506
Interest expense	49,779	-	6,037,493	1,809,341	-	7,896,613
	144,345,544	**41,981,115**	**599,975,233**	**155,780,225**	**1,022,100**	**943,104,217**
Surplus for the year	**61,755,728**	**(36,487,548)**	**(22,972,143)**	**(2,284,754)**	**(913,569)**	**(902,286)**
Other information						
Segment assets	(277,172)	(649,854)	4,201,105	1,561,896,084	-	1,565,170,163
Segment liabilities	107,884	460,554	3,242,385	291,977,311	-	295,788,134
Additions to non-current assets	(277,172)	(649,854)	3,196,484	80,085,664	-	82,355,122

Figures in Rand	Community and public safety	Economic and environmental services	Trading services	Governance and administration	Unallocated	Total
	6	**6**	**6**	**6**	**4**	**6**
2024						
Segment revenue						
External revenue from non-exchange transactions	165,412,101	20,075,354	20,026,756	111,829,392	100,014	317,443,617
External revenue from exchange transactions	57,005,542	1,803,076	530,926,525	2,779,293	-	592,514,436
Interests on investments	-	-	-	22,018,748	-	22,018,748
Interest earned from receivables	313,343	-	26,563,799	5,771,752	-	32,648,894
Gain on disposal of assets	-	-	-	2,474,838	-	2,474,838
	222,730,986	**21,878,430**	**577,517,080**	**144,874,023**	**100,014**	**967,100,533**
Segment expenses						
Total segment expenses	149,940,700	32,410,831	593,664,952	125,275,239	1,102,067	902,393,789
Depreciation, amortisation and impairment	4,749,291	6,940,009	17,571,944	4,871,587	-	34,132,831
Loss on disposal of assets	-	28,427	625,029	-	-	653,456
Impairment losses on financial assets	(3,712,750)	-	(56,925,099)	(11,608,669)	-	(72,246,518)
Interest expense	38,769	-	5,166,330	1,375,222	-	6,580,321
	151,016,010	**39,379,267**	**560,103,156**	**119,913,379**	**1,102,067**	**871,513,879**
Surplus for the year	**71,714,976**	**(17,500,837)**	**17,413,924**	**24,960,644**	**(1,002,053)**	**95,586,654**
Other information						
Segment assets	-	(224,498)	1,790,683	1,526,181,859	-	1,527,748,044
Segment liabilities	(312,941)	(203,125)	3,265,185	254,355,266	-	257,104,385
Additions to non-current assets	(616,163)	(224,498)	1,790,683	83,593,626	-	84,543,648

Accounting Policies

The annual financial statements of Witzenberg Municipality for the year ended 30 June 2025 were authorised for issue by the Accounting Officer on 30 November 2025.

These Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The Annual Financial Statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, is disclosed below:

1. Summary of significant accounting policies

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality and all values are rounded to the nearest hundred.

1.2 Going concern assumption

These annual financial statements were prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.The Municipality considers its objective of using an asset to designate non-cash generating assets. Those assets that are not used in the objective of generating a commercial return but to deliver services are designated as non-cash generating assets

1.3 Current year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

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

The presentation and classification of items in the current year is consistent with prior periods.

1.4 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 Capital replacement reserve (CRR)

In order to finance the acquisition of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of the Annual Budget. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

Accounting Policies

1.6 Leases

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

Entity as lessee - operating leases

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

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

Any contingent rent is expensed in the period in which they are incurred.

Entity as lessor - operating leases

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

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

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

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

Municipality as lessee

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent. Corresponding liabilities are included in the Statement of financial position as Finance Lease Obligations. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on the straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Municipality as lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

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

1.7 Provisions

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

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

1.7 Provisions (continued)

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

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

Environmental rehabilitation provisions

At year end a provision is raised for the rehabilitation of landfill sites. The provision is the net present value of the future cash flows to rehabilitate damaged land at year end.

As the related asset is measured using the cost model:

changes in the liability is added to, or deducted from, the cost of the related asset in the current period;

the amount deducted from the cost of the asset does not exceed it carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit;

if the adjustments results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may be fully recoverable. If there is such an indication, the municipality tests the asset for the impairment by estimating its recoverable amount or recoverable service amount, and accounts for any impairment loss, in accordance with the accounting policy on impairment of assets as described in the accounting policy on impairment of cash-generating assets and/ or impairment of non-cash generating assets.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

1.8 Landfill site

Site restoration and dismantling cost - The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as ‘decommissioning, restoration and similar liabilities’. The cost of an item of property, plant and equipment includes:

- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located;
- changes in the measurement of an existing decommissioning, restoration and similar liability that result from change in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in discount rate; and
- the obligation the municipality incurs for having used the items during a particular period for purposes other than to produce inventories during that period.

If 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 municipality 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

1.9 Employee benefits

Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a provision in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Leave pay

Leave pay is recognised in the statement of financial performance for leave days accummulated, and recognised as a provision in the statement of financial position.

Bonus provisions

bonus provision is recognised in the statement of financial performance for months accummulated towards the 12 month cycle, and recognised as a provision in the statement of financial position.

Post-employment benefits: Defined contribution plans

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

Accounting Policies

1.9 Employee benefits (continued)

Post-retirement health care benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits for current employees of the municipality. According to the municipality, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

Interest costs are recognised immediately in the Statement of Financial Performance.

Long-service allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of financial performance.

1.9 Employee benefits (continued)

Pension obligations

The Municipality's personnel are members of either the Government Employees Pension Fund (GEPF) or one of the Natal Joint Municipal Pension (NJMPF) retirement funds, namely the Superannuation, Retirement and Provident Funds. Except for the NJMPF Provident fund, the aforementioned funds are defined benefit funds. As these defined benefit funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific employer and is of no relevance to users of the municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution funds.

Municipal Councillors

Councillors belong to the Councillors Pension Fund which is a defined contribution fund and employers have no legal or constructive obligation for any shortfalls in valuation of the fund.

1.10 Property, plant and equipment

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 period. The municipality elected the cost model for Property, plant and equipment.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if

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

Initial recognition and measurement

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

Where an asset is acquired 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.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

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

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.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Subsequent measurement - cost model

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

1.10 Property, plant and equipment (continued)

Incomplete construction work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use

Impairment

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable service amount, it is written down immediately to its recoverable service amount and an impairment loss is charged to the statement of financial performance.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Depreciation on new acquisitions is charged to the statement of financial performance in the financial year in which the asset is available for use after taking into account the assets' residual value where applicable

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Infrastructure:	Straight-line	
• Roads and Paving		5-100 Years
• Electricity		4-46 Years
• Water		15-150 Years
• Sanitation		10-75 Years
• Stormwater		5-100 Years
• Solid Waste		10-100 Years
• Information and Communication		3-15 Years
• Other		10-75 Years
Community:	Straight-line	
• Recreational Facilities		5-30 Years
• Sport Fields and Stadia		10-20 Years
• Halls		5-100 Years
• Libraries		10-30 Years
• Parks and Gardens		10-30 Years
• Other Assets		5-30 Years
• Cemetaries		5-30 Years
Finance Lease Assets:	Straight-line	
• Office Equipment		3-5 Years
Other:	Straight-line	
• Airports		20 Years
• Buildings		30-100 Years
• Computer Equipment		3-30 Years
• Furniture and Equipment		3-30 Years
• Landfill Sites		10-15 Years
• Markets		30 Years
• Other		3-30 Years
• Other Vehicles		2-67 Years
• Plant and Equipment		3-32 Years
• Specialist Vehicles		6-38 Years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

1.10 Property, plant and equipment (continued)

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 10).

De-recognition

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

Effective interest rate

The municipality used the prime interest rate to discount future cash flows

1.11 Intangible assets

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.

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

Intangible assets are initially recognised at cost.

Where an intangible 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 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.

Subsequent measurement - Cost model

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

Accounting Policies

1.11 Intangible assets (continued)

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 is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	5 - 7 years

Derecognition

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

1.12 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services; or for
- Administrative purposes, or
- Sale in ordinary course of operations.

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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.

The cost of self-constructed investment property is the cost at date of completion.

Subsequent measurement – cost model

Investment property is, subsequent to initial measurement, carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciatied as it is deemed to have and indefinite useful life.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Buildings	99-100 years

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

1.12 Investment property (continued)

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 9).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 9).

When classification is difficult, the criteria used to distinguish investment property from owner -occupied property and from property held for sale in the ordinary course of operations, are as follows:

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

A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;

(b) commencement of development with a view to sale, for a transfer from investment property to inventories;

(c)end of owner-occupation, for a transfer from owner-occupied property to investment property; or

(d) commencement of an operating lease (on a commercial basis) to another party, for a transfer from inventories to investment property.

1.13 Heritage assets

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 entity, and the cost or fair value of the asset can be measured reliably.

Initial recognition and measurement

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are 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 entity, and the cost or fair value of the asset can be measured reliably.

Heritage asset is initially measured at cost at the date of acquisition or in the case where a heritage asset is acquired through a non-exchange transaction (i.e. donation or grant) at deemed cost, being the fair value of the asset at acquisition date.

The cost of a heritage asset is a purchase price and other costs directly attributable to bring the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management of the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes attributable costs of dismantling and removing the asset and restoring the site on which the asset is located.

Where there is no evidence to determine the market value of an item of heritage asset in an active market, a valuation technique is used to determine the fair value.

1.13 Heritage assets (continued)

Subsequent measurement

The municipality uses the cost model to value each class of heritage asset. Subsequent expenditure relating to heritage assets is capitalised if that expenditure meets all the requirement of heritage asset and can be measured reliable. Subsequent expenditure is only capitalised when that expenditure increases the level of benefit from present and future generation.

Heritage assets are not depreciated; however, the municipality assesses impairment to all heritage assets at each reporting date.

Derecognition

The carrying amount of an item of heritage asset is de-recognised on disposal or when no future economic benefit or service potential or for the benefit of present and future generations.

The gains or losses derived from de-recognition is recognised in the surplus or deficit when the heritage asset is de-recognised

Gains and losses are determined as the difference between the carrying amount (cost less accumulated depreciation and impairment) and the disposal proceeds and included in the Statement of Financial Performance.

1.14 Impairment of cash-generating assets

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

All cash generating assets are measured at amortised cost, or cost, these assets are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a cash generating asset or group of cash generating assets is impaired.

Impairment is assessed annually during year-end reporting. Impairment loss is recognised to the Statement of Financial Performance. Reversal of the impairment loss affects surplus or deficit for that reporting period.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

1.15 Commitments

Disclosures are required in respect of unrecognised contractual commitments.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:
- approved and contracted commitments;
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.

Commitments are disclosed inclusive of VAT.

1.16 Inventory

Initial recognition

Accounting Policies

1.16 Inventory (continued)

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held fo

- distribution at no charge or for a nominal charge; or

- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Subsequent measurement

Inventories, consisting of consumable stores, materials 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 in this way. 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.

1.17 Borrowing costs

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

Borrowing costs are recognised as an expense in the Statement of financial performance in the period in which they are incurred.

1.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. Financial instruments are classified into three categories namely, financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost. The municipality determines the classification of its financial instruments at initial recognition.

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets or financial liabilities.

A financial instrument is recognised if the municipality becomes a party to the contractual provisions of the instrument.

1.18 Financial instruments (continued)

1.18.1 Classification of financial instruments

Financial assets

A financial asset is any asset that is a cash or contractual right to receive cash. In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Financial asset at amortised cost being a non-derivative financial asset with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Financial assets measured at fair value being financial assets that meet either of the following conditions:
- Derivatives;
- Combined instruments that are designated at fair value;
- Instruments held for trading;
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Financial assets measured at cost being investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

The municipality has the following types of financial assets as reflected on the face of the Statement of financial position or in the notes thereto:

Type of financial asset	**Classification in terms of GRAP 104**
	Financial assets at amortised cost

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). 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, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets at amortised cost.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The following main categories of financial liabilities and the classification determining how they are measured exist:
- Financial liabilities measured at amortised cost; or
- Financial liabilities measured at fair value.

The municipality has the following types of financial liabilities as reflected on the face of the Statement of financial position or in the notes thereto:

Type of financial liability	**Classification in terms of GRAP 104**
Long-term liabilities	Financial liability at amortised cost
Current portion of long-term liabilities	Financial liability at amortised cost

1.18.2 Initial and subsequent measurement

Initial recognition and measurement

A financial instruments is recognised when the municipality becomes a party to the contractual provisions of the instrument and are initially measured at fair value. In the case of a financial instruments not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instruments are added or deducted from the fair value as appropriate on initial recognition.

Subsequent measurement – Financial assets

1.18 Financial instruments (continued)

Financial assets consist of cash and cash equivalents, deposits, receivables and investments.

Receivables are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

A provision for impairment of receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. Changes in the carrying amount of the provision is recognised in the Statement of financial performance. When a receivable is considered uncollectible it is written off against the provision. Any gains or losses arising from the change in fair value of investments measured at fair value are recognised in the Statement of financial performance.

Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), loans to municipal entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as financial assets at amortised cost.

Financial assets measured at fair value are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the Statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the Statement of financial performance.

Subsequent measurement – Financial Liabilities

Financial liabilities consist of payables, interest bearing loans and bank overdrafts. These liabilities are subsequently measured at amortised cost, using the effective interest rate method. Finance costs are expensed in the Statement of financial performance in the period in which they are incurred except where stated otherwise (see accounting policy on borrowing costs).

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

1.18.3 Impairment of financial assets

All financial assets measured at amortised cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

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

Consumer debtors

Consumer debtors are assessed individually thereafter collectively considering factors such as payment histories and ratios, qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.

All financial assets measured at amortised cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Other debtors

Other debtors are reviewed individually considering payment histories and disputes about certain amounts. Provision for impairment is made accordingly.

All financial assets measured at amortised cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired..

1.18 Financial instruments (continued)

1.18.4 Derecognition

Financial assets

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of financial assets due to non-recoverability.

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

1.18 Financial instruments (continued)

Financial liabilities

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as having extinguished the original financial liability, and a new financial liability recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a nonexchange transaction, are accounted for in accordance with GRAP 23.

1.18.5 Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instruments is not active, the municipality establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-specific inputs.

1.19 Revenue

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

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

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

Recognition and measurement

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

1.19.1 Revenue from exchange transactions

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

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly by the system if the reading was not obtained. The provisional estimates of consumption are recognised as revenue when invoiced. The system automatically reverse the provisional readings, when the reading has been captured on the system.

Interest revenue is recognised on a time proportion basis, Interest earned on investments is recognised in the statement of financial performance on the time proportionate basis that takes into account the effective yield on the investment.

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.

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

1.19 Revenue (continued)

Rendering of services

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

- the amount of revenue can be measured reliably;

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;.

- the stage of completion of the transaction at the reporting date can be measured reliably; and

- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Sale of goods

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

- the municipality has transferred to the buyer 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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.19.2 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.

Fines constitute both spot fines in the form of meter tampering fines. Fines are recognised when payment is received.

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, a deferred income (liability) is recognised.

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

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

1.19 Revenue (continued)

Fines

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the municipality is entitled to collect.

Subsequent to initial recognition and measurement, the municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

Donations and contributions

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

Transfers and subsidies

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Unconditional grants

Equitable share allocations are recognised in revenue at the start of the financial year.

Conditional grants

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

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of financial performance.

Revenue recognition of unclaimed deposits

Unclaimed deposits older than three (3) years are recognised as revenue.

Revenue recognition of forfeited retention

Retention forfeited is recognised as revenue in the statement of financial performance.

Retention forfeit is recognised when service provider does not meet the retention release conditions.

1.20 Related parties and related party transactions

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

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

1.20 Related parties and related party transactions (continued)

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

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

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

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

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

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

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

1.21 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance.

1.24 Contingent assets and contingent liabilities

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Accounting Policies

1.24 Contingent assets and contingent liabilities (continued)

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the municipality.

1.25 Budget information

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the same period as the Annual Financial Statements.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Explanatory comments on material differences are provided in a separate budget statement in the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over or under spending in line items. The changes between the approved and final budget are a consequence of reallocations within the approved budget by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

The approved budget is classified by economic nature per items on the same basis as adopted in the financial statements.

1.26 Significant judgements and estimates

In the application of the municipality's accounting policies, which are described below, management & councillors is required to make judgement, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered too 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 may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going 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.

1.26.1 Judgements

The following are the critical judgements, apart from those involving estimations, that the management & councillors 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:

Lease classification – municipality as lessor

The municipality has entered into lease agreements to rent a small portion of its administration building. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

1.26 Significant judgements and estimates (continued)

Lease classification – municipality as lessee

The municipality has entered into a number of leases for office equipment. In determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the municipality.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. The municipality has exercised its judgement on the appropriate classification of equipment leases, and has determined a number of lease arrangements are finance leases.

Determination of repairs and maintenance cost

Repairs and maintenance is based on management & councillors's own judgement of costs incurred in cost centres responsible for the maintenance and repair of municipality owned assets. This includes internal charges (inter departmental charges) such as internal transport costs, charged out to the different departments.

Componentisation of infrastructure assets

All infrastructure assets, acquired before the adoption of GRAP where the acquisition cost could not be obtained, with significant components relating to different useful lives are unbundled into their 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 replacement cost of each component, depreciated for age and condition and recalculated to deemed cost at the acquisition date if known or to the date of initially adopting the Standards of GRAP. All infrastructure assets acquired after the adoption of GRAP with significant components relating to different useful lives are unbundled into their components based on the actual expenditure incurred.

1.26.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Post-retirement benefits and Other long term obligations

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

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

Classification of financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management & councillors. The Accounting Policy on Financial Instruments describes the factors and criteria considered by the management & councillors of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management & councillors considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial Instruments.

1.26 Significant judgements and estimates (continued)

Impairment of financial assets

The Accounting Policy on Financial Instruments describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management & councillors of the municipality considers the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management & councillors of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

The calculation in respect of the impairment of service debtors (receivables from exchange and non-exchange transactions) 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.

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

Review of useful lives of property, plant and equipment and intangible assets

The useful lives of assets are based on management & councillors’s estimation. Management & Councillors considers whether there is any indication that expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. These include changes in the composition, condition and nature of the asset, its susceptibility and adaptability to changes in technology and processes, the nature of the processes and environment in which the asset is deployed availability of funding to replace the asset and changes in the market in relation to the asset, as well as planned repairs and maintenance including refurbishments.

Impairment of property, plant and equipment, intangible assets, heritage assets and inventory

The Accounting Policies on impairment of cash and non-cash generating assets as well as inventory describes the conditions under which non-financial assets are tested for potential impairment losses by the management & councillors of the municipality. Significant estimates and judgements are made relating to the impairment of property, plant and equipment, intangible assets and heritage assets and the write down of Inventories to the lowest of Cost and Net Realisable Values (NRV).

In making the above-mentioned estimates and judgement, management & councillors considers the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-cash generating assets.

Provisions and contingent liabilities

Management & Councillors judgement is required when recognising and measuring provisions, and when measuring contingent liabilities. Provisions are measured at the management & councillors's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Non-Cash Generating Assets

The Municipality considers its objective of using an asset to designate non-cash generating assets. Those assets that are not used in the objective of generating a commercial return but to deliver services are designated as non-cash generating assets

1.27 Value Added Tax

The municipality accounts for VAT on the accrual basis, based on the approval received from the Commissioner for South African Revenue Services, permission has been given to remit or claim for value - added tax on the payments basis for debtors and creditors

VAT is a statutory receivable in terms of the VAT act, levied at 15% on qualifying payments and receipts.

Input VAT accrual and input VAT (General and Capital) are recognised when expenditure is incurred and when cash payments are made, respectively.

Accounting Policies

1.27 Value Added Tax (continued)

Output VAT accrual is recognised when revenue is billed. Output VAT (payable to SARS) is recognised once payment is received from debtors or when cash receipts are recorded. Output VAT impairment is recognised when debtors are impaired. Output VAT accrual and Output VAT impairment are treated as a financial instrument in terms of GRAP 104.

Statutory receivables/payables are recognised when VAT201 submission has been made to SARS.

1.28 Principal-agent arrangements

Identification

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

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

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

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

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

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

1.29 Statutory receivables

1.29.1 Identification

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

1.29 Statutory receivables (continued)

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

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

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

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

1.29.2 Recognition

The municipality recognises statutory receivables as follows:

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

1.29.3 Measurement

The municipality initially measures statutory receivables at their transaction amount.

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

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

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the accounting policy on Revenue from exchange transactions or the accounting policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled to levy additional charges in terms of legislation, supporting regulations, by-laws or similar means on overdue or unpaid amounts, these charges are accounted for in terms of the municipality's accounting policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (taxes and transfers).

1.29.4 Impairment

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

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

significant financial difficulty of the receivable, which may be evidenced by an application for debt counselling, business rescue or an equivalent.

it is probable that the receivable will enter sequestration, liquidation or other financial re-organisation.

1.29 Statutory receivables (continued)

a breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).

adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

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 adjustment does not result in the carrying amount of the statutory receivable, or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

1.29.5 Derecognition

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

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

1.30 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the annual financial statements.

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.31 Contruction contracts and receivables

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

Contractor is an entity that performs construction work pursuant to a construction contract.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of subcontractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

1.32 Segment information

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

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

Segmental information was based and identified on the MFMA S71 monthly budget statement/reports that are reviewed by senior management and council to make strategic decisions and in monitoring segment performance. The disclosure of information about segments in these reports is organised around the type of service delivered, in a standardised format, namely the C2 schedule.

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

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity’s financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment’s surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment’s assets and segment’s liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment’s surplus or deficit, the segment’s assets or the segment’s liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment’s surplus or deficit, the segment’s assets or the segment’s liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity’s financial statements.

1.33 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

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 as individual investment or part of the general investments of the Municipality 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 creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.34 Unpaid Conditional Government Grants and Receipts

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

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

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

1.35 Amended Disclosure Policy

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. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

1.36 Standards, amendments to standards and interpretation issued but not yet effective

In the current year the municipality has adopted all new and revised standards and interpretations issued by the ASB that are relevant to its operations and are effective. The following GRAP standards have been issued but are not yet effective during the current reporting period and the municipality did not early adopt these GRAP standards or interpretation.

GRAP 104 (Revised 2019) - Financial Instruments: The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.

GRAP 103 on Heritage assets (amended): The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.

Management has considered all the above mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance, budget statement or cash flow of the municipality.

1.37 Expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

1.38 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are carried at amortised cost. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are carried at amortised cost.

Accounting Policies

1.38 Cash and cash equivalents (continued)

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

The municipality utilises the direct method for the purposes of the cash flow statement.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

2. New standards and interpretations

2.1 Standards, amendments to standards and interpretations issued, but not yet effective

The municipality has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• iGRAP 22: Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed

3. Cash and cash equivalents

3.1 Cash and cash equivalents

Cash flow statement consist of the following:

	2025	2024
Cash at bank		
Bank account	198,626,966	187,235,261
Cash on hand	9,461	9,472
Total cash and cash equivalents	**198,636,427**	**187,244,733**

3.2 Bank accounts

The municipality has the following bank accounts:

		2025	2024
First National Bank & ABSA Bank	Account Numbers: 62748215979 & 350000011	198,626,966	187,235,261

3. Cash and cash equivalents (continued)

3.3 Difference between cash book and bank statement

2025

	Cash book	Bank statement	Difference
First National Bank	198,626,966	197,378,193	1,248,773

2024

	Cash book	Bank statement	Difference
First National Bank	187,235,261	185,512,811	1,722,450

Bank statement balance at beginning of year	185,512,811	226,484,102
Bank statement balance at end of year	197,378,193	185,512,811
Cash book balance at beginning of year	187,235,262	226,792,468
Bank statement balance at end of year	197,378,193	185,512,811
Net movement / reconciling items	1,248,773	1,722,450
Cash book balance at end of year	**198,626,966**	**187,235,261**

4. Trade and other receivables from exchange transactions

Prepayments and advances	4.1	4,222,555	3,187,719
Trading service and customer service debtors	4.2	97,989,146	119,394,562
Total		**102,211,701**	**122,582,281**
Current assets		102,211,701	122,582,281

4.1 Prepayments and advances

	2025		2024	
	Gross	Total	Gross	Total
Rent	7,754	**7,754**	7,754	**7,754**
Recoveries from Staff	128,065	**128,065**	124,303	**124,303**
SALGA	2,521,067	**2,521,067**	2,449,407	**2,449,407**
Maintenance Contracts	1,565,669	**1,565,669**	606,255	**606,255**
Total	**4,222,555**	**4,222,555**	**3,187,719**	**3,187,719**

Notes to the Annual Financial Statements

Figures in Rand

4. Trade and other receivables from exchange transactions (continued)

4.2 Trading service and customer service debtors

	2025			2024		
	Gross	Impairment	Total	Gross	Impairment	Total
Electricity	68,200,881	(13,545,649)	**54,655,232**	68,708,576	(10,010,435)	**58,698,141**
Waste management	75,583,509	(61,246,545)	**14,336,964**	59,184,847	(48,096,628)	**11,088,219**
Waste water management	79,343,254	(64,270,693)	**15,072,561**	99,389,832	(51,004,407)	**48,385,425**
Water	119,920,347	(119,205,030)	**715,317**	94,828,532	(99,300,811)	**(4,472,279)**
Housing selling scheme	-	(4,714)	**(4,714)**	-	-	**-**
Land sale debtors	12,967,138	-	**12,967,138**	-	-	**-**
Merchandising, jobbing and contracts	5,444,769	(5,444,769)	**-**	5,444,769	-	**5,444,769**
Property rental debtors	2,914,209	(2,728,635)	**185,574**	2,309,457	(2,156,274)	**153,183**
Service charges	1,349,652	(1,288,578)	**61,074**	1,150,217	(1,053,113)	**97,104**
Total	**365,723,759**	**(267,734,613)**	**97,989,146**	**331,016,230**	**(211,621,668)**	**119,394,562**

4. Trade and other receivables from exchange transactions (continued)

4.2.1 Ageing of trading service and customer service debtors

2025

		Not due	Past due		
	Total	**Current**	**30 days**	**60 days**	**90 days**
Ageing by debt type					
Electricity	**68,200,881**	49,529,144	1,638,057	1,166,235	15,867,445
Waste management	**75,583,509**	4,023,916	2,144,035	1,601,562	67,813,996
Waste water management	**79,343,254**	5,473,687	1,572,391	1,486,475	70,810,701
Water	**119,920,347**	8,257,624	2,820,294	1,999,994	106,842,435
Land sale debtors	**12,967,138**	-	-	-	12,967,138
Merchandising, jobbing and contracts	**5,444,769**	-	-	-	5,444,769
Property rental debtors	**2,914,209**	102,573	65,171	51,994	2,694,471
Service charges	**1,349,652**	17,078	33,797	18,371	1,280,406
Total ageing by debt type	**365,723,759**	**67,404,022**	**8,273,745**	**6,324,631**	**283,721,361**

4. Trade and other receivables from exchange transactions (continued)

2024

		Not due	Past due		
	Total	Current	30 days	60 days	90 days
Ageing by debt type					
Electricity	**68,708,576**	54,118,627	2,269,338	1,480,603	10,840,008
Merchandising, jobbing and contracts	**5,444,769**	-	-	-	5,444,769
Property rental debtors	**2,309,457**	90,815	65,262	49,583	2,103,797
Service charges	**1,150,217**	7,879	16,087	23,378	1,102,873
Waste management	**59,184,847**	3,314,057	1,566,418	1,511,436	52,792,936
Waste water management	**99,389,832**	42,329,727	1,614,930	1,351,028	54,094,147
Water	**94,828,532**	8,980,861	1,967,389	1,969,155	81,911,127
Total ageing by debt type	**331,016,230**	**108,841,966**	**7,499,424**	**6,385,183**	**208,289,657**

4. Trade and other receivables from exchange transactions (continued)

4.2.2 Impairment reconciliation of trading service and customer service debtors

	2025				2024			
	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
Electricity	10,010,436	3,535,213	-	**13,545,649**	9,319,840	3,920,940	(3,230,345)	**10,010,435**
Waste management	48,096,628	13,149,917	-	**61,246,545**	85,318,696	13,403,444	(50,625,512)	**48,096,628**
Waste water management	51,004,406	20,809,597	(7,543,310)	**64,270,693**	75,829,986	15,838,434	(40,664,013)	**51,004,407**
Water	99,300,811	19,904,219	-	**119,205,030**	141,701,652	35,579,312	(77,980,153)	**99,300,811**
Housing selling scheme	-	4,714	-	**4,714**	-	-	-	**-**
Merchandising, jobbing and contracts	-	5,444,769	-	**5,444,769**	-	-	-	**-**
Property rental debtors	2,156,274	572,361	-	**2,728,635**	2,931,068	(355,007)	(419,787)	**2,156,274**
Service charges	1,053,113	235,465	-	**1,288,578**	1,412,397	70,345	(429,629)	**1,053,113**
Total	**211,621,668**	**63,656,255**	**(7,543,310)**	**267,734,613**	**316,513,639**	**68,457,468**	**(173,349,439)**	**211,621,668**

5. Receivables from non-exchange transactions

Customer service debtors	5.1	14,262,069	11,898,780
Other receivables	5.2	28,743,212	19,740,259
Total		**43,005,281**	**31,639,039**
Current		43,005,281	31,639,039

5. Receivables from non-exchange transactions (continued)

5.1 Customer service debtors

	2025			2024		
	Gross	Impairment	Total	Gross	Impairment	Total
Electricity	3,155,798	(2,818,634)	**337,164**	2,506,530	(2,382,081)	**124,449**
Waste	1,330,773	(1,150,311)	**180,462**	1,102,068	(1,055,844)	**46,224**
Waste water management	1,617,948	(1,430,928)	**187,020**	1,351,875	(1,290,678)	**61,197**
Water	2,714,706	(2,427,505)	**287,201**	2,298,110	(2,203,236)	**94,874**
Property rates by usage	64,018,930	(50,748,708)	**13,270,222**	54,881,436	(43,309,400)	**11,572,036**
Total	**72,838,155**	**(58,576,086)**	**14,262,069**	**62,140,019**	**(50,241,239)**	**11,898,780**

5. Receivables from non-exchange transactions (continued)

5.1.1 Ageing of customer service debtors

2025

		Not due	Past due		
	Total	**Current**	**30 days**	**60 days**	**90 days**
Electricity	**3,155,798**	89,208	56,402	53,089	2,957,099
Waste	**1,330,773**	35,234	22,350	18,938	1,254,251
Waste water management	**1,617,948**	40,761	25,825	21,485	1,529,877
Water	**2,714,706**	62,515	37,384	33,827	2,580,980
Property rates by usage	**64,018,930**	4,330,340	1,129,680	1,115,250	57,443,660
Total	**72,838,155**	**4,558,058**	**1,271,641**	**1,242,589**	**65,765,867**

2024

		Not due	Past due		
	Total	**Current**	**30 days**	**60 days**	**90 days**
Electricity	**2,506,530**	85,579	57,247	51,928	2,311,776
Waste	**1,102,068**	40,376	22,943	20,893	1,017,856
Waste water management	**1,351,875**	43,166	25,685	23,341	1,259,683
Water	**2,298,110**	67,333	39,613	36,674	2,154,490
Property rates by usage	**54,881,436**	4,251,207	991,836	754,212	48,884,181
Total	**62,140,019**	**4,487,661**	**1,137,324**	**887,048**	**55,627,986**

5. Receivables from non-exchange transactions (continued)

5.1.2 Impairment reconciliation of customer service debtors

Controlling entity

	2025			2024			
	Opening balance	Impairment raised	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
Electricity	2,382,081	436,553	**2,818,634**	-	2,382,081	-	**2,382,081**
Waste	1,055,844	94,467	**1,150,311**	-	1,055,844	-	**1,055,844**
Waste water management	1,290,678	140,250	**1,430,928**	-	1,290,678	-	**1,290,678**
Water	2,203,236	224,269	**2,427,505**	-	2,203,236	-	**2,203,236**
Property rates by usage	43,309,399	7,439,309	**50,748,708**	36,766,150	7,978,865	(1,435,615)	**43,309,400**
Total	**50,241,238**	**8,334,848**	**58,576,086**	**36,766,150**	**14,910,704**	**(1,435,615)**	**50,241,239**

5.2 Other receivables

	2025			2024		
	Gross	Impairment	Total	Gross	Impairment	Total
Fines	32,172,260	(6,072,700)	**26,099,560**	21,640,260	(3,138,950)	**18,501,310**
Other Receivables	1,083,662	-	**1,083,662**	1,014,334	-	**1,014,334**
Deposits	1,559,990	-	**1,559,990**	224,615	-	**224,615**
Total	**34,815,912**	**(6,072,700)**	**28,743,212**	**22,879,209**	**(3,138,950)**	**19,740,259**

5. Receivables from non-exchange transactions (continued)

5.2.1 Impairment reconciliation of other receivables

Controlling entity

	2025				2024			
	Opening balance	**Impairment raised**	**Impairment reversed / debt written off**	**Closing balance**	**Opening balance**	**Impairment raised**	**Impairment reversed / debt written off**	**Closing balance**
Fines	3,138,950	10,737,750	(7,804,000)	**6,072,700**	6,851,900	3,532,500	(7,245,450)	**3,138,950**

6. Inventory

Consumables		1,689,835	2,590,811
Materials and supplies		16,028,617	20,018,613
Water	6.1	20,532	15,911
Total Inventories		**17,738,984**	**22,625,335**

Inventories of R4 405 990.62 (2024: R8 141 093.12) are held as major spare parts for infrastructure assets and has been transferred to property, plant and equipment.

6.1 Water

Summary

Opening balance	15,911	348,802
System input volume	4,621	(332,891)
Closing balance	**20,532**	**15,911**

Figures in Rand		2025	2024

7. Operating lease receivable

Gross investment in lease due			
Within 1 year		1,063,125	1,063,125
2 to 5 years		4,163,906	4,252,500
More than 5 years		13,732,031	14,706,563
		18,959,062	**20,022,187**
Current Asset (Liability)			
Operating Lease Asset		2,303,438	1,240,313

Operating leases consist of rentals on the letting of premises. The municipality concluded a 20-year non-cancellable operating lease. (2024: 20 years). The escalation rates of the lease agreements vary from 25% to 33% (2024: 25% to 33%). There are no contingent rents receivable.

Please refer to Note 50 narrative for Operating Lease Receivable related prior year corrections.

8. Value Added Tax

Net VAT Control (as per VAT 201)		(595,564)	5,782,484
VAT Accrual Receivable		10,087,643	4,154,923
VAT Accrual (Payable)		(12,567,853)	(14,602,785)
Total		**(3,075,774)**	**(4,665,378)**

The prior year comparatives have been restated, please refer to note 50 for more detail information. Disclosure note was enhanced to seperately disclose the statutory receivable/(payable), VAT Accrual Receivable and VAT Accrual (Payable).

The municipality is registered for VAT on the payment/cash basis.

VAT meets the definition of a statutory receivable/(payable) as per the accounting policy. The statutory receivable/(payable) amounts are as follows (R595 563) and 2024: R5 782 483

Note 7 in the prior year audited Annual Financial Statements did not seperately present the statutory receivable. The statutory receivable information was, however, presented seperately in Note 44.3 of the prior year audited Annual Financial Statements. The disclosure of the comparative information in the current year financial statements is the result of the enhancement.

9. Investment property

9.1 Reconciliation of carrying value

Opening carrying value			
Cost		46,980,339	46,980,339
Accumulated depreciation and impairment losses		(5,060,620)	(4,651,902)
		41,919,719	**42,328,437**
Depreciation	40	(409,934)	(408,718)
Carrying value of disposals / transfers			
Cost		(258,789)	-
Closing carrying value		**41,250,996**	**41,919,719**
Cost		46,721,550	46,980,339
Accumulated depreciation and impairment losses		(5,470,554)	(5,060,620)

Total Operating Expenditure incurred on properties generating revenue amounted to R14 679 605 (2024: R13 821 547).

Total Operating Expenditure incurred on properties not generating revenue amounted to R970 303 (2024: R975 549).

9. Investment property (continued)

9.2 Restrictions on investment property

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

9.3 Maintenance of investment property

The following maintenance costs were incurred:

	2025	2024
Repair and maintenance incurred on		
Properties generating revenue	166,092	186,762

10. Property, plant and equipment

10.1 Reconciliation summary

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	73,864,280	-	**73,864,280**	74,012,280	-	**74,012,280**
Transport Assets	47,302,933	(24,494,052)	**22,808,881**	44,520,876	(22,780,152)	**21,740,724**
Electrical Infrastructure	160,806,555	(52,666,926)	**108,139,629**	155,742,392	(50,603,959)	**105,138,433**
Water Supply Infrastructure	311,463,213	(71,109,889)	**240,353,324**	287,381,476	(64,846,486)	**222,534,990**
Sanitation Infrastructure	201,010,465	(62,942,629)	**138,067,836**	185,370,402	(58,436,763)	**126,933,639**
Solid Waste Infrastructure	95,240,685	(49,908,522)	**45,332,163**	88,956,989	(49,380,105)	**39,576,884**
Machinery and Equipment	42,893,085	(20,158,233)	**22,734,852**	40,334,093	(18,284,068)	**22,050,025**
Furniture and Office Equipment	10,160,426	(7,487,575)	**2,672,851**	9,895,120	(7,158,050)	**2,737,070**
Computer Equipment	12,697,696	(9,020,731)	**3,676,965**	12,140,622	(9,184,090)	**2,956,532**
Information and Communication Infrastructure	2,999,447	(1,728,539)	**1,270,908**	2,999,446	(1,535,739)	**1,463,707**
Roads Infrastructure	310,372,025	(73,317,218)	**237,054,807**	299,436,248	(66,296,567)	**233,139,681**
Storm water Infrastructure	118,532,476	(23,471,553)	**95,060,923**	115,760,015	(20,925,556)	**94,834,459**
Community Assets	111,373,686	(28,995,931)	**82,377,755**	108,377,095	(24,494,142)	**83,882,953**
Other assets						
Operational Buildings	109,196,693	(24,416,799)	**84,779,894**	109,319,765	(21,432,205)	**87,887,560**
Total	**1,607,913,665**	**(449,718,597)**	**1,158,195,068**	**1,534,246,819**	**(415,357,882)**	**1,118,888,937**

10. Property, plant and equipment (continued)

Leased Assets

	2025			2024		
	Cost / Revaluation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Revaluation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and Office Equipment	8,469,960	(6,043,692)	**2,426,268**	8,740,242	(5,834,236)	**2,906,006**

Construction work-in-progress

	2025	2024
Other Assets (Buildings)	724,695	575,838
Solid Waste Infrastructure	-	2,428,537
Community Assets	959,576	1,107,275
Water Supply Infrastructure	30,333,791	4,135,284
Sanitation Infrastructure	3,146,032	7,611,647
Eletrical Infrastructure	11,822,334	9,238,210
Intangible Assets	551,450	330,870
Roads Infrastructure	224,498	224,498
Storm Water Infrastructure	-	-

10. Property, plant and equipment (continued)

10.2 Reconciliation of carrying value

2025

	Opening balance	Additions	Disposals	Transfers received	Transfers made	Depreciation	Impairment loss/ reversal	Total
Land	74,012,280	-	(148,000)	-	-	-	-	**73,864,280**
Transport Assets	21,740,724	3,749,964	(352,752)	-	-	(2,329,055)	-	**22,808,881**
Electrical Infrastructure	106,735,024	10,086,242	(1,650,835)	(1,999,505)	(1,074,032)	(3,957,265)	-	**108,139,629**
Water Supply Infrastructure	220,187,808	26,421,986	-	-	-	(6,256,470)	-	**240,353,324**
Sanitation Infrastructure	127,140,311	15,105,853	-	327,537	-	(4,505,865)	-	**138,067,836**
Solid Waste Infrastructure	39,576,885	6,283,695	-	-	-	(528,417)	-	**45,332,163**
Machinery and Equipment	21,843,351	4,217,629	(116,430)	-	(777,501)	(1,941,419)	(490,778)	**22,734,852**
Furniture and Office Equipment	3,262,303	360,315	(536)	3,960	(3,960)	(573,367)	(375,864)	**2,672,851**
Computer Equipment	2,957,392	1,502,690	-	9,695	(9,695)	(562,743)	(220,374)	**3,676,965**
Information and Communication Infrastructure	1,407,155	-	56,552	-	-	(142,878)	(49,921)	**1,270,908**
Roads Infrastructure	233,364,179	10,711,279	-	433,321	(433,321)	(7,020,651)	-	**237,054,807**
Storm water Infrastructure	94,834,459	2,772,461	-	-	-	(2,545,997)	-	**95,060,923**
Community Assets	84,499,117	922,428	-	1,458,000	-	(4,500,726)	(1,064)	**82,377,755**
Other assets								
Operational Buildings	87,271,396	519,066	-	-	-	(3,007,852)	(2,716)	**84,779,894**
Total	**1,118,832,384**	**82,653,608**	**(2,212,001)**	**233,008**	**(2,298,509)**	**(37,872,705)**	**(1,140,717)**	**1,158,195,068**

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

2024

	Opening balance	Additions	Disposals	Transfers received	Transfers made	Depreciation	Impairment loss/ reversal	Total
Land	74,012,280	-	-	-	-	-	-	**74,012,280**
Transport Assets	12,663,119	11,205,033	-	-	-	(2,093,730)	(33,698)	**21,740,724**
Electrical Infrastructure	103,274,823	6,759,251	(101,403)	8,141,093	(8,980,439)	(3,954,892)	-	**105,138,433**
Water Supply Infrastructure	218,472,818	9,970,453	-	-	-	(5,908,281)	-	**222,534,990**
Sanitation Infrastructure	129,242,005	2,099,385	(3,699)	-	-	(4,404,052)	-	**126,933,639**
Solid Waste Infrastructure	30,558,512	9,352,150	-	-	-	(333,778)	-	**39,576,884**
Machinery and Equipment	18,272,925	5,759,086	(64,607)	-	-	(1,829,359)	(88,020)	**22,050,025**
Furniture and Office Equipment	1,968,431	1,762,418	(136,286)	-	-	(848,217)	(9,276)	**2,737,070**
Computer Equipment	3,282,998	591,171	(123,838)	(1,417)	-	(791,154)	(1,228)	**2,956,532**
Information and Communication Infrastructure	1,624,783	16,680	(13,501)	-	-	(163,678)	(577)	**1,463,707**
Roads Infrastructure	206,897,612	32,463,482	(28,427)	-	-	(6,192,986)	-	**233,139,681**
Storm water Infrastructure	92,530,081	-	-	4,736,275	-	(2,431,897)	-	**94,834,459**
Community Assets	82,559,483	4,233,669	(6,178)	-	-	(2,904,021)	-	**83,882,953**
Other assets								
Operational Buildings	87,325,511	2,377,670	(66,015)	-	-	(1,743,870)	(5,736)	**87,887,560**
Total	**1,062,685,381**	**86,590,448**	**(543,954)**	**12,875,951**	**(8,980,439)**	**(33,599,915)**	**(138,535)**	**1,118,888,937**

10.3 Maintenance of property, plant and equipment

The total cost of repairs and maintenance in respect of property, plant and equipment was R17 098 801 (2024: R23 172 254).

11. Heritage assets

11.1 Reconciliation of carrying value

2025

	Land and buildings	Monuments and parks	Archives	Other assets	Heritage assets measured at cost	Total
Opening carrying value as at 01 July 2024						
Cost	550,000	-	-	-	-	550,000
Cost	550,000	-	-	-	-	550,000

2024

	Land and buildings	Total
Opening carrying value as at 01 July 2023		
Cost	550,000	550,000
Cost	550,000	550,000

12. Intangible assets

12.1 Reconciliation of carrying value

2025

	Computer software	Total
Opening carrying value as at 01 July 2024		
Cost	2,108,536	2,108,536
Accumulated depreciation and impairment	(1,050,848)	(1,050,848)
	1,057,688	**1,057,688**
Additions from acquisitions	220,580	220,580
Closing carrying value as at 30 June 2025	**1,278,268**	**1,278,268**
Cost	2,329,116	2,329,116
Accumulated amortisation and impairment	(1,050,848)	(1,050,848)
	1,278,268	**1,278,268**

Figures in Rand		2025	2024

12. Intangible assets (continued)

2024

		Computer software	Other assets	Total
Opening carrying value as at 01 July 2023				
Cost		2,941,080	-	2,941,080
Accumulated depreciation and impairment		(1,585,511)	-	(1,585,511)
		1,355,569	**-**	**1,355,569**
Additions from acquisitions		330,870	-	330,870
Correction of prior period errors		(636,896)	-	(636,896)
Amortisation	40	(12,349)	-	(12,349)
		(318,375)	**-**	**(318,375)**
Carrying value of disposals / transfers				
Cost		-	(526,519)	(526,519)
Accumulated depreciation and impairment		547,012	-	547,012
		547,012	**(526,519)**	**20,493**
Closing carrying value as at 30 June 2024		**1,584,206**	**(526,519)**	**1,057,687**
Cost		2,635,054	(526,519)	2,108,535
Accumulated amortisation and impairment		(1,050,848)	-	(1,050,848)
		1,584,206	**(526,519)**	**1,057,687**

13. Financial liabilities

		2025	2024
Finance lease liabilities	13.3	1,052,015	1,386,187
Less: Transferred to current liabilities		(162,737)	(334,172)
Total non-current liabilities		**889,278**	**1,052,015**

13.1 Carrying value of current financial liabilities

2025

		Opening balance	Deposits	Withdrawals	Total
Carrying value as at 30 June 2025					
Current portion of Finance lease liabilities	13.3	334,172	162,737	(334,172)	**162,737**

2024

		Opening balance	Deposits	Withdrawals	Total
Carrying value as at 30 June 2024					
Current portion of Finance lease liabilities	13.3	527,450	408,093	(601,371)	**334,172**

13. Financial liabilities (continued)

13.2 Carrying value of non-current financial liabilities

2025

	Opening balance	Deposits	Withdrawals	Total
Carrying value as at 30 June 2025				
Finance lease liability	1,052,015	-	-	**1,052,015**
Transferred to current liabilities	(334,172)	(162,737)	334,172	(162,737)
Total	**717,843**	**(162,737)**	**334,172**	**889,278**

2024

	Opening balance	Deposits	Withdrawals	Difference	Total
Carrying value as at 30 June 2024					
Finance lease liability	-	1,460,108	-	-	**1,460,108**
Transferred to current liabilities	(527,450)	(408,093)	601,371	**(73,921)**	(408,093)
Total	**(527,450)**	**1,052,015**	**601,371**	**(73,921)**	**1,052,015**

13.3 Obligation under finance leases

The municipality as lessee

The obligations under finance leases are as follow:

	2025	2024
Minimum lease payments		
Payable within 1 year	162,737	334,172
Payable within 2 to 5 years	889,278	1,052,015
Total minimum lease payments	**1,052,015**	**1,386,187**
Present value of minimum lease payments		
Payable within 1 year	162,737	334,172
Payable within 2 to 5 years	889,278	1,052,015
Total	**1,052,015**	**1,386,187**
Current liability	162,737	334,172
Non-current liability	889,278	1,052,015

14. Employee benefits

		2025	2024
Current employee benefits			
Post employment health care benefits		3,300,000	3,050,995
Ex-gratia pension benefits	14.1	7,670	7,100
Provision for long-service awards	14.2	2,778,522	1,655,618
Provision for bonuses	14.3	7,364,826	6,794,511
Leave accrual	14.4	22,288,865	20,423,714
Overtime payable	14.5	2,483,276	1,975,009
		38,223,159	**33,906,947**

Figures in Rand		2025	2024

14. Employee benefits (continued)

Non-current employee benefits			
Post employment health care benefits		67,920,000	59,764,000
Ex-gratia pension benefits	14.1	22,920	19,930
Provision for long-service awards	14.2	12,179,478	11,969,382
		80,122,398	**71,753,312**
Total		**118,345,557**	**105,660,259**

14.1 Ex-gratia pension benefits

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by Mr Chanan Weiss of ARCH Actuarial Consulting (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method..

	Number	Number
In-service members (Employees)	13	13

The liability in respect of past service has been estimated as follow:

Pension benefit	30,590	27,030
Total liability	**30,590**	**27,030**

14.2 Provision for long-service awards

Current liabilities	2,778,522	8,097,526
Non-current liabilities	12,179,478	11,969,382
Total liability	**14,958,000**	**20,066,908**

14.3 Provision for bonuses

Opening Balance	6,794,511	6,414,537
Current service cost	12,571,038	11,442,751
Benefits paid	(12,000,722)	(11,062,777)
Undefined Difference	**(1)**	**-**
Closing balance	**7,364,826**	**6,794,511**

14.4 Leave accrual

Opening Balance	20,423,714	19,652,655
Current service cost	3,772,946	2,522,067
Benefits paid	(1,907,795)	(1,751,008)
Closing balance	**22,288,865**	**20,423,714**

14.5 Overtime payable

Opening Balance	1,975,009	1,988,685
Benefits paid	508,267	(13,676)
Closing balance	**2,483,276**	**1,975,009**

Figures in Rand		2025	2024

15. Consumer deposits

Building plans		1,059,038	1,149,360
Electricity		204,499	205,374
Posters		30,308	30,906
Rental properties		380,239	406,885
Water		8,611,229	7,813,036
Wayleave		369,817	133,816
Total		**10,655,130**	**9,739,377**

Deposits are released on termination of the contract or when the contractual services are delivered.

16. Trade and other payables from exchange transactions

Bulk purchases	16.1	54,581,361	43,777,206
Contractors	16.2	11,869,631	13,712,563
Control and clearing accounts		1,539,016	446,721
Other payables	16.3	22,653,539	25,771,488
Total		**90,643,547**	**83,707,978**

16.1 Bulk purchases

Bulk electricity	54,581,361	43,777,206

16.2 Contractors

Retentions	11,869,631	13,712,563

16.3 Other payables

Agency fees	(1,119)	(1,126)
Fair value adjustment	501	501
Payables and accruals	16,849,509	14,382,897
Unallocated deposits	1,345,285	1,108,451
Advance payments	4,459,363	10,280,765
Total	**22,653,539**	**25,771,488**

17. Trade and other payables from non-exchange transactions – Transfers and subsidies Unspent

		2025					2024				
		Opening balance	**Funds received**	**Transfer to revenue**	**Repayment unspent grants**	**Closing balance**	**Opening balance**	**Funds received**	**Transfer to revenue**	**Repayment unspent grants**	**Closing balance**
Capital											
Monetary Allocations	17.1	(4,102,592)	52,136,144	(46,465,237)	(926,013)	**642,302**	14,149	41,443,320	(40,375,588)	(5,184,474)	**(4,102,593)**
Operational											
Monetary Allocations	17.2	58,639	21,629,962	(18,069,922)	(255,339)	**3,363,340**	6,802,685	42,793,914	(48,363,491)	(1,174,467)	**58,641**
Total		**(4,043,953)**	**73,766,106**	**(64,535,159)**	**(1,181,352)**	**4,005,642**	**6,816,834**	**84,237,234**	**(88,739,079)**	**(6,358,941)**	**(4,043,952)**

17. Trade and other payables from non-exchange transactions – Transfers and subsidies Unspent (continued)

17.1 Unspent capital monetary allocations

	2025					2024				
	Opening balance	Funds received	Transfer to revenue	Repayment unspent grants	Closing balance	Opening balance	Funds received	Transfer to revenue	Repayment unspent grants	Closing balance
District Municipalities										
Western Cape	1,026,517	100,000	(433,321)	-	**693,196**	2,205,185	672,000	(1,850,669)	-	**1,026,516**
National Government										
Energy Efficiency and Demand Side Management Grant	-	3,500,000	(2,862,785)	-	**637,215**	-	-	-	-	**-**
Integrated National Electrification Programme Gran	122,359	-	-	(900,000)	**(777,641)**	(777,641)	900,000	-	-	**122,359**
Municipal Disaster Relief Grant	-	3,195,000	(3,188,330)	-	**6,670**	-	-	-	-	**-**
Municipal Infrastructure Grant	59,596	24,595,000	(24,595,000)	(16,000)	**43,596**	1,111,284	23,312,000	(23,295,562)	(1,068,126)	**59,596**
Regional Bulk Infrastructure Grant	548,655	-	-	-	**548,655**	1,600,376	-	-	(1,051,722)	**548,654**
Urban Settlement Development Grant	471,155	-	-	-	**471,155**	471,155	-	-	-	**471,155**
Water Services Infrastructure Grant	-	15,000,000	(14,998,801)	-	**1,199**	2,558,224	-	-	(2,558,224)	**-**
Total	**1,201,765**	**46,290,000**	**(45,644,916)**	**(916,000)**	**930,849**	**4,963,398**	**24,212,000**	**(23,295,562)**	**(4,678,072)**	**1,201,764**
Provincial Government										
Western Cape	(6,330,874)	5,746,144	(387,000)	(10,013)	**(981,743)**	(7,154,434)	16,559,320	(15,229,357)	(506,402)	**(6,330,873)**

Provincial Government

17. Trade and other payables from non-exchange transactions – Transfers and subsidies Unspent (continued)

Municipal Infrastructure	(1,046,497)	-	-	-	**(1,046,497)**	(1,046,497)	-	-	-	**(1,046,497)**
Economic Development and Tourism SMME Booster	68	-	-	-	**68**	68	-	-	-	**68**
Municipal Infrastructure	(206,126)	-	-	-	**(206,126)**	(206,126)	-	-	-	**(206,126)**
Regional Social Economic Program	-	-	-	-	**-**	106,402	200,000	(200,000)	(106,402)	**-**
Maintenance and Construction of Transport Infrastructure	(5,061,033)	5,489,144	(130,000)	-	**298,111**	(6,883,633)	14,701,538	(12,878,938)	-	**(5,061,033)**
Fire Services	10,013	-	-	(10,013)	**-**	-	985,000	(974,987)	-	**10,013**
Loadshedding Relief Grant	-	-	-	-	**-**	475,000	-	(474,999)	-	**1**
Electronic Case Management Intervention	-	-	-	-	**-**	400,000	-	-	(400,000)	**-**
Borehole Installation	-	257,000	(257,000)	-	**-**	-	-	-	-	**-**
Sport and Recreation	(27,299)	-	-	-	**(27,299)**	352	672,782	(700,433)	-	**(27,299)**
Total	**(6,330,874)**	**5,746,144**	**(387,000)**	**(10,013)**	**(981,743)**	**(7,154,434)**	**16,559,320**	**(15,229,357)**	**(506,402)**	**(6,330,873)**
Total unspent capital monetary allocations	**(4,102,592)**	**52,136,144**	**(46,465,237)**	**(926,013)**	**642,302**	**14,149**	**41,443,320**	**(40,375,588)**	**(5,184,474)**	**(4,102,593)**

17. Trade and other payables from non-exchange transactions – Transfers and subsidies Unspent (continued)

17.2 Unspent operational monetary allocations

	2025					2024				
	Opening balance	**Funds received**	**Transfer to revenue**	**Repayment unspent grants**	**Closing balance**	**Opening balance**	**Funds received**	**Transfer to revenue**	**Repayment unspent grants**	**Closing balance**
District Municipalities										
Western Cape	2,283,862	36,000	(35,029)	(150,000)	**2,134,833**	2,133,862	150,000	-	-	**2,283,862**
Foreign Governments and International Organisations										
Unspecified	3,684	315,703	-	-	**319,387**	1,116,990	679,910	(1,793,216)	-	**3,684**
National Government										
Expanded Public Works Programme Integrated Grant	(198,128)	1,559,000	(1,360,872)	-	**-**	(80,676)	3,247,000	(3,364,452)	-	**(198,128)**
Local Government Financial Management Grant	-	1,600,000	(1,600,000)	-	**-**	45	1,550,000	(1,550,045)	-	**-**
Municipal Disaster Relief Grant	-	417,000	(76,233)	-	**340,767**	-	-	-	-	**-**
Municipal Infrastructure Grant	-	1,000,000	(996,464)	-	**3,536**	-	997,000	(997,000)	-	**-**
Neighbourhood Development Partnership Grant	322	-	-	-	**322**	322	-	-	-	**322**
Total	**(197,806)**	**4,576,000**	**(4,033,569)**	**-**	**344,625**	**(80,309)**	**5,794,000**	**(5,911,497)**	**-**	**(197,806)**
Private Enterprises										
Other transfers private enterprises	2,207,199	3,493,788	(25,510)	-	**5,675,477**	1,199,504	2,082,845	(1,075,150)	-	**2,207,199**

17. Trade and other payables from non-exchange transactions – Transfers and subsidies Unspent (continued)

Provincial Government Western Cape	(4,238,300)	13,208,471	(13,975,814)	(105,339)	**(5,110,982)**	2,432,638	34,087,159	(39,583,628)	(1,174,467)	**(4,238,298)**
Provincial Government										
Water Resilience Grant	-	-	-	-	**-**	568,189	-	(568,189)	-	**-**
Human Settlements Development Grant (Beneficiaries)	(4,493,639)	4,691,991	(4,988,243)	-	**(4,789,891)**	-	33,460,159	(37,953,798)	-	**(4,493,639)**
Specify (Add grant description)	-	-	-	-	**-**	1	-	-	-	**1**
Community Development Worker Operational Support Grant	50,948	132,000	(64,467)	(50,948)	**67,533**	(10,019)	132,000	(71,033)	-	**50,948**
Accelerated Housing Delivery	-	7,035,480	(8,090,802)	-	**(1,055,322)**	-	-	-	-	**-**
Municipal Energy Resilience Grant	-	700,000	(289,800)	-	**410,200**	-	-	-	-	**-**
Municipal Accreditation and Capacity Building Grant	49,391	249,000	(442,502)	(49,391)	**(193,502)**	559,867	245,000	(195,609)	(559,867)	**49,391**
Thusong Services Centre Grant	-	150,000	-	-	**150,000**	-	-	-	-	**-**
Service Delivery and Capacity Building Grant	-	-	-	-	**-**	1,100,000	-	(499,999)	(600,000)	**1**
Financial Management Capability Grant	155,000	250,000	(100,000)	(5,000)	**300,000**	214,600	250,000	(295,000)	(14,600)	**155,000**
Total	**(4,238,300)**	**13,208,471**	**(13,975,814)**	**(105,339)**	**(5,110,982)**	**2,432,638**	**34,087,159**	**(39,583,628)**	**(1,174,467)**	**(4,238,298)**
Total unspent operational monetary allocations	**58,639**	**21,629,962**	**(18,069,922)**	**(255,339)**	**3,363,340**	**6,802,685**	**42,793,914**	**(48,363,491)**	**(1,174,467)**	**58,641**

Figures in Rand		2025	2024

18. Provisions (Current and non-current)

Landfill Sites	18.1	67,623,469	55,961,507

Split between current and non-current

Current	3,791,013	3,630,749
Non-current	63,832,456	52,330,758
Total	**67,623,469**	**55,961,507**

18.1 Landfill Sites

Opening Balance	55,961,508	49,415,526
Additional provisions raised	5,624,468	1,379,651
Increases (Passage of Time/Discounted Rate)	6,037,493	5,166,330
Closing balance	**67,623,469**	**55,961,507**

Split between current and non-current

Current	3,791,013	3,630,749
Non-current	63,832,456	52,330,758
Total	**67,623,469**	**55,961,507**

The Rehabilitation cost of all landfill sites was prepared by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life.

An appropriate discount rate was used to determine the present value of the future landfill rehabilitation liability.

The total obligation at year-end can be attributed to the following sites:

Location	**Estimated Decommision Date:**	**Post closure monitoring date**		
Ceres	June 2003	30 June 2023	4,213,935	4,075,675
Prince Alfred's Hamlet	June 2046	30 June 2076	22,036,955	17,485,637
Op-die-Berg	June 2034	30 June 2064	6,442,276	5,935,678
Tulbagh	June 2035	30 June 2065	19,982,134	17,218,755
Wolseley	June 2043	30 June 2073	14,948,169	11,245,762
			67,623,469	**55,961,507**

Rates used	**2025**	**2024**
Discount Rate	7.15 - 11.045%	5.25 - 12.49%
Inflation Rate	5.02%	5.02%

Current Cost of Rehabilitation	**30 June 2025**	**30 June 2024**
Ceres	4,335,934	4,184,795
Prince Alfred's Hamlet	77,452,977	71,240,342
Op-die-Berg	10,500,425	10,533,459
Tulbagh	34,486,888	33,067,977
Wolseley	43,807,980	41,996,226

18. Provisions (Current and non-current) (continued)

Future Cost of Rehabilitation	30 June 2025	30 June 2024
Ceres	4,437,988	4,363,482
Prince Alfred's Hamlet	224,271,546	226,499,965
Op-die-Berg	18,972,563	20,306,976
Tulbagh	63,715,788	65,677,557
Wolseley	115,215,551	119,728,149

19. Reserves and funds

	2025	2024
Capital Replacement Reserve	11,166,356	11,166,358

20. Services charges

	2025	2024
Total Service Charges		
Service Charges	508,072,018	528,791,554

Detail of service charges per service less revenue foregone:

	2025	2024
Electricity	395,036,514	371,021,863
Waste Management	39,814,946	40,250,637
Waste Water Management	35,146,829	33,326,330
Water Management	38,073,728	84,192,722

21. Sales of goods and rendering of services

	2025	2024
Advertisements	67,381	94,113
Application Fees for Land Usage	455,812	100,139
Building Plan Approval	1,071,428	1,142,210
Building Plan Clause Levy	-	4
Camping Fees	3,058,440	2,732,095
Cemetery and Burial	273,988	142,264
Cleaning and Removal	54,795	43,197
Drainage Fees	-	96
Encroachment Fees	125,549	68,057
Entrance Fees	586,169	562,533
Fire Services	29,093	21,070
Management Fees	9,289,565	9,340,870
Photo copies, Faxes and Telephone charges	48,689	42,694
Sale of Goods	126,686	57,800
Scrap, Waste & Other Goods	193,769	92,021
Town Planning and Servitudes	217	-
Valuation Services	49,061	44,619
Total	**15,430,642**	**14,483,782**

22. Agency services

	2025	2024
Provincial	4,948,368	4,738,934

23. Interest earned from receivables

	Note	2025	2024
Exchange receivables	23.1	27,153,392	28,557,418
Non-exchange receivables	23.2	4,881,176	4,091,476
Total		**32,034,568**	**32,648,894**

23. Interest earned from receivables (continued)

23.1 Interest earned from exchange receivables

	2025	2024
Consumer receivables		
Electricity	1,975,335	1,558,439
Water	11,024,464	11,998,118
Waste water management	8,146,575	6,926,881
Waste management	5,653,633	7,638,800
Service charges	105,608	121,837
	26,905,615	**28,244,075**
Other receivables		
Property rental debtors	247,777	313,343
Total	**27,153,392**	**28,557,418**

23.2 Interest earned from non-exchange receivables

	2025	2024
Consumer receivables		
Property rates	4,881,176	4,091,476

24. Interests on current and non-current assets

	2025	2024
Bank accounts	9,546,995	10,227,455
Short-term investments and call accounts	9,211,049	11,791,293
Total	**18,758,044**	**22,018,748**

25. Rent from fixed assets

	2025	2024
Market related	6,764,809	6,007,232

26. Operational revenue

	2025	2024
Exchange revenue		
Administrative Handling Fees	379,927	452,396
Bad Debts Recovered	1,529	-
Breakages and Losses Recovered	5,176	4,334
Collection Charges	(2,225)	(713)
Discounts and Early Settlements	(785,580)	(684,853)
Incidental Cash Surpluses	4,778	7,465
Inspection fees	977	1,218,590
Insurance Refund	48,435	1,045,097
Merchandising, Jobbing and Contracts	45,219	20,182
Registration fees	68,456	65,434
Request for information	2,321	3,671
Skills Development Levy Refund	381,386	417,619
Staff and Councillors Recoveries	33,700	27,700
Development Charges	2,150,762	469,143
Total	**2,334,861**	**3,046,065**

Figures in Rand		2025	2024

27. Construction Contract Revenue

Construction Contract Revenue		11,373,082	33,460,159

The municipality participates as a non-accredited municipality in the National Housing Programme. In the arrangement, the municipality is appointed to construct low-cost houses for the beneficiaries of the National Housing Programme. Refer to note 44 for construction expenses recognised.

28. Service charges - Availability charges

Electricity			
Availability charges		2,824,476	2,990,685

Detail of availability charges per service:.

	2025	2024
Electricity	936,259	973,948
Waste Management	384,245	425,319
Waste Water Management	848,881	847,343
Water Management	669,091	744,075

29. Property rates by usage

Agricultural property		25,012,504	25,294,570
Business and commercial properties		21,487,520	19,963,699
Industrial properties		12,750,122	11,521,095
Public benefit organisations		17,775	-
Public service infrastructure properties		489,751	453,417
Public service purposes properties		18,390,026	16,820,067
Residential properties		26,789,750	25,023,290
Vacant land		2,382,757	2,240,508
Total		**107,320,205**	**101,316,646**

30. Surcharges and taxes

Surcharges		-	2,189
Taxes		7,975,570	9,119,469
Total		**7,975,570**	**9,121,658**

31. Fines, penalties and forfeits

Fines	31.1	19,699,324	16,301,692
Forfeits	31.2	2,654,317	4,332,655
Total		**22,353,641**	**20,634,347**

31.1 Fines

Traffic fines			
Court fines		2,082	18,946
Service provider fines		19,658,150	16,118,600
		19,660,232	**16,137,546**

Figures in Rand		2025	2024

31. Fines, penalties and forfeits (continued)

	2025	2024
Other fines		
Building fines	212	-
Illegal connections	31,984	159,086
Overdue books	6,896	5,060
	39,092	**164,146**
Total	**19,699,324**	**16,301,692**

31.2 Forfeits

	2025	2024
Unclaimed money	2,654,317	4,332,655

32. Licence and permits

	2025	2024
Non-exchange revenue	1,068,580	1,182,780

33. Transfers and subsidies - Revenue

	Note	2025	2024
Operational			
Monetary allocations	33.1	150,058,027	145,661,090
Capital			
Allocations in-kind	33.2	1,458,000	-
Monetary allocations	33.3	40,834,480	36,536,411
Total transfers and subsidies: Capital		**42,292,480**	**36,536,411**
Total		**192,350,507**	**182,197,501**

33.1 Monetary allocations: Operational

	2025	2024
District municipalities	130,460	295,000
Foreign government and international organisations	-	1,882,664
National governments	3,884,252	5,746,833
Provincial government	311,805	932,443
National revenue fund	145,706,000	135,729,000
Private enterprises	25,510	1,075,150
Total	**150,058,027**	**145,661,090**

National governments

	2025	2024
Expanded Public Works Programme Integrated Grant	1,360,037	3,349,100
Local Government Financial Management Grant	1,461,461	1,400,733
Municipal Disaster Relief Grant	66,290	-
Municipal Infrastructure Grant	996,464	997,000
	3,884,252	**5,746,833**

Provincial government

	2025	2024
Community Development Workers Grant (CDW)	59,805	68,843
Water Resilience Grant	-	494,078
Municipal Energy Resilience Grant	252,000	369,522
	311,805	**932,443**

Figures in Rand	2025	2024

33. Transfers and subsidies - Revenue (continued)

Departmental agencies and accounts

33.2 Allocations in-kind: Capital

Private enterprises	1,458,000	-

33.3 Monetary allocations: Capital

District municipalities	433,321	1,850,669
Foreign government and international organisations	-	221,793
National government	40,064,638	20,250,400
Provincial governments	336,521	14,213,549
Total	**40,834,480**	**36,536,411**

National government

Municipal Infrastructure Grant	21,386,957	20,250,400
Energy Efficiency and Demand Side Management Grant	2,862,785	-
Water Services Infrastructure Grant	13,042,435	-
Municipal Disaster Relief Grant	2,772,461	-
	40,064,638	**20,250,400**

Figures in Rand		2025	2024

33. Transfers and subsidies - Revenue (continued)

Provincial governments

	2025	2024
Maintenance and Construction of Transport Infrastructure	113,043	11,905,394
Fire Service Capacity Building Grant	-	847,815
Development of sport and recreation facilities	-	612,515
Borehole Installation and Groundwater Quality Monitoring	223,478	434,782
Emergency Municipal Load-Shedding Relief Grant	-	413,043
	336,521	**14,213,549**

34. Gain/(Loss) on disposal of fixed and intangible assets

	Note	2025	2024
Gains/(losses) on disposals	34.1	10,411,508	(978,802)
Fair value adjustment		(1,946,261)	2,803,986
Gains/(losses) on discontinued operations and disposals of non-current assets		104,883	-
Increase/(decrease) to net-realisable value of inventory		(487,281)	(3,802)
Total		**8,082,849**	**1,821,382**

34.1 Gains/(losses) on disposals

	2025	2024
Investment property	10,710,827	-
Property, plant and equipment	(299,319)	(978,802)
Total	**10,411,508**	**(978,802)**

35. Employee related cost

	Note	2025	2024
Senior management	35.1	11,323,973	7,033,513
Municipal staff	35.2	253,692,245	231,843,443
Total		**265,016,218**	**238,876,956**

35.1 Senior management costs

2025

	Municipal manager	Chief financial officer	Director Corporate Services	Director Community Services	Director Technical Services	Total
Basic salary	2,001,560	2,468,196	3,459,607	194,047	269,073	8,392,483
Bonuses	300,301	318,089	318,089	65,738	63,395	1,065,612
Allowances	199,200	650,339	283,200	55,800	213,439	1,401,978
Bargaining council	286	286	286	36	142	1,036
Pension	259,421	160,545	-	34,929	-	454,895
Unemployment insurance	2,125	2,125	2,125	531	1,063	7,969
	2,762,893	**3,599,580**	**4,063,307**	**351,081**	**547,112**	**11,323,973**

35. Employee related cost (continued)

2024

	Municipal manager	Chief financial officer	Director Corporate Services	Director Technical Services	Total
Basic salary	1,315,913	752,310	1,186,207	827,560	4,081,990
Bonuses	232,653	190,185	190,185	190,185	803,208
Allowances	199,200	590,973	327,543	640,317	1,758,033
Bargaining council	270	270	270	270	1,080
Medical	31,664	-	-	-	31,664
Pension	224,444	124,594	-	-	349,038
Unemployment insurance	2,125	2,125	2,125	2,125	8,500
	2,006,269	**1,660,457**	**1,706,330**	**1,660,457**	**7,033,513**

The Municipal Manager and Directors are remunerated in terms of the Waiver from the Upper Limites of Total Remuneration Packages Payable to Municipal Managers and Managers Directly Accountable to Municipal Managers, issued in terms of the Local Government: Municipal Systems Act 32 of 2000.

The Remuneration of Executives as disclosed above refer to the actual amounts paid to them during the 2025 and 2024 years respectively.

The increase in total remuneration paid from 2024 to 2025 is due to the backpay in terms of the waiver granted.

35.2 Municipal staff costs

	2025	2024
Basic salary	154,470,838	141,863,238
Bonuses	11,505,427	10,639,545
Service-related benefits	31,965,465	28,520,329
Allowances	10,229,336	8,619,243
Bargaining council	78,191	74,384
Group life insurance	5,565,547	4,737,982
Medical	10,510,870	9,802,375
Pension	23,523,621	22,033,688
Post-retirement benefit: Medical	1,981,000	1,981,000
Post-retirement benefit: Pension	2,340	2,490
Unemployment insurance	1,215,168	1,162,477
Skills Development Fund Levy	2,644,442	2,406,692
Total	**253,692,245**	**231,843,443**

36. Remuneration of councillors

		2025	2024
Executive Mayor/Mayor	36.1	1,009,718	976,235
Speaker	36.2	871,238	802,468
Deputy executive mayor	36.3	818,548	743,678
Executive committee	36.4	3,282,464	2,965,197
Section 79 committee chairperson	36.5	756,409	492,751
All other councillors	36.6	5,576,904	5,650,616
Total		**12,315,281**	**11,630,945**

Figures in Rand	2025	2024

36. Remuneration of councillors (continued)

36.1 Executive Mayor/Mayor

Allowances and service related benefits		
Basic salary	904,758	862,993
Cell phone allowance	43,200	45,600
Travelling allowance	-	9,515
	947,958	**918,108**
Social contributions		
Medical aid benefits	-	18,824
Pension fund contributions	61,760	39,303
	61,760	**58,127**
Total	**1,009,718**	**976,235**

36.2 Speaker

Allowances and service related benefits		
Basic salary	707,082	638,121
Cell phone allowance	43,200	47,573
	750,282	**685,694**
Social contributions		
Medial aid benefits	-	6,893
Pension fund contributions	120,956	109,881
	120,956	**116,774**
Total	**871,238**	**802,468**

36.3 Deputy executive mayor

Allowances and service related benefits		
Basic salary	657,422	560,895
Cell phone allowance	43,200	42,968
Travelling allowance	-	28,438
	700,622	**632,301**
Social contributions		
Medial aid benefits	-	10,416
Pension fund contributions	117,926	100,961
	117,926	**111,377**
Total	**818,548**	**743,678**

36.4 Executive committee

Allowances and service related benefits		
Basic salary	2,312,921	2,275,509
Cell phone allowance	172,800	183,705
Travelling allowance	376,429	124,195
	2,862,150	**2,583,409**

Figures in Rand		2025	2024

36. Remuneration of councillors (continued)

Social contributions			
Medial aid benefits		-	2,892
Pension fund contributions		420,314	378,896
		420,314	**381,788**
Total		**3,282,464**	**2,965,197**

36.5 Section 79 committee chairperson

Allowances and service related benefits			
Basic salary		686,716	384,398
Cell phone allowance		42,387	45,600
Travelling allowance		775	-
		729,878	**429,998**
Social contributions			
Pension fund contributions		26,531	62,753
Total		**756,409**	**492,751**

36.6 All other councillors

Allowances and service related benefits			
Basic salary		4,146,044	4,285,515
Cell phone allowance		648,000	682,304
Travelling allowance		163,636	21,380
		4,957,680	**4,989,199**
Social contributions			
Medial aid benefits		-	14,648
Pension fund contributions		619,224	646,769
		619,224	**661,417**
Total		**5,576,904**	**5,650,616**

37. Bulk purchases

Electricity: Eskom		391,687,224	324,085,574

38. Inventory consumed

Consumables		2,782,707	2,135,022
Materials and supplies		21,434,842	20,776,646
Water		(4,621)	332,891
Total		**24,212,928**	**23,244,559**

39. Debt impairment

Trade and other receivables from exchange transactions	4	56,016,406	(57,033,353)
Property Rates	5	7,439,309	(11,608,669)
Non Specific Accounts		2,933,750	(3,712,950)
Total		**66,389,465**	**(72,354,972)**

Figures in Rand		2025	2024

40. Depreciation and amortisation

Amortisation			
Intangible assets	12.1	-	12,349
Depreciation			
Investment property	9.1	409,934	408,718
Property, plant and equipment		37,872,698	33,711,764
		38,282,632	**34,120,482**
Total		**38,282,632**	**34,132,831**

41. Impairment losses / (reversal) of impairment

Impairment loss / Reversal of impairment			
Property, plant and equipment		1,163,041	108,454

42. Interest

42.1 Interest cost

Finance leases	13.3	395,341	132,222
Interest costs non-current provisions	18	6,037,493	5,166,330
Long service awards		1,414,000	1,243,000
Post Employment Health Care		7,481,000	7,283,000
Ex-gratia Pension		2,340	2,490
Total		**15,330,174**	**13,827,042**

43. Rent on land

Rent on land		49,779	38,769

44. Contracted services

Consultants and professional services	44.1	7,465,130	6,469,149
Contractors	44.2	22,552,052	46,092,570
Outsourced services	44.3	30,117,704	36,652,517
Total		**60,134,886**	**89,214,236**

44.1 Consultants and professional services

Business advisory services			
Actuaries		20,500	17,300
Audit committee		86,056	77,483
Human resources		1,781,468	791,973
Medical examinations		69,088	595
Organisational		1,950	26,000
Qualification verification		19,443	27,229
Quality control		1,678,754	886,164
Research and advisory		18,400	1,025,746
Total business advisory services		**3,675,659**	**2,852,490**
Legal services			
Legal advice and litigation		630,100	958,028

Figures in Rand	2025	2024

44. Contracted services (continued)

	2025	2024
Engineering services		
Civil engineering	1,719,473	1,323,090
Electrical engineering	372,000	854,301
Total engineering services	**2,091,473**	**2,177,391**
Infrastructure and planning services		
Architectural infrastructure and planning	198,000	-
Geodetic, control and surveys infrastructure and planning	605,009	345,132
Geoinformatic services infrastructure and planning	131,279	136,108
Town planner infrastructure and planning	133,610	-
Total infrastructure and planning services	**1,067,898**	**481,240**
Total consultants and professional services	**7,465,130**	**6,469,149**

44.2 Contractors

	2025	2024
General services		
Building	11,373,082	33,460,159
Catering services	-	1,900
Chipping	111,000	128,280
Forestry	229,414	434,121
Gardening services	3,702	2,910
Gas	8,530	9,025
Pest control and fumigation	23,735	14,690
Photographer	10,005	-
Plants, flowers and other decorations	13,562	12,750
Stage and sound crew	22,700	14,950
Stream cleaning and ditching	3,702	-
Tracing agents and debt collectors	23,138	25,608
Transportation	32,295	25,833
Total general services	**11,854,865**	**34,130,226**
Maintenance services		
Maintenance of buildings and facilities	956,515	574,396
Maintenance of equipment	16,952	69,704
Maintenance: Other	9,723,720	11,318,244
Total maintenance service	**10,697,187**	**11,962,344**
Total contractor	**22,552,052**	**46,092,570**

Included in the contractors' building are the construction expenses of R11 373 082 (2024: R33 460 159) for the construction of low-cost houses, for which the municipality has been appointed as a Project Developer by the Provincial Department of Infrastructure. Refer to note 27 for the revenue recognition of construction contracts.

44.3 Outsourced services

	2025	2024
Business and advisory services		
Research and Advisory	17	80
Valuer	55,696	279,364
Total business and advisory services	**55,713**	**279,444**

Figures in Rand		2025	2024

44. Contracted services (continued)

General services			
Alien Vegetation Control		159,500	-
Animal Care		30,045	11,500
Burial Services		33,852	26,474
Catering Services		230,103	585,521
Cleaning Services		11,545	32,569
Clearing and Grass Cutting Services		144,909	255,965
Hygiene Services		1,269,704	1,203,434
Illegal Dumping		-	197,192
Litter Picking and Street Cleaning		5,900	1,960
Meter Management		297,915	322,752
Sewerage Services		32,038	30,600
Traffic Fines Management		97,072	67,249
Translators, Scribes and Editors		10,172	3,469
Transport Services		2,800	10,830
Veterinary Services		465,180	316,093
Total general services		**2,790,735**	**3,065,608**
Trading services			
Connection/Dis-connection: Electricity		857,270	693,329
Electrical		1,367,606	8,939,997
Security Services		25,046,380	23,674,139
Total trading services		**27,271,256**	**33,307,465**
Total outsourced services		**30,117,704**	**36,652,517**

45. Transfers and subsidies

Operational			
Monetary allocations	45.1	4,633,156	2,877,601

45.1 Monetary allocations: Operational

Households		1,279,761	653,403
Non-profit institutions		1,946,083	2,224,198
Private Enterprises		1,407,312	-
Total		**4,633,156**	**2,877,601**

46. Irrecoverable debts written off

Electricity		241,417	2,808,996
Non specific accounts		51,304	-
Waste management		2,385,974	44,022,184
Waste water management		1,431,856	35,360,011
Water		3,242,074	67,446,589
Traffic Fines		7,804,000	7,245,450
Property rates		190,685	2,285,032
Total		**15,347,310**	**159,168,262**

Split between exchange and non-exchange

Exchange		7,352,625	149,637,780
Non-exchange		7,994,685	9,530,482
Total		**15,347,310**	**159,168,262**

Figures in Rand	2025	2024

47. Operating leases

Investment Properties	1,200,791	1,106,871

48. Operational cost

Advertising, Publicity and Marketing	1,124,000	772,798
Bank Charges, Facility and Card Fees	451,764	413,813
Bursaries (Employees)	-	50,765
Cleaning Services	31,479	15,054
Commission	2,140,092	2,136,024
Communication	1,483,638	3,231,480
Courier and Delivery Services	3,317	1,234
Deeds	48,145	44,451
Electricity Compliance Certificate	-	3,810
Entertainment	6,821	1,671
External Audit Fees	4,386,789	3,754,262
External Computer Service	3,877,139	3,716,100
Full Time Union Representative	37,547	86,647
Hire Charges	7,442,232	4,969,829
Insurance Underwriting	2,551,179	1,831,180
Learnerships and Internships	626,992	768,373
Levies Paid - Water Resource Management Charges	2,376,854	1,862,537
Licences	543,461	620,491
Management Fee	4,880	-
Municipal Services	39,000	22,000
Printing, Publications and Books	590,763	343,857
Professional Bodies, Membership and Subscription	2,547,427	2,714,140
Registration Fees	28,062	47,212
Remuneration to Ward Committees	1,411,000	1,373,000
Servitudes and Land Surveys	3,500	-
Signage	1,212,884	1,109,022
Toll Gate Fees	5,385	1,532
Transport Provided as Part of Departmental Activit	65,535	55,759
Travel Agency and Visa's	7,960	29,182
Travel and Subsistence	970,272	945,684
Uniform and Protective Clothing	1,343,248	1,373,994
Vehicle Tracking	193,554	259,187
Wet Fuel	8,807,830	10,246,670
Workmen's Compensation Fund	2,468,872	2,101,537
Total	**46,831,621**	**44,903,295**

Figures in Rand	2025	2024

49. Net cash from/(used) operating activities

(Deficit) surplus for the year	(882,723)	95,586,657
Adjustments for:		
Depreciation and amortisation	38,263,070	33,952,079
Bad debts written off	15,347,310	159,168,262
Acturial Gain/Loss	1,946,261	(2,803,986)
(Gains) / Losses on disposal of assets	(10,494,065)	1,087,056
Increase / (Decrease) in provisions	1,946,261	(1,986,710)
Reversal of impairment loss	1,140,717	-
Finance Charges	15,330,174	13,827,042
Amortisation of Intangible Assets	-	12,349
Debt Impairment	66,389,465	(72,354,971)
Stock Adjustments	487,281	3,802
Operating Lease Income Accrued	(1,063,125)	(1,063,125)
Finance Lease: Deemed Loan Expenditure	(162,737)	(807,401)
Movement in working capital		
(Increase) / Decrease in receivables from non-exchange transactions	(62,036,549)	(117,872,280)
(Increase) / Decrease in inventory	6,549,420	(18,474,255)
(Decrease) / Increase Taxes	(3,181,877)	(23,676,542)
Increase / (Decrease) in trade and other payables	6,246,976	(22,738,555)
Increase / (Decrease) in unspent conditional grants and receipts trade and other payable non-exchange transactions	4,265,614	(10,755,177)
Increase / (Decrease) in Unspent Public Contributions	3,783,981	(105,612)
Increase / (Decrease) in Consumer Deposits	915,781	274,818
Net cash flows from operating activities	**84,791,235**	**31,273,451**

50. GRAP 3 Adjustments

The following restatements and adjustments occurred which are set out below:

50.1 Adjustments of Statement of financial performance items

2024

	Ref	Note	As previously reported	Correction of error	Re-classification	Restated
Revenue						
Exchange revenue						
Services Charges		20	528,791,554	-	-	**528,791,554**
Sales of goods and Rendering of Services	R1	21	14,952,925	-	(469,143)	**14,483,782**
Agency services		22	4,738,934	-	-	**4,738,934**
Interest earned from receivables		23	28,557,418	-	-	**28,557,418**
Interests on current and non-current assets		24	22,018,748	-	-	**22,018,748**
Rent from fixed assets	E1	25	5,038,019	969,213	-	**6,007,232**
Operational revenue	R1	26	2,576,922	-	469,143	**3,046,065**
Gain on Adjustment of Provision			1,986,710	-	-	**1,986,710**
Gain on Actuarial Valuations			2,803,986	-	(2,803,986)	**-**
			611,465,216	**969,213**	**(2,803,986)**	**609,630,443**
Non-exchange revenue						
Availability Charges		28	2,990,685	-	-	**2,990,685**
Property rates by usage		29	101,316,646	-	-	**101,316,646**
Surcharges and taxes		30	9,121,658	-	-	**9,121,658**
Fines, penalties and forfeits		31	20,634,347	-	-	**20,634,347**
Licence and permits		32	1,182,780	-	-	**1,182,780**
Transfers and subsidies – Operational	E2,R2	33	141,212,199	101,003	4,347,888	**145,661,090**
Transfers and subsidies – Capital	R2	33	38,779,842	-	(2,243,431)	**36,536,411**
Interest earned from receivables		23	4,091,476	-	-	**4,091,476**
Gains	R1	34	-	-	1,821,382	**1,821,382**
Public contributions and donations			2,104,457	-	(2,104,457)	**-**
			321,434,090	**101,003**	**1,821,382**	**323,356,475**
Total revenue			**932,899,306**	**1,070,216**	**(982,604)**	**932,986,918**
Expenditure						
Employee related cost		35	238,876,956	-	-	**238,876,956**
Remuneration of councillors	E3	36	11,679,538	(48,593)	-	**11,630,945**
Bulk purchases		37	324,085,574	-	-	**324,085,574**
Inventory consumed		38	23,244,559	-	-	**23,244,559**
Debt impairment		39	(72,354,972)	-	-	**(72,354,972)**
Depreciation and amortisation		40	34,132,831	-	-	**34,132,831**
Impairment losses / (reversal) of impairment	R1	41	110,098	30,282	(31,926)	**108,454**
Interest		42	13,827,042	-	-	**13,827,042**
Rent on land		43	38,769	-	-	**38,769**
Contracted services	E9	44	89,144,618	69,618	-	**89,214,236**
Transfers and subsidies	R1	45	2,928,366	-	(50,765)	**2,877,601**
Irrecoverable debts written off		46	159,168,262	-	-	**159,168,262**
Operating leases		47	1,106,871	-	-	**1,106,871**
Operational cost	E3,E8,R1	48	44,699,367	153,163	50,765	**44,903,295**
Loss on disposal of assets			946,676	-	(946,676)	**-**
Inventories: Write Down			3,802	-	(3,802)	**-**
Total expenditure			**871,638,357**	**204,470**	**(982,404)**	**870,860,423**
Surplus for the year			**61,260,949**	**865,746**	**(200)**	**62,126,495**

50. GRAP 3 Adjustments (continued)

E1 - Recognition of Operating Lease Rentals Klip River Park

E2 - Recognition of Revenue on Nedbank Public Contribution.

E3 - Items relating to operational expenditure incorrectly mapped as remuneration of councillors.

R1 - Caseware Mscoa item mapping reclassification.

50. GRAP 3 Adjustments (continued)

50.2 Adjustments of Statement of financial position items

2024

		Note	Previously reported	Correction of error	Re-classification	Restated
Assets						
Current assets						
Cash and cash equivalents		3	187,244,733	-	-	**187,244,733**
Trade and other receivables from exchange transactions	E4	4	123,373,108	(790,827)	-	**122,582,281**
Receivables from non-exchange transactions		5	31,639,040	-	-	**31,639,040**
Inventory	E5	6	27,361,611	(4,736,276)	-	**22,625,335**
Operating lease receivable	E6	7	-	1,240,313	-	**1,240,313**
			369,618,492	**(4,286,790)**	**-**	**365,331,702**
Non-current assets						
Investment property		9	41,919,719	-	-	**41,919,719**
Property, plant and equipment	E5, E7	10	1,106,308,855	12,580,082	-	**,118,888,937**
Heritage assets		11	550,000	-	-	**550,000**
Intangible assets		12	1,057,687	-	-	**1,057,687**
			1,149,836,261	**12,580,082**	**-**	**,162,416,343**
Liabilities						
Current liabilities						
Financial liabilities	E8	13	-	334,172	-	**334,172**
Employee benefits	R1	14	31,980,319	-	1,926,628	**33,906,947**
Consumer deposits		15	9,739,377	-	-	**9,739,377**
Trade and other payables from exchange transactions	E9,R1	16	85,602,703	80,287	(1,975,012)	**83,707,978**
Trade and other payables from non-exchange transactions	E2	17	(3,942,949)	(101,003)	-	**(4,043,952)**
Provisions		18	3,630,749	-	-	**3,630,749**
VAT Payable	E6,E9, E11		4,566,285	99,093	-	**4,665,378**
Current Portion of Borrowings			1,281,622	(1,281,622)	-	**-**
			132,858,106	**(869,073)**	**(48,384)**	**131,940,649**
Non-current liabilities						
Financial liabilities	E8	13	-	1,052,015	-	**1,052,015**
Employee benefits	R1	14	71,704,930	-	48,382	**71,753,312**
Provisions		18	52,330,759	-	-	**52,330,759**
			124,035,689	**1,052,015**	**48,382**	**125,136,086**
Total liabilities			**256,893,795**	**182,942**	**(2)**	**257,076,735**
Community Wealth / Equity						
Reserves and funds		19	11,166,357	-	-	**11,166,357**
Accumulated surplus	E10		1,251,394,605	8,110,347	-	**1,259,504,952**
Total Community Wealth / Equity			**1,262,560,962**	**8,110,347**	**-**	**1,270,671,309**

E4 - Correction to Land Sale Debtors and Waverenskroon Debtor.

E5 - Correction - Electrical Inventory Recognised.

E6 - Recognition of operating lease asset: Klip River Park. Line item in Statement of Financial Position and related disclosure was not included in prior year Audited Annual Financial Statements. Please refer to Note 7 for disclosure information relating to current and prior year. Please refer to VAT Payable line item (E11) for related VAT corrections.

50. GRAP 3 Adjustments (continued)

E7 - Recognition of Servitude and alignment of Trial Balance and Asset Register.

E8 - Correction of Finance Lease Movements as well as current and non-current portions. Please refer to VAT Payable line item for related VAT corrections

E9 - Recognition of retention.

E10 - Cumulutive effect of corrections to assets and liabilities above.

E11 - Note 7 in the prior year audited Annual Financial Statements did not seperately present the statutory receivable. The statutory receivable information was, however, presented seperately in Note 44.3 of the prior year audited Annual Financial Statements. The disclosure of the comparative information in the current year financial statements is the result of the enhancement. Furthermore, the difference in the note listed above is a result of the VAT implications on the corrections made on retentions and operating lease assets.

50. GRAP 3 Adjustments (continued)

50.3 Adjustments of Cash flow statement items

	Note	Previously reported	Correction of error	Re-classification	Restated
Cash flows from operating activities					
Receipts					
Property rates		102,509,333	-	-	**102,509,333**
Service charges		494,504,686	310,209	-	**494,814,895**
Transfers and Subsidies		171,336,713	-	-	**171,336,713**
Interest		48,344,009	-	-	**48,344,009**
Increase in consumer deposits		-	-	274,818	**274,818**
		816,694,741	**310,209**	**274,818**	**817,279,768**
Payments					
Employee and Councillor Cost		(250,644,332)	48,592	-	**(250,595,740)**
Suppliers	E5	(529,507,451)	(5,088,880)	-	**(534,596,331)**
		(780,151,783)	**(5,040,288)**	**-**	**(785,192,071)**
Net cash from(used) operating activities		**36,542,958**	**(4,730,079)**	**274,818**	**32,087,697**
Cash flows from investing activities					
Payments					
Purchase of property, plant and equipment	E5	(75,911,673)	4,215,225	-	**(71,696,448)**
Purchase of Intangible Assets		(330,870)	-	-	**(330,870)**
		(76,242,543)	**4,215,225**	**-**	**(72,027,318)**
Cash flows from financing activities					
Receipts					
Increase in consumer deposits		274,818	-	(274,818)	**-**
Net increase/ (decrease) in cash		**(39,424,767)**	**(514,854)**	**274,818**	**(39,939,621)**
Cash and cash equivalents at the beginning of the year		226,801,723	-	-	**226,801,723**
Cash and cash equivalents at the end of the year		187,244,734	-	-	**187,244,734**
Net increase/ (decrease) in cash		**(39,556,989)**	**-**	**-**	**(39,556,989)**

E5 - Correction - Electrical Inventory Recognised.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

50. GRAP 3 Adjustments (continued)

Statement of financial position

Accumulated surplus

	2025	2024
Balance previously reported		1,251,394,605
		-
Correction - Land Sale Debtors		(1,106,706)
Recognition of Prior Period Operating Lease Revenue		504,660
Recognition of Servitude		3,000,000
Alignment of differences between Asset Register and Trial Balance		4,874,088
Adjustment to contract debtor - Tulbagh Dam		315,879
Corrections 2023-2024, Listed in Note 50		522,426
		-
		-
		-
		-
		-
		-
		-
Undefined Difference		-
		1,259,504,952

Adjustments to Disclosure:

Operating Lease Receivable			
Description:	**Previously Reported 2024:**	**Restated 2024:**	**Reference:**
Within 1 year	-	1,063,125	
2-5 years	-	4,252,500	
More than 5 years	-	14,706,563	
Total	**-**	**20,022,188**	**E6**

Value Added Tax			
Description:	**Previously Reported 2024:**	**Restated 2024:**	**Reference:**
VAT 201	-	5,782,484	
VAT Payable	-21,797,907	-14,602,785	
VAT Receivable	17,231,622	4,154,923	
	-4,566,285	**-4,665,378**	**E6,E9,E11**

Figures in Rand	2025	2024

51. Unauthorised, irregular, fruitless and wasteful expenditure

51.1 Unauthorised expenditure

None Identified.

51.2 Irregular expenditure

Opening balance as previously reported	11,329,164	5,437,362
Add: Irregular expenditure - current	-	5,891,802
Less: Amounts written-off	(11,329,164)	-
Closing balance	**-**	**11,329,164**

Incident:
Procurement less than R 30 000,00 (quotations) was audited by the AGSA and classified as irregular expenditure during the 2022-23 audit process, as no preference points calculations have been performed.

The municipality is not in agreement with the view of the AGSA and National Treasury with their interpretation and proposed implementation of the Preferential Procurement Regulations of 2022.

Disciplinary steps/criminal proceedings:
Council unanimously resolved on 31 March 2025:

(a) that in terms of Section 32(2)(b) of the Municipal Finance Management Act, the Municipal Public Accounts Committee certifies that the expenditure is irrecoverable and resolves that it be written off.
(b) that Council did not suffer any loss, and that no official should be held accountable.

52. Additional disclosure in terms of Municipal Finance Management Act

SALGA Contributions

Current year subscription / fee	2,482,648	2,655,622
Amount paid - previous period	(2,482,648)	(2,655,622)
Amount approved by the director and noted by council	**-**	**-**

Audit fees

Current year subscription / fee	4,472,845	3,831,745
Amount paid - current year	(4,472,845)	(3,831,745)
Amount approved by the director and noted by council	**-**	**-**

Current year subscription / fee includes an amount of R86 056 which was paid for the Audit Committee (2024: R77 483).

PAYE, UIF and SDL

Current year subscription / fee	43,811,888	37,281,944
Amount paid - current year	(43,811,888)	(37,281,944)
Amount approved by the director and noted by council	**-**	**-**

Pension deductions

Current year subscription / fee	38,039,113	35,625,644
Amount paid - current year	(38,039,113)	(35,625,644)
Amount approved by the director and noted by council	**-**	**-**

Medical aid deductions

52. Additional disclosure in terms of Municipal Finance Management Act (continued)

	2025	2024
Current year subscription / fee	19,198,508	17,867,210
Amount paid - current year	(19,198,508)	(17,867,210)
Total	**-**	**-**

Value Added Tax

	2025	2024
VAT receivable	(3,075,774)	(4,665,378)

Councillors' arrear consumer accounts

	2025			2024		
	Outstanding less than 90 days	Outstanding more than 90 days	Total	Outstanding less than 90 days	Outstanding more than 90 days	Total
LA Hardneck	-	-	**-**	-	247	**247**
GJ Franse	-	44,370	**44,370**	-	35,402	**35,402**
K Robyn	18,204	33,723	**51,927**	22,000	53,927	**75,927**
JS Mouton	2,110	-	**2,110**	-	-	**-**
Total	**20,314**	**78,093**	**98,407**	**22,000**	**89,576**	**111,576**

Distribution losses

In terms of section 125(2)(d)(i) of the Municipal Finance Management Act (Act 56 of 2003), the municipality experienced the following distribution losses for the year under review.

Electrical distribution losses (KW)	2025	2024
Units purchased (Kwh)	190,315,569	163,626,748
Units sold (Kwh)	162,443,196	146,752,984
Units lost during distribution (Kwh)	27,872,373	16,873,764
Percentage lost during distribution	14	10
Value of units lost during distribution (Rand)	57,363,949	33,420,841

Electricity losses are calculated as 14.60% (2024: 10.30%). Electricity losses exceeds 10%.

The electricity losses are in line with the guideline of the National Energy Regulator of South Africa of 10%.

Water distribution losses (KL)	2025	2024
Kilolitres purified	7,336,783	6,781,956
Kilolitres sold	6,480,798	6,037,407
Kilolitres lost during distribution	855,985	744,549
Percentage lost during distribution	11	11
Value of kilolitres lost during distribution	400,468	318,429

Water losses are calculated as 11.67% (2024: 10.98%). Water losses are within the industry norm.

The estimated consumption for public open spaces and informal houses are calculated on a conservative bases using baseline consumption estimations provided by the Department of Water Affairs.

53. Deviations from SCM regulations - SCM Regulation 36

In terms of section 36 of the municipality SCM regulations, any deviations from SCM policy needs to be approved by the accounting officer and noted by Council. The awards listed below have been approved by the accounting officer and noted by Council.

All deviations considered by the accounting officer are processed in terms of the SCM regulations and the municipality's SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria for emergency procurements and circumstances where it is impractical or not possible to follow the official procedure.

Deviation from, and ratification of minor breaches of, the procurement processes

In terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the annual financial statements.

			Types of Deviations		
	Amount	Single Supplier	Impossible	Impractical	Emergency
2024/2025					
July	463,809	4	-	3	2
August	284,100	5	-	2	3
September	341,813	4	-	1	1
October	1,466,461	6	-	1	-
November	141,404	2	-	1	3
December	343,474	5	-	6	-
January	1,691,754	5	-	1	-
February	74,205	2	-	5	1
March	302,230	6	-	2	2
April	54,391	7	-	1	-
May	1,094,664	6	-	1	-
June	266,038	8	-	4	2
	6,524,343	**60**	**-**	**28**	**14**

			Types of Deviations		
	Amount	Single Supplier	Impossible	Impractical	Emergency
2023/2024					
July	893,259	4	-	9	6
August	1,578,305	9	-	5	1
September	2,515,800	5	-	4	5
October	1,033,897	5	-	3	2
November	169,132	4	-	1	4
December	106,541	1	-	3	-
January	70,955	4	-	-	-
February	1,479,837	10	-	3	-
March	528,817	8	-	3	-
April	561,892	4	-	2	2
May	770,655	4	-	4	-
June	102,022	4	-	-	-
	9,811,112	**62**	**-**	**37**	**20**

54. Awards to close family members - SCM Regulation 45

Awards to close family members of persons in the service of Witzenberg Municipality

Supplier name	Employee name	Relationship	Department	2025	2024
AJ Rankin Basson Sport	MJL Wessels	Spouse	Witzenberg Municipality - Social Department	11,431	10,624
JC Fencing	K Abrahamse	Father	Witzenberg Municipality - Traffic Department	-	14,600
DAV General Dealer (Pty) Ltd	A Lategan	Father	Witzenberg Municipality - Finance Department	179,625	136,737
Zelpy 707 (Pty) Ltd t/a Boland Isuzu	K Adams	Son	Witzenberg Municipality - Member of Council	63,505	163,371
				254,561	**325,332**

54. Awards to close family members - SCM Regulation 45 (continued)

Awards to close family members of persons in the service of other state departments and entities (not listed above)

Supplier name	Employee name	Relationship	Department	2025	2024
Williams Loodgieters	R Williams	Spouse	Department of Health	-	11,617
Siphakame Skills Development	MR Vacu	Spouse	Drakenstein Municipality	-	28,900
RJC Conservation Services	Prins	Son	Department of Health	6,268	366,000
Conlog (Pty) Ltd	N Moodley	Spouse	Department of Health	-	10,000,000
Neil Lyners and Associates (RF) (Pty) Ltd	H Lyners	Sibling	WCGTPW	3,414,139	200,570
Piston Power Chemicals (Pty) Ltd	N Andhee	Spouse	Department of Education	220,955	184,474
Actom	T Lubbe	Spouse	Western Cape Education Department	7,708,509	146,627
Zutari (Pty) Ltd	RJ Ahlschlager	Spouse	Special Investigating Unit	-	5,758,219
Leibrandt Training Academy	H Benjamin	Spouse	SAPS	11,213	6,279
Adapt IT (Pty) Ltd	DMS Mbambo	Spouse	SANRAL	350,954	1,300,000
JVZ Construction	R Matthee	Spouse	Department of Correctional Services	-	23,073,146
WRP Consulting Engineers (Pty) Ltd*	Z van Rooyen	Spouse	Department of Public Works	55,212	5,520
WRP Consulting Engineers (Pty) Ltd*	K Mamphitha	Spouse	SABC	-	1
Amandla Construction*	J Jacobs	Brother in Law	National Government Employment & Labour	2,819,878	5,483,667
Amandla Construction*	U Frazenburg	Sister	National Government Deeds Office	-	1
Amandla Construction*	E Frazenburg	Brother	Western Cape Government Education	-	1
Amandla Construction*	J Frazenburg	Sister	Western Cape Government Education	-	1
Amandla Construction*	B Frazenburg	Brother	City of Cape Town - Traffic Department	-	1
WAB Print Media (Pty) Ltd	A Brink	Spouse	Drakenstein Municipality	3,750	-
SEW Plumbing*	R Williams	Son	Department of Health	119,252	-
SEW Plumbing*	L Williams	Spouse	Department of Health	1	-
JPCE (Pty) Ltd	J Minnie	Spouse	City of Cape Town - Disaster Management	514,000	-
Ian Dickie & Co	D Samuels	Spouse	SAPS	268,994	-
Sandi Archary Incorporated	G Archari	Spouse	Transnet	6,325	-
Skonto (Pty) Ltd		Parent	Western Cape Government Dep of Transport	751,631	4
				16,251,081	**46,565,028**

*Awards made to bidders with multiple close family members of persons in the service of other state departments and entities.

Figures in Rand	2025	2024

55. Capital commitments

Commitments in respect of capital expenditure:

Approved and contracted for:		
Infrastructure	28,952,387	32,380,667
Community	531,383	815,103
Intangible Assets	132,513	417,500
Machinery and Equipment	1,487,985	-
Transport Assets	635,129	-
	31,739,397	**33,613,270**

All capital commitments includes VAT.

56. Contingent liabilities

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. Management are respectfully of opinion that this matter will be successfully defended. The Municipality is defending all the claims. The amounts indicated is Management's estimated financial exposure. The following are naritives of the cases:

Figures in Rand	2025	2024

56. Contingent liabilities (continued)

Ceres Koekedouw Management Committee The purchase agreement of the Vredebes Farm includes 15 hectares water rights. The Ceres Koekedouw Management Committee now claims that Witzenberg Municipality is part of their historical loan agreements and therefore responsible for a portion of the repayment of their loan. The purchase agreement however is silent on the loan.	889,892	889,892
South African Revenue Services The Minister of Finance, Minister Godongwana indicates in a letter addressed to the Member of Executive Council for Finance in the Western Cape Provincial Government dated 24 July 2024, ruled that municipalities are rendering a service to the provincial government and that the amount received by municipalities is subject to VAT. A payable had been recognised for the vat, but there is a possibility that penalties and interest may be charged.	1,955,192	1,955,192
Gunter C Mrs Plaintiff claims damages from the municipality after she fell on the sidewalk. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	350,000	350,000
Smith WJ Stepped into hole of manhole cover on c/o Friesland & Delta Street, Bella Vista. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	628,370	628,370
Pedro I Fell into an open manhole. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	2,551,000	2,551,000
Jack F TP injury after fall on pavement, the case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	1,000,000	1,000,000
Weitz B Five year old boy burned and injured at Pump Station. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	2,000,000	2,000,000
Wiese K Municipal vehicle collided with third party vehicle. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	-	35,164
Aare C Third party vehicle hit by stray ox. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	-	61,000
Laubscher AA Municipal trailer collided with third party vehicle. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	73,378	73,378
Michaels C Third party vehicle hit by herd of goats. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.]	-	120,000
Craig & Sons Bus Services Claim in respect of vehicle accident. The case was submitted to the municipality's insurance broker The chance that any amount might be payable by the municipality is remote.	80,000	80,000
Panting N Claim in respect of vehicle accident. The case was submitted to the municipality's insurance broker The chance that any amount might be payable by the municipality is remote	73,536	-

57. Related party disclosures

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

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.

57.1 Related party balances

Management & Councillors

		-

The compensation of key management personnel & councillors is set out in Notes 35.1 and 36 to the Annual Financial Statements.

Other related parties

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

Ceres Koekedouw Management Committee

Ceres Koekedouw Management Committee is an entity established by the Witzenberg Municipality and the Koekedouw Irrigation Board. Ceres Koekedouw Management Committee is responsible for the management of the Koekedouw Dam, jointly owned by Witzenberg Municipality and the Koekedouw Irrigation Board.

Witzenberg municipality was responsible for 41% of the expenditure to build the Koekedouw Dam. The expense was financed by way of loans. These loans have already been redeemed. The municipality is entitled to 10 million kilolitre water per annum from the dam.

The total carrying value of the municipal asset in respect of the dam is included under Property Plant and Equipment – Infrastructure Assets.

	2025	**2024**
The following contributions included with General Expenses were paid to the Ceres Koekedouw Management Committee (VAT Excluded)	1,676,168	1,817,606

58. Living resources

58.1 Non-living resources

The responsibility for the non-living water resource emanates from Chapter 3 of the Water Service Act which recognises the municipality as a water service authority.

The nature of the municipality's custodial responsibility includes the duty to provide access to water services, the duty to prepare and adopt a water service development plan and the reporting on the implementation thereof, any contracts and joint ventures with water services providers and the adoption of appropriate bylaws that sets out the conditions for the provision of water services.

Additional supporting information pertaining to the provision of water can be found in chapter 3 of the Annual Report.

The Municipality has the following non-living water resources per town:

Ceres
The main water source for Ceres is the Koekedouw Dam. Six boreholes serve as a backup source of supply.

Tulbagh
Currently, Klein Berg, Moordenaarskloof and Tierkloof serve as the main sources of water supply to Tulbagh.

58. Living resources (continued)

Wolseley
Wolseley receives its water supply from the Tierhokkloof weir.

PrinceAlfred'sHamlet
Prince Alfred's Hamlet has four water sources. They consist of the Wabooms River Weir, a fountain, one borehole and a supply line from the Koekedouw Dam.

Op-die-Berg
Op-die-Berg has three water sources, a fountain and two boreholes.

There are no liabilities or contingent liabilities that arose from the non-living resource which is water.

Water purchased by the farmers including VAT amount to R461 968.92 (2024: R0)

59. Going concern

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

Annually the municipality performs a going concern evaluation. The following key factors were considered in the evaluation and contributed to the conclusion that the municipality can operate as a going concern for the foreseeable future.

- No confirmed or expected changes to the constitutional mandate of the municipality, i.e, removing certain functions/responsibilities which would reduce services to be delivered to the public.
- The municipality will continue to receive its gazette grant allocations.
- The 2025/26 budget as approved by council was assessed as a funded budget by the provincial treasury.
- There is no material amount for unspent grants that must be returned to government.
- The municipality has limited its exposure to credit risks. The municipality currently has no loans and is not reliant on loan funding for short, medium or long term operational requirements.
- No significant negative changes in consumer behavior about payment of their municipal accounts. The municipality automated its auxiliary credit control mechanism and applied the 30% deduction against pre-paid electricity purchases by default customers. The 30% auxiliary will increase to 60% during the 2025/26 financial year for all accounts with debt older than 6 months
- Positive bank balance and cost coverage ratio.
- Generating operating surplus and not losses.
- Favorable ratios (Asset Management/Utilisation, Liquidity Management, Liability Management, Sustainability, Efficiency, and revenue management) confirming the municipality has sufficient cash resources to continue making payments within the legislative 30 days.

60. Change in estimate

The useful lives of all asset classes were adjusted during 2024 to more accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 10. The effect of changing the remaining useful life of assets for the municipality during 2024 has decreased the depreciation charge for the current by R - and future periods. It is impracticable to estimate the effect of these changes on future periods.

Figures in Rand	2025	2024

61. Principal-agent arrangements

61.1 Municipality acting as the agent

Western Cape Department of Mobility

The municipality acts as agent for the Western Cape Department of Mobility, where it undertakes to handle the issuing of Motor Vehicle- and Driver's License on behalf of Western Cape Department of Mobility.

Reconciliation of amounts payable to Western Cape Department of Mobility		
Opening balance	379,989	411,713
Funds collected	32,893,127	31,461,835
Revenue recognised by municipality as agency fee	(5,689,910)	(5,401,997)
Revenue paid over to the principal	(26,950,494)	(26,091,562)
Closing balance	**632,712**	**379,989**

Department of Justice

The municipality acts as agent for the Department of Justice, where it collects contempt of court fines imposed for the non-appearance in court in terms of traffic fine offenders on behalf of Department of Justice. The municipality does not derive any revenue from these functions.

Reconciliation of amounts payable to Department of Justice		
Opening balance	15,601	77,701
Funds collected	192,300	195,000
Revenue paid over to the principal	(183,600)	(257,100)
Closing balance	**24,301**	**15,601**

Figures in Rand	2025	2024

61. Principal-agent arrangements (continued)

61.2 Municipality acting as the principle

ONTEC

The municipality has a service provider ONTEC, who acts as agent for the municipality through selling and collecting money from the sale of prepaid electricity on behalf of the municipality.

Commission received by the agent	1,830,612	1,441,714

Pay@

The municipality has a service provider Pay@, who acts as agent for the municipality by providing a payment platform used to collect municipal service payments from third parties on behalf of the municipality.

Commission received by the agent	221,075	223,605

Easy Pay

The municipality has a service provider Easy Pay, who acts as agent for the municipality by providing a payment platform used to collect municipal service payments from third parties on behalf of the municipality.

Commission received by the agent	214,609	224,724

South African Post Office Ltd (Pay a Bill)

The municipality has a service provider , who acts as agent for the municipality providing a payment platform for municipal clients to make payment on there debtors account at the SA Post Office on behalf of the municipality.

Commission received by the agent	1,027	1,840

Syntell

The municipality has a service provider , who acts as agent for the municipality through selling and collecting money from the sale of prepaid electricity on behalf of the municipality.

Commission received by the agent	-	386,400

There were no significant judgements applied in making this assessment.

There are no significant terms and conditions of the arrangements and no changes occurred during the reporting period.

There are no significant risks and benefits associated with the relationships.

62. Non-adjusting events after the reporting date

Nature of event Subsequent to the reporting period, the municipality concluded its due processes for the uptaking of a loan to mainly fund the upgrades to the Ceres Power Station. The Municipality signed the loan agreement after the reporting date and is awaiting the signed agreement from the Financial Institution confirming the loan commitment.	25,000,000	-

63 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 entity's surplus/deficit for the year due to changes in interest rates were as follow:

	2025	2024
0.5% Increase in interest rates	987,875	929,245
0.5% Decrease in interest rates	(987,875)	(929,245)

(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 a financial loss. Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors 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 debtors is considered to be moderate due the diversified nature of debtors 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 3 and 4 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 3 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2025 %	2025 R	2024 %	2024 R
Exchange Receivables				
Electricity	79.52%	54,233,882	84.82%	58,276,779
Water	10.88%	13,043,996	8.28%	7,856,398
Housing Rentals	6.21%	180,859	6.63%	153,183
Refuse	10.23%	7,733,636	7.58%	4,484,890
Sewerage	12.31%	9,768,558	43.35%	43,081,424
Other	4.53%	61,074	8.44%	97,104
Contracts	0.00%	(0)	100.00%	5,444,769
Land Sales	100.00%	12,967,138		-
	26.49%	**97,989,143**	**35.73%**	**119,394,546**

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 3 and 4 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.

63 FINANCIAL RISK MANAGEMENT CONTINUED

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

	2025 %	2025 R	2024 %	2024 R
Exchange Receivables				
Electricity	5.22%	13,966,997	4.93%	10,431,797
Water	39.92%	106,876,352	41.10%	86,972,133
Housing Rentals	1.02%	2,733,349	1.02%	2,156,274
Refuse	25.34%	67,849,873	25.85%	54,699,957
Sewerage	25.99%	69,574,695	26.61%	56,308,408
Other	0.48%	1,288,578	0.50%	1,053,113
Contract	2.03%	5,444,769		
	100.00%	**267,734,613**	**100.00%**	**211,621,669**

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

	2025 %	2025 R	2024 %	2024 R
Residential	92.24%	246,958,165	91.30%	193,212,663
Commercial	5.10%	13,658,382	4.31%	9,127,691
Other	2.66%	7,118,066	4.39%	9,281,329
	100.00%	**267,734,613**	**100.00%**	**211,621,669**

Bad debts written off per debtor class:

Exchange Receivables				
Electricity	0.00%	-	1.87%	(2,808,996)
Water management	47.38%	(3,483,491)	44.82%	(67,446,589)
Housing Rentals	0.00%	-	0.28%	(419,787)
Waste management	32.45%	(2,385,974)	29.25%	(44,022,184)
Waste water management	20.09%	(1,477,373)	23.50%	(35,360,011)
Other	0.08%	(5,787)	0.29%	(429,629)
	100.00%	**(7,352,625)**	**100.00%**	**(150,487,196)**

Kindly note that these amounts are exclusive of VAT

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 is disclosed below.

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 is no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:	2025 R	2024 R
Receivables from exchange transactions	102,211,698	122,582,281
Cash and Cash Equivalents	198,626,966	187,235,262
	300,838,664	**309,817,543**

63 FINANCIAL RISK MANAGEMENT CONTINUED

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, 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.

2025	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Trade and Other Payables	71,976,013	-	-	-
Unspent conditional government grants and receipts	4,005,642	-	-	-
	75,981,655	**-**	**-**	**-**

2024	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
	-	-	-	-
Trade and Other Payables	58,633,430	-	-	-
Unspent conditional government grants and receipts	(4,043,953)	-	-	-
	54,589,477	**-**	**-**	**-**

64 FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected bellow.

			2025	2024
64.1	**Financial Assets**	**Classification**		
	Receivables			
	Receivables from exchange transactions	Financial instruments at amortised cost	102,211,698	122,582,281
	Other Receivables			
	Bank Balances			
	Bank Balances	Financial instruments at amortised cost	198,626,966	187,235,262
			300,838,664	**309,817,543**
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		300,838,664	309,817,543
	At amortised cost		**300,838,664**	**309,817,543**
64.2	**Financial Liability**	**Classification**		
	Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	889,278	1,052,015
	Payables from exchange transactions			
	Trade creditors	Financial instruments at amortised cost	16,849,512	14,382,899
	Retentions	Financial instruments at amortised cost	11,869,631	13,712,562
	Deposits	Financial instruments at amortised cost	545,140	473,325
	Other	Financial instruments at amortised cost	54,581,361	43,777,206
	Other Payables			
	Government Subsidies and Grants	Financial instruments at amortised cost	5,997,619	4,861,951
	Current Portion of Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	162,737	334,172
			90,895,278	**78,594,130**
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		**90,895,278**	**78,594,130**

65 STATUTORY RECEIVABLES

Statutory receivables of the municipality are classified as follows in accordance with the principles of GRAP 108,

As of 30 June 2024, total statutory receivables of R 93115415 (2023: R 71955415) were impaired and provided for.

The amount of the allowance for impairment was R 56821409 as of 30 June 2024 (2023: R46448350).

	2025	2024
Reconciliation of statutory receivables		
Gross balance of statutory receivables	93,115,415	71,955,415
Provision for impairment	(56,821,409)	(46,448,350)
Netto statutory receivables	**36,294,006**	**25,507,065**
Gross balance		
Fines	32,172,260	21,640,260
Property rates	64,018,929	54,881,440
VAT	(3,075,774)	(4,566,285)
Total	**93,115,415**	**71,955,415**
Reconciliation of Provision for impairment		
Opening Balance	(53,380,188)	(49,603,460)
Recognised	(19,072,597)	(12,457,793)
Reversal (Write-off)	7,804,000	8,681,065
Balance at end of year	**(64,648,785)**	**(53,380,188)**
The total amount of the Provision for impairment consists of:		
Fines	(6,072,700)	(3,138,950)
Property rates	(50,748,709)	(43,309,400)
Total	**(56,821,409)**	**(46,448,350)**
Net balance		
Fines	26,099,560	18,501,310
Property rates	13,270,220	11,572,040
VAT	(3,075,774)	(4,566,285)
Total	**36,294,006**	**25,507,065**
Interest charged	4,881,176	4,091,476
Property Rates: Ageing		
Current (0 - 30 days)	4,330,340	4,251,207
31 - 60 Days	1,129,680	991,836
61 - 90 Days	1,115,250	754,212
+ 90 Days	57,443,661	48,884,186
Total	**64,018,930**	**54,881,440**

Statutory receivables arises from the following legislation:
Property Rates- Municipal Property Rates Act (Act no 60 of 2014)
Fines- Criminal Procedures Act (Act no 51 of 1977)
Value Added Tax Act (Act no 89 of 1991)

No receivables from statutory receivables were pledged as security.

Credit quality of statutory receivables

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 non-exchange receivables on initial recognition is not deemed necessary.

There are no statutory receivables which were restricted.

Property rates are levied on the value of land and improvements, which valuation is performed every 5 years. The last valuation came into effect on 1 July 2023. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also new buildings.

STATUTORY RECEIVABLES CONTINUED

Basic rate		
Residential	0.600c/R	1.054c/R
Commercial	1.650c/R	1.903c/R
Industrial	1.650c/R	1.903c/R
Bona Fide Agricultural	0.150c/R	0.151c/R

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 rates.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:
- Residential - The first R150 000 on the valuation is exempted.

Balances past due not impaired:	**2025** %	**2025** R	**2024** %	**2024** R
Non-Exchange Receivables				
Fines	81.12%	26,099,560	85.49%	18,501,310
Property rates	20.73%	13,270,220	21.09%	11,572,040
VAT	100.00%	(3,075,774)	100.00%	(4,566,285)
	38.98%	**36,294,006**	**35.45%**	**25,507,065**

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

	2025 %	**2025** R	**2024** %	**2024** R
Non-Exchange Receivables				
Fines	10.69%	6,072,700	6.76%	3,138,950
Property rates	89.31%	50,748,709	93.24%	43,309,400
	100.00%	**56,821,409**	**100.00%**	**46,448,350**

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

	2025 %	**2025** R	**2024** %	**2024** R
Residential	48.80%	27,726,992	67.61%	43,835,208
Commercial	39.32%	22,344,940	28.44%	18,440,414
Other	11.88%	6,749,476	3.95%	2,560,129
	100.00%	**56,821,409**	**100.00%**	**64,835,751**

VAT PAYABLE	**2025** R	**2024** R
VAT Payable	13,163,417	21,797,907
	13,163,417	**21,797,907**
VAT RECEIVABLE		
VAT input in suspense	10,087,643	17,231,622
	10,087,643	**17,231,622**
NET VAT RECEIVABLE/(PAYABLE)	**(3,075,774)**	**(4,566,285)**

VAT is receivable/payable on the cash basis.

66 POST-EMPLOYMENT HEALTH CARE BENEFITS

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

	2025	2024
In-service (employee) members	246	247
In-service (employee) non-members	251	254
Continuation members (e.g. Retirees, widows, orphans)	53	48
Total Members	**550**	**549**

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

	2025	2024
In-service (employee) members	35,598,000	32,852,000
In-service (employee) non-members	3,221,000	3,062,000
Continuation members	32,401,000	26,869,000
Total Liability	**71,220,000**	**62,783,000**

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 (employee) members	30,550,000	32,044,000	30,183,000
In-service (employee) non-members	2,863,000	2,585,000	2,345,000
Continuation members	26,481,000	27,006,000	30,738,000
Total Liability	**59,894,000**	**61,635,000**	**63,266,000**

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

Bonitas;
Keyhealth.
LA Health
Hosmed and
Samwumed.

The employees of the municipality and their dependants are currently entitled to a subsidy of 70% of the medical scheme contributions after they retire or in the case of death. This percentage is reduced if an employee did not complete a required service period before retirement. Widow(er)s and orphans of in-service members are entitled to a subsidy of 60% of the contribution payable. Upon a member's death-in retirement, the surviving dependants will continue to receive the same benefits.

The post-employment subsidies are not limited to a maximum Rand value/subsidy and as a result the following risks should be noted:
•Inflation: The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.
•Longevity: The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.
•Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.
•Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
•Future changes in legislation: The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the DBO for the Municipality.

Key actuarial assumptions used:

i) Rate of interest

	2025	2024
Discount rate	11.10%	12.20%
Health Care Cost Inflation Rate	6.80%	7.69%
Net Effective Discount Rate	6.30%	4.19%

The discount rate are derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

ii) Mortality rates

The PA 90 ultimate table was used by the actuaries.

66 iii) Normal retirement age

The normal retirement ages are 65. It has been assumed that male in-service members will retire at age 62 and female in-service members will retire at age 59, on average, which then implicitly allows for expected rates of ill-health and early retirement.

	2025	2024
Continuation of membership at retirement	75%	70%
Proportion assumed married at retirement	60%	60%
Proportion of eligible current non-member employees joining the scheme by retirement	15%	15%

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

	2025	2024
Present value of fund obligations	71,220,000	62,814,995
Net liability/(asset)	**71,220,000**	**62,814,995**

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

	2025	2024
Present value of fund obligation at the beginning of the year	62,814,995	59,894,000
Total expenses	6,670,060	6,888,263
Current service cost	1,981,000	1,981,000
Interest Cost	7,481,000	7,283,000
Benefits Paid	(2,791,940)	(2,375,737)
Amendments	-	-
Actuarial (gains)/losses	1,734,945	(3,967,268)
Present value of fund obligation at the end of the year	71,220,000	62,814,995
Less: Transfer of Current Portion - Note 15	(3,040,945)	(2,838,732)
Balance 30 June	**68,179,055**	**59,976,263**

Sensitivity Analysis on the Accrued Liability at 30 June 2025

Assumption	**members liability**	**members liability**	**Total liability (R'000)**
Central Assumptions	38,819,000	32,401,000	71,220,000

The effect of movements in the assumptions are as follows:

Assumption	**Change**	**In-service members**	**Continuation members**	**Total liability (R'000)**	**% change**
Central assumptions		38,819,000	32,401,000	71,220,000	
Medical aid contribution inflation rate	1%	41,106,000	34,516,000	75,622,000	6
Medical aid contribution inflation rate	-1%	35,538,000	30,269,000	65,807,000	-8
Mortality rate	20%	37,342,000	30,393,000	67,735,000	-5
Mortality rate	-20%	40,518,000	34,870,000	75,388,000	6

LONG SERVICE AWARDS

The Long Service Bonus plans are defined benefit plans.

	2025	2024
As at year end, the following number of employees were eligible for Long Service Bonuses.	497	501

i) Rate of interest

	2025	2024
Discount rate	9.70%	11.05%
General Salary Inflation (long-term)	4.70%	6.20%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	4.80%	4.56%

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

	2025	2024
Present value of fund obligations	14,958,001	13,625,000
Net liability	**14,958,001**	**13,625,000**

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

	2023 R	**2022 R**	**2021 R**
Present value of fund obligations	12,046,000	12,176,763	12,156,000
Net liability	**12,046,000**	**12,176,763**	**12,156,000**

		2025	2024 .
66	**Reconciliation of present value of fund obligation:**		
	Present value of fund obligation at the beginning of the year	13,625,000	12,046,000
	Total expenses	1,122,905	416,388
	Current service cost	1,078,000	913,000
	Interest Cost	1,414,000	1,243,000
	Benefits Paid	(1,369,095)	(1,739,612)
	Actuarial (gains)/losses	210,096	1,162,612
	Present value of fund obligation at the end of the year	14,958,001	13,625,000
	Less: Transfer of Current Portion - Note 15	(2,684,000)	(1,704,000)
	Balance 30 June	**12,274,001**	**11,921,000**

Sensitivity Analysis on the Accrued Liability at 30 June 2025

Assumption	**Change**	**Liability**	**% change**
Central assumptions		14,958,001	
General earnings inflation rate	1.00%	15,722,000	5%
General earnings inflation rate	-1.00%	14,257,000	-5%
Withdrawal rates	20%	14,433,000	-4%
Withdrawal rates	-20%	15,525,000	4%

EX-GRATIA PENSION BENEFITS

The Ex-Gratia Pension Benefits plans are defined benefit plans.

	2025	2024
As at year end, the following number of employees were eligible for Ex-Gratia Pension Benefits.	13	13
i) Rate of interest		
Discount rate	8.50%	9.79%

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

	2025	2024
Present value of fund obligations	30,590	27,030
Net liability	**30,590**	**27,030**

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

	2023 R	**2022 R**	**2021 R**
Present value of fund obligations	27,710	33,618	32,082
Net liability	**27,710**	**33,618**	**32,082**

EMPLOYEE BENEFITS CONTINUED

Reconciliation of present value of fund obligation:

	2025 R	**2024 R**
Present value of fund obligation at the beginning of the year	27,030	27,710
Total expenses	2,340	(1,350)
Interest Cost	2,340	2,490
Benefits Paid	-	(3,840)
Actuarial (gains)/losses	1,220	670
Present value of fund obligation at the end of the year	30,590	27,030
Less: Transfer of Current Portion - Note	(7,670)	(7,100)
Balance 30 June	**22,920**	**19,930**

Sensitivity Analysis on the Accrued Liability at 30 June 2025

Assumption	**Change**	**(R'000)**	**% change**
Central assumptions		30,590	
Discount rates	+1%	29,470	-4.0%
Discount rates	-1%	31,820	4.0%
Average retirement age	+1 year	28,830	-6.0%
Average retirement age	11 year	32,610	7.0%

66 EMPLOYEE BENEFITS CONTINUED

Retirement funds

CAPE JOINT PENSION FUND

The contribution rate of the defined benefit scheme is 27%; 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2023 disclosed an actuarial valuation amounting to R1 338 791 000 (30 June 2022: R1 391 841 000), with a surplus of R226 285 000 (2022: R144 158 000), with a funding level of 120.3% (30 June 2022: 111.6%).

	2025	2024
Contributions paid recognised in the Statement of Financial Performance	471,281	445,247

SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND

The fund is a DB plan, and its last statutory valuation at 1 July 2021 revealed a deficit of R2,08 million and a funding level of 85,5%, having deteriorated since its previous statutory valuation at 1 July 2018, which indicated a deficit of R601,2 million and a funding level of 96%. That was prior to the approval of a scheme of arrangement (SOA) between the fund and all participating employers. The SOA requires all participating employers to contribute an additional 2% per annum over the next five to six years to restore the fund to financial soundness. Due to its further deterioration as a result of poor investment returns over the valuation period, the fund is required under section 18 of the Pension Funds Act to submit an updated SOA to the Financial Sector Conduct Authority (FSCA) to outline how the funding position will be addressed and restored.

	2025	2024
Contributions paid recognised in the Statement of Financial Performance	340,842	312,527

DEFINED CONTRIBUTION FUNDS

Council contributes to: the Government Employees Pension Fund; Municipal Council Pension Fund; National Fund for Municipal Workers (IMATU); 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

	2025	2024
Cape Joint Retirement Fund	32,712,197	30,201,649
Municipal Councillors Pension Fund	122,738	140,993
Municipal Workers Retirement Fund:	101,757	115,890
SAMWU National Provident Fund	4,272,534	4,395,265
	37,209,225	**34,853,797**

The valuation results are dependent on the expected average retirement ages (EARAs) instead of the normal retirement age (NRAs).

Witzenberg's own recent employee-retirement history will be too small a sample to be solely relied on in setting these assumptions. Nevertheless, this recent experience seems to be in line with the EARAs used in the 2020 valuation.

If there is concern that the change in NRA for females will affect their EARA, then we recommend that the retirement-experience be monitored for several years after the change.

Consolidated Retirement Fund (Previously Cape Joint Retirement Fund:

The most recent statutory valuation performed as at 30 June 2024 revealed that the assets of the fund amounted to R47 307 646 099 (30 June 2023: R42 710 035 000), with funding levels of 17.3% and 100.2% (30 June 2023: 120.0% and 100.4%) for the Pensions Account and the Share Account respectively. The contribution rate paid by the members (7,50%/9%) and the municipalities (19,50%/18%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.