BREEDE VALLEY MUNICIPALITY

Annual Financial Statements
for the year ended 30 June 2025

General Information

Nature of business and principal activities	The main business operation of the municipality is to provide democratic and accountable government for local communities, ensure the provision of services to communities in a sustainable manner, promote social and economic development; to promote a safe and healthy environment and to encourage the involvement of communities and community organisations in the matters of local government.
Mayoral committee for the year ended 30 June 2025	
Executive Mayor	Ald. Antoinette Steyn
Mayoral committee members	Cllr. J.Von Willingh (Deputy Executive Mayor)
	Ald. J.F Van Zyl (Speaker)
	Cllr. P.H Marais (Chief Whip)
	Cllr. V.A Bedworth
	Cllr. J.R Jack
	Cllr. J.P Kritzinger
	Ald. W.R Meiring
	Cllr. N.Nel
	Cllr. P.C Moso
	Cllr. E. Botha
	Cllr. F.Vaughan
Accounting officer	Mr. D. McThomas
Chief financial officer (CFO)	Mr. R. Ontong
Registered office	
	Baring Street Worcester 6850
Postal address	Private Bag X3046 Worcester 6849
Bankers	Nedbank Limited
Auditors	Auditor-General of South Africa
Governing legislation	Constitution of The Republic of south Africa,1996 Local Government: Municipal Structures Act (Act 117 of 1998) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Finance Management Act (Act 56 of 2003) Municipal Property Rates Act (Act 6 of 2004) Division of Revenue Act

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

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Accounting Officer's Responsibilities and Approval

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 annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the 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 period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements and related financial information.

The annual financial statements have been prepared in accordance with 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 annual financial statements are based upon appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets 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.

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, he is satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the Breede Valley Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's internal auditors.

The annual financial statements set out on page 8 to 108, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025

Accounting Officer
31 August 2025

Report of the Auditor General

To the Provincial Legislature of BREEDE VALLEY MUNICIPALITY

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

Breede Valley Municipality is situated in the Western Cape Province, 120 km north-east of Cape Town. Included in its boundaries are Worcester, Rawsonville, De Doorns and Touwsrivier and surrounding rural areas. It covers 3 833 sq. km and is home to 212 682 people as per the 2022 census.

The municipality is set between three mountain ranges, incorporating some of the most valuable and fertile agricultural land in the country. The area is endowed with a diverse cultural history, regional accessibility and unique natural beauty that attract a great number of tourists.
The financial position of the municipality is described to be sound, with an accumulated surplus of R2 480 776 058 (2024:R2 435 119 581) at year-end.

Net surplus of the municipality was R45 169 897 (2024: net surplus R55 161 840). The overall summarised operating results for the municipality in comparison to the approved budget are shown in the Statement of Financial Performance and also reflect a summary of income and expenditure.

2. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 2 480 776 058 and that the municipality's assets exceed its total liabilities by R 2 480 776 058.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The solvency analysis show that assets cover the liabilities by 390.05% (2024 : 408.85%). The coverage indicates that the municipality operates as a going concern. Refer to note 60 of the annual financial statements.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. B-BBEE Performance

In terms of Section 13G read with regulation 12 of the B-BBEE Act, all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment within their Annual Financial Statements and Annual Report. Refer to note 66 of the annual financial statements.

5. Accounting policies

The annual financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP), issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Borrowing, investments and cash

The accounting officer may after approval of the Council, exercise all the powers of the municipality to borrow money, as he considers appropriate. Interest-bearing debt increased in the year ended 30 June 2025. In the financial year ended 30 June 2025 the municipality redeemed interest-bearing debt of R23 835 472. The interest paid on borrowings as a percentage of total expenditure is 2.49% (2024: 2.31%).

Investments as at 30 June 2025 amounted to R56 645 911 (2024: R25 432 053). Investments and cash and cash equivalents increased from R218 673 192 to R238 641 990 .Additional information regarding cash and cash equivalents, investments and loans are provided in notes 3,11,20 and Appendix A to the financial statements.

7. Capital expenditure

The capital expenditure incurred during the year 2025 amounted to R180 887 867 (2024: R234 620 530) that represented 85% (2024: 80%) of the approved capital budget of R213 540 564 (2024:R293 359 201). A complete analysis of capital expenditure (budgeted and actual) per functional area is included in Appendix G (A5), while Appendix B contains detail according to the asset class. More details regarding external loans used to finance fixed assets are shown in Appendix A.

Accounting Officer's Report

8. Cash flow analysis

Details of major changes in the nature of the municipality during the year were as follows:

Summary of net cash flows	**2025**	**2024**
Net cash flow from operating activities	169 840 096	256 108 478
Net cash flow from investing activities	(202 486 687)	(263 380 884)
Net cash flow from financing activities	21 401 531	51 760 362
Net increase in cash and cash equivalents	(11 245 060)	44 487 956

9. Credit rating

The municipality was rated by Moody's Investor Services during the 2019/20 financial year. Their rating and outlook for the municipality was a A2.za rating due to the negative outlook on South African sovereign rating. To monitor our credit rating and capacity for long-term financing we consider various qualitative and quantitative factors. At 30 June 2025 and 30 June 2024 the current ratio was 1.52 and 1.48 respectively.

10. Accounting Officer

The accounting officer of the municipality during the year under review of this report is as follows:

Name	Nationality
D. McThomas	South African

11. Auditors

Auditor-General of South Africa will continue in office for the next financial period as per the Public Audit Act.

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	181 996 079	193 241 139
Receivables from exchange transactions	4	96 586 219	84 016 638
Statutory Receivables	5	30 825 561	30 225 749
Other receivables from non-exchange transactions	6	2 365 223	2 276 382
Other receivables from exchange transactions	7	10 610 191	8 914 233
Inventories	8	20 142 615	19 272 793
VAT receivable	9	15 625 212	13 073 820
Short term investments	11	56 645 911	25 432 053
Long term receivables	16	5 523 067	6 219 489
Operating lease asset	10	-	122 398
		420 320 078	**382 794 694**
Non-Current Assets			
Investment property	12	99 889 500	99 934 000
Property, plant and equipment	13	2 770 906 035	2 694 267 507
Intangible assets	14	3 784 281	3 860 694
Heritage assets	15	36 631 059	36 631 059
Long term receivables	16	4 530 502	6 090 836
		2 915 741 377	**2 840 784 096**
Total Assets		**3 336 061 455**	**3 223 578 790**
Liabilities			
Current Liabilities			
Payables from exchange transactions	17	160 788 095	141 609 127
Consumer deposits	18	4 843 534	4 656 531
Unspent conditional grants and receipts	19	12 865 149	17 597 475
Long term liabilities	20	37 542 802	32 821 679
Employee benefit obligation	21	50 598 207	51 024 395
Provisions	22	3 220 193	3 330 547
VAT payable	23	6 982 721	7 076 930
		276 840 701	**258 116 684**
Non-Current Liabilities			
Long term liabilities	20	318 704 970	301 250 321
Employee benefit obligation	21	175 223 000	158 892 000
Provisions	22	84 516 726	70 200 204
		578 444 696	**530 342 525**
Total Liabilities		**855 285 397**	**788 459 209**
Net Assets		**2 480 776 058**	**2 435 119 581**
Accumulated surplus		2 480 776 058	2 435 119 581

* See note 56

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	24	925 659 370	807 822 770
Sales of Goods and rendering of services	25	7 086 240	5 735 830
Income from agency services	26	9 668 805	9 189 197
Licenses and permits		3 143 332	2 926 066
Rental income	27	11 722 143	8 979 264
Operational Revenue	28	3 331 223	7 513 111
Finance Income	29	35 230 386	32 334 114
Total revenue from exchange transactions		**995 841 499**	**874 500 352**
Revenue from non-exchange transactions			
Taxation revenue			
Availability Charges		8 179 904	7 632 531
Property rates	30	210 182 000	197 547 809
Property rates - penalties imposed and collection		3 561 428	3 435 598
Transfer revenue			
Government grants & subsidies	31	263 047 979	283 700 552
Fines, penalties and forfeits	32	43 375 274	72 714 243
Total revenue from non-exchange transactions		**528 346 585**	**565 030 733**
Total revenue		**1 524 188 084**	**1 439 531 085**
Expenditure			
Employee related costs	33	(423 577 250)	(423 650 271)
Remuneration of councillors	34	(21 228 661)	(20 466 633)
Depreciation and amortisation	36	(107 384 837)	(101 941 158)
Bulk purchases	37	(533 537 969)	(454 652 107)
Finance costs	38	(36 370 931)	(31 253 855)
Inventory consumed	8	(49 842 336)	(50 292 465)
Contracted services	39	(100 170 517)	(97 238 090)
Operating lease		(10 212 679)	(10 561 260)
Grants and subsidies paid	40	(3 153 600)	(3 068 520)
Operational Costs	41	(86 526 395)	(78 815 638)
Agency fees paid	42	(7 264 041)	(6 431 948)
Bad debts written off	43	(78 734 565)	(72 810 710)
Total expenditure		**(1 458 003 781)**	**(1 351 182 655)**
Operating surplus		**66 184 303**	**88 348 430**
Gain/(loss) on disposal of assets and liabilities		1 497 589	784 747
Fair value adjustments	44	5 918 183	6 714 526
Actuarial gains	21	864 611	2 044 564
Debt Impairment	35	(29 174 727)	(42 794 144)
Inventory gains/(losses)		(120 062)	63 717
Total other (losses)		**(21 014 406)**	**(33 186 590)**
Surplus for the year		**45 169 897**	**55 161 840**

* See note 56

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	2 374 603 846	2 374 603 846
Balance at 30 June 2023	**2 374 603 846**	**2 374 603 846**
Net income recognised directly in net assets	5 353 896	5 353 896
Surplus for the year *	55 161 839	55 161 839
Total changes	60 515 735	60 515 735
Balance at 30 June 2024	**2 435 119 582**	**2 435 119 582**
Changes in net assets		
Net income recognised directly in net assets	486 579	486 579
Surplus for the year	45 169 897	45 169 897
Total changes	45 656 476	45 656 476
Balance at 30 June 2025	**2 480 776 058**	**2 480 776 058**

* The surplus for the 2023/24 year has been restated. Refer to note 56 for the prior period error corrections.

* See note 56

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Cash flows from services and rate payers		1 099 729 127	1 031 497 455
Cash flows from government and other grants		258 315 653	284 874 967
Finance income		33 752 048	31 837 683
		1 391 796 828	1 348 210 105
Payments			
Cash paid to employees		(428 036 486)	(427 282 209)
Cash paid to suppliers		(755 356 959)	(633 534 190)
Finance costs		(35 409 687)	(28 216 708)
Grants paid		(3 153 600)	(3 068 520)
		(1 221 956 732)	(1 092 101 627)
Net cash flows from operating activities	46	**169 840 096**	**256 108 478**
Cash flows from investing activities			
Purchase of property, plant and equipment		(184 071 417)	(250 957 301)
Proceeds from sale of PPE and Investment properties		7 756 304	3 490 106
Long term receivables		3 396 373	(1 146 223)
(Increase) in investment		(29 567 947)	(14 767 466)
Net cash flows from investing activities		**(202 486 687)**	**(263 380 884)**
Cash flows from financing activities			
Proceeds from long term liabilities		45 050 000	74 000 000
Repayment of long term liabilities		(23 835 472)	(22 208 200)
Movement in consumer deposits		187 003	(31 438)
Net cash flows from financing activities		**21 401 531**	**51 760 362**
Net increase/(decrease) in cash and cash equivalents		**(11 245 060)**	**44 487 956**
Cash and cash equivalents at the beginning of the year		193 241 139	148 753 183
Cash and cash equivalents at the end of the year	3	**181 996 079**	**193 241 139**

* See note 56

Statement of Budget Comparison

Figures in Rand

	REF/NOTE	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET VARIANCE R	%
STATEMENT OF FINANCIAL POSITION							
ASSETS							
Current assets							
Cash and cash equivalents	BC 1	65 082 177	85 760 760	150 842 937	238 641 990	87 799 053	58%
Cash and cash equivalents	3				181 996 079		
Short term investments	11				56 645 911		
Trade and other receivables from exchange transactio	BC 2	184 459 797	(32 125 050)	152 334 747	107 196 410	(45 138 337)	30%
Receivables from exchange transactions	4				96 586 219		
Other receivables from exchange transactions	7				10 610 191		
Receivables from non-exchange transactions		96 775 710	(54 350 000)	42 425 710	33 190 784	(9 234 926)	22%
Statutory receivables	5				30 825 561		
Other receivables from non-exchange	6				2 365 223		
Current portion of non-current receivables	16	2 297 513	-	2 297 513	5 523 067	3 225 554	140%
Inventory	8	13 683 630	-	13 683 630	20 142 615	6 458 985	47%
VAT	9	6 083 971	-	6 083 971	15 625 212	9 541 241	157%
Other current assets		432 012	-	432 012	-	(432 012)	100%
Total current assets		**368 814 810**	**(714 290)**	**368 100 521**	**420 320 078**	**52 219 557**	
Non current assets							
Investment property	12 & BC 3	64 494 500	-	64 494 500	99 889 500	35 395 000	55%
Property, plant and equipment	13	2 675 771 174	25 668 274	2 701 439 448	2 770 906 035	69 466 587	3%
Heritage assets		-	-	-	-	-	0%
Intangible assets	14	2 312 930	-	2 312 930	3 784 281	1 471 351	64%
Trade and other receivables from exchange transactio	16	2 902 920	-	2 902 920	4 530 502	1 627 582	56%
Other non-current assets		36 631 059	-	36 631 059	36 631 059	-	0%
Heritage Assets	15				36 631 059		
Total non current assets		**2 782 112 583**	**25 668 274**	**2 807 780 857**	**2 915 741 377**	**107 960 520**	
TOTAL ASSETS		**3 150 927 393**	**24 953 984**	**3 175 881 377**	**3 336 061 455**	**160 180 078**	
LIABILITIES							
Current liabilities							
Financial liabilities	BC 4	23 010 632	-	23 010 632	37 542 802	14 532 170	63%
Long term liabilities	20				37 542 802		
Consumer deposits	18	5 083 168	-	5 083 168	4 843 534	(239 634)	5%
Trade and other payables from exchange transactions	17 & BC 5	111 280 488	-	111 280 488	160 788 095	49 507 607	44%
Trade and other payables from non-exchange transactions		4 658 297	-	4 658 297	12 865 149	8 206 853	176%
Unspent conditional grants and receipts	19				12 865 149		
Provisions		53 632 424	-	53 632 424	53 818 400	185 976	0%
Employee benefit obligation	21				50 598 207		
Provisions	22				3 220 193		
VAT		-	-	-	6 982 721	6 982 721	0%
Total current liabilities		**197 665 008**	**-**	**197 665 008**	**276 840 701**	**79 175 693**	
Non current liabilities							
Financial Liabilities		299 451 214	-	299 451 214	318 704 970	19 253 756	6%
Long term liabilities	20				318 704 970		
Provisions	BC 6	377 739 537	-	377 739 537	259 739 726	(117 999 811)	31%
Employee benefit obligation	21				175 223 000		
Provisions	22				84 516 726		
Long term portion of trade payables		-	-	-	-	-	0%
Total non current liabilities		**677 190 751**	**-**	**677 190 751**	**578 444 696**	**(98 746 055)**	
TOTAL LIABILITIES		**874 855 759**	**-**	**874 855 759**	**855 285 397**	**(19 570 362)**	
NET ASSETS		**2 276 071 634**	**24 953 984**	**2 301 025 618**	**2 480 776 058**	**179 750 440**	
COMMUNITY WEALTH							
Accumulated Surplus	BC 7	2 222 206 989	24 953 984	2 247 160 973	2 480 776 058	233 615 084	10%
Funds and Reserves	BC 8	53 864 645	-	53 864 645	-	(53 864 645)	100%
TOTAL COMMUNITY WEALTH/EQUITY		**2 276 071 634**	**24 953 984**	**2 301 025 618**	**2 480 776 058**	**179 750 439**	

Statement of Budget Comparison

Figures in Rand

	REF/NOTE	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R	VARIANCE %
STATEMENT OF FINANCIAL PERFORMANCE							
REVENUE							
Service charges					925 659 370		
Service charges - Electricity	24	612 204 055	11 618 415	623 822 470	637 296 813	13 474 343	2%
Service charges - Water	24	115 598 700	1 665 500	117 264 200	123 148 296	5 884 096	5%
Service charges - Waste Water Management	24	92 641 500	8 899 250	101 540 750	106 400 770	4 860 020	5%
Service charges - Waste Management	24	50 190 000	6 310 000	56 500 000	58 813 491	2 313 491	4%
Sale of Goods and Rendering of Services	25	6 163 766	(423 200)	5 740 566	7 086 240	1 345 674	23%
Agency services	26	9 391 000	-	9 391 000	9 668 805	277 805	3%
Finance income	29				35 230 386		
Interest earned from Receivables		16 030 400	-	16 030 400	16 288 066	257 666	2%
Interest earned from Current and Non Current Assets		19 522 100	-	19 522 100	18 942 320	(579 780)	3%
Rental from Fixed Assets		9 108 800	-	9 108 800	11 722 143	2 613 343	29%
Rental income	27				11 722 143		
Licence or permits		-	-	-	3 143 332	3 143 332	0%
Operational Revenue	28	7 699 597	(786 082)	6 913 515	3 331 223	(3 582 292)	52%
Non-Exchange Revenue							
Property rates	30	200 976 789	6 490 905	207 467 694	210 182 000	2 714 306	1%
Fines, penalties and forfeits	32 & BC 9	253 897 343	(11 000 000)	242 897 343	43 375 274	(199 522 069)	82%
Licences or permits		4 467 800	(983 100)	3 484 700	-	(3 484 700)	100%
Transfer and subsidies - Operational		198 836 000	(2 691 920)	196 144 080	197 152 339	1 008 259	1%
Government grants & subsidies	31				263 047 979		
Less: Transfers and subsidies - capital	31				(65 895 640)		
Interest		3 643 300	-	3 643 300	3 561 428	(81 872)	2%
Property rates - Penalties					3 561 428		
Operational Revenue		7 762 600	169 700	7 932 300	8 179 904	247 604	3%
Availability charges					8 179 904		
Gains on disposal of Assets		1 555 400	-	1 555 400	1 497 589	(57 811)	4%
Other Gains		(400)	-	(400)	6 782 794	6 783 194	1695799%
Fair value adjustments	44				5 918 183		
Actuarial gains	21				864 611		
Inventory gains					-		
Total Revenue (excluding capital transfers)		**1 609 688 750**	**19 269 468**	**1 628 958 218**	**1 466 572 827**	**(162 385 391)**	
EXPENDITURE							
Employee related costs	33	456 827 985	(33 107 240)	423 720 745	423 577 250	(143 495)	0%
Remuneration of councillors	34	21 756 900	-	21 756 900	21 228 661	(528 239)	2%
Bulk purchases - electricity	37	487 184 300	55 999 984	543 184 284	533 537 969	(9 646 315)	2%
Inventory consumed	8	46 871 980	6 121 524	52 993 504	49 842 336	(3 151 168)	6%
Debt impairment	35 & BC 10	220 010 864	(102 100 000)	117 910 864	29 174 727	(88 736 137)	75%
Depreciation and amortisation	36	105 207 700	3 400 000	108 607 700	107 384 837	(1 222 863)	1%
Interest	38	39 842 200	-	39 842 200	36 370 931	(3 471 269)	9%
Contracted services	39 & BC 11	127 392 810	(12 942 956)	114 449 854	100 170 517	(14 279 337)	12%
Transfers and subsidies	40	7 711 300	(2 111 000)	5 600 300	3 153 600	(2 446 700)	44%
Irrecoverable debts written off		19 400	87 500 000	87 519 400	78 734 565	(8 784 835)	10%
Operational costs		100 614 368	4 104 868	104 719 236	104 003 115	(716 121)	1%
Operating leases					10 212 679		
Operational costs	41				86 526 395		
Agency fees paid	42				7 264 041		
Losses on disposal of Assets		4 124 900	100 000	4 224 900	-	(4 224 900)	100%
Other Losses		66 500	100 000	166 500	120 062	(46 438)	28%
Total Expenditure		**1 617 631 207**	**7 065 180**	**1 624 696 387**	**1 487 298 570**	**(137 397 817)**	
Surplus/(Deficit)		**(7 942 457)**	**12 204 288**	**4 261 831**	**(20 725 743)**	**(24 987 574)**	
Transfers and subsidies - capital (monetary)	31	54 410 000	24 396 182	78 806 182	65 895 640	(12 910 542)	16%
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	0%
Surplus/(Deficit) for the year		**46 467 543**	**36 600 470**	**83 068 013**	**45 169 897**	**(37 898 116)**	

Statement of Budget Comparison

Figures in Rand

	REF/NOTE	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R	VARIANCE %
CASH FLOW STATEMENT							
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Cashflows from services and rate payers					1 099 729 127		
Property rates		190 551 714	6 036 541	196 588 255	204 870 172	8 281 917	4%
Service charges		843 938 568	26 722 816	870 661 384	819 819 509	(50 841 875)	6%
Other revenue	BC 12	59 545 955	1 980 393	61 526 348	75 039 446	13 513 098	22%
Cashflows from government and other grants					258 315 653		
Transfers and Subsidies - Operational		198 836 000	(4 444 000)	194 392 000	186 713 653	(7 678 347)	4%
Transfers and Subsidies - Capital		54 410 000	18 476 000	72 886 000	71 602 000	(1 284 000)	2%
Finance income					33 752 048		
Interest		35 552 500	-	35 552 500	33 752 048	(1 800 452)	5%
Payments							
Suppliers and employees		(1 244 859 143)	(18 635 180)	(1 263 494 323)	(1 183 393 445)	80 100 878	6%
Cash paid to employees					(428 036 486)		
Cash paid to suppliers					(755 356 959)		
Finance charges		(38 203 673)	2 000 000	(36 203 673)	(35 409 687)	793 986	2%
Transfers and Grants paid		(7 711 300)	155 000	(7 556 300)	(3 153 600)	4 402 700	58%
Net Cash from/(used) Operating Activities		**92 060 621**	**32 291 570**	**124 352 192**	**169 840 096**	**45 487 904**	
CASH FLOW FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE		-	-	-	7 756 304	7 756 304	100%
Decrease (increase) in non-current receivables		100 000	-	100 000	3 396 373	3 296 373	3296%
- Long term receivables					3 396 373		
Decrease (increase) in investments	BC 13	-	-	-	(29 567 947)	(29 567 947)	100%
Payments							
Capital Assets	BC 14	(187 437 290)	(25 668 274)	(213 105 564)	(184 071 417)	29 034 147	14%
Net Cash from/(used) Investing Activities		**(187 337 290)**	**(25 668 274)**	**(213 005 564)**	**(202 486 687)**	**10 518 877**	
CASH FLOW FROM FINANCING ACTIVITIES							
Receipts							
Borrowing long term/refinancing		48 206 373	-	48 206 373	45 050 000	(3 156 373)	7%
- New loans received					45 050 000		
Increase/(Decrease) in Consumer Deposits		150 000	-	150 000	187 003	37 003	25%
Payments							
Repayment of Borrowing		(23 010 632)	(4 086 000)	(27 096 632)	(23 835 472)	3 261 160	12%
Net Cash from/(used) Financing Activities		**25 345 741**	**(4 086 000)**	**21 259 741**	**21 401 531**	**141 790**	
NET INCREASE/(DECREASE) IN CASH HELD	BC 15	**(69 930 928)**	**2 537 296**	**(67 393 632)**	**(11 245 060)**	**56 148 571**	83%
Cash and Cash Equivalents at the year begin		135 013 105	83 223 464	218 236 569	193 241 139	(24 995 430)	
Cash and Cash Equivalents at the year end		65 082 177	85 760 760	150 842 937	181 996 079	31 153 142	

Statement of Budget Comparison

Figures in Rand

	REF/NOTE	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R	VARIANCE %
CAPITAL EXPENDITURE							
Vote 1 - Council General		5 000	-	5 000	2 330	(2 670)	53%
Vote 2 - Municipal Manager		5 000	-	5 000	-	(5 000)	100%
Vote 3 - Strategic Support Services		6 420 000	(4 564 998)	1 855 002	1 744 104	(110 898)	6%
Vote 4 - Financial Services		1 405 000	250 000	1 655 000	283 114	(1 371 886)	83%
Vote 5 - Community Services		29 677 774	(23 057 384)	6 620 390	3 808 523	(2 811 867)	42%
Vote 6 - Technical Services		-	-	-	-	-	100%
Vote 7 - Engineering Services		42 547 173	60 625 728	103 172 901	97 550 801	(5 622 100)	5%
Vote 8 - Public Services	BC 16	107 377 343	(7 150 072)	100 227 271	77 498 995	(22 728 276)	23%
Total Capital Expenditure - Vote		**187 437 290**	**26 103 274**	**213 540 564**	**180 887 867**	**(32 652 697)**	
Total additions as per Statement of Financial Position							
Property, Plant and Equipment	13				180 887 867		

The approved budget covers the fiscal period from 1 July 2024 to 30 June 2025.

Comparable Basis

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats. The Statement of Budget Comparison reconciles the balances reported in the Annual Financial Statements with the final budget amounts. The actual results are presented on a comparable basis to the amounts included in the final budget.

Virements

Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 17 April 2025: Virements was approved by the Municipal Manager and/or the Chief Financial Officer, and it was done in line with the Approved Budget Virement Policy of 2024/2025.

Adjustments to Original Budget

Items in the State of Financial Position were adjusted to account for adjustments made to the operating and capital budgets. The adjustments also account for the opening balances from the actual audited outcomes of the 2023/24 financial year.

Explanations for material variances

Material variances are considered to be any variances of more than 10%, and a rand value that exceeds materiality. Below are the explanations for material variances, referenced to the relevant line item in the statement of budget comparison:

STATEMENT OF FINANCIAL POSITION

BC 1 - Cash and cash equivalents -

Improvement in cash management, internal controls and an overall reduction of non-priority spending.

BC 2 - Trade and other receivables from exchange transactions -

The billed revenue for services exceeded the budget expectations. Revenue was adjusted upwards, and it was expected that a larger portion of billed revenue would remain as receivable at the end of the financial year. Stringent credit control procedures were enforced by management. Debt write off only applicable to indigent portfolio and management and a culture of payment are created.

BC 3 - Investment property -

Variances in Investment Property arose from budget assumptions that investment property sold would be transferred to buyers. Future budgets will incorporate current data to improve the alignment between the budget and the Annual Financial Statements.

BC 4 - Financial liabilities -

The municipality took up additional borrowings during the financial year, which increased the short-term obligations above the expected level.

BC 5 - Trade and other payables from exchange transactions -

Management expected a larger portion of outstanding debt to be settled by the end of the financial year. Creditors accrued closer to the end of the financial year and were not due by 30 June 2025, leading to increased levels of cash.The Eskom June account significantly increased compared to the prior year June account due to tariff increases in electricity. This also had an impact on the accrual payment.

Statement of Budget Comparison

Figures in Rand

Explanations for material variances (continued)

BC 6 - Provisions -

Provisions are dependent on changing market conditions, consumption trends and actuarial valuations for employee benefits. It is not easily predictable without significant cost implications; therefore, management applied a prudent approach in budgeting for Provisions.

BC 7 - Accumulated Surplus -

The accumulated surplus is less than expected, mainly due to lower levels of surplus achieved and the impact of reduced levels of traffic fines income recognised compared to the income expected to be generated.

BC 8 - Funds and Reserves -

The municipality did not achieve the expected results to realise the reserves.

STATEMENT OF FINANCIAL PERFORMANCE

BC 9 - Fines, penalties and forfeits -

The underprfomance in traffic fines is due to multiple reasons. The first reason is due to a tender process for the operating of speeding fines cameras which was anticipated to be finalised during the current financial year, but could not be finalised partly as a result of the ucertanties that have been in experienced as aresult of the pending implementation of the new Administrative Adjudication of Road Traffic Offences (AARTO) Act, which has created uncertainty with regards to the respionsibilities of the various stakeholders involved. During the adjustment budget process management was still optimistic that that the AARTO implementation could still be delayed and as such had started with the tender process which was ultimately not awarded. The tender advertisement came after the previous tender with TMT was in hybernation which resulted in them only issuing an immaterial amount of traffic fines during the current period. Previous experience had thought managament that should the contract had been awarded in the second half of the financial year it was possible for the fines to increase drastically due to the bad behaviour of drives on our roads.

BC 10 - Debt impairment -

The underperfoamance of the traffic fines has resulted in the significant saving in the Debt Impairment. The insignificant growth on the traffic fines debtors resulted in a reduction in the provision for traffic fines bad debt, thus the overall saving in the debt impairment.

BC 11 - Contracted services -

Expenditure on contracted and outsourced services for 2024/25 was less than anticipated.

CASH FLOW STATEMENT

BC 12 - Cash Flows from Other revenue -

Cash flows from Other revenue exceeded the anticipated cash receipts.

BC 13 - Increase in non-current investments -

Higher levels of cash at year-end were realised compared to the budget expectation, leading to more available funds to invest.

BC 14 - Capital Assets -

The allocations for capital assets were lower than anticipated, and the timing of grant receipts did not allow sufficient time for implementation.

BC 15 - NET INCREASE/(DECREASE) IN CASH HELD -

The improvement in the net cash balance was mainly due to improved performance in cash generated from operating activities.

CAPITAL EXPENDITURE

BC 16 - Capital Expenditure - Vote 8 - Public Services -

Funding from the Municipal Disaster Recovery Grant (MDRG) was only taken up on 17 April 2025, resulting in insufficient time to implement the projects.

Accounting Policies

1. Presentation of Annual Financial Statements

The 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).

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

The accounting policies applied are consistent with those used to present the previous year's financial statements.

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

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.
All figures are rounded to the nearest Rand.

1.2 Materiality

Definitions

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Both the qualitative and quantitative characteristics of an item are considered when applying materiality. Care is taken to ensure that these annual financial statements provide users with the most suitable information in order to evaluate the performance of the municipality.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Conceptual Framework for General Purpose Financial Reporting states that users are assumed to have a reasonable knowledge of the municipality's activities and environment in which it operates in, to be able and prepared to read annual financial statements and to review and analyse its information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Management has applied its judgment to assess materiality in the preparation of the annual financial statements. Materiality is determined as 1% of total actual operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

Prior period errors are only corrected when these are found to be material. All immaterial prior period errors are corrected in the current year and the previously reported figures will not be corrected.
For the comparison between budget and actual amounts, material differences are determined to be variances of:

-More than 10%; and

-A value of anything above materiality.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Receivables

The municipality assesses its receivables for impairment at the end of each reporting period. The calculation of the impairment of trade receivables is based on a payment percentage assessment of the individual debtors of the municipality. If an individual debtor has a payment percentage of more than 80%, impairment is not considered. In instances where the payment percentage is less than 80% the individual debtor is impaired based on the actual non-payment percentage of the outstanding debt

Allowance for slow moving, damaged and obsolete inventory

An assessment is made of net realisable value at the end of each reporting period. An allowance are made to write inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell off certain inventory items. The write down is included in the surplus.

Fair value estimation

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The fair value of long-term receivables is estimated by discounting the future contracted cash flows at the prime plus one interest rate.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimatesare prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as inflation and interest.

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

The municipality reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the following information:
Professional engineers were utilised to determine the cost of rehabilitation of landfill sites, as well as the remaining useful life of each Landfill site. Additional disclosure of these estimates of provisions are included in note 22 - Provisions
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. Provisions are discounted at the government bond rate of a similar term of the useful life of the landfill site

Useful lives of Property, Plant and Equipment and Intangible Assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm and on the pattern in which an asset's future economic benefits or service potential is expected to be consumed by the municipality.

Post-retirement benefits and other long-term benefits

The present value of the post retirement obligation and other long-term employee obligations is actuarially determined by independent qualified actuaries on an annual basis. The present value depends on a number of factors, including but not limited to discount rates, expected rate of return on assets, future salary increases, mortality rates and future pension increases, that are determined on an actuarial basis. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

At the end of each year, the appropriate discount rate is determined by independent qualified actuaries.This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the municipality considers market yields at the reporting date 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, the municipality 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.

Other key assumptions for post-retirement and other long-term employee obligations are based on current market conditions. Additional information is disclosed in note 21.

Staff Leave Accrual

The Municipality provides for annual leave as they accrue to employees. The liability is based on the total amount of leave days accrued to employees at year end and the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current year's entitlement is not used in full. The provision will be realized as employees take leave or when employment is terminated, whereupon the leave accrued to the employee that has not been used, is paid out.

Performance Bonus Accrual

The Municipality recognizes a provision relating to the anticipated costs of performance bonuses payable to Section 57 employees, as the costs accrue to the specific employees. Municipal bonus provisions are based on the employment contract stipulations and previous performance bonus trends.

13th Cheque Accrual

The Municipality recognizes a provision relating to the anticipated costs of 13th Cheques as they accrue to employees. The liability at year-end is based on the bonus accrued to each employee at year-end.

Effective Interest Rate

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

Accounting Policies

1.4 Investment property

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

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

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

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

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

Subsequent to initial measurement investment property is measured at fair value.

Fair value

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (See Note 12).

Accounting Policies

1.5 Property, plant and equipment

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

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

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

Subsequent to initial measurement property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight line	
• Buildings		10 - 100 years
• Recreational facilities		15 - 100 years
Infrastructure	Straight line	
• Cemetries		25 - 60 years
• Electricity		5 - 25 years
• Housing		20 - 100 years
• Landfill sites		1 - 55 years
• Pedestrian Malls		20 years
• Roads and paving		50 - 80 years
• Security		3 - 25 years

1.5 Property, plant and equipment (continued)

• Sewerage		15 - 75 years
• Water		15 - 100 years
Other property, plant and equipment	Straight line	
• Furniture and fixtures		2 - 20 years
• Special property, plant and equipment		5 - 20 years
• Specialist vehicles		5 - 30 years
• Other equipment		5 - 20 years
• Other vehicles		5 - 30 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

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

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

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

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the annual financial statements (see note 13).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements. See Note 13.

1.6 Site restoration and dismantling cost

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

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

The related asset is measured using the cost model:

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

Accounting Policies

1.7 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the municipality intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially measured at cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

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Subsequent to initial measurement Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

Item	**Useful life**
Right to access water	99 years
Computer software, other	3-5 years

Intangible assets are 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 intangible assets is the difference between the net disposal proceeds and the carrying amount and is included in surplus or deficit when the asset is derecognised.

1.8 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

Subsequent to initial measurement classes of heritage assets are carried at cost less any accumulated impairment losses.

1.8 Heritage assets (continued)

Impairment

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

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage assets 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 a heritage asset is the difference between the net disposal proceeds and the carrying amount and is included in surplus or deficit when the item is derecognised.

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Long term receivables	Financial asset measured at fair value
Short term investments	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transaction	Financial asset measured at amortised cost
Other receivables from non exchange transactions	Financial asset measured at amortised cost
Other receivables from exhange transaction	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Long term liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus, in the case of a financial asset or a liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

1.9 Financial instruments (continued)

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

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

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectability of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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 by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost:

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

1.9 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset 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:
  - derecognises the asset; and
  - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

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

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expired or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.10 Leases

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

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

Operating leases - lessor

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

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

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

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

Accounting Policies

1.10 (continued)

Operating leases - lessee

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

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

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

1.11 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for:
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

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

1.12 Value-added Tax (VAT)

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

1.13 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

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

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Value in use

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

Cash-generating units

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 municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the municipality does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Impairment of non-cash-generating assets

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

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

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

Accounting Policies

1.14 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

Reversal of an impairment loss

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

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.15 Provisions and Contingencies

Provisions are recognised when:

1.15 Provisions and Contingencies (continued)

the municipality has a present obligation as a result of a past event;

it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and a reliable estimate can be made of the obligation.

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability
Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 48.

Decommissioning, restoration and similar liability

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

The related asset is measured using the cost model:
- changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.13 and 1.14.

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

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

Accounting Policies

1.16 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered a service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for it in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality accounts for the plan as if it was a defined contribution plan.

Accounting Policies

1.16 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered services to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

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

Actuarial gains and losses comprise experience adjustments Actuarial gains and losses comprise experience adjustments arising from changes in demographic and financial assumptions .
Demographic assumptions about the future characteristics of current and former employees (and their dependants) who are eligible for benefits and deal with matters such as:
- mortality
- rates of employee turnover, disability and early retirement,
- the proportion of plan members with dependants who are eligible for benefits,
- the proportion of plan members who will select each form of payment option available under the plan terms; and
- claim rates under medical plans.

Financial assumptions deal with matters such as:
- the discount rate,
- benefit levels, excluding any cost of the benefits to be met by employees, and future salary,
- in the case of medical benefits, future medical costs, including claim handling costs, and
- taxes payable by the plan on contributions relating to service before the end of the reporting period or on benefits resulting from that service.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the municipality recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise of assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

1.16 Employee benefits (continued)

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:
- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the municipality attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the municipality attributes benefit on a straight-line basis from:
- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:
- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

1.16 Employee benefits (continued)

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other long-term employee benefits

The municipality has an obligation to provide long-term service allowance benefits to all of its employees.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses;
- past service cost; and
- the effect of any curtailments or settlements.

Termination benefits

The entity recognises termination benefits as a liability and an expense when the municipality is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Accounting Policies

1.16 Employee benefits (continued)

The entity is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes (as a minimum):
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than twelve months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

1.17 Statutory receivables

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.

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

Recognition

The municipality recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using the accounting policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the accounting policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the accounting 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 municipality and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is 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.

Accrued interest

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

Impairment losses

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

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

1.17 Statutory receivables (continued)

- significant financial difficulty of the receivable, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- it is probable that the receivable will enter sequestration, liquidation or other financial re-organisation.
- a breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

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

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; 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 municipality:
  - derecognises the receivable; and
  - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The municipality 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.

1.18 Revenue from exchange transactions

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

Measurement

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

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

1.18 Revenue from exchange transactions (continued)

Rendering of services

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest, royalties and dividends

Revenue arising from the use by others of municipal assets yielding interest, royalties and dividends or similar distributions is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

1.19 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, 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. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

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

Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Property rates

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

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

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

Debt forgiveness and assumption of liabilities

The municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by receivables.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting municipality.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in-kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind that are significant to the municipality's operations and/or service delivery objectives are recognised as assets and the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality discloses the nature and type of services in-kind received during the reporting period.

Accounting Policies

1.20 Borrowing costs

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

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Accounting by principals 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.

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 an 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.

Accounting Policies

1.22 Unauthorised expenditure

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

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

1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

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

1.24 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

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

1.25 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

1.26 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed in a note to the financial statements, if both the following criteria are met:
- contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.27 Grant in aid

The municipality transfers money to individuals, organisations 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 statement of financial performance as expenses in the period that the events given raise to the transfer occurred.

1.28 Budget information

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

The approved budget covers the fiscal period from 01 July 2024 to 30 June 2025.

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

1.29 Related parties

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

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Remuneration of management includes remuneration derived for services provided to the municipality in their capacity as members of the management team.
The remuneration for councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.
In the case of permanent employees acting in management positions,only the remuneration received additionally for acting in that position closed.
Municipal service are provided to key management and councillors based on the approved tariffs that was advertised to the public.

1.30 Events after reporting date

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

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

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

1.31 Segment information

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

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

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the municipality's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management.
The municipality manages its assets and liabilities as a whole and are not reviewed on a segregated basis for each town.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure.

Accounting Policies

1.32 Living and non-living resources

Living resources are those resources that undergo biological transformation.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.
The Municipality does not have any material living resources and therefore, no disclosures required by GRAP 110 has been made in respect of Living Resources. The municipality has however disclosed information about Non-living Resources in note 61.
Non-living resources, other than land, shall not be recognised as assets.

1.33 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of the municipality after deducting all of its liabilities.

1.34 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 56 for detail.

1.35 Reclassifications

Reclassification of certain accounts were made in order to comply with the requirements of Municipal Standard Chart of Accounts (MSCOA). The reclassifications have no impact on the net asset value of the municipality.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 56.

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

The municipality has not adopted any new standards for the current financial year that are relevant to its operations.
The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

Reference	Topic	Expected Impact	Effective Date
GRAP 1(going concern)	Presentation of Financial Statement	Enhances clarity in financial reporting by requiring entities to tailor disclosures based on materiality ensuring relevant information is highlighted. It also strenghtens the assesment and disclosure of going concern uncertainties.	Not yet determined
GRAP 103	Heritage Assets	Promotes consistent and accurate valuation of heritage assets reflecting their cultural,historical or environmental significance. Improved disclosure requirements enhance transparancy regarding these assets' value and management.	Not yet determined
GRAP 104	Financial Instruments	Changes in classification (amortized cost, fair value) and a shift to an unexpected credit loss model for impairment will impact how financial assets and liabilities are recognized and measured,potentially leading to more timely recognition of credit losses.	1 April 2025
GRAP 105,106 &107	Transfers of functions between entities under common control, Transfer of function between entities not under common control and mergers,	Affects the recognition, measurement and disclosure of assets and liabilities transferred during organisational changes, ensuring that the financial statements accurately reflect the impact of such transfers and mergers.	Not yet determined

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

iGRAP 22	Foreign Currency Transactions	This standard impacts how exchange rate differences are recognised for transactions where payment is received or made in advance, potentially leading to changes in revenue and expense recognition timing based on exchange rate movements. The municipality is currently assessing the impact of this interpretation. It is expected to clarify the treatment of foreign currency transactions which may affect the timing and amounts of revenue or expense recognition	1 April 2025

Figures in Rand	2025	2024

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	14 982	14 985
Bank balances	181 981 097	193 226 154
	181 996 079	**193 241 139**

For the purpose of the Cash Flow Statement, Cash and cash equivalents includes Cash on hand and cash in banks. Refer to note 64 on the additional disclosures required by the Municipal Finance Management Act where the detail regarding the bank is disclosed.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at banks and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating		
Nedbank Current Account (P-1)	181 981 097	193 226 154
Nedbank Investment Account (P-1)	20 730 052	-
Standard Bank Investment Account (P-1)	15 354 938	10 172 973
ABSA Investment Account (P-1)	20 560 921	10 176 470
FNB Investment Account (P-1)	-	5 082 611
	238 627 008	**218 658 208**

P-1 Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short term debt obligations.
P-2 Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short term debt obligations.
P-3 Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short term debt obligations.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Receivables from exchange transactions

Gross balances		
Electricity	66 618 053	54 667 463
Housing rental	18 108 837	15 598 933
Housing Selling Schemes	243 826	266 391
Refuse	44 481 271	36 681 096
Sewerage	72 577 466	59 408 868
Sundries	15 403 950	17 928 433
Water	81 586 684	66 162 203
	299 020 087	**250 713 387**
Less: Allowance for impairment		
Electricity	(4 520 071)	(5 514 845)
Housing Selling schemes	(220 497)	(201 496)
Housing rental	(16 752 576)	(13 853 699)
Refuse	(38 853 470)	(31 468 740)
Sewerage	(63 292 882)	(51 005 598)
Sundries	(13 547 586)	(13 584 858)
Water	(65 246 786)	(51 067 513)
	(202 433 868)	**(166 696 749)**
Net balance		
Electricity	62 097 982	49 152 618
Housing rental	1 356 261	1 745 234
Housing selling schemes	23 329	64 895
Refuse	5 627 801	5 212 356
Sewerage	9 284 584	8 403 270
Sundries	1 856 364	4 343 575
Water	16 339 898	15 094 690
	96 586 219	**84 016 638**
Electricity		
Current (0 -30 days)	59 557 783	48 615 316
31 - 60 days	1 323 732	918 770
61 - 90 days	600 749	279 586
91 - 120 days	274 354	208 885
121 - 365 days	4 861 436	4 644 908
Less: Provision for impairment	(4 520 072)	(5 514 847)
	62 097 982	**49 152 618**
Water		
Current (0 -30 days)	14 294 264	13 310 901
31 - 60 days	3 127 534	2 601 821
61 - 90 days	3 066 769	2 273 072
91 - 120 days	3 965 868	2 346 612
121 - 365 days	57 132 248	45 629 796
Less: Provision for impairment	(65 246 785)	(51 067 512)
	16 339 898	**15 094 690**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Receivables from exchange transactions (continued)

	2025	2024
Sewerage		
Current (0 -30 days)	6 013 619	4 921 066
31 - 60 days	2 309 791	2 133 690
61 - 90 days	2 126 293	1 824 885
91 - 120 days	1 935 004	1 730 480
121 - 365 days	60 192 759	48 798 747
Less: Provision for impairment	(63 292 882)	(51 005 598)
	9 284 584	**8 403 270**
Refuse		
Current (0 -30 days)	3 765 726	3 147 710
31 - 60 days	1 368 745	1 277 589
61 - 90 days	1 233 069	1 107 983
91 - 120 days	1 174 190	1 065 088
121 - 365 days	36 939 541	30 082 724
Less: Provision for impairment	(38 853 470)	(31 468 738)
	5 627 801	**5 212 356**
Housing Selling Schemes		
Current (0 -30 days)	1 529	35 432
31 - 60 days	75	331
61 - 90 days	60	272
91 - 120 days	60	207
121 - 365 days	242 102	230 149
Less: Provision for impairment	(220 497)	(201 495)
	23 329	**64 896**
Housing rental		
Current (0 -30 days)	633 749	560 888
31 - 60 days	451 156	445 749
61 - 90 days	443 355	333 918
91 - 120 days	627 651	313 673
121 - 365 days	15 952 926	13 944 700
Less: Provision for impairment	(16 752 576)	(13 853 694)
	1 356 261	**1 745 234**
Sundries		
Current (0 -30 days)	739 450	3 554 115
31 - 60 days	166 632	894 070
61 - 90 days	151 506	193 877
91 - 120 days	138 222	130 302
121 - 365 days	14 208 140	13 156 068
Less: Provision for impairment	(13 547 586)	(13 584 857)
	1 856 364	**4 343 575**

Figures in Rand	2025	2024

4. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

	2025	2024
Consumers		
Current (0 -30 days)	75 920 037	65 234 219
31 - 60 days	7 812 650	7 277 844
61 - 90 days	6 807 126	5 290 846
91 - 120 days	7 247 919	5 098 741
121 - 365 days	169 270 855	137 679 609
	267 058 587	**220 581 259**
Industrial/ commercial		
Current (0 -30 days)	7 960 658	10 972 123
31 - 60 days	2 116 079	905 297
61 - 90 days	1 638 178	559 006
91 - 120 days	1 568 136	538 959
121 - 365 days	13 122 848	15 580 605
	26 405 899	**28 555 990**
National and provincial government		
Current (0 -30 days)	1 674 862	605 603
31 - 60 days	445 207	49 968
61 - 90 days	344 660	30 854
91 - 120 days	329 924	29 748
121 - 365 days	2 760 949	859 966
	5 555 602	**1 576 139**
Total		
Current (0 -30 days)	85 006 126	74 145 428
31 - 60 days	8 747 665	8 272 021
61 - 90 days	7 621 801	6 013 593
91 - 120 days	8 115 349	5 795 246
121 - 365 days	189 529 144	156 487 098
	299 020 085	250 713 386
Less: Allowance for impairment	(202 433 868)	(166 696 749)
	96 586 217	**84 016 644**
Less: Allowance for impairment		
Current (0 -30 days)	-	-
31 - 60 days	(8 274 337)	(7 809 567)
61 - 90 days	(7 209 393)	(5 677 399)
91 - 120 days	(7 676 235)	(5 471 259)
121 - 365 days	(179 273 903)	(147 738 524)
	(202 433 868)	**(166 696 749)**
Total debtor past due but not impaired		
Current (0 -30 days)	-	-
31 - 60 days	473 328	462 456
61 - 90 days	412 408	336 196
91 - 120 days	439 114	323 989
121 - 365 days	10 255 241	8 748 574
	11 580 091	**9 871 215**

Figures in Rand	2025	2024

4. Receivables from exchange transactions (continued)

Receivables from exchange transactions impaired

As at 30 June 2025, receivables from exchange transactions with an amount of R202 433 858 (2024: R166 696 749) impaired and provided for.

Reconciliation of allowance for impairment		
Balance at beginning of the year	(166 696 742)	(150 569 822)
Contributions to allowance	(35 736 524)	(16 126 920)
	(202 433 266)	**(166 696 742)**

Receivables from exchange transactions past due but not impaired

The Council regards receivables from exchange transactions due for outstanding amounts more than 30 days to be past due. The impairment of receivables from exchange transactions is calculated based on the historic payment rate per individual receivable.It is expected that the trade receivables not impaired will be received by the municipality

As of 30 June 2025 receivables from exchange transactions of R11 580 102 (2024: R9 871 216) were past due not impaired.

Credit quality of receivables from exchange transactions

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Figures in Rand	2025	2024

5. Statutory Receivables

Gross balances		
Rates	52 371 179	43 497 923
Traffic fines	116 561 457	129 502 850
	168 932 636	**173 000 773**
Less: Allowance for impairment		
Rates	(37 177 782)	(30 776 625)
Traffic fines	(100 929 293)	(111 998 399)
	(138 107 075)	**(142 775 024)**
Net balance		
Rates	15 193 397	12 721 298
Traffic fines	15 632 164	17 504 451
	30 825 561	**30 225 749**
Rates		
Current (0 -30 days)	8 635 625	6 324 239
31 - 60 days	1 556 264	1 903 660
61 - 90 days	1 157 062	1 182 813
91 - 120 days	1 078 417	778 827
121 - 365 days	39 943 810	33 308 383
Less: Provision for impairment	(37 177 781)	(30 776 624)
	15 193 397	**12 721 298**

Summary of rates receivables by customer classification: Rates

Consumers		
Current (0 -30 days)	7 619 409	5 509 394
31 - 60 days	1 373 127	1 658 383
61 - 90 days	1 020 902	1 030 414
91 - 120 days	951 512	678 480
121 - 365 days	35 243 335	29 016 777
	46 208 285	**37 893 448**
Industrial/ commercial		
Current (0 -30 days)	753 383	713 235
31 - 60 days	135 770	214 691
61 - 90 days	100 944	133 395
91 - 120 days	94 082	87 835
121 - 365 days	3 484 748	3 756 451
	4 568 927	**4 905 607**
National and provincial government		
Current (0 -30 days)	491 855	19 697
31 - 60 days	93 475	8 224
61 - 90 days	23 394	3 858
91 - 120 days	20 577	3 858
121 - 365 days	964 662	663 233
	1 593 963	**698 870**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Statutory Receivables (continued)

Total		
Current (0 -30 days)	8 635 625	6 324 239
31 - 60 days	1 556 264	1 903 660
61 - 90 days	1 157 062	1 182 813
91 - 120 days	1 078 417	778 827
121 - 365 days	39 943 810	33 308 383
	52 371 178	43 497 922
Less: Allowance for impairment	(37 177 781)	(30 776 624)
	15 193 397	**12 721 298**

Less: Allowance for impairment		
Current (0 -30 days)	-	-
31 - 60 days	(1 322 916)	(1 576 067)
61 - 90 days	(983 570)	(979 268)
91 - 120 days	(916 717)	(644 802)
121 - 365 days	(33 954 578)	(27 576 487)
	(37 177 781)	**(30 776 624)**

Total debtor past due but not impaired		
Current (0 -30 days)	-	-
31 - 60 days	233 348	327 592
61 - 90 days	173 491	203 545
91 - 120 days	161 699	134 025
121 - 365 days	5 989 232	5 731 897
	6 557 770	**6 397 059**

Reconciliation : Traffic Fines		
Opening balance	17 504 451	15 416 157
Issued Fines	39 764 500	72 082 445
Withdrawals/Write Offs	(45 213 893)	(37 436 900)
Payment of Fines	(7 492 000)	(13 304 499)
Provision for impairment Movement	11 069 106	(19 259 508)
	15 632 164	**17 497 695**

Statutory receivables impaired
As of 30 June 2025, statutory receivables were impaired by R 138 107 074 (2024: R142 775 023) and provided for.

Reconciliation of allowance for impairment: Rates		
Balance at the beginning of the year	30 776 624	26 958 791
Contribution to allowance	6 401 157	3 817 833
	37 177 781	**30 776 624**

Reconciliation of allowance for impairment: Traffic Fines		
Balance at the beginning of the year	111 998 399	92 628 748
Contribution to allowance	(11 069 106)	19 369 651
	100 929 293	**111 998 399**

Figures in Rand	2025	2024

5. Statutory Receivables (continued)

Credit quality of statutory receivables

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Statutory receivables general information

Transaction(s) arising from statute

Property rates transactions arises from the Property Rates Act, Traffic fines transactions arises from the AARTO Act .These statutory receivables arose from non-exchange transactions.1.

Determination of transaction amount

Property rates amounts are determined through tariffs approved yearly by council. Traffic fines amounts are derived from a standardised table of fines which is determined by a magistrate.

Interest or other charges levied/charged

Interest is charges on overdue consumer debtors (including property rates) at prime plus 1%.

Basis used to assess and test whether a statutory receivable is impaired

The calculation in respect of the impairment of property rates receivable is based on an assessment per account holder taking into account the payment rate, levies billed and payments made. An account with a payment rate of less than 80% is deemed to be impaired and an impairment is raised as the difference between the actual payment rate and 100%. The total collectability of property rates and other services were 92.80% (2024:96.48%).
The calculation in respect of the impairment of fines receivable is based on an assessment of the past payment history of fines per category. The total average collectability of fines were 15.54% (2024: 15.17%).

6. Other receivables from non-exchange transactions

Gross balance		
Availability Charges	23 966 195	20 404 480
Less: Allowance for impairment		
Availability charges	(21 600 971)	(18 128 098)
Net balance		
Availability Charges	2 365 223	2 276 382

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

6. Other receivables from non-exchange transactions (continued)

Availability charges		
Current (0-30 days)	624 655	575 467
31 - 60 days	410 983	390 586
61 - 90 days	382 064	371 719
91 - 120 days	375 448	364 646
121 - 365 days	22 173 045	18 702 063
Less: Allowance for impairment	(21 600 971)	(18 128 098)
	2 365 224	**2 276 383**

Summary of receivables by customer classification: Availability Charges		
Consumers		
Current (0-30 days)	624 655	575 467
31 - 60 days	410 983	390 586
61 - 90 days	382 064	371 719
91 - 120 days	375 448	364 646
121 - 365 days	22 173 045	18 702 063
	23 966 195	**20 404 481**

Total		
Current (0-30 days)	624 655	575 467
31 - 60 days	410 983	390 586
61 - 90 days	382 064	371 719
91 - 120 days	375 448	364 646
121 - 365 days	22 173 045	18 702 063
	23 966 195	20 404 481
Less: Allowance for impairment	(21 600 971)	(18 128 098)
	2 365 223	**2 276 383**

Less: Allowance for impairment : Availability Charges		
Current (0-30 days)	-	-
31 - 60 days	(380 337)	(357 082)
61 - 90 days	(353 574)	(339 834)
91 - 120 days	(347 451)	(333 367)
121 - 365 days	(20 519 610)	(17 097 816)
	(21 600 972)	**(18 128 099)**

Total receivables past due but not impaired: Availability Charges		
31 - 60 days	30 647	33 504
61 - 90 days	28 490	31 886
91 - 120 days	27 997	31 279
121 - 365	1 653 434	1 604 247
	1 740 568	**1 700 916**

Figures in Rand	2025	2024

6. Other receivables from non-exchange transactions (continued)

Other receivables from non-exchange transactions impaired
As of 30 June 2025, other receivables from non-exchange transactions of R21 600 972 (2024: R18 128 099) were impaired and provided for.

Reconciliation of allowance for impairment: Availability Charges		
Balance at beginning of the year	(18 128 099)	(15 393 450)
Contribution to allowance	(3 472 873)	(2 734 648)
	(21 600 972)	**(18 128 098)**

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

7. Other receivables from exchange transactions

Loans granted	2 840	4 398
Other receivables	465 681	464 402
Prepaid expenses	8 696 242	6 856 436
Recoverable expenses	578 592	551 882
Auxiliaries	15 006	20 023
Interest receivable	866 835	1 034 408
Less: Allowance for impairment	(15 005)	(17 316)
	10 610 191	**8 914 233**

The credit quality of other receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external ratings (if available) or to historical information about default rates.

Reconciliation of allowance for impairment		
Opening Balance	(17 318)	(32 609)
Decrease in provision for the year	2 313	15 291
	(15 005)	**(17 318)**

8. Inventories

Consumable stores	19 356 686	18 643 998
Water stock	785 929	628 795
	20 142 615	**19 272 793**

Inventories recognised as an expense during the year	49 842 336	50 292 465

The amount disclosed for inventory consumed are inclusive of inventory expensed from the stores during the year and other expenditure purchased from the materials and supplies accounts.

Inventory pledged as security

None of the above Inventory has been pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

9. VAT Receivable

VAT Receivable	15 625 212	13 073 820

The municipality is registered on the cash basis. No penalties and fines were incurred during the year.

Vat meets the definition of a statutory receivable from exchange as per the accounting policy.The statutory receivable amounts are as follows R4 719 579 (2024 : R113 988)

VAT Breakdown

Input VAT Accrual	10 905 633	12 959 832
Statutory Receivables: VAT Receivable from SARS	4 719 579	113 988
	15 625 212	**13 073 820**

10. Operating lease asset (accrual)

Lease asset	-	122 398

Operating leases - as lessor (income)

Certain of the municipality's properties are held to generate rental income. The escalation clauses for the lease income varies between 6% to 10%. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease. The straight-lining of leases resulted in an decrease in income of R 122 398 (2024: decrease of R218 994).

Minimum lease payments Receivable

-within one year	-	72 745
-in second to fifth year inclusive	-	49 653
	-	**122 398**

11. Short term investments

Short term fixed deposits are made with various banks for a period from 1 - 12 months. The interest rates earned vary between 8.02 % and 9.40% per annum

Other fixed deposits	56 645 911	25 432 053

Current assets

Short term portion of investment	56 645 911	25 432 053

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

12. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	99 889 500	-	99 889 500	99 934 000	-	99 934 000

Reconciliation of investment property - 2025

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	99 934 000	(5 327 000)	5 282 500	99 889 500

Reconciliation of investment property - 2024

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	96 156 600	(1 887 033)	5 664 433	99 934 000

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

12. Investment property (continued)

Pledged as security

None of the above investment property have been pledged as security.

Details of property

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the revaluations was Monday, 30 June 2025. Revaluations were performed by an independent valuer, Mr Coenraad Botha of HCB Property Valuations. Mr Botha is a Professional Valuer registered at SACVP. HCB Property Valuations is not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

Reconciliation of valuation obtained and the valuation included in the financial statements

Amounts recognised in surplus and deficit for the year.

Rental revenue from investment property	1 120 015	962 524

Maintenance of investment property

In the current year the expenditure on investment property was incurred in one department which managed all repairs and maintenance of the municipality's structures and therefore an accurate split of operating expenditure incurred relating to investment properties could not be made.

Notes to the Annual Financial Statements

Figures in Rand

13. Property, Plant and Equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	350 277 092	(215 023 751)	135 253 341	345 783 970	(209 659 611)	136 124 359
Infrastructure	3 756 512 030	(1 477 119 790)	2 279 392 240	3 609 190 829	(1 394 354 615)	2 214 836 214
Land	228 595 073	-	228 595 073	228 610 073	-	228 610 073
Other property, plant and equipment	228 354 521	(100 689 140)	127 665 381	203 987 518	(89 290 657)	114 696 861
Total	**4 563 738 716**	**(1 792 832 681)**	**2 770 906 035**	**4 387 572 390**	**(1 693 304 883)**	**2 694 267 507**

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Buildings	136 124 359	6 220 336	-	(188 560)	-	(6 902 795)	135 253 340
Infrastructure	2 214 836 213	151 374 156	-	(2 341 615)	-	(84 476 514)	2 279 392 240
Land	228 610 073	-	(15 000)	-	-	-	228 595 073
Other property, plant and equipment	114 696 859	23 293 375	(916 717)	188 560	6 332 416	(15 929 114)	127 665 379
	2 694 267 504	**180 887 867**	**(931 717)**	**(2 341 615)**	**6 332 416**	**(107 308 423)**	**2 770 906 032**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Buildings	140 607 003	2 484 764	(47 945)	(466)	-	(6 918 997)	136 124 359
Infrastructure	2 086 193 541	206 438 715	-	1 916 023	-	(79 712 063)	2 214 836 216
Land	228 698 884	-	(88 811)	-	-	-	228 610 073
Other property, plant and equipment	105 775 814	25 697 049	(983 582)	583 694	(1 142 642)	(15 233 474)	114 696 859
	2 561 275 242	**234 620 528**	**(1 120 338)**	**2 499 251**	**(1 142 642)**	**(101 864 534)**	**2 694 267 507**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Property, Plant and Equipment (continued)

Pledged as security

None of the above property, plant and equipment has been pledged as security.

Work in progress

The work in progress balances included in the property plant and equipment balance are as follows:

Buildings	5 949 370	2 244 172
Infrastructure	425 566 875	364 745 314
Other Assets	166 987	2 306 759
	431 683 232	**369 296 245**

Work in progress balances were mainly as result of projects being multi-year projects and projects not completed at year-end.
The following expenditure was incurred to repair and maintain property plant and equipment:

Repair and Maintenance per allocation to asset type		
Infrastructure	52 653 159	49 655 723
General Vehicles	14 599 552	16 921 334
Plant and Equipment	9 708 919	7 548 287
Furniture and other Office Equipment	1 196 566	951 785
Other Building	16 816 985	12 979 419
	94 975 181	**88 056 548**

Repair and Maintenance per nature of expense		
Contracted Services	75 559 075	66 441 651
Employee Cost	1 398 472	2 773 257
Inventory Consumed	18 017 634	18 841 640
	94 975 181	**88 056 548**

Change in Accounting Estimate

The effect of the change in accounting estimate is disclosed in note 55.

Other Information

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Refer to Appendix B for more detail on property, plant and equipment.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

14. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 088 817	(852 546)	236 271	1 088 817	(818 884)	269 933
Right of use of water	4 275 264	(727 254)	3 548 010	4 275 264	(684 503)	3 590 761
Total	**5 364 081**	**(1 579 800)**	**3 784 281**	**5 364 081**	**(1 503 387)**	**3 860 694**

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software	269 932	(33 661)	236 271
Right of use of water	3 590 762	(42 752)	3 548 010
	3 860 694	**(76 413)**	**3 784 281**

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software	303 687	(33 755)	269 932
Right of use of water	3 633 631	(42 869)	3 590 762
	3 937 318	**(76 624)**	**3 860 694**

Pledged as security

None of the above intangible assets have been pledged as security

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

15. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art	12 575 100	-	12 575 100	12 575 100	-	12 575 100
Books	585 959	-	585 959	585 959	-	585 959
Land	16 770 000	-	16 770 000	16 770 000	-	16 770 000
Buildings	6 700 000	-	6 700 000	6 700 000	-	6 700 000
Total	**36 631 059**	**-**	**36 631 059**	**36 631 059**	**-**	**36 631 059**

Reconciliation of heritage assets 2025

	Opening balance	Total
Art	12 575 100	12 575 100
Books	585 959	585 959
Land	16 770 000	16 770 000
Buildings	6 700 000	6 700 000
	36 631 059	**36 631 059**

Reconciliation of heritage assets 2024

	Opening balance	Total
Art	12 575 100	12 575 100
Books	585 959	585 959
Land	16 770 000	16 770 000
Buildings	6 700 000	6 700 000
	36 631 059	**36 631 059**

Other information

The municipality assessed whether there is an indication that heritage assets need to be impaired. No impairment loss on heritage assets was recognised for the period under review.

No expenditure was incurred to repair and maintain heritage assets.

None of the above heritage assets have been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Long term receivables

Arrangements		
Arrangements	12 909 500	15 929 993
Less: Provision for impairment	(2 855 931)	(3 619 667)
	10 053 569	**12 310 326**
Less: Current portion transferred to current receivables		
Arrangements	(7 092 012)	(8 048 236)
Less: Current Portion of allowance for impairment transferred to current receivables		
Arrangements	(1 568 945)	(1 828 747)
Non-current assets		
Long term receivables- non current portion	4 530 502	6 090 836
Long term receivables - current portion	5 523 067	6 219 489
	10 053 569	**12 310 325**

Housing selling scheme loans

Arrangements
The arrangements consist of consumer receivables with whom the council has negotiated repayment terms. These arrangements attract no interest and the repayment periods vary between 15 and 30 years.

As of 30 June 2025 long term receivables of R1 286 986 (2024: R1 790 919) were impaired. The individually impaired receivables mainly relate to those receivables who have agreements with the municipality to pay their debt over a long period.
The ageing of these individually impaired receivables is more than 365 days based on the nature of long term receivables.

17. Payables from exchange transactions

Other payables	1 671 292	2 388 472
Payments received in advance	10 317 026	10 839 703
Retentions	8 888 503	9 889 711
Sundry deposits	986 362	875 941
Trade payables	138 924 912	117 615 300
	160 788 095	**141 609 127**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

18. Consumer deposits

Electricity	2 244 000	2 134 728
Water	2 599 534	2 521 803
	4 843 534	**4 656 531**

Guarantees

Guarantees held in lieu of Electricity and Water deposits	20 500	20 500

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. Council policy dictates that all accounts are owner accounts. Consumer deposits are refunded to the owner when a house is sold after the municipality has issued a clearance certificate. A clearance certificate will only be issued to the existing owner if the municipal account is up to date.

19. Unspent conditional grants and receipts

Balances at year end

Unspent conditional grants and receipts

Unspent grants	12 865 149	17 597 475

Movement during the year

Balance at the beginning of the year	17 597 475	16 423 060
Total conditional grants received	88 758 863	123 981 967
Conditions met-capital grants	(65 895 641)	(97 746 497)
Conditions met-operating grants	(22 758 338)	(23 501 218)
Repayment during the year	(4 837 210)	(480 000)
Other movement	-	(1 079 837)
	12 865 149	**17 597 475**

The allocations and subsidies received from National and Provincial Government as well the District Municipality, have been deposited into the Council's own bank account. The allocations received have been utilised in accordance with the conditions set. Where all the conditions have not yet been met, the total allocations have not been utilised. The outstanding conditions will be met prior to/or when the balance of the allocations is utilised. Also refer to Appendix D for further detail regarding unspent conditional grants.

20. Long term liabilities

At amortised cost

Annuity loans	356 247 772	334 072 000

Reconciliation of long term liabilities

Opening balance	334 072 000	279 243 053
Additional loans taken	45 050 000	74 000 000
Loans redeemed	(23 835 472)	(22 208 200)
Interest accrued	8 638 242	7 676 998
Interest accrued prior year	(7 676 998)	(4 639 851)
	356 247 772	**334 072 000**

Non-current liabilities

At amortised cost	318 704 970	301 250 321

Current liabilities

At amortised cost	37 542 802	32 821 679

21. Employee benefit obligation

Reconciliation of employee benefits - 2025	Opening Balance	Additions	Benefits paid during the year	Total
Post-retirement medical aid benefits	148 710 000	25 680 390	(8 042 390)	166 348 000
Long service awards	21 413 000	1 977 000	(2 826 000)	20 564 000
Performance bonus	1 172 866	1 896 025	(1 302 558)	1 766 333
Staff leave accrual	31 104 393	1 136 537	(2 984 040)	29 256 890
13th cheque accrual	7 516 133	369 848	-	7 885 981
	209 916 392	**31 059 800**	**(15 154 988)**	**225 821 204**

Reconciliation of employee benefits - 2024	Opening Balance	Additions	Benefits paid during the year	Total
Post-retirement medical aid benefits	138 783 000	17 060 509	(7 133 509)	148 710 000
Long service awards	19 254 000	5 277 927	(3 118 927)	21 413 000
Performance bonus	1 084 317	1 875 643	(1 787 094)	1 172 866
Staff leave accrual	29 316 411	3 843 342	(2 055 360)	31 104 393
13th cheque accrual	7 013 530	502 603	-	7 516 133
	195 451 258	**28 560 024**	**(14 094 890)**	**209 916 392**

Non-current employee benefits		
Provision for Post-retirement medical aid benefits	157 709 000	140 542 000
Long service awards	17 514 000	18 350 000
	175 223 000	**158 892 000**

Current employee benefits		
Provision for Post-retirement medical aid benefits	8 639 000	8 168 000
Long service awards	3 050 000	3 063 000
Performance bonus	1 766 335	1 172 867
Staff leave accrual	29 256 890	31 104 394
13th cheque accrual	7 885 982	7 516 133
	50 598 207	**51 024 394**

Post-Retirement medical aid benefit: Movements		
Opening balance	148 710 000	138 783 000
Benefits paid	(8 042 390)	(7 133 509)
Net expense recognised	25 680 390	17 060 509
	166 348 000	**148 710 000**

Post-Retirement medical aid benefit: Net expense recognised		
Current service cost	4 806 000	4 097 000
Interest cost	19 964 000	16 810 000
Actuarial (gains)/loss	910 390	(3 846 491)
	25 680 390	**17 060 509**

Post-Retirement medical aid benefit: Calculation of actuarial gains		
Actuarial (gains)/loss arising from financial assumptions	3 896 000	(3 846 491)
Actuarial (gains) arising from demographic assumptions	(2 985 610)	-
	910 390	**(3 846 491)**

Figures in Rand	2025	2024

21. Employee benefit obligation (continued)

Long service awards: Movements

Opening balance	21 413 000	19 254 000
Benefits paid	(2 826 000)	(3 118 927)
Net expense recognised	1 977 000	5 277 927
	20 564 000	**21 413 000**

Long service awards: Net expense recognised

Current service cost	1 515 000	1 459 000
Interest cost	2 237 000	2 017 000
Actuarial (gains)/loss	(1 775 000)	1 801 927
	1 977 000	**5 277 927**

Long service awards: Calculation of actuarial (gains)/loss

Actuarial (gains) arising from financial assumptions	(41 000)	(302 000)
Actuarial (gains)/loss arising from demographic assumptions	(1 734 000)	2 103 927
	(1 775 000)	**1 801 927**

Defined benefit plan

Post retirement medical aid plan

Current and continuation members receive a 60% and 70% subsidy respectively of medical and contributions in retirement. The spouse and child dependants of an employee are entitled to a 60% and 70% subsidy respectively of their contributions in the event of the principal members' death in-service. In the event of the death of the principal member, the spouse becomes the principal member.

In 2025: 70% (2024: 75%) of the employees belonged to the above plan. The plan is defined as a post-retirement medical benefit plan.

Long service awards

Long service benefits are awarded in the form of a number of leave days awarded once an employee has completed a certain number of years in service. All permanent employees are entitled to a specified number of days additional leave days plus additional remuneration based on their completed years of service.The long service award are payable after 10 years of completed services and thereafter every 5 years of continuous service. The employee may convert the additional leave into a cash amount.

In 2025: 12.54% (2024:14.18%) of the employees qualified for long service awards.

Risks
The plan exposes the Municipality to various risks. These include: salary inflation, benefit increase rates, discount rates, and changes in in retirement awaqage. The employer has little to no control over these risks.

Plan amendments, curtailments and settlements
There are no past service costs, curtailments or settlements to consider. The effects of exchange rates, transfer plans, mergers and disposals were also not considered

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

21. Employee benefit obligation (continued)

Key financial assumptions used

The municipality made use of an independent firm to perform the valuation of post-retirement medical aid benefits and long service awards. Chanan Weiss (BSc(FASSA) from Arch Actuarial Consulting (Pty) Ltd was the expert for the valuation. The key assumptions used by the experts are listed below for the last valuation on 30 June 2025:

	2025	2024
Post Retirement Medical Aid Benefit:		
Discount rate	11,10 %	13,57 %
CPI (Consumer Price Inflation)	5,00 %	7,98 %
Medical Aid Contribution Inflation	6,80 %	8,98 %
Net Effective Discount Rate	4,00 %	4,21 %
Long service awards		
Discount Rate	10,00 %	10,78 %
CPI (Consumer Price Inflation)	4,00 %	5,84 %
Normal Salary Increase Rate	5,00 %	5,84 %
Net Effective Discount Rate	4,80 %	4,67 %

The nominal and real zero curves as at 30 June 2025 supplied by the JSE are the basis used to determine the discount rate and CPI assumptions at each relevant time period.

Maturity Analysis	**1 Year from Valuation Date**	**Between 2-5 years from Valuation Date**	**+ 5 years from Valuation to 80 years**
Post Retirement Medical Aid Benefit	9 120 000	45 439 000	3 359 804 000
Long service awards	3 257 000	1 177 000	7 951 000

Key demographic assumptions used

	2025	2024
Post Retirement Medical Aid Benefit		
Average retirement age	62	62
Normal retirement age	65	65
Mortality rates	SA 85-90	SA 85-90
Long service awards:		
Average retirement age	62	62
Normal retirement age	65	65
Mortality rates	SA 85-90	SA 85-90

21. Employee benefit obligation (continued)

Sensitivity analysis

Post Retirement Medical Aid Benefit:
In order to illustrate the sensitivity of the results to changes in certain key variables, the liabilities were recalculated using the following assumptions:

- 1% increase/decrease in the Medical Aid inflation
- 20% increase/decrease in the assumed level of mortality;

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in medical aid inflation assumption and a 20% change in the assumed level of mortality would have the following effects:

	1% increase in medical aid inflation	1% decrease in medical aid inflation
Effect on defined benefit obligation	189 385 000	147 345 000
Effect on defined interest cost	22 601 000	17 756 000
Effect on the service cost	5 775 000	4 031 000

	20% increase in mortality rate	20% decrease in mortality rate
Effect on defined benefit obligation	161 634 000	171 037 000
Effect on defined interest cost	18 631 000	21 581 000
Effect on the service cost	4 480 000	5 194 000

The cost of the subsidy after retirement is dependent on the assumed discount rate and average retirement age. The discount rate and average retirement age will thus have a direct effect on the liability of future retirees.A one percentage point change in the discount rate and average retirement age would have the following effects:

	1% increase in discount rate	1% decrease in discount rate
Effect on defined benefit obligation	148 165 000	188 626 000
Effect on defined interest cost	17 854 000	22 511 000
Effect on the service cost	4 065 000	5 741 000

	Retirement age +1yr	Retirement age -1yr
Effect on defined benefit obligation	159 839 000	172 825 000
Effect on defined interest cost	21 172 000	18 822 000
Effect on the service cost	4 967 000	4 349 000

Long service awards:
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 level of withdrawal rates;
- 1% increase/decrease in the Normal Salary cost inflation

Assumed salary inflation trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed normal salary cost inflation rates and a 20 % change in the assumed level of withdrawal rates would have the following effects:

21. Employee benefit obligation (continued)

	1% increase in salary inflation	1% decrease in salary inflation
Effect on defined benefit obligation	21 754 000	19 481 000
Effect on the current service cost	1 633 000	1 409 000
Effect on defined interest cost	2 388 000	2 099 000

	1% increase in discount rate	1% decrease in discount rate
Effect on defined benefit obligation	19 457 000	21 799 000
Effect on the current service cost	1 414 000	1 630 000
Effect on defined interest cost	2 105 000	2 384 000

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all 893 (2024: 822) of its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

The last valuation of the Municipal Workers Retirement Fund (Previously the SAMWU National Provident Fund) was done on 30 June 2021.

The last valuation of the SALA Pension Fund was done on 1 July 2021.

The last valuation of the Consolidated Retirement Fund for Local Goverment (previously Cape Joint Retirement Fund) was performed on 30 June 2024.

The last valuation of the LA Retirement Fund (previously Cape Joint Pension Fund) was performed on 30 June 2024.

The valuators of the respective funds were satisfied that the plan is in a sound financial position.

Contributions by Council in respect of employees retirement funding. The contributions have been expensed which amounted to R 40 462 512 (2024: R 39 143 976).

Councillors who are elected are members of different pension schemes. The contributions have been expensed which amounted to R1 318 376 (2024: R1 229 604).

Contributions to medical aid funds		
Contributions to medical aid funds for employees	24 599 595	23 564 514
Contributions to medical aid funds for councillors	312 093	270 655
Contributions to medical aid funds for pensioners	8 042 390	7 133 509
	32 954 078	**30 968 678**

Consolidated Retirement Fund

This multi-employer fund was established with effect from 1 May 1996 to provide insured death, disability and pension benefits to its members.

The contribution rate for members is 9% of basic salary, whilst the respective Local Authorities are contributing 18%.

This defined benefit plan is accounted for as a defined contribution plan as the municipality's liability in the proportionate share of actuarial gains and losses cannot readily be determined.

The last statutory valuation performed as at 30 June 2024 revealed that the funding level of the share account was 100.2 % and the pension account was 117.3%. At the valuation date the municipality had 815 members (Fund: 56 074 members) and nil pensioners (Fund: 516 pensioners) belonging to the fund.

22. Provisions: Landfill Site

Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for the rehabilitation of landfill site	70 200 204	6 332 417	-	7 984 105	84 516 726
Closure site	3 330 547	-	(110 354)	-	3 220 193
	73 530 751	**6 332 417**	**(110 354)**	**7 984 105**	**87 736 919**

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for the rehabilitation of landfill site	64 011 409	(1 142 642)	-	7 331 437	70 200 204
Closure site	3 160 365	-	170 182	-	3 330 547
	67 171 774	**(1 142 642)**	**170 182**	**7 331 437**	**73 530 751**

	2025	2024
Non-current liabilities	84 516 726	70 200 204
Current liabilities	3 220 193	3 330 547
	87 736 919	**73 530 751**

The provision for landfill site for De Doorns was done for a 15 year period and the Worcester site for a period of 12 years. Touwsriver is a closure site and is expected to be closed in the following 5 year period. No expenses have been incurred to date and the only movement is the contribution for the year. An assessment was done by JPCE (Pty) Ltd (Specialist Waste Management Consultants), an independent expert.

The unwinding of the provision for landfill site for the current year amounting to R7 984 105 (2024: R7 331 437) was included in the rehabilitation figure in the statement of financial performance as well as the Touwsriver closure cost as a reversal of the provision of R110 354 (2024: contribution to provision of R170 182).

23. VAT payable

	2025	2024
Vat payable	6 982 721	7 076 930
Statutory Payable: VAT due to SARS	-	-
	6 982 721	**7 076 930**

	2025	2024
Output VAT Accrual	29 631 569	25 055 622
Provision for doubtful debt impairment	(22 648 848)	(17 978 692)
	6 982 721	**7 076 930**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

24. Service charges

Electricity	637 296 813	543 810 279
Water	123 148 296	110 404 529
Sewerage and sanitation	106 400 770	99 186 204
Refuse removal	58 813 491	54 421 758
	925 659 370	**807 822 770**

The above service charges are net of free basic services and rebates for the different services. The total rebates provided to consumers amounts to R72 364 325 (2024:R58 662 143).

25. Sales of Goods and Rendering of Services

Advertisement	140 053	127 229
Building Plan Approval	1 465 632	1 158 163
Camping Fees	200 327	126 866
Cemetary and Burial	1 946 020	1 528 339
Clearance Certificate	310 465	261 158
Entrance Fees	2 370 201	2 074 995
Fire Services	167 367	147 765
Photocopies and Faxes	84 359	64 957
Prints	49 196	38 582
Tender Documents	9 400	6 600
Sub-division and Consolidation Fees	266 466	96 539
Recycling of Waste	13 953	13 554
Valuation Services	52 414	91 083
Housing	10 387	-
	7 086 240	**5 735 830**

26. Income from agency services

Vehicle Registration	9 424 910	8 948 896
Insurance	243 895	240 301
	9 668 805	**9 189 197**

The municipality entered into an arrangement with the Western Cape Mobility Department to collect revenue in respect of the registration and licencing of motor vehicles. The municipality has assessed the criteria set out in GRAP 109 par 25 as well as the arrangements entered into and concluded that the municipality is an agent for both of the arrangements. At reporting date the municipality had no amounts receivable for the vehicle registration.

Reconciliation of the carrying amount of the receivable:

Opening balance	-	-
Revenue received	52 649 655	52 091 103
Payments made to the department	(52 649 655)	(52 091 103)
	-	-

27. Rental income

Premises

Housing Rentals	7 996 353	6 672 091
Other rental revenue	3 725 790	2 307 173
	11 722 143	**8 979 264**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

28. Operational revenue

Incidental Cash surpluses	3 902	3 005
Breakages and losses recovered	5 858	4 374
Administrative handling fees	2 504 465	4 893 069
Insurance refund	361 845	1 287 832
Merchandising jobbing and contracts	57 933	22 561
Municipal information and statistics	10 166	8 550
Development Charges	313 501	1 217 289
Staff Recoveries	73 553	76 431
	3 331 223	**7 513 111**

29. Finance income

Interest revenue		
Bank	18 942 320	18 372 600
Outstanding debtors	16 288 066	13 961 514
	35 230 386	**32 334 114**

30. Property rates

Rates received

Residential Properties	99 185 531	92 989 410
Mining, Business and Commercial Properties	54 165 151	50 962 698
Public Service Purposes Property	23 075 185	21 764 210
Agricultural Properties	19 524 509	18 556 377
Public Benefit Organisation	1 385 615	1 334 315
Industrial Properties	12 846 009	11 940 799
	210 182 000	**197 547 809**

Valuations

	R'000	**R'000**
Land	11 705 307	11 017 344
Improvements	21 760 204	22 306 783
	33 465 511	**33 324 127**

The valuations for land and improvements include De Doorns, Rawsonville, Touwsriver, Worcester and rural areas. Valuations on land and buildings are performed every five years. The last general valuation came into effect on 1 July 2021. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, subdivision and categories.

Rates are levied on an annual and monthly basis with the annual date for payment being 30 September. Interest at prime plus one per annum and a collection fee, is levied on rates outstanding two months after due date. A differentiated rebate up to 100% is granted to owners under certain circumstances. The basic rates for the above mentioned areas were charged for land and improvements at 0.009184 c/R (2024: 0.008682 c/R) and for industrial and commercial sites at 1.8367 c/R (2024: 1.73650 c/R).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

31. Government grants and subsidies

Operating grants		
Equitable share	174 394 000	162 452 839
Financial management grant	1 600 000	1 550 000
Other grants and donations	1 895 000	4 789 000
Provincial government	19 263 339	17 162 217
	197 152 339	**185 954 056**
Capital grants		
Capital grants	65 895 640	97 746 497
Total Government grants & subsidies	**263 047 979**	**283 700 552**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Equitable Share (Unconditional grant)

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Balance unspent at beginning of year	-	-
Current-year receipts	174 394 000	162 452 839
Transferred to revenue	(174 394 000)	(162 452 839)
	-	-

Financial Management Grant

Balance unspent at beginning of year	-	-
Current-year receipts	1 600 000	1 550 000
Conditions met - transferred to revenue	(1 600 000)	(1 550 000)
	-	-

EPWP

Balance unspent at beginning of year	-	-
Current-year receipts	1 895 000	4 789 000
Conditions met - transferred to revenue	(1 895 000)	(4 789 000)
	-	-

Housing projects

Balance unspent at beginning of year	4 617 957	2 144 588
Current-year receipts	980 805	2 771 840
Conditions met - transferred to revenue	(980 805)	(298 471)
Repayment	(4 617 957)	-
	-	**4 617 957**

Conditions still to be met - remain liabilities (see note 19).

Figures in Rand	2025	2024

31. Government grants and subsidies (continued)

LGWSETA Staff Development Grant

	2025	2024
Balance unspent at beginning of year	-	-
Current-year receipts	850 058	769 155
Conditions met - transferred to revenue	(850 058)	(769 155)
Other	-	-
	-	-

Provincial government

	2025	2024
Balance unspent at beginning of year	5 087 334	4 355 736
Current-year receipts	13 801 000	13 973 972
Conditions met - transferred to revenue	(16 404 852)	(12 763 678)
Repayment	(219 254)	(478 696)
Transferred to capital	(2 133 000)	-
	131 228	**5 087 334**

Conditions still to be met - remain liabilities (see note 19).

Cape Winelands

	2025	2024
Balance unspent at beginning of year	1 687 999	461 999
Current-year receipts	663 000	1 726 000
Conditions met - transferred to revenue	(1 027 624)	(500 000)
Transferred to capital	(500 000)	-
	823 375	**1 687 999**

Conditions still to be met - remain liabilities (see note 19).

Capital Grants

	2025	2024
Balance unspent at beginning of year	6 204 184	9 460 737
Current-year receipts	68 969 000	98 402 000
Conditions met - transferred to revenue	(65 895 640)	(97 746 497)
Other	-	(3 912 056)
Transfer from operational	2 633 000	-
	11 910 544	**6 204 184**

Conditions still to be met - remain liabilities (see note 19).

Services in kind

The municipality received services in kind under voluntary or non voluntary schemes which included free training, workshops, cleaning services and technical assistance from government departments and entities. These services have not been recognised as they were assessed not to be significant to the municipality's operations and/or basic service delivery objectives. The cost and fair value of these services in-kind could also not be measured reliably

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

32. Fines, penalties and forfeits

Damaged meters	262 572	281 741
Library	13 686	20 622
Traffic fines	41 641 380	72 084 880
Retentions	-	327 000
Contractors	1 457 636	-
	43 375 274	**72 714 243**

33. Employee related costs

Basic Salary	250 825 655	258 170 147
Group life insurance	3 389 800	3 281 066
Bonus	18 425 397	17 923 763
Medical aid contributions	32 783 447	30 698 023
Unemployment Insurance Fund	1 850 257	1 803 306
Bargaining Council	153 888	-
Service Related Benefits	23 904 844	23 668 281
Travel and car allowances	11 520 775	11 388 130
Overtime payments	22 773 465	22 343 534
Acting allowances	2 493 999	2 358 808
Housing benefits and allowances	1 773 346	1 711 588
Other Allowances	12 375 421	10 550 691
Contribution to employee benefits	41 306 956	39 752 934
	423 577 250	**423 650 271**

On 14 May 2024 the Municipality received a letter from National CoGTA granting waiver approval for the Municipal Manager and Directors. The waiver applications are effective from the date of appointment as Municipal Manager or Director. The impact of the waiver resulted in an increase in the total package of the Municipal Manager and Directors.

Municipal Manager: Mr. D. Mc Thomas

Annual Remuneration	2 089 705	1 998 454
Car Allowance	252 029	219 566
Performance Bonuses	322 314	248 608
Contributions to UIF, Medical and Pension Funds	88 628	65 454
Group life insurance	-	16 903
	2 752 676	**2 548 985**

Chief Financial Officer:Mr. R. Ontong

Annual Remuneration	1 479 681	1 496 516
Car Allowance	217 000	182 013
Performance Bonuses	268 595	208 927
Contributions to UIF, Medical and Pension Funds	320 341	246 660
	2 285 617	**2 134 116**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

33. Employee related costs (continued)

Director - Engineering Services: Mr. J. Steyn

Annual Remuneration	1 710 019	1 613 660
Car Allowance	304 878	304 878
Performance Bonuses	268 595	208 927
Contributions to UIF, Medical and Pension Funds	2 125	2 125
	2 285 617	**2 129 590**

Director - Strategic Support Service: Mr.R. Esau

Annual Remuneration	1 389 837	1 364 099
Car Allowance	317 432	309 095
Performance Bonuses	268 595	208 927
Contributions to UIF, Medical and Pension Funds	309 754	247 469
	2 285 618	**2 129 590**

Jean DeVilliers was appointed as Director: Planning, Development and Integrated Service from 1 May 2024.

Director - Planning, Development and Integrated Service: Mr. J.De Villiers

Annual Remuneration	1 517 904	239 523
Car Allowance	119 177	20 000
Performance Bonuses	35 173	-
Contributions to UIF, Medical and Pension Funds	379 941	60 588
	2 052 195	**320 111**

Director - Community Service: Mr. S. Swartz

Annual Remuneration	-	704 720
Car Allowance	-	142 065
Performance Bonuses	139 285	208 927
Contributions to UIF, Medical and Pension Funds	-	149 504
	139 285	**1 205 216**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

33. Employee related costs (continued)

Director - Community Service: Mr. M Planga

Mandisi Planga was appointed as Director: Community Service from 1 July 2024.

	2025	2024
Annual Remuneration	1 645 301	-
Car Allowance	176 966	-
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	28 665	-
Backpay	166 090	-
	2 017 021	**-**

Remuneration costs as percentage of total expenditure for 2025 is 30.51% (2024: 32.87%). The industry norm is between 25-40%. This figure includes employee related cost and the remuneration of councillors, as disclosed in note 33 and 34 to the Financial Statements.
The remuneration of the employees is within the upper limits of the SALGA Bargaining Council determinations.

34. Remuneration of councillors

	2025	2024
Executive mayor	925 635	889 122
Deputy Executive Mayor	748 784	720 045
Chief whip	825 872	792 276
Speaker	741 514	712 809
Mayoral committee members	5 855 914	5 641 104
Councillors	10 061 469	9 787 154
Section 79 Committee Chairperson	439 004	423 863
Councillors pension contribution	1 318 376	1 229 605
Councillors medical aid contribution	312 093	270 655
	21 228 661	**20 466 633**

Remuneration of Councillors:

The remuneration of the political office-bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

Executive Mayor	Salary	Allowances	Pension fund and Medical Aid	Total
Ald. A Steyn	794 781	130 854	158 956	1 084 591

Deputy Executive Mayor				
Cllr. JJ Von Willingh	650 253	98 531	130 269	879 053

Speaker				
Ald. JF Van Zyl	677 832	63 682	135 566	877 080

Chief Whip				
Cllr. PH Marais	778 868	47 004	-	825 872

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

34. Remuneration of councillors (continued)

Mayco Members	Salary	Allowances	Pension fund and Medical Aid	Total
Cllr. VA Bedworth	637 588	47 004	141 280	825 872
Cllr. JR Jack	751 756	74 116	-	825 872
Cllr. JP Kritzinger	643 143	54 100	128 629	825 872
Ald. WR Meiring	645 748	50 927	129 197	825 872
Cllr. N Nel	660 221	76 482	89 169	825 872
Cllr. PC Ramokhabi	713 165	47 004	65 703	825 872
Cllr. E Botha	651 195	53 671	121 006	825 872
Cllr. F Vaughan	702 791	47 004	76 077	825 872
	5 405 607	**450 308**	**751 061**	**6 606 976**

Section 79 Committee Member	Salary	Allowances	Pension fund and Medical Aid	Total
Cllr. HC Titus	392 000	47 004	29 400	468 404

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

34. Remuneration of councillors (continued)

Councillors	Salary	Allowances	Pension fund and Medical Aid	Total
Cllr. WM Blom	328 362	47 004	-	375 366
Cllr. MN Bushwana	263 247	92 376	19 743	375 366
Cllr. GL Daames	328 362	47 004	-	375 366
Cllr. R Farao	260 061	62 960	52 345	375 366
Cllr. MA Goedeman	305 453	47 004	22 909	375 366
Cllr. EN Isaacs	285 370	68 593	21 403	375 366
Cllr. C Ismail	282 990	92 376	-	375 366
Cllr. RT Johnson	305 453	47 004	22 909	375 366
Cllr. J Joseph	305 453	47 004	22 909	375 366
Cllr. D Judge	328 362	47 004	-	375 366
Cllr. SK Madlolo	305 453	47 004	22 909	375 366
Cllr. ZM Mangali	305 453	47 004	22 909	375 366
Cllr. TS Manuel	305 453	47 004	22 909	375 366
Cllr. SJ Mei	273 556	47 004	54 806	375 366
Cllr. JM Mokgosi	179 939	27 419	13 627	220 985
Cllr. CT Nyithana	328 362	47 004	-	375 366
Cllr. J Pieters	328 362	47 004	-	375 366
Cllr. A Pietersen	296 170	56 983	22 213	375 366
Cllr. O Ralehoko	328 362	47 004	-	375 366
Cllr. M Sampson	285 944	62 004	27 418	375 366
Cllr. TP Sibozo	328 362	47 004	-	375 366
Cllr. SS Steenberg	328 362	47 004	-	375 366
Cllr. M Swartz	328 362	47 004	-	375 366
Cllr. MT Williams	328 362	47 004	-	375 366
Ald. CF Wilskut	305 453	47 004	22 909	375 366
Cllr. NJ Wullschleger	305 453	47 004	22 909	375 366
Cllr. LR Yayi	328 362	47 004	-	375 366
Cllr. MR Jacobs	305 928	47 004	22 434	375 366
Cllr. CN Snyders	106 076	16 787	7 956	130 819
	8 594 887	**1 466 582**	**425 217**	**10 486 686**

35. Debt impairment

	2025	2024
Impairments		
Receivables from exchange transactions	30 948 225	15 870 227
Receivables from non-exchange transactions	(1 773 498)	26 923 916
	29 174 727	**42 794 143**

36. Depreciation and amortisation

	2025	2024
Property, plant and equipment	107 308 423	101 864 534
Amortisation:Intangible assets	76 414	76 624
	107 384 837	**101 941 158**

37. Bulk purchases

	2025	2024
Electricity - Eskom	533 537 969	454 652 107

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

38. Finance costs

External borrowings	36 370 931	31 253 855

39. Contracted services

Consultants and Professional Services		
Accounting and Auditing	4 123 443	3 166 671
Audit Committee	153 450	106 473
Human Resources	161 778	261 866
Legal Advice and Litigation	1 851 640	2 306 931
Medical Examinations	44 909	37 613
Research and advisory	475 751	273 422
Laboratory Services	141 148	127 223
Infrastructure and planning	-	1 517 022
	6 952 119	**7 797 221**
Outsourced Services		
Burial Services	491 050	1 121 825
Business and Advisory	1 541 680	818 854
Call Centre	46 200	46 200
Catering Services	602 912	308 458
Clearing and Grass Cutting Services	2 470 323	2 313 391
Cleaning Services	252 530	9 768
Drivers Licence Cards	678 531	747 498
Litter Picking and Street Cleaning	4 781 664	3 807 855
Hygiene Services	335 708	336 488
Refuse Removal	3 679 421	2 262 640
Sewerage Services	8 629 852	7 406 435
Security Services	-	29 402
Translators Scribes and Editors	60 500	85 057
Valuer	1 161 521	380 219
Transport Services	361 667	315 517
	25 093 559	**19 989 607**
Contractors		
Catering Services	73 443	13 537
Electrical Services	12 095 514	12 757 412
Employee Wellness	-	1 616
Event Promoters	5 437 280	4 166 677
Gardening Services	120 985	174 460
Graphic Designers	-	333 496
Maintenance of Buildings and Facilities	3 501 003	3 788 598
Maintenance of Equipment	17 479 383	14 429 723
Maintenance of Unspecified Assets	15 991 983	17 312 636
Medical Services	339 190	50 961
Pest Control and Fumigation	14 000	8 633
Plants Flowers and Other Decorations	40 934	3 335
Tracing Agents and Debt Collectors	-	62 994
Safeguard and Security	13 031 124	16 347 184
	68 124 839	**69 451 262**
	100 170 517	**97 238 090**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

40. Grants and subsidies paid

Other subsidies		
Grants in aid	3 153 600	3 068 520

41. Operational cost

Achievements and Awards	302 954	360 960
Advertising, Publicity and Marketing	378 484	344 944
Assets less than the Capitalisation Threshold	512 956	349 988
Drivers Licences and Permits	12 556	13 197
Bank Charges	2 013 135	1 959 511
Bargaining Council	2 450	116 816
Cleaning services	-	3 049
Communication - Postage/Stamps	1 275 992	1 378 896
Communication - Telephone and fax	403 592	937 740
Courier and Delivery Services	1 595	363
Entertainment	17 187	20 148
External Audit Fees	5 532 063	4 500 713
External Computer Service	20 684 147	18 511 333
Full Time Union Representative	204 638	178 333
Hire Charges	13 920 437	10 449 420
Insurance (Premiums)	6 774 670	6 268 215
Insurance (excess payments)	284 062	797 548
Learnerships and Internships	2 960 824	2 430 174
Licences (Radio and Television)	7 734	7 774
Motor Vehicle Licence and Registrations	1 007 359	937 328
Municipal Services	3 482 768	2 907 229
Printing Publications and Books	33 653	35 799
Professional Bodies Membership and Subscription	4 116 149	3 928 242
Provisions for rehabilitation of landfill sites	7 873 751	7 501 618
Registration fees	34 991	114 589
Remuneration to Ward Committees	1 762 626	1 196 580
Protective clothing	3 366 898	2 450 369
Skills Development Fund Levy	4 133 040	4 099 411
Travel and Subsistence	1 174 581	1 355 629
Water Resource Management Charges	1 251 315	1 765 858
Workmen's Compensation Fund	2 125 608	2 105 814
Bursaries	569 210	1 705 325
Communication - SMS Bulk Message Service	304 970	25 955
Signage	-	56 770
	86 526 395	**78 815 638**

42. Agency fees paid

Prepaid electricity - Ontec	4 997 625	4 394 020
Easypay	298 176	328 979
Traffic Fine Management	1 968 240	1 708 949
	7 264 041	**6 431 948**

The Municipality is the principal in arrangements with various service providers. The following service providers acted as agents on behalf of the municipality:

Prepaid electricity vending:
The municipalilty is the principal in arrangement with ONTEC who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction. ONTEC acts as an agent on behalf of the muncipality since 01 November 2021.

42. Agency fees paid (continued)

Easypay:
Easypay has been apointed by the municipality to act as an agent in the 3rd party collection of municipal services.All monies collected by Easypay are paid over to the municipality. Easypay issues an invoice to the municipality for the transaction fees owed to them.

Traffic Fine Management (TMT):
TMT has been appointed by the municipality for the provision of speed law enforcement and related back office services.TMT issues an invoice to the municipality for the transaction fees owed to them.

There are no resources of the municipality under custodianship of the agents.

There are no cost implication for the municipality at termination of the contracts.

43. Bad debts written off

Figures in Rand	2025	2024
Receivables from non exchange transactions		
Property Rates	2 007 847	3 217 050
Traffic Fines	45 210 945	37 436 900
Availability	428 673	257 482
Receivables from exchange transactions		
Electricity	268 929	180 107
Water	11 432 317	13 985 647
Sewerage	9 470 977	8 719 469
Refuse	5 949 183	5 387 717
Sundries	1 455 901	1 414 917
Housing	2 509 793	2 211 421
	78 734 565	**72 810 710**

Figures in Rand	2025	2024

44. Fair value adjustments

Fair value adjustment on investment property	5 282 500	5 687 434
Other financial assets		
• Discounting of long term receivables: Movement for the year	635 683	1 027 092
	5 918 183	**6 714 526**

45. Service related benefits

Performance Bonus	1 896 025	1 875 643
Post retirement medical aid benefit	17 638 000	9 927 000
Long service awards	1 977 000	5 277 927
Provision for leave payments	1 136 537	3 843 343
Provision for 13th cheques	369 848	502 604
Actuarial gain/(loss)	864 611	2 044 564
In kind benefits : Senior Management	22 823	197 200
	23 904 844	**23 668 281**

46. Cash generated from operations

Surplus	45 169 897	55 161 839
Adjustments for:		
Depreciation, amortisation and impairment	107 384 837	101 941 158
Loss/ (Profit) on sale of assets and liabilities	(1 497 589)	(784 747)
Fair value adjustments	(5 918 183)	(6 714 526)
Operating lease straight lining	122 398	218 993
Debt impairment	29 174 727	42 794 145
Bad debts written off	78 734 565	72 810 710
Actuarial gain	(864 611)	(2 044 564)
Movements in retirement benefit assets and liabilities	31 924 413	30 929 591
Rehabilitation	7 873 752	7 501 619
Inventory losses	120 062	(63 717)
Other non-cash items	486 579	5 353 896
Changes in working capital:		
Inventories	1 351 731	(6 103 148)
Receivables from exchange transactions	(122 180 195)	(72 423 357)
Receivables from non-exchange transactions	4 068 137	(19 517 370)
Other receivables from exchange transactions	(1 693 647)	-
Short term investments	(1 645 911)	(432 053)
Finance cost accrued	961 244	3 037 147
Other receivables from non-exchange transactions	(3 561 713)	(914 355)
Payables from exchange transactions	22 362 518	57 485 957
VAT receivable	(2 645 601)	791 739
Unspent conditional grants and receipts	(4 732 326)	1 174 415
Employee benefit obligation	(15 154 988)	(14 094 894)
	169 840 096	**256 108 478**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Infrastructure	155 059 243	107 496 373
Total capital commitments		
Already contracted for but not provided for	155 059 243	107 496 373

All capital commitments excludes VAT

This committed expenditure relates to infrastructure projects and will be financed through external loans, reserves and grants.

This Expenditure will be financed from:

External loans	18 258 183	9 363 353
Government grant	59 698 170	54 490 189
Capital replacement reserve	77 102 890	43 642 832
	155 059 243	**107 496 374**

48. Contingent liabilities

Vat on library grants:

The Breede Valley Municipality received a legal opinion from its lawyers on the 5th of June 2024. The municipality is aware of the non-binding ruling which was issued to a Municipality in the district. The reason for the legal advice being pursued is because an audit finding (COMAF 14 of 2023) was issued and the municipality was advised to seek advice on treatment there of. The Municipality has opted to seek legal advice. In summary it was concluded that "VAT consequences are determined with reference solely to the nature of the entity, the nature of the receipt, and the intended use of the grant. The VAT Act clearly contemplates a Municipality's receipt of a grant falling within the ambit of section 8(5A), which attracts the benefit of zero-rating under section 11(2)(t). In the premises, the Municipality has a good argument in support of the applicability of section 11(2)(t) of the VAT Act to the Agreements".

Guarantees		
Guarantee Eskom (Nedbank)	63 400	63 400
Guarantee South Africa Post Office Limited (Nedbank)	180 000	180 000
	243 400	**243 400**

Legal Matters		
Worcester Land Trust/BVM Case No.3168/6-Contractual claim against the municipality	31 037 841	31 037 841
Public Liability Insurance Claims based on quotations and could result in a lesser amount or more. It is the view of management that it is unlikely that these claims will be paid out but might realise due to past experiences.	5 485 320	2 670 737
Ngadlela/BVM - brought a review application in the Cape High Court for an order against certain decisions taken by BVM i.r.o the valuation of the above property.	-	16 767
Victor Daniel Jonas / BVM - Public liabilty claim	-	25 864
Vat treatment of library grant	8 696 604	8 831 233
ABSA Vehicle Management Solution (Pty)Ltd.& Transport - Fleet Management services in terms of RT46 Contract.	214 271	-
	45 434 036	**42 582 442**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Disclosures made in terms of Supply Chain Management Regulation 45

The following disclosures were made in terms of Supply Chain Management Regulation 45.

Awards to persons with relatives in the service of Breede Valley Municipality

Company name	Names of Directors which are related to municipal officials	Municipal Officials's name	Relationship with municipal official	Family member employment details		
Kiewiet Petrus Oliphant	Kiewiet Petrus Oliphant	Candice Joslyn Oliphant	Daughter to Kiewiet Petrus Oliphant	Traffic Officer at the Breede Valley Municipality	-	3 500
Mahdie & Daughters	Zeenat van der Merwe	Lyle Gerard van der Merwe	Spouse to Lyle Gerard van der Merwe	Housing Inspector at Breede Valley Municipality	-	11 791
Golimas	Goliath Jacobs	Brumilda Jacobs	Daughter of Goliath Jacobs	Internal Auditor at the Breede Valley Municipality	-	150 561
Lee-Handro	Sheryl Kock	Frederick De Kock	Spouse to Sheryl De Kock	Process Controller at WWTW Breede Valley Municipality	99 900	190 185
Lynette Minaar Psychologist	Lynette Minaar	Melissa Kafaar	Daughter of Lynette Minaar	Superintendent at solid waste Breede Valley Municipality	20 660	-
K2020067664 (SOUTH AFRICA) T/A GR Cleaning and Supply	Gerald Leisa	Letitia Leisa	Sister of Gerald Leisa	Senior Clerk SCM at Breede Valley Municipality	-	445 900
Boland Rubberising and Tyre Fitment	Ashley Human	Cathleen Bealah Human	Wife to Ashley Human	Clerk at Breede Valley Municipality	2 342 224	-
Hijabican Beauty	Aziza Esau	Yusuf Esau	Father in Law to Aziza Esau	General Worker at Breede Valley Municipality	61 375	-
					2 524 159	**801 937**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Disclosures made in terms of Supply Chain Management Regulation 45 (continued)

Awards to persons with relatives in the service of other Municipalities:

Company name	Name of Directors which are related to employee in service of the state	Name of employee in service of the state	Relationship to employee in service of the state	Family member employment details	2025	2024
Engineering Advice and Services Western Cape (Pty) Ltd	Anton Westerberg	Shaun Westerberg	Brother to Anton Westerberg	Building Control Officer at the Mossel Bay Municipality	Rate based	Rate based
JPCE (Pty) Ltd	Jorina Minnie	Johan Adriaan Minnie	Spouse to Jorina Minnie	Disaster Management Manager at City of CapeTown	110 550	110 549
Mindspring Computing	Renata Hendriks	Brintley Hendriks	Spouse to Renata Hendriks	Artisan at City of Capetown	262 787	55 632
	Wendell Frazenburg	Bryan Frazenburg	Brother to Wendell Frazenburg	City of Cape Town - Municipal Prosecutor		-
					373 337	**166 181**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Disclosures made in terms of Supply Chain Management Regulation 45 (continued)

Awards to persons with relatives in other state departments :

Company name	Name of Directors which are related to employee in service of the state	Name of employee in service of the state	Relationship to employee in service of the state	Family member employment details		
Fairbridges Werheim Becker Attorneys	Adela Petersen	Saheed Hofmeester	Brother of Adela Petersen	Educator at the WCED	-	-
Masiqhame Trading 77 cc	Sandile Gxilishe	Bongiwe Gxilishe	Daughter of Sandile Gxilishe	Officer at Department of Agriculture and Forestry	60 500	-
Sannicare cc	Izak Majiet	Charlton Majiet	Son of Izak Majiet	Supervisor at the Department of Transport	-	118 908
Total Client Services	Lindikhaya Sipoyo	Rachel Tsipa-Sipoyo	Spouse of Lindikhaya Sipoyo	CEO at the Western Cape Department of Transport	-	-
XKK Corporation (Pty) Ltd	Xola Magwevana	Noxolo Magwevana	Sister to Xola Magwevana	Correctional Officer at the Department of Correctional Services	-	278 245
Fancy Affairz	Ash Maharaj	Clarke Marais	Spouse of Ash Maharaj	Police Officer at SAPS	18 280	46 147
JVZ Construction (Pty) Ltd	Marissa Matthee	Mr R.E Matthee	Spouse to Marissa Matthee	Correctional Officer at the Department of Correctional Services	-	39 710 516
Awam K	Awamodien Karriem	Majieda Karriem	Spouse to Awamodien Karriem	Lecturer at Boland College	-	9 000
Elzeeck Construction and Servcies	Elton Phukule	Jillian Phukule	Spouse to Elton Phukule	Teacher at Avainpark Primary at Department of Education	42 350	771 230
Indecon	Trevor Barnard	Lizette Barnard	Spouse of Director Trevor Barnard	Teacher at De Hoop Primary at Department of Education	-	276 940
Nedbank Limited	Stanley Subramoney	Venisha Subramoney	Spouse to Stanley Subramoney	Educator at the Gauteng Education Department	Rate based	-
Adapt IT	Nombali Mbambo	Dudley Muziwamadoda Mbambo	Spouse to Nombali Mbambo	Operation Manager at Sanral	155 211	145 057
Marce Projects (Pty) Ltd	Lapson Seale	Maggie Seale	Spouse to Lapson Seale	Employee at Eskom	-	8 536 172
Zanamanzi Services (Pty) Ltd	Dumezweni Luthuli	Gloria Luthuli	Daughter of Dumezweni Luthuli	Head of Desmond Tutu Child and Youth Centre	Rate based	Rate based

Notes to the Annual Financial Statements

Figures in Rand					2025	2024

49. Disclosures made in terms of Supply Chain Management Regulation 45 (continued)

1 World Consultants	Mohamed Abdul Peer	Fatima Peer	Spouse to Mohamed Peer	Medical Doctor at the Department of Health	-	52 009
Torque Technical Computer	Mashechaba Masemola's	Kagiso Mohulatse	Sibling to Mashechaba Masemola	Deputy Chief Education Specialist	87 575	-
SMEC South Africa (Pty) Ltd	Hilwa Viljoen (Function Manager)	Not Indicated	Spouse to Hilwa Viljoen	In service of the Department of Defence	Rate based	-
WEC Consulting (Pty) Ltd	Enaas Richards	Yazeed Daniels	Spouse to Enaas Richards	In service of the Department of Education as a School Finance and Records Officer	Rate based	-
WEC Consulting (Pty) Ltd	Enaas Richards	Yazeed Daniels	Spouse to Enaas Richards	In service of the Department of Education as a School Finance and Records Officer	109 020	-
Sithabile Technology Services (Pty) Ltd	Mpostol Jeremia Mashinini (non-executive director)	Elizabeth Khethiwe Mashinini	Spouse to Jeremia Mashinini	In service of the Department of Police as a Financial Officer	607 193	-
Sithabile Technology Services (Pty) Ltd	Mpostol Jeremia Mashinini (non-executive director)	Elizabeth Khethiwe Mashinini	Spouse to Jeremia Mashinini	In service of the Department of Police as a Financial Officer	Rate based	-
OD and D Holdings	Olwethu Dani	Thandokozi Dani	Spouse to Olwethu Dani	Correctional Officer at the Department of Correctional Services	61 600	-
Amandla GCF Construction cc	Wendell Frazenburg	John E. Jacobs	Brother in-Law of Wendell Frazenburg	National Government Employment and Labour - Principal Inspector	16 200 114	-
		Unita Frazenburg	Sister to Wendell Frazenburg	National Government Deeds Office Kimberley - Registrar of deeds	-	-
		Eben Frazenburg	Brother to Wendell Frazenburg	WC Government (Department of Education) - Teacher	-	-
		Jacqueline Frazenburg	Sister to Wendell Frazenburg	WC Government (Department of Education) - Teacher	-	-
					17 341 843	49 944 224
					20 239 339	**50 912 342**

The total SCM regulation 45 awards amounted to R20 239 339 (2024: R50 912 342) and are inclusive of rate based awards of which the value cannot be determined upfront.

Figures in Rand	2025	2024

50. Fruitless and wasteful expenditure

No fruitless and wasteful expenditure were incurred during the financial year.There were no fruitless and wasteful expenditure balance as at 30 June 2025.

51. Unauthorised expenditure

No unauthorised expenditure were incurred during the financial year.There were no unauthorised expenditure balance as at 30 June 2025.

52. Irregular expenditure

No irregular expenditure were incurred during the financial year.There were no irregular expenditure balance as at 30 June 2025.

53. Deviation from supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Accounting Officer and noted by Council.

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the Accounting Officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them in the next council meeting and includes a note to the annual financial statements.

During the financial year under review goods/services totalling R 36 205 134 (2024: R4 391 138) were procured and the process followed in procuring those goods/services deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the Accounting Officer that considered them and subsequently approved the deviation from the normal supply chain management regulations. The reasons were categorised as sole suppliers, emergency as well as exceptional and impractical cases. The deviations are inclusive of awards that are rate based.The rate based deviations are kept at anticipated cost and available budget.In the individual deviations the anticipated cost and budget will be detailed.

A detailed list of deviations is disclose in Appendix H and available on the municipality's website.

Deviations for year		
Emergencies	35 135 746	2 102 287
Sole provider	74 750	589 773
Impractical or impossible to follow the SCM process	994 638	1 699 078
	36 205 134	**4 391 138**

Figures in Rand	2025	2024

54. Material losses

Water distribution losses		
Units supplied	16 368 080	14 798 413
Units sold	(14 494 125)	(12 921 004)
	1 873 955	**1 877 409**
Electricity distribution losses		
Units bought	269 859 500	260 153 569
Units sold	(249 990 904)	(244 759 758)
	19 868 596	**15 393 811**
Percentage loss in distribution		
Water distribution losses	11,45%	12,69 %
Electricity distribution losses	7,36%	5,92 %

55. Change in estimate

Property, plant and equipment

Property, plant and equipment: A review of useful lives was done on assets. During the review, certain infrastructure, buildings, motor vehicles and other property plant and equipment with R nil book values and nil remaining lives were identified. The municipality's management considered how to account for the change in the estimated useful lives. The effect of a change in accounting estimate is required to be recognised prospectively by including it in surplus or deficit in the period of the change, if the change effects that period only; or the period of the change in future periods, if the change effects both. Management concluded that it should apply the change in estimate prospectively from the start of 2024 and therefore the depreciation charge was applied prospectively from 1 July 2024 over the remaining useful life of these assets.

	2024/25	2025/26	2026/27
Decrease/(Increase) in depreciation on other assets for the year	(2 020 820)	(641 344)	554 123
Decrease/(Increase) in depreciation on infrastructure for the year	(4 235 609)	(763 793)	835 419
Decrease/(Increase) in depreciation on buildings for the year	(67 640)	(38 521)	17 693
	(6 324 069)	**(1 443 658)**	**1 407 235**

The effect in future periods is not disclosed because estimating it is impracticable as the useful life is assessed annually.

Property, plant and equipment - Review of Landfill Site available Airspace

During the year experts were appointed to evaluate the available airspace remaining on the landfill sites being used by the municipality to store solid waste. The review of the airspace resulted in a decrease of the estimated number of years for the Worcester landfill site from 13 years to 12 years the De Doorns landfill site decreased form 16 years to 15 years.The decrease in the remaining number of years resulted in an decrease of depreciation of R971 009 (2024:R504 070).

The effect on the current year is an decrease in the carrying amount of property, plant and equipment by R466 939 and increase the depreciation expense by R466 939.

The effects of the change in estimate provision for landfill sites has been disclosed in note 22.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

55. Change in estimate (continued)

Statutory receivables - Traffic fines reductions

During the current financial year the municipality received representations from drivers who has been fined for various road traffic law infringements. After consideration of the representations a decision was made to reduce some of the fines with an amount of R1 761 400

The effect on the current year is a decrease in Fines,Penalties and Forfeits income by R1 761 400 and a decrease in Debt Impairment expenditure by R1 761 400.

56. Prior Period Errors

During the year under review the following prior period error were corrected. The correction of error resulted in the Statement of Financial Performance to be restated. The correction had no effect on the Statement of Financial Position and Cashflow Statement.
Please refer to details of the below for the nature and impact of the correction:

Error 1 :
Bad debt written off were netted off against the provision for bad debt and total nett effect were recognised as debt impairment. Due to the incorrect treatment of debt written off , expenditure to the amount of R72 810 710 were previously classified as debt impairment instead bad debt written off. The correction of the error also resulted in a change of disclosure within notes 4 , 5 and 46.

Error 2:
During the financial year, management identified that a portion of costs relating to personnel performing employee-related functions had previously been incorrectly classified as Contracted Services. These costs met the definition of Employee-related Costs in terms of GRAP 25.

As a result, an amount of R27 543 400 previously classified as Contracted Services has been reclassified to Employee-related Costs . The reclassification resulted in a restatement in the Statement of Financial Performance and Cashflow Statement it did not affect the municipality's surplus/deficit or accumulated surplus, but resulted in more accurate presentation of the nature of expenses.

Error 3:
During the financial year, management identified that Value Added Tax (VAT) accounts were incorrectly netted off against each other instead of being disclosed seperately as required by the Standards of GRAP.
The comparative figures have been restated to reflect the correct presentation of VAT .As a result, an amount of R7 076 930 previously classified as Vat receivable has been reclassified to Vat payable. The reclassification resulted in a restatement in the Statement of Financial Position as well as Note 9 and 23.

Statement of financial performance Revenue	Balance as previously reported	Prior period error	Reclassified	Total
Service Charges	807 822 770	-	-	807 822 770
Sales of goods and rendering of services	5 735 830	-	-	5 735 830
Income from agency services	9 189 197	-	-	9 189 197
Licenses	2 926 066	-	-	2 926 066
Rental income	8 979 264	-	-	8 979 264
Operational revenue	7 513 111	-	-	7 513 111
Finance Income	32 334 114	-	-	32 334 114
Availability charges	7 632 531	-	-	7 632 531
Property rates	197 547 809	-	-	197 547 809
Property rates - penalties imposed and collection	3 435 598	-	-	3 435 598
Government grants and subsidies	283 700 552	-	-	283 700 552
Fines,penalties and forfeits	72 714 243	-	-	72 714 243
	1 439 531 085	**-**	**-**	**1 439 531 085**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

Expenses	Balance as previously reported	Prior period error	Reclassified	Total
Employee related cost	(396 106 871)	(27 543 400)	-	(423 650 271)
Remuneration of councillors	(20 466 633)	-	-	(20 466 633)
Depreciation,amortisation and impairment	(101 941 158)	-	-	(101 941 158)
Bulk purchases	(454 652 107)	-	-	(454 652 107)
Finance cost	(31 253 855)	-	-	(31 253 855)
Inventory consumed	(50 292 465)	-	-	(50 292 465)
Contracted services	(124 781 490)	27 543 400	-	(97 238 090)
Operating leases	(10 561 260)	-	-	(10 561 260)
Grants and subsidies paid	(3 068 520)	-	-	(3 068 520)
Operational cost	(78 815 638)	-	-	(78 815 638)
Agency fees paid	(6 431 948)	-	-	(6 431 948)
Bad debts written off	-	(72 810 710)	-	(72 810 710)
	(1 278 371 945)	**(72 810 710)**	**-**	**(1 351 182 655)**

Operating (deficit)/surplus	161 159 140	(72 810 710)	-	88 348 430
Gains on disposal of assets	784 747	-	-	784 747
Fair value adjustment	6 714 526	-	-	6 714 526
Actuarial gains	2 044 564	-	-	2 044 564
Debt impairment	(115 604 855)	72 810 710	-	(42 794 145)
Inventory gains(losses)	63 717	-	-	63 717
Surplus for the year	**55 161 839**	**-**	**-**	**55 161 839**

Statement of financial position Current assets	Balance as previously reported	Prior period error	Reclassified	Total
Cash and Cash Equivalents	193 241 139	-	-	193 241 139
Receivables from exchange transactions	84 016 638	-	-	84 016 638
Statutory receivables	30 225 749	-	-	30 225 749
Other receivables from non exchange	2 276 382	-	-	2 276 382
Other receivables from exchange transactions	8 914 233	-	-	8 914 233
Inventory	19 272 793	-	-	19 272 793
Vat receivable	5 996 890	7 076 930	-	13 073 820
Short term investments	25 432 053	-	-	25 432 053
Long term receivables	6 219 489	-	-	6 219 489
Operating lease asset	122 398	-	-	122 398
	375 717 764	**7 076 930**	**-**	**382 794 694**

Non-current assets	-	-	-	-
Investment property	99 934 000	-	-	99 934 000
Property,plant and equipment	2 694 267 507	-	-	2 694 267 507
Intangible assets	3 860 694	-	-	3 860 694
Heritage assets	36 631 059	-	-	36 631 059
Long term receivables	6 090 836	-	-	6 090 836
	2 840 784 096	**-**	**-**	**2 840 784 096**

Current liabilities				
Payables from exchange transactions	141 609 127	-	-	141 609 127
Consumer deposits	4 656 531	-	-	4 656 531
Unspent conditional grants and receipts	17 597 475	-	-	17 597 475
Long term liabilities	32 821 679	-	-	32 821 679
Employee benefit obligation	51 024 395	-	-	51 024 395

Notes to the Annual Financial Statements

Figures in Rand			2025	2024
Provisions	3 330 547	-	-	3 330 547
Vat payable	-	7 076 930	-	7 076 930
	251 039 754	**7 076 930**	**-**	**258 116 684**

Non-current liabilities				**Total**
Long term liabilities	301 250 321	-	-	301 250 321
Employee benefit obligation	158 892 000	-	-	158 892 000
Provision	70 200 204	-	-	70 200 204
	530 342 525	**-**	**-**	**530 342 525**

Nett Assets				
Accumulated surplus	2 435 119 582	-	-	2 435 119 582

Cashflow Statement	**Balance previously reported**	**Prior period error**	**Reclassified**	**Total**
Receipts				
Cash flows from services and rate payers	1 031 497 455	-	-	1 031 497 455
Cash flows from government and other grants	284 874 967	-	-	284 874 967
Finance income	31 837 683	-	-	31 837 683
	1 348 210 105	**-**	**-**	**1 348 210 105**
Payments				**Total**
Cash paid to employees	(399 738 807)	(27 543 400)	-	(427 282 207)
Cash paid to suppliers	(661 077 592)	27 543 400	-	(633 534 192)
Finance costs	(28 216 708)	-	-	(28 216 708)
Grants paid	(3 068 520)	-	-	(3 068 520)
	(1 092 101 627)	**-**	**-**	**(1 092 101 627)**
Cashflow from investing activities:				**Total**
Purchase of property, plant and equipment	(250 957 301)	-	-	(250 957 301)
Proceeds from sale of PPE and Investment properties	3 490 106	-	-	3 490 106
Long term receivables	(1 146 223)	-	-	(1 146 223)
Increase/ decrease in investment	(14 767 466)	-	-	(14 767 466)
	(263 380 884)	**-**	**-**	**(263 380 884)**
Cashflow from financing activities:				**Total**
Proceeds from long term liabilities	74 000 000	-	-	74 000 000
Repayment of long term liabilities	(22 208 200)	-	-	(22 208 200)
Movement in consumer deposits	(31 438)	-	-	(31 438)
	51 760 362	**-**	**-**	**51 760 362**
				Total
Net increase/(decrease) in cash and cash equivalents	44 487 956	-	-	44 487 956
Cash and cash equivalents at the beginning of the year	148 753 183	-	-	148 753 183
	193 241 139	**-**	**-**	**193 241 139**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

The correction of the error also resulted in a change of disclosure within the following notes:

Note 4: Receivables from exchange transactions
-Disclosure on reconciliation of allowance for impairment :

Note 5: Statutory receivables
-Reconciliation of allowance for impairment: Rates
-Reconciliation of allowance for impairment: Traffic fines

Note6: Other receivables from non exchange transactions
-Reconciliation of allowance for impairment: Availability Charges

Note 46 Cash generated from operations
The correction is not cash related and did not effect the Cashflow Statement. The effect of are disclosed below:

Receivables from exchange transactions	**Previously reported**	**Error**	**Reclassified**	**Restated Balance**
Balance at the beginning of the year	(150 569 822)	-	-	(150 569 822)
Contribution to allowance	(52 008 772)	35 881 852	-	(16 126 920)
Debt impairment written off against allowance	35 881 852	(35 881 852)	-	-
	(166 696 742)	**-**	**-**	**(166 696 742)**

Reconciliation of allowance for impaiment :Rates	**Previously reported**	**Error**	**Reclassified**	**Restated Balance**
Balance at the beginning of the year	26 958 791	-	-	26 958 791
Contribution to allowance	7 034 883	(3 217 050)	-	3 817 833
Debt impairment written off against allowance	(3 217 050)	3 217 050	-	-
	30 776 624	**-**	**-**	**30 776 624**

Reconciliation of allowance for impaiment :Fines	**Previously reported**	**Error**	**Reclassified**	**Restated Balance**
Balance at the beginning of the year	92 628 748	-	-	92 628 748
Contribution to allowance	56 806 551	(37 436 900)	-	19 369 651
Debt impairment written off against allowance	(37 436 900)	37 436 900	-	-
	111 998 399	**-**	**-**	**111 998 399**

Reconciliation of allowance for impaiment :Availability Charges	**Previously reported**	**Error**	**Reclassified**	**Restated Balance**
Balance at the beginning of the year	(15 393 450)	-	-	(15 393 450)
Contribution to allowance	(3 022 271)	287 623	-	(2 734 648)
Debt impairment written off against allowance	287 623	(287 623)	-	-
	(18 128 098)	**-**	**-**	**(18 128 098)**

Cash generated from operations (note 46)	**Previously reported**	**Error**	**Reclassified**	**Restated Balance**
Surplus adjustments for :				
Cash generated from operations				
Debt impairment	115 604 855	(72 810 710)	-	42 794 145
Bad debt written off	-	72 810 710	-	72 810 710
	115 604 855	**-**	**-**	**115 604 855**

57. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At fair value	At amortised cost	Total
Cash and cash equivalents	-	181 996 079	181 996 079
Receivables from exchange transactions	-	96 586 219	96 586 219
Other receivables from non-exchange transactions	-	2 365 223	2 365 223
Other receivables from exchange transactions	-	1 913 949	1 913 949
Long term receivables	10 053 569	-	10 053 569
Short term investments	-	56 645 911	56 645 911
	10 053 569	**339 507 381**	**349 560 950**

Financial liabilities

	At amortised cost	Total
Long term Liabilities	356 247 772	356 247 772
Consumer deposits	4 843 534	4 843 534
Payables from exchange transactions	150 471 069	150 471 069
Unspent conditional grants	12 865 149	12 865 149
	524 427 524	**524 427 524**

2024

Financial assets

	At fair value	At amortised cost	Total
Cash and cash equivalents	-	193 241 139	193 241 139
Receivables from exchange transactions	-	84 016 638	84 016 638
Other receivables from non-exchange transactions	-	2 276 382	2 276 382
Other receivables from exchange transactions	-	2 086 364	2 086 364
Long term receivables	12 310 325	-	12 310 325
Short term investments	-	25 432 053	25 432 053
	12 310 325	**307 052 576**	**319 362 901**

Financial liabilities

	At amortised cost	Total
Long term Liabilities	334 072 000	334 072 000
Consumer deposits	4 656 531	4 656 531
Payables from exchange transactions	133 183 961	133 183 961
Unspent conditional grants	17 597 475	17 597 475
	489 509 967	**489 509 967**

58. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Prudent liquidity risk management implies maintaining sufficient cash and investments, the availability of funding for service delivery through effective budgeting and availability of credit facilities. The municipality manages its risks through effective and efficient budgeting and credit control. The liquidity risk is thus limited.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	150 471 069	-	-	-
Consumer deposits	4 843 534	-	-	-
Long term liabilities	75 400 716	63 162 884	189 488 652	289 063 473
Unspent conditional grants	12 865 149	-	-	-
	-	-	-	-
	243 580 468	63 162 884	189 488 652	289 063 473

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	133 183 961	-	-	-
Consumer deposits	4 656 531	-	-	-
Long term liabilities	61 267 747	61 237 797	172 910 239	302 425 315
Unspent conditional grants	17 597 475	-	-	-
	-	-	-	-
	216 705 714	61 237 797	172 910 239	302 425 315

Credit risk

Credit risk is managed by debt collection department. The credit risks, rates and consumer receivables, are managed in terms of the credit control and debt collection as well as the indigent relief policies.

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables arise from a widespread customer base. Management evaluated credit risk relating to receivables on an ongoing basis. If receivables are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the receivable, taking into account past experience with the client's payment rate. Sales to customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Figures in Rand	2025	2024

58. Risk management (continued)

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Receivables from exchange transactions	96 586 219	84 016 638
Other receivables from non-exchange transactions	2 365 223	2 276 382
Other receivables from exchange transactions	1 913 949	2 086 364
Long term receivables	10 053 569	12 310 325
Short term investments	56 645 911	25 432 053
Cash and cash equivalents	181 996 079	193 241 139
	349 560 950	319 362 901

Market risk

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.

A potential interest rate risk may arise from the short term deposits, cash and cash equivalents, consumer receivables, other receivables and long term receivables.

The short term deposits and cash and cash equivalents has limited exposure as the municipality interacts with well-established financial institutions of high credit standing. The investments are further of a short term nature.

Consumer receivables comprise of receivables dispersed over a large geographical area. The receivables are constantly analysed and evaluated for their financial condition. Receivables are disclosed net of the allowance for impairment. Where the accounts of the receivables become in arrears, they are collected through the levying of a penalty, the charging of interest at prime or the handing over for collection.

Long term receivables comprise mainly of the deferred consumers which shown at a fair value. The remaining long term receivables if required are charged interest at a fixed rate. The long term receivables are evaluated annually for impairment.

The municipality has a low interest rate risk as a long-term borrowing are made on fixed interest rates.

As the municipality has no long term variable rate financial instruments no sensitivity analysis is required at year end.

Price risk

The municipality is not exposed to price risk.

59. Donations in-kind

The Municipality did not receive any in kind donations for the 2024/2025 financial year.

60. Going concern

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

61. Events after the reporting date

No other adjusting events which may have financial implications for the municipality and warrants disclosure in the financial statements occurred after 30 June 2025.

62. Segment information

General information

Identification of segments

The Accounting Standard for Segment Reporting has been recognised in the Annual Financial Statements of the municipality as at 30 June 2025 in terms of GRAP 18.

The municipality has developed Accounting Policies to fully comply with GRAP 18 (Segment Reporting). Previously the Accounting Standard was not applicable to municipalities.

Management has assessed the requirements of GRAP 18 and identified the following shortcomings preventing full disclsoure in terms of the Accounting Standard:

The municipality's accounting system has limitations that does not allow for segmental reporting on financial position, net assets and cash flow.

The municipality is broadly organised into business units based on the nature of operations and the services they provide and the accounting system allows for reporting on these units on financial performance and capital assets.

The municipality does not monitor segments geographically.

Based on the above, management has concluded that the municipality will be able to report separate segments subject to the limitations listed above.

Management has evaluated the requirements of the Standard and found that no adjustments affecting Financial Position, Financial Performance, Net Assets or Cash Flows needs to be made. Accordingly, the segmental information for Capital Assets and Financial Performance of the municipality is disclosed in the Annual Financial Statements. It is not practical to segmentize Financial Position and Cash Flow operations.

No individually material operating segments have been aggregated to form the reportable operating segments.

The municipality is organised and reports to management on the basis of seven major functional areas, governance and administration, community and public safety, economic and environmental services, energy sources, water management, waste water management and waste management. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives.

Information reported about these segments is used by management as a basis for evaluating the segments performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

62. Segment information (continued)

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	**Goods and/or services**
Governance and administration	Governance and administration services
Community and public safety	Community and public services
Economic and environmental services	Economic and environmental services
Energy sources	Electricity
Water management	Water
Waste water management	Sewerage and sanitation
Waste management	Refuse removal

Notes to the Annual Financial Statements

Figures in Rand

62. Segment information (continued)

Segment surplus or deficit

2025

	Governance and administration	Community and public safety	Economic and environmental services	Energy sources	Water Management	Waste Water Management	Waste management	Other	Total
Revenue									
Service charges	-	-	-	637 296 813	123 148 296	106 400 770	58 813 491	-	925 659 370
Sales of goods and rending of services	564 497	4 817 470	1 679 933	10 387	-	-	13 953	-	7 086 240
Income from agency services	243 895	-	9 424 910	-	-	-	-	-	9 668 805
Licences and permits	865	610 630	2 531 837	-	-	-	-	-	3 143 332
Rental Income	3 198 956	8 523 187	-	-	-	-	-	-	11 722 143
Operational revenue	2 417 248	9 485	540 610	360 775	3 106	-	-	-	3 331 224
Finance Income	33 809 048	1 421 339	-	-	-	-	-	-	35 230 387
Availability Charges	-	-	-	3 184 389	1 482 997	2 402 678	1 109 840	-	8 179 904
Property rates	210 182 000	-	-	-	-	-	-	-	210 182 000
Property tax and penalties	3 561 428	-	-	-	-	-	-	-	3 561 428
Government grants & subsidies	45 173 097	38 857 385	39 417 575	11 399 892	26 739 840	72 822 989	27 775 500	861 700	263 047 978
Fines, penalties and forfeits	1 457 636	41 655 065	-	262 573	-	-	-	-	43 375 274
Total segment revenue	**300 608 670**	**95 894 561**	**53 594 865**	**652 514 829**	**151 374 239**	**181 626 437**	**87 712 784**	**861 700**	**1 524 188 085**
Expenditure									
Bulk purchase	-	-	-	(533 537 969)	-	-	-	-	(533 537 969)
Contracted services	(41 223 578)	(6 991 289)	(3 138 660)	(17 086 378)	(4 041 667)	(17 592 274)	(9 007 261)	(1 089 410)	(100 170 517)
Depreciation and amortisation	(7 136 847)	(9 475 481)	(30 141 003)	(24 668 544)	(15 765 581)	(16 399 947)	(3 797 297)	(137)	(107 384 837)
Employee related cost	(152 270 774)	(111 538 979)	(49 793 253)	(23 576 730)	(34 202 803)	(23 808 716)	(28 385 995)	-	(423 577 250)
Finance cost	(2 732 411)	(264 493)	(770 950)	(8 687 954)	(9 121 966)	(14 760 562)	(32 595)	-	(36 370 931)
Grants and subsidies paid	(1 573 600)	(960 000)	(620 000)	-	-	-	-	-	(3 153 600)
Inventory Consumed	(13 864 305)	(4 879 563)	(4 057 624)	(8 515 177)	(14 424 127)	(3 065 002)	(1 006 873)	(29 666)	(49 842 337)
Operating lease	(1 636 862)	(5 903 755)	-	-	-	-	(2 672 062)	-	(10 212 679)
Operational cost	(50 415 308)	(10 040 013)	(3 526 172)	(3 047 974)	(4 189 534)	(2 129 011)	(13 134 605)	(43 778)	(86 526 395)
Remuneration of councillors	(21 228 661)	-	-	-	-	-	-	-	(21 228 661)
Agency fees paid	(298 176)	(1 968 240)	-	(4 997 624)	-	-	-	-	(7 264 040)

Notes to the Annual Financial Statements

Figures in Rand

62. Segment information (continued)

	Governance and administration	Community and public safety	Economic and environmental services	Energy sources	Water Management	Waste Water Management	Waste management	Other	Total
Bad debt written off	(3 892 421)	(47 720 738)	-	(268 929)	(11 432 317)	(9 470 977)	(5 949 183)	-	(78 734 565)
Total segment expenditure	**(296 272 943)**	**(199 742 551)**	**(92 047 662)**	**(624 387 279)**	**(93 177 995)**	**(87 226 489)**	**(63 985 871)**	**(1 162 991)**	**(1 458 003 781)**
Total segmental surplus/(deficit)									**66 184 303**
Gain on disposal of assets and liabilities									1 497 589
Fair value adjustment									5 918 183
Actuarial gains									864 611
Debt impairment									(29 174 727)
Inventory gains									(120 062)
Total surplus (deficit) for the period									**45 169 897**

2024
Revenue

	Governance and administration	Community and public safety	Economic and environmental services	Energy sources	Water Management	Waste Water Management	Waste management	Other	Total
	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	543 810 279	110 404 529	99 186 204	54 421 758	-	807 822 770
Sales of goods and rending of services	510 845	3 981 504	1 229 927	-	-	-	13 554	-	5 735 830
Income from agency services	240 301	-	8 948 896	-	-	-	-	-	9 189 197
Licences and permits	765	548 805	2 376 496	-	-	-	-	-	2 926 066
Rental Income	1 586 192	7 393 072	-	-	-	-	-	-	8 979 264
Operational revenue	5 860 766	11 067	380 498	1 260 780	-	-	-	-	7 513 111
Finance Income	30 874 796	1 459 318	-	-	-	-	-	-	32 334 114
Availability Charges	-	-	-	2 864 037	1 405 785	2 305 775	1 056 934	-	7 632 531
Property rates	197 547 809	-	-	-	-	-	-	-	197 547 809
Property tax and penalties	3 435 598	-	-	-	-	-	-	-	3 435 598
Government grants & subsidies	46 249 112	33 507 997	14 237 338	62 222 100	25 590 284	77 477 121	24 416 600	-	283 700 552
Fines,penalties and forfeits	327 000	72 105 502	-	281 741	-	-	-	-	72 714 243
Total segment revenue	**286 633 184**	**119 007 265**	**27 173 155**	**610 438 937**	**137 400 598**	**178 969 100**	**79 908 846**	-	**1 439 531 085**

Notes to the Annual Financial Statements

Figures in Rand

62. Segment information (continued)

	Governance and administration	Community and public safety	Economic and environmental services	Energy sources	Water Management	Waste Water Management	Waste management	Other	Total
Expenditure									
Bulk purchases	-	-	-	(454 652 107)	-	-	-	-	(454 652 107)
Contracted services	(44 830 833)	(6 302 289)	(4 223 356)	(17 123 584)	(2 539 498)	(15 106 367)	(6 083 705)	(1 028 458)	(97 238 090)
Depreciation and amortisation	(7 435 857)	(9 035 192)	(30 349 201)	(20 848 392)	(14 580 831)	(15 866 881)	(3 824 344)	(460)	(101 941 158)
Employee related costs	(153 155 158)	(112 667 647)	(45 747 664)	(24 172 531)	(32 001 147)	(24 337 212)	(31 568 912)	-	(423 650 271)
Finance costs	(878 828)	(275 677)	(1 023 437)	(7 799 049)	(8 669 310)	(12 573 584)	(33 970)	-	(31 253 855)
Grants and subsidies paid	(1 374 590)	(1 027 238)	(580 000)	-	-	-	-	(86 692)	(3 068 520)
Inventory consumed	(15 735 461)	(6 530 341)	(3 165 225)	(7 027 620)	(13 165 154)	(3 385 378)	(1 247 080)	(36 206)	(50 292 465)
Operating lease	(1 772 298)	(5 527 072)	-	-	-	-	(3 261 890)	-	(10 561 260)
Operational Costs	(47 781 011)	(9 500 679)	(2 465 478)	(2 518 324)	(3 752 390)	(3 291 771)	(9 389 922)	(116 063)	(78 815 638)
Remuneration of councillors	(20 466 633)	-	-	-	-	-	-	-	(20 466 633)
Agency fees paid	(328 979)	(1 708 949)	-	(4 394 020)	-	-	-	-	(6 431 948)
Bad debt written off	(4 889 448)	(39 648 321)	-	(180 107)	(13 985 647)	(8 719 469)	(5 387 718)	-	(72 810 710)
Total segment expenditure	**(298 649 096)**	**(192 223 405)**	**(87 554 361)**	**(538 715 734)**	**(88 693 977)**	**(83 280 662)**	**(60 797 541)**	**(1 267 879)**	**(1 351 182 655)**
Operating Surplus									88 348 430
Gain/(loss) on disposal of assets and liabilities									784 747
Fair value adjustments									6 714 526
Actuarial gains/(losses)									2 044 564
Debt Impairment									(42 794 144)
Inventory gains/(losses)									63 717
Total surplus (deficit) for the period									**55 161 840**

Notes to the Annual Financial Statements

Figures in Rand

62. Segment information (continued)

Segmental Analysis of Capital Expenditure 2025

	Governance and administration	Community and public safety	Economic and environmental services	Energy sources	Water Management	Waste Water Management	Waste management	Total
Capital Expenditure	13 615 997	17 578 102	74 492 109	22 882 635	13 906 337	37 636 861	775 826	180 887 867

Segmental Analysis of Capital Expenditure 2024

	Governance and administration	Community and public safety	Economic and environmental services	Energy sources	Water Management	Waste Water Management	Waste management	Total
Capital Expenditure	4 763 667	5 373 546	45 951 855	78 410 727	23 156 100	75 988 185	976 449	234 620 529
	4 763 667	5 373 546	45 951 855	78 410 727	23 156 100	75 988 185	976 449	234 620 529

Information about geographical areas

Although the municipality operates in a number of geographical wards, it is irrelevant for users of the financial statements as the municipality's geographical areas of operation can be seen as a single geographical area when deciding how to allocate resources.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

63. Non living resources

The municipality is the owner of various non living resources. The following dams has been extracted for the municipality:

Dam name	**Owner**	**Date**	**Volume %**	**Volume m3**	**Location (S)**	**Location (E)**
Stettynskloof Dam	BVM	31 October 1986	100	15 000 000	33 50'11"	19 15' 7"
Fairy Glen Dam	BVM	17 November 1986	100	516 000	33 33'32,8"	19 26'0.20"
Bokrivier Storage Dam	BVM	26 March 1987	100	90 000	33 20' 51"	19 45'40"

The following boreholes has been extracted for the municipality:

Town	**Owner**	**Borehole Number**	**Yield/ Year m3**	**Location (S)**	**Location (E)**
DeDoorns	BVM	DeDGOGBH3	154 176	33 29,186	19 40,033
DeDoorns	BVM	DeDGOGBH2	157 680	33 29,202	19 40,035
DeDoorns	BVM	DeDGOGBH1	157 680	33 29,218	19 40,027

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

64. Additional disclosure in terms of Municipal Finance Management Act

Municipal bank accounts

Bank statement balances	30 June 2025	30 June 2024	30 June 2023
Nedbank - Worcester Branch Cheque Account	180 039 924	193 131 311	147 458 730

Cash book balances	30 June 2025	30 June 2024	30 June 2023
	181 981 097	193 226 154	148 740 078

Membership fees: SALGA

	2025	2024
Current year subscription / fee	4 023 359	3 820 413
Amount paid - current year	(4 023 359)	(3 820 413)
	-	-

Audit fees

	2025	2024
Opening balance	-	-
Current year subscription / fee	5 532 063	4 500 713
Amount paid - current year	(5 532 063)	(4 500 713)
	-	-

PAYE and UIF

	2025	2024
Opening balance	5 036 890	4 561 331
Current year subscription / fee	66 030 509	64 381 933
Amount paid - current year	(60 422 763)	(59 345 043)
Amount paid - previous years	(5 036 890)	(4 561 331)
	5 607 746	**5 036 890**

Pension and medical aid deductions

	2025	2024
Opening balance	177 963	377 668
Current year subscription / fee	118 563 465	112 927 951
Amount paid - current year	(118 379 738)	(112 749 988)
Amount paid - previous years	(177 963)	(377 668)
	183 727	**177 963**

VAT

	2025	2024
VAT receivable	4 719 579	113 988

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

As at 30 June 2025 there were no Councillors with arrear consumer accounts outstanding for more than 90 days.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be reported to the Council.

A detailed list of deviations is available in Appendix H and on the municipality's website.

65. Related parties

Compensation to related parties:
Compensation made to key management and councillors are disclosed in notes 33 and 34.

Outstanding balances:
As at 30 June 2025 there were no key management or councillors with oustanding consumer accounts for more than 90 days.

The consumer debtors are in accordance with approved tariffs that was advertised to the public.

66. BBBEE Performance

Additional disclosure in terms of Broad Based Black Economic Empowerment Act

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

BREEDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2025
APPENDIX A: SCHEDULE FOR EXTERNAL LOANS

Annuity and Stock Loans	Municipal Loan ID	Bank Reference Number	Date Received	Amount Received	Date Redeemable	Transactions for the year to date: Opening Balance: 01/07/2024	Received	Redeemed	Interest Paid	Less: Interest Accrued 2023/2024	Add: Interest Accrued 2024/2025 3011106030x	Closing Balance: 30/06/2025 3011103001x 3011203097x
External Loans						**326 395 002.38**	**45 050 000.00**	**23 835 472.06**	**35 409 686.66**	**-7 676 997.72**	**8 638 242.00**	**347 609 530.32**
DBSA: @ 6.750%	11097	61000982	09/03/2010	21 000 000.00	31/03/2030	9 233 697.36	-	1 289 522.56	607 168.50	-160 514.55	134 055.00	7 944 174.80
DBSA: @ 12.080%	11098	61000981	09/03/2010	29 000 000.00	31/03/2030	15 736 281.08	-	1 901 904.95	1 861 570.53	-489 557.86	417 798.00	13 834 376.13
DBSA: @ 11.326%	11099	61000983	16/07/2010	50 000 000.00	31/03/2030	27 367 002.08	-	3 379 046.34	3 033 200.27	-798 249.71	679 218.00	23 987 955.74
DBSA: @ 11.500%	11100	61000984	29/06/2011	50 000 000.00	31/03/2030	27 845 113.89	-	3 419 519.52	3 134 176.34	-824 673.10	702 234.00	24 425 594.37
DBSA: @ 12.140%	11101	61000985	20/06/2013	51 000 000.00	31/03/2030	30 015 844.66	-	3 651 356.48	3 566 898.50	-938 435.10	800 160.00	26 364 488.18
DBSA: @ 11.431%	19975	61007341	20/05/2016	38 500 000.00	31/03/2036	31 831 299.19	-	1 312 097.56	3 633 289.76	-937 073.33	872 160.00	30 519 201.63
DBSA: @ 10.824%	19976	61007374	20/05/2016	21 500 000.00	31/03/2026	6 315 590.75	-	2 988 708.62	610 881.44	-176 050.30	90 024.00	3 326 882.13
ABSA 1: @ 11.2724%	20022	30 5874 9730	30/06/2023	110 000 000.00	30/06/2038	104 050 173.37	-	1 655 105.01	12 417 773.22	-3 280 703.73	2 885 493.00	102 395 068.36
ABSA 2: @ 11.7952%	20026	30 6087 1288	27/06/2024	74 000 000.00	2038/06/30	74 000 000.00	-	4 238 211.02	6 544 728.10	-71 740.04	2 057 100.00	69 761 788.98
ABSA 3: @ 11.040%	20031	30 6251 3597	2025/06/30	45 050 000.00	30/03/2038	-	45 050 000.00	-	-	-	-	45 050 000.00

APPENDIX A: SCHEDULE FOR EXTERNAL LOANS

INTEREST ALLOCATED INCOME & EXPENDITURE		
Department	**Main Vote**	**Amount**
Stormwater Drainage: Worcester	11533219970000	271 493.11
Street Lighting	11536219970000	20 387.94
Streets: Worcester	11539219970000	770 949.73
Financial Services Admin	12403219970000	2 483 782.99
Other Buildings	13915219970000	149 186.79
Boland Park Sportsground	15130219970000	85 487.59
Parks(Other)	15151219970000	179 005.55
Refuse Removal: Worcester	16603219970000	32 594.64
Disposal Works - Touws River	16905219970000	46 051.20
Disposal Works - Worcester	16906219970000	6 890 661.33
Disposal Works - Rawsonville	16907219970000	2 985 018.73
Sewerage Networks: Worcester	16912219970000	4 567 337.87
Electricity Network & Substations	18112219970000	8 667 566.34
Networks and Pumps: Worcester	18412219970000	7 456 803.57
Fairy Glen Dam & Pumpstations	18415219970000	2 094.27
Bulk Water: De Doorns	18416219970000	33 144.91
Stettynskloof Dam	18418219970000	1 629 923.23
Vehicle Distribution	18860219970000	99 441.15
Total: Interest Paid (2199700)		**36 370 930.94**
Interest Paid		35 409 686.66
Interest Accrued	2023/24	-7 676 997.72
Interest Accrued	2024/25	8 638 242.00
Total		**36 370 930.94**

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BREEDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2025
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Cost/Revaluation 2025								
	Opening balance as previously stated	Prior period error	Restated opening balance	Additions	Grap 12 Transfer	Fair value adjustment	Transfers	Restoration of assets	Disposals	Closing Balance
	30-06-2024		30-06-2024							30-06-2025
LAND	228 610 073		228 610 073						(15 000)	228 595 073
			-							
BUILDINGS	345 783 970		345 783 970	6 220 336			(188 560)		(1 538 655)	350 277 092
			-							
INFRASTRUCTURE	3 609 190 829		3 609 190 829	151 374 156	(2 341 615)				(1 711 340)	3 756 512 030
			-							
HERITAGE ASSETS	36 631 059		36 631 059							36 631 059
			-							
OTHER ASSETS	203 987 518		203 987 518	23 293 375			188 560	6 332 416	(5 447 348)	228 354 521
			-							
INTANGIBLE ASSETS	5 364 081		5 364 081							5 364 081
			-							
INVESTMENT PROPERTY	99 934 000		99 934 000			5 282 500			(5 327 000)	99 889 500
			-							
TOTAL	4 529 501 530	-	4 529 501 530	180 887 867	-2 341 615	5 282 500	0	6 332 416	-14 039 343	4 705 623 355

BREEDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Cost/Revaluation 2024								
	Opening balance as previously stated	Prior period error	Restated opening balance	Additions	Grap 12 Transfer	Fair value adjustment	Transfers	Restoration of Assets	Disposals	Closing Balance
	30-06-2023		30-06-2023							30-06-2024
LAND	228 698 883		228 698 883	-					(88 810)	228 610 073
BUILDINGS	344 092 180		344 092 180	2 484 764			(658)		(792 316)	345 783 970
			-							
INFRASTRUCTURE	3 402 203 151	(10)	3 402 203 141	206 438 726	2 499 248		(601 339)		(1 348 946)	3 609 190 829
			-							
HERITAGE ASSETS	36 631 059		36 631 059	-						36 631 059
			-							
OTHER ASSETS	184 898 872	(1 203 333)	183 695 539	25 697 040			601 997	(1 142 642)	(4 864 417)	203 987 518
			-							
INTANGIBLE ASSETS	5 364 081		5 364 081							5 364 081
			-							
INVESTMENT PROPERTY	96 156 600		96 156 600			5 664 433			(1 887 033)	99 934 000
TOTAL	4 298 044 826	(1 203 343)	4 296 841 482	234 620 530	2 499 248	5 664 433	0	-1 142 642	-8 981 523	4 529 501 530

BREEDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2025
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Accumulated Depreciation 2025									
	Opening balance as previously stated	Prior period error	Restated opening balance	Additions	Impairment	Disposals	Restoration of Assets	Transfers	Closing Balance	Carrying Value
	30-06-2024		30-06-2024						30-06-2025	30-06-2025
LAND	-		-						-	228 595 073
	0		-							
BUILDINGS	209 659 611		209 659 611	6 902 795		(1 538 655)			215 023 751	135 253 341
	0		-							
INFRASTRUCTURE	1 394 354 615		1 394 354 615	84 476 514		(1 711 340)			1 477 119 790	2 279 392 239
	0		-							
HERITAGE ASSETS	-		-						-	36 631 059
	0		-							
OTHER ASSETS	89 290 657		89 290 657	14 958 105		(4 530 631)	971 009		100 689 140	127 665 379
	0		-							
INTANGIBLE ASSETS	1 503 386		1 503 386	76 414					1 579 800	3 784 280
	0		-							
INVESTMENT PROPERTY	-		-						-	99 889 500
			-							
TOTAL	1 694 808 269	0	1 694 808 269	106 413 828	0	-7 780 626	971 009	-	1 794 412 480	2 911 210 871

BREEDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Accumulated Depreciation 2024									
	Opening balance as previously stated	Prior period error	Restated opening balance	Additions	Impairment	Disposals	Restoration of Assets	Transfers	Closing Balance	Carrying Value
	30-06-2023		30-06-2023						30-06-2024	30-06-2024
LAND	-		-						-	228 610 073
	0								-	
BUILDINGS	203 485 177		203 485 177	6 918 997		(744 371)		(192)	209 659 611	136 124 359
	0								-	
INFRASTRUCTURE	1 316 009 610		1 316 009 610	79 712 063		(1 348 946)		(18 111)	1 394 354 615	2 214 836 214
	0								-	
HERITAGE ASSETS	-		-						-	36 631 059
	0								-	
OTHER ASSETS	79 123 058	(962 748)	78 160 310	15 233 326		(4 121 281)		18 303	89 290 657	114 696 860
	0								-	
INTANGIBLE ASSETS	1 426 763		1 426 763	76 623					1 503 386	3 860 695
	0								-	
INVESTMENT PROPERTY	-		-						-	99 934 000
	0									
TOTAL	1 600 044 607	-962 748	1 599 081 859	101 941 008	0	-6 214 602	-3	0	1 694 808 269	2 834 693 261

BREEDE VALLEY MUNICIPALITY

APPENDIX C

STATISTICAL INFORMATION

					2025	2024	2023
(1)	**General Statistics**						
(a)	**Population.**			±			
(b)	**Valuation**						
	(i) Taxable						
	Land				11 705 306 500	11 017 344 100	11 050 824 800
	Improvements				21 760 203 700	22 306 782 800	22 012 758 600
	(ii) Non Taxable						
	Land						
	Improvements						
	(iii) Date of Last General Valuation				2021/07/01	2021/07/01	2021/07/01
(c)	**Number of properties**						
	Residential				21 063	21 031	21 605
	Commercial				1 069	1 071	1 210
	Welfare Institutions				247	264	249
	Agri/Farms				1 903	1 897	1 916
	Industrial				237	235	234
	Public Serv. Infrastructure				359	360	361
	National Monuments				22	23	23
	Municipal Properties				4 539	4 501	3 679
	State				106	108	110
	Mine				6	6	6
(d)	**Assesment Rate: Cent in the Rand**				0.009184 + 0,18367	0.008682 + 1.73650	0.008118 + 1.6236
(e)	**Number of Employees**						
	Employed						
	Vacancies						
(2)	**Electrical Statistics**						
(a)	Number of users			±	27 653	27 653	27 653
(b)	Units bought			kwH	269 859 499.79	260 153 568.62	247 318 165.53
(c)	Units sold			kwH	249 990 903.50	244 759 758.00	232 221 706.30
(d)	Units lost in distribution			kwH	19 868 596	15 393 810.62	15 096 459.23
(e)	Percentage of units lost in distribution				7%	6%	6%
(f)	Cost per unit bought		R		2.29	2.35	1.83
(g)	Loss in distribution		R		45 499 085.50	36 207 731.56	27 551 947.91
(h)	Cost per unit sold		R		2.47	2.50	1.94
(i)	Income per unit sold		R		2.56	2.48	2.04
(3)	**Water Statistics**						
(a)	Number of users			±	27 950	27 950	27864
(b)	Units supplied		Kl		16 368 080.00	14 798 413.00	14 119 937.00
(c)	Units sold		Kl		14 494 125.00	12 921 004.00	12 102 246.00
(d)	Units lost in distribution		Kl		1 873 955	1 877 409.00	2 017 691.00
(e)	Percentage of units lost in distribution				11.45%	12.69%	14.29%
(f)	Cost per unit supplied		R		5.71	4.52	4.40
(g)	Loss in distribution		R		10 698 807.65	8 494 691.85	8 878 643.98
(h)	Cost per unit sold		R		6.45	5.18	5.13
(i)	Income per unit sold		R		8.50	8.54	8.74
(4)	**Sundry Statistics**						
(a)	Area in km²				3833	3833	3833
(b)	Previous election				70002	70002	70002
	Number of registered voters						
	% poll						
(c)	Building survey:						
	(i)	Building plans					
		Number passed			523	571	550
		Value passed (R '000)			485 513 000	632 298 000	589 780 300
	(ii)	Inspections performec		±	2800	3000	4504
(d)	Housing						
	(i)	Number of dwelling units			2442	2498	2498
	(ii)	Number of people acc		±	1200	2457	2451
	(iii)	Number of people on waiting list			20761	20123	20123
(e)	Fire service stations				3	3	3

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

APPENDIX D: GRANTS AND SUBSIDIES RECEIVED

NAME OF GRANTS	Name of organ of state or Municipality Entity	Balance 1 July 2024	Quarterly Receipts				Quarterly Expenses				Balance 30 June 2025	Grants and subsidies delayed/ withheld				Reason for delay/ withholding of funds	Comply with the grant conditions in terms of latest DORA	Reason for Non-Compliance
			Sept 2024	Dec 2024	March 2025	June 2025	Sept 2024	Dec 2024	March 2025	June 2025		Sept 25	Dec 24	March 25	June 25			
Equitable Share	National	-	72 664 000	58 131 000	43 599 000	-	72 664 000	58 131 000	43 599 000	-	-	-	-	-	-	Not applicable	Yes	None
Financial Management grant	National	-	1 600 000	-	-	-	112 447	721 108	175 391	591 055	-	-	-	-	-	Not applicable	Yes	None
EPWP: National	National	-	-	1 327 000	568 000	-	474 000	853 000	568 000	-	-	-	-	-	-	Not applicable	Yes	None
Municipal Infrastructure Grant	National	-	11 250 000	19 252 000	9 201 000	-	8 987 841	12 895 250	6 429 292	11 590 616	-	-	-	-	-	Not applicable	Yes	None
Integrated National Electrification Grant	National	-	2 000 000	-	-	-	-	-	-	1 924 792	75 208	-	-	-	-	Not applicable	Yes	Project ongoing
Municipal Disaster Recovery Grant	National	-	-	-	-	7 266 000	-	-	-	346 940	6 919 060	-	-	-	-	Not applicable	Yes	Project ongoing
Public Libraries- Operational	Provincial	-	3 835 000	3 835 000	3 834 000	-	2 845 409	3 000 362	3 032 255	2 625 975	-	-	-	-	-	Not applicable	Yes	None
Public Libraries- Capital	Provincial	887 891	-	-	-	-	-	-	-	887 891	-	-	-	-	-	Not applicable	Yes	None
Provincial Contribution Towards The Acceleration of Housing Delivery	Provincial	4 254 593	-	-	-	-	-	-	4 254 593	-	-	-	-	-	-	Not applicable	Yes	None
Human Settlement Development Grant (Beneficiaries): Capital	Provincial	-	-	-	20 000 000	-	-	-	-	17 433 732	2 566 268	-	-	-	-	Not applicable	Yes	Project ongoing
Human Settlement Development Grant (Beneficiaries): Operating	Provincial	-	-	-	-	980 805	-	-	-	980 805	-	-	-	-	-	Not applicable	Yes	None
National Roads Agency	Provincial	-	-	-	210 000	-	-	-	-	210 000	-	-	-	-	-	Not applicable	Yes	None
CDW Grant	Provincial	62 822	94 000	-	-	-	10 493	29 644	18 708	47 295	50 682	-	-	-	-	Not applicable	Yes	Project ongoing
Financial Mananagement Capacity Building Grant	Provincial	100 000	-	-	-	-	-	100 000	-	-	-	-	-	-	-	Not applicable	Yes	None
RSEP Operational	Provincial	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Not applicable	Yes	None
RSEP Capital	Provincial	1 061 700	-	-	1 030 000	-	-	-	-	-	2 091 700	-	-	-	-	Not applicable	Yes	Project ongoing
Municipal Service Delivery and Capacity Building Grant	Provincial	226 578	-	-	-	-	-	-	-	226 578	-	-	-	-	-	Not applicable	Yes	None
Municipal Water Resilience Grant	Provincial	119 254	-	-	-	-	-	119 254	-	-	-	-	-	-	-	Not applicable	Yes	None
Municipal Accreditation & Capacity Building Grant	Provincial	75 681	-	497 000	-	-	-	-	315 156	176 978	80 547	-	-	-	-	Not applicable	Yes	Project ongoing
Provincial Earmarked (Accelerated) Grant Funding	Provincial	3 400 000	-	-	-	-	-	-	-	3 400 000	-	-	-	-	-	Not applicable	Yes	None
Fire Service Capacity Building Grant - Operational	Provincial	-	-	466 000	-	-	-	21 606	-	444 394	-	-	-	-	-	Not applicable	Yes	None
Fire Service Capacity Building Grant - Capital	Provincial	1 103 000	-	-	-	-	-	-	-	844 694	258 306	-	-	-	-	Not applicable	Yes	Project ongoing
Title Deeds	Provincial	1 861 117	-	-	-	-	-	1 861 117	-	-	-	-	-	-	-	Not applicable	Yes	Project ongoing

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

APPENDIX D: GRANTS AND SUBSIDIES RECEIVED

NAME OF GRANTS	Name of organ of state or Municipality Entity	Balance 1 July 2024	Quarterly Receipts				Quarterly Expenses				Balance 30 June 2025	Grants and subsidies delayed/ withheld				Reason for delay/ withholding of funds	Comply with the grant conditions in terms of latest DORA	Reason for Non-Compliance
			Sept 2024	Dec 2024	March 2025	June 2025	Sept 2024	Dec 2024	March 2025	June 2025		Sept 25	Dec 24	March 25	June 25			
Informal Settlements Upgrading Partnership Grant	Provincial	2 756 840	-	-	-	-	-	2 756 840	-	-	-	-	-	-	-	Not applicable	Yes	Project ongoing
LGWSETA	Other	-	205 584	160 840	-	483 633	205 584	160 840	-	483 633	-	-	-	-	-	Not applicable	Yes	Project ongoing
CWDM: Operational	Other	1 688 000	-	-	100 000	63 000	-	-	-	1 027 624	823 376	-	-	-	-	Not applicable	Yes	Project ongoing
CWDM: Capital	Other	-	-	-	-	500 000	-	-	-	500 000	-	-	-	-	-	Not applicable	Yes	Project ongoing
		17 597 475	91 648 584	83 668 840	78 542 000	9 293 438	85 299 774	80 450 021	58 392 395	43 743 001	12 865 148							

SUMMARY	Balance 01/07/2024	Sept 2024	Dec 2024	March 2025	June 2025	Sept 2024	Dec 2024	March 2025	June 2025	Balance 30/06/2025
	17 597 475		263 152 863					267 885 189		12 865 148

Register summary	Unutilised Balance - 01/07/2024	Debit Balance 01/07/2024	Receipted 01/07/2024 - 30/06/2025	Other Income	Capital Donated	Written - off	Conditions met Income statement Operating	Conditions met Income statement Capital	Refunded	To Other Debtors	Balance 30/06/2025
	17 597 475	-	263 152 863	-	-	-	(197 152 339)	(65 895 641)	(4 837 210)	-	12 865 148
		17 597 475		263 152 863				(267 885 189)			12 865 148

Appendix E A2

WC025 Breede Valley - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2024/25								2023/24
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final Adjustments budget (17 April 2025)	Shifting of Funds (i.t.o. MFMA s31)	Virements (Budget Virement Policy 2024/2025)	Final Budget	Actual Outcome	Variance	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9
Revenue - Standard									
Governance and administration	295 739	4 984	300 724	–	–	300 724	304 761	4 038	291 185
Executive and council	1 210	–	1 210	–	–	1 210	–	(1 210)	1 055
Finance and administration	294 530	4 984	299 514	–	–	299 514	304 761	5 247	290 130
Internal audit	–	–	–	–	–	–	–	–	–
Community and public safety	304 261	(12 059)	292 202	–	–	292 202	101 887	(190 315)	126 444
Community and social services	13 804	953	14 757	–	–	14 757	14 650	(107)	13 760
Sport and recreation	4 289	(399)	3 890	–	–	3 890	4 917	1 028	4 343
Public safety	253 561	(10 166)	243 395	–	–	243 395	43 730	(199 665)	74 624
Housing	32 607	(2 447)	30 160	–	–	30 160	38 590	8 430	33 717
Health	–	–	–	–	–	–	–	–	–
Economic and environmental services	16 207	8 824	25 031	–	–	25 031	54 050	29 019	27 173
Planning and development	2 606	1 352	3 958	–	–	3 958	2 037	(1 921)	1 586
Road transport	13 601	7 472	21 072	–	–	21 072	51 557	30 485	25 587
Environmental protection	–	–	–	–	–	–	455	455	–
Trading services	1 047 892	40 916	1 088 809	–	–	1 088 809	1 073 228	(15 580)	1 006 717
Energy sources	640 736	15	640 751	–	–	640 751	652 515	11 764	610 439
Water management	143 377	8 835	152 212	–	–	152 212	151 374	(837)	137 401
Waste water management	184 647	25 711	210 357	–	–	210 357	181 626	(28 731)	178 969
Waste management	79 133	6 356	85 489	–	–	85 489	87 713	2 224	79 909
Other	–	1 000	1 000	–	–	1 000	862	(138)	–
Total Revenue - Standard	1 664 099	43 666	1 707 764	–	–	1 707 764	1 534 788	(172 976)	1 451 520
Expenditure - Standard									
Governance and administration	317 125	1 653	318 778	–	(5 541)	313 236	306 093	(7 144)	307 021
Executive and council	47 353	196	47 548	–	5 806	53 354	49 037	(4 318)	49 953
Finance and administration	264 445	1 457	265 902	–	(10 944)	254 958	252 504	(2 454)	252 883
Internal audit	5 327	–	5 327	–	(403)	4 924	4 552	(372)	4 185
Community and public safety	333 983	(21 472)	312 512	–	(19 304)	293 208	194 359	(98 849)	212 473
Community and social services	36 682	2 376	39 058	–	(1 954)	37 104	32 415	(4 689)	35 446
Sport and recreation	42 322	(606)	41 716	–	(2 206)	39 510	39 374	(136)	37 166
Public safety	223 756	(19 616)	204 141	–	(13 685)	190 455	96 566	(93 890)	117 324
Housing	31 123	(3 626)	27 497	–	(1 459)	26 038	25 922	(117)	22 454
Health	100	–	100	–	–	100	83	(17)	83
Economic and environmental services	96 007	(438)	95 569	–	777	96 346	90 986	(5 360)	88 519
Planning and development	26 099	(2 729)	23 370	–	3 237	26 608	23 116	(3 492)	22 600
Road transport	69 573	2 291	71 864	–	(2 477)	69 387	67 660	(1 727)	65 707
Environmental protection	334	–	334	–	17	351	211	(141)	211
Trading services	869 566	27 120	896 685	–	23 644	920 329	897 017	(23 312)	787 078
Energy sources	591 618	30 721	622 339	–	19 733	642 072	623 583	(18 489)	536 941
Water management	102 938	112	103 049	–	6 446	109 495	104 999	(4 496)	93 915
Waste water management	105 481	(3 972)	101 508	–	(3 380)	98 129	97 982	(146)	90 891
Waste management	69 529	259	69 789	–	845	70 633	70 453	(180)	65 330
Other	950	637	1 587	–	(10)	1 577	1 163	(414)	1 268
Total Expenditure - Standard	1 617 631	7 500	1 625 131	–	(434)	1 624 696	1 489 618	(135 078)	1 396 358
Surplus/(Deficit) for the year	46 468	36 166	82 634	–	434	83 068	45 170	(37 898)	55 162

Appendix F A3

WC025 Breede Valley - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Description	2024/25								2023/24
	Original Budget	**Budget Adjustments** (i.t.o. MFMA s28)	**Final Adjustments budget** (17 April 2025)	**Shifting of Funds** (i.t.o. MFMA s31)	**Virements** (Budget Virement Policy 2024/2025)	**Final Budget**	**Actual Outcome**	**Variance**	**Restated Audited Outcome**
R thousands	1	2	3	4	5	6	7	8	9
Revenue by Vote									
Vote 1 - Council General	1 210	–	1 210	–	–	1 210	–	(1 210)	1 055
Vote 2 - Municipal Manager	500	–	500	–	–	500	–	(500)	500
Vote 3 - Strategic Support Services	719	985	1 704	–	–	1 704	4 365	2 661	1 038
Vote 4 - Financial Services	291 918	3 080	294 998	–	–	294 998	297 860	2 862	283 260
Vote 5 - Community Services	317 119	(16 306)	300 812	–	–	300 812	109 191	(191 622)	134 310
Vote 6 - Technical Services	–	–	–	–	–	–	–	–	–
Vote 7 - Engineering Services	640 719	8 235	648 954	–	–	648 954	691 652	42 698	634 763
Vote 8 - Public Services	411 914	47 672	459 587	–	–	459 587	431 721	(27 866)	396 595
Total Revenue by Vote	**1 664 099**	**43 666**	**1 707 764**	**–**	**–**	**1 707 764**	**1 534 788**	**(172 976)**	**1 451 520**
Expenditure by Vote to be appropriated									
Vote 1 - Council General	42 692	196	42 888	–	806	43 694	40 443	(3 250)	39 717
Vote 2 - Municipal Manager	13 522	93	13 614	–	4 597	18 211	16 189	(2 023)	17 096
Vote 3 - Strategic Support Services	102 538	(15 858)	86 680	–	(1 002)	85 679	83 950	(1 728)	83 088
Vote 4 - Financial Services	144 676	(35 080)	109 597	–	(7 287)	102 310	96 525	(5 785)	92 991
Vote 5 - Community Services	332 222	(31 697)	300 525	–	(21 361)	279 164	185 528	(93 636)	207 186
Vote 6 - Technical Services	–	–	–	–	–	–	–	–	–
Vote 7 - Engineering Services	605 833	81 693	687 526	–	17 214	704 741	688 371	(16 370)	599 576
Vote 8 - Public Services	376 147	8 153	384 301	–	6 597	390 898	378 612	(12 286)	356 704
Total Expenditure by Vote	**1 617 631**	**7 500**	**1 625 131**	**–**	**(434)**	**1 624 696**	**1 489 618**	**(135 078)**	**1 396 358**
Surplus/(Deficit) for the year	**46 468**	**36 166**	**82 634**	**–**	**434**	**83 068**	**45 170**	**(37 898)**	**55 162**

Appendix G A5

WC025 Breede Valley - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Description	2024/25								2023/24
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final Adjustments budget (17 April 2025)	Shifting of Funds (i.t.o. MFMA s31)	Virements (Budget Virement Policy 2024/2025)	Final Budget	Actual Outcome	Variance	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9
Capital expenditure - Vote									
Multi-year expenditure									
Vote 1 - Council General	5	–	5	–	–	5	2	(3)	7
Vote 2 - Municipal Manager	5	–	5	–	–	5	–	(5)	173
Vote 3 - Strategic Support Services	2 155	38	2 193	–	(403)	1 790	1 740	(50)	2 270
Vote 4 - Financial Services	–	–	–	–	–	–	–	–	85
Vote 5 - Community Services	6 005	(3 471)	2 534	–	190	2 724	585	(2 140)	1 103
Vote 6 - Technical Services	–	–	–	–	–	–	–	–	–
Vote 7 - Engineering Services	41 797	(7 639)	34 158	–	213	34 371	30 393	(3 978)	71 627
Vote 8 - Public Services	65 684	8 140	73 824	–	(3 069)	70 755	56 898	(13 857)	107 826
								–	
Capital multi-year expenditure	**115 651**	**(2 932)**	**112 720**	**–**	**(3 069)**	**109 650**	**89 618**	**(20 033)**	**183 091**
Single-year expenditure									
Vote 1 - Council General	–	–	–	–	–	–	–	–	–
Vote 2 - Municipal Manager	–	–	–	–	–	–	–	–	–
Vote 3 - Strategic Support Services	4 265	(4 200)	65	–	–	65	4	(61)	2 915
Vote 4 - Financial Services	1 405	220	1 625	–	30	1 655	283	(1 372)	927
Vote 5 - Community Services	23 673	(19 911)	3 762	–	135	3 896	3 224	(672)	3 935
Vote 6 - Technical Services	–	–	–	–	–	–	–	–	–
Vote 7 - Engineering Services	750	57 735	58 485	–	10 317	68 802	67 158	(1 644)	1 241
Vote 8 - Public Services	41 693	(5 244)	36 449	–	(6 977)	29 472	20 601	(8 871)	42 512
								–	
Capital single-year expenditure	**71 786**	**28 600**	**100 386**	**–**	**3 504**	**103 890**	**91 270**	**(12 620)**	**51 530**
Total Capital Expenditure - Vote	**187 437**	**25 668**	**213 106**	**–**	**435**	**213 541**	**180 888**	**(32 653)**	**234 621**
Capital Expenditure - Standard									
Governance and administration	**5 785**	**9 287**	**15 072**	**–**	**248**	**15 321**	**13 616**	**(1 705)**	**4 764**
Executive and council	10	–	10	–	–	10	2	(8)	180
Budget and treasury office	5 775	9 287	15 062	–	248	15 311	13 614	(1 697)	4 584
Corporate services	–	–	–	–	–	–	–	–	–
Community and public safety	**31 460**	**(2 457)**	**29 004**	**–**	**(5 259)**	**23 745**	**17 578**	**(6 167)**	**5 374**
Community and social services	888	888	1 775	–	(5)	1 770	1 533	(237)	1 903
Sport and recreation	14 543	7 402	21 945	–	(5 368)	16 576	13 413	(3 163)	2 311
Public safety	10 030	(7 146)	2 884	–	115	2 998	2 341	(657)	157

Appendix G A5

WC025 Breede Valley - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Description	2024/25								2023/24
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final Adjustments budget (17 April 2025)	Shifting of Funds (i.t.o. MFMA s31)	Virements (Budget Virement Policy 2024/2025)	Final Budget	Actual Outcome	Variance	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9
Housing	6 000	(3 600)	2 400	–	–	2 400	291	(2 109)	1 003
Health	–	–	–	–	–	–	–	–	–
Economic and environmental services	**41 613**	**22 829**	**64 442**	**–**	**10 512**	**74 954**	**74 492**	**(462)**	**45 952**
Planning and development	5	–	5	–	–	5	4	(1)	85
Road transport	41 608	22 829	64 437	–	10 512	74 949	74 488	(461)	45 867
Environmental protection	–	–	–	–	–	–	–	–	–
Trading services	**108 579**	**(3 992)**	**104 587**	**–**	**(5 066)**	**99 521**	**75 202**	**(24 320)**	**178 531**
Electricity	48 245	(20 197)	28 049	–	18	28 067	22 883	(5 184)	78 411
Water	14 619	7 453	22 072	–	1 618	23 690	13 906	(9 783)	23 156
Waste water management	44 715	8 352	53 067	–	(6 216)	46 851	37 637	(9 214)	75 988
Waste management	1 000	400	1 400	–	(486)	914	776	(138)	976
Other	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	**187 437**	**25 668**	**213 106**	**–**	**435**	**213 541**	**180 888**	**(32 653)**	**234 621**
Funded by:									
National Government	54 410	(5 441)	48 969	–	–	48 969	41 975	(6 994)	67 680
Provincial Government	–	29 337	29 337	–	–	29 337	23 421	(5 916)	30 067
District Municipality	–	500	500	–	–	500	500	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	**54 410**	**24 396**	**78 806**	**–**	**–**	**78 806**	**65 896**	**(12 911)**	**97 746**
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	48 706	(3 659)	45 047	–	–	45 047	34 938	**(10 109)**	56 598
Internally generated funds	84 321	4 931	89 252	–	435	89 687	80 054	**(9 633)**	80 276
Total Capital Funding	**187 437**	**25 668**	**213 106**	**–**	**435**	**213 541**	**180 888**	**(32 653)**	**234 621**

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

APPENDIX H: Deviations for 2024 2025

No	Deviation Refere	Directorate	Department	Reason For Deviation (Deviat	Short Summary of Deviation	Approved Amount	Approved Service Provider/ Contractor/ Supplier
#	BVD 674	COMMUNITY SERVICES	TRAFFIC, LAW ENFOREMENT AND SECURITY SERVICES	EXCEPTIONAL CASE	MANAGEMENT OF ANIMAL POUND	RATES	SANDY'S ANIMAL RESCUE
#	BVD 675	ENGINEERING SERVICES	ELECTRICAL SERVICES	EXCEPTIONAL CASE	SUPPLY, INSTALLATION AND MANAGEMENT OF A STS COMPLIANT PREPAYMENT ELECTRICAL VENDING	RATES	ONTEC SYSTEMS
#	BVD 677	COMMUNITY SERVICES	TRAFFIC, LAW ENFOREMENT AND SECURITY SERVICES	EXCEPTIONAL CASE	THE MONITORING OF ALARM SYSTEMS AND ARMED RESPONSE	RATES	CAPITAL SECURITY BOLAND
#	BVD 678	SSS	ICT	EXCEPTIONAL CASE	RENEWAL OF VMWARE VEEAM LICENCES	607 193.10	SITHABILE TECHNOLOGY SERVICES
#	BVD 679	SSS/ FINANCE/ COMMUNITY SERVICES	HUMAN RESOURCES, COMMUNITY SERVICES, LED, IDP, FINANCIAL SERVICES AND REVENUE	EXCEPTIONAL CASE	ADVERTISEMENT, NOTICES, SUBSCRIPTION IN NEWSPAPERS	RATES	MEDIA 24, ARENA HOLDINGS, BRAND EDGE MEDIA
#	BVD 680	MUNICIPAL MANAGER	GRC	EXCEPTIONAL CASE	ACFE ANNUAL CONFERENCE 9-11 SEPTEMBER 2024	12 300.00	ACFE
#	BVD 681	ENGINEERING SERVICES	ENGINEERING SERVICES	EXCEPTIONAL CASE	REGISTRATION FEES FOR IMESA CONFERENCE 6-8 NOV 2024	7 400.00	IMESA
#	BVD 682	COMMUNITY SERVICES	TRAFFIC, LAW ENFOREMENT AND SECURITY SERVICES	SOLE SUPPLIER	PROCUREMENT OF ELECTRONIC NATIONAL ROAD TRAFFIC ACT 93/1996	RATES	LEXIS NEXIS
#	BVD 683	SSS	HUMAN RESOURCES	EXCEPTIONAL CASE	RISK MANAGEMENT FOR CONSTRUCTION AND ENGINEERING PROJECTS (PMBOK 6TH EDITION) TRAINING WEBINAR	8 048.85	BUILT ENVIRONMENT SKILLS AND TRAINING
#	BVD 684	COMMUNITY SERVICES	TRAFFIC	EMERGENCY	REPAIR OF DE DOORNS FIRESTATION DOORS	983.25	HYPERDOORS
#	BVD 685	COMMUNITY SERVICES	FIRE DEPARTMENT	EMERGENCY	SANDBAGS FOR STATE OF DISASTER: FLOODING	10 736.40	AGRIMARK WORCESTER
#	BVD 686	COMMUNITY SERVICES	FIRE DEPARTMENT	EMERGENCY	SUPPLY FOOD TO COMMUNITY- FLOOD VICTIMS	20 765.00	CURTAIN AND LINEN
#	BVD 687	COMMUNITY SERVICES	TRAFFIC	SOLE SUPPLIER	CALIBRATION OF VEHICLE TESTING CENTRE EQUIPMENT	RATES	CINOGEN TRADING/ T/A FULCRUM TECHNOLOGIES
#	BVD 688	SSS	HUMAN RESOURCES	EMERGENCY	URGENT TRAUMA COUNCELLING FOR GROUP OF 7 EMPLOYEES SOLID WASTE	2 100.00	LYNETTE MINNAAR
#	BVD 689	PUBLIC SERVICES	PUBLIC WORKS	EXCEPTIONAL CASE	STRIP AND QUOTE- REPAIR OF ROLLER DOOR AT TOUWSRIVIER MRF	12 000.00	BOLAND ELECTRICAL CONTRACTORS
#	BVD 689	PUBLIC SERVICES	PUBLIC WORKS	EXCEPTIONAL CASE	STRIP AND QUOTE- REPAIR OF ROLLER DOOR AT TOUWSRIVIER MRF	6 000.00	BOLAND ELECTRICAL CONTRACTORS
#	BVD 690	FINANCE	SCM	EXCEPTIONAL CASE	MEMBERSHIP FEES, TRAINING AND CONFERENCES	RATES	CIGFARO
#	BVD 691	SSS	HUMAN RESOURCES	EXCEPTIONAL CASE	ACCREDITED LEARNERSHIP PROGRAM CHEMICAL OPERATIONS	RATES	BAB DEVELOPERS
#	BVD 692	MUNICIPAL MANAGER	GRC	EXCEPTIONAL CASE	2024 IRMSA CONFERENCE 1-2 OCTOBER 2024 (ONLINE-VIRTULLY)	5 824.00	IRMSA
#	BVD 693	COMMUNITY SERVICES	FIRE DEPARTMENT	EMERGENCY	DELIVER POTABLE WATER TO DE DOORNS WITH 35 000 LITER TANKER AND SUPPLY TO RESIDENCE	82 800.00	LEGACY BULK
#	BVD 694	SSS	ADMIN AND SUPPORT	EXCEPTIONAL CASE	MAINTENANCE OF FRANKING MACHINE	RATES	PBSA
#	BVD 695	PUBLIC SERVICES	SOLID WASTE AND AREA CLEANING	EMERGENCY	HIRE OF REFUCE COMPACTORS	351 000.00	TRANSTECH
#	BVD 696	ENGINEERING SERVICES	ELECTRICAL SERVICES	EXCEPTIONAL CASE	SUPPLY, INSTALLATION AND MANAGEMENT OF A STS COMPLIANT PREPAYMENT ELECTRICAL VENDING	RATES	ONTEC SYSTEMS
#	BVD 697	COMMUNITY SERVICES	TRAFFIC, LAW ENFOREMENT AND SECURITY SERVICES	EXCEPTIONAL CASE	THE MONITORING OF ALARM SYSTEMS AND ARMED RESPONSE	RATES	CAPITAL SECURITY BOLAND
#	BVD 698	ENGINEERING SERVICES	ENGINEERING SERVICES	EMERGENCY	UPGRADE OF GRAVEL ROADS AVIAN PARK- WORCESTER	30 166 470.01	EXEO KHOKELA CIVIL ENGINEERING CONSTRUCTION
#	BVD 699	COMMUNITY SERVICES	LIBRARY	SOLE SUPPLIER	PROFESSIONAL BODY REGISTRATION FOR LIBRARIES	3 811.39	LIASA
#	BVD 700	SSS	HUMAN RESOURCES	EXCEPTIONAL CASE	ATTENDING IMPSA CONFERENCE 6-8 NOVEMBER 2024	13 400.00	IMPSA
#	BVD 701	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	SOLE SUPPLIER	SUPPLY AND DELIVERY OF COLILERT REAGENTS AND TEST KITS FOR MICROBIAL DRINKING WATER QUALITY COMPLIANCE	70 939.16	IDEXX
#	BVD 702	ENGINEERING SERVICES	ELECTRICAL SERVICES	EXCEPTIONAL CASE	SUPPLY, INSTALLATION AND MANAGEMENT OF A STS COMPLIANT PREPAYMENT ELECTRICAL VENDING	RATES	ONTEC SYSTEMS
#	BVD 703	PLANNING DEVELOPMENT AND INTEGRATED SERVICES	PARKS	EXCEPTIONAL CASE	REMOVAL OF BEES	RATES	PJ COOKE
#	BVD 704	PLANNING DEVELOPMENT AND INTEGRATED SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIRS OF VALVES- WORCESTER WES	12 765.00	UNIVERSAL TRADING
#	BVD 705	ENGINEERING SERVICES	ENGINEERING SERVICES	EXCEPTIONAL CASE	ANNUAL FEES FOR SACPCMP	5 537.89	THE SOUTH AFRICAN COUNCIL FOR THE PROJECT AND CONSTRUCTION PROFESSION
#	BVD 706	COMMUNITY DEVELOPMENT	FIRE DEPARTMENT	EMERGENCY	DELIVER POTABLE WATER TO DE DOORNS WITH 35 000 LITER TANKER AND SUPPLY TO RESIDENCE	68 985.40	LEGACY BULK
#	BVD 707	PLANNING DEVELOPMENT AND INTEGRATED SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIRS OF 450 MM AC PIPE (SUPPLYING ZWELETEMBA, HEXPARK & JOHNSON PARK)	35 190.00	UNIVERSAL TRADING
#	BVD 708	COMMUNITY DEVELOPMENT	TRAFFIC, LAW ENFOREMENT AND SECURITY SERVICES	EMERGENCY	SECURITY (GUARDING) LANDFILL SITE	RATES	CAPITAL SECURITY BOLAND
#	BVD 709	PLANNING DEVELOPMENT AND INTEGRATED SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	CONSULTING ENGINEERING SERVICES AND CONSTRUCTION MONITORING FOR EMERGENCY REPAIRS TO FAIRY GLENN DAM ACCESS ROAD	901 666.84	NEIL LYNERS
#	BVD 710	PLANNING DEVELOPMENT AND INTEGRATED SERVICES	WATER SERVICES NETWORKS	EMERGENCY	CONSTRUCTION SERVICES FOR EMERGENCY REPAIRS TO FAIRY GLENN DAM ACCESS ROAD	3 447 169.19	JVZ CONSTRUCTION
#	BVD 711	SSS	ICT	EXCEPTIONAL CASE	RENEWAL OF RED HAT LINUX OPERATING SYSTEM (RHEL) LICENCE	161 722.77	NEO TECHNOLOGIES
#	BVD 712	SSS	ICT	EMERGENCY	EMERGENCY REPAIRS TO SERVER ROOM AIRCONDITIONER	26 264.25	WAYNE PRINCE AIRCONDIONING & REFRIGERATION
#	BVD 713	SSS	ICT	EXCEPTIONAL CASE	RENEWAL OF SPOTICA'S MAINTENANCE AND SUPPORT SUBSCRIBTION	RATES	BLUE TURTLE TECHNOLOGIES
#	BVD 714	PLANNING DEVELOPMENT AND INTEGRATED SERVICES	WATER SERVICES NETWORKS	EMERGENCY	EMERGENCY- HIRING OF EXCAVATOR TO REPAIR WATER PIPE	5 750.00	WINTERBACH BROERS
#	BVD 715	PUBLIC SERVICES	MUNICIPAL FACILITIES	EXCEPTIONAL CASE	APPOINTMENT OF ENGINEERING CONSULTANT FOR THE CONSTRUCTION OF FANIE OTTO AND RAWSONVILLE SPORT FACILITIES	RATES	KANTEY & TEMPLER

BREEDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2025
APPENDIX H: Deviations for 2024 2025

#	BVD 716	SSS	ICT	EXCEPTIONAL CASE	TELKOM SATELLITE USAGE FOR TELEPHONE AND INTERNET SERVICES AT STETEYNSKLOOF DAM	RATES	TELKOM
#	BVD 717	FINANCE	FINANCIAL PLANNING	EXCEPTIONAL CASE	PROCUREMENT OF CASEWARE LICENSES TO COMPILE THE ANNUAL FINANCIAL STATEMENTS	155 210.97	ADAPT IT
#	BVD 718	PLANNING DEVELOPMENT AND INTEGRATED SERVICES	WATER SERVICES NETWORKS	EMERGENCY	EMERGENCY REPAIR OF MAIN SEWER PIPE: DE DOORNS	3 100.95	WM SPILHAUS HEXVALLEI
						36 205 134.42	

BREEDE VALLEY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025
APPENDIX I: INVESTMENTS

Date Invested	Institution	ID	Account Number	Confirmation Received	Rate	Period	Amount	Maturity Date	Withdrawn	Date Receipted	Receipt Number	Expected Interest	Interest Received
												0.00	
23/Apr/24	FNB	502	76205886727	YES	8.74%	90	5 000 000	22/Jul/24	5 000 000	22/Jul/24	5000460078	107 753.42	107 753.42
23/Apr/24	STANDARD	503	288460898-107	YES	9.150%	91	10 000 000	23/Jul/24	10 000 000	23/Jul/24	5000460111	228 123.29	228 123.29
												0.00	
													335 876.71
												0.00	
10/Jul/24	NEDBANK	506	03/7881531576/329	YES	8.87%	33	5 000 000	12/Aug/24	5 000 000	12/Aug/24	3000475514	40 097.26	40 097.26
10/Jul/24	STANDARD	507	288460898-108	YES	9.000%	33	5 000 000	12/Aug/24	5 000 000	12/Aug/24	2000374908	40 684.93	40 684.93
23/Apr/24	ABSA	504	2081567043	YES	9.28%	120	5 000 000	21/Aug/24	5 000 000	21/Aug/24	3000475785	152 547.95	152 547.95
												0.00	
													233 330.14
												0.00	
10/Jul/24	ABSA	508	20891675062	YES	8.71%	62	5 000 000	10/Sept/24	5 000 000	9/Sept/24	5000461099	73 975.34	73 975.34
10/Jul/24	NEDBANK	509	03/7881531576/330	YES	8.92%	62	5 000 000	10/Sept/24	5 000 000	9/Sept/24	5000461098	75 758.90	75 758.90
10/Jul/24	FNB	510	76206461495	YES	8.65%	62	5 000 000	10/Sept/24	5 000 000	9/Sept/24	5000461097	73 465.75	73 465.75
10/Jul/24	STANDARD	511	288460898-109	YES	9.050%	62	5 000 000	10/Sept/24	5 000 000	9/Sept/24	5000461096	76 863.01	76 863.01
23/Apr/24	ABSA	505	2081567491	YES	9.39%	150	5 000 000	20/Sept/24	5 000 000	20/Sept/24	2000376962	192 945.21	192 945.21
												0.00	
													493 008.21
												0.00	
10/Jul/24	ABSA	512	2081675101	YES	9.08%	92	5 000 000	10/Oct/24	5 000 000	10/Oct/24	5000462103	114 432.88	114 432.88
10/Jul/24	STANDARD	513	288460898-110	YES	9.125%	92	5 000 000	10/Oct/24	5 000 000	10/Oct/24	5000462104	115 000.00	115 000.00
												0.00	
													229 432.88
												0.00	
10/Jul/24	ABSA	514	2081675347	YES	9.22%	121	5 000 000	8/Nov/24	5 000 000	8/Nov/24	5000463350	152 824.66	152 824.66
10/Jul/24	NEDBANK	515	03/7881531576/331	YES	9.05%	124	5 000 000	11/Nov/24	5 000 000	11/Nov/24	2000379189	153 726.03	153 726.03
												0.00	
													306 550.69
												0.00	
10/Jul/24	FNB	516	76206461742	YES	8.79%	152	5 000 000	9/Dec/24	5 000 000	9/Dec/24	5000464395	183 024.66	183 024.65
10/Jul/24	STANDARD	517	288460898-111	YES	9.300%	153	5 000 000	10/Dec/24	5 000 000	11/Dec/24	2000380606	194 917.81	194 917.81
												0.00	
													377 942.46
												0.00	
10/Jul/24	ABSA	518	2081675436	YES	9.40%	180	5 000 000	6/Jan/25	5 000 000	6/Jan/25	4000488135	231 780.82	231 780.82
10/Dec/24	STANDARD	519	288460898-112	YES	8.475%	31	10 000 000	10/Jan/25	10 000 000	13/Jan/25	2000381817	71 979.45	71 979.45
												0.00	
													303 760.27
												0.00	
10/Dec/24	NEDBANK	520	03/7881531576/332	YES	8.22%	62	5 000 000	10/Feb/25	5 000 000	10/Feb/25	5000466082	69 813.70	69 813.70
10/Dec/24	STANDARD	521	288460898-113	YES	8.525%	62	5 000 000	10/Feb/25	5 000 000	10/Feb/25	5000466084	72 404.11	72 404.11
												0.00	
													142 217.81
												0.00	
10/Dec/24	ABSA	522	2081865479	YES	8.47%	90	10 000 000	10/Mar/25	10 000 000	10/Mar/25	5000467299	208 849.32	208 849.32
10/Dec/24	STANDARD	523	288460898-114	YES	8.550%	90	10 000 000	10/Mar/25	10 000 000	10/Mar/25	5000467300	210 821.92	210 821.92
												0.00	
													419 671.24
												0.00	
25/Feb/25	NEDBANK	532	03/7881531576/336	YES	8.02%	59	5 000 000	25/Apr/25	5 000 000	25/Apr/25	4000492341	64 819.18	64 819.18
												0.00	
													64 819.18
												0.00	
10/Dec/24	ABSA	524	2081865762	YES	8.64%	182	5 000 000	10/Jun/25	5 000 000	10/Jun/25	5000470328	215 408.22	215 408.22
28/Jan/25	ABSA	526	2081925364	YES	8.47%	153	5 000 000	30/Jun/25	5 000 000	30/Jun/25	4000494624	177 521.92	177 521.92
28/Jan/25	STANDARD	527	288460898-115	YES	8.500%	153	5 000 000	30/Jun/25	5 000 000	30/Jun/25	4000494625	178 150.68	178 150.68
												0.00	
													571 080.82
												0.00	
28/Jan/25	NEDBANK	528	03/78815631576/334	YES	8.300%	181	5 000 000	28/Jul/25				205 794.52	
												0.00	
													0.00
												0.00	
10/Dec/24	NEDBANK	525	03/7881531576/333	YES	8.42%	244	5 000 000	11/Aug/25				281 435.62	
28/Jan/25	ABSA	529	2081925097	YES	8.51%	212	5 000 000	28/Aug/25				247 139.73	
												0.00	
													0.00
												0.00	
15/Apr/25	STANDARD	536	288460898-117	YES	8.375%	153	10 000 000	15/Sept/25				351 061.64	
28/Jan/25	NEDBANK	530	03/7881531576/335	YES	8.400%	244	5 000 000	29/Sept/25				280 767.12	
28/Jan/25	STANDARD	531	288460898-116	YES	8.450%	244	5 000 000	29/Sept/25				282 438.36	
												0.00	
													0.00
												0.00	
25/Feb/25	ABSA	533	2081964174	YES	8.48%	244	5 000 000	27/Oct/25				283 441.10	
25/Feb/25	NEDBANK	534	03/7881531576/337	YES	8.32%	244	5 000 000	27/Oct/25				278 093.15	
												0.00	
													0.00
												0.00	

BREEDE VALLEY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025
APPENDIX I: INVESTMENTS

Date Invested	Institution	ID	Account Number	Confirmation Received	Rate	Period	Amount	Maturity Date	Withdrawn	Date Receipted	Receipt Number	Expected Interest	Interest Received
												0.00	
25/Feb/25	ABSA	535	2081963958	YES	8.52%	273	5 000 000	25/Nov/25				318 624.66	
													0.00
												0.00	
15/Apr/25	ABSA	537	2082032859	YES	8.34%	244	5 000 000	15/Dec/25				278 761.64	
												0.00	
													0.00
													0.00
							205 000 000		150 000 000			6 285 247.95	3 477 690.41
							<u>55 000 000</u>						