DRAKENSTEIN
MUNISIPALITEIT • MUNICIPALITY • UMASIPALA
Paarl | Wellington | Gouda | Saron | Simondium

AUDITED ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2025

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The reports and statements set out below comprise the audited annual financial statements presented to the provincial legislature:

General Information

Executive mayor and mayoral committee

Portfolio	**Councillor**
EXECUTIVE MAYOR AND CHAIRPERSON OF MAYORAL COMMITTEE	SE KORABIE
DEPUTY EXECUTIVE MAYOR & MAYORAL COMMITTEE MEMBER OF FINANCE	GC COMBRINK
MAYORAL COMMITTEE MEMBER OF GOVERNANCE, PLANNING, ECONOMIC DEVELOPMENT AND IMPLEMENTATION SUPPORT	J MILLER
MAYORAL COMMITTEE MEMBER OF ELECTRICITY AND WATER AND WASTE WATER	LC ARENDSE
MAYORAL COMMITTEE MEMBER OF URBANISATION AND HUMAN SETTLEMENTS	E BARON
MAYORAL COMMITTEE MEMBER OF CEMETERIES, PARKS, RESORTS AND OPEN SPACES	L CYSTER
MAYORAL COMMITTEE MEMBER OF CORPORATE SERVICES	D AMERICA
MAYORAL COMMITTEE MEMBER OF PUBLIC SAFETY AND SOCIAL DEVELOPMENT	AMB APPOLLIS
MAYORAL COMMITTEE MEMBER OF COMMUNICATION AND INTERGOVERNMENTAL RELATIONS (IGR)	R ANDREAS
MAYORAL COMMITTEE MEMBER OF TOURISM, SPORT AND RECREATION	LT VAN NIEKERK
MAYORAL COMMITTEE MEMBER OF WASTE, ROADS AND STORMWATER MANAGEMENT	A KOEGELENBERG
MAYORAL COMMITTEE MEMBER OF MUNICIPAL BUILDINGS	E SOLOMONS

General Information

Executive management

Position	**Name**
CITY MANAGER	DR JH LEIBBRANDT
CHIEF FINANCIAL OFFICER	MR B BROWN
EXECUTIVE DIRECTOR: CORPORATE AND PLANNING SERVICES	MR S JOHAAR
EXECUTIVE DIRECTOR: PUBLIC SAFETY	MS E BARNARD
EXECUTIVE DIRECTOR: ENGINEERING SERVICES	MR L PIENAAR
EXECUTIVE DIRECTOR: COMMUNITY SERVICES (ACTING)	MR D DELANEY

Members of the Audit Committee

CHAIRPERSON	MR P STRAUSS
MEMBER	MR M BURTON
MEMBER	MR M BASSON
MEMBER	MS K TALMAKKIES

General Information

Council members as at 30 June 2025

Nr	Surname	Initials	Nr	Surname	Initials
1	ADAMS	JH	34	JOOSTE	MC
2	ADAMS	ND	35	KEARNS *	C
3	AMERICA	D	36	KLAASTE	CO
4	ADRIAANSE *	MM	37	KOEGELENBERG *	RA
5	ANDERSON	JV	38	KORABIE	SE
6	ANDREAS	MA	39	KROUTZ	C
7	APPOLLIS	AMB	40	LANDSBERG	S
8	ARENDSE	LC	41	LE ROUX *	JF
9	ARNOLDS	RB	42	LIEBENBERG	SJ
10	BARON	E	43	MANGENA	TC
11	BESTER	TG	44	MATTHEE	LC
12	BOLANI	LE	45	MILLER	J
13	BOOYSEN **	VC	46	MOOI	TP
14	CAROLLISEN	D	47	NELL	RH
15	COMBRINK	A	48	NONGOGO / WANA	N
16	COMBRINK *	GC	49	RICHARDS	AM
17	CUPIDO	FP	50	ROSS	S
18	CUPIDO	JW	51	SAMBOKWE	LS
19	CUPIDO	PBA	52	SAUERMAN	ND
20	CYSTER	L	53	SEPTEMBER	JA
21	DE KOCK	J	54	SMIT	J
22	DU PLESSIS	AJ	55	SOLOMONS	EA
23	DUBA	BP	56	STOWMAN *	A
24	DE WAAL	C	57	STULWENI	AM
25	FOURIE	A	58	VAN NIEKERK	LT
26	GANANDANA	S	59	VAN NIEUWENHUYZEN *	RH
27	GERTSE	KJ	60	VAN SANTEN	AJ
28	GODONGWANA	N	61	VAN SCHALKWYK	J
29	GOUWS *	E	62	VAN WILLINGH	B
30	GRAVEL	S	63	XHEGO	Z
31	JACOBS	B	64	ZOYA	N
32	JACOBS	CM	65	ZWINYE	M
33	JACOBS	F			

* The "Alderman / Alderlady" status were bestowed onto these councillors.

** Councillor passed away on 10 May 2025.

General Information

Legal form of entity	MUNICIPALITY IN TERMS OF SECTION 1 OF THE LOCAL GOVERNMENT: MUNICIPAL STRUCTURES ACT (ACT 117 OF 1998) READ WITH SECTION 155 (1) OF THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA (ACT 108 OF 1996)
Nature of business 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) LOCAL GOVERNMENT: 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)
Other information	
Executive Mayor	COUNCILLOR SE KORABIE
Executive Deputy Mayor	ALDERMAN GC COMBRINK
Speaker	ALDERMAN JF LE ROUX
Registered head office	DRAKENSTEIN MUNICIPALITY CIVIC CENTRE BERG RIVER BOULEVARD PAARL 7646
Physical address	CIVIC CENTRE BERG RIVER BOULEVARD PAARL 7646
Postal address	P O BOX 1 PAARL 7622
Telephone	(021) 807 - 4500
Fax	(021) 872 - 8054
Bankers	NEDBANK
Auditors	AUDITOR-GENERAL OF SOUTH AFRICA (AGSA)
Demarcation code	WC023
VAT registration number	4500109717

Accounting Officer's Statement

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the audited annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the year then ended. The external auditors are engaged to express an independent opinion on the audited annual financial statements and was given unrestricted access to all financial records and related data.

The audited annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

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

I certify that the salaries, allowances and benefits of councillors as disclosed in note 38 to these audited annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The audited annual financial statements set out on pages 8 to 169, in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), which have been prepared on the going concern basis and which I have signed on behalf of the municipality on 31 August 2025:

DR JH LEIBBRANDT
ACCOUNTING OFFICER

Abbreviations

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IUDG	Integrated Urban Development Grant
LGSETA	Local Government Services Sector Education and Training Authority
RBIG	Regional Bulk Infrastructure Grant
NDPG	Neighbourhood Development And Partnership Grant
SRAC	Sports, Recreation, Arts and Culture
ASB	Accounting Standards Board
IPSASB	International Public Sector Accounting Standards Board
IFRS	International Financial Reporting Standards
BNG	Breaking New Ground
SAMWU	South African Municipal Workers Union
SARS	South African Revenue Service
VAT	Value Added Taxation
MFMA	Municipal Finance Management Act
GFS	Goverment Finance Statistics
IASB	International Accounting Standards Board
DCAS	Western Cape Department of Culural Affairs and Sports
mSCOA	Municipal Standard Chart of Accounts

Statement of Financial Position as at 30 June 2025

Figure in Rand	Note(s)	2025	2024 Restated*
Assets			
Non-Current Assets			
Property, plant and equipment	3	7,078,633,761	6,749,679,486
Heritage assets	4	47,633,645	47,633,645
Intangible assets	5	2,621,968	3,051,767
Investment property	6	116,290,000	88,655,000
Total Non-Current Assets		**7,245,179,374**	**6,889,019,898**
Current Assets			
Inventory	8	50,012,538	44,006,655
Trade and other receivables from exchange transactions	9	379,191,169	381,112,793
Receivables from non-exchange transactions	10	112,660,141	110,499,746
Cash and cash equivalents	11	1,028,932,868	697,505,821
Current portion of non-current receivables	12	-	802
VAT Receivable	13	50,005,481	42,476,251
Total Current Assets		**1,620,802,197**	**1,275,602,068**
Total Assets		**8,865,981,571**	**8,164,621,966**
Liabilities			
Non-Current Liabilities			
Borrowings	14	1,262,256,026	1,364,427,699
Finance lease liabilities	15	724,181	-
Employee benefits	16	269,450,354	247,664,000
Provisions	17	265,670,339	189,527,311
Total Non-Current Liabilities		**1,798,100,900**	**1,801,619,010**
Current Liabilities			
Consumer deposits	18	86,665,894	80,367,377
Trade and other payables from exchange transactions	19	402,081,670	338,751,965
Unspent conditional grants and receipts	20	11,860,416	17,540,042
Borrowings	14	102,171,671	90,824,743
Finance lease liabilities	15	351,619	472,639
Employee benefits	16	95,557,300	94,358,362
Provisions	17	341,554	69,674,427
Total Current Liabilities		**699,030,124**	**691,989,555**
Total Liabilities		**2,497,131,024**	**2,493,608,565**
Net Assets		**6,368,850,547**	**5,671,013,401**
Net assets presented by:			
Housing Development Fund	21	32,857,535	31,607,100
Reserves and Funds	22	1,600,117,535	1,657,380,108
Accumulated surplus	23	4,735,875,477	3,982,026,193
Total Net Assets		**6,368,850,547**	**5,671,013,401**

* See Note 49

Statement of Financial Performance for the year ended 30 June 2025

Figure in Rand	Note(s)	2025	2024 Restated*
Revenue			
Exchange Revenue			
Services charges – Electricity	24	1,753,141,508	1,524,505,542
Services charges – Water management	24	246,784,284	236,510,660
Services charges – Waste management	24	183,297,316	169,957,737
Services charges – Waste water management	24	164,906,162	153,561,417
Sales of goods and rendering of services	25	36,774,085	33,907,961
Rental from fixed assets	26	8,020,557	8,312,161
Interests on investments	27	91,787,807	73,656,906
Interest earned from receivables	28	20,626,499	19,480,489
Operational revenue	29	26,403,345	25,181,197
Licences and permits	30	22,703,756	21,786,042
Total Exchange Revenue		**2,554,445,319**	**2,266,860,112**
Non-Exchange Revenue			
Property rates	31	503,779,667	466,404,866
Availability charges – Electricity	32	2,430,860	2,527,545
Availability charges – Water management	32	2,207,465	2,226,690
Availability charges – Waste management	32	3,998,472	4,002,553
Availability charges – Waste water management	32	3,352,292	3,385,134
Surcharges and taxes	31	3,168,263	3,084,653
Fines, penalties and forfeits	33	104,330,736	97,292,325
Transfers and subsidies	34	787,431,517	687,684,123
Operational revenue	29	4,418,007	4,378,051
Construction contract revenue	35	-	1,317,020
Fair value adjustment	36	27,635,000	6,755,000
Total Non-Exchange Revenue		**1,442,752,279**	**1,279,057,960**
Total Revenue		**3,997,197,598**	**3,545,918,072**
Expenditure			
Employee related cost	38	840,164,566	785,352,002
Remuneration of councillors	39	34,841,767	34,340,227
Bad Debts Written Off	40	101,986,105	98,252,872
Depreciation and amortisation	41	246,555,305	249,259,735
Impairment losses on financial assets	40	31,666,644	29,903,348
Impairment losses on PPE, IA and HA	42	900,901	600,287
Finance costs	43	158,197,327	167,821,823
Bulk purchases	44	1,378,144,797	1,149,421,997
Inventory consumed	8	71,291,953	78,646,749
Contracted services	45	223,345,318	212,598,966
Transfers and subsidies	65	38,008,550	14,850,554
Operational cost	46	110,752,796	109,157,815
Operating leases	47	19,938,979	20,106,781
Fair value and loss on disposal adjustment of assets	37	19,866,508	16,725,424
Total Expenditure		**3,275,661,516**	**2,967,038,580**
Surplus for the year		**721,536,082**	**578,879,492**

* See Note 49

Cash Flow Statement for the year ended 30 June 2025

Figure in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Property rates		507,528,660	457,254,080
Service charges		2,608,334,493	2,266,430,816
Transfers, subsidies and construction contracts revenue received		736,651,259	708,946,130
Interest		96,928,826	72,977,684
Other receipts and fines received		282,187,216	263,333,238
Payments			
Employees cost		(856,959,114)	(811,651,058)
Suppliers		(2,082,322,697)	(1,886,903,479)
Interest charges		(158,663,645)	(166,944,742)
Net VAT paid		(45,591,574)	(46,245,953)
Net cash from(used) operating activities	48	**1,088,093,424**	**857,196,716**
Cash flows from investing activities			
Receipts			
Proceeds on disposal of fixed and intangible assets		582,239	3,593,465
Payments			
Capital assets		(665,895,331)	(523,749,178)
Net cash flows from investing activities		**(665,313,092)**	**(520,155,713)**
Cash flows from financing activities			
Payments			
Decrease in finance leases		(528,540)	(345,347)
Decrease in borrowing long-term		(90,824,745)	(84,460,267)
Net cash flows from financing activities		**(91,353,285)**	**(84,805,614)**
Net increase/(decrease) in cash		**331,427,047**	**252,235,389**
Cash and cash equivalents at year begin		697,505,821	445,270,431
Cash and cash equivalents at year end		**1,028,932,868**	**697,505,820**

* See Note 49

Drakenstein Municipality
Audited Annual Financial Statements for the year ended 30 June 2025

Statement of changes in net assets as at 30 June 2025

Figure in Rand	Housing development fund	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	30,625,309	1,713,429,005	3,339,909,797	5,083,964,111
Adjustments				
Correction of errors	-	(649,093)	8,778,379	8,129,286
Balance at 01 July 2023 as restated*	**30,625,309**	**1,712,779,912**	**3,348,688,176**	**5,092,093,397**
Surplus for the year	-	-	578,879,492	578,879,492
Transfers to Housing Development Fund	981,791	-	(941,280)	40,511
Decrease in revaluation reserve	-	-	55,507,622	55,507,622
Ofsetting depreciation	-	(53,998,522)	-	(53,998,522)
Ofsetting of sale of land	-	(1,509,100)	-	(1,509,100)
Offsetting Correction	-	107,819	(107,819)	-
Total changes	981,791	(55,399,803)	633,338,015	578,920,003
Restated* Balance at 01 July 2024	**31,607,100**	**1,657,380,109**	**3,982,026,191**	**5,671,013,400**
Remeasurement due to the implementation of GRAP 104 (Revised) 48.7	**-**	**-**	**(23,691,144)**	**(23,691,144)**
Surplus for the year	-	-	721,536,082	721,536,082
Transfers to Housing Development Fund	1,250,434	-	(1,258,261)	(7,827)
Decrease in revaluation reserve	-	-	57,262,574	57,262,574
Ofsetting depreciation	-	(53,510,714)	-	(53,510,714)
Ofsetting of sale of land	-	(3,751,860)	-	(3,751,860)
Total changes	1,250,434	(57,262,574)	777,540,395	721,528,255
Balance at 30 June 2025	**32,857,534**	**1,600,117,535**	**4,735,875,477**	**6,368,850,546**
Note(s)	21	22	23	

* See Note 49

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

Figure in Rand	Original budget	*Budget adjustments	Final adjustments budget	***Virement	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2025									
Statement of financial performance									
Property rates	488,620,566	13,473,043	502,093,609		502,093,609	503,779,666	1,686,057	100.34 %	103.10 %
Services charges	2,213,672,628	83,780,880	2,297,453,508		2,297,453,508	2,360,118,361	62,664,853	102.73 %	106.62 %
Investment revenue	58,000,000	25,000,000	83,000,000		83,000,000	91,787,807	8,787,807	110.59 %	158.25 %
Transfer recognised - operational	247,115,347	7,576,303	254,691,650		254,691,650	251,502,850	(3,188,800)	98.75 %	101.78 %
Other own revenue	323,792,260	(17,633,777)	306,158,483		306,158,483	323,548,150	17,389,667	105.68 %	99.92 %
Total Revenue (excl. capital transfers and contributions)	**3,331,200,801**	**112,196,449**	**3,443,397,250**		**3,443,397,250**	**3,530,736,834**	**87,339,584**	**102.54 %**	**105.99 %**
Employee costs	(895,618,879)	10,572,425	(885,046,454)	-	(885,046,454)	(837,838,650)	47,207,804	94.67 %	93.55 %
Remuneration of councillors	(39,276,957)	-	(39,276,957)	-	(39,276,957)	(34,841,767)	4,435,190	88.71 %	88.71 %
Depreciation and amortisation	(273,690,486)	(76,151,155)	(349,841,641)	-	(349,841,641)	(279,122,849)	70,718,792	79.79 %	101.98 %
Finance charges	(158,991,404)	343,072	(158,648,332)	-	(158,648,332)	(158,197,326)	451,006	99.72 %	99.50 %
Inventory consumed and bulk purchases	(1,351,003,014)	(73,429,628)	(1,424,432,642)	(34,519,001)	(1,458,951,643)	(1,449,436,744)	9,514,899	99.35 %	107.29 %
Transfers and subsidies	(36,689,772)	(2,173,695)	(38,863,467)	(127,731)	(38,991,198)	(38,008,550)	982,648	97.48 %	103.59 %
Other expenditure	(573,508,403)	37,352,648	(536,155,755)	34,646,732	(501,509,023)	(487,654,681)	13,854,342	97.24 %	85.03 %
Total Expenditure	**(3,328,778,915)**	**(103,486,333)**	**(3,432,265,248)**	**-**	**(3,432,265,248)**	**(3,285,100,567)**	**147,164,681**	**95.71 %**	**98.69 %**
Surplus	**2,421,886**	**8,710,116**	**11,132,002**	**-**	**11,132,002**	**245,636,267**	**234,504,265**	**2,206.58 %**	**10,142.35 %**
Transfers and subsidies - capital	664,439,131	(191,209,501)	473,229,630		473,229,630	461,487,777	(11,741,853)	97.52 %	69.46 %
Transfers and subsidies - capital (in-kind)	-	-	-		-	14,412,059	14,412,059	- %	- %
Surplus for the year	**666,861,017**	**(182,499,385)**	**484,361,632**	**-**	**484,361,632**	**721,536,103**	**237,174,471**	**148.97 %**	**108.20 %**

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

Figure in Rand	Original budget	*Budget adjustments	Final adjustments budget	***Virement	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources									
Capital expenditure	766,225,475	(182,639,460)	583,586,015	-	583,586,015	574,975,185	(8,610,830)	98.52 %	75.04 %
Transfers recognised – capital	664,439,130	(191,209,500)	473,229,630	-	473,229,630	462,498,804	(10,730,826)	97.73 %	69.61 %
Borrowings	-	-	-	-	-	-	-	- %	- %
Internally generated funds	101,786,344	8,570,041	110,356,385	-	110,356,385	112,476,381	2,119,996	101.92 %	110.50 %
	766,225,474	**(182,639,459)**	**583,586,015**	**-**	**583,586,015**	**574,975,185**	**(8,610,830)**	**98.52 %**	**75.04 %**
Financial position									
Total current assets	1,334,782,791	(26,671,755)	1,308,111,036	-	1,308,111,036	1,620,802,197	312,691,161	123.90 %	121.43 %
Total non-current assets	7,399,267,224	(442,809,356)	6,956,457,868	-	6,956,457,868	7,245,179,374	288,721,506	104.15 %	97.92 %
Total current liabilities	(607,919,435)	59,572,519	(548,346,916)	-	(548,346,916)	(699,030,124)	(150,683,208)	127.48 %	114.99 %
Total non-current liabilities	(1,828,641,520)	(46,768,646)	(1,875,410,166)	-	(1,875,410,166)	(1,798,100,900)	77,309,266	95.88 %	98.33 %
Community wealth/ Equity	(6,297,489,060)	456,677,238	(5,840,811,822)	-	(5,840,811,822)	(6,368,850,547)	(528,038,725)	109.04 %	101.13 %
Cash flow									
Net cash from/(used) operating activities	890,955,380	(156,436,103)	734,519,277	-	734,519,277	1,088,093,424	353,574,147	148.14 %	122.13 %
Net cash from/(used) investing activities	(763,225,474)	182,639,459	(580,586,015)	-	(580,586,015)	(665,313,092)	(84,727,077)	114.59 %	87.17 %
Net cash from/(used) financing activities	(90,824,744)	-	(90,824,744)	-	(90,824,744)	(91,353,285)	(528,541)	100.58 %	100.58 %
	36,905,162	**26,203,356**	**63,108,518**	**-**	**63,108,518**	**331,427,047**	**268,318,529**	**525.17 %**	**898.05 %**

Commentary

*Budget adjustments done in terms of section 28 and section 31 of the MFMA.

***Virement in terms of Council Approve Policy, virements must offset each other so that virements in Total Expenditure column equals zero.

All explanations of variances greater than 10% for Final Budget and Actual Amounts are listed and explained in note 68.

Basis of preparation

These audited 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 56 of 2003).

The audited 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.

In the absence of issued and effective Standards of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with GRAP 3 as read with Directive 5. Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The material accounting policies, applied in the preparation of the unaudited annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior period unaudited annual financial statements, unless specified otherwise. Details of any changes in the accounting policies are provided in the note relating to Changes in accounting policies.

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

1. Summary of significant accounting policies

These standards are summarised as follows:

Reference	Description
GRAP Framework	Framework for the Preparation and Presentation of Financial Statements
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investment in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures (Revised)
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangements: Grantor
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104 (Revised)	Financial Instruments
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents

Accounting Policies

1. Summary of significant accounting policies (continued)

GRAP 110	Living and Non-living Resources
IFRS 4	Insurance Contracts
IAS 12	Income Taxes
IGRAP 1	Applying The Probability Test On Initial Recognition Of Revenue
IGRAP 2	Changes in Existing Decomissioning Restoration and Similar Liabilities
IGRAP 3	Determining Whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Ecomonies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 12	Jointly Controlled Entities – Non-Monetary Contributions
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IGRAP 17	Service Concession Arrangements where Grantor Controls Significant Residual Interest
IGRAP 18	Recognition and Derecogntion of Land
IGRAP 19	Liabilities to Pay Levies
IGRAP 20	Accounting for Adjustments to Revenue
IGRAP 21	The Effect of Past Decisions on Materiality
IFRIC 12	Service Concession Arrangements
SIC 25	Income Taxes – Changes in the Status of an Enterprise or its Shareholders
SIC 29	Disclosure Service Concession
Directive 1	Deletion of Transitional Provisions in Standards of GRAP
Directive 3	Amended Transitional Provisions for High Capacity Municipalities
Directive 5	GRAP Reporting Framework
Directive 7	The Application of Deemed Cost
Directive 11	Changes in Measurement Bases following Initial Adoption of Standards of GRAP
Guideline	Accounting for Arrangements Undertaken i.t.o the National Housing Programme
Guideline	Accounting for Landfill Sites
Guideline	The Application of Materiality to Financial Statements

The cash flow statement is prepared using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed.

Accounting policies for material transactions, events or conditions not covered by the above GRAP standards have been developed in accordance with GRAP 3. Where required, accounting policies were developed for standards of GRAP that have been issued by the ASB, but for which an effective date have not been determined by the Minister of Finance.

1.1 New standards and interpretations

Standards, amendments to standards and interpretations effective and adopted in the current year

The municipality has elected to early adopt GRAP 104 (Revised): Financial Instruments, effective 1 July 2024, in accordance with the transitional provisions of the standard as issued by the Accounting Standards Board (ASB).

GRAP 104 (Revised) introduces updated principles for the recognition, measurement, presentation, and disclosure of financial instruments, aligning more closely with international standards and improving the relevance and reliability of financial information related to financial assets and liabilities.

The early adoption was undertaken to:

- Enhance comparability with peers who are applying similar guidance,
- Align the municipality's accounting policies with updated best practice, and
- Ensure timely compliance ahead of the mandatory effective date.

Impact of Early Adoption:

- The classification of financial assets has been revised in accordance with the new measurement categories: amortised cost, fair value through surplus or deficit, and fair value through other comprehensive income.
- The impairment methodology has been updated to the expected credit loss (ECL) model, which incorporates forward-looking information.
- Additional disclosure requirements regarding credit risk, expected credit losses, and the assessment of significant increase in credit risk have been implemented.

The adoption of GRAP 104 (Revised) has been applied retrospectively except where transitional provisions have been applied.

The impact on the financial statements is as follows:

- The most significant impact was the remeasurement of the impairment on trade and other receivables from exchange transactions (that are financial assets), on date of adoption (1 July 2024), in accordance with the Standard and the Transitional Provisions.
- Other than the item listed above, there was no material impact on the financial position, financial performance, or cash flows.

Full disclosures as required by GRAP 104 (Revised) have been included in these financial statements.

1.1 New standards and interpretations (continued)

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

GRAP 1	Presentation on Financial Statements (Revised)
GRAP 103	Heritage Assets (Revised)
GRAP 105	Transfer of Functions Between Entities Under Common Control (Revised)
GRAP 106	Transfer of Functions Between Entities Not Under Common Control (Revised)
GRAP 107	Mergers (Revised)
iGRAP 22	Foreign Currency Transactions and Advance Consideratin
Amendments	Improvements to Standards of GRAP

The revisions/ improvements better align the Standards of GRAP with recent international developments.

All other standards as listed above will only be effective on the date it is announced by the Minister of Finance.

The Accounting Standards Board Directive 5 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board or, International Financial Reporting Standards. Where a standard of GRAP has been issued, but is not in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying the Standards of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

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

1.2 Presentation currency

These audited annual financial statements are presented in South African Rand and are rounded off to the nearest Rand.

1.3 Going concern assumption

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

1.4 Offsetting

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.5 Comparative information

Current year comparatives

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations (MBRR). The amounts are scheduled as a separate additional financial statement, called the Statement of comparison of budget and actual amounts, based on the classifications as contained in the A Schedule, specifically Table A1 – Budget Summary. Actual performance is expressed based the budget classifications as contained in Budget Schedule A, table A1. A reconciliation of the base as presented in the Statement of Financial Performance and Cash Flow Statement is presented in the notes.

Explanatory comment is provided in the notes to the audited annual financial statements giving motivations for over- or under spending on line items where it is found to be material. In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the audited annual financial statements in determining whether a difference between the budgeted and actual amount is material.

1.5 Comparative information (continued)

The annual budget figures included in the audited annual financial statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved 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 budget is approved on an accrual basis by nature classification. The approved budget covers the period from 01 July 2024 to 30 June 2025.

Prior year comparatives

The comparative figures of one prior period is disclosed. When the presentation or classification of items in the audited annual financial statements is amended, prior period comparative amounts are restated. The nature and reasons for the reclassification are disclosed.

1.6 Housing development reserve

The Housing Development Fund was established in terms of the Housing Act (Act No. 107 of 1997).

Housing Development Fund

Sections 15(5) and 16 of the Housing Act, 1997 (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. This legislated separate operating account will be known as the Housing Development Fund.

The Housing Act also requires in terms of section 14(4)(d)(iii)(aa) read with, inter alia, section 16(2) that the net proceeds of any letting, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the municipality for housing development, development in accordance with the National Housing Policy.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the National Minister of Human Settlements.
- Any contributions to or from the fund must be shown as transfers in the Statement of changes in net assets as at 30 June 2025.
- Interest earned on the investments backing up this fund must be recorded as part of interest earned in surplus or deficit for the year in the Statement of Financial Performance.

1.6 Housing development reserve (continued)

Un-realized housing proceeds

In order to comply with Section 14(4)(d)(i) and (ii) of the Housing Act, (Act 107 of 1997) where all net proceeds need to be paid into the Housing Development Fund, it was necessary to create a holding account which represents the un-realized funds due by long-term housing selling schemes and sponsored loan debtors. This account is reduced when debtors are billed for their payment.

1.7 Internal reserves and revaluation reserve

Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus / (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus / (deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

1.8 Provisions

Provisions are recognised when the municipality has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, where the provision being measured involves a large population of items; the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

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

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance.

Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure and post monitoring cost, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

1.9 Property, plant and equipment

Initial recognition

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

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

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.

Subsequent measurement – cost model

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property, plant and equipment, excluding land and buildings, are measured at cost, less accumulated depreciation and accumulated impairment losses.

Subsequent measurement – revaluation model

Subsequent to initial recognition, land and buildings are carried at a revalued amount based on municipal valuations, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by external independent values every four years to coincide with the implementation of the general valuation such that the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

An increase in the carrying amount of land and buildings as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

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

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

1.9 Property, plant and equipment (continued)

When revalued assets are sold or retired, the amounts included in the revaluation reserve in respect of that assets, are transferred to accumulated surplus or deficit.

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

Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated using the straight- line method, to allocate their cost or revalued amounts less their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets' future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation rates are based on the following estimated useful lives:

Asset class	Useful lives as applied in the Asset Register (years)
Infrastructure	
• Roads	5 - 100
• Stormwater	5 - 100
• Electricity	5 - 75
• Water	5 - 100
• Sewerage	5 - 100
• Solid Waste	5 - 100
Buildings	
• Buildings	30 - 50
• Recreational and sports facilities	5 - 100
• Resorts	5 - 100
• Housing assets	30 - 50
Other Structures and facilities	
• Parks, gardens and cemeteries	5 - 100
• Parking structures	30 - 50
• Other structures	5 - 50
• Communication assets	30 - 50
• Leasehold improvements	30 - 50
• Containerized structures	5 - 50
Moveable assets	
• Transport assets	5 - 20
• Computer equipment	3 - 10
• Furniture and office equipment	3 - 10
• Machinery and equipment	5 - 10
• Other movable assets	3 - 10

The useful lives, residual values and depreciation method are reviewed annually at the end of the financial year where there is any indication that the municipality's expectations about the residual amount and the useful life of an asset has changed since the preceding reporting date. Any adjustments arising from the annual review are applied prospectively.

1.9 Property, plant and equipment (continued)

Historical reviews have impacted the lives of the assets. The following table indicates the impact on the actual lives of the assets as a result of historical reviews and adjustments made:

Asset class	Useful lives as applied in the Asset Register (years)
Infrastructure	
• Roads	5 - 100
• Stormwater	5 - 100
• Electricity	5 - 80
• Water	5 - 140
• Sewerage	5 - 120
• Solid Waste	5 - 100
Buildings	
• Buildings	1 - 60
• Recreational and sports facilities	1 - 100
• Resorts	1 - 100
• Housing assets	1 - 60
Other Structures and facilities	
• Parks, gardens and cemeteries	1 - 100
• Parking structures	30 - 50
• Other structures	3 - 50
• Communication assets	30 - 50
• Leasehold improvements	30 - 50
• Containerized structures	5 - 50
Moveable assets	
• Transport assets	5 - 40
• Computer equipment	1 - 30
• Furniture and office equipment	1 - 35
• Machinery and equipment	1 - 35
• Other movable assets	1 - 50

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease.

De-recognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

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.

Gains or losses are calculated as the difference between the carrying values of assets (Cost less accumulated depreciation and accumulated losses) and any proceeds received or receivable on disposal, is included in the Statement of Financial Performance and Financial Position as a gain disposal of property, plant and equipment.

1.10 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

1.10 Intangible assets (continued)

Initial recognition and measurement

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and if the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. The cost of an intangible assets is the purchase price and other costs attributable to bring the intangible assets to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible assets is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

Subsequent measurement

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated on cost, using the straight-line method, over the useful lives of the assets, which is estimated to be between 3 to 10 years upon initial recognition. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are annually tested for impairment and the estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

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 assets is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.11 Investment property

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Investment property also includes land held for an undetermined future use.

1.11 Investment property (continued)

Initial recognition

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

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

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as investment properties;
- Land held for a currently undetermined future use;
- A building owned (or held by under a finance lease) and leased out under one or more operating leases;
- Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held;
- A building that is vacant but is held to be leased out under one or more operating leases;
- Property that is being constructed or developed for future use as investment property.

Subsequent measurement – fair value model

Investment property is subsequently measured using the fair value model. Investment property is carried at fair value, representing open market value determined by external valuer on reporting date. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value to be reliably measurable when construction is completed, it measures that investment property at cost until the fair value can be reliably determined or construction has been completed.

Where the municipality has determined that the fair value of an investment property (other than investment property under construction) is not determinable on a continuing basis, the municipality measures that investment property using the cost model.

Derecognition/Disposal

Investment properties are derecognised (eliminated from the Statement of Financial Position) 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. The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.12 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.

The municipality classifies assets as heritage assets where the significance as a heritage asset can be determined. In regards to land and buildings all graded sites are classified heritage assets. Furthermore, land with a natural significance is not componentised but seen as a single heritage asset due to all parts contributing together to make up its significance.

GRAP 103 requires that land and buildings that qualify as heritage asset, but of which a significant portion of that land and buildings is held for use in the production or supply of goods or services or for administrative purposes, should be recognised as property, plant and equipment, rather than heritage asset.

1.12 Heritage assets (continued)

Initial recognition and measurement

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

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets 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 heritage assets 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.

Subsequent measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in the Statement of Financial Performance to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in the Statement of Financial Performance.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the Statement of Financial Performance. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Subsequently all heritage assets (excluding heritage assets which are land and buildings) are measured at cost less accumulated impairment losses. Heritage assets are not depreciated.

Subsequent to initial recognition, land and buildings which qualify as heritage assets are carried at a revalued amount based on municipal valuations less subsequent accumulated impairment losses. Revaluations are performed by external independent valuers every four years to coincide with the implementation of the general valuation such that the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

De-recognition of heritage assets

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

1.13 Inventory

Inventory consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of cost, determined on the first in first out basis, and net realisable value, except for items which are valued at the tariffs charged. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

1.13 Inventory (continued)

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

Inventories shall be recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the entity; and the cost of the inventories can be measured reliably. Inventories that qualify for recognition as assets shall initially be measured at cost. Where inventories are acquired through a non-exchange transaction, their cost shall be measured at their fair value as at the date of acquisition.

Redundant and slow-moving inventory are identified and written down to their estimated net realisable values estimated by management. Inventories are written down according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. 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 were sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Water inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

Land inventory for BNG housing projects

The Accounting Standards Board issued the guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme.

In terms of the guideline, land currently controlled by the municipality and recognised as either property, plant and equipment or investment property, that has been designated for the purposes of a Breaking New Ground (BNG) housing development - in terms of Council's approved housing pipeline projects - meets the definition of inventory and requires reclassification to inventory.

The municipality only reclassifies the portion of land that it would not control after entering into an arrangement with the provincial Department of Human Settlements, to inventory.

Once the township development is completed, revisions that may need to be made to the values of the land initially reclassified as inventory is treated as a change in accounting estimate in terms of GRAP 3.

The carrying amount of the land up until the date of reclassification, as determined in accordance with the accounting policy of property, plant and equipment or investment property, is the cost amount on the date of reclassification.

Land inventory is derecognised once an agreement has been entered into with the provincial Department of Human Settlement, that passed control to the department.

1.14 Living and non-living resources

Living resources are those resources that undergo biological transformation, whilst non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Non-living resources, other than land, are not recognised as assets.

A living resource is regarded as an asset when the municipality controls the right or access to future economic benefits or service potential of the resource. This is done by considering whether the following indicators that conclude that control, exists:

- The intervention by a municipality in the management of the physical condition of the living resource.
- The ability to restrict the movement of living resource.
- The ability to direct the use of the living resource.

The municipality is in terms of its mandate responsible for management and/or conservation of the environment as a whole, inclusive of natural resources such as plants and trees within parks and recreational facilities, but it does not manage the physical condition of each individual plant within that environment. As a result, the municipality concludes that it does not control these trees and plants as living resources, and does not regard them as separate assets.

1.15 Impairment of property, plant and equipment, investment property, intangible assets and heritage assets

The municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

Impairment of cash-generating assets

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

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

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment of assets carried at revalued amount reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

1.15 Impairment of property, plant and equipment, investment property, intangible assets and heritage assets (continued)

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

Impairment of non-cash-generating assets

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

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.16 Employee benefits

The municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

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.

Post-employment benefits: Defined contribution plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees.

1.16 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.

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 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 by independent qualified actuaries regularly, as may be required for fair presentation.

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

Post-retirement health care benefits

The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, 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.

Past-service costs are recognised immediately, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element.

Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Ex-gratia pension benefits

The municipality provides pension and retirement gratuity benefits to certain employees who were in the employment of the former Paarl, Wellington, Gouda and Saron Municipalities (now incorporated into the Drakenstein Municipality) at 31 December 1994 (Paarl) and 31 March 1995 (Wellington) and still in the employment of Drakenstein Municipality at date of normal retirement, medical disability, retrenchment or death. The gratuity is calculated on the salary benefits during 1994/1995.

The Municipality’s obligation under these plans is valued by independent qualified actuaries, and the corresponding liability is raised.

Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries

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.

Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

1.16 Employee benefits (continued)

National- and provincially administered defined benefit plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued every 3 years on the projected unit credit method basis.

Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

The municipality does not apply defined benefit accounting to the defined benefit funds to which it is a member where these funds are classified in terms of the Standard of GRAP 25 on Employee Benefits as multiemployer plans, as sufficient information is not available to apply the principals involved. As a result, this standard of GRAP is applied and such funds are accounted for as defined contribution funds.

Salaried personnel are members of the Cape Joint Pension fund established in terms of the Local Authorities Pension Fund Ordinance, 1969 (Ordinance 23 of 1969), and the provisions of the Pension Fund Act, 1956 (Act 24 of 1956) or the SAMWU National Provident Fund, SALA pension fund, Consolidated retirement fund, Municipal Councillors' pension fund, National fund for municipal workers.

Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end and is shown as an accrual in the Statement of Financial Position. Rand value is used to determine the leave pay, such as the remuneration package of the employee. Accumulated leave is carried forward and can be used in future periods if the current period’s entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee’s employment term. Accumulated leave is vesting.

Provision for bonus

The municipality recognises the expected cost of bonuses as a provision only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made at reporting date.

The performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.17 Leases

Lease classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

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.

1.17 Leases (continued)

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.

1.18 Borrowing costs

Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis. Borrowings are initially recognised at fair value, net of transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method.

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

1.19 Financial instruments (GRAP 104 - 2009) (For Comparative Information)

The municipality has various types of financial instruments, 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.

1.19.1 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's financial assets are classified into three categories based on its management model and the contractual cash flow characteristics of the instruments

- **Financial assets at amortised cost**: These are financial assets held within a management model whose objective is to collect the contractual cash flows and whose contract terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal.

- **Financial assets measured at fair value**: These are financial assets not categorised as measured at amortised cost.

- **Financial assets measured at cost**: Investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured

1.19 Financial instruments (GRAP 104 - 2009) (For Comparative Information) (continued)

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
Finance lease receivables	Financial assets at amortised cost
Non-current receivables from exchange transactions	Financial assets at amortised cost
Current portion of long-term receivables	Financial assets at amortised cost
Receivables from exchange transactions	Financial assets at amortised cost
Receivables from non-exchange transactions	Financial assets at amortised cost
Short-term investments	Financial assets at amortised cost
Cash and cash equivalents	Financial assets at amortised cost
Investments in stock	Financial assets at fair value

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
Payables from Exchange Transactions	Financial liability at amortised cost
Bank overdraft	Financial liability at amortised cost
Consumer Deposits	Financial liability at amortised cost

Financial liabilities that are measured at fair value are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial liabilities where there is recent actual evidence of short-term profiteering or are derivatives).

Any other financial liabilities should be classified as financial liabilities at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.19 Financial instruments (GRAP 104 - 2009) (For Comparative Information) (continued)

1.19.2 Initial and subsequent measurement

Initial recognition and measurement

Financial assets:

Financial assets at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis.

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.

Financial liabilities:

Financial liabilities measured at fair value are stated at fair value, with any resultant gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities classified at amortised cost (all payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest-bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

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.

1.19.3 Impairment of financial assets

Financial assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Trade receivables encompass long term debtors, consumer debtors and other debtors. A provision for impairment of trade 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.

According to GRAP 104, the assessment for impairment needs to be made for each individual financial asset separately or for groups of financial assets with similar credit risks. The following methodology was followed to make a provision for bad debts for the year under review:

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.

1.19 Financial instruments (GRAP 104 - 2009) (For Comparative Information) (continued)

Other debtors

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

Long-term debtors

Housing loans

The loans in this group are assessed by reviewing their payment histories and ratios. Provision for impairment is made accordingly.

Other long-term loans

No provision for impairment is made for Other long-term loans, because it is envisaged that these debts will be fully recovered.

Other financial assets at amortised cost are assessed individually for impairment.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off directly through the Statement of Financial Performance. Subsequent recoveries of amounts previously written off are recognised in the Statement of Financial Position. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance and Financial Position.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance and Financial Position to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.19.4 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.

Financial liabilities

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

1.20 Financial Instruments (GRAP 104 Revised - 2019) (for periods after 1 July 2024)

The municipality has various types of financial instruments, 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.

1.20.1 Classification of Financial Instruments

Financial Assets

A financial asset is any asset that is cash or a contractual right to receive cash. The municipality's financial assets are classified into three categories based on its management model and the contractual cash flow characteristics of the instruments.

1.20 Financial Instruments (GRAP 104 Revised - 2019) (for periods after 1 July 2024) (continued)

- **Financial assets at amortised cost**: These are financial assets held within a management model whose objective is to collect the contractual cash flows and whose contract terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal.

- **Financial assets measured at fair value**: These are financial assets not categorised as measured at amortised cost.

- **Financial assets measured at cost**: 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 classes of financial assets:

Classes of Financial Asset	Classification in terms of GRAP 104
Finance lease receivables	Financial assets at amortised cost
Non-current receivables (exchange)	Financial assets at amortised cost
Current portion of non-current receivables	Financial assets at amortised cost
Receivables from exchange transactions	Financial assets at amortised cost
Receivables from non-exchange transactions	Financial assets at amortised cost
Short-term investments	Financial assets at amortised cost
Cash and cash equivalents	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 municipality's financial liabilities are categorised as financial liabilities measured at amortised cost.

The municipality has the following classes of financial liabilities:

Classes of Financial Liability	Classification in terms of GRAP 104 Revised
Long-term borrowings	Financial liability at amortised cost
Current portion of long-term borrowings	Financial liability at amortised cost
Payables from Exchange Transactions	Financial liability at amortised cost
Bank overdraft	Financial liability at amortised cost
Consumer Deposits	Financial liability at amortised cost

1.20.2 Initial and Subsequent Measurement

Financial Assets:

- Financial assets at amortised cost are initially measured at fair value plus directly attributable transaction costs. The fair value of short-term receivables is the transaction price where the initial credit period granted is no longer than 30 days. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis. All gains and losses, interest and impairment losses are recognised in surplus or deficit.

- Financial assets measured at fair value are initially measured at fair value. Directly attributable transaction costs are recognised in surplus or deficit. 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.

Financial Liabilities:

- Financial liabilities measured at fair value are initially measured at fair value. Directly attributable transaction costs are recognised in surplus or deficit. They are subsequently measured at fair value with any resulting gains or losses recognised in surplus or deficit.

1.20 Financial Instruments (GRAP 104 Revised - 2019) (for periods after 1 July 2024) (continued)

- Financial liabilities at amortised cost are initially measured at fair value less directly attributable transaction costs. The fair value of short-term payables is the transaction price where the initial credit period granted is no longer than 30 days. Subsequently, these liabilities are measured at amortised cost using the Effective Interest Method, with interest recognised on an effective yield basis. All gains and losses and interest are recognised in surplus or deficit.

1.20.3 Impairment of Financial Assets (GRAP 104 Revised)

The municipality recognises a loss allowance for expected credit losses on all financial assets measured at amortised cost.

In compliance with the GRAP 104 simplified approach, the municipality recognizes a loss allowance for expected credit losses (ECL) on all financial assets measured at amortised cost, requiring recognition of the loss allowance for all trade receivables at lifetime expected credit losses from initial recognition until derecognition. The municipality considers a financial asset to be in default when it is more than 90 days past due on its contractual payments, or when there is evidence that the debtor is unlikely to pay their credit obligations in full without the municipality's recourse, such as legal action or a credit-enhancing guarantee.

The provision matrix approach is used, which involves applying historical loss rates to ageing buckets of receivables. The methodology for calculating impairment values on outstanding receivable balances is as follows:

- **Grouping of Receivables (Step 1)**: Receivables are grouped by similar credit risk characteristics. This involves distinguishing by receivable type: Business, Residential, and Other (including government, councillors, and employees).

- **Historical Period of Sales (Step 2)**: The model uses monthly exposure (gross balance due) and payment data from 1 September 2022 to the current date.

- **Historical Payment Profile (Step 3)**: For each group and ageing bucket, the probability of repayment (RPx) is calculated by dividing the total value of payments received by the total outstanding balances.

- **Historical Loss Rate (Step 4)**: The probability of non-payment (impairment probability) for each ageing bucket is estimated using a conditional probability approach, assessing the likelihood that a debtor will ultimately fail to settle their balance. These probabilities are derived from historical payment patterns and applied to each exposure group. The impairment probability for the 1830+ bucket is set at 100%.

- **Adjustment for Current and Forward-Looking Information (Step 5)**: While GRAP 104 requires considering current conditions and reasonable, supportable forward-looking information, it was concluded that there is no significant evidence to suggest that current or forward-looking economic conditions materially impact debtor payment behavior beyond what is reflected in the historical data, particularly given the short-tailed nature of outstanding balances. Collateral, specifically consumer deposits, is not consistently applied and therefore not included in the ECL model. The discounting of impairment values is not considered necessary as the impact is immaterial.

- **Calculation of Expected Credit Loss (Step 6)**: The expected loss rates are applied to the ageing profile of receivables at the reporting date to determine the total expected credit loss (ECL) amount.

The carrying amount of the receivables is reduced through the use of an allowance account with the movement (impairment loss or gain) being recognised in surplus or deficit.

General approach

The general approach is applied to cash and cash equivalents and non-current receivables. The approach determines the loss allowance based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at an amount equal to the 12-month expected credit losses. For the instruments where the credit risk has increased significantly, lifetime expected credit losses are recognised. The municipality assumes that the credit risk has increased significantly if the balance is more than 30 days past due and that the credit risk has not increased when the credit risk is assessed as low.

The municipality considers financial assets to be in default when the balance is more than 90 days past due or the debtor is unlikely to pay their credit obligations in full, without recourse by the municipality.

Accounting Policies

1.20 Financial Instruments (GRAP 104 Revised - 2019) (for periods after 1 July 2024) (continued)

The municipality assesses the credit risk rating of cash and cash equivalents by using the latest published credit ratings from Moody's. The municipality considers cash and cash equivalents to have a low credit risk when the credit risk rating is Baa3 or higher.

ECLs are a probability-weighted estimate of credit losses. These probabilities of non-payment are derived from historical payment patterns and where necessary, these are adjusted for current conditions and reasonable, supportable forward-looking information. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the municipality per the contract and the cash flows that the municipality expects to receive). The ECL is discounted using the effective interest rate of the financial asset.

Write offs

The gross carrying amount of a financial asset is written off when the municipality has no reasonable expectation of recovering the outstanding balance and the Council has approved the write-off. When financial assets are considered uncollectible, it is written off directly through the Statement of Financial Performance. The amounts written off are not subject to enforcement activities. Subsequent recoveries of amounts previously written off are recognised in the Statement of Financial Performance. However, the municipality does not expect a significant recovery of the amounts written off.

1.20.4 Derecognition

Financial Assets

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire, are cancelled or waived, or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. Any resulting gain or loss is recognised in surplus or deficit.

Financial Liabilities

The municipality derecognises financial liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire. Any resulting gain or loss is recognised in surplus or deficit.

1.21 Statutory receivables

1.21.1 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.

The municipality has the following major categories under the ambit of statutory receivables:

- VAT receivables
- Rates debtors
- Traffic fine debtors
- Availability charges debtors:
  - Electricity;
  - Water;
  - Waste; and
  - Waste water.

1.21.2 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.

1.21 Statutory receivables (continued)

1.21.3 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.

1.21.4 Impairment of statutory receivables

Statutory receivables, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Statutory receivables are impaired where there is objective evidence of impairment of Statutory receivables (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 108.

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.

According to GRAP 108, the assessment for impairment needs to be made for each individual financial asset separately or for groups of statutory receivables with similar credit risks. The following methodology was followed to make a provision for bad debts for the year under review:

Rates debtors and availability charge debtors

Rates 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.

Traffic fine debtors

Traffic fine debtors are reviewed collectively considering payment histories and disputes about certain amounts. Provision for impairment is made accordingly.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.21.5 De-recognition of statutory receivables

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.

1.21 Statutory receivables (continued)

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.

1.22 Revenue

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Recognition and measurement

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

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.

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

1.22 Revenue (continued)

1.22.1 Revenue from exchange transactions

Service charges

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers. Basic fees are calculated per the size of connection.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Pre-paid electricity

Revenue from the sale of pre-paid electricity are recognised at the point of sale. Revenue from the sale of prepaid electricity are recognised based on an estimate of the pre-paid electricity consumed as at the reporting date.

Interest earned and rentals received

Interest and rentals are recognised on a time proportion basis that takes into account the effective yield on the investment.

Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

Traffic charges

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

Income from agency services

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

1.22 Revenue (continued)

Housing rental and instalments

Finance income from the sale of housing by way of instalment sale agreements or finance leases is recognised on a time proportion basis.

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.

1.22.2 Revenue from non-exchange transactions

Rates and taxes

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

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.

Revenue from public contributions 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 are brought into use.

Assets acquired in non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

1.22 Revenue (continued)

Government grants and receipts

- Unconditional grants

Equitable share allocations are recognised in revenue upon receipt of funds during financial year.

- Conditional grants and receipts

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.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Revenue 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 are brought into use.

- Interest earned on unspent grants and receipts

Interest earned on unspent grants and receipts 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 and Financial Position in accordance with GRAP 9.

Services received in-kind

Services in kind are recognised at its fair value when it is material to the operations and/or service delivery objectives and when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably. If the services in-kind are not material to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

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 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

Revenue recognition of unclaimed deposits

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

Availability fees

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

1.23 Accounting by principal and agents

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.

1.23 Accounting by principal and agents (continued)

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.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

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

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

1.24 Housing arrangements

The ASB issued the guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme.

Top structures

Where the municipality acts as a project manager in a housing arrangement, it is regarded as an agent in terms of the principles of GRAP 109 - Accounting by Principals and Agents.

1.24 Housing arrangements (continued)

Where the municipality is regarded as an agent, costs related to the construction of top structures and the related recovery thereof (revenue) is not be recognised in the Statement of Financial Performance of the municipality.

Where the municipality is identified as a project developer, the construction of the houses is performed by the municipality or by the appointment of a sub-contractor to undertake the construction on the municipality's behalf. The municipality applies the GRAP 11, Construction Contracts to account for these construction activities.

Where the municipality is regarded as the project developer and if the outcome of the construction contract can be estimated reliably, then contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed with reference to surveys of work performed. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. Contract revenue will be in the form of a grant from the Department of Human settlements and presented and disclosed under transfers and subsidies in the Statement of Financial Performance.

Contract costs are recognised as an expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Other transactions related to housing arrangements:

Other transactions may also arise from the Housing Arrangements and fall within the ambit of GRAP 11: Construction Contracts, others with GRAP 9: Revenue from Exchange Transactions, GRAP 23: Revenue from Non-exchange Transactions and GRAP 109: Principal Agent Arrangements.

- Income from grants pertaining to the planning and construction of civil services of a project is considered to be grants and subsidies in terms of GRAP 23: Revenue from Non-exchange Transactions.
- Receipts directly attributable to the administration of beneficiaries are accounted for under Operational Revenue as Housing services rendered in terms of GRAP 9: Revenue from Exchange Transactions.
- Receipts that are received to register the title deed in the name of the beneficiary are regarded as receipts and payments on behalf of the beneficiaries in terms of GRAP 109: Principal Agent Arrangements, and as such the municipality is regarded as an agent.

1.25 Value Added Tax

The municipality is registered with the South African Revenue Service (SARS) for Value Added Tax (VAT) on the payments basis, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

The Municipality distinguishes between the following categories of VAT:

- **VAT Control (VAT Return Balance)**
  The balance due to or receivable from SARS at year-end is classified as a statutory payable or -receivable and presented as part the VAT Receivable or VAT Payable line item on the Statement of Financial Position.

- **VAT Input (Accrual VAT Transactions)**
  VAT incurred on goods and services acquired, where the related trade payables remain unpaid at year-end, is classified as a statutory receivable and is presented as part of VAT Receivable or VAT Payable on the Statement of Financial Position. In line with the payment basis principles, such VAT is only claimable once payment has been effected to the creditor.

- **VAT Accrual on receivable**
  The contra account of VAT arising on revenue transactions, where amounts are accrued or invoiced to debtors but not yet received, is classified as a statutory payable and presented under payables from exchange transactions. Such VAT becomes payable to SARS only once the related debtor has settled the outstanding balance and thus presented separately from other VAT balances

- **VAT on provision for Impairment**
  Contra account of VAT associated with the provision for impairment of receivables is presented under payables from exchange transactions.

1.26 Grants-in-aid

The municipality transfers money to individuals, organizations and other sectors of government from time to time. When making these transfers, the municipality does not:

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

These transfers are recognised in the audited annual financial statements as expenses in the period that the events giving rise to the transfer occurred.

1.27 Unauthorised expenditure

Section 1 of the MFMA, defines Unauthorised expenditure as follows:

- Overspending of the total amount appropriated in the municipality’s approved budget;
- Overspending of the total amount appropriated for a vote in the approved budget;
- Expenditure from a vote unrelated to the department or functional area covered by the vote;
- Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- Spending of an allocation referred to in the above paragraphs of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- A grant by the municipality otherwise than in accordance with this Act.

Section 1 of the MFMA also defines a Vote as:

- One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

The municipality uses the Municipal Standard Chart of Accounts (mSCOA) Functions and Sub-functions, previously the Government Finance Statistics (GFS) functions, as well as departments as the main groupings of segments of the municipality's budget segments within the municipality are grouped per department to facilitate greater accountability and budget implementation by the respective Executive Directors as well as per mSCOA classification to facilitate comparisons on a higher level.

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. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

1.28 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act 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 municipality’s supply chain management policy.

1.29 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. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

1.30 Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the municipality at exchange rates at the dates of the transactions.

1.30 Foreign currencies (continued)

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gains or loss on monetary items is the difference between amortised cost or fair value in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in surplus or deficit.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Cash flows arising from transactions in a foreign currency are recorded in Rand's by applying, to the foreign currency amount, the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.31 Change in accounting policies, estimates and errors

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

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

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Details of changes in accounting policies, changes in estimates and correction of errors are disclosed in the notes to the audited annual financial statements where applicable.

1.32 Related parties and related party transactions

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Close members of the family of an individual are those family members who may be expected to influence or be influenced by that individual in their dealings with the municipality. An individual is considered to be a close member of the family of another individual if they are married or live together in a relationship similar to a marriage; or if they are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration.

In the case of permanent employees acting in management positions, only the remuneration received additionally for acting in that position is disclosed.

Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the municipality.

1.32 Related parties and related party transactions (continued)

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

1.33 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the audited 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 audited annual financial statements.

1.34 Segmental reporting

A segment is an activity of an entity:

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

The reportable segments identified are those functional segments reported in the Government Finance Statistics (GFS's) format and the Municipal Vote (Departmental) format per the Monthly Section 71 Management Reports. The information that will be reported is aligned to the Monthly Section 71 reports which are reviewed by the executive management. The Government Finance Statistics (GFS's) format allows for universal comparability of segments. The main factors considered in selecting the segments were the level of comparability with other preparers and a level of aggregation that does not detract from presenting the separate revenue or service delivery components.

The Municipality uses the Municipal Vote (Departmental) as Primary and the GFS as Secondary segment reporting levels.

The report will not be aggregated.

The municipality manages its assets and liability as a whole. Only capital expenditure is reviewed based on the location. All other asset and liability management techniques are focused on the asset base as a whole rather than the asset and liability management for a specific area. Service delivery staff are organised in such a manner that service delivery takes place timeously in each town, but it's not a strategic principle to organise assets and liabilities in such a manner that each town is its own small economic/service delivery unit that can operate separately from the rest of the organisation. Segment reporting per geographic area is therefore not deemed relevant.

The assets and liabilities are not reviewed at all on a segregated basis.

The reporting measurement basis for the management reports is the same as that of the Annual Financial Statements.

1.35 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.

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.

Accounting Policies

1.36 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.

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.

1.37 Capital commitments

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

1.38 Consumer deposits

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

1.39 Unspent conditional grants and receipts

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies, and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. The revenue is driven by legislation.

Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered a financial instrument

The liability must always be cash-backed.

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 is transferred to revenue in the Statement of Financial Performance.

2. Key judgements and sources of estimation uncertainty

In the application of the municipality's accounting policies, which are described above, management is required to make judgements, estimates and assumptions 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 experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results 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.

2.1. Judgements

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

Materiality

Materiality is judged by reference to the size and nature of the item. The deciding factor is whether the omission or misstatement could, individually or collectively, influence the decisions that users make on the basis of these audited annual financial statements.

In preparation of the audited annual financial statements materiality has been considered in:
- Deciding what to report in the audited annual financial statements and how to present it.
- Assessing the effect of omissions, misstatements and errors on the audited annual financial statements

In assessing whether an item, transaction or event is material, specific thresholds for specific items, transactions and events, or aggregations thereof has been developed. These thresholds are used to make decisions about the reporting of information (i.e. how to recognise, measure, present and disclose items, transactions and events), and used as a margin of error or framework within which to assess misstatements and errors.

	2025	
	Base Rand	**Level of materiality Rand**
Classes of transactions		
Revenue	3,916,626,880	19,583,134
Capital and Operational Expenditure	4,015,851,263	20,079,256
Total Assets	8,157,538,553	40,787,693
Equity (Net Assets)	5,667,385,065	28,336,925

Based on professional judgement the quantitative value of materiality for the 2025 financial year is set at R19.6 million.

The municipality has also considered whether certain transactions or balances may be qualitatively material based on the inherent characteristics thereof, even though the transaction or balance is quantitatively immaterial, if:
- The item, transaction or event relates to legal or regulatory requirements.
- Related party transactions.
- The regularity or frequency with which an item, transaction or event occurs.
- The item, transaction or event results in the reversal of a trend.
- The item, transaction or event is likely to result in a change in accounting policy.
- The commencement of a new function, or the reduction or cessation of an existing function.
- The degree of estimation or judgement that is needed to determine the value of an item, transaction or event.
- An item, transaction or event that affects the going concern assumption of the municipality.

2. Key judgements and sources of estimation uncertainty (continued)

Lease classification – Municipality as lessor

The municipality has entered into commercial property leases on its investment property portfolio. 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.

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.

Classification of property as held for strategic purposes

The municipality classifies vacant land that is earmarked for future development in terms of the municipality’s Spatial Development Framework, as property, plant and equipment, rather than investment property.

Criteria for the classification of properties as investment property rather than property, plant and equipment, when classification is difficult

All properties held to earn market-related rentals or for capital appreciation or both and that are not for administrative purposes and that will not be sold in the ordinary course of operations are classified as investment property.

Land held for currently undetermined future use

Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment property. The rental revenue generated is incidental to the purposes for which the property is held.

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.

Determination of repairs and maintenance cost

Repairs and maintenance is based on management's own judgement of costs incurred in cost centres responsible for the maintenance and repair of municipality owned assets.

Notes to the Audited Annual Financial Statements

Figure in Rand	2025	2024

2. Key judgements and sources of estimation uncertainty (continued)

2.2. 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:

Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Classification of financial assets and liabilities

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

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

Impairment of receivables

The Municipality applies the Expected Credit Loss (ECL) model as required by GRAP 104: Financial Instruments for its financial assets. For trade receivables and lease receivables, the simplified approach is applied, requiring the recognition of lifetime expected credit losses from initial recognition until derecognition.

In making the estimation of the impairment, management uses a provision matrix methodology, which involves grouping receivables with similar credit risk characteristics, analysing historical payment profiles across ageing buckets, and applying impairment probabilities to determine expected losses.

Key judgements and estimations involved in the ECL model include:.

- **Grouping of Receivables**: Debtors are grouped by debtor type (Business, Residential, and Other, including government, councillors, and employees) to ensure a consistent assessment of credit risk within each segment.

- **Ageing Buckets**: Historical payment patterns are consolidated into specific ageing buckets (e.g., 0, 30, 60, 90, 120, 150, 180, 210-360, 390-720, 750-1080, 1110-1440, and 1470-1830 days) to ensure statistical credibility and reliable estimation of payment behaviour.

- **Impairment Probability**: The likelihood that an account holder will ultimately fail to settle their outstanding balance is derived from historical non-payment rates using a conditional probability approach. An assumption is made that the impairment probability for balances aged 1830+ days is 100%.

- **Forward-Looking Information**: GRAP 104 requires expected credit loss estimates to consider historical loss experience, current conditions, and reasonable, supportable forward-looking information. Management considered general macroeconomic indicators (GDP, unemployment rate, prime interest rate) and business/entity-specific conditions. Based on available data and analysis, it was judged that these factors did not materially impact debtor payment behaviour beyond what is reflected in historical data, and thus, historical loss rates were not adjusted.

- **Discounting**: Interest is levied on outstanding balances at the prime lending rate. However, it was concluded that discounting the impairment values to present value is not necessary as the impact on the impairment value is immaterial.

Management is satisfied that the impairment of financial assets recorded during the year is appropriate and reflects the expected credit losses in accordance with the adopted methodology.

2. Key judgements and sources of estimation uncertainty (continued)

For property rates and availability charges receivables under GRAP 108: Statutory Receivables for statutory receivables grouped receivables with similar credit risk characteristics, analysed historical payment profiles across ageing buckets, and applied impairment probabilities to determine expected losses.

The calculation in respect of the impairment of fine receivables (receivables from non-exchange transactions) is based on an assessment of the past payment history of fines per category.

Valuation of financial assets at fair value

Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Assessment of control over land

Land is regarded under control of the municipality, where it holds legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land (substantive rights).

Land for which the municipality holds legal title, but is not recognised as under its control, include properties under the house selling schemes, or where a transfer/sales agreement has been entered into with a prospective buyer/transferee, that obtains the right control by means of a binding agreement, if specified that by that agreement that the right transfers before legal title transfers.

Land for which the municipality does not hold legal title or have custodian of land appointed in terms of legislation, but which is recognised as under the control of the municipality, are in instances where the municipality has existing infrastructure such as substations or waste water treatment works or permanent facilities, such as office buildings and community facilities, that it receives the sole economic and service potential from.

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

The useful lives of assets are based on management's estimation. Management 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.

Valuation of land and buildings and fair value estimations of investment property

Land and buildings were valued and the fair value of investment property determined, by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

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 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 considers the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of non-cash generating Assets and GRAP 26: Impairment of cash generating assets.

Notes to the Audited Annual Financial Statements

Figure in Rand	2025	2024

2. Key judgements and sources of estimation uncertainty (continued)

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions, and when measuring contingent liabilities. Provisions are measured at the management'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.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers. The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money. The increase in the rehabilitation provision due to passage of time is recognised as finance cost in the Statement of Financial Performance.

Revenue recognition

The Accounting Policies on Revenue from Exchange Transactions and Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality. In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-exchange Transactions.

In particular, in regard to revenue from exchange revenue - when goods are sold, whether the management had transferred to the buyer the significant risks and rewards of ownership of the goods; and, when services is rendered, whether the service has been rendered.

Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. In regard to revenue from non-exchange transactions - significant estimations were made to the initial recognition and measurement of revenue on fines, on the estimated reductions on initial recognition and measurement. Based on past experience, of the amount of revenue the municipality is entitled to collect was calculated as 3.47% of the value of the fines issued, whereas it was estimated that 82.15% of the value of the fines issued were impaired. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Budget information

Management assumes deviations between budget and actual amounts to be material when a deviation of more than 10% exists. All material differences are explained in the notes to the audited annual financial statements.

Management also calculates and supplies some estimates to the calculation of:
- Water inventory;
- Bonus provision accrual;
- Performance bonus accrual;
- Staff leave accrual; and
- Prepaid electricity accrual.

3. Property, plant and equipment

3.1 Reconciliation summary

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,087,045,382	(73,689)	**1,086,971,693**	1,084,632,843	(73,689)	**1,084,559,154**
Buildings	1,178,461,252	(277,690,307)	**900,770,945**	1,163,264,611	(208,217,072)	**955,047,539**
Other Structures and Facilities	56,327,489	(18,538,127)	**37,789,362**	51,272,213	(15,777,470)	**35,494,743**
Electrical Infrastructure	2,649,622,173	(1,400,639,301)	**1,248,982,872**	2,588,174,679	(1,370,302,958)	**1,217,871,721**
Water Supply Infrastructure	1,745,497,842	(748,432,291)	**997,065,551**	1,733,409,344	(716,572,720)	**1,016,836,624**
Solid Waste Infrastructure	183,217,407	(121,118,291)	**62,099,116**	185,053,536	(115,211,315)	**69,842,221**
Sanitation Infrastructure	2,335,282,655	(673,394,584)	**1,661,888,071**	2,015,313,402	(646,601,143)	**1,368,712,259**
Roads Infrastructure	1,654,937,019	(950,486,244)	**704,450,775**	1,571,832,337	(913,071,085)	**658,761,252**
Storm Water Infrastructure	275,826,907	(132,495,323)	**143,331,584**	270,657,270	(128,963,039)	**141,694,231**
Transport Assets	262,983,150	(112,046,661)	**150,936,489**	232,115,705	(106,157,614)	**125,958,091**
Machinery and Equipment	52,383,236	(39,596,975)	**12,786,261**	48,455,942	(36,882,927)	**11,573,015**
Furniture and Office Equipment	56,215,070	(46,673,656)	**9,541,414**	54,515,124	(43,742,244)	**10,772,880**
Computer Equipment	63,727,192	(46,146,565)	**17,580,627**	57,829,116	(40,359,581)	**17,469,535**
Other Movable Assets	36,950,928	(21,629,011)	**15,321,917**	34,033,066	(19,034,902)	**14,998,164**
Capital Spares	29,117,084	-	**29,117,084**	20,088,057	-	**20,088,057**
Total	**11,667,594,786**	**(4,588,961,025)**	**7,078,633,761**	**11,110,647,245**	**(4,360,967,759)**	**6,749,679,486**

Included in the carrying value for land is an amount of R2,945,685 (2024: R2,945,685) for land assets where the municipality is not the legal owner or the appointed custodian in terms of legislation, but the land to be under the control of the municipality in terms of iGRAP 18. Please refer to note 2 for key judgements and assumptions made regarding control of land.

The prior year comparatives have been restated, please refer to note 49 for more detail information.

Included in the above are the following work-in-progress projects:

	2025		2024	
	Cost / Valuation	Carrying value	Cost / Valuation	Carrying value
Buildings	36,335,200	**36,335,200**	35,228,665	**35,228,665**
Other Structures and Facilities	5,422,630	**5,422,630**	1,554,679	**1,554,679**
Electrical Infrastructure	142,232,450	**142,232,450**	137,526,657	**137,526,657**
Water Supply Infrastructure	47,048,717	**47,048,717**	46,434,861	**46,434,861**
Solid Waste Infrastructure	1,999,999	**1,999,999**	5,387,943	**5,387,943**
Sanitation Infrastructure	480,421,164	**480,421,164**	281,293,233	**281,293,233**
Roads Infrastructure	55,168,111	**55,168,111**	14,494,794	**14,494,794**
Storm Water Infrastructure	5,899,245	**5,899,245**	5,899,245	**5,899,245**
Transport Assets	409,592	**409,592**	-	**-**
Machinery and Equipment	75,900	**75,900**	75,900	**75,900**
Total	**775,013,008**	**775,013,008**	**527,895,977**	**527,895,977**

3. Property, plant and equipment (continued)

3.2 Reconciliation of carrying value

2025

	Opening balance	Additions	Disposals	Transfers received	Transfers made	Other changes, movements	Depreciation	Impairment loss/ reversal	Total
Land	1,084,559,154	7,532,679	(5,120,140)	-	-	-	-	-	**1,086,971,693**
Buildings	955,047,539	16,350,641	(930,886)	-	-	-	(69,696,348)	-	**900,770,946**
Other Structures and Facilities	35,494,742	5,334,358	(118,351)	-	-	-	(2,921,388)	-	**37,789,361**
Electrical Infrastructure	1,217,871,721	72,616,485	(3,991,116)	-	-	(142,013)	(37,372,205)	-	**1,248,982,872**
Water Supply Infrastructure	1,016,836,624	15,397,099	(760,626)	-	-	(730,977)	(33,676,569)	-	**997,065,551**
Solid Waste Infrastructure	69,842,220	5,294,808	-	665,283	(7,796,220)	-	(5,441,846)	(465,129)	**62,099,116**
Sanitation Infrastructure	1,368,712,259	337,852,741	(2,667,795)	-	-	730,977	(42,304,340)	(435,772)	**1,661,888,070**
Roads Infrastructure	658,761,252	84,556,979	(627,374)	-	-	142,013	(38,382,094)	-	**704,450,776**
Storm Water Infrastructure	141,694,230	5,697,725	(74,461)	-	-	-	(3,985,910)	-	**143,331,584**
Transport Assets	125,958,091	32,095,550	(293,789)	-	-	-	(6,823,364)	-	**150,936,488**
Machinery and Equipment	11,573,015	4,064,234	(44,832)	-	-	-	(2,806,157)	-	**12,786,260**
Furniture and Office Equipment	10,772,881	1,705,674	(493)	-	-	-	(2,936,648)	-	**9,541,414**
Computer Equipment	17,469,535	5,992,110	(70,406)	-	-	-	(5,810,612)	-	**17,580,627**
Other Movable Assets	14,998,164	2,917,862	-	-	-	-	(2,594,109)	-	**15,321,917**
Capital Spares	20,088,050	-	-	-	-	9,029,031	-	-	**29,117,081**
Total	**6,749,679,477**	**597,408,945**	**(14,700,269)**	**665,283**	**(7,796,220)**	**9,029,031**	**(254,751,590)**	**(900,901)**	**7,078,633,756**

The remaining useful lives of all assets were adjusted during 2025. This was treated as a change in accounting estimates. All changes in accounting estimates are applied prospectively and accordingly no prior year adjustments were made due to the review of remaining useful lives of assets.

Refer to Note 17 for more information on transfers received and transfers made.

Notes to the Audited Annual Financial Statements

Figure in Rand

3. Property, plant and equipment (continued)

Included in the above are the following work-in-progress projects:

	Opening balance	Additions	WIP Converted to Capital	Total
Buildings	35,228,665	1,135,926	(29,390)	**36,335,201**
Other Structures and Facilities	1,554,679	3,867,950	-	**5,422,629**
Electrical Infrastructure	137,526,657	27,967,441	(23,261,648)	**142,232,450**
Water Supply Infrastructure	46,434,861	2,535,963	(1,922,107)	**47,048,717**
Solid Waste Infrastructure	5,387,943	-	(3,387,945)	**1,999,998**
Sanitation Infrastructure	281,293,233	288,514,131	(89,386,200)	**480,421,164**
Roads Infrastructure	14,494,794	41,622,880	(949,563)	**55,168,111**
Storm Water Infrastructure	5,899,245	-	-	**5,899,245**
Transport Assets	-	409,592	-	**409,592**
Machinery and Equipment	75,900	-	-	**75,900**
Total	**527,895,977**	**366,053,883**	**(118,936,853)**	**775,013,007**

3. Property, plant and equipment (continued)

2024

	Opening balance	Additions	Disposals	Transfers received	Transfers made	Other changes, movements	Depreciation	Impairment loss/ reversal	Total
Land	1,086,860,202	7,000	(2,308,047)	-	-	-	-	-	**1,084,559,155**
Buildings	1,008,737,983	16,200,506	(376,677)	-	-	-	(69,514,272)	-	**955,047,540**
Other Structures and Facilities	36,956,073	1,449,070	-	-	-	-	(2,910,401)	-	**35,494,742**
Electrical Infrastructure	1,181,810,287	84,954,438	(4,988,525)	-	-	148,898	(44,053,377)	-	**1,217,871,721**
Water Supply Infrastructure	1,018,665,225	42,933,974	(374,419)	-	-	(10,865,859)	(33,522,296)	-	**1,016,836,625**
Solid Waste Infrastructure	89,241,457	2,999,000	-	50,834	(15,555,111)	-	(6,893,960)	-	**69,842,220**
Sanitation Infrastructure	1,134,313,514	272,434,261	(165,342)	-	-	942,675	(38,812,849)	-	**1,368,712,259**
Roads Infrastructure	662,796,265	26,652,640	(1,104,486)	-	-	7,677,733	(37,260,900)	-	**658,761,252**
Storm water Infrastructure	131,991,120	11,626,855	(67,655)	-	-	2,096,553	(3,952,642)	-	**141,694,231**
Transport Assets	113,558,711	19,935,228	(304,265)	-	-	-	(6,631,296)	(600,287)	**125,958,091**
Machinery and Equipment	9,481,413	4,518,010	(10,903)	-	-	-	(2,415,506)	-	**11,573,014**
Furniture and Office Equipment	11,685,494	2,589,624	(22,100)	-	-	-	(3,480,138)	-	**10,772,880**
Computer Equipment	17,918,912	5,225,692	(33,087)	-	-	-	(5,641,983)	-	**17,469,534**
Other Movable Assets	12,866,240	4,297,580	-	-	-	-	(2,165,656)	-	**14,998,164**
Capital Spares	12,410,324	-	-	-	-	7,677,725	-	-	**20,088,049**
Total	**6,529,293,220**	**495,823,878**	**(9,755,506)**	**50,834**	**(15,555,111)**	**7,677,725**	**(257,255,276)**	**(600,287)**	**6,749,679,477**

The remaining useful lives of assets were reviewed and adjusted where necessary during 2024. This was treated as a change in accounting estimate. All changes in accounting estimates are applied prospectively and accordingly no prior year adjustments were made due to the review of remaining useful lives of assets.

Refer to Note 17 for more information on transfers received and transfers made.

Notes to the Audited Annual Financial Statements

Figure in Rand

3. Property, plant and equipment (continued)

Included in the above are the following work-in-progress projects:

	Opening balance	Additions	WIP Converted to Capital	Total
Buildings	32,419,452	6,132,599	(3,323,387)	**35,228,664**
Other Structures and Facilities	7,618,322	401,157	(6,464,800)	**1,554,679**
Electrical Infrastructure	120,196,344	47,008,514	(29,678,201)	**137,526,657**
Water Supply Infrastructure	43,799,705	19,115,160	(16,480,004)	**46,434,861**
Solid Waste Infrastructure	3,207,078	2,999,000	(818,135)	**5,387,943**
Sanitation Infrastructure	27,837,377	257,604,762	(4,148,905)	**281,293,234**
Roads Infrastructure	6,563,626	8,004,537	(73,369)	**14,494,794**
Storm water Infrastructure	-	5,899,245	-	**5,899,245**
Machinery and Equipment	75,900	-	-	**75,900**
Total	**241,717,804**	**347,164,974**	**(60,986,801)**	**527,895,977**

Figure in Rand	2025	2024

3. Property, plant and equipment (continued)

3.3 Land and buildings carried at revalued value

Land and buildings were revalued to fair value during the 2021/2022 financial year. The effective date of revaluation was 01-Jul-2021 and the valuation was performed by registered and independent valuers. The independent valuers are not connected to the municipality.

3.4 Property, plant and equipment pledged as security

No assets have been pledge as security.

3.5 Impairment of property, plant and equipment

The municipality assessed its items of property, plant and equipment for any potential impairment losses or reversal of impairment losses on assets.

The following impairment losses were recognised during the year:

Impairments		
Infrastructure assets	900,900	-
Transport assets	-	600,287
Total	**900,900**	**600,287**

Impairment losses on vehichles were predominately due to the assets being damaged beyond repair.

Impairment losses on Infrastructure assets relate to assets impaired as part of the Paarl WWTW upgrade and the discontinuation of the mini-drop-off sites.

3.6 Change in estimate

Useful life of property, plant and equipment

A review of the useful lives and residual values of items of property, plant and equipment has been performed. The change in the estimated useful lives and residual values of various assets of the municipality has resulted in a decrease in depreciation of R 9,383,580 (2024: R 7,018,593). It is difficult to predict and estimate the effect of these changes on future periods.

3.7 Property, plant and equipment under construction

Work in progress projects related to the Simondium Low-Cost housing development and associated infrastructure were delayed for an effective period of 12 months during the financial year ending 30 June 2025. The delay was due to additional environmental approvals which had to be obtained. Additional environmental authorization was obtained on 17 June 2025, and construction is set to continue in September/October 2025. The carrying value of property, plant and equipment that was delayed amounts to R 25,987,082 as of 30 June 2025.

Figure in Rand	2025	2024

3. Property, plant and equipment (continued)

3.8 Maintenance of property, plant and equipment

Preventative and corrective Maintenance

Electrical Infrastructure	75,842,775	64,227,538
Water Supply Infrastructure	30,265,215	27,720,216
Sanitation Infrastructure	38,774,026	34,739,698
Solid Waste Infrastructure	33,634,580	31,923,513
Machinery and Equipment	38,252,793	45,103,093
Furniture and Office Equipment	2,747,419	1,891,784
Computer Equipment	5,866,133	5,736,583
Roads Infrastructure	16,194,966	8,848,542
Buildings	89,215,759	85,745,442
Other Structures and Facilities	265,715	498,478
Total	**331,059,381**	**306,434,887**

4. Heritage assets

4.1 Reconciliation of carrying value

2025

	Land and buildings	Conservation areas and nature reserves	Other assets	Total
Opening carrying value as at 01 July 2024				
Cost	24,295,000	22,250,000	1,088,645	47,633,645
Cost	24,295,000	22,250,000	1,088,645	47,633,645
Accumulated impairment losses	-	-	-	-
Closing carrying value as at 30 June 2025	**24,295,000**	**22,250,000**	**1,088,645**	**47,633,645**

2024

	Land and buildings	Conservation areas and nature reserves	Other assets	Total
Opening carrying value as at 01 July 2023				
Cost	24,295,000	22,250,000	1,088,645	47,633,645
Cost	24,295,000	22,250,000	1,088,645	47,633,645
Accumulated impairment losses	-	-	-	-
Closing carrying value as at 30 June 2024	**24,295,000**	**22,250,000**	**1,088,645**	**47,633,645**

4. Heritage assets (continued)

4.1.1 Heritage assets

Land, Conservation areas, Nature reserves and Buildings Heritage assets were revalued to fair value during the 2021/2022 financial period. The effective date of revaluation was 1 July 2021 and the valuation were performed by registered and independent valuers.

The comparative sales method was applied to land (historical sites and conservation areas), where comparable valid sales in a specific area was used, compared to the specific property, and market valuation derived. Due to the nature of historical buildings and monuments, i.e. where there are no comparable property sales, the generally accepted methodology of these was limited to the discounted replacement cost of the physical structures.

Included in the historical and naturally significant Conservation areas above is the Paarl Mountain (Paarlberg) and the Paarl Arboretum. Paarl Mountain is particularly known for its mountain or "Paarl Rock". The huge granite rock is formed by three rounded outcrops that make up Paarl Mountain and is the second largest granite outcrop in the world and forms part of the Nature Reserve. The site is a Provincial Heritage Site (SAHRA Nr 9/2/069/0028).

The Paarl Arboretum is situated on the eastern bank of the Berg River, is 2.8 km long and occupies approximately 31 ha. Divided into 6 "continents" a unique feature is that trees and shrubs are grouped according to continents of origin. In excess of 2 600 trees and shrubs, entering some 650 different species can be observed.

The following buildings owned by the Municipality, declared Provincial Heritage sites, have been classified as Heritage assets:
1. De Oude Woning, 214 Main Street, Paarl (SAHRA Nr 9/2/069/0105) dating from the late 1780's.
2. The Old Dutch Reformed Church Parsonage (now the Paarl Museum),Van der Lingen plein, Paarl (SAHRA Nr 9/2/069/0071). The Parsonage was built in 1787.
3. Coronation Arch, Victoria Jubilee Park, Church Street, Wellington (SAHRA Nr 9/2/106/0019/1), dating to 1902.

All of the municipality’s Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

4.2 Maintenance of heritage assets

2025

The following maintenance costs were incurred:

	Land and buildings	Conservation areas and nature reserves	Other assets	Total
Contracted Services	539,025	721,622	-	1,260,647
Employee Related Cost	-	6,322,436	-	6,322,436
Inventory	-	80,195	-	80,195
Operational Cost	-	-	-	-
Total	**539,025**	**7,124,253**	**-**	**7,663,278**

4. Heritage assets (continued)

2024

The following maintenance costs were incurred:

	Land and buildings	Conservation areas and nature reserves	Other assets	Total
Contracted Services	-	575,752	-	575,752
Employee Related Cost	-	5,836,025	-	5,836,025
Inventory	-	118,695	-	118,695
Operational Cost	-	-	-	-
Total	**-**	**6,530,472**	**-**	**6,530,472**

5. Intangible assets

5.1 Reconciliation of carrying value

2025

		Computer software	Plans and designs	Licence and rights	Total
Opening carrying value as at 01 July 2024					
Cost		9,546,926	-	163,699	9,710,625
Accumulated depreciation and impairment		(6,501,375)	-	(157,483)	(6,658,858)
		3,045,551	**-**	**6,216**	**3,051,767**
Amortisation	41	(423,583)	-	(6,216)	(429,799)
Carrying value of disposals / transfers					
Cost		(1,744,489)	-	(163,699)	(1,908,188)
Accumulated depreciation and impairment		1,744,489	-	163,699	1,908,188
		-	**-**	**-**	**-**
Closing carrying value as at 30 June 2025		**2,621,968**	**-**	**-**	**2,621,968**
Cost		7,802,436	-	-	7,802,436
Accumulated amortisation and impairment		(5,180,468)	-	-	(5,180,468)
		2,621,968	**-**	**-**	**2,621,968**

5. Intangible assets (continued)

2024

	Note	Computer software	Plans and designs	Licence and rights	Total
Opening carrying value as at 01 July 2023					
Cost		9,667,731	-	887,832	10,555,563
Accumulated amortisation and impairment		(6,011,003)	-	(855,102)	(6,866,105)
		3,656,728	**-**	**32,730**	**3,689,458**
Amortisation	41	(611,178)	-	(13,489)	(624,667)
Carrying value of disposals / transfers					
Cost		(120,805)	-	(724,133)	(844,938)
Accumulated amortisation and impairment		120,805	-	711,107	831,912
		-	**-**	**(13,026)**	**(13,026)**
Closing carrying value as at 30 June 2024		**3,045,550**	**-**	**6,215**	**3,051,765**
Cost		9,546,926	-	163,699	9,710,625
Accumulated amortisation and impairment		(6,501,375)	-	(157,483)	(6,658,858)
		3,045,551	**-**	**6,216**	**3,051,767**

The amortisation expense has been included in the line item 'Depreciation and Amortisation' in the Statement of financial performance (see Note 41).

The amortisation method and useful life of intangible assets is set out in the accounting policy note of intangible assets.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

5.2 Change in estimate

A review of the remaining useful lives for intangible assets has been performed. The change in the estimated remaining useful lives of various intangible assets of the municipality has resulted in a decrease in amortisation of R 181,249 (2024: R 62,511). It is impracticable to estimate the effect of these changes on future periods.

Figure in Rand	2025	2024

6. Investment property

6.1 Reconciliation of carrying value

Opening carrying value		
Cost	88,655,000	81,900,000
Accumulated depreciation and impairment losses	-	-
	88,655,000	**81,900,000**
Fair Value Adjustments	27,635,000	6,755,000
Closing carrying value	**116,290,000**	**88,655,000**
Cost	116,290,000	88,655,000
Accumulated depreciation and impairment losses	-	-
	116,290,000	**88,655,000**

Criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business is set out in the accounting policy note of investment property.

Method of asset valuation 2024/2025

The date of fair value assessment was on 30 June 2025.

Valuations were performed by an independent valuer, (Reg no. 4729), Jean Marais, of Real Direct Property Valuations. The independent valuers are not connected to the municipality and have recent experience in location and category of the investment property being valued.

Each property was identified and inspected and fair values adjusted where appropriate. An investment property could be described as a real estate property that has the ability of earning a return on investment, either through rental income and/or the future resale of the property or both. The methodology applied was therefore based on open market value, taking into account the zoning status of the property, the cost implications of the rezoning process and any other limitations.

A register containing the information required by section 63 of the Municipal Finance Management Act (Act 56 of 2003) is available for inspection at the registered offices of the municipality.

Revenue and expenditure disclosed in the Statement of financial performance include rental revenue earned from investment property the amount of R 268,106 (2024: R 215,224).

All of the municipality’s investment property is held under freehold interests and no investment property had been pledged as security for any liabilities of the municipality.

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

There are contractual obligations for repairs to certain investment property which are leased out.

Notes to the Audited Annual Financial Statements

Figure in Rand		2025	2024

7. Non-current receivables

Other receivables			
Housing selling schemes		-	802
Transferred to current receivables	12	-	(802)
Total non-current other receivables	7.1	**-**	**-**

7.1 Non-current receivables from non-exchange transactions

	2025			2024		
	Gross	**Impairment**	**Total**	**Gross**	**Impairment**	**Total**
Housing selling schemes	-	-	-	11,658	(10,856)	802

7.1.1 Impairment reconciliation of non-current receivables from non-exchange transactions

	2025			2024		
	Opening balance (Revised)	**Impairment reversed / debt written off**	**Closing balance**	**Opening balance**	**Impairment reversed / debt written off**	**Closing balance**
Housing selling schemes	9,646	(9,646)	-	20,163	(9,307)	10,856
Public organisations	-	-	-	77,834	(77,834)	-
Total	**9,646**	**(9,646)**	**-**	**97,997**	**(87,141)**	**10,856**

Notes to the Audited Annual Financial Statements

Figure in Rand		2025	2024

8. Inventory

Consumables	5,877,391	7,521,803
Materials and supplies	64,664,939	47,897,619
Water	577,787	706,470
Spare parts for Plant & Equipment	395,797	404,248
Plants held for resale	223,151	174,011
Land for BNG housing	7,390,540	7,390,540
Less: Inventory held as spare parts for infrastructure assets	(29,117,067)	(20,088,036)
Total Inventories	**50,012,538**	**44,006,655**

No inventories were pledged as security for liabilities.

During the year inventory to the amount of R 412,200 (2024: R248,064) was written off due to discrepancies identified during the annual stock count. An amount of R 1,316,715 (2024: R 91,673) was written off due to valuation of inventory at the lower of cost and NRV in accordance with GRAP 12. Some prior year comparatives have been restated, please refer to note 49 for more detail information.

Inventories of R 29,117,067 (2024: R 20,088,036) are held as major spare parts for infrastructure assets and has been transferred to property, plant and equipment.

R 71,291,953 (2024: R78,646,749) of total inventory was recognised as an expense in the current year.

9. Trade and other receivables from exchange transactions

Trade service and consumer service debtors	9.1		
Electricity		237,212,296	234,559,415
Water		59,796,285	57,500,939
Waste management		31,694,690	33,579,534
Waste water management		26,418,972	27,135,794
Housing rental scheme		1,577,224	1,667,824
Housing selling scheme		208,341	102,078
		356,907,808	**354,545,584**
Other receivables from exchange transactions	9.2		
Sundry debtors		23,150,721	24,653,714
Other receivables from exchange transactions		15,201,758	15,295,472
Less: Provision for impairment		(16,069,118)	(13,381,977)
		22,283,361	**26,567,209**
Total trade and other receivables from exchange transactions		**379,191,169**	**381,112,793**

The prior year comparatives have been restated, please refer to note 49 for more detail information.

9.1 Consumer receivables

The average credit period for consumer receivables is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of consumer receivables.

The management of the municipality is of the opinion that the carrying value of consumer receivables approximate their fair values.

The fair value of consumer receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and consumer receivables as well as the current payment ratio's of the municipality's consumer receivables.

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

	2025			2024		
	Gross	Impairment	Total	Gross	Impairment	Total
Consumer receivables from exchange transactions						
Electricity	275,064,011	(37,851,717)	**237,212,294**	259,876,921	(25,317,505)	**234,559,416**
Water	141,501,404	(81,705,119)	**59,796,285**	130,466,826	(72,965,886)	**57,500,940**
Waste management	94,556,018	(62,861,328)	**31,694,690**	85,631,129	(52,051,595)	**33,579,534**
Waste water management	65,172,122	(38,753,150)	**26,418,972**	58,109,502	(30,973,708)	**27,135,794**
Housing rental scheme	7,917,716	(6,340,492)	**1,577,224**	7,509,950	(5,842,126)	**1,667,824**
Housing selling scheme	1,412,582	(1,204,241)	**208,341**	1,209,240	(1,107,162)	**102,078**
Total	**585,623,853**	**(228,716,047)**	**356,907,806**	**542,803,568**	**(188,257,982)**	**354,545,586**

Notes to the Audited Annual Financial Statements

Figure in Rand

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

9.1.1 Ageing of impaired consumer receivables

2025

	Not due			Past due		
	Current	**Current impaired**	**31 - 60**	**31 - 60 impaired**	**61 - 90**	**61 - 90 Impaired**
Consumer receivables						
Ageing by debt type						
Electricity	222,919,368	4,428,257	7,555,427	1,524,494	3,798,101	1,215,442
Water	33,227,237	1,683,389	6,951,841	2,166,904	4,797,093	2,047,451
Waste management	14,752,979	1,230,392	4,015,310	1,264,228	3,039,445	1,309,130
Waste water management	15,257,911	1,031,697	3,007,277	888,424	2,202,880	891,838
Housing rental scheme	533,607	55,844	270,952	93,117	250,187	115,979
Housing selling scheme	25,452	2,675	23,631	8,214	22,731	10,566
Total	**286,716,554**	**8,432,254**	**21,824,438**	**5,945,381**	**14,110,437**	**5,590,406**

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

	Past due				
	91 - 120+	**91 - 120+ impaired**	**Total**	**Total impaired**	**Total - Past due but not impaired**
Consumer receivables					
Ageing by debt type					
Electricity	40,791,115	30,683,524	275,064,011	37,851,717	18,721,183
Water	96,525,233	75,807,375	141,501,404	81,705,119	28,252,437
Waste management	72,748,285	59,057,578	94,556,019	62,861,328	18,172,104
Waste water management	44,704,054	35,941,191	65,172,122	38,753,150	12,192,758
Housing rental scheme	6,862,969	6,075,552	7,917,715	6,340,492	1,099,460
Housing selling scheme	1,340,768	1,182,786	1,412,582	1,204,241	185,564
Total	**262,972,424**	**208,748,006**	**585,623,853**	**228,716,047**	**78,623,506**

	Not Due		Past due			
	Current	**Current Impaired**	**31-60**	**31-60 Impaired**	**61-90**	**61-90 Impaired**
Other Receivables - Sundry debtors and deposits						
Ageing by debt type						
Sundry debtors and deposits	3,306,205	223,480	856,638	235,250	817,245	266,496
Total	**3,306,205**	**223,480**	**856,638**	**235,250**	**817,245**	**266,496**

Notes to the Audited Annual Financial Statements

Figure in Rand

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

	Past Due				
	91+	**91+ Impaired**	**Total**	**Total Impaired**	**Total - past due but not impaired**
Other Receivables - Sundry debtors and deposits					
Ageing by debt type					
Sundry debtors and deposits	18,170,633	15,343,892	23,150,721	16,069,118	3,998,877
Total	**18,170,633**	**15,343,892**	**23,150,721**	**16,069,118**	**3,998,877**

2024

	Not Due		Past Due			
	Current	**Current impaired**	**31 - 60**	**31 - 60 impaired**	**61 - 90**	**61 - 90 Impaired**
Consumer receivables						
Ageing by debt type						
Electricity	199,846,177	1,914,443	8,074,515	1,834,729	3,239,024	1,538,380
Water	33,287,704	1,857,601	6,521,072	2,124,167	5,852,521	3,298,865
Waste management	14,673,893	481,486	3,958,306	511,610	2,932,054	1,142,762
Waste water management	14,719,200	435,046	2,890,945	445,888	1,963,173	821,543
Housing rental schemes	566,351	4,407	354,644	9,162	269,622	36,849
Housing selling scheme	26,036	943	22,028	944	20,475	784
Total	**263,119,361**	**4,693,926**	**21,821,510**	**4,926,500**	**14,276,869**	**6,839,183**

Notes to the Audited Annual Financial Statements

Figure in Rand

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

	Past due				
	91 - 120+	91 - 120+ impaired	Total	Total impaired	Total - Past due but not impaired
Consumer receivables					
Ageing by debt type					
Electricity	48,717,205	20,029,953	259,876,921	25,317,505	36,627,682
Water	84,805,529	65,685,253	130,466,826	72,965,886	26,070,837
Waste management	64,066,876	49,915,737	85,631,129	52,051,595	19,387,127
Waste water management	38,536,184	29,271,231	58,109,502	30,973,708	12,851,640
Housing rental scheme	6,319,333	5,791,708	7,509,950	5,842,126	1,105,880
Housing selling scheme	1,140,701	1,104,491	1,209,240	1,107,162	76,985
Total	**243,585,828**	**171,798,373**	**542,803,568**	**188,257,982**	**96,120,151**

	Not due		Past due			
	Current	Current Impaired	31 - 60	31 - 60 Impaired	61-90	61-90 Impaired
Other Receivables - Sundry debtors and deposits						
Ageing by debt type						
Sundry debtors and deposits	3,322,733	45,769	770,799	89,708	591,066	146,497
Total	**3,322,733**	**45,769**	**770,799**	**89,708**	**591,066**	**146,497**

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

	Past due				
	91 +	**91 + Impaired**	**Total**	**Total Impaired**	**Total - past due but not impaired**
Other Receivables - Sundry debtors and deposits					
Ageing by debt type					
Sundry debtors and deposits	19,969,113	13,100,003	24,653,711	13,381,977	7,994,770
Total	**19,969,113**	**13,100,003**	**24,653,711**	**13,381,977**	**7,994,770**

The impairment provision for consumer receivables is calculated in accordance with GRAP 104's forward-looking Expected Credit Loss (ECL) model, specifically applying the simplified approach for trade receivables which requires recognition of lifetime expected credit losses from initial recognition until derecognition. This is achieved by developing an impairment model that utilizes historical exposure and payment data, grouped by similar credit risk characteristics such debtor type (Business, Residential, and Other). The model estimates the probability of non-payment for each ageing bucket using a conditional probability approach, reflecting the likelihood that an outstanding balance will ultimately not be repaid over its lifetime. While GRAP 104 requires consideration of current and forward-looking information, the historical loss rates were deemed appropriate without adjustment due to the lack of significant evidence of material impact from macroeconomic factors and the short-tailed nature of the outstanding balances. The concentration of credit risk is limited due to the customer base being large and unrelated.

Included in the Allowance for impairment are individually impaired Consumer receivables with a balance of R1,224,749 (2024: R2,807,846) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these Consumer receivables and the present value of the expected liquidation proceeds. The municipality holds no collateral over these balances.

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

9.2 Other receivables

	2025			2024		
	Gross	Impairment	Total	Gross	Impairment	Total
Other receivables from exchange transactions						
Sundry debtors	23,150,721	-	**23,150,721**	24,653,714	-	**24,653,714**
Other receivables from exchange transactions	15,201,758	-	**15,201,758**	15,295,472	-	**15,295,472**
Less: Provision for impairment	-	(16,069,118)	**(16,069,118)**	-	(13,381,977)	**(13,381,977)**
Total	**38,352,479**	**(16,069,118)**	**22,283,361**	**39,949,186**	**(13,381,977)**	**26,567,209**

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9.2.1 Impairment reconciliation of other receivables from exchange transactions

	2025					2024			
	Opening balance	Implementation of GRAP 104 (Revised)	Remeasurement of loss allowance	Debt written off	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
Other receivables from exchange transactions									
Consumer receivables	188,257,984	21,674,723	48,920,019	(30,136,678)	**228,716,048**	162,447,154	49,117,072	(23,306,242)	**188,257,984**
Other receivables	13,381,977	4,346,356	2,148,377	(3,807,592)	**16,069,118**	13,098,111	925,121	(641,255)	**13,381,977**
Total	**201,639,961**	**26,021,079**	**51,068,396**	**(33,944,270)**	**244,785,166**	**175,545,265**	**50,042,193**	**(23,947,497)**	**201,639,961**

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

The movement in the allowance for impairment in respect of consumer receivables from exchange transactions during the year was as follows:

Opening balance: Impairment under GRAP 104		(201,639,959)
Change due to the implementation of GRAP 104 (Revised)		(26,021,079)
New carrying amount under GRAP 104 (Revised 2019) on 1 July		(227,661,038)
Amounts written off		33,944,270
Amounts derecognized		-
Remeasurement of loss allowance		-
Receivables and leases		(51,068,396)
Closing balance at 30 June		**(244,785,164)**

The increase in the loss allowance of R17,124,126 is a direct result of the increase in the gross carrying amount of financial assets, which grew by R47,632,225 during the period. The municipality applies the simplified approach for trade receivables, recognizing a loss allowance for lifetime expected credit losses from initial recognition until derecognition. This is done using a provision matrix methodology, which applies historical loss rates to different aging buckets of receivables. The increase in the gross carrying amount of receivables, particularly in older aging buckets, directly contributes to the increase in the loss allowance as the methodology uses these gross amounts to calculate expected credit losses. The increase in the gross balances for electricity, water, waste management, and wastewater management directly drove the increase in the loss allowance.

Notes to the Audited Annual Financial Statements

Figure in Rand		2025	2024

10. Receivables from non-exchange transactions

Consumer receivables	10.1		
Property rates		46,128,877	52,418,725
Electricity		530,278	833,436
Water		747,951	958,984
Waste management		1,837,245	1,939,735
Waste water management		1,138,462	1,335,724
Fines		28,232,958	28,986,334
		78,615,771	**86,472,938**
Other receivables	10.1		
Grants and subsidies		18,893,967	9,716,813
Prepayments		10,772,707	9,064,682
Other receivables		4,377,696	5,245,313
		34,044,370	**24,026,808**
Total receivables		**112,660,141**	**110,499,746**

10.1 Receivables from non-exchange transactions

	2025			2024		
	Gross	Impairment	Total	Gross	Impairment	Total
Consumer receivables						
Property rates	72,523,266	(26,394,389)	**46,128,877**	74,017,297	(21,598,572)	**52,418,725**
Electricity	1,255,167	(724,889)	**530,278**	1,376,039	(542,602)	**833,436**
Water	2,859,123	(2,111,172)	**747,951**	2,784,573	(1,825,590)	**958,984**
Waste management	4,879,940	(3,042,695)	**1,837,245**	4,442,034	(2,502,299)	**1,939,735**
Waste water management	4,065,200	(2,926,738)	**1,138,462**	3,806,358	(2,470,634)	**1,335,724**
Fines	196,672,297	(168,439,339)	**28,232,958**	186,575,754	(157,589,420)	**28,986,334**
	282,254,993	**(203,639,222)**	**78,615,771**	**273,002,055**	**(186,529,117)**	**86,472,938**
Other receivables						
Grants and subsidies	18,893,967	-	**18,893,967**	9,716,813	-	**9,716,813**
Prepayments	10,772,707	-	**10,772,707**	9,064,682	-	**9,064,682**
Other receivables	4,377,696	-	**4,377,696**	5,245,313	-	**5,245,313**
	34,044,370	**-**	**34,044,370**	**24,026,808**	**-**	**24,026,808**
Total	**316,299,363**	**(203,639,222)**	**112,660,141**	**297,028,863**	**(186,529,117)**	**110,499,746**

10. Receivables from non-exchange transactions (continued)

10.1.1 Impairment reconciliation of receivables from non-exchange transactions

	2025				2024			
	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
Consumer receivables								
Property rates	(21,598,571)	(5,709,120)	913,302	**(26,394,389)**	(21,087,787)	(1,286,977)	776,192	**(21,598,572)**
Availability charges receivables	(7,341,125)	(1,610,553)	146,184	**(8,805,494)**	(7,419,434)	(185,311)	263,620	**(7,341,125)**
Fines	(157,589,420)	(77,832,269)	66,982,350	**(168,439,339)**	(151,871,425)	(78,983,561)	73,265,566	**(157,589,420)**
Total	**(186,529,116)**	**(85,151,942)**	**68,041,836**	**(203,639,222)**	**(180,378,646)**	**(80,455,849)**	**74,305,378**	**(186,529,117)**

10. Receivables from non-exchange transactions (continued)

10.1.2 Ageing of receivables from non-exchange transactions

2025

	Not due		Past due			
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 Impaired
Consumer receivables						
Aging by debt type						
Property rates	33,085,877	1,817,486	4,014,095	732,846	2,179,662	647,841
Electricity	196,280	10,785	64,964	11,860	46,621	13,857
Water	178,311	9,797	75,898	13,857	61,589	18,306
Waste management	778,471	42,773	152,308	27,807	110,677	32,895
Waste water management	266,529	14,644	113,038	20,637	93,618	27,825
Fines	7,559,938	6,377,996	8,450,379	7,069,331	10,948,550	9,152,333
Total	**42,065,406**	**8,273,481**	**12,870,682**	**7,876,338**	**13,440,717**	**9,893,057**

	Past due				
	91 - 120+	91 - 120+ impaired	Total	Total impaired	Total - Past due but not impaired
Consumer receivables					
Aging by debt type					
Property rates	33,243,632	23,196,217	72,523,265	26,394,390	14,860,484
Electricity	947,301	688,387	1,255,167	724,889	344,783
Water	2,543,324	2,069,213	2,859,123	2,111,172	579,437
Waste management	3,838,484	2,939,220	4,879,940	3,042,695	1,101,547
Waste water management	3,592,016	2,863,632	4,065,200	2,926,738	886,577
Fines	169,713,430	145,839,679	196,672,298	168,439,339	27,051,017
Total	**213,878,187**	**177,596,348**	**282,254,993**	**203,639,223**	**44,823,845**

10. Receivables from non-exchange transactions (continued)

2024

	Not due		Past due			
	Current	**Current impaired**	**31 - 60**	**31 - 60 impaired**	**61 - 90**	**61 - 90 Impaired**
Consumer receivables						
Aging by debt type						
Property rates	34,061,008	678,160	4,083,603	674,194	2,143,647	707,273
Electricity	210,164	6,182	70,058	6,182	56,530	6,012
Water	190,935	5,004	78,505	5,004	67,020	27,130
Waste management	744,346	14,021	166,183	14,021	122,251	55,724
Waste water management	284,691	7,434	117,412	7,434	99,132	40,641
Fines	7,782,425	6,730,114	8,033,975	7,022,213	7,989,881	6,979,958
Total	**43,273,569**	**7,440,915**	**12,549,736**	**7,729,048**	**10,478,461**	**7,816,738**

	Past due				
	91 - 120+	**91 - 120+ impaired**	**Total**	**Total impaired**	**Total - Past due but not impaired**
Consumer receivables					
Aging by debt type					
Property rates	33,729,039	19,538,945	74,017,297	21,598,572	19,035,877
Electricity	1,039,287	524,226	1,376,039	542,602	629,455
Water	2,448,113	1,788,452	2,784,573	1,825,590	773,052
Waste management	3,409,254	2,418,533	4,442,034	2,502,299	1,209,410
Waste water management	3,305,123	2,415,125	3,806,358	2,470,634	1,058,467
Fines	162,769,473	136,857,135	186,575,754	157,589,420	27,934,023
Total	**206,700,289**	**163,542,416**	**273,002,055**	**186,529,117**	**50,640,284**

Property rates

Property rates receivables are statutory receivables and arise from property taxes levied on property owners based on the valuation of properties per the valuation roll in accordance with the Municipal Property Rates Act, No 6 of 2004 and Drakenstein Municipality's Property Rates Policy. A general valuation is performed every 4 years, with supplementary valuations inbetween.

The average credit period for property rates receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of property rates receivables.

The management of the municipality is of the opinion that the carrying value of property rates receivables approximate their fair values.

The impairment provision was calculated after individually assessing property rates receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of property rates debtors.

10. Receivables from non-exchange transactions (continued)

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

Availability charges on water, electricity, refuse and sewerage

Availability charges on Water, Electricity, Refuse & Sewerage receivables are statutory receivables and arise from basic charges levied on vacant properties in accordance with the relevant bylaws of the Drakenstein Municipality.

The average credit period for availability charges on Water, Electricity, Refuse & Sewerage receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Availability charges on Water, Electricity, Refuse & Sewerage receivables.

The management of the municipality is of the opinion that the carrying value of Availability charges on Water, Electricity, Refuse & Sewerage receivables approximate their fair values.

The impairment provision was calculated after individually assessing Availability charges on Water, Electricity, Refuse & Sewerage receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of availability charges on Water, Electricity, Refuse & Sewerage debtors.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

Traffic fines

Traffic fines receivables are statutory receivables and arise from traffic infringements commited and fines issued as a result, in terms of the Criminal Procedure Act, No 501 of 1977.

The traffic fines must be issued within 30 days of offence, after which it is payable. No interest is charged.

The management of the municipality is of the opinion that the carrying value of traffic fines receivables approximate their fair values.

The impairment provision was calculated after collectively assessing traffic fines receivables and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios.

The provision for doubtful debts on traffic fines receivables exist predominantly due to the possibility that these debts will not be recovered were assessed individually for impairment.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

Changes in the estimate of the payment and reduction percentage on fines resulted a decrease of the impairment of R9,719,561 (2024: R925,916) and an increase in the reduction provision of R3,948,337 (2024: R1,503,616).

Other receivables

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies is payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

Notes to the Audited Annual Financial Statements

Figure in Rand	2025	2024

10. Receivables from non-exchange transactions (continued)

The claims instituted against the municipality's insurance company are supported by valid insurance claims which are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

The average credit period for other receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of other receivables.

The management of the municipality is of the opinion that the carrying value of other receivables approximate their fair values.

The fair value of other receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as other receivables. The current payment ratio's of other receivables were also taken into account for fair value determination.

The impairment provision was calculated after individually assessing other receivables and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios.

The provision for doubtful debts on other receivables exist predominantly due to the possibility that these debts will not be recovered were assessed individually for impairment.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

11. Cash and cash equivalents

11.1 Bank accounts

The municipality has the following cash book accounts:

Nedbank Primary Bank Account	260,067,458	92,154,604
Nedbank Secondary Bank Account	6,502,876	425,745
Nedbank Traffic Fines Bank Account	7,880	4,210
Nedbank Motor Vehicle Licensing Bank Account	11,438	2,142
Nedbank Sundry Receipts Bank Account	7,143,669	(1,813,861)
Total	**273,733,321**	**90,772,840**

Bank statement balance at beginning of year	259,021,492	97,756,214
Bank statement balance at end of year	258,125,888	259,021,492
Cash book balance at beginning of year	90,772,840	93,841,326
Bank statement balance at end of year	258,125,888	259,021,492
Net movement / reconciling items	15,607,433	(168,248,652)
Cash book balance at end of year	**273,733,321**	**90,772,840**

Figure in Rand	2025	2024

11. Cash and cash equivalents (continued)

The municipality has the following bank accounts:		
(Bank statement balances)		
Nedbank Primary Bank Account (122-750-451-9)	258,125,888	259,021,492
Nedbank Secondary Bank Account (122-906-183-5)	-	-
Nedbank Traffic Fines Bank Account (122-906-180-0)	-	-
Nedbank Motor Vehicle Licensing Bank Account (122-906-181-9)	-	-
Nedbank Sundry Receipts Bank Account (122-906-184-3)	-	-
	258,125,888	**259,021,492**

11.2 Cash and cash equivalents

Cash and cash equivalents consist of the following:

Call deposits and investments		
Short term investment deposits	755,196,197	606,724,781
Cash at bank		
Bank account	273,733,321	90,772,840
Cash on hand	3,350	8,200
Total cash and cash equivalents	**1,028,932,868**	**697,505,821**

All account balances are cleared on a daily basis to the main account. The municipality does not have an overdraft facility with Nedbank.

For the purposes of the Cash flow statement, bank balances, cash and cash equivalents include cash-on-hand, cash in banks and investments less than 12 months.

The management of the municipality is of the opinion that the carrying value of bank balances, cash and cash equivalents recorded at amortised cost in the audited annual financial statements approximate their fair values.

The fair value of bank balances, cash and cash equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

Notes to the Audited Annual Financial Statements

Figure in Rand	2025	2024

11. Cash and cash equivalents (continued)

Call deposits and investments by financial institution

Institution	Account number	Account type	2025	2024
ABSA BANK	93-5338-8392	CALL DEPOSIT	143,849,586	132,181,336
ABSA BANK	93-5591-4684	CALL DEPOSIT	73,424,468	67,468,699
ABSA BANK	93-5612-6210	CALL DEPOSIT	74,573,012	68,524,079
ABSA BANK	90-5907-5162	CALL DEPOSIT	71	71
			291,847,137	**268,174,185**
NEDBANK	03/7881536373/000052	CALL DEPOSIT	715,140	6,649,089
NEDBANK	03/7881182954/000002	NOTICE DEPOSIT ACCOUNT	17,825,000	17,825,000
			18,540,140	**24,474,089**
AFRICAN BANK	110-0061-1166	CALL DEPOSIT	315,144,626	197,857,096
			315,144,626	**197,857,096**
STANDARD BANK	07 875 830 0 - 057	CALL DEPOSIT	-	28,844,157
STANDARD BANK	07 875 830 0 - 060	CALL DEPOSIT	-	60,220,781
STANDARD BANK	07 875 830 0 - 063	CALL DEPOSIT	29,543,472	27,154,475
STANDARD BANK	07 875 830 0 - 067	CALL DEPOSIT	100,120,822	-
			129,664,294	**116,219,413**
Total investments			**755,196,197**	**606,724,783**

12. Current portion of non-current receivables

	2025	2024
Other receivables		
Housing Selling Schemes	-	802

13. VAT Receivable

	2025	2024
Accrual VAT transactions	20,529,995	35,935,267
VAT return balance	29,475,486	6,540,984
Total	**50,005,481**	**42,476,251**

The prior year comparatives have been restated, please refer to note 49 for more detail information.

VAT Receivable, interest and other charges arises from Value Added Tax Act 89 of 1991 and is a statutory receivable in terms of GRAP 108.

14. Borrowings

	2025	2024
Total borrowings		
Annuity Loans	1,364,427,697	1,455,252,442
Less: Current portion transferred to current liabilities		
Annuity Loans	(102,171,671)	(90,824,743)
Total non-current borrowings	**1,262,256,026**	**1,364,427,699**

Notes to the Audited Annual Financial Statements

Figure in Rand		2025	2024

14. Borrowings (continued)

14.1 Summary of arrangements

Annuity loans are repaid over periods varying from 3 to 12 (2024: 4 to 13) years and at interest rates varying from 10.73% to 11.48% (2024: 10.73% to 11.48%) per annum.

Annuity loans are not secured.

The fair value of borrowings was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix 'A' for more detail on borrowings.

15. Finance lease liabilities

		2025	2024
Finance lease liabilities	15.1	1,075,800	472,639
Less: Transferred to current liabilities		(351,619)	(472,639)
Total non-current liabilities		**724,181**	**-**

15.1 Obligation under finance leases

The municipality as lessee

The obligations under finance leases are as follow:

	2025	2024
Total future minimum lease payments		
Payable within 1 year	427,275	564,408
Payable within 2 to 5 years	783,337	-
Total minimum lease payments	**1,210,612**	**564,408**
Less: Future finance charges	(134,813)	(91,769)
Total	**1,075,799**	**472,639**
Present value of minimum lease payments		
Payable within 1 year	351,619	472,639
Payable within 2 to 5 years	724,180	-
Total	**1,075,799**	**472,639**

Finance leases were entered into for certain photocopier machines and IP telephones for a lease period of 36 months. Interest rates are fixed at the inception of the agreements. No arrangements have been entered into for contingent rental payments. The minimum lease payments equal the fair value of the equipment.

Notes to the Audited Annual Financial Statements

Figure in Rand		2025	2024

16. Employee benefits

Non-current employee benefits			
Post employment health care benefits	16.1	221,730,460	204,669,000
Ex-gratia pension benefits	16.2	155,503	370,000
Provision for long-service awards	16.3	47,564,391	42,625,000
		269,450,354	**247,664,000**
Current employee benefits			
Post employment health care benefits	16.1	13,957,669	12,708,000
Ex-gratia pension benefits	16.2	45,877	58,000
Provision for long-service awards	16.3	6,324,765	8,696,000
Provision for bonuses	16.4	23,708,443	22,053,981
Performance bonuses	16.5	1,529,944	2,284,468
Leave	16.6	49,990,602	48,557,913
		95,557,300	**94,358,362**
Total		**365,007,654**	**342,022,362**

16.1 Post employment health care benefits

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who started before 31 December 2024 and is on the current conditions of service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees.

Subsidy arrangements

The municipality has agreed to subsidise the medical aid contributions of retired members in the following way:

- Only employees appointed before 1 January 2025 will be eligible for the post-employment medical aid benefit.
- Upon retirement, pensioners will receive a 70% subsidy from Drakenstein in respect of their monthly medical aid contributions.
- The contributions shall be in respect of the member and his/her spouse only.
- The spouse is eligible to receive the subsidy if he/she is registered on the member's medical aid at the time of the member's retirement (early or normal), death or termination due to ill health.
- Drakenstein will continue to pay the subsidy to the surviving spouse in the event of the member's death, provided the spouse was registered on the member's medical aid as mentioned above.

Due to the nature of the benefit, the Municipality is mainly exposed to the risk of changes in the assumed level of mortality; changes in medical aid inflation (including to possible effect of the implementation of the NHI); and changes in the market interest rates (that influences the discount rate) and changes in the average retirement age.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by One Pangaea Expertise and Solutions. 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.

The Post employment health care benefits plan is a defined benefit plan, of which the members are made up as follow:

	Number	Number
In-service members (Employees)	739	723
Continuation members (Retirees)	219	218
Total members	**958**	**941**

Figure in Rand	2025	2024

16. Employee benefits (continued)

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

In-service members (Employees)	117,827,305	103,846,000
Continuation members (Retirees)	117,860,824	113,531,000
Total liability	**235,688,129**	**217,377,000**

Non-current liabilities	221,730,460	204,669,000
Current liabilities	13,957,669	12,708,000
Total liability	**235,688,129**	**217,377,000**

Medical aid schemes

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

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

The Future-service Cost for the ensuing year is estimated to be R 7,804,576 whereas the Interest Cost is estimated to be R 26,424,340.

16. Employee benefits (continued)

Valuation assumptions

The principal assumptions used for the purposes of the actuarial valuations were as follow:

GRAP 25 defines the determination of the Discount Rate Assumption to be used as follow:

GRAP25 defines the investment return assumption as the rate determined by referencing market yields on government bonds at the balance sheet date. The currency and term of these bonds should align with the currency and estimated term of the obligation.

According to GRAP 25: "The discount rate that reflects the time value of money is best approximated by reference to market yields at the end of the reporting period on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter-term payments and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve. The total present value of a defined benefit obligation is unlikely to be particularly sensitive to the discount rate applied to the portion of benefits that is payable beyond the final maturity of the available financial instrument."

The NACS (Nominal and Real) Zero Curves published by the Johannesburg Stock Exchange are used to derive the discount rate. The Nominal NACS curve illustrates nominal zero-coupon yields, compounded semi-annually, providing insight into nominal returns at various durations. Similarly, the Real NACS curve illustrates real zero-coupon bond yields, compounded semi-annually, offering an understanding of real returns at different durations.

The methodology for setting financial assumptions has been updated to be more duration-specific. As of the previous valuation report on June 30, 2024, the duration of liabilities was 11.11 years. For this duration, the discount rate, determined using the Bond Exchange Zero Coupon Yield Curve as of June 30, 2024, is 11.10% per annum. The yield on inflation-linked bonds of a similar term was approximately 5.34% per annum. This suggests an underlying expectation of inflation of 5.00% per annum ([1+11.10%-0.5%]/[1+5.34%]-1). The 0.5% deduction accounts for market biases and frictions that can distort the nominal–real yield differential, such as seasonal CPI lags in index-linked bonds, liquidity premiums, market segmentation, and compounding projection mismatches.

It has been assumed that healthcare cost inflation would exceed general inflation by 1.50% per annum, resulting in a rate of 6.50% per annum. However, the crucial aspect lies in the relative levels of the discount rate and healthcare cost inflation, rather than their nominal values. Therefore, it has assumed a net discount factor of 4.32% per annum ([1+11.10%]/[1+6.50%]-1).

Rates of interest		
Discount rate	11.10 %	13.35 %
CPI (Consumer price inflation)	5.00 %	7.94 %
Normal salary increase rate	6.50 %	8.94 %
Net effective discount rate	4.32 %	4.21 %

i) Medical aid inflation

It was assumed that future medical aid increases would be linked to the long-term CPI assumption. However, medical aids typically consider a wide range of factors in determining increases. It was assumed that healthcare cost inflation will exceed general inflation by 1.5% per annum.

ii) Mortality rates

Mortality before retirement has been based on the SA 85-90 mortality tables. Mortality post-employment (for pensioners) has been based on the PA (90)-1 ultimate mortality tables with a 1% improvement of mortaility per annum from 2010.

iii) Average and normal retirement age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements. The normal retirement age (NRA) for all active employees was assumed to be 65 years.

16. Employee benefits (continued)

iv) Spouses and dependents

The actuaries assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa. For pensioners the actual marital status was used.

v) Withdrawal rates

A continuation percentage of 75% of post-employment medical aid subsidies at retirement for active members was aasumed. Assumptions have also been made on the withdrawal rates from service per 5 years of age gap and per gender.

	Withdrawal rate males	Withdrawal rate females
Age band		
20 – 24	16.00 %	24.00 %
25 – 29	12.00 %	12.00 %
30 – 34	10.00 %	15.00 %
35 – 39	8.00 %	10.00 %
40 – 44	6.00 %	6.00 %
45 – 49	4.00 %	4.00 %
50 – 54	2.00 %	2.00 %
55 – 59	1.00 %	1.00 %
60 +	0.00 %	0.00 %

Amounts recognised in the statement of financial position

The amounts recognised in the statement of financial position is as follows:

		2025	2024
Present value of unfunded obligations		235,688,129	217,377,000

Amounts recognised in the statement of financial performance

The amounts recognised in the statement of financial performance is as follows:

	Note	2025	2024
Current service cost		6,596,000	5,961,000
Interest cost		26,342,000	27,170,000
Actuarial loss/ (gain) recognised in the year		(2,067,132)	(17,341,902)
Total post-retirement benefit included in employee related costs	38	**30,870,868**	**15,789,098**

The main reasons for the actuarial gain can be attributed to the following factors:

- The net discount rate changed from 4.21% to 4.32% during the valuation period. This decreased the accrued liability by R5,155,288. This is because accrued liability is inversely related to the discount rate used to determine it.
- Actual medical inflation was less than expected, and this led to a decrease in accrued liability to the tune of R4,934,985.
- Participant changes during the valuation period resulted in an increase in liability amounting to R12,910,872. This is net effect of exits and entries on the accrued liability.
- The Other demographic variances resulted in a decrease in liability by R4,887,732. Factors that make up this item are changes to membership composition, data changes from the previous valuation, and variations from demographic assumptions (i.e. rates of withdrawal).

Figure in Rand	2025	2024

16. Employee benefits (continued)

Movements in the present value of the defined benefit obligation

	2025	2024
Balance at the beginning of the year	217,377,000	213,272,000
Current service cost	6,596,000	5,961,000
Interest cost	26,342,000	27,170,000
Actual employer benefit payments	(12,559,740)	(11,684,098)
Actuarial loss/(gain) (Financial Assumptions)	(10,090,272)	(14,335,000)
Actuarial loss/(gain) (Demographic Assumptions)	8,023,140	(3,006,902)
Present value of fund obligation at the end of the year	**235,688,128**	**217,377,000**

Movements in the present value of the defined benefit assets

	2025	2024
Contributions from the employer	(12,559,740)	(11,684,098)
Benefits paid	12,559,740	11,684,098
Closing balance	-	-

History of experienced adjustments

	2021	2022	2023	2024	2025
Present value of defined benefit obligation	198,323,000	206,094,000	213,272,000	217,377,000	235,688,128
Fair value of plan assets	-	-	-	-	-
Deficit	**198,323,000**	**206,094,000**	**213,272,000**	**217,377,000**	**235,688,128**
Experienced adjustments on defined benefit obligation	-	-	-	-	-

Sensitivity analysis

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

- 20% increase/(decrease) in the assumed mortality rate;
- 1% increase/(decrease) in the Medical aid inflation;
- 1% increase/(decrease) in the discount rate;
- 1 year increase/(decrease) in the average and normal retirement age.

Mortality rate

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the municipality. If the actual rates of mortality turn out higher than the rates assumed in the valuation basis, the cost to the municipality in the form of subsidies will reduce and vice versa.

The effect of a 20% movement in the assumed mortality rates are as follow:

	-20% Mortality rate	+20% Mortality rate
Total accrued liability	253,170,790	221,228,482
Effect on the aggregate of the interest cost	27,327,273	23,781,681
Effect on the aggregate of the current service cost	8,362,848	7,331,373

16. Employee benefits (continued)

Medical aid inflation

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

The effect of a 1% movement in the assumed rate of health care cost inflation is as follow:

	-1% Decrease	+1% Increase
Effect on the defined benefit obligation	209,268,034	267,348,992
Effect on the aggregate of the interest cost	22,457,718	28,897,423
Effect on the aggregate of the current service cost	6,527,320	9,407,589

Discount rate

The value of the liability is directly dependent on the level of the discount rate used to discount the future expected cashflows. If the discount rate is higher the present value of the liability will be lower and vice versa.

The effect of a 1% movement in the assumed discount rates are as follow:

	-1% Discount rate	+1% Discount rate
Total accrued liability	265,583,003	211,007,771
Effect on the aggregate of the interest cost	26,118,985	24,687,473
Effect on the aggregate of the current service cost	9,262,878	6,645,077

Average retirement age

The liability value is directly influenced by the assumption about the average retirement age of members as this determines the length these benefits are paid out to members.

The effect of a 1 year movement in the assumed retirement age are as follow on the ensuing years assumptions:

	-1 year average retirement age	+1 year average retirement age
Total accrued liability	248,010,521	223,965,119
Effect on the aggregate of the interest cost	26,754,483	24,085,447
Effect on the aggregate of the current service cost	8,534,263	7,703,496

Maturity analysis of the defined benefit obligation

The following table presents information about the distribution of the timing of benefit payments:

	Within 1 year from valuation date	Between 1 and 5 years from valuation date	Longer than 5 years from valuation date	Total
Post employee Health Care Benefits	13,957,669	63,121,865	158,608,594	235,688,128

16. Employee benefits (continued)

The payments for longer than 5 years is estimated to be the accrued liability at that time.

The municipality expects to make a contribution of R 13,957,669 to the Defined Benefit Plan during the next financial year.

Refer to note 58 Retirement benefit information to the audited annual financial statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

16.2 Ex-gratia pension benefits

The municipality provides pension and retirement gratuity benefits to certain employees who were in the employment of the [Former Paarl, Gouda and Wellington Municipality] (now incorporated into the Drakenstein Municipality) at 31-Dec-1994 (Paarl) and 31-Mar-1995 (Wellington) and Gouda still in the employment of Drakenstein Municipality at date of normal retirement, medical disability, retrenchment or death. The gratuity is calculated on the salary benefits during 1994/1995.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out for the year ended 30 June 2025. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured by using the multipying the annual pension provided, by an appropriate annuity factor as at the valuation date.

Due to the nature of the plan, the municipality is mainly exposed to the risk of changes in the assumed level of mortality and changes in the average retirement age.

The Ex-gratia pension benefits plan is a defined benefit plan, of which the members are made up as follows:

	Number	Number
In-service members (Employees)	79	89
Continuation members (Retirees)	1	2
Total members	**80**	**91**

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

In-service members (Employees)	156,710	374,000
Continuation members (Retirees)	44,670	54,000
Total liability	**201,380**	**428,000**
Lump sum benefit	156,710	374,000
Pension benefit	44,670	54,000
Total liability	**201,380**	**428,000**
Non-current liabilities	155,503	370,000
Current liabilities	45,877	58,000
Total liability	**201,380**	**428,000**

The interest-cost for the next year is estimated to be R 19,609. The actuaries are of opinion that future service cost need not be determined for pension fund liability as all benefits vests immediately.

Figure in Rand	2025	2024

16. Employee benefits (continued)

Valuation assumptions

The principal assumptions used for the purposes of the actuarial valuations were as follows:

i) Rates of interest

	Lump sum valuation	Lump sum valuation
Discount rate	8.39 %	9.96 %
Consumer Price Inflation (CPI)	8.39 %	9.96 %

	Pensioner valuation	Pensioner valuation
Discount rate	8.24 %	9.52 %
Consumer Price Inflation (CPI)	2.89 %	4.82 %
Pension increase rate (Pensioners)	3.89 %	5.82 %
Net effective discount rate	4.18 %	3.50 %

In accordance with GRAP 25 the discount rate was determined using the implied duration of the liability to obtain an appropriate interest rate on the yield curve. The nominal and real zero curves as at 30 June 2025 supplied by the JSE was used to determine the discounted rates and CPI assumptions.

ii) Mortality rates

Mortality before retirement has been based on the SA 85-90 mortality tables. Mortality post-employment (for pensioners) has been based on the PA (90)-1 ultimate mortality tables with a 1% improvement of mortaility per annum from 2010.

iii) Normal and average retirement age

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

iv) Withdrawal rates

Assumptions have also been made on the withdrawal rates from service per 5 years of age gap and per gender.

	Withdrawal rate males	Withdrawal rate females
Age band		
20 – 24	16.00 %	24.00 %
25 – 29	12.00 %	12.00 %
30 – 34	10.00 %	15.00 %
35 – 39	8.00 %	10.00 %
40 – 44	6.00 %	6.00 %
45 – 49	4.00 %	4.00 %
50 – 54	2.00 %	2.00 %
55+	1.00 %	1.00 %

Amounts recognised in the statement of financial position

The amounts recognised in the statement of financial position are as follows:

	2025	2024
Present value of unfunded obligations	201,380	428,000

Figure in Rand		2025	2024

16. Employee benefits (continued)

Amounts recognised in the statement of financial performance

The amounts recognised in the statement of financial performance are as follows:

Interest cost		38,000	67,000
Actuarial (gains) / losses recognised		(230,765)	(396,328)
Total post-retirement benefit included in employee related costs	38	**(192,765)**	**(329,328)**

The main reasons for the actuarial gain can be attributed to the following factors:

- The changes in net discount rate decreased the accrued liability by R8,949. This is because accrued liability is inversely related to the discount rate used to determine it.
- Monthly Pension escalations were lower than expected and this led to a decrease in accrued liability to the tune of R564.
- Participant changes during the valuation period resulted in an decrease in liability amounting to R54,091.
- The Other demographic variances resulted in a decrease in liability by R22,282. Factors that make up this item are changes to membership composition, data changes from the previous valuation, and variations from demographic assumptions (i.e. rates of withdrawal).
- A change in the valuation assumptions decreased the accrued liability by R207,341.

Movements in the present value of the defined benefit obligation

Opening Balance	428,000	796,000
Interest cost	38,000	67,000
Actual employer benefit payments	(33,855)	(38,672)
Actuarial loss /(gain) (Financial Assumptions)	8,385	6,000
Actuarial loss/(gain) (Demographic Assumptions)	(31,809)	(402,328)
Actuarial loss/(gains) (Valuation Assumptions)	(207,341)	-
Present value of fund obligation a the end of the year	**201,380**	**428,000**

Movements in the present value of the defined benefit asset

Contributions from the employer	(33,855)	(38,672)
Benefits paid	33,855	38,672
Closing balance	**-**	**-**

History of experienced adjustments

	2021	2022	2023	2024	2025
Present value of defined benefit obligation	1,123,000	915,000	796,000	428,000	201,380
Experienced adjustments on defined benefit obligation	-	-	-	-	-

Sensitivity analysis

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

- 1% increase/(decrease) in the pension inflation;
- 1% increase/(decrease) in the discount rate.

16. Employee benefits (continued)

Pension inflation

The effect of a 1% movement in the assumed rate of pension increase inflation is as follow:

Monthly Pension

	-1% Pension inflation	+1% Pension inflation
Effect on the defined benefit obligation	43,083	46,334
Effect on the interest cost	2,974	3,236

Discount rate

The value of the liability is directly dependent on the level of the discount rate used to discount the future expected cashflows. If the discount rate is higher the present value of the liability will be lower and vice versa.

The effect of a 1% movement in the assumed discount rates are as follow:

Ex-Gratia lumpsum

	-1% Discount rate	+1% Discount rate
Effect on the defined benefit obligation	163,961	150,013
Effect on the interest cost	17,173	15,843

The effect of a 1% movement in the assumed discount rates are as follow:

Monthly Pension

	-1% Discount rate	+1% Discount rate
Effect on the defined benefit obligation	46,062	43,360
Effect on the interest cost	2,826	3,357

Change in the mortality basis from PA(90)-1 to PA(90)-2

Monthly Pension

	PA(90)-2
Effect on the defined benefit obligation	47,525
Effect on the interest cost	3,333

Maturity analysis of the defined benefit obligation

The following table presents information about the distribution of the timing of benefit payments:

Figure in Rand	2025	2024

16. Employee benefits (continued)

	Within 1 year from valuation date	Between 1 and 5 years from valuation date	Longer than 5 years from valuation date	Total
Ex-Gratia Benefits	45,877	150,711	4,792	201,380

The payments for longer than 5 years is estimated to be the accrued liability at that time.

The municipality expects to make a contribution of R 45,877 to the Defined Benefit Plan during the next financial year.

Refer to note 58 Retirement Benefit Information to the audited annual financial statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

16.3 Provision for long-service awards

	2025	2024
Non-current liabilities	47,564,391	42,625,000
Current liabilities	6,324,765	8,696,000
Total liability	**53,889,156**	**51,321,000**

Long-service award

The municipality operates a funded defined benefit plan for all its employees. Under the plan, a Long Service Award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025. 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.

At year end 1654 (2024: 1640) employees were eligible for Long Services Awards.

16. Employee benefits (continued)

Valuation assumptions

The principal assumptions used for the purposes of the actuarial valuations were as follow:

GRAP 25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

According to GRAP 251: "The discount rate that reflects the time value of money is best approximated by reference to market yields at the end of the reporting period on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter-term payments and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve. The total present value of a defined benefit obligation is unlikely to be particularly sensitive to the discount rate applied to the portion of benefits that is payable beyond the final maturity of the available financial instrument.".

The yield curves used for the derivation of the discount rate are the NACS (Nominal and Real) Zero Curves as published by the Johannesburg Stock Exchange. The Nominal NACS curve illustrates the nominal zero-coupon yields which are Nominal Compounded Semi-Annually. This gives it an idea of the nominal return at varying durations. The Real NACS curve illustrates Real zero-coupon bond yields, which are Nominal Annual Compounded Semi-Annually. This gives it an idea of the real return at varying durations.

The methodology of setting the financial assumptions has been updated to be more duration-specific. At the previous valuation report, 30 June 2024, the duration of liabilities was 5.62 years. At this duration, the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2024 is 12.21% per annum, and the yield on inflation-linked bonds of a similar term was about 5.11% per annum. This implies an underlying expectation of price inflation of 6.28% per annum ([1+12.21%-0.5%]/[1+5.11%]-1). The 0.5% deduction is there to account for biases and market frictions that distort the clean nominal–real yield differential due to seasonal CPI lags in index-linked bonds, liquidity premiums, market segmentation and mismatching compounding projections that might be present in the market.

It has been assumed that salary inflation would exceed general inflation by 1.00% per annum, i.e., 7.28% per annum.

However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. It has thus assumed a net discount factor of 4.11% per annum ([1+12.21%]/[1+7.28%]-1).

Rates of Interest		
Discount rate	12.21 %	10.98 %
CPI (Consumer price inflation)	6.28 %	5.67 %
Normal salary increase rate	7.28 %	6.67 %
Net effective discount rate	4.11 %	4.04 %

i) Average retirement age

The average retirement age for all active employees was assumed to be 62 years. This assumption implicitly allows for ill-health and early retirements.

ii) Normal retirement age

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

iii) Mortality rate

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables.

16. Employee benefits (continued)

iv) Normal salary increase rates

The actuaries have derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) Inflation-linked Bond rate for each relevant time period. The actuaries assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an increase on 1 July 2025 of 5.01%.

v) Promotional salary increase rates

Assumptions have also been made on the Promotional Salary Increase rates per 5 years of age gap.

Age band	Promotional increase
20-24	5.00 %
25-29	4.00 %
30-34	3.00 %
35-39	2.00 %
40-44	1.00 %
45 and over	0.00 %

vi) Withdrawal rates

Assumptions have also been made on the withdrawal rates from service per 5 years of age gap and per gender.

Age band	Withdrawal rate males	Withdrawal rate females
20 – 24	9.00 %	9.00 %
25 – 29	8.00 %	8.00 %
30 – 34	6.00 %	6.00 %
35 – 39	5.00 %	5.00 %
40 – 44	5.00 %	5.00 %
45 – 49	4.00 %	4.00 %
50 – 54	3.00 %	3.00 %
55 – 59	0.00 %	0.00 %
60 +	0.00 %	0.00 %

Amounts recognised in the statement of financial position

The amounts recognised in the statement of financial position are as follow:

Fair value of plan assets	-	-
Present value of unfunded obligations	53,889,156	51,321,000
Total benefit liability	**53,889,156**	**51,321,000**

Notes to the Audited Annual Financial Statements

Figure in Rand		2025	2024

16. Employee benefits (continued)

Amounts recognised in the statement of financial performance

Current service cost		3,351,000	3,244,000
Interest cost		6,247,000	6,287,000
Actuarial losses / (gains) (Financial Assumptions)		(764,891)	(1,733,000)
Actuarial losses / (gains) (Demographic Assumptions)		1,110,907	(624,697)
Total expense included in employee related costs	38	**9,944,016**	**7,173,303**

The main reasons for the actuarial gain can be attributed to the following factors:

- The net discount rate changed from 4.04% to 4.11% during the valuation period. This decreased the accrued liability by R665,191 as the net discount rate is inversely related to the accrued liability.
- Actual vs Expected salary increases led to an increase in accrued liability to the tune of R99,700. The actual salary increases were greater than projected in the previous valuation.
- Movements in the staff employed by Drakenstein during the valuation period resulted in an increase in liability of R198,494. The movements in staff consider the net effect on the accrued liability of entries and exits.
- The Other demographic assumption variances resulted in an increase in liability by R912,413. Factors that make up this item are changes to membership composition, data changes from the previous valuation, and variations from demographic assumptions (i.e. rates of withdrawal).

Movements in the present value of the defined benefit obligation

Opening Balance	51,321,000	48,814,000
Current service costs	3,351,000	3,244,000
Interest cost	6,247,000	6,287,000
Benefits paid	(7,375,860)	(4,666,303)
Actuarial loss/(gain) (Financial Assumptions)	(764,891)	(1,733,000)
Actuarial loss/(gain) (Demographic Assumptions)	1,110,907	(624,697)
Closing balance	**53,889,156**	**51,321,000**

Movements in the present value of the defined benefit asset

Contributions from the employer	(7,375,860)	(4,666,303)
Benefits paid	7,375,860	4,666,303
Closing balance	-	-

History of experienced adjustments

	2021	2022	2023	2024	2025
Present value of defined benefit obligation	43,253,000	47,926,000	48,814,000	51,321,000	53,889,156
Experienced adjustments on defined benefit obligation	-	-	-	-	-

Sensitivity analysis

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

- 20% increase/(decrease) in the withdrawal rate;
- 1% increase/(decrease) in the normal salary cost inflation;
- 1% increase/(decrease) in the discount rate;

16. Employee benefits (continued)

- 1 year increase/(decrease) in the average and normal retirement age.

Withdrawal rates

Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the Municipality. If the actual rates of withdrawal turn out to be higher than the rates assumed in the valuation basis, then the cost to the Municipality in the form of benefits will reduce and vice versa.

The effect of a 20% movement in the withdrawal rates are as follow on the ensuing years assumptions:

	20% Decrease	20% Increase
Effect on the defined benefit obligation	55,082,820	52,784,929
Effect on the aggregate of the current service cost	3,665,931	3,446,605
Effect on the aggregate of the interest cost	6,336,624	6,057,168

Normal salary inflation

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability of future employees.

The effect of a 1% movement in the assumed rate of health care cost inflation is as follow:

	-1% Decrease	+1% Increase
Effect on the defined benefit obligation	50,731,241	57,362,480
Effect on the aggregate of the current service cost	3,300,273	3,821,231
Effect on the aggregate of the interest cost	5,807,801	6,613,621

Discount rate

The value of the liability is directly dependent on the level of the discount rate used to discount the future expected cashflows. If the discount rate is higher the present value of the liability will be lower and vice versa.

The effect of a 1% movement in the assumed discount rates are as follow on the ensuing years assumptions:

	-1% Discount rate	+1% Discount rate
Effect on the defined benefit obligation	57,234,324	50,889,367
Effect on the aggregate of the current service cost	3,820,754	3,312,700
Effect on the aggregate of the interest cost	6,057,421	6,304,416

Average retirement age

The liability value is directly influenced by the assumption about the average retirement age of members as this determines the length these benefits are paid out to members.

The effect of a 1 year movement in the assumed retirement age are as follow on the ensuing years assumptions:

	-1 year average retirement age	+1 year average retirement age
Total accrued liability	49,987,611	57,082,250
Effect on the aggregate of the current service cost	3,343,814	3,711,786
Effect on the aggregate of the interest cost	5,734,2[illegible]	[illegible]

Figure in Rand	2025	2024

16. Employee benefits (continued)

Maturity analysis of the defined benefit obligation

The following table presents information about the distribution of the timing of benefit payments:

	Within 1 year from valuation date	Between 1 and 5 years from valuation date	Longer than 5 years from valuation date	Total
Long service award Benefits	6,324,765	25,319,272	22,245,119	53,889,156

The payments for longer than 5 years is estimated to be the accrued liability at that time.

The municipality expects to make a contribution of R 6,324,765 to the Defined Benefit Plan during the next financial year.

The Future-service Cost for the ensuing year is estimated to be R 3,550,634 whereas the Interest Cost is estimated to be R 6,191,438.

16.4 Provision for bonuses

	2025	2024
The movement in provision for bonuses are reconciled as follows:		
Balance at the beginning of the year	22,053,981	20,568,588
Net movement	1,654,463	1,485,393
Balance at the end of the year	**23,708,444**	**22,053,981**
Current liabilities	23,708,443	22,053,981

16.5 Performance bonuses

Provision has been made for performance bonuses in accordance with the performance agreements with each Executive Manager and the Municipal Manager using the best estimate of the potential performance bonus payable. The actual bonuses will only be paid once the evaluation committee appointed in terms of the Performance Management regulations has reviewed the performance agreements of the Executive Management team and made a recommendation to the Council for final approval.

The performance bonuses have been provided as follow:

	2025	2024
Strategic management team		
Leibbrandt, JH (City Manager)	300,481	300,481
Brown, B (Chief Financial Officer)	289,286	241,417
Johaar, S (Executive Director: Corporate and Planning Services)	289,286	241,417
Pienaar, L (Executive Director: Engineering Services)	289,286	241,417
Esau, G (Executive Director: Community Services)	72,319	241,417
Barnard, E (Executive Director: Public Safety)	289,286	241,417
	1,529,944	**1,507,566**

	2025	2024
Performance bonuses payable		
Balance at the beginning of the year	2,284,468	2,762,856
Bonus paid	(1,900,092)	(1,303,451)
Reversal of prior provision	(384,379)	(682,503)
Increase in provision	1,529,947	1,507,566
Closing balance	**1,529,944**	**2,284,468**

Figure in Rand		2025	2024

16. Employee benefits (continued)

Current liabilities		1,529,944	2,284,468

16.6 Leave

Balance at the begining of the year		48,557,913	44,968,080
Contributions to leave		4,607,358	7,294,466
Leave paid		(3,174,669)	(3,704,633)
Closing balance		**49,990,602**	**48,557,913**
Current liabilities		49,990,602	48,557,913

17. Provisions (current and non-current)

Provision for rehabilitation of Landfill Sites	17.1	266,011,893	259,201,738

Split between current and non-current

Current	341,554	69,674,427
Non-current	265,670,339	189,527,311
Total	**266,011,893**	**259,201,738**

17.1 Provision for rehabilitation of Landfill Sites

Opening Balance	259,201,738	259,023,421
Change in estimate: Asset increase ito iGRAP2	665,283	50,834
Change in estimate: Provision liability decrease directly to I & E ito iGRAP2	(3,647,615)	-
Change in estimate: Asset decrease ito iGRAP 2	(7,796,219)	(15,555,111)
Unwinding of discount and other changes	17,588,706	15,682,594
Closing balance	**266,011,893**	**259,201,738**

Refer to Note 3 for detailed impact on Assets.

The council will incur further rehabilitation cost on its unrehabilitated dumping/landfill sites over the period 2028/29 up to 2031/32 and post monitoring costs thereafter. Provision has been made for the net present value of this cost based on the status quo as at 30 June 2025.

Location	**Proposed rehabilitation date**	**Post closure monitoring date**		
Wellington existing	2031/2032	2061/2062	89,114,281	80,876,383
Wellington old	2031/2032	2061/2062	49,353,973	44,936,902
Gouda	Rehabilitation complete	2047/2048	938,150	1,040,843
Saron	Rehabilitation complete	2045/2046	568,126	634,123
Hermon	Rehabilitation complete	2047/2048	844,084	978,669
Dal Josafat	2029/2030	2059/2060	21,068,323	23,222,198
Orleans	2029/2030	2059/2060	38,957,433	43,027,340
Boy Louw	2029/2030	2059/2060	63,706,254	62,466,924
Klapmuts Landfill	Rehabilitation complete	2029/2030	825,345	1,364,633
Wateruintjiesvlei Landfill	Rehabilitation complete	2029/2030	635,924	653,723
			266,011,893	**259,201,738**

Figure in Rand		2025	2024

17. Provisions (current and non-current) (continued)

JPCE is a consulting engineering and environmental consulting firm appointed to determine a high-level concept-design stage costing-value (amount) to cap and rehabilitate the landfill sites at the end of the current Financial Year. Their independence from management is monitored. The firm is a member and fully subscribes to the Constitution and Code of Conduct of the Council of Engineers of South Africa.

Based on the work provided by JPCE, an applicable inflation rate of 4.10% - 4.50% has been determined and a discounted rate of 8.448% - 11.157% has been utilised.

The funding required by the municipality to fund the rehabilitation has been assessed and based on the government bond rates with similiar maturity periods. The municipality assessed the effect of discounting coupled with the future inflation rate to approximate the current cost of the expected rehabilitation cost as disclosed above.

The change in estimate in the provision for the rehabilitation of landfills and post monitoring cost resulted in a decrease in the provision of R10,778,553 (2024: R15,504,259) in the current financial period. Composition of this change relate to changes in the CPI, discount rate, unit costs and timing of the rehabilitation.

18. Consumer deposits

Deposits	86,665,894	80,367,377

Guarantees held in lieu of deposits were R 22,173,314 (2024: R 20,450,361).

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

No interest is paid on consumer deposits held.

The management of the municipality is of the opinion that the carrying value of consumer deposits approximate their fair values.

The fair value of consumer deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

19. Trade and other payables from exchange transactions

Trade Creditors	19.1	215,723,447	191,090,642
Payments received in advanced	19.2	67,768,291	46,256,800
Retention	19.3	53,677,846	31,905,210
Other payables	19.4	18,749,644	15,689,472
Net VAT accrual on outstanding receivables	19.5	46,162,442	53,809,841
Total		**402,081,670**	**338,751,965**
Current		402,081,670	338,751,965

19.1 Trade Creditors

Eskom Limited (Electricity bulk purchases)	181,309,937	146,758,946
Other trade creditors	34,413,510	44,331,696
Total	**215,723,447**	**191,090,642**

19.2 Payments received in advanced

Payments received in advance	67,768,291	46,256,800

Figure in Rand	2025	2024

19. Trade and other payables from exchange transactions (continued)

19.3 Retention

Retention	53,677,846	31,905,210

19.4 Other payables

Other payables and accruals	18,749,644	15,689,472

19.5 Net VAT accrual on outstanding receivables

VAT accrual on receivables	72,550,996	75,311,690
VAT on provision for impairment	(26,388,554)	(21,501,849)
Total	**46,162,442**	**53,809,841**

The average credit period on purchases is 30 days from the receipt of the statement, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit time frame.

The management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.

The fair value of creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

The prior year comparatives have been restated, please refer to note 46 for more detailed information.

Notes to the Audited Annual Financial Statements

Figure in Rand

20. Unspent conditional grants and receipts

		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	20.1	7,666,728	526,531,795	(530,471,672)	(8)	**3,726,843**	2	462,865,699	(455,198,967)	(6)	**7,666,728**
Operational											
Monetary Allocations	20.2	9,873,313	23,720,678	(25,402,456)	(57,962)	**8,133,573**	11,211,653	17,771,078	(18,718,911)	(390,506)	**9,873,314**
Total		**17,540,041**	**550,252,473**	**(555,874,128)**	**(57,970)**	**11,860,416**	**11,211,655**	**480,636,777**	**(473,917,878)**	**(390,512)**	**17,540,042**

The above mentioned disclosure do not include information on Equitable Share as it is directly recognised as revenue on receipt as it is a unconditional grant.

Additional to this, mSCOA does not make provision for any liability vote for the Equitable Share funds.

20. Unspent conditional grants and receipts (continued)

20.1 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
Other grants										
Other	-	-	-	-	**-**	-	479,792	(479,792)	-	**-**
National Government										
Integrated National Electrification Programme Grant	-	3,340,000	(3,340,000)	-	**-**	-	10,000,000	(10,000,000)	-	**-**
Integrated Urban Development Grant	-	68,546,000	(68,545,993)	(7)	**-**	1	58,616,000	(58,615,997)	(4)	**-**
Neighbourhood Development Partnership Grant	7,331,424	30,000,000	(37,331,424)	1	**1**	-	10,000,000	(2,668,576)	-	**7,331,424**
Regional Bulk Infrastructure Grant	-	375,000,000	(374,999,998)	(2)	**-**	-	290,310,000	(290,310,000)	-	**-**
Water Services Infrastructure Grant	-	-	-	-	**-**	1	13,400,000	(13,399,999)	(2)	**-**
Total	**7,331,424**	**476,886,000**	**(484,217,415)**	**(8)**	**1**	**2**	**382,326,000**	**(374,994,572)**	**(6)**	**7,331,424**

Notes to the Audited Annual Financial Statements

Figure in Rand

20. Unspent conditional grants and receipts (continued)

Provincial Government										
Western Cape	335,304	5,079,829	(1,688,291)	-	**3,726,842**	-	32,434,863	(32,099,559)	-	**335,304**
Donations and other contributions										
Other	-	44,565,966	(44,565,966)	-	**-**	-	47,625,044	(47,625,044)	-	**-**
Total unspent capital monetary allocations	**7,666,728**	**526,531,795**	**(530,471,672)**	**(8)**	**3,726,843**	**2**	**462,865,699**	**(455,198,967)**	**(6)**	**7,666,728**

20. Unspent conditional grants and receipts (continued)

20.2 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
Other grants										
Other	3,190,582	3,214,524	(3,209,862)	1	**3,195,245**	4,097,176	2,944,995	(3,851,588)	-	**3,190,583**
National Government										
Expanded Public Works Programme Integrated Grant	-	2,062,000	(2,062,000)	-	**-**	-	4,363,000	(4,363,000)	-	**-**
Local Government Financial Management Grant	-	1,600,000	(1,600,000)	-	**-**	-	1,550,000	(1,550,000)	-	**-**
Municipal Disaster Recovery Grant	237,127	1,976,000	(2,213,127)	-	**-**	-	435,000	(197,873)	-	**237,127**
Total	**237,127**	**5,638,000**	**(5,875,127)**	**-**	**-**	**-**	**6,348,000**	**(6,110,873)**	**-**	**237,127**
Provincial Government										
Western Cape	6,082,032	14,868,154	(16,317,467)	(57,963)	**4,574,756**	6,750,905	8,478,083	(8,756,450)	(390,506)	**6,082,032**
Donations and other contributions										
Other	363,572	-	-	-	**363,572**	363,572	-	-	-	**363,572**
Total unspent operational monetary allocations	**9,873,313**	**23,720,678**	**(25,402,456)**	**(57,962)**	**8,133,573**	**11,211,653**	**17,771,078**	**(18,718,911)**	**(390,506)**	**9,873,314**

Figure in Rand	2025	2024

21. Housing Development Fund

Realising housing proceeds		
Opening balance	31,595,446	30,509,090
Plus: Interest and redemption, and other on housing schemes	(7,825)	4,488
Plus: (Net loss) / surplus on letting schemes	1,269,919	1,081,868
Balance at the end of the year	**32,857,540**	**31,595,446**
Unrealised housing proceeds		
Opening balance	11,654	116,219
Long term housing loans	(11,659)	(104,565)
Balance at the end of the year	**(5)**	**11,654**
Total	**32,857,535**	**31,607,100**

The housing development fund is not cash backed, as the value of outstanding housing receivables exceeds the value of the fund.

22. Reserves and Funds

Re-valuation reserve	1,600,117,535	1,657,380,108

The Re-valuation reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Re-valuation reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

Distributions from the Re-valuation reserve can be made when it is in accordance with the requirements of the municipality's accounting policy. The payment of cash distributions out of the reserve is restricted by the terms of the municipality's. These restrictions do not apply to any amounts transferred to the Accumulated Surplus. Council do not currently intend to make any distribution from the Re-valuation reserve.

Refer to Statement of changes in net assets as at 30 June 2025 for more detail and the movement on Reserves.

23. Accumulated surplus / (deficit)

Accumulated Surplus/(Deficit)	4,735,875,477	3,982,026,193

Refer to the Statement of changes in net assets as at 30 June 2025 for more detail and the movement on Accumulated surplus.

Notes to the Audited Annual Financial Statements

Figure in Rand	2025	2024

24. Services charges

Electricity		
Consumption	1,813,017,550	1,576,865,615
Less: Income forgone	(59,876,042)	(52,360,073)
Sub-total	**1,753,141,508**	**1,524,505,542**
Water management		
Consumption	265,406,349	253,677,596
Less: Income forgone	(18,622,065)	(17,166,936)
Sub-total	**246,784,284**	**236,510,660**
Waste management		
Consumption	244,434,545	224,242,084
Less: Income forgone	(61,137,229)	(54,284,347)
Sub-total	**183,297,316**	**169,957,737**
Waste water management		
Consumption	196,219,420	182,702,723
Less: Income forgone	(31,313,258)	(29,141,306)
Sub-total	**164,906,162**	**153,561,417**
Total	**2,348,129,270**	**2,084,535,356**

The prior year comparatives have been restated, please refer to note 49 for more detail information.

25. Sales of goods and rendering of services

Advertisements	38,455	34,924
Building Plan Approval	10,610,999	8,231,330
Camping Fees	1,502,649	1,022,572
Cemetery and Burial	3,164,426	3,015,825
Cleaning and Removal	169,227	193,277
Demolition Application Fees	11,339	5,387
Entrance Fees	522,284	623,569
Legal Fees	1,754,186	1,137,622
Library Fees	24,605	24,990
Management Fees (Library)	18,086,957	18,606,957
Occupation Certificates	609,541	707,287
Photocopies and Faxes	244,760	262,755
Sale of Goods	34,657	41,466
Total	**36,774,085**	**33,907,961**

26. Rental from fixed assets

Land and buildings	2,153,800	2,447,485
Housing rentals	15,216,173	14,403,286
Other rental revenue	1,489,714	1,723,741
Less: Income forgone	(10,839,130)	(10,262,351)
Total	**8,020,557**	**8,312,161**

Notes to the Audited Annual Financial Statements

Figure in Rand		2025	2024

26. Rental from fixed assets (continued)

Operating leases (municipality as lessor)

At Statement of Financial Performance date the municipality has contracted with tenants for the following future minimum lease payments:			
Within one year		770,143	882,454
In second to fifth year inclusive		833,639	1,603,782
Total		**1,603,782**	**2,486,236**

The municipality has significant current lease arrangements for land and buildings over a period varying from 2 up to 9 years (2024: 2 up to 9 years) being subject to increased lease payments.

All contingent lease payments are based on the actual value of the property leased and the escalations vary from 7.5% up to 12.32%.

No other restrictions were imposed.

27. Interests on investments

Financial assets at amortised cost			
Short-term investments and call accounts		91,787,807	73,656,906

28. Interest earned from receivables

Financial assets at amortised cost			
Exchange receivables	28.1	20,626,499	19,480,489

28.1 Interest earned from exchange receivables

Consumer receivables			
Electricity		3,521,468	3,727,006
Waste management		6,018,627	5,611,934
Waste water management		3,808,537	3,513,454
Water		7,277,867	6,628,095
		20,626,499	**19,480,489**

29. Operational revenue

Exchange revenue			
Operation revenue from exchange transactions		14,746,759	14,605,802
Incidental Cash Surpluses		55,000	-
Development Charges		11,601,586	10,575,395
Total		**26,403,345**	**25,181,197**

Non-exchange revenue			
Goods and services received in kind		4,418,007	4,378,051

Services received in kind
During the financial year, the municipality received goods and services in kind, that was recognised in terms of GRAP 23.

Figure in Rand		2025	2024

30. Licences and permits

Exchange revenue	30.1	22,703,756	21,786,042

30.1 Licenses and permits - Exchange revenue

Angling/Fishing	1,817	4,270
Filming fees	424,466	113,803
Road and transport	22,001,831	21,434,737
Trading	275,642	233,232
Total	**22,703,756**	**21,786,042**

Included in licenses and permits is an amount of R18,321,851 (2024: R17,652,143) received from the Department of Transport and Public Works as agency fees for motor vehicle license services, which the Municipality performs on behalf of the Department of Transport and Public Works.

31. Property rates

Residential properties	392,083,126	359,848,432
Business and commercial properties	127,156,738	118,301,109
Farm properties	73,196,468	70,659,784
Mining properties	298,873	284,918
Municipal properties	17,840,945	17,204,334
National monument properties	180,977	172,523
Other categories	25,514,887	25,439,011
Protected areas	296,051	282,220
Public benefit organisations	2,669,053	2,232,622
Public service infrastructure properties	1,162,864	1,209,655
State-owned properties	31,114,580	29,674,480
Less: Income forgone / rebates	(167,734,895)	(158,904,222)
Total	**503,779,667**	**466,404,866**

Valuation as at 30 June 2025

Residential	51,800,256,300	49,969,714,800
Agricultural	9,553,135,000	9,697,117,850
Commercial	9,910,631,000	9,680,771,000
Other categories	6,006,562,800	6,235,068,700
State-owned properties	2,947,583,600	2,965,493,500
Total property valuations	**80,218,168,700**	**78,548,165,850**

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 01-Jul-2021. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A uniform rate for the same class and type of property was applied with the implementation of the Property Rates Act. A rate on different categories was applied to property valuations to determine assessment rates.Rebates are granted to certain property categories as per the approved Property Rates Policy that is reviewed by Council annually. Exemptions are also granted to certain property categories as per the stipulations of the Property Rates Act.

Rates are levied for property owners on a monthly basis for monthly rate payers and are payable on the 15th of each month and for annual rate payers on 15th October.

Surcharges and taxes to the amount of R3,168,263 (2024: R3,084,653) relates to interest levied on arrear property rates debtors.

Notes to the Audited Annual Financial Statements

Figure in Rand		2025	2024
32. Service charges : Availability charges			
Electricity			
Availability charges		2,430,860	2,527,545
Waste water management			
Availability charges		3,352,292	3,385,134
Waste management			
Availability charges		3,998,472	4,002,553
Water management			
Availability charges		2,207,465	2,226,690
Total		**11,989,089**	**12,141,922**
33. Fines, penalties and forfeits			
Fines, penalties and forfeits	33.1	104,330,736	97,292,325
33.1 Fines, penalties and forfeits			
Total		**104,330,736**	**97,292,325**
34. Transfers and subsidies			
Operational			
Allocations		247,084,843	228,731,686
Capital			
Allocations		540,346,674	458,952,437
Total		**787,431,517**	**687,684,123**
Unconditional grants			
Equitable share		231,574,000	215,718,000
Conditional grants			
National Government		490,092,542	381,105,447
Provincial Government		18,005,758	40,856,010
Other grants		3,209,862	4,331,380
Donations & other conributions		44,565,967	47,625,044
Total conditional grants		**555,874,129**	**473,917,881**
Subtotal		**787,448,129**	**689,635,881**
Offsetting of housing expenditure where municipality is seen as an agent		(16,612)	(634,738)
Recognition of revenue in terms of GRAP 11		-	(1,317,020)
Total Government Grant and Subsidies		**787,431,517**	**687,684,123**

Figure in Rand		2025	2024

34. Transfers and subsidies (continued)

National Government (Unconditional Grants)

Balance unspent at beginning of year		-	-
Current year		231,574,000	(215,718,000)
Conditions met - transferred to revenue		(231,574,000)	215,718,000
Conditions still to be met - transferred to liabilities	20	**-**	**-**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a 100% monthly subsidy for the basic charges of Electricity, Refuse Removal, Sewerage and Water Services, the subsidy is adjusted as tariffs increase. All qualifying registered indigent households receive 6 kl water and between 50-100 kWh electricity free every month.

National Government (Conditional Grants)

Balance unspent at beginning of year		(7,568,550)	-
Current year receipts		(482,524,000)	(388,674,000)
Conditions met - transferred to revenue		490,092,542	381,105,450
Conditions still to be met - transferred to liabilities	20	**(8)**	**(7,568,550)**

These grants were used to construct infrastructure assets for the Municipality. Other than the unspent amount, the conditions of the grant have been met.

This grant received from National Government are for operational and capital expenditure projects related to budget reform and implementation of the MFMA. Other than the unspent amount, the conditions of the grant have been met.

Provincial Government (Conditional Grants)

Balance unspent at beginning of year		(6,417,336)	(6,750,903)
Current year receipts		(19,947,982)	(40,912,947)
Conditions met - transferred to revenue		18,005,757	40,856,010
Repayments		57,973	390,504
Conditions still to be met - transferred to liabilities	20	**(8,301,588)**	**(6,417,336)**

An amount of R956,503 was added to the opening balance of other grants due to a reclasiciation of the specific grant.

These grants received from Provincial Government are for operational and capital expenditure such as Revenue from Housing Grants and the related housing operating expenditure where Drakenstein Municipality is regarded as an agent in terms of GRAP amounted to R16,612 (2024: R634,735). In terms of a GRAP interpretation, where a municipality is regarded as an agent, the revenue should be set off against the operating expenditure. Revenue from housing grants and the related housing expenditure where Drakenstein Municipality is regarded as an agent in terms.

The municipality acted as agent for the Provincial Department of Human Settlements for the Fairy Land PHP project. An amount of R2,554,213 (2024: R2,932,948) is included in unspend conditional grants and receipts for this project.

Other Grants

Balance unspent at beginning of year		(3,190,583)	(4,097,177)
Current year receipts		(3,214,524)	(3,424,786)
Conditions met - transferred to revenue		3,209,863	4,331,380
Conditions still to be met - transferred to liabilities	20	**(3,195,244)**	**(3,190,583)**

Figure in Rand		2025	2024

34. Transfers and subsidies (continued)

These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld. These include monetary capital in-kind. An amount of R956,503 was added to the opening balance of other grants due to a reclasication of the specific grant.

Donations and other contributions

Balance unspent at beginning of year		(363,572)	(363,572)
Current year receipts		(44,550,181)	(47,625,044)
Conditions met - transferred to revenue		44,550,181	47,625,044
Conditions still to be met - transferred to liabilities	20	**(363,572)**	**(363,572)**

35. Construction contract revenue

Housing projects		
Erf 557 Mbekweni	-	1,317,020

36. Fair value adjustment

Fair value adjustment	27,635,000	6,755,000

37. Fair value and loss on disposal adjustments on assets

Gains/(losses) on disposals	37.1	(19,866,508)	(19,395,046)
Gain on Raw water at fair value		-	2,669,622
Total		**(19,866,508)**	**(16,725,424)**

37.1 Gains/(losses) on disposals

Gains / (losses) on disposal of PPE, IA, IP & HA & inventory	(7,615,829)	(7,694,967)
Gains / (losses) on fair value adjustment of inventory	(1,316,715)	(91,764)
Water losses	(10,933,964)	(11,608,315)
Total	**(19,866,508)**	**(19,395,046)**

37.2 Fair value adjustment

Financial assets	-	-

38. Employee related cost

Municipal staff	840,164,566	785,352,002

Notes to the Audited Annual Financial Statements

Figure in Rand

38. Employee related cost (continued)

38.1 Senior management costs

2025

	JH Leibbrandt City Manager	B Brown Chief Financial Officer	S Johaar Executive Director: Corporate and Planning Services	G Esau Executive Director: Community Services	M Wüst Executive Director: Engineering Services	L Pienaar Executive Director: Engineering Services	E Barnard Executive Director: Public Safety	D Delaney Acting Executive Director: Community Services	MF Rhoda Acting Executive Director: Community Services	Total
Cost to company package	2,146,294	2,066,329	2,066,329	431,102	-	2,066,329	2,066,329	-	-	10,842,712
Performance bonusses	591,363	457,878	440,633	-	66,950	205,492	137,953	-	-	1,900,269
Other allowances and reimbursement	32,721	29,103	25,581	6,572	-	29,673	29,110	-	-	152,760
Acting allowances	-	-	-	-	-	-	-	19,230	413	19,643
Leave Payout	-	-	-	201,745	-	-	-	-	-	201,745
	2,770,378	**2,553,310**	**2,532,543**	**639,419**	**66,950**	**2,301,494**	**2,233,392**	**19,230**	**413**	**13,117,129**

Auditing to build public confidence

MJ 30 November 2025

38. Employee related cost (continued)

2024

	JH Leibbrandt City Manager	B Brown Chief Financial Officer	JJ Samson Executive Director: Planning and Development	S Johaar Executive Director: Corporate Services	M Wüst Executive Director: Engineering Services	G Esau Executive Director: Community Services	L Pienaar Executive Director: Engineering Services	E Barnard Executive Director: Public Safety	Total
Cost to company packages	2,146,294	1,724,406	-	1,724,406	-	1,724,406	1,650,267	1,149,604	10,119,383
Performance bonusses	282,410	226,898	145,863	210,691	226,898	210,691	-	-	1,303,451
Other allowances and reimbursement	32,714	29,356	-	49,539	177	26,058	23,341	16,981	178,166
Arbitration settlement	-	-	1,113,056	-	-	-	-	-	1,113,056
Gratuity	21,816	20,340	-	20,340	-	20,340	19,410	13,560	115,806
	2,483,234	**2,001,000**	**1,258,919**	**2,004,976**	**227,075**	**1,981,495**	**1,693,018**	**1,180,145**	**12,829,862**

The City Manager and Executive Directors are remunerated in terms of the Upper Limits 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. A waiver to the aforementioned upper limits was approved by National Department of Cooperative Governance and Traditional Affairs on 24 February 2025 for retrospective implementation from 1 July 2024.

Included in the post-employment health care liability (see Note 16.1) are benefits that the City Manager, Dr JH Leibbrandt, Mr L Pienaar and Ms E Barnard will receive after termination. At 30 June 2025 the present value of the associated liability for the City Manager amounted to R515,027 (2024: R587,149), Mr L Pienaar amounts to R16,709 (2024: R7,418) and Ms E Barnard amounts to R33,313 (2024: 10,276).

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

Where other officials acted in the Executive Director positions and was remunerated accordingly, only the additional remuneration for acting in that position is disclosed.

Figure in Rand	2025	2024

38. Employee related cost (continued)

38.2 Municipal staff costs

Basic Salary	538,231,722	514,968,139
Social Contributions	129,142,468	121,680,976
Travel or Motor Vehicle	34,241,902	31,635,238
Housing Benefits	5,800,051	3,732,572
Overtime payments	55,692,870	55,245,847
Acting and Post Related Allowances	1,195,616	1,135,454
Shift Additional Remuneration	2,537,727	2,369,012
Standby Allowance	14,046,471	12,097,696
Night Shift	3,522,090	3,419,433
Workman Compensation	4,277,790	3,698,468
Cellular and Telephone	5,083,785	4,616,563
Contribution to leave reserve	4,622,606	7,294,466
Provision for Performance Bonuses	1,147,349	825,065
Defined Benefit Plan Expenses: Post Employment Health Care		
Current Service Cost	6,596,000	5,961,000
Actuarial Gains and Losses	(2,067,132)	(17,341,902)
Interest Cost	26,342,000	27,170,000
Defined Benefit Plan Expenses: Ex Gratia Pension Benefits		
Actuarial Gains and Losses	(230,765)	(396,328)
Interest Cost	38,000	67,000
Defined Benefit Plan Expenses: Long Services		
Current Service Cost	3,351,000	3,244,000
Actuarial (Gains) / Losses	346,016	(2,357,697)
Interest Cost	6,247,000	6,287,000
Total	**840,164,566**	**785,352,002**

Notes to the Audited Annual Financial Statements

Figure in Rand	2025	2024

39. Remuneration of councillors

Executive Mayor (CJ Poole) (until 28 February 2024)	-	762,019
Executive Mayor (SE Korabie) (from 5 April 2024)	1,181,792	275,431
Speaker (JK Le Roux)	945,430	922,371
Deputy Executive Mayor (GC Combrink)	945,430	922,371
Chief Whip (C Kearns)	886,343	864,725
Section 79 Committee Chairperson (RH Nell) (From 26 April 2024)	476,657	77,163
Section 79 Committee Chairperson (JA September) (Replaced 26 April 2024)	-	377,450
Mayoral Committee Members - up until 31 May 2024		
Mayoral Committee Member of Sport, Recreation Arts and Culture (LC Arendse)	-	792,665
Mayoral Committee Member of Social Development (E Gouws)	-	792,665
Mayoral Committee Member of Human Settlements (MA Andreas)	-	792,665
Mayoral Committee Member of Parks, Waste & Cemeteries (L Cyster)	-	792,665
Mayoral Committee Member of Corporate Services (E Baron)	-	792,665
Mayoral Committee Member of Public Safety (AMB Appollis)	-	792,665
Mayoral Committee Member of Communication And Intergovernmental Relations (RH Van Nieuwenhuizen)	-	792,665
Mayoral Committee Member of Engineering Services (TG Bester)	-	792,665
Mayoral Committee Member of Planning & Development (LT van Niekerk)	-	792,665
Mayoral Committee Member of Governance Compliance (J Miller)	-	792,665
Mayoral Committee Members - after 1 June 2024		
Mayoral Committee Member of Planning, Economic Development and Tourism (LT Van Niekerk)	886,343	72,060
Mayoral Committee Member of Social Development, Sport and Recreation (LC Arendse)	886,343	72,060
Mayoral Committee Member of Urbanisation and Human Settlements (E Baron)	886,343	72,060
Mayoral Committee Member of Parks, Resorts and Cemeteries (L Cyster)	886,343	72,060
Mayoral Committee Member of Corporate and Governance (D America)	886,343	72,060
Mayoral Committee Member of Public Safety (AMB Appollis)	886,343	72,060
Mayoral Committee Member of Communication and Intergovernmental Relations (IGR) (R Andreas)	886,343	72,060
Mayoral Committee Member of Water and Sanitation (J Miller)	886,343	72,060
Mayoral Committee Member of Electricity and Roads (A Koegelenberg)	886,343	72,060
Mayoral Committee Member of Waste Management (TG Bester)	295,448	72,060
Mayoral Committee Member of Municipal buildings (E Solomons)	517,033	-
All other councillors	18,574,563	18,270,729
Cell phone allowance	3,041,984	3,220,718
Total	**34,841,767**	**34,340,227**

Figure in Rand		2025	2024

39. Remuneration of councillors (continued)

In kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, and Mayoral Committee members are employed full-time. Each is provided with an office, administrative and secretarial support at the cost of the Council.

The Executive Mayor and Deputy Mayor and other full-time Mayoral Committee members have access to Council owned vehicles for ceremonial and official functions.

Councillors receive a total cost to company package as determined by the Notice for 'Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils', issued in terms of Remuneration of Public Office Bearers Act, 1998, and may structure it as it wishes, furthermore they receive a maximum of R 47,004 (2024: R 49,608) per year, as a cellphone and data allowance in accordance with the notice. Other councillors receive an average of R 373,349 (2024: R 366,642) per year, except the chairperson of MPAC, who receives an average of R 476,657 (2024: R 470,524) per year. Take note that the MPAC chairperson changed during the cause of the year. The average was obtained by multiplying the previous year with the budgeted increase of 3.0%.

Furthermore councillors receive the benefit of special risk insurance cover (SASRIA) as provided for in terms of the notice. This insurance cover, should cover the loss of or damage to a councillor's personal immovable or moveable property and assets, excluding property used by such councillor for business purposes, as well as life and disability cover, for any loss or damage caused by riot, civil unrest, strike or public disorder.

	Amount outstanding for more than 90 days
List the name of the councillor which at any time during the relevant financial year was in arrears for more than 90 days	
FEBRUARY 2025	
Merencia Charlotte Charmain Jooste	1,645
	1,645

40. Impairment losses on financial assets

		2025	2024
Trade and other receivables from exchange transactions	9	16,030,552	23,683,876
Statutory Receivables: Property Rates and Availability charges	10	4,795,819	510,784
Traffic fines	10	10,849,919	5,717,995
Long term receivables	7	(9,646)	(9,307)
Total		**31,666,644**	**29,903,348**

Irrecoverable debts written-off		
Consumer receivables and availability charges receivables	34,090,453	24,211,116
Statutory receivables: Property rates	913,302	776,192
Statutory receivables: Traffic fines	66,982,350	73,265,566
Total	**101,986,105**	**98,252,874**

Figure in Rand		2025	2024

41. Depreciation and amortisation

Amortisation			
Intangible assets	5.1	429,800	624,665
Depreciation			
Property, plant and equipment		246,125,505	248,635,070
Total		**246,555,305**	**249,259,735**

The prior year comparatives have been restated, please refer to note 49 for more detail information.

42. Impairment losses on PPE, IA and HA

Impairment loss / Reversal of impairment		
Property, plant and equipment	900,901	600,287

43. Finance costs

Financial liabilities at amortised cost

43.1 Interest cost

Borrowings		
• Long-term liabilities - interest paid	158,090,246	167,602,762
• Finance leases	107,081	219,061
Total	**158,197,327**	**167,821,823**

44. Bulk purchases

Electricity: Eskom	1,335,946,808	1,107,097,905
Electricity: Independent power producers	5,672,131	4,331,983
Water inventory consumed	36,525,858	37,992,109
Total	**1,378,144,797**	**1,149,421,997**

44.1 Electricity losses

Reconciliation of kWh losses		
kWh units purchased	675,850,480	630,434,093
kWh units sold	(623,326,087)	(585,777,037)
Total loss	**52,524,393**	**44,657,056**
Average value of losses (cost)	103,882,845	78,507,355

Percentage loss:		
Technical losses	7.77 %	7.08 %
Norm of losses	10.00 %	10.00 %

Reasons for the losses

Losses occurred because of the following reasons:

- Technical losses
- Unmetered services
- Theft

Figure in Rand		2025	2024

44. Bulk purchases (continued)

44.2 Water losses

	2025	2024
Unavoidable annual real losses	10,933,964	11,608,315

	2025	2024
System input volume (Kilolitres)	17,163,035	17,286,138
Billed metered consumption (Kilolitres)	(13,203,876)	(13,236,789)
Total loss	**3,959,159**	**4,049,349**

	2025	2024
Comprising of:		
Technical losses (Kilolitres)	3,579,531	3,794,139
Non-technical losses (Kilolitres)	379,627	255,210
Total	**3,959,158**	**4,049,349**

	2025	2024
Percentage loss: *		
Technical losses	20.86 %	21.90 %
Non-technical losses	2.21 %	1.50 %
Total	**23.07 %**	**23.40 %**

	2025	2024
Norm of losses:		
Minimum Level	15.00 %	15.00 %
Maximum Level	30.00 %	30.00 %

Reasons for the losses

Losses occurred because of the following reasons:
- Burst pipes.
- Use of unmetered fire water connections at flat buildings and factories.
- Open spaces and sports fields that are still unmetered.
- Undetected leaks underground.
- Scouring of mainlines and reservoirs as part of the operational procedure to ensure good water quality.

* The water losses per the audited annual financial statements take into account water that was metered but not billed. Whereas the Annual performance report shows an actual technical water loss of 20.86% (2024: 21.90%), as unbilled metered water and unbilled unmetered water is not taken into account.

45. Contracted services

	Note	2025	2024
Consultants and professional services	45.1	34,611,131	27,331,170
Contractors	45.2	156,055,036	154,776,188
Outsourced services	45.3	32,679,151	30,491,608
Total		**223,345,318**	**212,598,966**

Figure in Rand	2025	2024

45. Contracted services (continued)

45.1 Consultants and professional services

Business advisory services	18,994,555	16,445,344
Legal advice and litigation	10,593,931	8,466,870
Other consultants and professional services	5,022,645	2,418,956
Total consultants and professional services	**34,611,131**	**27,331,170**

45.2 Contractors

General services		
Housing project expenditure	169,952	2,304,299
Catering services	292,592	242,558
Management of informal settlements	8,251,988	6,170,314
Other contractor services	5,459,242	4,659,266
Safeguard and security	45,409,479	44,564,201
Total general services	**59,583,253**	**57,940,638**
Maintenance services		
Maintenance of buildings and facilities	15,632,434	15,328,955
Maintenance of equipment	36,850,147	43,797,111
Maintenance of unspecified assets	43,989,202	37,709,484
Total maintenance service	**96,471,783**	**96,835,550**
Total contractor	**156,055,036**	**154,776,188**

45.3 Outsourced services

General services		
Traffic Fines Management	6,208,456	5,810,985
Waste management	20,741,884	21,411,041
Other outsourced services	5,728,811	3,269,582
Total outsourced services	**32,679,151**	**30,491,608**

46. Operational cost

Advertising, Publicity and Marketing	5,197,591	3,537,481
Bank Charges, Facility and Card Fees	9,044,960	8,105,326
Commission	9,379,565	11,456,104
Communication	4,685,471	4,247,502
Contribution to provision for rehab of landfill site	13,941,091	15,682,594
External Audit Fees	7,039,316	6,330,842
External Computer Service	20,646,752	16,616,066
Insurance Underwriting	6,978,057	13,111,269
Other operational cost	8,916,662	6,909,873
Printing, Publications and Books	656,376	950,514
Professional Bodies, Membership and Subscription	8,575,224	8,188,126
Skills Development Fund Levy	6,678,526	6,325,059
Uniform and Protective Clothing	6,166,763	5,128,900
Vehicle licences	2,846,442	2,568,159
Total	**110,752,796**	**109,157,815**

Notes to the Audited Annual Financial Statements

Figure in Rand	2025	2024

47. Operating leases

Investment Properties	186,160	177,195
Machinery and Equipment	4,399,799	5,228,024
Land and buildings	-	2,649,416
Transport Assets	15,353,020	12,052,146
Total	**19,938,979**	**20,106,781**

Operating leases (municipality as a lessee)

Land and buildings		
After five years	-	-

Machinery and equipment		
Within one year	-	4,280,988
	-	-
Total	**-**	**4,280,988**

The Municipality has no current lease arrangements for land and buildings.

All contingent lease payments are based on the actual contract value of the property leased and the escalations vary from 5.6% up to 8.5% (2024: 5.6% up to 8.5%).

No other restrictions were imposed.

Figure in Rand	2025	2024

48. Net cash from/(used) operating activities

	2025	2024
Surplus for the year	721,536,082	578,879,492
Adjustments for:		
Depreciation and amortisation	246,555,305	249,259,735
Bad debts written off	-	-
- Consumer receivables & availability charges receivables	34,090,453	24,211,115
- Statutory receivables: Property Rates	913,302	776,192
- Statutory receivables: Traffic Fines	66,982,350	73,265,565
(Gains) / Losses on disposal of assets	7,228,039	5,532,777
Fair Value adjustments	(27,635,000)	(6,755,000)
Increase / (Decrease) in provisions	6,810,153	178,318
Impairment losses	900,901	600,287
(Gain) / Losses on disposal of inventory	1,704,504	2,253,953
Impairment losses	-	-
- Consumer receivables & availability charges receivables	16,030,552	23,683,875
- Statutory receivables: Property Rates	4,795,819	510,784
- Statutory receivables: Traffic Fines	10,849,919	5,717,995
- Long term Receivables	(9,646)	(9,306)
Gain on raw at fair value	-	(2,669,622)
Raw water purchases at fair value	-	2,669,622
Housing Development Fund	(7,825)	(4,489)
Provision for landfill rehab - iGRAP 2 adjustment	7,130,937	15,504,277
Lease smoothing	-	8,345
Assets from capital grant in-kind	(14,412,059)	(8,195,872)
Leave provision	4,607,358	7,294,466
13th Cheque provision	1,654,463	1,437,233
Long service award provision	9,944,016	7,173,303
Post retirement provision	30,870,868	15,789,098
Performance bonus provision	1,147,349	873,224
Ex-gratia provision	(192,765)	(329,328)
Water losses	8,626,085	8,620,211
Adoption of GRAP 104 revised	(23,691,144)	-
Movement in working capital		
(Increase) / Decrease in receivables from non-exchange transactions	(85,692,139)	(83,808,541)
(Decrease) / Increase in consumer deposits	6,298,517	7,654,031
(Increase) / Decrease in inventory	(16,739,362)	(12,759,749)
(Increase) / Decrease in receivables from exchange transactions	(48,199,378)	(109,433,609)
Increase / (Decrease) in Employee benefits	(25,045,996)	(21,397,157)
(Increase) / Decrease in long term receivable	802	17,423
Increase / (Decrease) in trade and other payables	79,997,440	(518,613)
Increase / (Decrease) in unspent conditional grants and receipts	(5,679,626)	6,328,388
Increase / (Decrease) in VAT	66,723,150	64,838,294
Net cash flows from operating activities	**1,088,093,424**	**857,196,717**

Notes to the Audited Annual Financial Statements

Figure in Rand	2025	2024

49. GRAP 3 adjustments

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

49.1 Adjustments of Statement of financial performance items

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Revenue					
Exchange revenue					
Services charges – Electricity	24	1,524,505,542	-	-	**1,524,505,542**
Services charges – Waste management	24	169,957,737	-	-	**169,957,737**
Services charges – Waste water management	24	153,561,417	-	-	**153,561,417**
Services charges – Water management	24	236,510,660	-	-	**236,510,660**
Sale of goods and rendering of services	25	33,907,961	-	-	**33,907,961**
Interest earned from receivables	28	19,480,489	-	-	**19,480,489**
Interests on investments	27	73,656,906	-	-	**73,656,906**
Licences and permits	30	21,786,042	-	-	**21,786,042**
Rental from fixed assets	26	8,312,161	-	-	**8,312,161**
Operational revenue	29	29,349,935	(4,168,738)	-	**25,181,197**
		2,271,028,850	**(4,168,738)**	**-**	**2,266,860,112**
Non-exchange revenue					
Availability charges – Electricity	32	2,527,545	-	-	**2,527,545**
Availability charges – Waste management	32	2,226,690	-	-	**2,226,690**
Availability charges – Waste water management	32	4,002,553	-	-	**4,002,553**
Availability charges – Water management	32	3,385,134	-	-	**3,385,134**
Property rates	31	466,404,866	-	-	**466,404,866**
Surcharges and taxes		3,084,653	-	-	**3,084,653**
Fines, penalties and forfeits	33	97,292,325	-	-	**97,292,325**
Transfers and subsidies – Operational	34	228,731,686	-	-	**228,731,686**
Transfers and subsidies – Capital	34	458,952,437	-	-	**458,952,437**
Fair value adjustment	36	-	-	6,755,000	**6,755,000**
Operational revenue	29	1,741,571	2,636,480	-	**4,378,051**
Construction contract revenue	35	1,317,020	-	-	**1,317,020**
		1,269,666,480	**2,636,480**	**6,755,000**	**1,279,057,960**
Total revenue		**3,540,695,330**	**(1,532,258)**	**6,755,000**	**3,545,918,072**
Expenditure					
Employee related cost	38	785,352,002	-	-	**785,352,002**
Remuneration of councillors	39	34,340,227	-	-	**34,340,227**
Bulk purchases	44	1,149,421,997	-	-	**1,149,421,997**
Inventory consumed		78,558,903	87,846	-	**78,646,749**
Impairment losses on financial assets	40	29,903,348	-	-	**29,903,348**
Depreciation and amortisation	41	249,015,369	244,366	-	**249,259,735**
Impairment losses on PPE, IA and HA	42	600,287	-	-	**600,287**
Finance costs	43	167,821,823	-	-	**167,821,823**
Contracted services	45	209,962,486	2,636,480	-	**212,598,966**
Transfers and subsidies	65	14,850,554	-	-	**14,850,554**
Bad Debts Written Off		98,252,872	-	-	**98,252,872**
Operating leases	47	20,106,781	-	-	**20,106,781**
Operational cost	46	109,157,815	-	-	**109,157,815**
Losses	37	9,970,424	-	6,755,000	**16,725,424**
Total expenditure		**2,957,314,888**	**2,968,692**	**6,755,000**	**2,967,038,580**

49. GRAP 3 adjustments (continued)

Surplus for the year	**583,380,442**	**(4,500,950)**	**-**	**578,879,492**

49.2 Adjustments of Statement of financial position items

2024

	Note	Previously reported	Correction of error	Restated
Assets				
Non-current assets				
Investment property	6	88,655,000	-	**88,655,000**
Property, plant and equipment	3	6,742,599,182	7,080,304	**6,749,679,486**
Heritage assets	4	47,633,645	-	**47,633,645**
Intangible assets	5	3,051,767	-	**3,051,767**
		6,881,939,594	**7,080,304**	**6,889,019,898**
Current assets				
Cash and cash equivalents	11	697,505,821	-	**697,505,821**
Trade and other receivables from exchange transactions	9	381,802,648	(689,855)	**381,112,793**
Receivables from non-exchange transactions	10	110,499,746	-	**110,499,746**
Inventory	8	44,006,655	-	**44,006,655**
Current portion of non-current receivables	12	802	-	**802**
VAT Receivable	13	41,783,287	692,964	**42,476,251**
		1,275,598,959	**3,109**	**1,275,602,068**
Total assets		**8,157,538,553**	**7,083,413**	**8,164,621,966**
Liabilities				
Non-current liabilities				
Borrowings	14	1,364,427,699	-	**1,364,427,699**
Employee benefits	16	247,664,000	-	**247,664,000**
Provisions	17	189,527,311	-	**189,527,311**
		1,801,619,010	**-**	**1,801,619,010**
Current liabilities				
Borrowings	14	90,824,743	-	**90,824,743**
Finance lease liabilities	15	472,639	-	**472,639**
Employee benefits	16	94,358,362	-	**94,358,362**
Consumer deposits	18	80,367,377	-	**80,367,377**
Trade and other payables from exchange transactions	19	335,296,888	3,455,077	**338,751,965**
Trade and other payables from non-exchange transactions	20	17,540,042	-	**17,540,042**
Provisions	17	69,674,427	-	**69,674,427**
		688,534,478	**3,455,077**	**691,989,555**
Total liabilities		**2,490,153,488**	**3,455,077**	**2,493,608,565**
Total net assets				
Housing Development Fund	21	31,607,100	-	**31,607,100**
Reserves and Funds	22	1,657,921,383	(541,275)	**1,657,380,108**
Accumulated surplus	23	3,977,856,582	4,169,611	**3,982,026,193**
Total net assets and liabilities		**5,667,385,065**	**3,628,336**	**5,671,013,401**

Notes to the Audited Annual Financial Statements

Figure in Rand	2025	2024

49. GRAP 3 adjustments (continued)

49.3 Adjustments of Cash flow statement items

	Note	Previously reported	Correction of error	Restated
Cash flows from operating activities				
Receipts				
Property rates		457,254,080	-	**457,254,080**
Service charges		2,266,430,816	-	**2,266,430,816**
Operational revenue		708,946,130	-	**708,946,130**
Interest		72,977,684	-	**72,977,684**
Other receipts and fines received		267,501,977	(4,168,739)	**263,333,238**
		3,773,110,687	**(4,168,739)**	**3,768,941,948**
Payments				
Employee Cost		(811,651,058)	-	**(811,651,058)**
Supplier		(1,890,984,371)	4,080,893	**(1,886,903,479)**
Transfers and subsidies		(166,944,742)	-	**(166,944,742)**
Net VAT paid		(46,245,953)	-	**(46,245,953)**
		(2,915,826,124)	**4,080,893**	**(2,911,745,232)**
Net cash from(used) operating activities		**857,284,563**	**(87,846)**	**857,196,716**
Cash flows from investing activities				
Receipts				
Proceeds on disposal of fixed and intangible assets		3,593,465	-	**3,593,465**
Payments				
Capital assets		(523,837,024)	87,846	**(523,749,178)**
Net cash flows from investing activities		**(520,243,559)**	**87,846**	**(520,155,713)**
Cash flows from financing activities				
Net cash flows from investing activities				
Decrease in Finance lease liabilities		(345,347)	-	**(345,347)**
Decrease in borrowing long-term		(84,460,267)	-	**(84,460,267)**
		(84,805,614)	**-**	**(84,805,614)**
Net increase/ (decrease) in cash		**252,235,390**	**-**	**252,235,389**

49. GRAP 3 adjustments (continued)

49.4 Adjustment of opening balances

	Note	As previously reported	Correction of error	Restated
Accumulated surplus				
		3,339,909,797	-	3,339,909,797
Property, Plant and Equipment		-	6,551,727	6,551,727
Library VAT correction		-	2,226,652	2,226,652
Total		**3,339,909,797**	**8,778,379**	**3,348,688,176**
Revaluation reserve				
		1,713,429,005	-	1,713,429,005
Property, Plant and Equipment		-	(649,093)	(649,093)
Total		**1,713,429,005**	**(649,093)**	**1,712,779,912**
Assets and liabilities				
Property, plant and equipment (Opening balance as at 1 July 2023)		6,521,880,699	7,412,515	6,529,293,214
Trade and other receivables from exchange transactions (Opening balance as at 1 July 2023)		320,264,030	(689,855)	319,574,175
VAT control receivable (Opening balance as at 1 July 2023)		12,820,098	89,981	12,910,079
Payables from exchange transactions (Opening balance as at 1 July 2023)		282,991,202	(2,226,652)	280,764,550

49.5 Correction of errors

The following prior period errors adjustments occurred:

Property, Plant and Equipment

During the financial year errors on PPE were corrected. These corrections include assets incorrectly included in the asset register based on classification, existence and legal ownership. The corrections also include historical assets donated to the municipality not previously recognised.

Opening balance at 1 July 2023 effects	
Accumulated Surplus	(6,551,726)
Property, Plant and Equipment	7,412,515
Revaluation Reserve	649,093
VAT Receivable	67,653
Trade and other receivables from exchange transactions	(689,855)
Trade and other payables from exchange transactions	(887,680)
Prior year at 30 June 2024 effect	
Depreciation and amortisation	244,367
Inventory consumed	87,846
Property, Plant and Equipment	(332,213)
Accumulated Surplus	107,819
Revaluation Reserve	(107,819)
	-

Figure in Rand	2025	2024

49. GRAP 3 adjustments (continued)

Services in kind correction

During the year it was identified that services in kind for the previous year received for the Outsurance Points men, was not recognised and adjustments were made accordingly.

Prior year at 30 June 2024 effects	
Operational income (non-exchange)	(2,636,480)
Contracted services	2,636,480
	-

Library Grant output VAT correction

During the year the ouput VAT payable to SARS was reviewed and adjustments were made accordingly.

Opening balance at 1 July 2023 effects	
Accumulated surplus	(2,226,652)
Trade and other payables from exchange transactions	2,226,652
	-

Developers Contributions

During the prior year income relating to developers contributions were recognised as income instead of a deposit. The developer decided not to continue with the project and therefore requested the deposit to be paid back. All corrections were done retrospectively.

Prior year at 30 June 2024 effect	
Operational revenue	4,168,738
VAT Receivable	625,311
Trade and other payables from exchange transactions	(4,794,049)
	-

49. GRAP 3 adjustments (continued)

Other corrections made

Cash flow statement - reclassifications and corrections
Prior year comparatives were restated on the reconciliation note, due to the effect of the corrections and detailed above.

Segmental reporting
Prior year comparatives for the segments were restated due to the effect of the corrections and detailed above.

Reclassification of deposits debtors
Deposit debtors were reclassified from other debtors to sundry debtor under receivables from exchange transactions.

Operating leases commitments (municipality as lessor)
During the year, it was identified that certain lease agreements were approved by Council and was backdated to the prior year. This resulted in adjustments to be made to the previously reported amounts. The future minimum lease payments within one year increased from R581,275 to R882,454, while the payments due in the second to fifth years (inclusive) increased from R931,907 to R1,603,782. The period for current lease agreements changed from 2 - 32 years to 2 - 9 years.

Financial Instruments
Prior year comparatives were restated on the note, due to the effect of the corrections and detailed above as well as other errors identified between items within the note 55.

Fair value adjustments on Investment Property
To improve clarity, fair value adjustments on Investment Property are now disclosed separately from gains and losses on property, plant, and equipment, intangible assets, and inventory.

The comparative figure for the fair value adjustment, which was R6,755,000, has been restated and is now disclosed separately on the face of the Statement of Financial Performance to reflect this reclassification.

49. GRAP 3 adjustments (continued)

49.6 Change in accounting policy

The following change in accounting policies occurred:

49.7 GRAP 104 Financial Instruments (Revised 2019)

The Municipality has early adopted GRAP 104 Financial Statements. GRAP 104 (Revised 2019) was issued in April 2019 and has an initial promulgated implementation date of 1 July 2025. The municipality adopted in on 1 July 2024.

The Municipality applied the new Standard retrospectively, except for the transitional provisions applied as set out below.

However, in line with the Transitional Provisions for the Standards of GRAP on Financial Instruments (Revised 2019), the Municipality did not restate the prior periods.

The Municipality recognised differences between the previous carrying amounts on 30 June 2024 and those on 1 July 2024 in the opening accumulated surplus or deficit on 1 July 2024.

A. Transition - classification and measurement

The Municipality applied the classification and measurement requirements retrospectively, except for the transitional provisions applied as set out below.

- The Municipality assessed the objective of its management models for financial assets based on the facts and circumstances that existed on 1 July 2024.

The classification was applied retrospectively, irrespective of the Municipality's management model.

B. Transition - Impairment

- The Municipality applied the impairment requirements retrospectively, except for the transitional provisions applied as set out below.
- The Municipality measured the impairment losses using the expected credit losses on 1 July 2024.
- On 1 July 2024, the assessment of the credit of all financial assets at initial recognition requires undue costs or efforts. Consequently, the Municipality shall recognise a loss allowance equal to lifetime expected credit losses until that financial asset is derecognised.

49. GRAP 3 adjustments (continued)

C. Impact on measurement categories

The nature and effects of the key changes to the Municipality's accounting policies resulting from the adoption of GRAP 104 (Revised 2019) are summarised below.

The table shows the measurement categories per GRAP 104 (2009) and the new measurement categories per GRAP 104 (Revised 2019) on 1 July 2024.

Financial asset classes	Note	Measurement category: Original classification GRAP 104 (2009)	Measurement category: New classification GRAP 104 (Revised 2019)	Carrying value: Original amount GRAP 104 (2009)	Carrying value: New amount GRAP 104 (Revised 2019)
Non-current receivables from exchange transactions	7	Amortised costs	Amortised costs	-	-
Trade and other receivable from exchange transactions	9	Amortised costs	Amortised costs	380,172,614	354,151,535
Receivables from non-exchange transactions	10	Amortised costs	Amortised costs	4,613,873	4,613,873
Current options of non-current receivables from non-exchange transactions	12	Amortised costs	Amortised costs	802	2,013
Cash and cash equivalents	11	Amortised costs	Amortised costs	697,505,822	697,505,822
				1,082,293,111	**1,056,273,243**

Financial liability classes	Note	Measurement category: Original classification GRAP 104 (2009)	Measurement category: New classification GRAP 104 (Revised 2019)	Carrying value: Original amount GRAP 104 (2009)	Carrying value: New amount GRAP 104 (Revised 2019)
Annuity loans	14	Amortised cost	Amortised cost	1,364,427,698	1,364,427,698
Consumer deposits	18	Amortised cost	Amortised cost	80,367,377	80,367,377
Trade and other payables from exchange transactions	19	Amortised cost	Amortised cost	230,842,219	230,842,219
Current portion of financial liabilities	14	Amortised cost	Amortised cost	90,824,743	90,824,743
Current portion of finance leases	14	Amortised cost	Amortised cost	472,639	472,639
				1,766,934,676	**1,766,934,676**

The table reconciles the carrying amounts of financial assets under GRAP 104 (2009) to the new carrying amounts under GRAP 104 (Revised 2019) on 1 July 2024.

Financial asset classes	Note	Carrying amount GRAP 104 (2009)	Reclassifications	Change in measurements	New amount GRAP 104 (Revised 2019)
Amortised cost					
Non-current receivables from non-exchange transactions	7	-	-	-	-
Trade and other receivables from exchange transactions	9	380,172,614	-	(26,021,079)	354,151,535
Receivables from non-exchange transactions	10	4,613,873	-	-	4,613,873

Figure in Rand	2025	2024

49. GRAP 3 adjustments (continued)

Current portion of non-current receivables from non-exchange transactions	12	802	-	1,211	2,013
Cash and cash equivalents	11	697,505,822	-	-	697,505,822
		1,082,293,111	**-**	**(26,019,868)**	**1,056,273,243**

The table reconciles the carrying amounts of financial liabilities under GRAP 104 (2009) to the new carrying amounts under GRAP 104 (Revised 2019) on 1 July 2024.

Financial liability classes	Note	Carrying amount GRAP 104 (2009)	Reclassifications	Change in measurements	New amount GRAP 104 (Revised 2019)
Amortised cost					
Annuity loans	14	1,364,427,698	-	-	1,364,427,698
Finance Lease (Non-current)	15	-	-	-	-
Consumer deposits	18	80,367,337	-	-	80,367,337
Current portion of financial liabilities	14	230,842,219	-	-	230,842,219
Trade and other payables from exchange transactions	19	90,824,743	-	-	90,824,743
Finance Lease (Non-current)	15	472,639	-	-	472,639
		1,766,934,636	**-**	**-**	**1,766,934,636**

The table reconciles the carrying amounts of impairment losses under GRAP 104 (2009) to the new carrying amounts under GRAP 104 (Revised 2019) on 1 July 2024.

At amortised cost	Note	Non-current receivable from exchange transactions	Current portion of non-current receivables from exchange transactions	Trade and other receivables from exchange transactions	Total
Carrying amount under GRAP 104 (2009)		-	(10,856)	(201,639,959)	(201,650,815)
Reclassifications to FVTTSD		-	-	-	-
Reclassification to amortised cost		-	-	-	-
Change in measurement		-	1,211	(26,021,079)	(26,019,868)
New carrying amount under GRAP 104 (2019)		**-**	**(9,645)**	**(227,661,038)**	**(227,670,683)**

50. Events after the reporting date (Non-Adjusting)

CES 11/2024 – BFI tender

Inezo Water (Pty) Ltd, Paterson Candy International (SA) (Pty) and Icon Construction (Pty) Ltd made application for an order to review and set aside the award of tender CES 11/2024 Paarl Wastewater Treatment Works - Sludge Stream: Civil Works, Mechanical And Electrical Installation to Stefanutti Stocks (Pty) Ltd (second respondent); Remit the decision with respect to whom to award the tender to the first respondent's bid adjudication committee for reconsideration; direct the Municipality to pay the applicant's costs of suit. To date the Municipality has been successful in opposing a court ordered delay in the start of construction (interdict), as the source of funds for this project is the BFI grant received from National Treasury. The financial implications and impact cannot be determined at present. The matter will only be heard in 2026. The tender award amounts to R978,119,584.

Figure in Rand	2025	2024

51. Unauthorised, irregular, fruitless and wasteful expenditure

51.1 Unauthorised expenditure

Application of Sec (a) of the definition of Unauthorised expenditure in terms of the MFMA - Total operating budget		
Opening balance as previously reported	-	-
Unauthorised expenditure for the year	-	-
Opening balance as restated	**-**	**-**

Application of Sec (b) of the definition of Unauthorised expenditure in terms of the MFMA - Total Operating Budget

Reconciliation of unauthorised expenditure - Per Sec (b) of the definition of Unauthorised expenditure (Vote - Department)		
Opening balance as previously reported	-	-
Unauthorised expenditure for the year	-	-
Opening balance as restated	**-**	**-**

2025

	Budget	Actual expenditure	Unauthorised expenditure	Amount written off by council
Unauthorised expenditure per Vote (Department)				
Office of the City Manager	6,187,058	5,849,445	-	-
Financial Services	152,540,109	140,813,195	-	-
Corporate and Planning Services	284,914,145	262,671,539	-	-
Public Safety	271,839,966	244,052,272	-	-
Community Services	261,858,008	240,952,435	-	-
Engineering Services	2,427,117,642	2,364,374,549	-	-
Department of Chief Audit Executive	11,677,125	11,067,467	-	-
Department of Risk And Compliance	2,902,596	2,714,703	-	-
Department of IDP And PMS	5,781,068	5,689,762	-	-
Department of Communication	7,447,531	6,915,198	-	-
	3,432,265,248	**3,285,100,565**	**-**	**-**

Figure in Rand	2025	2024

51. Unauthorised, irregular, fruitless and wasteful expenditure (continued)

2024

	Budget	Actual expenditure	Unauthorised expenditure	Amount written off by council
Unauthorised expenditure per Vote (Department)				
Office of the City Manager	4,707,019	4,411,219	-	-
Financial Services	142,072,827	127,643,578	-	-
Corporate and Planning Services	269,259,166	258,534,748	-	-
Public Safety	257,080,117	236,208,142	-	-
Community Services	279,272,606	243,922,463	-	-
Engineering Services	2,151,978,878	2,087,261,062	-	-
Department of Chief Audit Executive	10,597,400	10,538,006	-	-
Department of Risk And Compliance	2,746,745	2,495,150	-	-
Department of IDP And PMS	5,371,464	5,194,514	-	-
Department of Communication	6,944,837	6,678,496	-	-
	3,130,031,059	**2,982,887,378**	**-**	**-**

Application of Sec (a) of the definition of Unauthorised expenditure in terms of the MFMA - Total Capital Budget

	2025	2024
Reconciliation of unauthorised expenditure - Per Sec (a) of the definition of Unauthorised expenditure (Total Capital Budget)		
Opening balance as previously reported	-	-
Unauthorised expenditure for the year	-	-
Opening balance as restated	**-**	**-**

Application of Sec (b) of the definition of Unauthorised expenditure in terms of the MFMA - Capital Budget

	2025	2024
Reconciliation of unauthorised expenditure - Per Sec (b) of the definition of Unauthorised expenditure (Vote - GFS)		
Opening balance as previously reported	-	-
Unauthorised expenditure for the year	-	-
Opening balance as restated	**-**	**-**

No unauthorised capital expenditure as per Sec (a) and (b) as per definition in terms of the MFMA.

51.2 Irregular expenditure

	2025	2024
Opening balance as restated	163,005,450	125,774,652
Add: Irregular expenditure - current	27,707,378	5,961,128
Add: Irregular expenditure – prior period	57,471	3,306,136
Add: Irregular expenditure - Strip and quote expendirure (Prior Period Error)	-	37,257,657
Less: Amounts written-off – current	(24,996,654)	(5,961,128)
Less: Amounts written-off – prior period	(163,062,921)	(3,306,136)
Less: Amount recovered	-	(26,859)
Closing balance	**2,710,724**	**163,005,450**

Figure in Rand		2025	2024

51. Unauthorised, irregular, fruitless and wasteful expenditure (continued)

Incident	Disciplinary steps/criminal proceedings	2025	2024
The expenditure relates to “strip and quote” procurement transactions with regards to the repair of vehicles and equipment that are required for service delivery. The expenditure was classified under Regulation 16 and Regulation 17 in terms of the Municipal Supply Chain Management Regulations. The application and use of these regulations for this category of expenditure were deemed as incorrect, resulting in expenditure being categorised as irregular expenditure.	Matter was investigated and reported to Council and written off.	24,996,654	37,257,657
Prior year: The Auditor-General of South Africa identified irregular expenditure due to non-compliance with the Preferential Procurement Regulations 2022 relating to the preferential points system not applied for written quotations below R30 000 (VAT included). The period is 16 January 2023 to 30 June 2023.The reason for the irregular expenditure was identified as arising from a failure to apply the required preference point system.The Auditor-General of South Africa identified irregular expenditure due to non-compliance with the Preferential Procurement Regulations 2022 regarding to preferential points system not applied to written quotations below R30 000 (VAT included). The period is 16 January 2023 to 30 June 2023.	Matter was investigated and reported to Council and written off.	-	3,306,136
Current year: The Auditor-General of South Africa identified irregular expenditure due to non-compliance with the Preferential Procurement Regulations 2022 relating to the preferential points system not applied for written quotations below R30 000 (VAT included). The period is 1 July 2023 to 31 Janaury 2024.The reason for the irregular expenditure was identified as arising from a failure to apply the required preference point system.The Auditor-General of South Africa identified irregular expenditure due to non-compliance with the Preferential Procurement Regulations 2022 regarding to preferential points system not applied to written quotations below R30 000 (VAT included). The period is 1 July 2023 to 31 January 2024.	Matter was investigated and reported to Council and written off.	-	5,961,128
Current year: An incident was identified where a contractor was prematurely paid for construction work relating to five mini drop-off facilities.	Matter was investigated and reported to Council and written off.	57,471	-
Current year: The expenditure relates to non-compliance with regulations 16 and 17 of the Municipal Supply Chain Management Regulations, where the reasons for not obtaining at least three quotations were incorrectly reported.	Matter will be investigated and reported to Councli.	2,710,724	-
Total		**27,764,849**	**46,524,921**

51. Unauthorised, irregular, fruitless and wasteful expenditure (continued)

51.3 Fruitless and wasteful expenditure

	2025	2024
Opening balance as restated	2,245,171	1,454,220
Add: Fruitless and wasteful expenditure – current	16,512	790,951
Less: Amounts written-off – current	(789,555)	-
Closing balance	**1,472,128**	**2,245,171**

Incident	Disciplinary steps/criminal proceedings	2025	2024
The municipality became aware that a former employee paid money (intended for creditors) into her personal bank account. This amounts to fraud.	In progress	-	790,951
The expenditure relates to an unauthorised travelling arrangement made by an official for a trip to Krugersdorp via Johannesburg. The supplier made bookings with an airline and an lodge. The cost incurred by the supplier was paid in terms fo the approved tender.	In progress	10,423	-
The expenditure relates to interest paid on an overdue account for the supply and delivery of vehicles	In progress	6,089	-
Total		**16,512**	**790,951**

All above mentioned amounts include VAT.

52. Additional disclosures in terms of Municipal Finance Management Act

	SALGA contributions	Audit fees	PAYE	UIF	Pension	Medical aid
As at 30 June 2025						
Opening balance	(6,430,877)	-	-	-	-	-
Subscription/fees	8,352,508	8,095,213	123,986,843	7,587,718	123,499,512	54,366,526
Amount paid – current year	(8,849,368)	(8,084,504)	(123,986,843)	(7,587,718)	(123,499,512)	(54,366,526)
Balance (prepaid) / unpaid **	**(6,927,737)**	**10,709**	**-**	**-**	**-**	**-**

	SALGA contributions	Audit fees	PAYE	UIF	Pension	Medical aid
As at 30 June 2024						
Opening balance	(6,295,434)	-	-	-	-	-
Subscription/fees	8,051,444	7,286,673	113,209,575	7,517,392	117,545,819	49,325,090
Amount paid – current year	(8,186,887)	(7,286,673)	(113,209,575)	(7,517,392)	(117,545,819)	(49,325,090)
Balance (prepaid) / unpaid **	**(6,430,877)**	**-**	**-**	**-**	**-**	**-**

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

** These balances are either included in (debtors) or creditors respectively.

VAT output payables and VAT input receivables are shown in Note . All VAT returns have been submitted by the due date throughout the year.

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

Non-Compliance to the following sections of chapters of the MFMA:

CHAPTER	SECTION	SUB-SECTION
8	74	1

Figure in Rand		2025	2024

53. Additional disclosures in terms of the supply chain management regulations

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

In terms of section 35(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 financial statements. All amounts listed below are VAT inclusive.

SCM paragraph reference	Description of deviation	2025	2024
35 (1)(a) i	Dispense with the official procurement processes in an emergency	10,537,596	8,820,758
35 (1)(a) ii	Dispense with official procurement processes if such goods or services are produced or available from a single source or sole provider.	45,449,441	38,295,732
35 (1)(a) v	Dispense with official procurement processes in any other exceptional case where it is impractical or impossible to follow the official procurement processes.	6,566,662	28,900,540
Total deviations		**62,553,699**	**76,017,030**

53.2.Awards to close family members of persons in service of the state - SCM Regulation 44

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

Supplier name	Employee name	Relationship	Department	2025	2024
D Uren Construction *	Z Naidoo	Child	Drakenstein Municipality: Finance	-	45,350
	U Naidoo	Son-in-law	Drakenstein Municipality: Engineering		
Harold's Auto Repairs *	B van Rooy	Child	Drakenstein Municipality: Engineering Services	-	83,877
Mynhardt Joubert (Pty) Ltd **	I Engelmohr	Spouse	Drakenstein Municipality: Finance	-	23,288
EHH Building Construction *	H Fredericks	Brother	Drakenstein Municipality: Community Services	424,397	280,051
Siphakame Skills Development CC *	N Vacu	Spouse	Drakenstein Municipality: Planning and Economic Development	239,189	-
BD Uren *	Z Naidoo	Sister	Drakenstein Municipality: Finance	-	91,497
	U Naidoo	Brother-in-law	Drakenstein Municipality: Engineering		
VE Sovile *	A Stulweni	Partner	Drakenstein Municipality: Councillor	98,055	68,374
Elana Uren *	Z Naidoo	Child	Drakenstein Municipality: Finance	-	812,438

Figure in Rand				2025	2024
William Matthyse T/S WM Upholsters	M Matthyse	Child	Drakenstein Municipality: Corporate & Planning Services	25,800	-
Juhan Construction (Pty) Ltd	A Abrahams	Brother-in-law	Drakenstein Municipality: Finance	2,328,036	-
				3,115,477	**1,404,875**

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**		
Servelec (Pty) Ltd *	L de Lange	Spouse	South African Revenue Services	6,304,429	1,569,562
Van Der Spuy (Wes-Kaap) Inc Van Der Spuy en Vennote *	M Van Zyl	Spouse	Western Cape Department of Education	4,048,243	1,795,446
Webber Wentzel *	Dr E Watson	Brother	Road Accident Fund	3,084,857	2,106,715
	E Watson	Parent	Department of Public Services and Administration		
	JCL Smit	Parent	Beaufort West Municipality		
	N Ndebele	Sister	Gauteng Department of Education		
	Dr D Singh	Parent	Department of Basic Education (KZN)		
	P Singh	Parent	Department of Basic Education (KZN)		
	B Gxilishe	Parent	Department of Agriculture and Fisheries		
WRP Consulting Engineers (Pty) Ltd *	EK Mamphita	Spouse	South African Broadcasting Corporation	220,057	154,328
	HE Furumele	Brother	Department of Education		
	KS Furumele	Brother	Department of Education		
	ME Phathutshedzo	Sister	Department of Defence		
	DG Mamphitha	Sister-in-law	Fezile Dabi District Municipality		
	A Mare	Daughter-in-law	Department of Education		
JPCE (Pty) Ltd *	J Minnie	Spouse	City of Cape Town	680,688	1,062,909
Neil Lyners and Associates CC t/a Lyners *	A du Toit	Child	City of Cape Town	2,611,548	4,664,009
Ikapa Reticulation & Flow CC *	C Davids	Child	Western Cape Department of Education	2,314,477	673,554
Kozain Panel Beaters **	J Kozain	Child	Western Cape Department of Education	39,418	35,424
	T Kozain	Child	Western Cape Department of Health		

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

Supplier name	Employee name	Relationship	Department	2025	2024
Zutari (Pty) Ltd (previous Aurecon South Africa (Pty) Ltd) ***	HC Ahlschlager	Spouse	Special Investigation Unit	53,339,145	30,858,146
	S Seegers	Sibling	City of Cape Town		
	N Allie	Sibling	SARS		
	M Gasant	Sibling	SARS		
	K Nadasen	Spouse	National Department of Public Works		
	MR Marques	Spouse	Department of Home Affairs		
	TJ Ndala	Spouse	Gauteng Department of Education		
TC Events Co (Pty) Ltd **	L Johnson	Brother	South African Police Services	2,270,176	1,646,826
	D Renier	Brother-in-law	South African Police Service		
LJ Projects and Events *	C Jafta	Spouse	Department of Water Affairs	-	28,640
Nedbank Limited*	MM Matoqane	Brother	Ekurhuleni Metro Muncipality	4,461,644	2,982,983
	B Radebe	Spouse	Department of Education		
JC Verkoeling (Pty) Ltd*	H Esterhuizen	Sister-in-law	South African Police Service	574,059	214,303
Wamtech Systems (Pty) Ltd**	M Le Roux	Sister	City of Cape Town	-	59,695
C and M Raadgewende Ingenieurs (Pty) Ltd**	CB Nyele	Spouse	SA Weather Services	198,927	-
Van Zyl Kruger Inc*	G Marais	Brother	City of Cape Town	265,071	325,717
	P Marais	Father	Provincial Parliament		
Adapt IT (Pty) Ltd***	D Mbmabo	Spouse	SANRAL	567,961	601,299
Lynamic*	J Smith	Brother	Department of Social Development	1,381,470	1,457,941
	C Smith	Sister-in-law	Department of Health		
Organ of State Advisory and Research (Pty) Ltd**	M Renier	Sister	Western Cape Education Department	103,500	51,750
	D Renier	Brother-in-law	South African Police Services		
Casella Holdings (Pty) Ltd**	B Kies	Sister	Metro - Emergency Medical Services	-	24,550
Hiload Inyanga Construction (Pty) Ltd*	A van Wyk	Spouse	Western Cape Education Department	5,710,225	2,383,717
Munsoft (Pty) Ltd**	M Nondzaba	Parent	Bojanala Platinum District Municipality	883,807	691,844
JVZ Construction (Pty) Ltd***	RE Matthee	Spouse	Department of Correctional Services	50,231,895	13,619,193
Macsteel Service Centres SA (Pty) Ltd*	CB Vilakzi	Spouse	Board of Eskom SOC Ltd	-	273,687
Zana Manzi's Services (Pty) Ltd*	G Luthuli	Spouse	Head of Institution: Desmond Tutu Child & Youth Care Centre (Pretoria North)	346,391	-

Notes to the Audited Annual Financial Statements

Figure in Rand				2025	2024
Actom (Pty) Ltd T/A Genlux Lighting, A Division of**	T Lubbe	Spouse	Gauteng Department of Education	314,957	-
	CR Makamu	Spouse	Department of Higher Education	-	-
Actom Electrical Products A Division of Actom**	T Lubbe	Spouse	Gauteng Department of Education	6,803,152	-
	CR Makamu	Spouse	Department of Higher Education	-	-
Ozow (Pty) Ltd*	T Constable	Spouse	Gauteng Department of Health	61,242	-
Indecon (Pty) Ltd T/A Indecon Instrumentation*	L Barnard	Spouse	Western Cape Education Department	53,130	-
Masiqhame Trading 1555 CC*	D Carelson	Sister	City of Cape Town	3,234,918	-
Ducharme Asset Management and Accounting (Pty) Ltd*	L Mbekeni	Spouse	Department of Rural Development and Land Reform	211,600	-
D.Uren Construction*	Z Naidoo	Child	Eskom	1,592,711	-
BD Uren*	Z Naidoo	Sister	Eskom	-	-
Elana Uren*	Z Naidoo	Child	Eskom	241,702	-
Herold Gie and Broadhead Inc**	N Fourie	Sister-in-law	Western Cape Department of Health	409,938	-
	K Meyer	Father	City of Cape Town	-	-
Skonto (Pty) Ltd*	A Klaassen	Child	Western Cape Mobility Department	47,058	-
All amounts include VAT				**152,608,396**	**67,282,238**

References:
*** Rates and fixed - Awards were made based on tendered rates and fixed amounts.
** Fixed - Awards were made based on fixed amounts only.
* Rates - Awards were made based on tendered rates only.

Notes to the Audited Annual Financial Statements

Figure in Rand	2025	2024

54. Capital commitments

Commitments in respect of capital expenditure:

Approved and contracted for:		
Infrastructure	1,003,159,595	345,592,340
Other	5,318,201	5,244,694
Intangibles	-	25,001
	1,008,477,796	**350,862,035**

All capital commitments include VAT.

55. Financial instruments

55.1 Fair value of financial instruments

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the audited annual financial statements approximate their fair values, except for the listed Government stock. In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of financial position, are as follow:

55. Financial instruments (continued)

	Note	2025		2024	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Fair value					
Listed investments	11	-	-	-	-
Amortised cost					
Non-current receivables from exchange transactions	7	-	-	-	-
Trade and other receivables from exchange transactions	9	378,399,445	378,399,445	380,172,614	380,172,614
Receivables from non-exchange transactions	10	4,297,566	4,297,566	4,613,873	4,613,873
Current portion of non-current receivables	7	-	-	802	802
Short-term investments		-	-	-	-
Cash and cash equivalents	11	1,028,932,868	1,028,932,868	697,505,822	697,505,822
		1,411,629,879	**1,411,629,879**	**1,082,293,111**	**1,082,293,111**
Financial liabilities					
Amortised cost					
Unsecured bank facilities:					
Annuity Loans	14&15	1,262,256,026	1,262,256,026	1,364,427,698	1,364,427,698
Finance Leases	14	724,181	724,181	-	-
		1,262,980,207	**1,262,980,207**	**1,364,427,698**	**1,364,427,698**
Consumer deposits	18	86,665,894	86,665,894	80,367,377	80,367,377
Trade and other payables from exchange transactions	19	274,782,841	274,782,841	231,729,899	231,729,899
Current portion of Borrowings	14&15	102,171,671	102,171,671	90,824,743	90,824,743
Current portion of Finance Leases	14	351,619	351,619	472,639	472,639
		463,972,025	**463,972,025**	**403,394,658**	**403,394,658**
Total financial liabilities		**1,726,952,232**	**1,726,952,232**	**1,767,822,356**	**1,767,822,356**
Total financial instruments		**(315,322,353)**	**(315,322,353)**	**(685,529,245)**	**(685,529,245)**

The Fair Values of Financial Assets and Financial Liabilities are determined as follow:

The municipality's financial assets and liabilities are measured at amortised cost. For disclosure purposes, the fair values of these instruments are categorized within the fair value hierarchy as Level 2.

Short-term Receivables and Payables: The fair value of short-term receivables and payables is considered to be the transaction price. This is because the initial credit period is no longer than 30 days. These fair values are classified as Level 2 in the fair value hierarchy because they are not based on quoted prices in active markets, but on observable inputs.

Other Financial Instruments at Amortised Cost: The fair value of other financial instruments at amortised cost, such as long-term receivables and borrowings, is determined by discounting future cash flows at market interest rates for similar instruments. These are also classified as Level 2 in the fair value hierarchy.

The municipality does not have any financial instruments that are carried at fair value, and therefore no instruments are classified as Level 1 or Level 3 in the fair value hierarchy.

55. Financial instruments (continued)

55.2 Capital risk management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance.

The capital structure of the municipality consists of debt, which includes the Long-term Borrowings disclosed in Note 14; Finance Leases disclosed in Note 15; Cash and Cash Equivalents disclosed in Note 11; and Net Assets, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note(s) 21 to 23 and the Statement of Changes in Net Assets.

55.3 Financial risk management objectives

Due to largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IFRS mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit and risk management, responsible for monitoring and responding to potential risk, reports quarterly to the municipality’s audit committee, an independent body that monitors the effectiveness of the internal audit function.

55.4 Significant accounting policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the audited annual financial statements.

55.5 Market risk

The municipality’s activities expose it primarily to the financial risks of changes in interest rates (see Note 47.6 below). No formal policy exists to hedge volatilities in the interest rate market.

55.6 Interest Rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk on financial assets consist mainly of fixed deposit investments and bank and cash balances.

The municipality is primarily exposed to interest rate risk on its long-term borrowings and finance leases. However, as the municipality's borrowings are all at fixed interest rates for the duration of their terms, there is no direct exposure to interest rate fluctuations that would impact finance costs. Therefore, a sensitivity analysis for interest rate risk is not presented.

The municipality does not incur interest on its trade and other payables. In accordance with legislative requirements, these payables are settled within a 30-day payment period. Any interest that would arise from late payments is considered fruitless and wasteful expenditure. Therefore, a sensitivity analysis for interest rate risk is not presented.

The municipality does not pay any interest on consumer deposits received from customers. These deposits are held to mitigate credit risk in accordance with the municipality's Credit Control and Debt Collection Policy. Therefore, a sensitivity analysis for interest rate risk is not presented.

55. Financial instruments (continued)

The municipality’s maximum exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

The interest rate profile of the Municipality's interest-bearing financial instruments as reported to the management of the Municipality is as follows.

A reasonably possible change of 100 basis points in interest rates at the reporting date for variable-rate instruments would have increased (decreased) surplus or deficit by the amounts shown below. This analysis assumes that all other variables remain constant

	2024/25	
	Surplus and deficit	
	100 bp decrease	100 bp increase
Interest earned on cash and cash equivalents	82,763,689	105,754,803
Interest earned on trade receivables (financial assets)	18,795,969	22,457,519

The Municipality does not account for any fixed-rate financial assets or financial liabilities at fair value through surplus or deficit (FVTSD). As such, changes in market interest rates at the reporting date would not affect the surplus or deficit.

55.7 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the municipality’s main banker to cater for any unexpected temporary shortfall in operating funds.

30 June 2025

	Within 1 year	2 to 5 years	5 years +	Total
Maturity analysis				
Annuity loans	249,381,307	964,191,924	1,058,271,401	2,271,844,632
Finance leases	427,275	783,337	-	1,210,612
Payables from exchange transaction	274,782,841	-	-	274,782,841
Consumer deposits	86,665,894	-	-	86,665,894
	611,257,317	**964,975,261**	**1,058,271,401**	**2,634,503,979**

30 June 2024

	Within 1 year	2 to 5 years	5 years +	Total
Maturity analysis				
Annuity loans	249,381,307	990,918,378	1,280,926,254	2,521,225,939
Finance leases	564,408	-	-	564,408
Payables from exchange transaction	81,919,148	-	-	81,919,148
Consumer deposits	86,672,863	-	-	86,672,863
	418,537,726	**990,918,378**	**1,280,926,254**	**2,690,382,358**

The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain its current debt to equity ratio. This will be achieved through the annual increase in tariffs to maintain the accumulated surplus.

Figure in Rand	2025	2024

55. Financial instruments (continued)

55.8 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality's credit risk management objective is to minimise the risk of financial loss arising from the inability of customers or counterparties to meet their contractual obligations.

The Municipality manages credit risk in its borrowing and investing activities by only dealing with well-established financial institutions of high credit standing, and by spreading its exposure over a range of such institutions in accordance with its approved investment policies.

- Setting strict credit control policies approved by Council;
- Requiring service deposits for new accounts;
- Actively monitoring payment performance through monthly ageing reports;
- Segmenting debtors by risk profile for ECL modelling;
- Using external credit ratings for assessing risk of cash and investments with financial institutions; and
- Enforcing collection procedures, including disconnection of services and legal recovery.

The carrying amount of financial assets recorded in the audited annual financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follow:

	2025	2024
Trade and other receivables from exchange transactions	378,399,445	380,172,614
Short term investments	-	-
Receivables from non-exchange transactions	4,297,566	4,613,873
Current portion of non-current receivable	-	802
Cash and cash equivalents	1,028,932,868	697,505,822
Maximum Credit and Interest Risk Exposure	**1,411,629,879**	**1,082,293,111**

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2025

55. Financial instruments (continued)

	Business	Residential	Other (Govt. Sundry)	Weighted average loss rate	Gross carrying	Loss Allowance
Grade 1 – Performing (0 days, Low Risk)	169,167,834	89,331,917	31,512,167	2.98 %	290,011,918	8,655,734
Grade 2 – Underperforming (1–60 days, Moderate Risk)	5,429,430	22,681,076	2,067,990	27.25 %	22,681,076	6,180,632
Grade 3 – Non-Performing (61–90 days, High Risk)	2,716,894	14,927,676	1,955,558	39.24 %	14,927,681	5,856,903
Grade 4 – Default (>90 days, Credit-Impaired	31,059,839	281,139,135	7,555,991	79.71 %	281,143,057	224,091,897
Total					**608,763,732**	**244,785,166**

The credit risk ratings for receivables are categorised by debtor type, and the risk is assessed based on the impairment probabilities for each group. The receivables are grouped into the following categories:

Business: This group consistently shows the lowest impairment probabilities, reflecting stronger historical payment behavior.

Residential: This group shows a higher impairment probability than the Business group. The report notes that the majority of the impairment value comes from this group due to higher exposure and lower payment probabilities.

Other: This category includes Government, Councillors, and Employees. Their impairment probabilities are higher than those for Business accounts.

Other Trade and other receivables from exchange transaction	Other (Sundry)	Weighted average loss rate	Gross carrying	Loss Allowance
Grade 1 - Performing (0 days, Low Risk)	14,420,879	0.00 %	14,420,879	-

Receivables from non-exchange transaction	Other (Sundry)	Weighted average loss rate	Gross carrying	Loss Allowance
Grade 1 - Performing (0 days, Low Risk)	4,297,566	0.00 %	4,297,566	-

The following table provides information about the exposure to credit risk and ECLs for cash and cash equivalents as at 30 June 2025

55. Financial instruments (continued)

Institution	Account number	Account type	External credit rating	Gross carrying amount	Loss allowance
NEDBANK	122-750-451-9 *	PRIMARY ACCOUNT	zaAA+/'zaA-1+	273,733,321	-
ABSA BANK	93-5338-8392	CALL DEPOSIT	zaAA+/zaA-1+	143,849,586	-
ABSA BANK	93-5591-4684	CALL DEPOSIT	zaAA+/zaA-1+	73,424,468	-
ABSA BANK	93-5612-6210	CALL DEPOSIT	zaAA+/zaA-1+	74,573,012	-
ABSA BANK	90-5907-5162	CALL DEPOSIT	zaAA+/zaA-1+	71	-
NEDBANK	03/7881536373/000052	CALL DEPOSIT	zaAA+/'zaA-1+	715,140	-
NEDBANK	03/7881182954/000002	NOTICE DEPOSIT ACCOUNT	zaAA+/'zaA-1+	17,825,000	-
AFRICAN BANK	110-0061-1166	CALL DEPOSIT	zaA/zaA-1	315,144,626	-
STANDAR D BANK	07 875 830 0 - 063	CALL DEPOSIT	AA+(zaf)	29,543,472	-
STANDAR D BANK	07 875 830 0 - 067	CALL DEPOSIT	AA+(zaf)	100,120,822	-
				1,028,929,518	**-**

**** Nedbank primary account balance per cashbook***

55.9 Other price risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

55.10 Adoption of GRAP 104 (Revised) (2019)

The municipality has early adopted GRAP 104 (Revised 2019). In line with the transitional provisions, the comparatives have not been disclosed for new and compulsory disclosures in terms of GRAP 104 (Revised 2019).

56. Additional disclosure in terms of the Broad-Based Black Economic Empowerment Act

Information on compliance with the Broad-Based Black Economic Empowerment Act (B-BBEE) is included in the Annual Report under the section titled Employment Equity.

57. Related party disclosures

57.1 Nature of related party relationships

Related party	Nature of relationship
Compensation made to Senior Management	Refer to note 38.1
Remuneration of councillors	Refer to note 39

57.2 Related party transactions

	2025	2024
Revenue		
Consumer services rendered to Key Management	66,830	62,621
Consumer services rendered to Councillors	1,619,057	1,482,280
	1,685,887	**1,544,901**

Notes to the Audited Annual Financial Statements

Figure in Rand	2025	2024

57. Related party disclosures (continued)

57.3 Related party balances

Outstanding balances

	2025	2024
Consumer accounts		
Key Management Personnel	-	-
Councillors	59,784	77,121
	59,784	**77,121**

The consumer services are in accordance with approved tariffs that was advertised to the public.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Key Management Personnel and Councillors. No expense has been recognized in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Not all persons in the service of the state is seen as related parties as defined in GRAP 20, as they do not necessarily control or have an interest that gives them significant influence over the municipality. For disclosure purposes in terms of Supply Chain Management Regulations 44, awards to close family members of persons in the service of the state are disclosed in note 53.2

58. Retirement benefit information

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

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councilors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of financial performance and financial position of R 123,499,512 (2024: R 117,545,819) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

58. Retirement benefit information (continued)

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

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

Defined benefit scheme

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

Defined contribution scheme

The actuarial valuation report at 30 June 2024 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R2,213,314,000 (30 June 2023: R2,163,627,000), net investment reserve of R0 (30 June 2023: R0) and with a funding level of 100% (2023: 100%).

The actuary concluded that:
- The Pensioner Account has a funding level of 118.5% and is in a sound financial condition;
- The DC Section has a funding level of 100% and is in a sound financial condition;
- The Fund is in a sound financial condition with a funding level of 106.1%;
- The Trustees awarded a 5.1% pension increase effective 1 January 2025; and
- The Trustees awarded 100% of monthly pension bonus to pensioners payable in December 2024.

b) Consolidated Retirement Fund for local government (Previously Cape Joint Retirement Fund)

The last statutory valuation performed as at 30 June 2024 revealed that the net assets of the Fund amounted to R47,307,646,000 (30 June 2023: R42,710,035,000). The members share account and processing reserve account had assets amounting to R45,634,047,000 (2023: R41,498,826,0000), and the pensions account had assets amounting to R693,467,000 (2023: R633,281,00) with funding levels of 100.2% and 117.3% (30 June 2023 100.2% and 120.1%) for the Share Account and the Pensions Account respectively. The Preservation Pension Account amounted to R116,787,000 (30 June 2022: R97,435,00), with a funding level of 100% (30 June 2023: 100%). The contribution rate paid by the members (7.5%) and the municipalities (7.5% or 19.5%) 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.

c) SALA Pension Fund

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme.

The statutory valuation performed as at 01 July 2021 revealed that the assets of the fund amounted to R12,238,000 (01 July 2018: R14,298,600), with funding levels of 85.5% (01 July 2018: 96.0%). Recommended that employers continue to contribute at the current rate of 18.97% and the participating employees' contribute rate increased from 19.18% to 21.03% of pensionable salaries.

It is the actuary's opinion that:
- The Fund is 85.5% funded at the current valuation date. The financial position of the Fund has deteriorated since the previous statutory valuation date;
- The deficit at the valuation date has increased since the previous statutory valuation. The drop in the funding level is mainly due to the poor investment returns experienced over the valuation period; and
- I further certify that I am satisfied with the investment policy of the Fund and that the nature of the assets is, in my opinion, suitable for the nature of the liabilities of the Fund at the valuation date.

58. Retirement benefit information (continued)

d) National Fund for Municipal Workers

The fund operates on defined contribution principles, in terms of the rules of the fund category A and category C members contribute at a rate as agreed upon by the local authority and the member, subject to an absolute minimum contribution of 2% or 5% of their remuneration respectively.

The local authority must, in respect of category A and category C members contribute such an amount as agreed between the local authority and the fund, subject to a minimum contribution rate of 2% and 5% of their remuneration respectively.

Category B members are members who belong to both category A and category C and the local authority must, on behalf of such members, not contribute less than 7% of their remuneration.

The contribution rates specified above include the amounts payable towards the insured risk benefits policy as well as an allowance for administration fees.

The exact member contribution rate and employer contribution rate payable by each of the local authorities are specified in the schedule to the consolidated rules.

The last statutory valuation performed as at 30 June 2024 revealed that the assets of the fund amounted to R31,228,359,000 (30 June 2023: R27,542,846,000), with funding levels of 100.00% (30 June 2023: 100%). The actuary certifies that as at 30 June 2024 the assets of the fund were sufficient to cover 100.0% members' liabilities and reserve account balances. They thus confirm that, the fund continues to be able to meet its liabilities.

e) The Municipal Workers Retirement Fund (Previously South African Municipal Workers Union Provident Fund)

The fund does statutory valuations every three years. Information below is extracted from the latest report on March 2022. Comparatives therefore differ from disclosures in previous years AFS.

The statutory valuation performed as at 30 June 2020 revealed that the assets of the fund amounted to R9,021,008,000
(30 June 2019: R9,272,763,000), with funding levels of 102.2% (30 June 2019: 110.6%). The funding level before allowing for the reserves has reduced to 102.2%, largely as a result of the poor investment returns over the year to 30 June 2020.

The Rules require that member and employer contribution rates shall be as agreed between the employer and the Fund but shall be not less than 7.5% and 18% respectively, unless the employer is part of a bargaining forum that permits lower contribution rates and/or does not apply higher member and employer contribution rates for any of its employees. The employer contribution rates applicable shall not be less than those contributed by the employer to any other fund.

Based on June 2020 contributions, it appears that members contribute at an average rate of around 8.2%, and employers at an average rate of around 19.5%.

The Fund’s assets were sufficient to cover the members’ Fund Credits and to provide a margin for contingency reserves as at
30 June 2020. The valuator therefore consider that the Fund was in a sound financial position at the valuation date.

59. Contingent liabilities

TE Joka
During Feb 2019. the Plaintiffs' vehicle was impounded for not having a valid permit to transport passengers. The Plaintiff received a fine and appeared in Court to dispute the fine and was successful. The charges against the plaintiff were withdrawn, but the fine of R7,000 (2024: R7,000) was not refunded.

N Largardien
In January 2022, the applicant drove through a pothole in Annie Benjamin Street. As a result of this incident the applicant lodge a claim against the municipality to the amount of R11,814 (2024: R11,814). The matter was referred to the internal insurance section and was rejected. The claim is in settlement negotiations with a legal advisor.

Baruch Security
The applicant filed a security services claim against the Municipality. As a result of this incident, the applicant lodged a claim of R897,717 (2024: R897,717). The claim is current with attorneys appointed by the Municipality.

Fox Properties (Pty) Ltd
It is alleged that the conveyancing transaction was incorrectly processed, the building works was incomplete and there was a loss of rental income.The applicant lodged a claim of R3,229,035.

GC du Plessis
The applicant drove through a pothole and as a result of this incident the applicant lodge a claim against the municipality to the amount of R33,783.

Dimension Data (Pty) Ltd
It is alleged that the municipality did not reimburse a service provider for services rendered. The applicant lodge a claim of R265,166.88.

Various other insurance claims
To date a total of 14 (2024: 19) cases are being dealt with at the Municipality's insurer and amounts to R37,431,287 (2024: 40,995,673) in total claims. In the event that the claims are successful, the Municipality will be liable for the amount of R300,000 (2024: R440,0000), which is the excess payable.

Arbitration cases
The municipality has 4 (2024: 4) ongoing arbitration cases, which varies in circumstances. The maximum exposure for the municipality amounts to R2,838,180.73 (2024: R1,467,097.83).

VAT - Library Grant
According to Section 217 (3) of the Tax Administration Act (TAA), the municipality may be levied with penalties and interest by SARS for the late declaration and payment of output VAT. The penalty rate and interest charged will be determined by SARS as various considerations need to be taken into account to calculate this amount. The municipality's best estimate for these penalties and interest payable amounts to R1,963,556 (2024: R2,431,888).

60. Contingent assets

Insurance Claim - Parys Substation fire & Grysbok Flats fire
A dispute with the insured underwriter and broker with regards to the amount of the insurance claims to be paid out by the insurance company, and the uncertainty on the claim amount to be paid out. The claim is estimated at R25,007,410 (2024: R25,007,410).

61. Reporting against the framework for schedule 4 of DORA allocations

Submit project registrations and detail project implementation plans before the prescribed due dates. Department of Provincial and Local Government is monitoring the overall programme implementation.

62. Registered IUDG programme

	Received	Expenditure	Unspent
2024/2025			
Solid waste skips	564,200	(564,200)	-
Upgrading of Refuse Transfer Station	5,271,415	(5,271,414)	1
Replace / Upgrade Water Reticulation Station	11,970,800	(11,970,799)	1
Extenstion of basic services: informal settlements (Water)	1,025,911	(1,025,911)	-
Replace 2 X Ras Pumps. Paarl WWTW	820,807	(820,807)	-
Replace / upgrade sewerage system	3,905,360	(3,905,360)	-
Upgrading of Reactors Paarl WWTW	4,076,335	(4,076,334)	1
Extension of basic services: informal settlements (Sanitation)	1,974,090	(1,974,089)	1
Upgrading of Traffic Lights Intersection	1,484,150	(1,484,150)	-
Reseal of Streets / Road Network (Paarl / Wellington)	19,611,925	(19,611,925)	-
Upgrading of Sidewalks	849,932	(849,932)	-
Refurbish Storm Water Systems	7,542,147	(7,542,147)	-
Drakenstein Streetlight Projects	508,145	(508,145)	-
	59,605,217	**(59,605,213)**	**4**

	Received	Expenditure	Unspent
2023/2024			
Solid waste skips	998,200	(998,200)	-
Replacement of Ysterbrug -Victoria pump	11,810,379	(11,810,379)	-
Extenstion of basic services: informal settlements (water)	2,300,000	(2,300,000)	-
Replace / upgrade sewerage system	3,444,250	(3,444,250)	-
Disinfectant system for Wellington WWTW	546,502	(546,502)	-
Extension of basic services: informal settlements (sanitation)	2,300,000	(2,300,000)	-
Traffic lights	2,057,771	(2,057,771)	-
Reseal of streets in terms of the rams	7,443,774	(7,443,774)	-
Upgrading of sidewalks	3,980,852	(3,980,852)	-
Refurbish storm water systems	5,633,331	(5,633,331)	-
Increase existing HT network capacity	6,083,667	(6,083,667)	-
Increase existing MT network capacity	4,600,000	(4,600,000)	-
Replacement program for old and redundant	3,449,787	(3,449,787)	-
Increase existing LT network capacity	1,379,999	(1,379,999)	-
Electrification of informal areas	2,587,488	(2,587,488)	-
	58,616,000	**(58,616,000)**	**-**

Figure in Rand	2025	2024

63. Going concern

In terms of the accounting standard GRAP 1, paragraphs 27 to 30, the annual financial statements are prepared on a going concern basis. The assumption is based on the fact that the municipality has a constitutional mandate to levy property rates and service charges to enable the municipality to be considered as a going concern even though the municipality will be operational over the short to medium term in a state where liquidity will be under pressure.

The municipality has not defaulted on payment of creditors. By sustaining a revenue collection rate above 98%, the municipality do have the ability to operate as a going concern and to continue rendering services to its community.

64. Principal and agent arrangements

Agent arrangements: Traffic services

Agent for the Western Cape Department of Transport and Public Works

The municipality acts as agent for the Western Cape Department of Transport and Public Works, where it provides motor vehicle registration and licenses services on behalf of the Western Cape Department of Transport and Public Works.

Reconciliation of amounts payable to the WC Department of Transport and Public Works		
Balance at beginning of year	(274,269)	(85,809)
Revenue received on behalf of principal (incl comission)	98,588,327	96,706,880
Revenue recognised by municipality agency fee (Inclusive of VAT)	(21,070,129)	(20,299,965)
Revenue paid over to the principal	(77,178,600)	(76,595,375)
* VAT included		
Balance at the end of the year	**65,329**	**(274,269)**

Agent for the Road Traffic Infringement Agency (RTIA)

The Municipality acts as agent for Road Traffic Infringement Agency (RTIA), where it collects AARTO fines on behalf of the RTIA and receives a 3% agency fee.

Reconciliation of amounts payable to the Road Traffic Infringement Agency		
Balance at beginning of year	-	-
Revenue received on behalf of principal (incl comission)	198,205	107,235
Revenue recognised by municipality as agency fee (inclusive of VAT)	(5,946)	(3,217)
Revenue paid over to the principal	(192,259)	(104,018)
* VAT included		
Balance at the end of the year	**-**	**-**

Agent for the Western Cape Department of Human Settlements

The municipality acts as agent for the Western Cape Department of Human Settlements, where it acts as account administrator for certain housing projects. Refer to note 34, for amounts recognised as revenue and amounts receivable.

Agent for the National Department of Justice

The Muncipality act as agent for the National Department of Justice, where it collects Contempt of court fines imposed for non-appearance of traffic fine offenders. The Municipality does not derive any revenue from this functions.

Notes to the Audited Annual Financial Statements

Figure in Rand	2025	2024
Reconciliation of amounts payable to the Department of Justice		
Balance at beginning of year	751,000	445,600
Revenue received on behalf of principal	1,021,400	305,400
Revenue recognised by municipality as agency fee	-	-
Revenue paid over to the principal	-	-
Balance at the end of the year	**1,772,400**	**751,000**

Agent arrangements: Housing services

Agent for the Western Cape Department of Human Settlements

The municipality acts as agent for the Western Cape Department of Human Settlements, where it acts as account administrator for certain housing projects. Refer to note 34, for amounts recognised as revenue and amounts receivable.

The prior year comparatives have been restated, please refer to note 49 for more detailed information.

Principal arrangements: Traffic services

Issuing of Traffic fines

The municipality has a service provider TMT (2024: TMT) who acts as agent for the municipality with the issuing of traffic fines. All payments are received directly by the municipality and the service provider invoices the municipality for commission payable.

	2025	2024
Amounts remitted, but not received at year-end	-	-
Commission received by the agent (Incl VAT)	7,139,724	6,682,633

Principal arrangements: Financial Services

Agent for the Drakenstein Municipality

The municipality has a service provider EasyPay & Ozow (2024: EasyPay & Pay At) who acts as agent for the Municipality with the 3rd party collection of debtor payments. All payments are paid directly to the municipality and the service provider invoices the municipality for commission payable.

	2025	2024
Amounts remitted, but not received at year-end	1,210,706	1,725,801
Commission received by the agent (Incl VAT)	4,912,898	5,770,785

Principal arrangements: Financial Services

Agent for the Drakenstein Municipality

The municipality has a service provider ONTEC (2024: ONTEC) who acts as agent for the municipality with the sale of prepaid electricity and water. All payments are received directly by the municipality and the service provider invoices the municipality for commission payable. No penalties are payable if the contract with the agent is terminated.

	2025	2024
Amounts remitted, but not received at year-end	5,084,049	10,280,359
Commission received by the agent (Incl VAT)	10,110,943	10,695,698

Figure in Rand	2025	2024

65. Transfers and subsidies

Operational		
Bursaries	585,922	515,025
Other allocations	37,422,628	14,335,529
Total transfers and subsidies: Operational	**38,008,550**	**14,850,554**

Notes to the Audited Annual Financial Statements

Figure in Rand	2025	2024

66. Reconciliation of budget surplus/(deficit) with surplus/(deficit) with Statement of Financial Performance

Net surplus/(deficit) per the statement of financial performance		
Basis differences		721,536,082

Revenue by Source		
Property rates		-
Property rates - penalties & collection charges (Surcharges and Taxes*)		(3,168,263)
Service charges - electricity revenue		(1,753,141,509)
Service charges - water revenue		(246,784,285)
Service charges - sanitation revenue		(164,906,162)
Service charges - refuse revenue		(183,297,317)
Service charges		2,360,118,361
Availability charges - Waste management		(3,998,472)
Availability charges - Water		(2,207,465)
Availability charges - Waste water management		(3,352,292)
Availability charges - Electricity		(2,430,860)
Rental of facilities and equipment (Rental of Fixed Assets*)		(8,020,557)
Investment revenue (Interest earned - external investments)		-
Interest earned - outstanding debtors		(20,626,499)
Finance income and Dividends*		-
Licences and permits		(22,703,756)
Fines (Fines, Penalties & Forfeits*)		(104,330,737)
Transfers recognised - operational / (Transfers and Subsidies*)		(535,928,666)
Other revenue (Operational Revenue (Exchange)*)		297,144,805
Operational Revenue (Non-Exchange)*		(4,418,007)
Sale of Goods and Rendering of Services*		(36,774,085)
Inventory Surpluses (Gains / Losses on Inventory)		-
Construction Contract Revenue		-
Fair value Adjustment		(27,635,000)
Total		**(466,460,766)**

Expenditure By Type		
Employee related costs		2,325,909
Remuneration of councillors (Councillor Related Cost*)		-
Collection cost		-
Debt impairment		-
Irrecoverable debts written off		101,986,105
Impairment losses on financial assets		31,666,645
Depreciation & asset impairment (Depreciation and Amortisation *)		(32,567,545)
Impairment losses		900,900
Interest, Dividends and Rent on Land (Interest paid*)		-
Materials and Bulk purchases		(1,449,436,744)
Bulk purchases		1,378,144,797
Contracted services		223,345,314
Transfers and grants (Transfers and Subsidies : Operational Exp*)		-
Other expenditure (Operational cost*)		(376,901,887)
Inventory*		71,291,947
Operating Leases*		19,938,977
Loss on disposal of Assets (Gains / (losses) on disposal of PPE, IA, IP & HA*)		19,866,510
		-
Total		**(9,439,072)**

Notes to the Audited Annual Financial Statements

Figure in Rand	2025	2024
Surplus/(Deficit)		
Transfers recognised - capital		461,487,777
Conttributions recognised - capital		14,412,059
		475,899,836
Net surplus/(deficit) per statement of budget comparison		721,536,082

* - Statement of Financial Performance classifications

Budget basis differences mainly relate to grouping differences of revenue and expenditure items between budget items per the Budget Schedules as issued by National Treasury, as opposed to the actual nature per GRAP. The mSCOA tables and the format of the Budget Schedules as issued by National Treasury are not yet fully aligned to the Standards of GRAP and this is therefore the reason for the disparity in classifications between the 2024/25 Budget and GRAP Annual Financial Statements.

67. Reconcilliation of cash flow per the budget regulations with the cash flows per cash flow statement

	2025	2024
Net cash from operating activities		(6,298,517)
Net cash from investing activities		-
Net cash from financing activities		6,298,517
Net increase / (decrease) in cash and cash equivalents		**-**

68. Budget information

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal budget regulations as well as MFMA budget circulars. In accordance with the Municipal budget regulations, the classification basis the municipality presents its budget is per economic as well as per functional classification (per Vote (Department) and GFS classification). It should be noted that minor budget differences between the basis the budget is prepared (accrual basis and prescripts of NT guidance) and actual financial results (accrual basis in accordance with GRAP) exists, mainly related to technical GRAP adjustments required. These differences are not material and as the basis of preparation is the same (accrual basis) no restatements have been made to the financial information compared to the budgeted amounts, but where found to be material is explained below:

Explanation of variances between approved and final budget amounts

The reason for the variances between the approved and final budgets are mainly due to reallocations made within the approved budget parameters allowed for by the Virement Policy of Drakenstein Municipality as approved by Council.

Explanation of variances greater than 10%: Final Budget and Actual Amounts.

68.1. Statement of Financial Position

Current Assets

- Due to the increase in cash as a result of Service Charges collected being much higher than anticipated.

Current Liabilities

- Developers Contributions for Electricity connections were more than anticipated.

68.2. Statement of Financial Performance

Revenue

- ***Investment Income***
  Increased interest earned is more than projected due to surplus cash being invested for longer periods of time attracting more favourable interest rates.

Expenditure

- ***Remuneration of councillors***
  The Determination of upper limits for municipal Council was not available at the time of budget compilation. The actual remuneration was less than anticipated.

- **Depreciation and amortisation (including impairment as per the Budget Schedules)**
  - Impairment of Financial Assets
  Decrease in fines issued resulted in a decreased contribution for debt impairment

68.3 Cash Flow Statement

Cash Flows from operating activities

- The actual cash collected for Service Charges was much higher than anticipated.

Cash flows from investing activities

- The amount budgeted for capital assets excludes VAT, and therefore is not included in the total cash from investing activities.

69. Segment information

Segment surplus or deficit, assets and liabilities

By Department

2025

	Office of the City Manager	Financial Services	Corporate and Planning Services	Public Safety	Community Services	Engineering Services	Department of Chief Audit Executive	Department of Risk And Compliance	Department of IDP And PMS	Department of Communication	Total
Revenue											
Services charges - Electricity	-	-	-	-	-	1,753,141,508	-	-	-	-	1,753,141,508
Services charges - Water	-	-	-	-	-	246,784,284	-	-	-	-	246,784,284
Services charges - Waste management	-	-	-	-	-	183,297,316	-	-	-	-	183,297,316
Services charges - Waste water management	-	-	-	-	-	164,906,162	-	-	-	-	164,906,162
Sales of goods and rendering of services	-	34,414	12,986,477	38,043	23,515,345	199,806	-	-	-	-	36,774,085
Rental from fixed assets	-	(10,839,130)	15,645,909	1,000	1,017,513	2,195,265	-	-	-	-	8,020,557
Interests on investments	-	91,787,807	-	-	-	-	-	-	-	-	91,787,807
Interest earned from receivables	-	-	6,066	-	-	20,620,433	-	-	-	-	20,626,499
Operational revenue - Exchange revenue	-	10,610,676	1,260,889	185,672	279,151	14,066,957	-	-	-	-	26,403,345
Licences and permits	-	-	116,144	22,160,242	425,553	1,817	-	-	-	-	22,703,756
Property rates	-	503,779,667	-	-	-	-	-	-	-	-	503,779,667
Availability charges - Electricity	-	-	-	-	-	2,430,860	-	-	-	-	2,430,860
Availability charges - Water	-	-	-	-	-	2,207,465	-	-	-	-	2,207,465
Availability charges - Waste management	-	-	-	-	-	3,998,472	-	-	-	-	3,998,472
Availability charges - Waste water management	-	-	-	-	-	3,352,292	-	-	-	-	3,352,292
Surcharges and taxes	-	3,168,263	-	-	-	-	-	-	-	-	3,168,263
Fines, penalties and forfeits	-	-	259,896	103,844,104	32,002	194,734	-	-	-	-	104,330,736
Transfers and subsidies	-	49,418,613	3,088,446	810,451	7,355,185	726,758,822	-	-	-	-	787,431,517
Operational revenue - Non-exchange revenue	-	4,418,007	-	-	-	-	-	-	-	-	4,418,007
Fair value adjustment	-	-	-	-	-	27,635,000	-	-	-	-	27,635,000
Total segment revenue	**-**	**652,378,317**	**33,363,827**	**127,039,512**	**32,624,749**	**3,151,791,193**	**-**	**-**	**-**	**-**	**3,997,197,598**

69. Segment information (continued)

	Office of the City Manager	Financial Services	Corporate and Planning Services	Public Safety	Community Services	Engineering Services	Department of Chief Audit Executive	Department of Risk And Compliance	Department of IDP And PMS	Department of Communication	Total
Expenditure											
Employee related cost	5,483,097	88,069,470	153,316,490	105,913,084	159,549,445	305,621,125	10,371,247	2,584,276	4,622,665	4,633,667	840,164,566
Remuneration of councillors	-	-	34,841,767	-	-	-	-	-	-	-	34,841,767
Debt impairment / write-off	-	4,676,018	628,790	66,982,350	-	29,698,947	-	-	-	-	101,986,105
Depreciation and amortisation	78,995	719,449	6,019,788	2,281,552	59,309,832	178,012,880	34,270	10,451	7,650	80,438	246,555,305
Impairment losses on financial assets	-	4,795,819	(1,296,084)	10,849,919	(9,646)	17,326,636	-	-	-	-	31,666,644
Impairment losses on PPE, IA and HA	-	-	465,129	-	435,772	-	-	-	-	-	900,901
Finance costs	-	107,081	-	-	-	158,090,246	-	-	-	-	158,197,327
Bulk purchases	-	-	-	-	-	1,378,144,797	-	-	-	-	1,378,144,797
Inventory consumed	71,295	1,331,246	1,955,573	1,368,585	11,424,453	55,021,802	38,213	23,782	8,591	48,413	71,291,953
Contracted services	175,156	7,640,893	21,306,534	54,048,637	3,629,676	134,758,365	260,869	37,100	980,300	507,788	223,345,318
Transfers and subsidies	-	-	6,264,941	417,531	1,326,078	30,000,000	-	-	-	-	38,008,550
Operational cost	12,700	30,984,492	36,545,471	1,804,733	3,840,447	35,557,775	312,026	30,894	47,566	1,616,692	110,752,796
Operating leases	28,200	769,260	671,266	385,880	1,446,377	16,507,761	50,843	28,200	22,992	28,200	19,938,979
Loss on disposal of assets	-	1,704,515	-	-	-	18,161,993	-	-	-	-	19,866,508
Total segment expenditure	**5,849,443**	**140,798,243**	**260,719,665**	**244,052,271**	**240,952,434**	**2,356,902,327**	**11,067,468**	**2,714,703**	**5,689,764**	**6,915,198**	**3,275,661,516**
Sub-total	**(5,849,443)**	**511,580,074**	**(227,355,838)**	**(117,012,759)**	**(208,327,685)**	**794,888,866**	**(11,067,468)**	**(2,714,703)**	**(5,689,764)**	**(6,915,198)**	**721,536,082**
Internal charges											
OC : Municipal services (Income)	-	-	-	-	-	(90,625,745)	-	-	-	-	(90,625,745)
OC : Municipal services	-	265,752	6,832,197	420,838	31,861,017	51,245,941	-	-	-	-	90,625,745
Total segment internal charges	**-**	**265,752**	**6,832,197**	**420,838**	**31,861,017**	**(39,379,804)**	**-**	**-**	**-**	**-**	**-**
Total segment surplus/(deficit)	**(5,849,443)**	**511,845,826**	**(220,523,641)**	**(116,591,921)**	**(176,466,668)**	**755,509,062**	**(11,067,468)**	**(2,714,703)**	**(5,689,764)**	**(6,915,198)**	**721,536,082**
Capital expenditure	9,752	844,701	7,484,256	12,988,270	17,288,493	536,163,596	2,530	25,770	-	167,817	574,975,185

69. Segment information (continued)

2024

	Office of the City Manager	Financial Services	Corporate and Planning Services	Public Safety	Community Services	Engineering Services	Department of Chief Audit Executive	Department of Risk And Compliance	Department of IDP And PMS	Department of Communication	Total
Revenue											
Services charges - Electricity	-	-	-	-	-	1,524,505,542	-	-	-	-	1,524,505,542
Services charges - Water	-	-	-	-	-	236,510,660	-	-	-	-	236,510,660
Services charges - Waste management	-	-	-	-	-	169,957,737	-	-	-	-	169,957,737
Services charges - Waste water management	-	-	-	-	-	153,561,417	-	-	-	-	153,561,417
Sales of goods and rendering of services	-	37,043	10,116,550	-	23,531,194	223,174	-	-	-	-	33,907,961
Rental from fixed assets	-	(10,262,351)	14,812,228	957	1,187,538	2,573,789	-	-	-	-	8,312,161
Interests on investments	-	73,656,906	-	-	-	-	-	-	-	-	73,656,906
Interest earned from receivables	-	-	6,632	-	-	19,473,857	-	-	-	-	19,480,489
Operational revenue - Exchange revenue	-	12,781,356	1,259,948	179,202	246,884	10,713,807	-	-	-	-	25,181,197
Licences and permits	-	-	8,336	21,659,633	113,803	4,270	-	-	-	-	21,786,042
Property rates	-	466,404,866	-	-	-	-	-	-	-	-	466,404,866
Services charges - Electricity	-	-	-	-	-	2,527,545	-	-	-	-	2,527,545
Other exchange revenue 1	-	-	-	-	-	2,226,690	-	-	-	-	2,226,690
Availability charges - Waste management	-	-	-	-	-	4,002,553	-	-	-	-	4,002,553
Availability charges - Waste water management	-	-	-	-	-	3,385,134	-	-	-	-	3,385,134
Surcharges and taxes	-	3,084,653	-	-	-	-	-	-	-	-	3,084,653
Fines, penalties and forfeits	-	-	381,471	96,507,153	24,388	379,313	-	-	-	-	97,292,325
Transfers and subsidies	-	42,664,305	4,136,886	1,623,087	31,673,573	607,586,272	-	-	-	-	687,684,123
Operational revenue - Non-exchange revenue	-	4,378,051	-	-	-	-	-	-	-	-	4,378,051
Other Non-Exchange Revenue 1	-	-	-	-	1,317,020	-	-	-	-	-	1,317,020
Fair value adjustment	-	-	-	-	-	6,755,000	-	-	-	-	6,755,000
Total segment revenue	**-**	**592,744,829**	**30,722,051**	**119,970,032**	**58,094,400**	**2,744,386,760**	**-**	**-**	**-**	**-**	**3,545,918,072**

69. Segment information (continued)

	Office of the City Manager	Financial Services	Corporate and Planning Services	Public Safety	Community Services	Engineering Services	Department of Chief Audit Executive	Department of Risk And Compliance	Department of IDP And PMS	Department of Communication	Total
Expenditure											
Employee related cost	4,136,438	81,329,624	136,471,209	98,533,701	151,675,379	292,164,369	9,767,426	2,366,236	4,332,409	4,575,211	785,352,002
Remuneration of councillors	-	-	34,340,227	-	-	-	-	-	-	-	34,340,227
Debt impairment / write-off	-	776,192	1,259,923	73,265,566	-	22,951,191	-	-	-	-	98,252,872
Depreciation and amortisation	125,337	3,417,488	5,465,439	461,235	50,142,573	189,556,791	24,797	11,284	36,102	18,689	249,259,735
Impairment losses on financial assets	-	510,784	697,423	5,717,995	(9,307)	22,986,453	-	-	-	-	29,903,348
Impairment losses on PPE, IA and HA	-	600,287	-	-	-	-	-	-	-	-	600,287
Finance costs	-	219,061	-	-	-	167,602,762	-	-	-	-	167,821,823
Bulk purchases	-	-	-	-	-	1,149,421,997	-	-	-	-	1,149,421,997
Inventory consumed	72,862	2,270,391	2,575,445	1,687,682	23,480,231	48,294,654	52,895	18,637	18,939	175,013	78,646,749
Contracted services	23,324	4,611,466	18,282,484	53,486,282	12,101,422	122,510,107	377,910	42,000	739,730	424,241	212,598,966
Transfers and subsidies	-	-	3,642,578	703,101	504,875	10,000,000	-	-	-	-	14,850,554
Operational cost	27,243	32,576,966	32,331,735	1,879,831	4,173,050	36,359,597	272,966	30,979	46,122	1,459,326	109,157,815
Operating leases	26,015	748,381	828,525	351,163	1,215,541	16,821,905	42,011	26,015	21,210	26,015	20,106,781
Loss on disposal of assets	-	(193,212)	2,447,165	-	-	14,471,471	-	-	-	-	16,725,424
Total segment expenditure	**4,411,219**	**126,867,428**	**238,342,153**	**236,086,556**	**243,283,764**	**2,093,141,297**	**10,538,005**	**2,495,151**	**5,194,512**	**6,678,495**	**2,967,038,580**
Internal charges											
OC : Municipal services (Income)	-	-	-	-	-	97,936,042	-	-	-	-	97,936,042
OC : Municipal services	-	(400,355)	(8,486,808)	(365,135)	(28,419,145)	(60,264,599)	-	-	-	-	(97,936,042)
Total segment internal charges	**-**	**(400,355)**	**(8,486,808)**	**(365,135)**	**(28,419,145)**	**37,671,443**	**-**	**-**	**-**	**-**	**-**
Sub-total	**(4,411,219)**	**465,877,401**	**(207,620,102)**	**(116,116,524)**	**(185,189,364)**	**651,245,463**	**(10,538,005)**	**(2,495,151)**	**(5,194,512)**	**(6,678,495)**	**578,879,492**
Total segment surplus/(deficit)	**(4,411,219)**	**465,477,046**	**(216,106,910)**	**(116,481,659)**	**(213,608,509)**	**688,916,906**	**(10,538,005)**	**(2,495,151)**	**(5,194,512)**	**(6,678,495)**	**578,879,492**
Capital expenditure											
Actual outcome	14,756	1,002,944	6,514,477	7,448,364	44,595,500	427,922,376	29,534	34,880	8,980	56,195	487,628,006

69. Segment information (continued)

By GFS

2025

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Sport and Recreation	Public Safety	Housing	Planning and Development	Road Transport	Environmental Protection	Energy Sources	Waste Management	Water Management	Waste Water Management	Total
Revenue															
Services charges - Electricity	-	-	-	-	-	-	-	-	-	-	1,753,141,508	-	-	-	1,753,141,508
Services charges - Water	-	-	-	-	-	-	-	-	-	-	-	-	246,784,284	-	246,784,284
Services charges - Waste management	-	-	-	-	-	-	-	-	-	-	-	183,297,316	-	-	183,297,316
Services charges - Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	164,906,162	164,906,162
Sales of goods and rendering of services	1,754,186	60,266	-	21,495,308	1,994,597	38,043	-	11,231,879	30,579	-	-	-	-	169,227	36,774,085
Rental from fixed assets	-	(8,632,236)	-	729,724	280,259	1,000	15,479,915	127,774	-	-	34,121	-	-	-	8,020,557
Interests on investments	-	91,787,807	-	-	-	-	-	-	-	-	-	-	-	-	91,787,807
Interest earned from receivables	6,066	-	-	-	-	-	-	-	-	-	3,515,402	6,018,627	7,277,867	3,808,537	20,626,499
Operational revenue - Exchange revenue	860,683	12,860,772	-	57,677	-	185,672	1,609	106,518	6,346,935	-	3,185	-	3,299,874	2,680,420	26,403,345
Licences and permits	-	116,144	-	-	425,553	22,160,242	-	-	-	-	-	-	1,817	-	22,703,756
Property rates	-	503,779,667	-	-	-	-	-	-	-	-	-	-	-	-	503,779,667
Availability charges - Electricity	-	-	-	-	-	-	-	-	-	-	2,430,860	-	-	-	2,430,860
Other exchange revenue 1	-	-	-	-	-	-	-	-	-	-	-	-	2,207,465	-	2,207,465
Availability charges - Waste management	-	-	-	-	-	-	-	-	-	-	-	3,998,472	-	-	3,998,472
Availability charges - Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	3,352,292	3,352,292
Surcharges and taxes	-	3,168,263	-	-	-	-	-	-	-	-	-	-	-	-	3,168,263
Fines, penalties and forfeits	-	-	-	32,002	-	103,844,104	-	259,896	-	-	194,734	-	-	-	104,330,736
Transfers and subsidies	113,000	52,394,059	-	42,369	-	810,451	7,312,816	2,062,000	49,182,425	-	106,008,551	59,407,566	21,193,590	488,904,690	787,431,517
Operational revenue - Non-exchange revenue	-	4,418,007	-	-	-	-	-	-	-	-	-	-	-	-	4,418,007

69. Segment information (continued)

Fair value adjustment	-	27,635,000	-	-	-	-	-	-	-	-	-	-	-	-	27,635,000
Total segment revenue	**2,733,935**	**687,587,749**	**-**	**22,357,080**	**2,700,409**	**127,039,512**	**22,794,340**	**13,788,067**	**55,559,939**	**-**	**1,865,328,361**	**252,721,981**	**280,764,897**	**663,821,328**	**3,997,197,598**

69. Segment information (continued)

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Sport and Recreation	Public Safety	Housing	Planning and Development	Road Transport	Environmental Protection	Energy Sources	Waste Management	Water Management	Waste Water Management	Total
Expenditure															
Employee related cost	67,393,238	249,434,507	10,371,247	31,474,976	57,738,363	91,462,193	29,092,676	62,941,262	53,929,260	2,012,695	67,307,373	36,284,055	31,795,236	48,927,485	840,164,566
Remuneration of councillors	34,841,767	-	-	-	-	-	-	-	-	-	-	-	-	-	34,841,767
Debt impairment / write-off	-	4,676,018	-	-	-	66,982,350	628,790	-	-	-	5,539,655	6,853,335	13,999,054	3,306,903	101,986,105
Depreciation and amortisation	421,404	33,583,769	34,270	5,181,570	10,401,661	2,244,544	42,364,028	224,644	41,727,017	-	38,215,780	8,491,571	26,343,965	37,321,082	246,555,305
Impairment losses on financial assets	-	4,795,819	-	-	-	10,849,919	(1,305,730)	-	-	-	(2,883,038)	7,290,218	7,944,968	4,974,488	31,666,644
Impairment losses on PPE, IA and HA	-	465,129	-	-	435,772	-	-	-	-	-	-	-	-	-	900,901
Finance costs	-	107,081	-	-	-	-	-	-	15,628,970	-	59,054,858	24,873,312	21,349,779	37,183,327	158,197,327
Bulk purchases	-	-	-	-	-	-	-	-	-	-	1,341,618,939	-	36,525,858	-	1,378,144,797
Inventory consumed	202,615	37,908,308	38,213	3,991,964	2,798,773	1,368,029	4,596,653	158,365	3,211,133	-	9,579,270	3,209,007	1,739,974	2,489,649	71,291,953
Contracted services	10,857,910	57,883,356	260,869	713,327	2,160,308	54,038,362	582,091	1,597,827	14,239,717	-	25,425,547	23,005,454	12,202,314	20,378,236	223,345,318
Transfers and subsidies	4,827,048	1,437,893	-	451,078	875,000	417,531	-	-	30,000,000	-	-	-	-	-	38,008,550
Operational cost	1,209,722	75,074,540	312,026	2,918,626	603,953	1,772,441	716,534	838,149	1,157,239	-	10,371,617	15,131,465	158,032	488,452	110,752,796
Operating leases	173,537	12,975,336	50,843	935,766	260,162	385,880	204,429	127,692	1,696,065	-	238,517	1,069,592	53,460	1,767,700	19,938,979
Loss on disposal of assets	-	811,172	-	-	-	-	-	-	-	-	3,991,116	-	11,694,590	3,369,630	19,866,508
Total segment expenditure	**119,927,241**	**479,152,928**	**11,067,468**	**45,667,307**	**75,273,992**	**229,521,249**	**76,879,471**	**65,887,939**	**161,589,401**	**2,012,695**	**1,558,459,634**	**126,208,009**	**163,807,230**	**160,206,952**	**3,275,661,516**
Sub-total	**(117,193,306)**	**208,434,821**	**(11,067,468)**	**(23,310,227)**	**(72,573,583)**	**(102,481,737)**	**(54,085,131)**	**(52,099,872)**	**(106,029,462)**	**(2,012,695)**	**306,868,727**	**126,513,972**	**116,957,667**	**503,614,376**	**721,536,082**
Internal charges															
OC : Municipal services (Income)	-	-	-	-	-	-	-	-	-	-	(63,062,784)	(7,088,246)	(18,519,656)	(1,955,059)	(90,625,745)
OC : Municipal services	-	5,430,271	-	2,300,350	24,571,950	262,281	9,618,035	-	7,994,802	-	8,683,006	360,864	3,935,164	27,469,022	90,625,745
Total segment internal charges	**-**	**5,430,271**	**-**	**2,300,350**	**24,571,950**	**262,281**	**9,618,035**	**-**	**7,994,802**	**-**	**(54,379,778)**	**(6,727,382)**	**(14,584,492)**	**25,513,963**	**-**
Total segment surplus /(deficit)	**(117,193,306)**	**213,865,092**	**(11,067,468)**	**(21,009,877)**	**(48,001,633)**	**(102,219,456)**	**(44,467,096)**	**(52,099,872)**	**(98,034,660)**	**(2,012,695)**	**252,488,949**	**119,786,590**	**102,373,175**	**529,128,339**	**721,536,082**

Capital expenditure

69. Segment information (continued)

Actual outcome	16,616	37,017,629	2,530	3,504,515	9,387,321	12,988,270	4,285,437	348,879	78,469,373	-	68,078,699	8,274,276	14,989,219	337,612,421	574,975,185

Notes to the Audited Annual Financial Statements

Figure in Rand

69. Segment information (continued)

2024

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Sport and Recreation	Public Safety	Housing	Planning and Development	Road Transport	Environmental Protection	Energy Sources	Waste Management	Water Management	Waste Water Management	Total
Revenue															
Services charges - Electricity	-	-	-	-	-	-	-	-	-	-	1,524,505,542	-	-	-	1,524,505,542
Services charges - Water	-	-	-	-	-	-	-	-	-	-	-	-	236,510,660	-	236,510,660
Services charges - Waste management	-	-	-	-	-	-	-	-	-	-	-	169,957,737	-	-	169,957,737
Services charges - Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	153,561,417	153,561,417
Sales of goods and rendering of services	1,137,622	102,739	-	21,883,181	1,620,667	-	-	8,940,578	32,114	-	-	-	-	191,060	33,907,961
Rental from fixed assets	-	(7,759,350)	-	893,441	284,175	957	14,646,234	127,774	-	-	118,930	-	-	-	8,312,161
Interests on investments	-	73,656,906	-	-	-	-	-	-	-	-	-	-	-	-	73,656,906
Interest earned from receivables	6,632	-	-	-	-	-	-	-	-	-	3,720,374	5,611,934	6,628,095	3,513,454	19,480,489
Operational revenue - Exchange revenue	818,253	12,767,947	-	61,687	-	179,202	2,391	88,093	3,564,406	-	4,221	-	3,163,977	4,531,020	25,181,197
Licences and permits	-	8,336	-	-	113,803	21,659,633	-	-	-	-	-	-	4,270	-	21,786,042
Property rates	-	466,404,866	-	-	-	-	-	-	-	-	-	-	-	-	466,404,866
Availability charges - Electricity	-	-	-	-	-	-	-	-	-	-	2,527,545	-	-	-	2,527,545
Services charges - Water	-	-	-	-	-	-	-	-	-	-	-	-	2,226,690	-	2,226,690
Availability charges - Waste management	-	-	-	-	-	-	-	-	-	-	-	4,002,553	-	-	4,002,553
Availability charges - Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	3,385,134	3,385,134
Surcharges and taxes	-	3,084,653	-	-	-	-	-	-	-	-	-	-	-	-	3,084,653
Fines, penalties and forfeits	-	-	-	24,388	-	96,507,153	-	381,471	-	-	379,313	-	-	-	97,292,325
Transfers and subsidies	112,991	46,688,200	-	73,630	-	1,623,087	32,916,963	4,363,000	7,502,448	-	118,261,993	58,221,487	35,018,985	384,218,359	689,001,143
Operational revenue - Non-exchange revenue	-	4,378,051	-	-	-	-	-	-	-	-	-	-	-	-	4,378,051
Fair value adjustment	-	6,755,000	-	-	-	-	-	-	-	-	-	-	-	-	6,755,000
Total segment revenue	**2,075,498**	**606,087,348**	**-**	**22,936,327**	**2,018,645**	**119,970,032**	**47,565,588**	**13,900,916**	**11,098,968**	**-**	**1,649,517,918**	**237,793,711**	**283,552,677**	**549,400,444**	**3,545,918,072**

69. Segment information (continued)

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Sport and Recreation	Public Safety	Housing	Planning and Development	Road Transport	Environmental Protection	Energy Sources	Waste Management	Water Management	Waste Water Management	Total
Expenditure															
Employee related cost	53,905,661	235,505,955	9,767,426	29,651,948	53,552,814	85,165,209	28,128,189	63,412,623	49,745,015	1,874,882	64,545,357	36,058,904	29,631,363	44,406,656	785,352,002
Remuneration of councillors	34,340,227	-	-	-	-	-	-	-	-	-	-	-	-	-	34,340,227
Debt impairment / write-off	-	776,192	-	-	-	73,265,566	1,259,923	-	-	-	2,876,630	6,711,406	9,496,179	3,866,976	98,252,872
Depreciation and amortisation	691,644	33,249,459	24,797	3,901,321	7,909,159	433,110	33,538,983	212,863	54,034,751	-	50,409,706	11,347,177	29,729,430	23,777,335	249,259,735
Impairment losses on financial assets	-	510,784	-	-	-	5,717,995	688,116	-	-	-	1,522,918	6,415,273	12,713,872	2,334,390	29,903,348
Impairment losses on PPE, IA and HA	-	600,287	-	-	-	-	-	-	-	-	-	-	-	-	600,287
Finance costs	-	219,061	-	-	-	-	-	-	16,569,386	-	62,608,274	26,369,973	22,634,425	39,420,704	167,821,823
Bulk purchases	-	-	-	-	-	-	-	-	-	-	1,111,429,888	-	37,992,109	-	1,149,421,997
Inventory consumed	32,207,553	9,300,589	52,895	4,146,299	2,312,973	770,807	8,452,713	206,202	3,429,354	-	11,734,962	2,347,129	1,784,829	1,900,444	78,646,749
Contracted services	31,333,047	32,574,016	377,910	800,199	713,756	52,384,513	2,476,256	841,477	6,726,349	-	26,824,946	22,327,319	11,897,266	23,321,912	212,598,966
Transfers and subsidies	2,744,220	898,358	-	-	504,875	703,101	-	-	10,000,000	-	-	-	-	-	14,850,554
Operational cost	3,659,968	69,467,706	272,966	2,635,093	811,842	1,854,983	823,776	553,041	711,278	-	11,741,114	16,070,813	216,599	338,636	109,157,815
Operating leases	158,787	12,480,469	42,011	626,971	360,561	351,163	185,555	194,523	996,106	-	2,868,146	54,128	49,317	1,739,044	20,106,781
Loss on disposal of assets	-	1,073,279	-	-	-	-	-	-	-	-	4,988,525	13,025	9,313,112	1,337,483	16,725,424
Total segment expenditure	**159,041,107**	**396,656,155**	**10,538,005**	**41,761,831**	**66,165,980**	**220,646,447**	**75,553,511**	**65,420,729**	**142,212,239**	**1,874,882**	**1,351,550,466**	**127,715,147**	**165,458,501**	**142,443,580**	**2,967,038,580**
Sub-total	**(156,965,609)**	**209,431,193**	**(10,538,005)**	**(18,825,504)**	**(64,147,335)**	**(100,676,415)**	**(27,987,923)**	**(51,519,813)**	**(131,113,271)**	**(1,874,882)**	**297,967,452**	**110,078,564**	**118,094,176**	**406,956,864**	**578,879,492**
Internal charges															
OC : Municipal services (Income)	-	-	-	-	-	-	-	-	-	-	71,367,088	6,427,583	18,129,859	2,011,512	97,936,042
OC : Municipal services	-	(6,266,100)	-	(1,832,396)	(23,063,102)	(227,649)	(10,808,681)	-	(4,088,205)	-	(7,974,260)	(357,151)	(17,373,277)	(25,945,221)	(97,936,042)
Total segment internal charges	**-**	**(6,266,100)**	**-**	**(1,832,396)**	**(23,063,102)**	**(227,649)**	**(10,808,681)**	**-**	**(4,088,205)**	**-**	**63,392,828**	**6,070,432**	**756,582**	**(23,933,709)**	**-**
Total segment surplus /(deficit)	**(156,965,609)**	**203,165,093**	**(10,538,005)**	**(20,657,900)**	**(87,210,437)**	**(100,904,064)**	**(38,796,604)**	**(51,519,813)**	**(135,201,476)**	**(1,874,882)**	**361,360,280**	**116,148,996**	**118,850,758**	**383,023,155**	**578,879,492**
Capital expenditure															
Actual outcome	55,115	31,679,817	29,534	2,682,306	6,530,314	7,437,257	34,788,085	8,980	32,099,190	-	76,798,709	26,039,715	262,548,159	6,930,825	487,628,006

Drakenstein Municipality
Appendix A
Schedule of external loans as at 30 June 2025

External Loans	Interest Rate %	Loan Number	Redeemable Date	Balance at 30 June 2024 Rand	Redeemed/ written off during the period Rand	Balance at 30 June 2025 Rand
Annuity and other loans						
DBSA	10.734 %	61007616	2037	903,613,914	33,960,759	869,653,155
NEDBANK	11.480 %	7831030646-0011	2029	160,674,189	22,303,012	138,371,177
STANDARD BANK	11.440 %	0053-7722	2028	370,043,129	30,145,673	339,897,456
STANDARD BANK	10.970 %	0053-8368	2028	20,921,209	4,415,300	16,505,909
				1,455,252,441	**90,824,744**	**1,364,427,697**

Drakenstein Municipality
Appendix B1
Reconciliation of Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)

	2024/2025										
Description	**Original Budget**	**Budget Adjustments (i.t.o. s28 and s31 of the MFMA)**	**Adjustments budget**	**Shifting of funds (i.t.o. s31 of the MFMA)**	**Adjustments (i.t.o. Council approved by law)**	**Final Budget**	**Actual Outcome**	**Unauthorised expenditure**	**Variance**	**Actual Outcome as % of Final Budget**	**Actual Outcome as % of Original Budget**
	Rand	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**%**	**%**
Revenue - Standard											
Governance and administration	**599,560,303**	**46,554,181**	**646,114,484**	**-**		**646,114,484**	**699,760,754**		**53,646,270**	**108 %**	**117 %**
Executive and council	15,954,994	2,965,000	18,919,994	-		18,919,994	4,685,815		(14,234,179)	25 %	29 %
Finance and administration	583,605,309	43,589,181	627,194,490	-		627,194,490	695,074,939		67,880,449	111 %	119 %
Internal audit	-	-	-	-		-	-		-	- %	- %
Community and public safety	**239,009,958**	**(26,171,284)**	**212,838,674**	**-**		**212,838,674**	**174,891,339**		**(37,947,335)**	**82 %**	**73 %**
Community and social services	24,754,876	194,370	24,949,246	-		24,949,246	22,357,079		(2,592,167)	90 %	90 %
Sport and recreation	1,924,489	426,500	2,350,989	-		2,350,989	2,700,409		349,420	115 %	140 %
Public safety	144,706,668	3,225,398	147,932,066	-		147,932,066	127,039,512		(20,892,554)	86 %	88 %
Housing	67,623,925	(30,017,552)	37,606,373	-		37,606,373	22,794,339		(14,812,034)	61 %	34 %
Health	-	-	-	-		-	-		-	- %	- %
Economic and environmental services	**51,265,247**	**9,840,044**	**61,105,291**	**-**		**61,105,291**	**69,348,007**		**8,242,716**	**113 %**	**135 %**
Planning and development	9,953,813	1,937,620	11,891,433	-		11,891,433	13,788,068		1,896,635	116 %	139 %
Road transport	41,311,434	7,902,424	49,213,858	-		49,213,858	55,559,939		6,346,081	113 %	134 %
Environmental protection	-	-	-	-		-	-		-	- %	- %
Trading services	**3,105,804,424**	**(109,235,993)**	**2,996,568,431**	**-**		**2,996,568,431**	**3,062,636,569**		**66,068,138**	**102 %**	**99 %**
Energy sources	1,703,884,233	100,159,088	1,804,043,321	-		1,804,043,321	1,865,328,362		61,285,041	103 %	109 %
Water management	275,796,409	-	275,796,409	-		275,796,409	280,764,898		4,968,489	102 %	102 %
Waste water management	876,411,704	(211,268,607)	665,143,097	-		665,143,097	663,821,327		(1,321,770)	100 %	76 %
Waste management	249,712,078	1,873,526	251,585,604	-		251,585,604	252,721,982		1,136,378	100 %	101 %
Other	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**- %**	**- %**
Other	-	-	-	-		-	-		-	- %	- %
Total Revenue - Standard	**3,995,639,932**	**(79,013,052)**	**3,916,626,880**	**-**		**3,916,626,880**	**4,006,636,669**		**90,009,789**	**102 %**	**100 %**

Drakenstein Municipality

Appendix B1

Reconciliation of Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)

Description	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Adjustments (i.t.o. Council approved by law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	2024/2025										
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	%	%
Expenditure - Standard											
Governance and administration	**529,404,999**	**(38,324,769)**	**491,080,230**	**-**	**(14,181,530)**	**476,898,700**	**439,160,737**	**-**	**(37,737,963)**	**92 %**	**83 %**
Executive and council	120,244,396	(2,640,443)	117,603,953	-	(6,620,034)	110,983,919	100,264,106	-	(10,719,813)	90 %	83 %
Finance and administration	401,090,515	(31,951,804)	369,138,711	-	(8,156,471)	360,982,240	334,461,531	-	(26,520,709)	93 %	83 %
Internal audit	8,070,088	(3,732,522)	4,337,566	-	594,975	4,932,541	4,435,100	-	(497,441)	90 %	55 %
Community and public safety	**497,865,688**	**21,094,487**	**518,960,175**	**-**	**(13,281,871)**	**505,678,304**	**461,902,401**	**-**	**(43,775,903)**	**91 %**	**93 %**
Community and social services	53,660,970	2,741,148	56,402,118	-	525,400	56,927,518	56,731,264	-	(196,254)	100 %	106 %
Sport and recreation	128,935,759	756,394	129,692,153	-	(5,272,924)	124,419,229	122,963,156	-	(1,456,073)	99 %	95 %
Public safety	211,550,766	12,219,548	223,770,314	-	(4,754,272)	219,016,042	192,635,726	-	(26,380,316)	88 %	91 %
Housing	103,718,193	5,377,397	109,095,590	-	(3,780,075)	105,315,515	89,572,255	-	(15,743,260)	85 %	86 %
Health	-	-	-	-	-	-	-	-	-	- %	- %
Economic and environmental services	**272,471,194**	**(20,135,011)**	**252,336,183**	**-**	**(8,641,892)**	**243,694,291**	**237,224,802**	**-**	**(6,469,489)**	**97 %**	**87 %**
Planning and development	70,195,498	(2,924,590)	67,270,908	-	(8,113,348)	59,157,560	55,609,355	-	(3,548,205)	94 %	79 %
Road transport	200,241,712	(17,185,950)	183,055,762	-	(535,551)	182,520,211	179,599,099	-	(2,921,112)	98 %	90 %
Environmental protection	2,033,984	(24,471)	2,009,513	-	7,007	2,016,520	2,016,348	-	(172)	100 %	99 %
Trading services	**2,029,033,026**	**140,851,626**	**2,169,884,652**	**-**	**36,107,473**	**2,205,992,125**	**2,146,810,798**	**-**	**(59,181,327)**	**97 %**	**106 %**
Energy sources	1,481,971,117	70,557,218	1,552,528,335	-	57,585,452	1,610,113,787	1,584,129,170	-	(25,984,617)	98 %	107 %
Water management	184,203,976	22,824,671	207,028,647	-	(12,679,399)	194,349,248	169,927,394	-	(24,421,854)	87 %	92 %
Waste water management	208,188,160	20,703,262	228,891,422	-	3,690,045	232,581,467	230,809,572	-	(1,771,895)	99 %	111 %
Waste management	154,669,773	26,766,475	181,436,248	-	(12,488,625)	168,947,623	161,944,662	-	(7,002,961)	96 %	105 %
Other	**4,008**	**-**	**4,008**	**-**	**(2,180)**	**1,828**	**1,828**	**-**	**-**	**100 %**	**46 %**
Other	4,008	-	4,008	-	(2,180)	1,828	1,828	-	-	100 %	46 %
Total Expenditure - Standard	**3,328,778,915**	**103,486,333**	**3,432,265,248**	**-**	**-**	**3,432,265,248**	**3,285,100,566**	**-**	**(147,164,682)**	**96 %**	**99 %**
Surplus/(Deficit) for the year	**666,861,017**	**(182,499,385)**	**484,361,632**	**-**	**-**	**484,361,632**	**721,536,103**	**-**	**237,174,471**	**149 %**	**108 %**

Drakenstein Municipality
Appendix B2
Reconciliation of Budgeted Financial Performance (Revenue and expenditure by Municipal Vote)

	2024/2025										
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Adjusted Budget Rand	Shifting of Funds (i.t.o. s31 of the MFMA) Rand	Adjustments (i.t.o. Council approved by law) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Revenue by Vote											
Office of the City Manager	-	-	-	-		-	-		-	- %	- %
Financial Services	575,608,696	38,785,428	614,394,124	-		614,394,124	652,393,266		37,999,142	106 %	113 %
Corporate and Planning Services	42,565,566	7,008,753	49,574,319	-		49,574,319	35,315,709		(14,258,610)	71 %	83 %
Public Safety	144,706,668	3,225,398	147,932,066	-		147,932,066	127,039,513		(20,892,553)	86 %	88 %
Community Services	79,749,534	(29,346,682)	50,402,852	-		50,402,852	32,624,747		(17,778,105)	65 %	41 %
Engineering Services	3,153,009,468	(98,685,949)	3,054,323,519	-		3,054,323,519	3,159,263,435		104,939,916	103 %	100 %
Department of Chief Audit Executive	-	-	-	-		-	-		-	- %	- %
Department of Risk And Compliance	-	-	-	-		-	-		-	- %	- %
Department of IDP And PMS	-	-	-	-		-	-		-	- %	- %
Department of Communication	-	-	-	-		-	-		-	- %	- %
Total Revenue by Vote	**3,995,639,932**	**(79,013,052)**	**3,916,626,880**	**-**		**3,916,626,880**	**4,006,636,670**		**90,009,790**	**102 %**	**100 %**

Drakenstein Municipality
Appendix B2
Reconciliation of Budgeted Financial Performance (Revenue and expenditure by Municipal Vote)

	2024/2025										
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Adjusted Budget Rand	Shifting of Funds (i.t.o. s31 of the MFMA) Rand	Adjustments (i.t.o. Council approved by law) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Expenditure by Vote to be appropriated											
Office of the City Manager	5,532,481	656,977	6,189,458	-	(2,400)	6,187,058	5,849,445	-	(337,613)	95 %	106 %
Financial Services	158,671,004	8,450,600	167,121,604	-	(14,581,495)	152,540,109	140,813,195	-	(11,726,914)	92 %	89 %
Corporate and Planning Services	286,747,556	(3,490,671)	283,256,885	-	1,657,260	284,914,145	262,671,539	-	(22,242,606)	92 %	92 %
Public Safety	263,858,424	7,824,472	271,682,896	-	157,070	271,839,966	244,052,272	-	(27,787,694)	90 %	92 %
Community Services	264,841,387	(1,994,011)	262,847,376	-	(989,368)	261,858,008	240,952,435	-	(20,905,573)	92 %	91 %
Engineering Services	2,321,786,671	91,133,880	2,412,920,551	-	14,197,091	2,427,117,642	2,364,374,549	-	(62,743,093)	97 %	102 %
Department of Chief Audit Executive	11,230,739	348,386	11,579,125	-	98,000	11,677,125	11,067,467	-	(609,658)	95 %	99 %
Department of Risk And Compliance	2,724,587	178,009	2,902,596	-	-	2,902,596	2,714,703	-	(187,893)	94 %	100 %
Department of IDP And PMS	5,699,264	186,804	5,886,068	-	(105,000)	5,781,068	5,689,762	-	(91,306)	98 %	100 %
Department of Communication	7,686,802	191,887	7,878,689	-	(431,158)	7,447,531	6,915,198	-	(532,333)	93 %	90 %
Total Expenditure by Vote	**3,328,778,915**	**103,486,333**	**3,432,265,248**	**-**	**-**	**3,432,265,248**	**3,285,100,565**	**-**	**(147,164,683)**	**96 %**	**99 %**
Surplus/(Deficit) for the year	**666,861,017**	**(182,499,385)**	**484,361,632**	**-**		**484,361,632**	**721,536,105**		**237,174,473**	**149 %**	**108 %**

Drakenstein Municipality
Appendix B3
Reconciliation of Budgeted Capital Expenditure by Vote, Standard Classification and Funding

	2024/2025										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustments Budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	%	%
Capital expenditure - Vote											
Multi-year expenditure											
Office of the City Manager	-	-	-	-	-	-	-	-	-	- %	- %
Financial Services	-	-	-	-	-	-	-	-	-	- %	- %
Corporate and Planning Services	4,259,000	(227,527)	4,031,473	-	138,731	4,170,204	4,170,204	-	-	100 %	98 %
Public Safety	1,800,000	-	1,800,000	-	68,090	1,868,090	1,868,090	-	-	100 %	104 %
Community Services	1,000,000	(122,200)	877,800	-	(264,990)	612,810	612,809	-	(1)	100 %	61 %
Engineering Services	595,284,977	(154,700,922)	440,584,055	-	552,215	441,136,270	439,637,628	-	(1,498,642)	100 %	74 %
Department of Chief Audit Executive	-	-	-	-	-	-	-	-	-	- %	- %
Department of Risk And Compliance	-	-	-	-	-	-	-	-	-	- %	- %
Department of IDP And PMS	-	-	-	-	-	-	-	-	-	- %	- %
Department of Communication	-	-	-	-	-	-	-	-	-	- %	- %
Capital multi-year expenditure sub-total	**602,343,977**	**(155,050,649)**	**447,293,328**	**-**	**494,046**	**447,787,374**	**446,288,731**	**-**	**(1,498,643)**	**100 %**	**74 %**
Single-year expenditure											
Office of the City Manager	11,500	(1,748)	9,752	-	-	9,752	9,752	-	-	100 %	85 %
Financial Services	500,000	(145,358)	354,642	-	490,060	844,702	844,701	-	(1)	100 %	169 %
Corporate and Planning Services	1,741,000	1,626,486	3,367,486	-	(53,422)	3,314,064	3,314,052	-	(12)	100 %	190 %
Public Safety	6,700,000	5,989,935	12,689,935	-	(1,569,748)	11,120,187	11,120,180	-	(7)	100 %	166 %
Community Services	78,800,000	(51,092,524)	27,707,476	-	(2,694,631)	25,012,845	16,675,684	-	(8,337,161)	67 %	21 %
Engineering Services	75,826,617	15,958,079	91,784,696	-	3,516,278	95,300,974	96,525,968	-	1,224,994	101 %	127 %
Department of Chief Audit Executive	-	15,000	15,000	-	(12,470)	2,530	2,530	-	-	100 %	- %
Department of Risk And Compliance	-	30,000	30,000	-	(4,230)	25,770	25,770	-	-	100 %	- %
Department of IDP And PMS	-	-	-	-	-	-	-	-	-	- %	- %
Department of Communication	302,380	31,320	333,700	-	(165,883)	167,817	167,817	-	-	100 %	55 %
Capital single-year expenditure sub-total	**163,881,497**	**(27,588,810)**	**136,292,687**	**-**	**(494,046)**	**135,798,641**	**128,686,454**	**-**	**(7,112,187)**	**95 %**	**79 %**
Total Capital Expenditure - Vote	**766,225,474**	**(182,639,459)**	**583,586,015**	**-**	**-**	**583,586,015**	**574,975,185**	**-**	**(8,610,830)**	**99 %**	**75 %**

Drakenstein Municipality
Appendix B3
Reconciliation of Budgeted Capital Expenditure by Vote, Standard Classification and Funding

	2024/2025										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustments Budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	%	%
Capital Expenditure - Standard											
Governance and administration	**23,575,344**	**13,851,497**	**37,426,841**	**-**	**(126,859)**	**37,299,982**	**37,036,775**	**-**	**(263,207)**	**99 %**	**157 %**
Executive and council	11,500	3,252	14,752	-	1,871	16,623	16,616	-	(7)	100 %	144 %
Finance and administration	23,563,844	13,833,245	37,397,089	-	(116,260)	37,280,829	37,017,629	-	(263,200)	99 %	157 %
Internal audit	-	15,000	15,000	-	(12,470)	2,530	2,530	-	-	100 %	- %
Community and public safety	**88,300,000**	**(45,296,387)**	**43,003,613**	**-**	**(4,500,902)**	**38,502,711**	**30,165,543**	**-**	**(8,337,168)**	**78 %**	**34 %**
Community and social services	4,300,000	39,677	4,339,677	-	(431,210)	3,908,467	3,504,515	-	(403,952)	90 %	82 %
Sport and recreation	11,500,000	(1,217,373)	10,282,627	-	(600,478)	9,682,149	9,387,321	-	(294,828)	97 %	82 %
Public safety	8,500,000	5,989,935	14,489,935	-	(1,501,658)	12,988,277	12,988,270	-	(7)	100 %	153 %
Housing	64,000,000	(50,108,626)	13,891,374	-	(1,967,556)	11,923,818	4,285,437	-	(7,638,381)	36 %	7 %
Health	-	-	-	-	-	-	-	-	-	- %	- %
Economic and environmental services	**63,466,580**	**15,264,003**	**78,730,583**	**-**	**98,070**	**78,828,653**	**78,818,252**	**-**	**(10,401)**	**100 %**	**124 %**
Planning and development	301,000	67,789	368,789	-	(19,908)	348,881	348,879	-	(2)	100 %	116 %
Road transport	63,165,580	15,196,214	78,361,794	-	117,978	78,479,772	78,469,373	-	(10,399)	100 %	124 %
Environmental protection	-	-	-	-	-	-	-	-	-	- %	- %
Trading services	**590,883,550**	**(166,458,572)**	**424,424,978**	**-**	**4,529,691**	**428,954,669**	**428,954,615**	**-**	**(54)**	**100 %**	**73 %**
Energy sources	35,761,884	29,062,712	64,824,596	-	3,254,147	68,078,743	68,078,699	-	(44)	100 %	190 %
Water management	13,787,936	593,345	14,381,281	-	607,942	14,989,223	14,989,219	-	(4)	100 %	109 %
Waste water management	533,603,730	(195,713,132)	337,890,598	-	(278,172)	337,612,426	337,612,421	-	(5)	100 %	63 %
Waste management	7,730,000	(401,497)	7,328,503	-	945,774	8,274,277	8,274,276	-	(1)	100 %	107 %
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**- %**	**- %**
Other	-	-	-	-	-	-	-	-	-	- %	- %
Total Capital Expenditure - Standard	**766,225,474**	**(182,639,459)**	**583,586,015**	**-**	**-**	**583,586,015**	**574,975,185**	**-**	**(8,610,830)**	**99 %**	**75 %**
Funded by:											
National Government	603,613,043	(182,554,414)	421,058,629	-		421,058,629	421,058,622		(7)	100 %	70 %
Provincial Government	52,826,087	(33,055,086)	19,771,001	-		19,771,001	10,275,248		(9,495,753)	52 %	19 %
District Municipality	-	-	-	-		-	-		-	- %	- %
Other transfers and grants	8,000,000	24,400,000	32,400,000	-		32,400,000	31,164,933		(1,235,067)	96 %	390 %
Transfers recognised - capital	**664,439,130**	**(191,209,500)**	**473,229,630**	**-**		**473,229,630**	**462,498,803**		**(10,730,827)**	**98 %**	**70 %**
Public contributions & donations	-	-	-	-		-	-		-	- %	- %
Borrowing	-	-	-	-		-	-		-	- %	- %
Internally generated funds	101,786,344	8,570,041	110,356,385	-		110,356,385	112,476,381		2,119,996	102 %	111 %
Total Capital Funding	**766,225,474**	**(182,639,459)**	**583,586,015**	**-**		**583,586,015**	**574,975,184**		**(8,610,831)**	**99 %**	**75 %**

Drakenstein Municipality

Appendix C

Disclosure of Grants and Subsidies in Terms of Section 123 of the MFMA, 56 of 2003

Description	Opening Balance 01 July 2024	Sep	Dec	Mar	Jun	Total	Sep	Dec	Mar	Jun	Total	Adjustments & Repayments	Closing Balance 30 June 2025
		Quarterly Receipts					**Quarterly Expenditure (Capital and Operating)**						
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
National Government (Unconditional Grant) [for disclosure purposes only]													
EQUITABLE SHARE	-	(30,800,537)	(142,879,463)	(57,894,000)	-	(231,574,000)	30,800,537	142,879,463	57,894,000	-	231,574,000	-	-
	-	**(30,800,537)**	**(142,879,463)**	**(57,894,000)**	**-**	**(231,574,000)**	**30,800,537**	**142,879,463**	**57,894,000**	**-**	**231,574,000**	**-**	**-**
National Government (Conditional Grant)													
EXPANDED PUBLIC WORKS PROGRAMME	-	(515,000)	(928,000)	(619,000)	-	(2,062,000)	-	2,062,000	-	-	2,062,000	-	-
FINANCIAL MANAGEMENT GRANT	-	(1,600,000)	-	-	-	(1,600,000)	118,098	818,110	283,924	379,867	1,599,999	-	(1)
IUDG PROJECTS	-	(18,244,000)	(18,976,000)	(31,326,000)	-	(68,546,000)	1,491,857	29,418,190	(98,690)	37,734,637	68,545,994	7	1
INEP FUNDING	-	-	(3,340,000)	-	-	(3,340,000)	-	-	3,340,000	-	3,340,000	-	-
DROMMEDARIS NEIGHBOURHOOD GRANT	(7,331,424)	-	(20,000,000)	-	(10,000,000)	(37,331,424)	626,023	17,746,248	9,702,938	9,256,215	37,331,424	(1)	(1)
REGIONAL BULK INFRASTRUCTURE GRANT	-	(30,000,000)	-	(345,000,000)	-	(375,000,000)	-	108,478,716	83,280,047	183,241,235	374,999,998	2	-
DISASTER RELIEF SUPPORT GRANT	(237,127)	-	-	(1,976,000)	-	(2,213,127)	-	-	841,280	1,371,847	2,213,127	-	-
	(7,568,551)	**(50,359,000)**	**(43,244,000)**	**(378,921,000)**	**(10,000,000)**	**(490,092,551)**	**2,235,978**	**158,523,264**	**97,349,499**	**231,983,801**	**490,092,542**	**8**	**(1)**
Provincial Government (Conditional Grant)													
SIYASHLALA	(1,569,723)	-	-	-	-	(1,569,723)	-	-	-	-	-	-	(1,569,723)
P59 FAIRYLANDS	(2,723,777)	-	-	(17,000)	-	(2,740,777)	-	-	44,929	141,636	186,565	-	(2,554,212)
DISASTER FUNDING	-	-	-	(5,137,000)	-	(5,137,000)	-	-	-	5,137,000	5,137,000	-	-
DIGNIFIED SITES	(173,144)	-	-	-	-	(173,144)	-	-	-	-	-	-	(173,144)
DROM 181/1407 (HSDG)	(569,695)	-	-	-	569,695	-	-	-	-	-	-	-	-
DROMMEDARIS ST EHP	(168,249)	-	-	-	168,249	-	-	-	-	-	-	-	-
1068 HOUSE DONATIONS	(152,225)	-	-	-	-	(152,225)	-	-	-	-	-	-	(152,225)
KINGSON TOWN TRANSFER	(53,000)	-	-	-	-	(53,000)	-	-	-	-	-	-	(53,000)
ACCELERATED HOUSING (SIMONDIUM)	(115,062)	(5,079,829)	-	-	-	(5,194,891)	-	-	-	1,688,291	1,688,291	-	(3,506,600)
DEEDS TRANSFERS	-	-	-	-	(115,097)	(115,097)	6,644	24,357	6,246	31,325	68,572	-	(46,525)
LANTANA	-	-	-	-	-	-	-	-	-	-	-	-	-
ACCELERATED HOUSING (SCHOONGEZICHT)	(220,242)	-	-	-	-	(220,242)	-	-	-	-	-	-	(220,242)
MUNICIPAL ACCREDITATION AND CAPACITY BUILDING	-	-	(249,000)	-	-	(249,000)	-	-	-	249,000	249,000	-	-
MUNICIPALITY TOURISM CHALLENGE FUND	-	-	-	-	-	-	-	-	-	-	-	-	-
MUNICIPAL SERVICE DELIVERY AND CAPACITY BUILDING	(500,000)	-	-	-	-	(500,000)	-	-	260,000	240,000	500,000	-	-
WC FINANCE MANAGEMENT CAPABILITY	(71,885)	(5,000,000)	5,000,000	-	-	(71,885)	-	-	-	69,925	69,925	-	(1,960)
COMMUNITY DEVELOPMENT WORKERS	-	(113,000)	-	-	-	(113,000)	-	59,206	19,629	34,165	113,000	-	-
FIRE SERVICE CAPACITY BUILDING	-	-	-	-	-	-	-	-	-	-	-	-	-
MAINTENANCE THUSONG CENTRE	(42,370)	-	-	-	-	(42,370)	-	-	15,501	26,868	42,369	1	-
CAPACITY BUILDING (EXTERNAL BURSARIES)	(57,965)	-	-	(100,000)	-	(157,965)	-	-	-	76,035	76,035	57,965	(23,965)
MUNICIPAL ENERGY RESILIENCE GRANT	-	-	-	-	-	-	-	-	-	-	-	-	-
PUBLIC WORKS AND TRANSPORT (80%)	-	(1,000,000)	(54,000,000)	45,125,000	-	(9,875,000)	-	9,809,762	(1,406,225)	1,471,464	9,875,001	(1)	-
	(6,417,337)	**(11,192,829)**	**(49,249,000)**	**39,871,000**	**622,847**	**(26,365,319)**	**6,644**	**9,893,325**	**(1,059,920)**	**9,165,709**	**18,005,758**	**57,965**	**(8,301,596)**

Drakenstein Municipality

Appendix C

Disclosure of Grants and Subsidies in Terms of Section 123 of the MFMA, 56 of 2003

		Quarterly Receipts					Quarterly Expenditure (Capital and Operating)						
Description	**Opening Balance 01 July 2024 Rand**	**Sep Rand**	**Dec Rand**	**Mar Rand**	**Jun Rand**	**Total Rand**	**Sep Rand**	**Dec Rand**	**Mar Rand**	**Jun Rand**	**Total Rand**	**Adjustments & Repayments Rand**	**Closing Balance 30 June 2025 Rand**
Other Grants (Conditional Grant)													
TRAINING LEVY (LG SETA & NON EMPLOYEE BURSARIES)	(922,964)	(299,196)	(298,845)	(1,446,053)	8,070	(2,958,988)	-	-	291,325	977,345	1,268,670	-	(1,690,318)
17TH FAIR TRADE CONFERENCE	-	-	-	-	(555,000)	(555,000)	-	-	-	555,000	555,000	-	-
CAPE WINELANDS DISTRICT MUNICIPALITY	-	-	-	-	-	-	-	-	-	-	-	-	-
CAPE WINELANDS DISTRICT MUNICIPALITY (TOURISM)	-	(500,000)	(99,000)	-	99,000	(500,000)	-	-	500,000	-	500,000	-	-
CAPE WINELANDS DISTRICT MUNICIPALITY (TOURISM)	-	-	-	-	-	-	-	-	-	-	-	-	-
CAPE WINELANDS DISTRICT MUNICIPALITY (BOBBIES ON THE BEAT)	(198,000)	-	-	-	(99,000)	(297,000)	-	-	-	-	-	-	(297,000)
CARTEVILL HOUSING PROJECT	(956,503)	-	-	-	-	(956,503)	-	-	-	-	-	-	(956,503)
INTERNATIONAL FIREFIGHTING DAY	-	-	-	-	(24,500)	(24,500)	-	-	-	24,500	24,500	-	-
CAPE WINELANDS DISTRICT MUNICIPALITY (TOURISM CHALLENGE)	(304,362)	-	-	-	-	(304,362)	-	92,007	128,968	64,976	285,951	-	(18,411)
NEUMARK	(808,753)	-	-	-	-	(808,753)	-	-	532,941	42,800	575,741	-	(233,012)
	(3,190,582)	**(799,196)**	**(397,845)**	**(1,446,053)**	**(571,430)**	**(6,405,106)**	**-**	**92,007**	**1,453,234**	**1,664,621**	**3,209,862**	**-**	**(3,195,244)**
Donations and other contributions													
TRUST FUND : MUN WIDOW & PENSION FUND	(363,572)	-	-	-	-	(363,572)	-	-	-	-	-	-	(363,572)
ELECTRICITY BAINSVALLEI	-	-	-	-	(187,789)	(187,789)	-	-	-	187,789	187,789	-	-
FOOD LOVERS INTERSECTION	-	-	-	-	(1,469,909)	(1,469,909)	-	-	-	1,469,909	1,469,909	-	-
BARHOLOMUE ROAD	-	-	-	-	(10,127,726)	(10,127,726)	-	-	-	10,127,726	10,127,726	-	-
OPTENHORST WATER PIPE	-	-	-	-	(164,990)	(164,990)	-	-	-	164,990	164,990	-	-
OPTENHORST TRAFFIC INTERSECTION	-	-	-	-	(1,248,332)	(1,248,332)	-	-	-	1,248,332	1,248,332	-	-
HOOF EN RETIEF STREET INTERSECTION	-	-	-	-	(1,204,314)	(1,204,314)	-	-	-	1,204,314	1,204,314	-	-
VESTING TRANSFERS	-	-	-	-	(9,000)	(9,000)	-	-	-	9,000	9,000	-	-
DEVELOPERS CONTRIBUTION	-	-	-	-	(30,153,907)	(30,153,907)	-	-	-	30,153,907	30,153,907	-	-
	(363,572)	**-**	**-**	**-**	**(44,565,967)**	**(44,929,539)**	**-**	**-**	**-**	**44,565,967**	**44,565,967**	**-**	**(363,572)**
Total	**(17,540,042)**	**(93,151,562)**	**(235,770,308)**	**(398,390,053)**	**(54,514,550)**	**(799,366,515)**	**33,043,159**	**311,388,059**	**155,636,813**	**287,380,098**	**787,448,129**	**57,973**	**(11,860,413)**