LANGEBERG

MUNISIPALITEIT MUNICIPALITY MASIPALA

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2025

LANGEBERG LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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The reports and statements set out below comprise the Annual Financial Statements presented to the council:

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LANGEBERG LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

General Information

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE AS AT 30 JUNE 2025

Ald SW van Eeden	Executive Mayor
Cllr C Steyn	Corporate Services
Ald CJ Grootboom	Economic, Social and Integrated Development Services
Cllr DAT Felix	Financial Services
Cllr JCJ Coetzee	Engineering Services
Cllr D September	Community Services

AUDITORS

Auditor-General of South Africa
19 Park Lane, Milnerton, Cape Town, 7441
Western Cape

BANKERS

ABSA
180 Commissioner Street, Johannesburg, 2001

REGISTERED OFFICE

28 Main Road
Ashton, Western Cape, 6715

REGISTRATION NUMBER

WC026

MUNICIPAL MANAGER

DP Lubbe

CHIEF FINANCIAL OFFICER

M Shude (1 July to 6 December 2024)
A Mati(Acting 9 December 2024 to 30 June 2025)

General Information (Continued)

LEGAL FORM

Category B Municipality which operates in accordance with Chapter 7 of the Constitution of South Africa.

The objects of local government are:
to provide democratic and accountable government for local communities;
to ensure the provision of services to communities in a sustainable manner;
to 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
The Municipality must strive, within its financial and administrative capacity, to achieve the objects as set out above.

JURISDICTION

Greater Langeberg area which includes:

Ashton
Bonnievale
McGregor
Montagu
Robertson

LEGISLATION GOVERNING THE MUNICIPALITY'S OPERATIONS

Basic Conditions of Employment Act (Act no 75 of 1997)
Labour Relations Act, 1995 (Act No. 66 of 1995)
Disaster Management Act (Act no 57 of 2002)
Division of Revenue Act (Act no 24 of 2024)
Electricity Regulation Act, 2006 (Act No. 4 of 2006)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Municipal Budget and Reporting Regulations, 2009
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations, 2006
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts(version 6.8)
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
SALGBC Leave Regulations, 2019
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
Income Tax Act (Act 58 of 1962)
Unemployment Insurance Contributions Act, 2002 (Act No. 4 of 2002)
Unemployment Insurance Act, 2001
Value Added Tax Act (Act no 89 of 1991)
Water Services Act (Act no 108 of 1997)
Protection of Personal Information Act (Act no 4 of 2013)

Approval of Annual Financial Statements

MEMBERS OF THE LANGEBERG LOCAL MUNICIPALITY

Executive Mayor	Ald SW van Eeden
Deputy Executive Mayor	Ald CJ Grootboom
Speaker	Cllr P Hess

Ward	Councillor
1	Cllr C Steyn
2	Cllr L Gxowa
3	Cllr P Hess
4	Cllr JJS January
5	Cllr MG Oostendorff-Kraukamp
6	Cllr DB Janse
7	Cllr DAT Felix
8	Ald SW Van Eeden
9	Cllr Y Siegel
10	Cllr A Ndongeni
11	Cllr JCJ Coetzee
12	Cllr CJ Pokwas
Proportional	Ald CJ Grootboom
Proportional	Cllr CJ Baartman
Proportional	Cllr JS Mafilika
Proportional	Cllr LL Kahla
Proportional	Cllr JG Steenkamp
Proportional	Cllr RC Henn
Proportional	Cllr TV Coetzee
Proportional	Cllr LJ Prince
Proportional	Cllr D September
Proportional	Cllr M Gertse
Proportional	Cllr SE Rensenburg

LANGEBERG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Approval of Annual Financial Statements

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 engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board.The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

I have 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, I am 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 Langeberg Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although, I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's external auditors. I would like to bring to your attention the following material matters to your attention:

I certify that the salaries, allowances and benefits of councillors as disclosed in note 37 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditor, being the Auditor General of South Africa, is responsible for independently reviewing and reporting on the municipality annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7.

The annual financial statements for the year ended 30 June 2025, which have been prepared on the going concern basis, were approved on 31 August 2025.

DP Lubbe **Accounting Officer**	31 August 2025 **Date**

AUDITOR-GENERAL SOUTH AFRICA
30 November 2025

LANGEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Note	2025 R	2024 Restated R
ASSETS			
Current Assets		**403,205,103**	**425,053,023**
Inventories	**2.**	17,333,020	17,389,158
Receivables from Exchange Transactions	**3.**	156,960,216	77,222,366
Statutory Receivables from Exchange Transactions	**4.**	1,599,307	2,628,525
Receivables from Non-exchange Transactions	**5.**	9,483,128	21,404,505
Statutory Receivables from Non-Exchange Transactions	**6.**	21,409,548	9,225,513
Cash and Cash Equivalents	**7.**	196,339,537	297,094,598
Lease Receivables	**14.**	80,347	88,358
Non-Current Assets		**1,151,036,518**	**1,052,743,278**
Property, Plant and Equipment	**8.**	1,105,559,850	1,019,107,354
Intangible Assets	**9.**	6,029,433	3,936,484
Investment Property	**10.**	29,474,866	27,971,530
Heritage Assets	**11.**	275,448	275,448
Non-current Investments	**13.**	156,485	154,537
Long-term Receivables	**15.**	9,540,436	1,297,925
Total Assets		**1,554,241,621**	**1,477,796,301**
LIABILITIES			
Current Liabilities		**267,841,328**	**240,239,878**
Consumer Deposits	**16.**	18,045,001	18,862,576
Payables from Exchange Transactions	**17.**	152,234,232	129,460,762
Unspent Conditional Grants and Receipts	**18.**	6,528,605	17,698,711
VAT Payable	**19.**	22,012,459	13,055,364
Lease Payables	**20.**	3,124,154	3,705,405
Borrowings	**21.**	2,333,367	2,365,325
Employee Benefit Liabilities	**22.**	27,689,425	20,965,343
Provisions	**23.**	35,874,085	34,126,392
Non-Current Liabilities		**173,202,833**	**166,356,799**
Lease Payables	**20.**	6,754,898	9,879,052
Borrowings	**21.**	18,666,667	21,000,000
Employee Benefit Liabilities	**22.**	73,365,904	62,648,930
Provisions	**23.**	74,415,364	72,828,817
Total Liabilities		**441,044,161**	**406,596,677**
Total Assets and Liabilities		**1,113,197,460**	**1,071,199,625**
NET ASSETS		**1,113,197,462**	**1,071,199,623**
Reserves	**24.**	62,920,999	62,920,999
Accumulated Surplus / (Deficit)	**25.**	1,050,276,463	1,008,278,624
Total Net Assets		**1,113,197,462**	**1,071,199,623**

LANGEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Note	Actual 2025 R	Actual 2024 Restated R
REVENUE			
Revenue from Non-exchange Transactions		**349,289,093**	**312,169,965**
Property Rates	**26.**	108,425,415	101,162,835
Fines, Penalties and Forfeits	**27.**	37,003,038	11,385,899
Transfers and Subsidies	**29.**	197,280,882	192,475,649
Availability Charges	**30.**	4,728,773	5,106,076
Finance Income	**35.**	1,850,985	2,039,506
Revenue from Exchange Transactions		**907,914,074**	**754,057,331**
Licences and Permits	**28.**	3,841,642	2,237,886
Service Charges	**30.**	833,951,698	678,553,735
Sales of Goods and Rendering of Services	**31.**	5,456,017	5,378,888
Income from Agency Services	**32.**	6,099,675	5,435,214
Income from Library services	**33.**	10,835,840	9,685,217
Rental from Fixed Assets	**34.**	3,768,873	3,786,580
Finance Income	**35.**	31,343,145	36,974,555
Operational Revenue	**36.**	12,617,184	12,005,256
Total Revenue		**1,257,203,166**	**1,066,227,296**
EXPENDITURE		**1,215,342,201**	**1,016,356,166**
Employee Related Costs	**37.**	301,743,092	271,389,576
Remuneration of Councillors	**38.**	12,348,967	11,830,452
Depreciation and Amortisation	**39.**	54,735,936	52,354,750
Bad Debt Written Off	**40.**	28,160,210	13,849,530
Impairment Losses	**41.**	65,955,627	16,079,953
Finance Cost	**43.**	21,694,978	21,936,957
Bulk Purchases	**44.**	592,037,805	486,280,892
Contracted Services	**45.**	43,041,147	47,149,530
Inventory Consumed	**46.**	38,260,144	32,612,888
Transfers and Subsidies Paid	**47.**	3,499,552	3,334,826
Operating Leases	**48.**	66,321	38,616
Operational Costs	**49.**	53,798,422	59,498,196
Total Expenditure		**1,215,342,201**	**1,016,356,166**
OPERATING SURPLUS / (DEFICIT) FOR THE YEAR		**41,860,965**	**49,871,130**
OTHER REVENUE / EXPENDITURE INCURRED			
Other Operations:			
Inventory Gains/(Losses)	**42.**	32,280	(273,465)
Gains on Other Fair Value Adjustments	**50.**	1,948	17,332
Gains/(Losses) in Disposal of Capital Assets	**51.**	98,988	(159,375)
TOTAL OTHER REVENUE / EXPENDITURE INCURRED		**133,216**	**(415,508)**
SURPLUS / (DEFICIT) FOR THE YEAR		**41,994,181**	**49,455,622**

AUDITOR-GENERAL SOUTH AFRICA
30 November 2025

LANGEBERG LOCAL MUNICIPALITY

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

	Total Funds & Reserves	Accumulated Surplus/ (Deficit)	Total Net Assets
	R	R	R
2024			
Balance at 30 June 2023	62,920,999	951,936,967	1,014,857,966
Restated Balance	**62,920,999**	**951,936,967**	**1,014,857,966**
Surplus / (Deficit) for the year	-	49,486,719	49,486,719
Correction of error	-	6,854,938	6,854,938
Balance at 30 June 2024	**62,920,999**	**1,008,278,624**	**1,071,199,623**
2025			
Restated Balance at 1 July 2024	**62,920,999**	**1,008,278,624**	**1,071,199,624**
Surplus / (Deficit) for the year	-	41,994,181	41,994,181
Balance at 30 June 2025	**62,920,999**	**1,050,272,806**	**1,113,193,805**

LANGEBERG LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	Note	Actual 2025 R	2024 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Taxation		96,241,380	100,294,805
Service Charges		676,302,975	629,265,279
Sale of goods and services		75,556,919	42,611,142
Grants		186,110,776	195,886,786
Finance Income		33,194,130	39,014,061
Payments			
Employees		(304,337,694)	(283,425,584)
Transfer and grants		(3,499,552)	(3,334,826)
Suppliers Paid		(695,473,275)	(595,112,405)
Finance Costs		(3,553,917)	(4,624,689)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**53.**	**60,541,742**	**120,574,569**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property , plant and equipment		(143,714,860)	(175,679,226)
Proceeds from sale of property,plant and equipment		164,669	1,426,296
Purchase of other intangible assets		(2,615,828)	(2,615,827)
Decrease/(increase) in long term receivables		(8,242,511)	(837,442)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(154,408,532)**	**(177,706,199)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in consumer deposits		(817,575)	1,337,826
Increase/(Repayment) of borrowings		(2,365,291)	(8,692,155)
Finance lease receipts/(payments)		(3,705,405)	(3,458,484)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(6,888,271)**	**(10,812,813)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(100,755,061)**	**(67,944,442)**
Cash and Cash Equivalents at Beginning of Period		**297,094,598**	**365,039,040**
Cash and Cash Equivalents at End of Period	**7.**	**196,339,537**	**297,094,598**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2024 TO 30 JUNE 2025

30 June 2025

Reasons have been provided for all variance above +-10%

Description	Original Budget	Adjustments	Final Budget	Actual Outcome	Variance	Variance as % of Final Budget	Reasons for variances
	R	R	R	R	R	%	
FINANCIAL POSITION							
Current Assets							
Cash and cash equivalents	306,816,464.00	(39,899,986)	266,916,478	196,339,537	(70,576,941)	-26%	This is due increase in CRR funded projects
Trade and other receivables from exchange transactions	108,631,637	(56,288,676)	52,342,961	156,960,216	104,617,255	200%	Increase in service charges, no loadshedding, customer enquiries on municipal accounts resulted in delayed implementation of auxiliary measures and disconnections.
Receivables from non-exchange transactions	3,343,756	2,960,203	6,303,959	9,483,128	3,179,169	50%	Increase in service charges, no loadshedding, customer enquiries on municipal accounts resulted in delayed implementation of auxiliary measures and disconnections.
Current portion of non-current receivables	625,097	-	625,097	-	(625,097)	-100%	Due to stricter credit control and debt collection measures implemented by the Municipality, some clients renegotiated their payment agreements to more affordable ones and remained as non current receivables.
Inventory	33,832,979	(11,784,314)	22,048,665	17,333,020	(4,715,645)	-21%	The increase is due to a housing project completed during current financial year
VAT	135,463,376	2,348,583	137,811,959	1,599,307	(136,212,652)	-99%	In line with increase receivables and payables (Accrual) but we are on payment basis for VAT
Other current assets	7,245,177	-	7,245,177	21,489,895	14,244,718	197%	There was an increase in statutory receivables from non exchange transactions due to an increase in the fines revenue.
Non-Current Assets							
Investments	137,205	-	137,205	156,485	19,280	14%	The increase is due to a change in fair value of the shares held by the municipality.
Investment property	27,968,535	(9,266)	27,959,269	29,474,866	1,515,597	5%	The variance is insignificant.
Property, plant and equipment	968,309,330	46,481,705	1,014,791,035	1,105,559,850	90,768,815	9%	Due to increase in capital projects.
Heritage assets	275,448	-	275,448	275,448	-	0%	The variance is insignificant.
Intangible assets	4,328,858	(391,000)	3,937,858	6,029,433	2,091,575	53%	The increase is due to the development done on intangible asset.
Non-current Trade and other receivables from exchange transactions	42,496,094	-	42,496,094	7,904,257	(34,591,837)	-81%	Customer enquiries on municipal accounts resulted in delayed implementation of auxiliary measures and disconnections.
Non-current receivables from non-exchange transactions	11,180,463	-	11,180,463	1,636,179	(9,544,284)	-85%	This is caused by less consumer debtors that made arrangements with the municipality than anticipated and that is driven by consumer patterns.
Total Assets	**1,650,654,419**	**(56,582,751)**	**1,594,071,668**	**1,554,241,621**	**(39,830,047)**		

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2024 TO 30 JUNE 2025

Description	Original Budget	Adjustments	Final Budget	Actual Outcome	Variance	Variance as % of Final Budget	Reasons for variances
	R	R	R	R	R	%	
Current Liabilities							
Financial liabilities	4,257,423	-	4,257,423	5,457,521	1,200,098	28%	This is due to the Settlement of a loan made during the current year & Mainly due to the current portion of the ABSA vehicle agreements being transferred from Non-Current to Current.
Consumer deposits	15,783,209	-	15,783,209	18,045,001	2,261,792	14%	This is due to new municipal accounts that were opened during the FY.
Trade and other payables from exchange transactions	138,752,583	(51,366,839)	87,385,744	152,234,232	64,848,488	74%	This is due to recently completed projects where the Municipality is still holding the retention fees of the projects, increase in the Eskom invoice compared to the prior year and an increase in pre-payments which are driven by consumer patterns.
Trade and other payables from non-exchange transaction	28,594,775	(23,078)	28,571,697	6,528,605	(22,043,092)	-77%	The prior year was affected by the MRDG grant that was received in February 2024 and remained unspent during the 2023/24 due to time constraints to initiate the SCM process and complete teh project before 30 June 2024.. For the 2024/25 financial year , the portion of this grant that was recived in February was less than the prior year.
Provision	58,691,063	-	58,691,063	35,874,085	(22,816,978)	-39%	This is due to the dimishing useful life of the Ashton landfill site
VAT	129,828,485	(222,246)	129,606,239	-	(129,606,239)	-100%	In line with increase receivables and payables (Accrual) but we are on payment basis for VAT
Other current liabilities	-	-	-	27,689,425	27,689,425	0%	The report for the employee benefits from the experts is only available at year end. Therefore, this was not included in the budget due to limited information available to correctly budget for the line item since its based on an expert estimate .
Non-Current Liabilities							
Financial liabilities	31,982,626	-	31,982,626	25,421,565	(6,561,061)	-21%	This is due to the Settlement of a loan made during the current year & Mainly due to the current portion of the ABSA vehicle agreements being transferred from Non-Current to Current.
Provision	79,267,591	-	79,267,591	74,415,364	(4,852,227)	-6%	The variance is insignificant
Other non-current liabilities	48,518,000	-	48,518,000	73,365,904	24,847,904	100%	The report for the employee benefits from the experts is only available at year end. Therefore, this was not included in the budget due to limited information available to correctly budget for the line item since its based on an expert estimate .
Total Liabilities	**535,675,755**	**(51,612,163)**	**484,063,592**	**419,031,702**	**(65,031,890)**		
Total Assets and Liabilities	**1,114,978,664**	**(4,970,588)**	**1,110,008,076**	**1,135,209,919**	**25,201,843**		
Net Assets (Equity)							
Accumulated Surplus/(Deficit)	1,112,621,006	2,357,657	1,114,978,663	1,050,276,463	(64,702,200)	-6%	The variance is insignificant
Reserves and funds	-	-	-	62,920,999	62,920,999	0%	The variance is insignificant
Other							
Total Net Assets	**1,112,621,006**	**2,357,657**	**1,114,978,663**	**1,113,197,462**	**(1,781,201)**		

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2024 TO 30 JUNE 2025

30 June 2025

Description	Original Budget	Adjustments	Final Budget	Actual Outcome	Variance	Variance as % of Final Budget	Reasons for variances
	R	R	R	R	R	%	
FINANCIAL PERFORMANCE							
Revenue							
Exchange Revenue							
Service charges - Electricity	621,221,852	-10,649,524	610,572,328	678,507,536	67,935,208	11%	The increase is in line with the increase in tariffs.
Service charges - Water	65,636,159	-	65,636,159	82,699,959	17,063,800	26%	This is due to more new water connections done in the financial year than anticipated.
Service charges - Waste Water Management	31,096,322	-	31,096,322	39,127,003	8,030,681	26%	This is due to more new water connections done in the financial year than anticipated, which is in line with water increase.
Service charges - Waste Management	30,906,685	8,235,995	39,142,680	38,345,973	-796,707	-2%	Variance is insignificant.
Sale of Goods and Rendering of Services	4,307,431	617,172	4,924,603	5,456,017	531,414	11%	This is caused by an increase in the sale of scrap that was not anticipated.
Agency services	7,128,586	-1,367,259	5,761,327	6,099,675	338,348	6%	The variance is insignificant
Income from library services	-	-	-	10,835,840	10,835,840	100%	This due to the funds received being budgeted under Transfers and Subsidies.
Interest earned from Receivables	4,090,780	-	4,090,780	8,223,113	4,132,333	101%	This is caused by more outstanding consumer debtor accounts than anticipated.
Interest earned from Current and Non Current Assets	33,689,785	-	33,689,785	23,120,032	-10,569,753	-31%	This is due to increase in projects that are funded by CRR during the current year thus resulting in a decrease on interest earned from cash in the bank account.
Rent on Land		-	-		-	100%	
Rental from Fixed Assets	3,927,715	-	3,927,715	3,768,873	-158,842	-4%	Variance is insignificant.
Licence and permits	691,925	1,680,234	2,372,159	3,841,642	1,469,483	62%	The Municipality has renovated its informal trading areas and this has attracted more traders.
Operational Revenue	7,247,608	-	7,247,608	12,617,184	5,369,576	74%	This is caused by an increase in insurance payout that was not anticipated.
Non-Exchange Revenue							
Property rates	100,741,968	-	100,741,968	108,425,415	7,683,447	8%	The increase is in line with the increase in tariffs.
Fines, penalties and forfeits	1,313,210	10,755,843	12,069,053	37,003,038	24,933,985	207%	The municipality implemented more controls regarding revenue collection from fines by appointing a service provider to place more cameras on the Langeberg Municipality and also handle the collection of the revenue from the fines and this is yielding positive results.
Transfer and subsidies - Operational	164,857,000	9,700,735	174,557,735	150,963,713	-23,594,022	-14%	This is caused by Libraries Grants that was reclassified from Transfers and Subsidies - Operational to Agency Fees. The decrease is also due to the unspent grants , and grants that were allocated to the Municipality and not received at year end.
Transfer and subsidies - Capital	29,021,000	20,910,000	49,931,000	46,317,169	-3,613,831	-7%	Due to projects funded by the MDRG granted not completed as at 30 June 2025 as the Grant was received late in the financial year.
Interest	2,085,646	-	2,085,646	1,850,985	-234,661	-11%	This is caused by more outstanding consumer debtor accounts than anticipated.
Gains on disposal of Assets	2,357,655	-2,357,655	-	-	-	0%	Variance is insignificant.
Total Revenue	**1,110,321,327**	**37,525,541**	**1,147,846,868**	**1,257,203,166**	**109,356,298**		

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2024 TO 30 JUNE 2025

Description	Original Budget	Adjustments	Final Budget	Actual Outcome	Variance	Variance as % of Final Budget	Reasons for variances
Expenditure							
Employee related costs	289,471,923	(6,529,457)	282,942,466	301,743,092	18,800,626	7%	This is caused by vacant positions that were filled in the financial year under review.
Remuneration of councillors	12,939,314	-	12,939,314	12,348,967	(590,347)	-5%	Variance is insignificant.
Bulk purchases - electricity	528,619,571	-	528,619,571	592,037,805	63,418,234	12%	This is due to increases in Eskom invoices than anticipated.
Inventory consumed	49,531,170	(5,692,343)	43,838,827	38,260,144	(5,578,683)	-13%	Less inventory consumed on construction projects than anticipated.
Debt impairment	2,000,000	12,622,645	14,622,645	65,955,627	51,332,982	100%	The increase is due to implementation of the new indigent cycle that commenced at the begining of the period under review . This then cause the impairment for receivables from exchange transactions to increase.
Depreciation & asset impairment	45,936,043	6,418,702	52,354,745	54,735,936	2,381,191	5%	Less inventory consumed on construction projects than anticipated.
Interest	2,919,145	1	2,919,146	21,694,978	18,775,832	643%	This is due to unwinding of the provision for landfill sites and increase in employee benefits.
Contracted services	106,515,605	7,875,500	114,391,105	43,041,147	(71,349,958)	-62%	Less consultants used than anticipated.
Transfers and subsidies	5,240,472	(124,399)	5,116,073	3,499,552	(1,616,521)	-32%	This is determined by the applications receivedin terms of section 67 of the MFMA.
Irrecoverable debts written off	7,922,794	8,591,685	16,514,479	28,160,210	11,645,731	71%	The increase is due to implementation of the new indigent cycle that commenced at the begining of the period under review . This then caused the bad debt write-off to increase as more indigent applications were approved.
Operational costs	58,258,273	12,800,151	71,058,424	53,798,422	(17,260,002)	-24%	The municipality has been implementing measures to save costs and this yield positive results as savings were made on the budget allocated to operational costs.
Other expenditure	-	-	-	66,321	66,321	100%	Amount is budgetted for under finance leases but in terms of GRAP meets the operating leases definition.
Total Expenditure	**1,109,354,310**	**35,962,485.00**	**1,145,316,795**	**1,215,342,201**	**70,025,406**		
Surplus/(Deficit) for the Year	**967,017**	**1,563,056**	**2,530,073**	**41,860,965**	**39,330,892**		

AUDITOR-GENERAL SOUTH AFRICA

30 November 2025

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2024 TO 30 JUNE 2025

30 June 2025

Description	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Variance	Variance as % of Final Budget	Reasons for variances
	R	R	R	R	R	%	
CASH FLOW							
Cash Flows from/(used in) Operating Activities							
Receipts							
Property Rates	103,376,732	-	103,376,732	96,241,380	(7,135,352)	-7%	The increase is in line with the increase in tariffs.
Service Charges	826,742,565	27,117,147	853,859,712	676,302,975	(177,556,738)	-21%	Increase is due to more revenue collected on service charges such as water due to more new water connections done in the financial year than anticipated.
Other revenue	21,301,521	11,575,819	32,877,340	75,556,919	42,679,579	130%	The municipality implemented more controls regarding revenue collection from fines by appointing a service provider to place more cameras on the Langeberg Municipality and also handle the collection of the revenue from the fines and this is yielding positive results.
Transfers and Subsidies - Operational	164,857,000	9,658,209	174,515,209	122,561,776	(51,953,433)	-30%	Due to the Library grant which was reclassified to Agency fees while the budget is under transfers and subsidies.
Transfers and Subsidies - Capital	29,021,000	20,909,717	49,930,717	63,549,000	13,618,283	27%	Due to classification corrections made during the AFS process.
Interest	33,689,785	-	33,689,785	33,194,130	(495,655)	-1%	Variance is insignificant.
Payments							
Suppliers and employees	(1,095,281,489)	(46,335,882)	(1,141,617,371)	(999,810,969)	141,806,402	12%	This is due to the hikes in Eskom tariffs that caused an increase in the bulk purchases.
Finance charges	(2,319,145)	2,319,145	-	(3,553,917)	(3,553,917)	-100%	The item was not budgeted for.
Transfers and Subsidies	(4,493,938)	4,493,938	-	(3,499,552)	(3,499,552)	-100%	The item was not budgeted for.
NET CASH FROM/(USED) OPERATING ACTIVITIES	**76,894,031**	**29,738,093**	**106,632,124**	**60,541,742**	**(46,090,382)**		
Cash Flows from/(used in) Investing Activities							
Receipts							
Proceeds on disposal of PPE	-	-	-	164,669	164,669	100%	Due to sale of property that was finalised during the 2024/25 financial year but was not included in the budget due to uncertainty on the timing of the finalisation of the sale.
Payments							
Capital assets	(136,190,589)	(63,086,466)	(199,277,055)	(146,330,690)	52,946,365	-27%	Due to disaster grant received late in the year and projects that were still in progress as at 30 June 2025
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(136,190,589)**	**(63,086,466)**	**(199,277,055)**	**(146,166,021)**	**53,111,034**		
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Increase (decrease) in consumer deposits	-	-	-	-	-	100%	
Payments							
Repayment of borrowings	-	(6,546,050)	(6,546,050)	(6,070,696)	475,354	-7%	Due to a loan that was paid off during the year.
NET CASH FROM/(USED) FINANCING ACTIVITIES	**-**	**(6,546,050)**	**(6,546,050)**	**(6,070,696)**	**475,354**		
Cash and Cash Equivalents at Beginning of the Year	**366,113,022**	**-**	**366,113,022**	**297,094,598**	**(69,018,424)**		
Cash and Cash Equivalents at End of the Year	**306,816,464**	**(39,894,423)**	**266,922,041**	**196,339,537**	**(70,582,504)**		

1. BASIS OF PRESENTATION

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

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. The Statement of Financial Performance has been prepared to classify expenses by nature, whilst revenue is classified in a manner appropriate to the municipality's operations. The Cash Flow Statement has been prepared using the Direct Method.

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

1.1 Presentation Currency

Amounts reflected in the financial statements are in South African Rand (which is the functional currency of the municipality) and at actual values. Financial values are rounded to the nearest Rand. No foreign exchange transactions are included in the statements.

1.2 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

1.2.1 Revenue Recognition

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

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate or net present value of the expected future cash flows to rehabilitate the landfill site at year-end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

a) Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.

b) Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.2.3 Provision for Staff Leave

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

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

Accumulated leave is vesting.

1.2.4 Impairment of Statutory Receivables

Accounting Policy 5.3 on Impairment of Statutory Receivables describes the process followed to determine the value at which Statutory Receivables should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Statutory Receivables recorded during the year is appropriate.

The impairment loss is measured 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 loss is recognised in surplus or deficit.

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are 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.

1.2.5 Provision for Performance Bonuses

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

1.2.6 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

Property, Plant and Equipment

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

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets. The municipality referred to buildings in other municipal areas to determine the useful life of buildings.
  The municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

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

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

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

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

Intangible Assets

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

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

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

Investment Property

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

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

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

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

1.2.7 Pre-paid Electricity Estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The prepaid electricity balance (included under payables) represents the best estimate of electricity sold at year-end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

1.2.8 Post-retirement medical obligations, long service awards and ex gratia gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in ote 23 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.2.9 Provisions and Contingent Liabilities

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

1.2.10 Componentisation of Infrastructure Assets

The municipality assesses whether it is a party to any principal-agent arrangements by considering the principles contained in GRAP 109. When the municipality is a 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.

1.2.11 Impairment of Loans and Receivables

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

The impairment for loans and receivables is considered first for individually significant loans and receivables and then calculated on a portfolio basis for the remaining balance, including those individually significant loans and receivables for which no indicators of impairment were found. 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.

On loans and receivables, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's or receivable carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition (if practically determinable). Where the effective interest rate at initial recognition is not practically determinable, the government bond rate is used as the risk-free rate and adjusted for any risks specific to the loans and receivables.

1.3 Materiality

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

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Conceptual Framework for General Purpose Financial Reporting states that users are assumed to have a reasonable knowledge of the municipality's activities and the environment in which it operates, to be able and prepared to read annual financial statements and to review and analyse the information presented 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.

Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a going concern assumption.

1.5 COMPARATIVE INFORMATION

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

The Municipal Regulations on a Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017 and are updated annually by the National Treasury. The municipality has realigned items in the annual financial statements with the Item Segment of mSCOA Version 6.8, which the municipality was required to use for transactions from 1 July 2024.

2. BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24, and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The comparison of budget and actual amounts are disclosed as a separate statement, namely Statements of Comparison of Budget and Actual amounts.

Budget information is presented on the accrual basis by nature classification. Explanatory comment is provided in the Statement of Comparison of Budget and Actual Amounts giving reasons for overall growth or decline in the budget and motivations for over-or under spending on line items. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

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

3. INVENTORIES

3.1 Recognition and Initial Measurement

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

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

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

3.2 Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, housing stock, land, materials and supplies, water and work-in-progress, are measured at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

In general, the basis of allocating cost to inventory items is the weighted average method or first-in-first-out method.
The first- in-out-method is applied to maintenance material inventory items. The weighted average method is applied to compost, low- cost housing, water for distribution and the remaining inventory items which are not maintenance related .

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

4. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

Initial Recognition
Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Investments – Listed Shares	Financial Assets at Fair Value
Investments – Unlisted Shares	Financial Assets at Amortised Cost
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Fixed Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Amortised Cost

Trade and Other Receivables exclude Value Added Taxation, Prepayments and Operating Lease Receivables are classified as Financial Assets at Amortised Cost.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

4.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Borrowings	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-exchange Transactions	Financial Liabilities at Amortised Cost
Bank Overdraft	Financial Liabilities at Amortised Cost

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

4.3 Initial and Subsequent Measurement

4.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

Financial Assets measured at Cost

Financial Assets at Cost are initially measured at the transaction amount and transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at cost less any impairment.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

4.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

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

Prepayments are carried at cost less any accumulated impairment losses.

4.4 Impairment of Financial Assets

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

4.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

4.4.2 Financial Assets 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 shall not be reversed.

4.5 Derecognition of Financial Assets

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

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

4.6 Derecognition of Financial Liabilities

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

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

5. STATUTORY RECEIVABLES

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.

Statutory receivables arise from the following legislation:
- Property Rates - Municipal Property Rates Act (6 of 2004)
- Fines - Criminal procedures Act (51 of 1977)
- VAT Receivable - Value Added Tax Act (89 of 1991)

5.1 Recognition and Initial Measurement

The municipality recognises statutory receivables as follows:

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

The municipality recognises Statutory Receivables when they arise. Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The transaction amounts of the Statutory Receivables of the municipality are determined as follows:
- Assessment Rates are levied in terms of the stipulations contained in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) at rates determined each year by Council.
- Fines - Criminal procedures Act (51 of 1977)
- VAT Receivable - Value Added Tax Act (89 of 1991)

5.2 Subsequent Measurement

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- Interest or other charges that may have accrued on the receivable, where applicable;
- Impairment losses; and
- Amounts derecognised.

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

5.3 Impairment

The municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial reorganisation.
- 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 may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

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

5.4 Derecognition

The municipality derecognises a statutory receivable when:

a)The rights to the cash flows from the receivable are settled, expire or are waived.
b)The municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable.
c)The municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

In this case, the municipality:
d) derecognises the receivable; and
e) recognises separately any rights and obligations created or retained in the transfer.

6. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

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

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Initial Recognition and Measurement

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

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

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

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

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

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

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

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

7.2 Subsequent Measurement - Cost Model

Property, Plant and Equipment, excluding Buildings and Land

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

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

7.3 Depreciation and Impairment

Depreciation on assets other than land is calculated on cost, using the Straight-line Method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Asset Class	Years	Asset Class	Years
Infrastructure		**Community**	
Electricity	1 - 80	Recreational Facilities	7 - 100
Roads and Paving	1 - 100	Security	5
Sewerage / Solid Waste	1 - 100	Halls	1 - 105
Water	1 - 125	Libraries	1 - 100
Landfill	1 - 15	Parks and gardens	1 - 100
Information and communications	1 - 20	Other assets	7 - 100
		Other	
		Computer Equipment	2 - 20
		Specialised vehicles	10 - 20
		Furniture and Fittings	1 - 100
		Transport Assets	4 - 45
		Plant and Equipment	1 - 40
		Office Equipment	2 - 22
		Buildings	1 - 105
		Housing	1 - 105

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

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

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

7.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

7.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. Gains are not classified as Revenue.

8. INTANGIBLE ASSETS

8.1 Initial Recognition and Measurement

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

Intangible Assets are initially recognised at cost.

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

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

8.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on a Straight-line Method over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

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

	Asset Class	Years		Asset Class	Years
	Enterprise Resource Planning System	10		Servitudes and Computer Software Purchased	Indefinite

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

8.3 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. Gains are not classified as Revenue.

9. INVESTMENT PROPERTY

9.1 Initial Recognition and Measurement

Investment property is recognised as an asset when and only when:

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

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

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

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

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

9.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is estimated at 1 - 100 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

9.3 Derecognition

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

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

	Asset Class	Years		Asset Class	Years
	Buildings	1-100		Land	Indefinite

10. HERITAGE ASSETS

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

10.1 Initial Recognition

Heritage Assets are initially recognised at cost.

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

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

10.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

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

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

10.3 Derecognition

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

11. LIVING AND NON-LIVING RESOURCES

Living Resources are defined as living organisms such as animals and plants that are used or held for the delivery or provision of goods and services, research, conservation, recreation, agricultural activities, education and training and rehabilitation or breeding processes.

Agricultural Assets are excluded from the scope of this Standard and are accounted for by the municipality in accordance with GRAP 27 (Agricultural Assets).

Living Resources are assets that undergo biological transformation and are those organisms that can grow, reproduce and degenerate. These assets include fruit trees, cattle and seed-bearing plants.

Non-living Resources are those resources, other than living resources, that occur naturally and have not been extracted from their source. These assets includes minerals, oils, etc.

Agricultural Assets are assets that are produced from living resources through agricultural activity and biological transformation through growth, degeneration and procreation. These assets are fruit from fruit-bearing plants, eggs from feathered animals and seeds from seed-bearing plants.

11.1 Initial Recognition and Measurement

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

A Living Resource that qualifies for recognition as an asset shall be recognised at its cost.

Where a Living Resource is acquired through a non-exchange transaction, its cost shall be recognised at its fair value as at the date of the acquisition.

12. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets.

12.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

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

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

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

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

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

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

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

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

12.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined. An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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

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

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

13. CONSUMER DEPOSITS

Consumer deposits are partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months of consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

14. PROVISIONS

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

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future
A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

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

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

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

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

15. LEASES

15.1 The Municipality as Lessee

15.1.1 Finance Leases

Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments to the fair value of the asset, plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

15.1.2 Operating Leases

The municipality recognises operating lease rentals as an expense in Surplus or Deficit on a Straight-line Basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

15.2 The Municipality as Lessor

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset or liability. The municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

16. BORROWING COSTS

All borrowing costs are treated as an expense in the period in which they are incurred.

17. EMPLOYEE BENEFIT LIABILITIES

17.1 Short-term Employee Benefits

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

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

17.1.1 Provision for Staff Leave

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

17.1.2 Staff Bonuses Accrued

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

17.1.3 Provision for Performance Bonuses

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

17.1.4 Paid Absences

The municipality pays employees for absence for various reasons including holidays, sickness and short-term disability, and maternity or paternity. The expected cost of short-term employee benefits in the form of paid absences for accumulating paid absences is recognised when the employees render service that increases their entitlement to future paid absences. The expected cost of non-accumulating paid absences is recognised when the absences occur.

17.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

17.2.1 Defined Contribution Plans

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. For defined contribution plans, the municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

17.2.2 Defined Benefit Plans

Defined Benefit Cost is made up of the following components:

(a) Service Cost, comprising:
- Current Service Cost
- Settlements
- Past Service Cost, comprising:;
  (1) Plan Amendments
  (2) Curtailments

(b) Net Interest Revenue / Expense

(c) Remeasurements, comprising:
- Actuarial Gains and Losses
- Return on Plan Assets, excluding amounts included in net interest on the net defined benefit liability (asset)
- Any change in the Effect of the Asset Ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

Post-retirement Health Care Benefits

The municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as a contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 Employee benefits (using a discount rate applicable to high-quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method.

The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

Past-service costs are recognised immediately in Surplus or Deficit.

Long-service Allowance

Long service awards are provided to employees who achieve certain predetermined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of interest cost in GRAP 25.

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

Ex-Gratia Pension Benefits

Ex-gratia gratuities are provided to employees that were not previously members of a pension fund. The municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of interest cost in GRAP 25. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

17.3 Termination Benefits

The municipality provides termination benefits for its employees in terms of the municipality's Employee Benefit Plan.

Termination Benefits to employees is recognised as an expense in the Statement of Financial Performance and as a liability in the Statement of Financial Position when the municipality can no longer withdraw the offer of those benefits.

18. NET ASSETS

Included in the Net Assets of the municipality are the following items that are maintained in terms of specific requirements:

18.1 Accumulated Surplus

Included in the Accumulated Surplus of the municipality are the following Reserves that are maintained in terms of specific requirements.

18.1.1 Capital Replacement Reserve (CRR)

In order to finance the provision of Infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) to the CRR in terms of delegated powers.

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

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in Surplus or Deficit and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

19. REVENUE RECOGNITION

19.1 Revenue from Non-Exchange Transactions

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

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the municipality when the receivable meets the definition of an asset. All unpaid receivables relating to traffic fines as at 30 June 2024 was written off in the 2024/2025 financial year.

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

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

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

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

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

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

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue.

When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the municipality's operations 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.

If the services in-kind are not significant to the municipality's operations or does not satisfy the above-mentioned criteria, the municipality only discloses the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset because the municipality controls the resource from which future economic benefits or service potential is expected to flow to the municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

19.1.1 Rates and Taxes

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

19.1.2 Fines

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

19.1.3 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

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.

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

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

19.1.4 Public Contributions

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

19.1.5 Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

19.1.6 Rentals Received

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

19.1.7 Tariff Charges

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

19.2 Revenue from Exchange Transactions

19.2.1 Service Charges

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

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

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

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

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after the date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Payables from Exchange Transactions in the Statement of Financial Position.

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

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property, a fixed monthly tariff is levied and in the case of commercial property, a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend.

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

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

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

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

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

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

19.2.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after the date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Payables from Exchange Transactions in the Statement of Financial Position.

19.2.3 Rentals Received

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

19.2.4 Interest Earned

Interest revenue is recognised using the effective interest rate method.
Interest earned on the following investments is not recognised in Surplus or Deficit:

- Interest earned on Trust Funds is allocated directly to the fund.
- Interest earned on unutilised Conditional Grants is allocated directly to the Creditor: Unutilised Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

19.2.5 Dividends

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

19.2.6 Royalties

Royalties are recognised on an Accrual Basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a Straight-line Basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

19.2.7 Tariff Charges

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

20. GRANTS-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:

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

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

21. ACCOUNTING BY PRINCIPALS AND AGENTS

21.1 Identifying whether an entity is a principal or an agent

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

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

21.2 Binding arrangement

The municipality assesses whether it is the agent or the 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 the principal or the agent. Assessing which entity benefits from the transactions with third parties.The municipality is the 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.

The municipality is an agent for the following departments:
• Western Cape Provincial Department – 12% commission.
• Department of Cultural Affairs and Sport (DCAS) – 100% commission.

21.3 Recognition

The municipality, as the 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.

22. SEGMENT REPORTING

A segment is an activity of a municipality:

a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity andin assessing its performance; and
c) 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.

22.1 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.

Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

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

23. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit 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 Surplus or Deficit.

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), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure.

Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

25. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit 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 Surplus or Deficit.

26. COMMITMENTS

- Items are classified as capital 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 future capital commitments relating to property, plant and equipment, investment property, intangible assets and heritage assets, as applicable. Refer to note - Commitments.
- Commitments for which disclosure is necessary to achieve a fair presentation should be 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).

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

27. RELATED PARTIES

The objective of this Standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents annual financial statements under the accrual basis of accounting (in this Standard referred to as the reporting entity) shall apply this Standard in:
a) Identifying related party relationships and transactions;
b) Identifying outstanding balances, including commitments, between an entity and its related parties;
c) Identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
d) Determining the disclosures to be made about those items

This Standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This Standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The Standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:

A person or a close member of that person's family is related to the reporting entity if that person:

a) has control or joint control over the reporting entity;
b) has significant influence over the reporting is a member of the management of the entity or its controlling entity.
c) is a member of the management of the entity or its controlling entity.

An entity is related to the reporting entity if any of the following conditions apply:

a) the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);

One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);

a) both entities are joint ventures of the same third party;
b) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
c) the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity.

Related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;

a) the entity is controlled or jointly controlled by a person identified in (a); and
b) a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The Standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

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

28. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

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

29. EVENTS AFTER THE REPORTING DATE

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

The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date).
- Those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

30. VALUE ADDED TAX

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

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

The following GRAP Standards and Interpretations have been issued by the Accounting Standards Board but are not yet effective for the financial year ended 30 June 2025. The municipality has not early adopted these standards, and their impact on future financial statements is being assessed.

Additionally, these standards and interpretations are not always relevant to the municipality's operations and are indicated as such below:

Standard of GRAP / Nature of Impending Changes / Expected Impact		Effective Date	Planned Date for Application by Municipality
• **GRAP 1**	**Presentation of Financial Statements**	Not yet determined	Not yet determined
Nature of Changes:	Revised requirements on the presentation of financial statements, focusing on materiality and going concern considerations.		
Expected Impact:	Enhances clarity in financial reporting by requiring entities to tailor disclosures based on materiality, ensuring relevant information is highlighted. It also strengthens the assessment and disclosure of going concern uncertainties.		
• **GRAP 103**	**Heritage Assets**	Not yet determined	Not yet determined
Nature of Changes:	Revised guidance on accounting for heritage assets, including recognition, measurement, and disclosure.		
Expected Impact:	Promotes consistent and accurate valuation of heritage assets, reflecting their cultural, historical, or environmental significance. Improved disclosure requirements enhance transparency regarding these assets' value and management.		
• **GRAP 104**	**Financial Instruments**	01/04/2025	01/07/2025
Nature of Changes:	Updates the classification, measurement, and impairment requirements of financial instruments to align with international standards like IFRS 9. The revised GRAP 104 aligns more closely with international standards, particularly concerning the classification and measurement of financial instruments.		
Expected Impact:	Changes in classification (amortized cost, fair value) and a shift to an expected 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. It is unlikely that there will be a material impact on the municipality's financial statements.		
• **GRAP 105, 106 & 107**	**Transfers of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers**	Not yet determined	Not yet determined
Nature of Changes:	Provides guidance on accounting for transfers of functions between entities and mergers, both under common and not under common control.		
Expected Impact:	Affects the recognition, measurement, and disclosure of assets and liabilities transferred during organizational changes, ensuring that the financial statements accurately reflect the impact of such transfers and mergers.		
• **iGRAP 22**	**Foreign Currency Transactions**	01/04/2025	01/07/2025
Nature of Changes:	Clarifies accounting for foreign currency transactions involving advance consideration, ensuring alignment with IFRS standards. This interpretation provides guidance on how to determine the exchange rate to use on the date of a foreign currency transaction when consideration is paid or received in advance.		
Expected Impact:	This standard impacts how exchange rate differences are recognized 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 involving advance payments, which may affect the timing and amount of revenue or expense recognition.		
	Improvements to Standards of GRAP, 2023	Not yet determined	Not yet determined
Nature of Changes:	Minor amendments made to align with international best practices and address stakeholder feedback.		
Expected Impact:	Aims to improve consistency and clarity in financial reporting by incorporating minor changes across various standards, ensuring alignment with global accounting practices and stakeholder expectations. Specific impacts vary depending on the nature of the amendments.		

	2025 R	2024 R

1. GENERAL INFORMATION

Langeberg Local Municipality is a local government institution in Ashton, Western Cape, and is one of five local municipalities under the jurisdiction of the Cape Winelands District Municipality. The address of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA, Act no 56 of 2003).

2. INVENTORIES

	2025 R	2024 R
Consumables	4,651,366	5,271,248
Finished Goods	560,645	161,718
Housing Stock	1,259,492	-
Land	2,064,814	2,242,444
Materials and Supplies	8,538,741	9,455,522
Water - At Cost	257,962	258,226
Total Inventories	**17,333,020**	**17,389,158**

The cost of Inventories recognised as an expense amounted to R38,260,144 (2024: R32,612,888)

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2025	Gross Balances R	Provision for Impairment R	Net Balances R
Service Debtors:	223,966,391	89,401,645	134,564,746
Electricity	106,984,945	23,682,247	83,302,698
Refuse	28,247,325	17,581,342	10,665,983
Sewerage	32,192,728	20,644,689	11,548,039
Water	56,541,393	27,493,367	29,048,026
Other Receivables	5,818,210	2,476,722	3,341,488
VAT accrual (input) receivable	6,484,821	-	6,484,821
Prepayments and Advances	12,509,305	-	12,509,305
Control, Clearing and Interface Accounts	59,856	-	59,856
Total Receivables from Exchange Transactions	**248,838,583**	**91,878,367**	**156,960,216**

As at 30 June 2024	Gross Balances R	Provision for Impairment R	Net Balances R
Service Debtors:	105,783,095	46,617,537	59,165,558
Electricity	43,214,396	6,163,697	37,050,699
Refuse	17,269,159	10,761,062	6,508,097
Sewerage	21,864,400	14,451,667	7,412,733
Water	23,435,141	15,241,111	8,194,030
Other Receivables	5,237,559	3,324,719	1,912,840
VAT accrual (input) receivable	13,650,262	-	13,650,262
Prepayments and Advances	2,493,706	-	2,493,706
Total Receivables from Exchange Transactions	127,164,622	49,942,256	77,222,366

Other receivables is made up of Housing, Admin Fees, Rentals, Sundry debtors and Merchandising, Jobbing and Contracts

The prior year amount for Receivables from Exchange Transactions has been adjusted. Refer to Note 52.6 on "Correction of Error" for details of the restatement.

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2025

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Electricity:					
Gross Balances	41,774,468	39,435,638	2,095,111	23,682,247	106,987,464
Less: Provision for Impairment	-	-	-	23,682,247	23,682,247
Net Balances	**41,774,468**	**39,435,638**	**2,095,111**	**-**	**83,305,217**
Refuse:					
Gross Balances	3,629,164	3,817,836	1,569,480	19,230,846	28,247,326
Less: Provision for Impairment	-	-	-	17,581,342	17,581,342
Net Balances	**3,629,164**	**3,817,836**	**1,569,480**	**1,649,504**	**10,665,984**
Sewerage:					
Gross Balances	3,789,279	4,123,273	1,715,901	22,564,261	32,192,715
Less: Provision for Impairment	-	-	-	20,644,689	20,644,689
Net Balances	**3,789,279**	**4,123,273**	**1,715,901**	**1,919,572**	**11,548,026**
Water:					
Gross Balances	9,598,763	14,919,768	4,529,508	27,493,368	56,541,406
Less: Provision for Impairment	-	-	-	27,493,367	27,493,367
Net Balances	**9,598,763**	**14,919,768**	**4,529,508**	**1**	**29,048,039**
Other Receivables:					
Gross Balances	1,084,048	231,013	89,721	4,413,528	5,818,310
Less: Provision for Impairment	-	-	-	2,476,722	2,476,722
Net Balances	**1,084,048**	**231,013**	**89,721**	**1,936,806**	**3,341,589**
VAT accrual (input) receivable:					
Gross Balances	6,484,821				6,484,821
Less: Provision for Impairment	-				-
Net Balances	**6,484,821**	**-**	**-**	**-**	**6,484,821**
Prepayments and Advances:					
Gross Balances	12,509,305	-	-	-	12,509,305
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**12,509,305**	**-**	**-**	**-**	**12,509,305**
Control, Clearing and Interface Accounts:					
Gross Balances	59,856	-	-	-	59,856
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**59,856**	**-**	**-**	**-**	**59,856**

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
All Receivables:					
Gross Balances	78,929,705	62,527,528	9,999,720	97,384,250	248,841,203
Less: Provision for Impairment	-	-	-	91,878,366	91,878,366
Net Balances	**78,929,705**	**62,527,528**	**9,999,720**	**5,505,884**	**156,962,837**
As at 30 June 2024					
Electricity:					
Gross Balances	31,863,411	5,035,285	1,632,953	4,682,746	43,214,396
Less: Provision for Impairment	-	-	-	6,163,697	6,163,697
Net Balances	**31,863,411**	**5,035,285**	**1,632,953**	**(1,480,951)**	**37,050,699**
Refuse:					
Gross Balances	4,595,645	1,801,907	710,558	10,161,049	17,269,159
Less: Provision for Impairment	-	-	-	10,761,062	10,761,062
Net Balances	**4,595,645**	**1,801,907**	**710,558**	**(600,013)**	**6,508,097**
Sewerage:					
Gross Balances	5,333,055	2,016,877	799,516	13,714,952	21,864,400
Less: Provision for Impairment	-	-	-	14,451,667	14,451,667
Net Balances	**5,333,055**	**2,016,877**	**799,516**	**(736,715)**	**7,412,732**
Water:					
Gross Balances	5,335,858	2,779,811	976,423	14,343,049	23,435,141
Less: Provision for Impairment	-	-	-	15,241,111	15,241,111
Net Balances	**5,335,858**	**2,779,811**	**976,423**	**(898,062)**	**8,194,030**
Other Receivables:					
Gross Balances	3,991,214	60,827	22,769	1,162,749	5,237,559
Less: Provision for Impairment		-	-	3,324,719	3,324,719
Net Balances	**3,991,214**	**60,827**	**22,769**	**(2,161,970)**	**1,912,840**
VAT accrual (input) receivable:					
Gross Balances	13,650,262	-	-		13,650,262
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**13,650,262**	**-**	**-**	**-**	**13,650,262**
Prepayments and Advances:					
Gross Balances	2,493,706	-	-	-	2,493,706
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**2,493,706**	**-**	**-**	**-**	**2,493,706**
All Receivables:					
Gross Balances	67,263,151	11,694,708	4,142,219	44,064,545	127,164,622
Less: Provision for Impairment	-	-	-	49,942,256	49,942,256
Net Balances	**67,263,151**	**11,694,708**	**4,142,219**	**(5,877,711)**	**77,222,366**

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

4. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2025	Gross Balances R	Provision for Impairment R	Net Balances R
VAT due by South African Revenue Service (VAT Control statutory position)	1,599,307	-	1,599,307
Total Statutory Receivables from Exchange Transactions	**1,599,307**	**-**	**1,599,307**

As at 30 June 2024	Gross Balances R	Provision for Impairment R	Net Balances R
VAT due by South African Revenue Service (VAT Control statutory position)	2,628,525	-	2,628,525
Total Statutory Receivables from Exchange Transactions	**2,628,525**	**-**	**2,628,525**

VAT is claimable on the payment basis.

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

As at 30 June 2025	Gross Balances R	Provision for Impairment R	Net Balances R
Availability charges	12,431,649	11,110,373	1,321,276
Accrued Income	3,341	-	3,341
Security Deposits	8,158,511	-	8,158,511
Total Receivables from Non-exchange Transactions	**20,593,501**	**11,110,373**	**9,483,128**

As at 30 June 2024	Gross Balances R	Provision for Impairment R	Net Balances R
Accrued Income	3,341	-	3,341
Administration Cost	97,605	-	97,605
Availability Charges	10,368,415	9,188,215	1,180,200
Equitable share receivable	11,964,848	-	11,964,848
Security Deposits	8,158,511	-	8,158,511
Total Receivables from Non-exchange Transactions	**30,592,720**	**9,188,215**	**21,404,505**

5.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2025

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Other Receivables:					
Gross Balances	416,198	479,899	225,051	11,309,005	12,430,153
Less: Provision for Impairment				11,110,373	11,110,373
Net Balances	**416,198**	**479,899**	**225,051**	**198,632**	**1,319,779**
Accrued Income:					
Gross Balances	3,341	-	-	-	3,341
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**3,341**	**-**	**-**	**-**	**3,341**
Security Deposits:					
Gross Balances	8,158,511	-	-	-	8,158,511
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**8,158,511**	**-**	**-**	**-**	**8,158,511**

All Receivables:					
Gross Balances	8,578,050	479,899	225,051	11,309,005	20,592,005
Less: Provision for Impairment	-	-	-	11,110,373	11,110,373
Net Balances	**8,578,050**	**479,899**	**225,051**	**198,632**	**9,481,631**

As at 30 June 2024

Other Receivables:					
Gross Balances	12,049,042	433,184	194,142	9,754,500	22,430,868
Less: Provision for Impairment				9,188,215	9,188,215
Net Balances	**12,049,042**	**433,184**	**194,142**	**566,285**	**13,242,653**
Accrued Income:					
Gross Balances	3,341	-	-	-	3,341
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**3,341**	**-**	**-**	**-**	**3,341**
Security Deposits:					
Gross Balances	8,158,511	-	-	-	8,158,511
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**8,158,511**	**-**	**-**	**-**	**8,158,511**
All Receivables:					
Gross Balances	20,210,894	433,184	194,142	9,754,500	30,592,720
Less: Provision for Impairment	-	-	-	9,188,215	9,188,215
Net Balances	**20,210,894**	**433,184**	**194,142**	**566,285**	**21,404,505**

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

6. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2025			
Property Rates	54,792,455	36,951,952	17,840,503
Fines	32,348,823	28,779,778	3,569,045
Total Statutory Receivables from Non-Exchange Transactions	**87,141,278**	**65,731,730**	**21,409,548**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Property Rates	37,260,497	29,285,237	7,975,260
Fines	9,800,512	8,550,259	1,250,253
Total Statutory Receivables from Non-Exchange Transactions	**47,061,009**	**37,835,496**	**9,225,513**

6.1 Ageing of Statutory Receivables from Non-Exchange Transactions

As at 30 June 2025

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	9,633,336	6,084,214	2,123,004	36,951,952	54,792,506
Less: Provision for Impairment	-	-	-	36,951,952	36,951,952
Net Balances	**9,633,336**	**6,084,214**	**2,123,004**	**(0)**	**17,840,554**
Fines:					
Gross Balances	32,348,823	-	-	-	32,348,823
Less: Provision for Impairment	28,779,778	-	-	-	28,779,778
Net Balances	**3,569,045**	**-**	**-**		**3,569,045**
All Receivables:					
Gross Balances	41,982,160	6,084,214	2,123,004	36,951,952	87,141,329
Less: Provision for Impairment	28,779,778	-	-	36,951,952	65,731,730
Net Balances	**13,202,381**	**6,084,214**	**2,123,004**	**(0)**	**21,409,599**

As at 30 June 2024

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	4,672,908	2,369,310	652,705	29,565,574	37,260,497
Less: Provision for Impairment	-	-	-	29,285,237	29,285,237
Net Balances	**4,672,908**	**2,369,310**	**652,705**	**280,337**	**7,975,260**
Fines:					
Gross Balances	9,800,512	-	-	-	9,800,512
Less: Provision for Impairment	8,550,259	-	-	-	8,550,259
Net Balances	**1,250,253**	**-**	**-**		**1,250,253**
All Receivables:					
Gross Balances	14,473,420	2,369,310	652,705	29,565,574	47,061,009
Less: Provision for Impairment	8,550,259	-	-	29,285,237	37,835,496
Net Balances	**5,923,161**	**2,369,310**	**652,705**	**280,337**	**9,225,513**

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

7. CASH AND CASH EQUIVALENTS

	2025	2024
	R	R
Current Investments	106,134,985	187,200,669
Bank Accounts	90,195,451	109,884,979
Cash on Hand	9,101	8,950
Total Bank, Cash and Cash Equivalents	**196,339,537**	**297,094,598**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments.

	2025 R	2024 R
7.1 Current Investment Deposits		
Call Deposits	106,134,985	187,200,669
Total Current Investment Deposits	**106,134,985**	**187,200,669**

Call Deposits are investments with a maturity period of less than 3 months. The average interest rate for the year was 8.88% (2024:7.37%).

7.2 Bank Accounts

Cash in Bank	90,195,451	109,884,979

The Municipality has the following operational bank accounts:

Primary Bank Account		
Cash book balance at beginning of year	109,884,979	178,120,890
Cash book balance at end of year	90,195,451	109,884,979

The Municipality has the following Primary Bank Account : ABSA Bank - Cheque Account Number: 1050000008

7.3 Cash and Cash Equivalents

Cash Floats and Advances	9,101	8,950
Total Cash on hand in Cash Floats, Advances and Equivalents	**9,101**	**8,950**

8. PROPERTY, PLANT AND EQUIPMENT

30 June 2025

Reconciliation of Carrying Value Description	Land and Buildings	Infrastructure	Community	Other	Transport Assets	Leased Assets	Total
		R	R	R	R	R	R
Carrying values at 01 July 2024	**100,083,985**	**767,932,162**	**78,526,959**	**30,142,969**	**27,640,389**	**14,780,890**	**1,019,107,354**
Cost	112,505,038	1,119,038,377	118,220,781	71,652,547	60,405,776	19,788,875	1,501,611,394
Accumulated Impairment Losses	(511,737)	(13,209,026)	(4,242)	(559,329)	(13,102)	-	(14,297,436)
Accumulated Depreciation	(11,909,316)	(337,897,189)	(39,689,580)	(40,950,249)	(32,752,285)	(5,007,985)	(468,206,604)
Acquisition of Assets	3,845,461	208,559,447	9,136,588	10,919,328	13,162,235	-	245,623,059
Decommissioning and other Liabilities	-	(3,046,770)	-	-	-	-	(3,046,770)
Depreciation	(754,018)	(37,683,303)	(4,014,981)	(5,923,720)	(3,236,128)	(2,537,765)	(54,149,915)
Carrying value of Disposals:	-	(8,318)	-	(31,654)	(25,709)	-	(65,681)
- Cost	-	(44,385)	-	(47,956)	(111,874)	-	(204,215)
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	36,067	-	16,302	86,165	-	138,534
Other Movements	(108,599)	(98,214,466)	(3,585,132)	-	-	-	(101,908,197)
- Cost	(108,599)	(98,214,466)	(3,585,132)	-	-	-	(101,908,197)
- Transfers Received	-	1,880,768	-	-	-		1,880,768
- Transfers Made	(108,599)	(100,095,234)	(3,585,132)	-	-	-	(103,788,965)
Carrying values at 30 June 2025	**103,066,829**	**837,538,752**	**80,063,434**	**35,106,923**	**37,540,787**	**12,243,125**	**1,105,559,850**
Cost	116,241,900	1,226,292,203	123,772,237	82,523,919	73,456,137	19,788,875	1,642,075,271
Accumulated Impairment Losses	(511,737)	(13,209,026)	(4,242)	(559,329)	(13,102)	-	(14,297,436)
Accumulated Depreciation	(12,663,334)	(375,544,425)	(43,704,561)	(46,857,667)	(35,902,248)	(7,545,750)	(522,217,985)

8. PROPERTY, PLANT AND EQUIPMENT

30 June 2024

Reconciliation of Carrying Value Description	**Land and Buildings**	**Infrastructure**	**Community**	**Other**	**Transport Assets**	**Leased Assets**	**Total**
		R	R	R	R	R	R
Carrying values at 01 July 2023	**100,288,887**	**658,740,561**	**63,990,016**	**25,474,386**	**30,513,959**	**17,395,196**	**896,403,005**
Cost	111,966,540	973,578,213	100,201,435	63,558,219	61,626,396	20,322,058	1,331,252,861
Accumulated Impairment Losses	(511,737)	(13,209,026)	(4,242)	(144,830)	(13,102)	-	(13,882,937)
Accumulated Depreciation	(11,165,916)	(301,628,626)	(36,207,177)	(37,939,003)	(31,099,335)	(2,926,862)	(420,966,919)
	-						
Acquisition of Assets	429,815	152,129,943	16,448,409	6,504,568	305,000	-	175,817,735
- Capital Under Construction	-	-	1,986,667	-	-	-	1,986,667
Depreciation	(743,400)	(36,738,334)	(3,524,414)	(5,374,416)	(3,298,751)	(2,611,247)	(52,290,562)
Carrying value of Disposals:		(909,547)	-	(267,141)	(348,069)	(21,914)	(1,546,671)
- Cost		(1,379,318)	(42,011)	(2,673,120)	(1,993,870)	(552,038)	(6,640,357)
- Accumulated Impairment Losses	-	-	-	42,809	-	-	42,809
- Accumulated Depreciation	-	469,771	42,011	2,363,170	1,645,801	530,124	5,050,877
	-						
Impairment Losses	-	-	-	(457,308)	-	-	(457,308)
- Cost	108,683	(5,290,461)	(373,719)	4,262,880	468,250	18,855	(805,512)
- Transfers Received	554,535	59,010,489	19,977,118	11,775,046	773,250	18,855	92,109,293
- Transfers Made	(445,852)	(64,300,950)	(20,350,837)	(7,512,166)	(305,000)	-	(92,914,805)
Carrying values at 30 June 2024	**100,083,985**	**767,932,162**	**78,526,959**	**30,142,969**	**27,640,389**	**14,780,890**	**1,019,107,354**
Cost	112,505,038	1,119,038,377	118,220,781	71,652,547	60,405,776	19,788,875	1,501,611,394
Accumulated Impairment Losses	(511,737)	(13,209,026)	(4,242)	(559,329)	(13,102)	-	(14,297,436)
Accumulated Depreciation	(11,909,316)	(337,897,189)	(39,689,580)	(40,950,249)	(32,752,285)	(5,007,985)	(468,206,604)

	2025 R	2024 R

8.1 Assets pledged as security

Leased Assets are pledged as security for the finance liability.

8.2 Impairment of Property, Plant and Equipment

Impairment Losses on Property, Plant and Equipment to the amount of R nil (2024:R457,308) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 41

	2025	2024
Other Assets	-	457,308
Total Impairment of Property, Plant and Equipment	**-**	**457,308**

8.3 Work-in-Progress

The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:

June 2025	**Infrastructure**	**Community**	**Land and Building**	**Total**
Opening Balance	141,664,667	3,585,132	86,544	145,336,343
Additions	67,362,181	-	6,843,820	74,206,001
Completed Assets	(117,208,547)	(3,585,132)	(86,544)	(120,880,224)
Closing Balance	**91,818,300**	**-**	**6,843,820**	**98,662,120**

June 2024

	Infrastructure	**Community**	**Land and Building**	**Total**
Opening Balance	37,410,484	2,837,815	459,032	40,707,331
Additions	138,666,082	16,498,378	-	155,164,460
Completed Assets	(34,411,899)	(15,751,061)	(372,488)	(50,535,448)
Closing Balance	**141,664,667**	**3,585,132**	**86,544**	**145,336,343**

8.4 Delayed Projects

Project Details (Unspent Balance)	**2025 R**	**2024 R**
Infrastructure Assets	3,120,071	46,585,971

2025: There are still a few remaining stock items to be delivered which is on delay due to global supply chain processes in China. The ICASA frequency license applications are well in progress. A budget rollover was approved. Additional radios required as per project scope and the McGregor town was incomplete due to budget constraints. Furthermore for other projects was delayed due to the non-submission of the required documentation by a registered professional engineer, which was necessary to proceed with the design, supply, and installation of the high mast sites.

2024: Due to grant funding received for flood damage repairs. Funds were received in March 2024 four months before the end of the financial year and the procurement process commenced shortly thereafter.

Community Asset	763,406	7,810,995

2025: Due to adverse weather conditions, the project was delayed, impacting the planned construction schedule

2024: Due to grant funding received for flood damage repairs. Funds were received in March 2024 four (4) months before the end of the financial year and the procurement process commenced shortly thereafter.

Other Assets	4,097,107	4,461,739

2025: Due to the order being received only on 25 April, the project schedule was delayed and manufacturing constraints at the supplier, the project was delayed as delivery of critical components was extended

2024: Due to delay in delivery of equipment.

Total balance at year end	**7,980,584**	**58,858,705**

8.5 Expenditure incurred for Repairs and Maintenance	2025 R	2024 R
The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:		
Electrical Infrastructure	3,769,778	3,152,966
- Contracted Services	248,777	384,821
- Inventory Consumed	3,521,001	2,768,145
Information and Communication	2,350	131,176
- Contracted Services	-	127,110
- Inventory Consumed	2,350	4,066
Roads Infrastructure	4,625,710	9,006,707
- Contracted Services	1,326,004	2,344,201
- Inventory Consumed	3,299,706	6,662,506
Sanitation Infrastructure	5,130,786	3,848,142
- Contracted Services	4,808,552	2,963,755
- Inventory Consumed	322,234	884,387
Solid Waste Disposal	6,291	165,279
- Contracted Services	-	136,971
- Inventory Consumed	6,291	28,308
Stormwater Infrastructure	1,070,060	904,291
- Contracted Services	908,853	743,797
- Inventory Consumed	161,207	160,494
Water Supply Infrastructure	11,431,697	11,316,466
- Contracted Services	10,318,093	10,055,090
- Inventory Consumed	1,113,604	1,261,376
Community Assets	1,383,263	2,683,764
- Contracted Services	505,858	1,369,375
- Inventory Consumed	877,405	1,314,389
Computer Equipment	15,845	125,563
- Contracted Services	14,802	110,529
- Inventory Consumed	1,043	15,034
Furniture and Office Equipment	135,400	696,389
- Contracted Services	127,971	481,203
- Inventory Consumed	7,429	215,186
Machinery and Equipment	374,241	382,459
- Contracted Services	267,095	287,355
- Inventory Consumed	107,146	95,104
Other Assets - Buildings	555,237	694,896
- Contracted Services	449,917	494,948
- Inventory Consumed	105,320	199,948
Transport Assets	5,278,990	8,637,508
- Contracted Services	3,099,051	3,128,190
- Inventory Consumed	2,179,939	5,509,318
Total Expenditure related to Repairs and Maintenance Projects	**33,779,648**	**41,745,606**

9. INTANGIBLE ASSETS

	2025 R	2024 R
At Cost	**6,029,433**	**3,936,484**

The movement in Intangible Assets is reconciled as follows:

Intangible Assets

	2025 R	2024 R
Carrying values at 01 July 2024	**3,936,484**	**1,320,657**
Opening Balance - Computer Software	3,883,484	1,267,657
Opening Balance - Servitudes	53,000	53,000
Accumulated Amortisation	-	
Acquisitions:	2,615,827	2,615,827
Purchased	2,615,827	2,615,827
Amortisation:	(522,879)	-
Purchased	(522,879)	-
Carrying values at 30 June 2025	**6,029,432**	**3,936,484**
Closing Balance - Computer Software	6,499,311	3,883,484
Closing Balance - Servitudes	53,000	53,000
Accumulated Amortisation	(522,879)	-

9.1 Significant Intangible Assets

Material intangible assets included in the carrying value:

	2025 R	2024 R
Omron Scada software - vehicle testing	24,100	24,100
Other intangible assets	181,281	181,281
Servitude Bonnievale	53,000	53,000
Software Bytes NBD	16,192	16,192
Website costs	235,246	235,246
Sonicwall - Analytics	19,839	19,839
Internal audit and risk management software - BarnOwl	791,000	791,000
Enterprise Resource Planning System	4,708,775	2,615,827
	6,029,433	**3,936,485**

9.2 Intangible Assets with Useful Lives

The municipality regards all of its Intangible Assets as having indefinite useful lives, except for the Enterprise Resource Planning System.

The useful lives of the Enterprise Resource Planning System is 10 years

The useful lives of all other Intangible Assets remain unchanged from the previous year.

10. INVESTMENT PROPERTY

	2025 R	2024 R
At Cost less Accumulated Depreciation	**29,474,866**	**27,971,532**

The movement in Investment Property is reconciled as follows:

	2025 R	2024 R
Carrying values at 1 July 2024	**27,971,532**	**28,034,849**
Cost	30,128,400	30,128,400
Accumulated Depreciation	(2,156,868)	(2,093,551)
Depreciation during the Year	(63,144)	(63,318)
Transfers during the Year:	1,566,478	-
At Cost	1,566,478	-
Carrying values at 30 June 2025	**29,474,866**	**27,971,530**
Cost	31,694,878	30,128,399
Accumulated Depreciation	(2,220,012)	(2,156,869)

AUDITOR-GENERAL SOUTH AFRICA
30 November 2025

11. HERITAGE ASSETS

30 June 2025

Reconciliation of Carrying Value

Description	Significant Land and Buildings	Total
	R	R
Carrying values at 01 July 2024	**275,448**	**275,448**
Cost	664,448	664,448
Accumulated Impairment Losses	(389,000)	(389,000)
Acquisitions	-	-
Carrying values at 30 June 2025	**275,448**	**275,448**
Cost	664,448	664,448
Accumulated Impairment Losses	(389,000)	(389,000)

11. HERITAGE ASSETS

30 June 2024

Reconciliation of Carrying Value

Description	Significant Land and Buildings	Total
	R	R
Carrying values at 01 July 2023	**275,448**	**275,448**
Cost	664,448	664,448
Accumulated Impairment Losses	(389,000)	(389,000)
Acquisitions	-	-
Carrying values at 30 June 2024	**275,448**	**275,448**
Cost	664,448	664,448
Accumulated Impairment Losses	(389,000)	(389,000)

Assets declared as heritage assets:

According to the South African Heritage Resources Agency, the following assets are declared as heritage sites. However, Langeberg Municipality classifies such assets as follows based on their use:

a) Montagu Municipal Offices - Administrative Use - Property, plant and equipment
b) Hofmeyer Hall - Community Hall - Property, Plant and equipment
c) McGregor Municipal Offices - Mixed Use - Investment property
d) Robertsons Old Library - Administrative Use - Property, Plant and equipment
e) Robertsons Municipal Offices - Administrative Use - Property, plant and equipment

12. LIVING AND NON-LIVING RESOURCES

The Municipality extracts the water from the following non-living resources:

NON-LIVING RESOURCES

DAM

As at 30 June 2025

TOWN	OWNER	VOLUME % 30 June 2025	VOLUME m³	LOCATION - (S)	LOCATION - (E)
Groter Brandvlei	Department of Water Services	53%	243,270,000	Worcester	
Dassieshoekdam	Langeberg Mun	55%	460,000	33º45'26"	19º52'37"
Kooskokdam	Langeberg Mun	100%	103,700	33º45'00"	19º53'36"
Montagu Bo-Dam	Langeberg Mun	32%	75,000	33º48'00"	20º07'57"
Montagu Onderdam	Langeberg Mun	73%	249,500	33º47'45"	20º07'45"
McGregor Vaaldam	Langeberg Mun	62%	69,550	33º57'13"	19º49'06"
McGregor Rooidam	Langeberg Mun	62%	44,167	33º57'18"	19º49'17"
McGregor Drinkwaterdam	Langeberg Mun	87%	96,586	33º57'24"	19º49'13"
Ashton Stoordam	Langeberg Mun	70%	77,000	33º50'05"	20º01'59"

As at 30 June 2024

DAM

TOWN	OWNER	VOLUME % 30 June 2024	VOLUME m³	LOCATION - (S)	LOCATION - (E)
Groter Brandvlei	Department of Water Services	78%	355,333,333	Worcester	
Dassieshoekdam	Langeberg Mun	82%	684,700	33º45'26"	19º52'37"
Kooskokdam	Langeberg Mun	65%	67,405	33º45'00"	19º53'36"
Montagu Bo-Dam	Langeberg Mun	27%	69,660	33º48'00"	20º07'57"
Montagu Onderdam	Langeberg Mun	78%	265,902	33º47'45"	20º07'45"
McGregor Vaaldam	Langeberg Mun	93%	137,656	33º57'13"	19º49'06"
Mcgregor Rooidam	Langeberg Mun	79%	56,759	33º57'18"	19º49'17"
McGregor Drinkwaterdam	Langeberg Mun	84%	69,132	33º57'24"	19º49'13"
Ashton Stoordam	Langeberg Mun	70%	77,000	33º50'05"	20º01'59"

As at 30 June 2025

BOREHOLES

TOWN	BOREHOLE NUMBER	OWNER	YIELD/YEAR m³	LOCATION - (S)	LOCATION - (E)
Montagu	Old Borehole 1	Langeberg Mun	0	33º46'47"	20º06'45"
Montagu	New Borehole 1	Langeberg Mun	0	33º46'45"	20º06'36"
Montagu	Old Borehole 3	Langeberg Mun	0	33º46'46"	20º06'37"
Montagu	Old Borehole 4	Langeberg Mun	0	33º46'46"	20º06'33"
Montagu	New Borehole 5	Langeberg Mun	0	33º46'38"	20º07'53"

As at 30 June 2024

BOREHOLES

TOWN	BOREHOLE NUMBER	OWNER	YIELD/YEAR m³	LOCATION - (S)	LOCATION - (E)
Montagu	Old Borehole 1	Langeberg Mun	0	33º46'47"	20º06'45"
Montagu	New Borehole 1	Langeberg Mun	0	33º46'45"	20º06'36"
Montagu	Old Borehole 3	Langeberg Mun	0	33º46'46"	20º06'37"
Montagu	Old Borehole 4	Langeberg Mun	0	33º46'46"	20º06'33"
Montagu	New Borehole 5	Langeberg Mun	0	33º46'38"	20º07'53"

RIVER ABSTRACTION NAME	LOCATION S	LOCATION E
Ashton Breede River Pump Station	33º52'08"	19º59'13"
Bonnievale Breede River Pump Station	33º56'27"	20º04'22"

The municipality adheres to the National Water Act with regards to the dams that the municipality is a custodian of.

	2025 R	2024 R
13. INVESTMENTS		
Non-current Investments	156,485	154,537
Total Investments	**156,485**	**154,537**
13.1 Non-current Investments		
Listed		
Listed Shares	156,485	154,537
Total Non-current Portion of	**156,485**	**154,537**
Total Investments		
Non-current Portion	156,485	154,537
Total Investments	**156,485**	**154,537**

Financial assets are recognised at the following hierarchy:
Level 1 - represents those assets which are measured using unadjusted quoted prices in active markets for identical assets. Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to those shares. Listed investments represent 270 Sanlam shares and 685 Heineken shares. The market value per share at year end: Sanlam shares R88.67 (2024: R82.67). The market value per share at year end: Heineken shares R180.50 (2024: R180.50)

Unlisted Investments comprise the following:

(i) Unlisted investments comprise 1309 Hosken Passenger Logistics & Retail Ltd shares held at fair value, available for sale.

The market value per share at year end: Hosken Passenger Logistics & Retail Ltd R6.80 (2024: R6.55). The share prices are publicly available and are not appended on valuations.

14. LEASE RECEIVABLES

Current Lease Receivables	80,347	88,358
Total Lease Receivables	**80,347**	**88,358**

14.1.1 Leasing Arrangements

The Municipality as Lessor:

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

14.1.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	349,727	575,071
2 to 5 years	948,232	1,114,852
More than 5 years	325,428	180,193
Total Operating Lease Arrangements	**1,623,387**	**1,870,116**

15. LONG-TERM RECEIVABLES

Non-Current Portion of Long Term Receivables	**9,540,436**	**1,297,925**
Receivable from exchange transactions	7,904,257	410,161
Receivable from non-exchange transactions	1,636,179	887,764
	9,540,436	**1,297,925**
15.1 Non-Current Portion of Long Term Receivables		
Gross amount	9,540,436	1,297,925
Provision for impairment	-	-
Net amount	9,540,436	1,297,925

16. CONSUMER DEPOSITS

	2025 R	2024 R
Electricity	6,714,192	6,837,799
Water	8,919,198	8,355,109
Other Deposits:-	2,411,611	3,669,668
- Land Sales	1,520,088	1,847,820
- Posters	-	46,090
- Refuse	417,355	417,764
- Rental Properties	10,146	893,223
- Sewer	464,022	464,771
Total Consumer Deposits	**18,045,001**	**18,862,576**

17. PAYABLES FROM EXCHANGE TRANSACTIONS

	2025 R	2024 R
Other Payables	11,377,286	12,688,890
Retentions	14,210,893	15,781,283
Salary Related Payables	2,590,586	2,526,447
Trade Creditors	90,996,826	84,059,908
Prepayments	33,058,641	14,404,234
Total Payables from Exchange Transactions	**152,234,232**	**129,460,762**

Other Payables includes Agency fees payable and unallocated desposits

18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	2025 R	2024 R
Total Unspent Conditional Grants and Receipts	**6,528,605**	**17,698,711**

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

Unspent conditional grants and receipts comprises of:

	2025 R	2024 R
Unspent conditional grants and receipts		
Local Government Financial Management Grant	200,000	-
Neighbourhood Development Partnership Grant	418	1,744,418
Municipal Disaster Response Grant	3,513,337	14,210,716
Municipal Service Delivery and Capacity Building Grant	209	1,000,000
Municipal Maintanance and construction of Transport Infrastructure	3,865	3,865
Bakery Project Grant	168,875	168,875
CWDM - Community Safety	566,353	566,353
CDWM - EPWP Projects	4,484	4,484
Informal Settlements Upgrading Partnership Grant: Provinces (Beneficiaries)	2,071,064	-
	6,528,605	**17,698,711**

See Note 29 for the reconciliation of Grants from Government and other sources. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

19. VAT PAYABLE

	2025 R	2024 R
VAT accrual (output) payable	22,012,459	13,055,364
Total Vat Payable	**22,012,459**	**13,055,364**

The Net VAT position above is the VAT Accrual and Actual VAT due to South African Revenue Service as at 30 June each year. VAT is payable on the payment basis.

20. LEASE PAYABLES

	2025 R	2024 R
Current Lease Payables	3,124,154	3,705,405
Non-current Lease Payables	6,754,898	9,879,052
Total Lease Payables	**9,879,052**	**13,584,457**

20.1 Finance Lease Payables

	2025	2024
Finance Lease Liability	9,879,052	13,584,457
Total Non-current Lease Payables	**9,879,052**	**13,584,457**
Less: Current Portion transferred to Current Lease Payables:-	(3,124,154)	(3,705,405)
Finance Lease Liability	(3,124,154)	(3,705,405)
Non-Current Portion of Finance Lease Payables	**6,754,898**	**9,879,052**

20.1.1 Obligations under Leases

The Municipality as Lessee:

The obligations under Finance Leases are as follows:

Amounts payable under Finance leases:

2025	Amount Payable	Future Finance Obligation	Present Value of Annuity
Payable within one year	3,939,732	815,578	3,124,154
Payable within two to five years	7,418,615	663,717	6,754,898
	11,358,347	**1,479,295**	**9,879,052**

2024	Amount Payable	Future Finance Obligation	Present Value of Annuity
Payable within one year	4,850,427	1,145,022	3,705,405
Payable within two to five years	11,358,347	1,479,295	9,879,052
	16,208,774	**2,624,317**	**13,584,457**

The above finance leases have no escalation over the period of the lease. After the initial period the finance leases will continue indefinite until terminated by either party with a 30 day notice period with the exception of finance lease on vehicles. Hire purchases and leases are secured by property, plant and equipment. Leased assets are equipment which lease term that is approximately 1 to 36 months and vehicles with a lease terms of 60 months. Vehicles are pledged as security against the finance lease. Defaults and breaches: No finance leases were in default during the financial year. There are no finance leases which are subject to any restrictions.

21. BORROWINGS

	2025 R	2024 R
Long-Term Borrowings	21,000,034	23,365,325
Annuity and Bullet Loans	21,000,034	23,365,325
Less: Current Portion transferred to Current Borrowings:-	(2,333,367)	(2,365,325)
Current Annuity Loans	(2,333,367)	(2,365,325)
Non-Current Portion of Borrowings	**18,666,667**	**21,000,000**

21.1 Summary of Arrangements

The municipality have the following annuity loans:
a) DBSA @ 11.033% average interest rate redeemed on 31 December 2024
b) Standard Bank @ 10.52% redeemable on 30 June 2034

Average interest rate for 2025: 11.033% (2024 : 10.48%) for DBSA loans. The Standard bank loan has a fixed interest rate.

Amounts payable under annuity loans

	2025		
	Amount Payable	Future Finance Obligation	Present Value of Annuity
Payable within one year	4,481,671	2,148,338	2,333,333
Payable within two to five years	15,469,328	6,135,994	9,333,334
Payable after five years	11,551,276	2,217,943	9,333,333
Present value of annuity loans obligations	**31,502,275**	**10,502,275**	**21,000,000**

	2024		
	Amount Payable	Future Finance Obligation	Present Value of Annuity
Payable within one year	4,773,907	2,408,582	2,365,325
Payable within two to five years	16,453,884	7,120,551	9,333,333
Payable after five years	15,048,390	3,381,724	11,666,666
Present value of annuity loans obligations	**36,276,181**	**12,910,857**	**23,365,324**

Assets pledged as security:

Leased Assets are pledged as security for the finance liability.

21.2 Obligations under Borrowings	**2025** **R**	**2024** **R**
Non - Current Annuity Loans	18,666,667	21,000,000
Current Portion transferred to Current Liabilities:	2,333,367	2,365,325
Total Borrowings	**21,000,034**	**23,365,325**

22. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities	101,055,329	83,614,273
Post-retirement Health Care Benefits Liability	61,222,051	51,740,696
Long Service Awards Liability	17,510,495	16,061,913
Staff Bonus	7,617,366	7,811,005
Staff Leave	14,705,417	8,000,659
Less: Current Portion of Employee Benefit Liabilities	27,689,425	20,965,343
Post-retirement Health Care Benefits Liability	3,314,115	3,134,402
Long Service Awards Liability	2,052,527	2,019,277
Staff Bonus	7,617,366	7,811,005
Staff Leave	14,705,417	8,000,659
Non-Current Portion of Employee Benefit Liabilities	**73,365,904**	**62,648,930**

22.1 Current Portion of Employee Benefit Liabilities

The movement in Current Portion of Employee Benefit Liabilities is reconciled as follows:

	Post-retirement Health Care Benefits Liability	Long-term Service
30 June 2025		
Balance at end of year	**3,314,115**	**2,052,527**
30 June 2024		
Balance at end of year	**3,134,402**	**2,019,277**

Staff Bonus:

Opening Balance	7,811,005	7,585,026
Increases	13,121,026	12,755,145
Payments made	(13,314,665)	(12,529,166)
Balance at end of year	**7,617,366**	**7,811,005**

Leave Provision

Opening Balance	8,000,659	7,794,803
Increases	6,704,758	5,600,989
Payments Made	-	(5,395,133)
Balance at end of year	**14,705,417**	**8,000,659**

22.2 Post-retirement Health Care Benefits Liability		2025 R	2024 R
Present Value of the Defined Benefit Obligations			
Current Liabilities		3,314,115	3,134,402
Non-current Liabilities		57,907,936	48,606,294
Total		61,222,051	51,740,696
Fair value of Plan Assets		-	-
Defined Benefit Liability recognised in Statement of Financial Position (wholly unfunded)		**61,222,051**	**51,740,696**

The municipality does not provide any other post-retirement or long service benefits beyond these.

Post-retirement Health Care Benefits Liability			
Opening Balance		51,740,696	47,846,000
Net Interest Expense		6,101,982	5,748,000
Service Cost		1,956,194	1,751,000
Medical Aid subsidies paid to pensioners		(3,101,811)	(3,013,906)
Remeasurements over financial year		4,524,990	(590,398)
Balance at end of Year		61,222,051	51,740,696
Transfer to Current Provisions		(3,314,115)	(3,134,402)
Non-Current Portion Post-retirement Health Care Benefits Liability		**57,907,936**	**48,606,294**

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Active Members (Employees)		763	751
Continuation Members (Retirees, widowers and orphans)		70	70
Total Members		**833**	**821**

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

In-service Members		19,977,184	14,574,343
In-service Non-members		8,621,526	6,618,388
Continuation Members		32,623,341	30,547,966
Total Liability		**61,222,051**	**51,740,697**

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:
- Bonitas
- Keyhealth
- LA Health
- Samwumed
- Sizwe-Hosmed

The Current-Service Cost for the year ending 30 June 2025 is estimated at R1 956 194. It is estimated to be R2 720 631 for the ensuing year.

Movements in the present value of the Defined Benefit Obligation were as follows:			
Opening Balance		51,740,696	47,846,000
Service Cost:			
Current Service Cost	Refer note 37	1,956,194	1,751,000
Interest Cost	Refer note 43	6,101,982	5,748,000
Payments from the Defined Benefit:			
Payment of Benefits		(3,101,811)	(3,013,906)
Remeasurement of Defined Benefit:			
Actuarial Gains / (Losses) from Changes in Demographic Assumptions		3,632,465	-
Actuarial Gains / (Losses) from Changes in Financial Assumptions	Refer note 37	892,525	(590,398)
Total Recognised Benefit Liability		**61,222,051**	**51,740,696**

Tables below summarises the results of the sensitivity analysis

Sensitivity Analysis

Healthcare Cost Inflation and Discount Rate

Sensitivity as at 30 June 2025	Percentage Change	1% decrease	Valuation basis	1% increase	Percentage Change
			Healthcare Cost Inflation Rate		
Active Employee Liability	-15.42%	16,897,455.00	19,977,184.00	23,806,405.00	19.17%
Active Employee Liability	-15.96%	7,245,732.00	8,621,526.00	10,331,493.00	19.83%
Continuation Members	-7.50%	30,176,692.00	32,623,341.00	35,384,661.00	8.46%
Opening Accrued Liability	**-11.27%**	**54,319,879.00**	**61,222,051.00**	**69,522,559.00**	**13.56%**
Service Cost	-16.14%	2,281,613.00	2,720,631.00	3,271,603.00	20.25%
Net Interest Expense	-11.57%	5,846,428.00	6,611,706.00	7,532,203.00	13.92%
			Discount Rate		
Active Employee Liability	18.55%	23,679,859.00	19,977,184.00	17,027,779.00	-14.76%
Active Employee Liability	18.67%	10,275,067.00	8,621,526.00	7,303,898.00	-15.28%
Continuation Members	7.38%	35,133,916.00	32,623,341.00	30,424,249.00	-6.74%
Opening Accrued Liability	**11.97%**	**69,088,843.00**	**61,222,051.00**	**54,755,926.00**	**-10.56%**
Service Cost	7.71%	3,224,068.00	2,720,631.00	2,320,790.00	-14.70%
Net Interest Expense	-2.08%	6,810,601.00	6,611,706.00	6,258,244.00	-5.35%

Sensitivity as at 30 June 2024	Percentage Change	1% decrease	Valuation basis	1% increase	Percentage Change
			Healthcare Cost Inflation Rate		
Active Employee Liability (Medical Aid Members)	-15.51%	12,815,414.00	15,167,077.00	18,088,139.00	19.26%
Active Employee Liability (Medical Aid Non-Members)	-15.66%	5,082,173.00	6,025,654.00	7,193,739.00	19.39%
Continuation Members	-5.99%	28,718,973.00	30,547,966.00	34,578,215.00	13.19%
Opening Accrued Liability	**-9.90%**	**46,616,560.00**	**51,740,696.00**	**59,860,093.00**	**15.69%**
Service Cost	-22.40%	1,518,000.00	1,956,194.00	1,933,000.00	-1.19%
Net Interest Expense	-14.22%	5,234,000.00	6,101,982.00	6,190,000.00	1.44%
			Discount Rate		
Active Employee Liability (Medical Aid Members)	18.55%	17,980,562.00	15,167,077.00	12,921,951.00	-14.80%
Active Employee Liability (Medical Aid Non-Members)	18.67%	7,150,799.00	6,025,654.00	5,124,959.00	-14.95%
Continuation Members	7.38%	32,803,253.00	30,547,966.00	28,562,422.00	-6.50%
Opening Accrued Liability	**11.97%**	**57,934,614.00**	**51,740,696.00**	**46,609,332.00**	**-9.92%**
Service Cost	7.71%	2,107,000.00	1,956,194.00	1,471,000.00	-24.80%
Net Interest Expense	-2.08%	5,975,000.00	61,016,982.00	5,544,000.00	-9.14%

Post-retirement mortality

Sensitivity as at 30 June 2025

	Percentage Change	(PA)-2	Valuation basis	(PA)	Percentage Change
Active Employee Liability	2.46%	20,468,835	19,977,184	19,479,717	-2.49%
Active Employee Liability	2.49%	8,836,290	8,621,526	8,404,475	-2.52%
Continuation Members	3.55%	33,781,837	32,623,341	31,473,083	-3.53%
Opening Accrued Liability	**3.05%**	**63,086,962**	**61,222,051**	**59,357,275**	**-3.05%**
Service Cost	2.44%	2,787,038	2,720,631	2,653,446	-2.47%
Net Interest Expense	3.13%	6,818,341	6,611,706	6,405,118	-3.12%

Sensitivity as at 30 June 2024

	Percentage Change	(PA)-2	Valuation basis	(PA)	Percentage Change
Active Employee Liability (Medical Aid Members)	2.40%	15,530,372	15,167,077	14,798,875	-2.43%
Active Employee Liability (Medical Aid Non-Members)	2.43%	6,172,173	6,025,654	5,877,340	2.46%
Continuation Members	3.74%	31,691,546	30,547,966	29,415,729	-3.71%
Opening Accrued Liability	**1.21%**	**51,118,275**	**51,740,696**	**52,367,760**	**-1.20%**
Service Cost	2.37%	2,002,651	1,956,194	1,909,115	-2.41%
Net Interest Expense	3.92%	6,341,070	6,101,982	5,915,232	-3.06%

Fully Accrued Retirement Age

Sensitivity as at 30 June 2025

	Percentage Change	-1 year	Valuation basis	+1 year	Percentage Change
Active Employee Liability	11.94%	22,361,813	19,977,184	17,825,094	-11.25%
Active Employee Liability	12.40%	9,690,892	8,621,526	7,717,868	-10.88%
Continuation Members	0.00%	32,623,341	32,623,341	32,623,341	0.00%
Opening Accrued Liability	**5.64%**	**64,676,046**	**61,222,051**	**58,166,303**	**-4.56%**
Service Cost	11.67%	3,038,123	2,720,631	2,398,254	-11.80%
Net Interest Expense	5.80%	6,995,099	6,611,706	6,272,518	-4.70%

Sensitivity as at 30 June 2024

	Percentage Change	-1 year	Valuation basis	+1 year	Percentage Change
Active Employee Liability (Medical Aid Members)	11.88%	16,968,863	15,167,077	13,461,219	-11.25%
Active Employee Liability (Medical Aid Non-Members)	12.11%	6,755,112	6,025,654	5,369,828	-10.88%
Continuation Members	0.00%	30,547,966	30,547,966	30,547,966	0.00%
Opening Accrued Liability	**4.89%**	**54,271,941**	**51,740,697**	**49,379,013**	**-4.56%**
Service Cost	14.25%	2,234,910	1,956,194	1,725,279	-11.80%
Net Interest Expense	5.04%	6,409,608	6,101,982	5,814,964	-4.70%

Continued Percentages

Sensitivity as at 30 June 2025

	Percentage Change	-10%	Valuation basis	+10%	Percentage Change
			Healthcare Cost Inflation Rate		
Active Employee Liability	-14.77%	17,026,175	19,977,184	22,928,193	14.77%
Active Employee Liability	-10.00%	7,759,373	8,621,526	9,483,678	10.00%
Continuation Members	0.00%	32,623,341	32,623,341	32,623,341	0.00%
Opening Accrued Liability	**-6.23%**	**57,408,889**	**61,222,051**	**65,035,212**	**6.23%**
Service Cost	-13.33%	2,587,380	2,720,631	3,083,382	13.33%
Net Interest Expense	-6.40%	6,188,485	6,611,706	7,034,966	6.40%

Sensitivity as at 30 June 2024

	Percentage Change	-10%	Valuation basis	+10%	Percentage Change
			Healthcare Cost Inflation Rate		
Active Employee Liability	-13.33%	13,144,800	15,167,077	17,189,354	-13.33%
Active Employee Liability	-13.33%	5,222,233	6,025,654	6,829,074	13.33%
Continuation Members	0.00%	30,547,966	30,547,966	30,547,966	0.00%
Opening Accrued Liability	**-5.46%**	**48,914,999**	**51,740,696**	**54,566,934**	**5.46%**
Service Cost	-13.33%	1,695,368	1,956,194	2,217,020	13.33%
Net Interest Expense	-5.63%	5,758,572	6,101,982	6,445,393	5.63%

The sensitivity analysis for the discount rate and healthcare cost inflation rate was performed using a ±1% change in each assumption, consistent with the prior year. No significant changes in the methods or actuarial assumptions used in the sensitivity analyses were made during the reporting period.

The sensitivity analyses was prepared using the projected unit credit method, which is consistent with the method used to value the Defined Benefit Obligation in the annual financial statements. The analyses assume a parallel shift in the respective actuarial assumptions while holding all other assumptions constant. It is important to recognise that the use of this method does not imply that the impact of changes in actuarial assumptions is linear or follows any predictable pattern.

The sensitivity analyses for discount rate and healthcare cost inflation do not account for potential changes in other factors such as mortality rates and withdrawal rates. The interdependence between assumptions is not reflected; for example, a change in the discount rate may also affect future salary increases. Sensitivities for certain demographic assumptions, such as mortality and continuation rates, are presented separately

The municipality expects to make a contribution of R3,395,000 (2024: R3,744,000) to the Defined Benefit Plans during the next financial year.

Refer to Note 58., "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

Characteristics of the Defined Benefit Plan

The municipality provides certain post - retirement pension benefits to certain retired employees of the municipality. According to the rules of the pension fund, with which the municipality is associated, a member (who is on the current Conditions of Service) on retirement, is entitled to certain pension benefits in which case the municipality is liable for pension payments to retired members for the remainder of their lives.

Risks of the Defined Benefit Plan

Longevity Risk

The municipality has committed itself to paying for post-employment medical aid subsidies for as long as current and future continuation members and their spouses are alive. In our valuation, we have used the PA(90) mortality tables with an allowance for mortality improvement over time. Should continuation members and/or their spouses live longer than predicted by the tables above, the municipality would have to pay benefits over a longer period. This would increase the liability.

Operational Risk

This is the risk emanating from inadequate, ineffective or failed internal processes, people or systems. Of key importance is the data quality. If the data quality is compromised, any calculated values based on that data will be affected. We take great care to rigorously validate and clean the data we receive. However, we might not be able to identify some data errors and inconsistencies. For instance, if a member’s ID number is recorded wrongly in the employee file, this might affect the accrued liability due to the member. If that error is corrected in future, the total accrued liability will be affected as well.

Economic Risk

The valuation of the post-employment medical subsidies liability is sensitive to the discount rate used, which is influenced by the broader economic conditions and market interest rates. In this report, the discount which was used for calculation purpose was determined using the Bond Exchange Zero Coupon Yield Curve. The yield curve is a widely used benchmark for determining the appropriate discount rate in South Africa as it represents the yield curve for zero-coupon government bonds, which are considered low-risk investments and are often used as a proxy for the risk-free rate. The shape and level of the yield curve reflect the prevailing market conditions and investor expectations about future economic and interest rate developments. Any changes to these macroeconomic factors will affect the valuation of the municipality's accrued liability.

Medical Aid Inflation

We have assumed that future medical aid increases would be linked to the long-term CPI assumption. However, medical aids typically consider a wide range of factors in determining increases. Any increases in excess of the CPI+1.5% assumption would lead to increases in accrued liability beyond that predicted by our valuation.

Maturity Profile

The defined benefit obligation of the municipality's health care plan has a weighted average duration of approximately 12 years. This duration reflects the estimated time period over which the accrued benefits are expected to be settled.

	2025	2024
The following is a maturity analysis of the benefit payments expected to be made under the plan:	R	R
Within 1 year	3,307,720	3,063,156
2 to 5 years	13,067,248	12,165,081
6 to 10 years	16,239,614	3,022,611
Total Benefit Payments	**32,614,582**	**18,250,848**

The benefits payments are scheduled based on the expected retirement ages of current employees and the provisions of the plan that determine the timing of benefits payments. The distribution of these payments is subject to changes in demographic factors such as retirements, mortality rates, and changes in employment within the municipality.

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

Discount Rate	11.10%	12.15%
Consumer price inflation	5.47%	6.18%
Health Care Cost Inflation Rate	6.97%	7.68%
Net Effective Discount Rate	3.86%	4.15%
Maximum subsidy inflation rate	4.85%	5.14%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

General:

It is assumed that the municipality's health care arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits receivable and the contributions payable would remain unchanged, with the exception of allowing for inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable, and will continue.

Discount Rate:

Assumption: 11.10%

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, the nominal and real zero curves as at 30 June 2025 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period was used. In the event that the valuation is performed prior to the effective valuation date, the prevailing yield at the time of performing the calculations was used.

Inflation Rate

Assumption: 5.47% for CPI and 6.97% for healthcare cost inflation

Inflation is considered in the projection of salary increases and the adjustment of retirement benefits.

Mortality Rate

Assumption: A85–90 (Normal) for actives and PA(90)-1 for pensioners, with 1% mortality improvement per annum from 2010

These mortality tables are used to estimate the life expectancy of plan participants, reflecting current trends and historical experience within the sector.

Employee Turnover Rate

Assumption: 3,00% per annum

The turnover rate assumption is based on historical data and the municipality's expectations regarding future employment stability.

Continuation of Membership:

This valuation assumes 75% continuation of membership at retirement.

Family Profile:

It has been assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 60% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be four years younger than their male spouses at retirement and vice versa.

22.3 Long Service Awards Liability

Opening Balance	16,061,913	13,397,000
Service Cost	1,331,038	1,221,000
Net Interest Expense	1,584,709	1,449,000
Remeasurements over the financial year	234,193	1,765,564
Benefit Payments	(1,701,358)	(1,715,733)
Balance at end of Year	17,510,495	16,116,831
Transfer to Current Provisions	(2,052,527)	(2,019,277)
Total Non-Current Long Service Awards Liability	**15,457,968**	**14,097,554**

The above reconciles the movement in the present value of the obligation over the financial year.

Characteristics of the Long Service Bonus Awards Liability

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees.The benefits payments are scheduled based on the expected retirement ages of current employees and the provisions of the plan that determine the timing of benefits payments. The distribution of these payments is subject to changes in demographic factors such as retirements, mortality rates, and changes in employment within the municipality. No other long-service benefits are provided to employees.

Risks of the Long Service Bonus Awards Liability

Mortality Risk

The long service bonus awards offered by the municipality are provided for completed years of service. As employees live longer and work for longer periods, the municipality's liability for these awards increases. This implies that the municipality may be required to pay out more in long-service bonus awards than initially anticipated, as employees continue to work and accrue additional years of service.

Operational Risk

This is the risk emanating from inadequate, ineffective, or failed internal processes, people, or systems. Of key importance is the data quality. If the data quality is compromised, any calculated values based on that data will be affected. We take great care to rigorously validate and clean the data we receive. However, we might not be able to identify some data errors and inconsistencies. For instance, if a member’s ID number is recorded wrongly in the employee file, this might affect the accrued liability due to the member. If that error is corrected in the future, the total accrued liability will be affected as well.

Economic Risk

The valuation of the post-employment medical subsidies liability is sensitive to the discount rate used, which is influenced by the broader economic conditions and market interest rates. In this report, the discount that was used for calculation purposes was determined using the Bond Exchange Zero Coupon Yield Curve. The yield curve is a widely used benchmark for determining the appropriate discount rate in South Africa as it represents the yield curve for zero-coupon government bonds, which are considered low-risk investments and are often used as a proxy for the risk-free rate. The shape and level of the yield curve reflect the prevailing market conditions and investor expectations about future economic and interest rate developments. Any changes to these macroeconomic factors will affect the valuation of the municipality’s accrued liability.

Regulatory/Legislative Risk

The long service awards of the municipality valued in this report are subject to legislative and regulatory risks, as changes in the relevant accounting standards, labour laws, or municipal regulations can affect the valuation methodology and the municipality's obligations. For example, if the eligibility criteria, vesting conditions, or the calculation of the bonus amounts were to be modified, the municipality would need to revise its valuation methodology to comply with the new requirements. Currently, only permanent employees are entitled to the long service awards benefits and if the regulations are to change such that contract employees are entitled to the benefits, this will lead to an increase in the accrued liability for Langeberg. Thus, any changes in the account standards, labour laws, and municipality regulations will lead to changes in the projected benefit obligations and the associated accounting treatment.

Maturity Profile

The defined benefit obligation of the municipality's health care plan has a weighted average duration of approximately 12 years. This duration reflects the estimated time period over which the accrued benefits are expected to be settled.

The following is a maturity analysis of the benefit payments expected to be made under the plan:	**2025** **R**	**2024** **R**
Within 1 year	1,804,663	1,868,247
2 to 5 years	10,247,597	8,974,659
6 to 10 years	15,391,067	13,380,373
Total Benefit Payments	27,443,327	24,223,279

Long Service Award - The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9.28%	10.53%
General salary inflation	4.63%	5.94%
Net Effective Discount Rate	4.45%	4.33%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

General:

It is assumed that the Municipality's long service arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits would remain unchanged, with the exception of inflationary adjustments.

Discount Rate:

Assumption: 4.45%
The discount rate used to value the defined benefit obligation at 30 June 2025 was 9.28% per annum. This rate was determined in accordance with GRAP 25, which requires that the discount rate reflect market yields at the reporting date on government bonds consistent with the currency and estimated term of the benefit obligation.

At the current valuation, the estimated duration of the liabilities was 5.97 years. The discount rate was therefore based on the Nominal NACS Zero-Coupon Yield Curve published by the Johannesburg Stock Exchange at this duration. The corresponding yield on inflation-linked bonds at this term was 4.97%, resulting in an implied expected inflation rate of 3.63% per annum. A 0.5% deduction was applied to the nominal yield to reflect a risk premium for projection uncertainty.

A salary increase assumption of 4.63% per annum was applied, based on expected inflation plus a 1.00% real increase. The resulting net discount rate used in the valuation was therefore 4.45% per annum. These assumptions are consistent with the requirements of GRAP 25 and reflect current market conditions, the estimated term of the obligations, and the economic environment applicable to the municipality.

Salary Growth Rate
Assumption: 4.63%
This rate reflects the municipality's expectations of annual salary increases due to inflation, seniority, and other relevant factors.

Inflation Rate
Assumption: 3.63%
Inflation is considered in the projection of salary increases and the adjustment of retirement benefits.

Mortality Rate
Assumption: South African Mortality Table (based on 1985–1990 data)
The SA85-90 mortality table was applied in estimating post-retirement longevity. Although more recent mortality tables such as MP2021 exist, SA85-90 was deemed appropriate by the actuary based on the historical experience and characteristics of the employee base.

Employee Turnover Rate
Assumption: 4.65% per annum
The turnover rate assumption is based on historical data and the municipality's expectations regarding future employment stability.

Tables below summarises the results of the sensitivity analysis

Salary Increase and Discount Rate

Sensitivity as at 30 June 2025

	Percentage Change	1% decrease	Valuation basis	1% increase	Percentage Change
			Salary Inflation Rate		
Opening Accrued Liability	-5.92%	15,110,737	16,061,913	17,110,800	6.53%
Service Cost	-7.43%	1,232,091	1,331,038	1,442,416	8.37%
Net Interest Expense	-6.29%	1,485,009	1,584,709	1,694,697	6.94%
			Discount Rate		
Opening Accrued Liability	6.31%	17,074,735	16,061,913	15,156,274	-5.64%
Service Cost	8.08%	1,438,548	1,331,038	1,236,782	-7.08%
Net Interest Expense	-3.43%	1,530,304	1,584,709	1,631,287	2.94%

Sensitivity as at 30 June 2026

	Percentage Change	1% decrease	Valuation basis	1% increase	Percentage Change
			Salary Inflation Rate		
Opening Accrued Liability	-5.81%	16,493,395	17,510,495	18,627,298	6.38%
Service Cost	-7.16%	1,338,456	1,441,672	1,557,086	8.01%
Net Interest Expense	-6.14%	1,435,668	1,529,660	1,632,906	6.75%
			Discount Rate		
Opening Accrued Liability	6.15%	18,587,883	17,510,495	16,543,275	-5.52%
Service Cost	7.72%	1,552,976	1,441,672	1,343,474	-6.81%
Net Interest Expense	-4.90%	1,453,686	1,529,660	1,595,486	4.30%

Withdrawal Decrement

Sensitivity as at 30 June 2025

	Percentage Change	50% decrease	Valuation basis	200% increase	Percentage Change
Opening Accrued Liability	-18.06%	13,161,280	16,061,913	18,042,960	12.33%
Service Cost	-25.85%	987,001	1,331,038	1,588,450	19.34%
Net Interest Expense	-19.19%	1,280,651	1,584,709	1,792,613	13.12%

Sensitivity as at 30 June 2026

	Percentage Change	50% decrease	Valuation basis	200% increase	Percentage Change
Opening Accrued Liability	11.84%	19,584,055	17,510,495	1,442,535	-17.62%
Service Cost	17.98%	1,700,815	1,441,672	1,085,821	-24.68%
Net Interest Expense	12.54%	1,721,493	1,529,660	1,244,542	-18.64%

23. PROVISIONS

	2025	2024
	R	R
Current Provisions	35,874,085	34,126,392
Non-current Provisions	74,415,364	72,828,817
Total Provisions	**110,289,449**	**106,955,209**

23.1 Current Provisions

Current Portion of Non-Current Provisions:	35,874,085	34,126,392
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	35,874,085	34,126,392
Total Provisions	**35,874,085**	**34,126,392**

	Decommissioning of Landfill Sites
	R
30 June 2025	
Opening Balance	34,126,392
Increases	1,747,693
Balance at end of year	**35,874,085**
30 June 2024	
Opening Balance	32,427,206
Increases	1,699,186
Balance at end of year	**34,126,392**

23.2 Non-current Provisions

Decommissioning, Restoration and Similar Liabilities: Landfill Sites	74,415,364	72,828,817
Total Non-current Provisions	**74,415,364**	**72,828,817**

Decommissioning of Landfill Sites:

Opening Balance	72,828,817	69,262,550
Increase/Decrease in Asset	(3,046,770)	1,320,534
Reversals	(5,821,053)	(7,869,535)
Increases (Passage of Time/Discounted Rate)	10,454,370	10,115,268
	74,415,364	**72,828,817**

LANDFILL SITES - USEFUL LIFE	**Montagu**	**Bonnievale**	**McGregor**	**Ashton**
	Landfill Site	Landfill Site	Transfer Station	Transfer Station
Remaining Useful Life 30 June 2025	2	13	0	1

	Montagu	**Bonnievale**	**McGregor**	**Ashton**
Area (m)	17,190	28,890	35,752	49,673
Actual estimated closure date	2015	2039	2015	2024
Estimated decommission date	2041	2034	2030	2024
CPI	5.24%	5.24%	5.24%	5.24%
Discount Rate	8.95%	14.73%	8.88%	6.97%

The landfill rehabilitation is created for the rehabilitation of the current operational sites which are evaluated at each year- end to reflect the best estimate at reporting date. The sites under consideration are the Montagu, Bonnievale, McGregor and Ashton landfill sites.

	2025 R	2024 R

24. RESERVES

Capital Replacement Reserve	62,920,999	62,920,999
Total Reserves	**62,920,999**	**62,920,999**

Reconciliation of the Capital Replacement Reserve:

Opening Balance	62,920,999	62,920,999
Balance at end of year	**62,920,999**	**62,920,999**

The capital replacement reserve is cash back internal reserves that is utilised for capital projects based on available funding.

25. ACCUMULATED SURPLUS

Accumulated Surplus / (Deficit) due to the results of Operations	1,050,276,463	1,008,278,624
Accumulated Surplus / (Deficit)	1,008,282,282	958,823,005
Accumulated Surplus as per Financial Performance	41,994,181	49,455,622
Total Accumulated Surplus	**1,050,276,463**	**1,008,278,624**

	2025	2024
	R	R

26. PROPERTY RATES

Total Property Rates	**108,425,415**	**101,162,835**

The above property rates includes rebates for the different services. The rebate amounts to R9,505,128,17 (2024: R11,536,980).

Property Rates are levied on the value of land and improvements, which valuation is performed every five years. The last valuation came into effect on 1 July 2021.

Approval in terms of Section 32(2) (b) (ii) of the Municipal Property Rates Act, 2004, (no 6 of 2004) was granted for the extension of the current valuation roll of Langeberg Municipality to six (6) financial years. The implementation of the valuation roll of Langeberg Municipality was 1 July 2021.

Valuations

Rateable Land and Building

Business and Commercial Property	1,367,823,050	1,879,011,160
Municipal Properties	766,674,119	702,028,598
Residential Properties	9,130,470,333	9,008,931,793
State-owned Properties	349,279,789	315,742,700
Agricultural Properties	7,829,754,566	7,433,948,650
Other Categories	801,558,625	905,887,581
Total Value	**20,245,560,482**	**20,245,550,482**

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

Tariffs	**2025**	**2024**
Residential	0.0075c	0.0071c
Commercial,Industrial & Government	0.0150c	0.0042c
Public Benefit Organisation	0.0019c	0.0018c
Agriculture	0.0019c	0.0018c

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

In terms of the Rates Policy of the municipality the first R80 000.00 of the market value of a property is exempted from paying rates. The first R15 000 on the valuation is exempted in terms section 17(1)(h) of the Municipal Property Rates Act, the subsequent R65 000 is a discretionary rebate.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been foregone by way of rebate or remission.

27. FINES, PENALTIES AND FORFEITS

Traffic Fines	36,610,600	11,353,550
Other Fines	392,438	32,349
Total Fines, Penalties and Forfeits	**37,003,038**	**11,385,899**

28. LICENCES AND PERMITS

Hiking Trails	124,136	151,959
Road and Transport	3,636,471	2,077,092
Trading	81,035	8,835
Total Licences and Permits	**3,841,642**	**2,237,886**

29. TRANSFERS AND SUBSIDIES RECEIVED

Capital Grants	46,317,169	42,611,087
Monetary Allocations	46,317,169	42,611,087
Operational Grants	150,963,713	149,864,562
Monetary Allocations	150,963,713	149,864,562
Total Transfers and Subsidies Received	**197,280,882**	**192,475,649**

	2025 R	2024 R

29.1 Summary of Grants:

29.1.1 Capital Grants

	Monetary Allocations 2025	2024
Total Capital Grants Received	**46,317,169**	**42,611,087**

29.1.2 Operational Grants

	Monetary Allocations 2025	2024
Total Operational Grants Received	**150,963,713**	**149,864,562**

29.2 Detailed Summaries

	2025	2024
Operating Grants		
Equitable Share	113,734,000	106,264,520
Expanded Public Works Programme	1,645,000	3,174,000
Financial Management Grant	1,400,000	1,550,000
Municipal Infrastructure Grant	3,762,652	3,451,409
Integrated National Electrification Grant	381,522	60,000
Neighbourhood Development Partnership Grant	-	981,605
Municipal Disaster Response Grant	1,766,789	1,713,565
Municipal Maintanance and construction of Transport Infrastructure	145,000	126,135
Human Settlements Development Grant - Beneficiaries	-	414,515
Informal Settlements Upgrading Partnership Grant: Provinces (Beneficiaries)	33,400,848	31,457,315
Western Cape Financial Management Capability Grant: Bursaries	100,000	200,000
Western Cape Financial Management Capability Grant: Financial Management	-	130,111
Community Development Workers Grant	38,000	38,000
LG SETA Grant	500,864	303,387
Municipal Service Delivery and Capacity Building Grant	130,407	-
	157,005,082	**149,864,562**
Capital Grants		
Municipal Infrastructure Grant	25,084,348	23,009,391
Integrated National Electrification Programme Grant	2,543,478	400,000
Neighbourhood Development Partnership Grant	-	6,545,977
Municipal Disaster Response Grant	11,778,590	9,805,718
Municipal Loadshedding Relief Grant	-	350,000
Provincial Contribution towards the Acceleration of Housing	-	2,500,000
Municipal Service Delivery and Capacity Building Grant	869,383	-
	40,275,800	**42,611,087**
Total Receipts for Government Grants and Subsidies	**197,280,882**	**192,475,649**

29.2.1 National: Equitable Share

	2025	2024
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	113,734,000	106,264,520
Transferred to Revenue: Operating	(113,734,000)	(106,264,520)
Unspent Balance at the End of the Year	**-**	**-**

In terms of the Constitution, the grant is used to subsidies the provision of basic services to indigent community members. This grant is unconditional.

	2025 R	2024 R
29.2.2 National: Expanded Public Works Programme Grant		
Unspent Balance at the Beginning of the Year	-	95,189
Current Year Receipts	1,645,000	3,174,000
Conditions Met - Transferred to Revenue: Operating	(1,645,000)	(3,174,000)
Repayment	-	(95,189)
Unspent Balance at the End of the Year	**-**	**-**

The Expanded Public Works Programme Grant is used to be an incentive to the expand work creation efforts through the use of the labour intensive delivery methods.

29.2.3 National: Financial Management Grant

	2025	2024
Unspent Balance at the Beginning of the Year	-	679,620
Current Year Receipts	1,600,000	1,550,000
Conditions Met - Transferred to Revenue: Operating	(1,400,000)	(1,550,000)
Repayment	-	(679,620)
Unspent Balance at the End of the Year	**200,000**	**-**

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (eg. salary cost of the Financial Management Interns).

29.2.4 National: Municipal Infrastructure Grant

	2025	2024
Unspent Balance at the Beginning of the Year	-	873,800
Current Year Receipts	28,847,000	25,587,000
Conditions Met - Transferred to Revenue - Operating	(3,762,652)	(3,451,409)
Conditions Met - Transferred to Revenue - Capital	(25,084,348)	(23,009,391)
Repayment	-	-
Unspent Balance at the End of the Year	**-**	**-**

The Municipal Infrastructure Grant (MIG) was used to upgrade infrastructure in previously disadvantaged areas.

29.2.5 National: Integrated National Electrification Grant

	2025	2024
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	2,925,000	460,000
Conditions Met - Transferred to Revenue - Operating	(381,522)	(60,000)
Conditions Met - Transferred to Revenue - Capital	(2,543,478)	(400,000)
Repayment	-	-
Unspent Balance at the End of the Year	**-**	**-**

Then National Electrification Grant is used to address the electrification backlog of all existing and planned residential dwellings (including the upgrading informal settlements, new and normalisation of existing dwellings) and the installation of relevant bulk infrastructure.

29.2.6 National: Neighbourhood Development Partnership Grant

	2025	2024
Balance unspent at the beginning of the year	1,744,418	9,463,727
Current-year receipts	-	9,272,000
Conditions met - Transferred to revenue: Operating	-	(981,605)
Conditions met - Transferred to revenue: Capital	-	(6,545,977)
Repayment	(1,744,000)	(9,463,727)
Unspent Balance at the End of the Year	**418**	**1,744,418**

29.2.7 National: Water Services Infrastructure Grant

	2025	2024
Balance unspent at the beginning of the year	-	1,448,984
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	-
Conditions met - Transferred to revenue: Capital	-	-
Repayment		(1,448,984)
Unspent Balance at the End of the Year	**-**	**-**

29.2.8 National: Municipal Disaster Response Grant

	2025	2024
Balance unspent at the beginning of the year	14,210,716	-
Current year receipts	2,848,000	25,730,000
Conditions Met - Transferred to Revenue - Operating	(1,766,789)	(1,713,565)
Conditions Met - Transferred to Revenue - Capital	(11,778,590)	(9,805,718)
Repayment	(937,307)	-
Unspent Balance at the End of the Year	**2,576,030**	**14,210,716**

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29.2.9 Provincial: Municipal Loadshedding Relief Grant

	2025 R	2024 R
Balance unspent at the beginning of the year	-	350,000
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Capital	-	(350,000)
Unspent Balance at the End of the Year	**-**	**-**

29.2.10 Provincial: Provincial Contribution towards the Acceleration of Housing

	2025 R	2024 R
Balance unspent at the beginning of the year	-	-
Current year receipts	-	2,500,000
Conditions Met - Transferred to Revenue - Capital	-	(2,500,000)
Unspent Balance at the End of the Year	**-**	**-**

29.2.11 Provincial: Municipal Maintanance and construction of Transport Infrastructure

	2025 R	2024 R
Unspent Balance at the Beginning of the Year	3,865	-
Current Year Receipts	145,000	130,000
Conditions Met - Transferred to Revenue - Operating	(145,000)	(126,135)
Unspent Balance at the End of the Year	**3,865**	**3,865**

29.2.12 Provincial: Department Human Settlement (Beneficiaries)

	2025 R	2024 R
Balance unspent at the beginning of the year	-	-
Current year receipts	-	414,515
Conditions Met - Transferred to Revenue - Operating	-	(414,515)
Repayment	-	-
Unspent Balance at the End of the Year	**-**	**-**

This grant is for the building of low cost housing. The municipality is only the agent of the department of Human Settlement for the construction of low cost houses. No funds have been withheld.

29.2.13 Provincial: Informal Settlements Upgrading Partnership Grant: Provinces (Beneficiaries)

	2025 R	2024 R
Balance unspent at the beginning of the year	-	-
Current year receipts	35,471,912	31,457,315
Conditions Met - Transferred to Revenue - Operating	(33,400,848)	(31,457,315)
Repayment	-	-
Unspent Balance at the End of the Year	**2,071,064**	**-**

29.2.14 Provincial: Western Cape Financial Management Capability Grant: Bursaries

	2025 R	2024 R
Unspent Balance at the Beginning of the Year	-	157,000
Current Year Receipts	100,000	200,000
Conditions Met - Transferred to Revenue - Operating	(100,000)	(200,000)
Repaid to Treasury Revenue Fund	-	(157,000)
Unspent Balance at the End of the Year	**-**	**-**

Provincial: Western Cape Financial Management Capability Grant: Bursaries was previously known as the Provincial: Western Cape Financial Management Capacity Building Grant.

29.2.15 Provincial: Western Cape Financial Management Capability Grant: Financial Management

	2025 R	2024 R
Unspent Balance at the Beginning of the Year	-	130,111
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue - Operating		(130,111)
Repaid to Treasury Revenue Fund	-	-
Unspent Balance at the End of the Year	**-**	**-**

29.2.16 Provincial: Community Development Workers Grant

	2025 R	2024 R
Balance unspent at the beginning of the year	-	-
Current year receipts	38,000	38,000
Conditions Met - Transferred to Revenue - Operating	(38,000)	(38,000)
Unspent Balance at the End of the Year	**-**	**-**

29.2.17 Provincial: Municipal Service Delivery and Capacity Building Grant

	2025 R	2024 R
Balance unspent at the beginning of the year	1,000,000	-
Current year receipts	-	1,000,000
Conditions Met - Transferred to Revenue - Operating	(130,407)	-
Conditions Met - Transferred to Revenue - Capital	(869,383)	-
Repaid to Treasury Revenue Fund	-	-
Unspent Balance at the End of the Year	**209**	**1,000,000**

Western Cape Financial Management Support Grant is used to provide financial assistance to municipalities to improve the overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.

29.2.18 Bakery Project

	2025 R	2024 R
Balance unspent at the beginning of the year	168,875	168,875
Current-year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	-
Conditions met - Transferred to revenue: Capital	-	-
Unspent Balance at the End of the Year	**168,875**	**168,875**

29.2.19 Community Safety

	2025 R	2024 R
Balance unspent at the beginning of the year	566,353	566,353
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	-
Unspent Balance at the End of the Year	**566,353**	**566,353**

The grant was used to repair the water pipelines and to protect the water pipelines by CCTV cameras.

29.2.20 CDWM: EPWP Projects

	2025 R	2024 R
Unspent Balance at the Beginning of the Year	4,484	4,484
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	-
Unspent Balance at the End of the Year	**4,484**	**4,484**

29.2.21 LG SETA Grant

	2025 R	2024 R
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	500,864	303,387
Conditions Met - Transferred to Revenue - Operating	(500,864)	(303,387)
Unspent Balance at the End of the Year	**-**	**-**

30. SERVICE CHARGES

Availability Charges From Non-Exchange Transactions

	2025 R	2024 R
Electricity Availability Charges	1,841,688	1,657,527
Water Availability Charges	523,959	1,201,482
Refuse Availability Charges	1,239,893	-
Sewerage and Sanitation Availability Charges	1,123,234	2,247,067
Total Non-Exchange Service Charges	**4,728,773**	**5,106,076**

Service Charges From Exchange Transactions

	2025 R	2024 R
Sale of Electricity	676,665,848	559,785,371
Sale of Water	82,176,000	57,562,762
Refuse Removal	37,106,081	31,239,545
Sewerage and Sanitation Charges	38,003,769	29,966,057
Total Exchange Service Charges	**833,951,698**	**678,553,735**
Total Service Charges	**838,680,471**	**683,659,811**

The above service charges includes free basic services and revenue foregone for the different services.The revenue foregone amounts to R29 966 878 (2024 : R 24 016 420).

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

31. SALES OF GOODS AND RENDERING OF SERVICES

	2025 R	2024 R
Advertisements	14,650	18,261
Building Plan Approval	1,322,203	1,160,568
Cemetery and Burial	496,679	383,124
Cleaning and Removal	-	19,122
Development Charges	193,560	-
Encroachment Fees	61,695	54,727
Entrance Fees	9,464	352,450
Fire Services	133,394	166,147
Photocopies and Faxes	89,847	63,997
Removal of Restrictions	-	637
Sale of Goods	1,225,847	1,156,974
Scrap, Waste & Other Goods	1,508,716	1,640,907
Traffic Control	-	21,500
Valuation Services	399,962	340,474
Total Sales of Goods and Rendering of Services	**5,456,017**	**5,378,888**

32. INCOME FROM AGENCY SERVICES

	2025 R	2024 R
Commission on Vehicle Registration	6,099,675	5,435,214
Total Income from Agency Services	**6,099,675**	**5,435,214**

Vehicle Registration:
The municipality is party to a principal / agent agreement. The municipality is an agent on behalf of the Western Cape Mobility Department in collecting motor vehicle licences at an agency fee of 12%, VAT inclusive. There were no significant changes in the agreement which occurred during the reporting period. No material risks were identified on the agreement for the municipality. The municipality does not incur any expenses on behalf of the principal. Revenue to the value of R750 091 (2024: R979 774) was not paid over at year-end and is included in Payables form Exchange transaction.

	2025 R	2024 R
Amount of revenue retained by the municipality		
Income from Agency Fees	6,099,675	5,435,214
Amount of revenue received on behalf of the principal during the reporting period		
Motor vehicle licence fees	30,633,816	27,313,738
RTMC transaction fees	2,086,488	2,057,472

33. INCOME FROM LIBRARY SERVICES

	2025 R	2024 R
Income from library services	10,835,840	9,685,217
Total Income from Agency Services	**10,835,840**	**9,685,217**

This relates to funds received from the Department of Cultural Affairs and Sport for operation of library services within the Langeberg area.

34. RENTAL FROM FIXED ASSETS

	2025 R	2024 R
Straight-lined Operating Lease Revenue		
Other Fixed Assets:	3,703,563	3,693,234
Property Plant and Equipment	3,703,563	3,693,234
Ad-hoc Rental Income from Other Fixed Assets:	65,310	93,346
Property Plant and Equipment	65,310	93,346
Total Rental of Facilities and Equipment	**3,768,873**	**3,786,580**

Rental income generated are at market related premiums. All rental income recognised is therefore market related.

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	2025 R	2024 R
35. FINANCE INCOME		
Interest earned on non-exchange receivables:		
Outstanding Billing Debtors	1,850,985	2,039,506
Total Non-exchange Finance Income	**1,850,985**	**2,039,506**
Interest earned on external investments:		
Bank Account	13,621,788	18,288,549
Investments	9,498,244	14,515,596
	23,120,032	**32,804,145**
Interest earned on outstanding exchange receivables:		
Long-term Debtors	38,497	11,286
Housing & Housing Selling Schemes	38,497	11,286
Outstanding Billing Debtors	8,184,616	4,159,124
Electricity	3,666,180	810,148
Property Rental Debtors	53,550	48,737
Service Charges	145,962	141,284
Waste Management	1,051,861	885,465
Waste Water Management	1,335,590	1,122,217
Water	1,931,473	1,151,273
Total Interest earned on outstanding exchange receivables	**8,223,113**	**4,170,410**
Total Exchange Finance Income	**31,343,145**	**36,974,555**
Total Finance Income	**33,194,130**	**39,014,061**

	2025 R	2024 R
36. OPERATIONAL REVENUE		
Administrative Handling Fees	18,826	-
Commission	28,919	352,901
Development Charges	-	3,418,204
Incidental Cash Surpluses	63	781
Insurance Refund	8,467,491	627,781
Merchandising, Jobbing and Contracts	6,484	77,479
Registration Fees	19,826	225,433
Request for Information	2,215	7,661
Staff Recoveries	-	5,357
Contribution to Provision	4,073,360	7,289,659
Total Operational Revenue	**12,617,184**	**12,005,256**

37. EMPLOYEE RELATED COSTS

		2025 R	2024 R
Salaries and Wages:			
Basic		184,330,385	172,980,562
Long Service Awards		1,331,038	1,300,263
Bonuses		808,537	775,299
Leave Payments		8,299,495	6,089,475
Overtime		20,990,353	18,594,653
Allowances:			
Acting and Post Related Allowances		260,538	117,470
Bonus Allowance		13,411,526	12,665,469
Cellular and Telephone		1,105,078	986,134
Fire Brigade		-	761,368
Housing Benefits		838,861	836,770
Non-pensionable		52,000	-
Standby Allowance		6,937,872	6,579,656
Travel or Motor Vehicle		7,820,856	7,536,038
Social Contributions:			
Bargaining Council		107,442	108,453
Group Life Insurance		159,489	171,287
Medical		11,538,888	9,087,901
Pension		28,661,330	27,900,999
Unemployment Insurance		1,669,269	1,882,254
Post-retirement Benefits:			
Service Cost	Refer note 22	1,956,194	1,751,000
Remeasurements over the financial year	Refer note 22	11,463,941	1,264,525
Total Employee Related Costs		**301,743,092**	**271,389,576**

37.1 Remuneration of Section 56 & 57 Employees:

Remuneration of the Municipal Manager: DP Lubbe

	2025	2024
Annual Remuneration	1,229,733	1,080,174
Performance Bonus	256,812	75,074
Car and Other Allowances	662,164	581,632
Cell Phone Allowance	58,909	58,909
Leave encashment	92,800	-
Non-Pensionable Allowance	-	20,340
Total	**2,300,419**	**1,816,129**

Remuneration of the Chief Financial Officer: M Shude (01 July 2024 to 06 December 2024)

	2025	2024
Annual Remuneration	607,738	1,085,652
Performance Bonus	215,822	184,109
Car and Other Allowances	120,901	272,810
Cell Phone Allowance	19,378	44,746
Company Contributions to UIF and Pension Funds	-	20,340
Leave encashment	118,583	126,449
Non-Pensionable Allowance	-	20,340
Total	**1,082,422**	**1,754,446**

Mr M Shude, passed away on 06 December 2024. Remuneration disclosed above includes all earnings up to the date of passing, including any termination benefits due. Following this, Mr A Mati was appointed as Acting Chief Financial Officer effective 9 December 2024. The remuneration for the acting period is disclosed separately below.

	2025 R	2024 R
Remuneration of the Acting Chief Financial Officer: A Mati (09 December 2024 to 30 June 2025)		
Acting Allowance	66,240	-
Total	**66,240**	**-**
Remuneration of the Director: Corporate Services - AWJ Everson		
Annual Remuneration	1,465,034	1,465,034
Performance Bonus	91,567	88,642
Car and Other Allowances	102,603	102,603
Cell Phone Allowance	44,746	44,746
Company Contributions to UIF and Pension Funds	263,706	263,706
Leave encashment	70,436	68,186
Non-Pensionable Allowance	-	20,340
Total	**2,038,093**	**2,053,257**
Remuneration of Director: Community Services - M Mgajo		
Annual Remuneration	1,424,430	1,171,111
Performance Bonus	152,617	159,123
Medical Aid Allowance	65,703	63,329
Car and Other Allowances	49,068	49,068
Cell Phone Allowance	44,746	44,746
Company Contributions to UIF and Pension Funds	256,397	210,800
Non-Pensionable Allowance	-	20,340
Total	**1,992,962**	**1,718,517**
Remuneration of Director: Strategy and Social Development - CO Matthys		
Annual Remuneration	1,469,807	1,469,807
Performance Bonus	91,719	88,789
Car and Other Allowances	100,000	100,000
Cell Phone Allowance	44,746	44,746
Company Contributions to UIF, Medical and Pension Funds	264,565	264,565
Leave encashment	70,553	68,299
Non-Pensionable Allowance	-	20,340
Total	**2,041,390**	**2,056,546**
Remuneration of Director: Economic, Social and Integrated Development Services - D Louwrens		
Annual Remuneration	730,528	-
Cell Phone Allowance	44,746	-
Medical Aid contributions	44,388	-
Car and Other Allowances -	144,000	-
Company Contributions to UIF and Pension Funds	131,495	-
Total	**1,095,157**	**-**
Summary of Remuneration of Section 56 & 57 Employees:		
All Directors	10,550,442	9,398,895
Acting Directors	66,240	-
Total Remuneration of Section 56 & 57 Employees	**10,616,682**	**9,398,895**

38. REMUNERATION OF COUNCILLORS

	2025 R	2024 R
Executive Mayor	1,084,591	1,043,854
Deputy Executive Mayor	808,165	845,714
Speaker	878,372	845,714
Mayoral Committee Members	3,228,261	3,183,505
Total for All Other Councillors	6,349,578	5,911,666
Total Councillors' Remuneration	**12,348,967**	**11,830,452**

	2025	2024
	R	R

Remuneration of Councillors:

30 June 2025	Basic salary	Travel allowance	Other allowances	Pension and Medical Aid contribution	Total
Executive mayor	787,571	96,440	47,004	153,576	1,084,591
Deputy executive mayor	600,279	43,828	47,004	117,054	808,165
Speaker	619,310	91,292	47,004	120,766	878,372
Executive mayoral committee members	2,615,602	330,544	188,016	94,098	3,228,261
Section 79 committee chairperson	509,796	963	47,004	38,235	595,998
Councillors	4,426,778	236,515	707,928	382,359	5,753,580
	9,559,337	**799,582**	**1,083,960**	**906,088**	**12,348,967**

30 June 2024	Basic salary	Travel allowance	Other allowances	Pension and medical aid contribution	Total
Executive mayor	748,290	96,440	53,208	145,916	1,043,854
Deputy executive mayor	672,506	120,000	53,208	-	845,714
Speaker	587,871	90,000	53,208	114,635	845,714
Executive mayoral committee members	2,511,465	393,500	212,832	65,708	3,183,505
Section 79 committee chairperson	402,324	-	53,208	-	455,532
Councillors	4,122,409	109,530	792,824	431,371	5,456,134
	9,044,865	**809,470**	**1,218,488**	**757,630**	**11,830,453**

Initial(s) and Surname - Council Members	Designation 2025	Designation 2024	2025 Total	2024 Total
Ald SW van Eeden	Mayor	Mayor	1,084,591	1,043,854
Ald CJ Grootboom	Deputy Mayor	Member of Council	808,165	366,708
Cllr DB Janse	Member of Council and Section 79	Member of Mayoral Committee	376,812	366,708
Cllr NJ Beginsel	No Designation	Member of Council and Section 79	-	82,216
Cllr P Hess	Speaker	Speaker	878,372	845,714
Cllr JJS Januarie	Member of Council and Section 79	Member of Council	377,333	366,708
Cllr JS Mafilika	Member of Council	Member of Council	375,366	366,708
Cllr LJ Prince	Member of Council and Section 79	Member of Council and Section 79	405,966	357,002
Cllr OC Simpson	No Designation	Member of Council	-	212,996
Cllr L Gxowa	Member of Council and Section 79	Member of Council	375,366	366,708
Cllr A Ndongeni	Member of Council	Member of Council	375,366	366,708
Cllr LL Kahla	Member of Council	Member of Council	375,366	366,708
Cllr C Steyn	Mayco Member	Mayco Member	825,872	795,876
Cllr MG Oostendorff-Kraukamp	Member of Council	Member of Council	375,366	366,708
Cllr DAT Felix	Mayco Member	Mayco Member	827,416	795,876
Cllr Y Siegel	Member of Council	Member of Council	375,366	366,708
Cllr JCJ Coetzee	Mayco Member	Mayco Member	825,872	795,876
Cllr CJ Pokwas	MPAC Chairperson - Section 79	Member of council	595,998	366,708
Cllr JG Steenkamp	Member of council	Deputy Mayor	445,637	845,714
Cllr RC Henn	Member of Council	Mayco Member	438,742	795,876
Cllr TV Coetzee	Member of Council and Section 79	Member of Council	375,366	366,708
Cllr D September	Mayco Member	MPAC Chairperson - Section 79	749,100	455,532
Cllr M Gertse	Member of Council	Member of Council	375,366	366,708
Cllr C Baartman	Member of Council	Member of Council	353,619	123,160
Cllr SE Rensenburg	Member of Council	Member of Council	352,544	280,264
			12,348,967	**11,830,452**

	2025 R	2024 R

In-kind Benefits

The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Mayor and mayoral commitee members are provided with secretarial support and an office at the cost of the municipality.

Ald CJ Grootboom replaced Cllr J G Steenkamp on 13.08.2024 as Deputy Mayor
Cllr NJ Beginsel and Cllr OC Simpson was removed as a council members on 07.09.2023 and 22.01.2024 respectively

39. DEPRECIATION AND AMORTISATION

	2025 R	2024 R
Depreciation: Property, Plant and Equipment	54,149,913	52,291,432
Depreciation: Investment Property	63,144	63,318
Amortisation: Intangible Assets	522,879	-
Total Depreciation and Amortisation	**54,735,936**	**52,354,750**

40. BAD DEBT WRITTEN OFF

	2025 R	2024 R
Bad Debts Written Off	28,160,210	13,849,530
Total Bad Debts Written Off	**28,160,210**	**13,849,530**

Implementation of new indigent cycle, resulting in increased debt impairment and debt write-off

41. IMPAIRMENT LOSSES

	2025 R	2024 R
Property, Plant and Equipment	-	457,308
Receivables from Exchange Transactions	58,288,911	18,140,182
Receivables from Non-Exchange Transactions	7,666,716	(2,517,537)
Total Impairment Losses	**65,955,627**	**16,079,953**

42. INVENTORY LOSSES

	2025 R	2024 R
Inventory Gains\(Losses)	32,280	(273,465)
Total Inventory Gains\ (Losses)	**32,280**	**(273,465)**

43. FINANCE COST

		2025 R	2024 R
Interest Paid:		21,694,978	21,936,957
Borrowings		2,409,045	3,137,094
Finance Leases		1,144,872	1,487,595
Interest costs Non-Current Provisions		10,454,370	10,115,268
Net Interest Expense	Refer note 22.2	7,686,691	7,197,000
Total Finance Cost		**21,694,978**	**21,936,957**

44. BULK PURCHASES

	2025 R	2024 R
Electricity	585,676,064	478,957,439
Water	6,361,741	7,323,453
Total Bulk Purchases	**592,037,805**	**486,280,892**

45. CONTRACTED SERVICES

	2025 R	2024 R
Outsourced Services	4,450,689	3,525,994
Consultants and Professional Services	6,934,421	11,658,097
Contractors	31,656,037	31,965,439
Total Contracted Services	**43,041,147**	**47,149,530**

	2025 R	2024 R
45.1 Outsourced Services		
Burial Services	390,978	194,809
Business and Advisory	1,365,283	1,712,490
Connection/Dis-connection	52,174	292,116
Personnel and Labour	35,250	239,452
Security Services	1,559,545	884,198
Traffic Fines Management	823,242	-
Translators, Scribes and Editors	27,180	34,055
Transport Services	197,037	168,874
	4,450,689	**3,525,994**

	2025 R	2024 R
45.2 Consultants and Professional Services		
Business and Advisory	2,522,303	3,836,095
Infrastructure and Planning	3,467,946	5,566,479
Laboratory Services	511,958	678,480
Legal Cost	432,214	1,577,043
	6,934,421	**11,658,097**

	2025 R	2024 R
45.3 Contractors		
Artists and Performers	10,000	109,200
Catering Services	30,650	15,549
Chipping	328,212	1,367,680
Electrical	3,963,837	2,861,882
Event Promoters	87,500	54,782
Fire Protection	104,533	19,320
Maintenance of Buildings and Facilities	813,386	1,357,030
Maintenance of Equipment	329,448	487,084
Maintenance of Computer Software	17,264,943	17,467,964
Management of Informal Settlements	2,165,480	2,138,610
Medical Services	27,045	67,011
Pest Control and Fumigation	5,189	6,200
Plants, Flowers and Other Decorations	-	1,456
Prepaid Electricity Vendors	6,483,287	5,527,576
Safeguard and Security	30,312	25,774
Sewerage Services	-	411,596
Sports and Recreation	7,715	42,225
Stage and Sound Crew	4,500	4,500
	31,656,037	**31,965,439**

46. INVENTORY CONSUMED

	2025 R	2024 R
Consumables	3,878,482	3,907,774
Housing Stock	9,659,509	414,515
Materials and Supplies	24,722,153	28,290,599
Total Inventory Consumed	**38,260,144**	**32,612,888**

47. TRANSFERS AND SUBSIDIES PAID

	2025 R	2024 R
Operational Grants	3,499,552	3,334,826
Allocations In-kind	689,177	146,558
Monetary Allocations	2,810,375	3,188,268
Total Transfers and Subsidies Paid	**3,499,552**	**3,334,826**

48. OPERATING LEASES

	2025 R	2024 R
Other Assets	66,321	38,616
Total Operating Leases	**66,321**	**38,616**

	2025	2024
	R	R

49. OPERATIONAL COSTS

Included in Operational Expenses are the following:

	2025 R	2024 R
Advertising, Publicity and Marketing	824,114	874,859
Bank Charges, Facility and Card Fees	1,236,408	1,149,620
Bursaries (Employees)	332,372	314,096
Commission	369,883	188,092
Communication	2,228,641	2,042,985
Courier and Delivery Services	2,108	1,751
Drivers Licences and Permits	15,310	20,880
Entertainment	1,880	-
External Audit Fees	5,874,758	5,107,771
External Computer Service	13,992,982	14,224,637
Full Time Union Representative	124,948	128,083
Hire Charges	972,155	1,357,306
Insurance Underwriting	2,361,261	4,835,210
Land Alienation Costs	167,677	183,253
Licences	765,034	726,760
Municipal Services	3,200	3,400
Permits	3,180	-
Printing, Publications and Books	684,150	666,774
Professional Bodies, Membership and Subscription	3,115,789	2,903,388
Registration Fees and Training	644,142	163,298
Remuneration to Ward Committees	973,250	675,030
Resettlement Cost	14,200	63,384
Roadworthy Test	4,955	5,800
Skills Development Fund Levy	2,530,773	2,366,878
System Access and Information Fees	106,146	97,174
Toll Gate Fees	19,886	25,426
Travel and Subsistence	333,598	616,309
Uniform and Protective Clothing	1,141,315	1,853,178
Wet Fuel	12,941,677	16,899,308
Workmen's Compensation Fund	2,012,630	2,003,546
Total Operational Costs	**53,798,422**	**59,498,196**

49.1 Travel and Subsistence

	2025 R	2024 R
Domestic	**186,078**	**409,752**
Non-employees	147,519	206,557
Total Travel and Susistence	**333,597**	**616,309**

No other extraordinary expenses were incurred.

50. GAINS AND LOSSES ON OTHER OPERATIONS

	2025 R	2024 R
Fair Value Gains on Investments	1,948	17,332
Total Gains on Other Operations	**1,948**	**17,332**

51. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

	2025 R	2024 R
Property, Plant and Equipment	98,988	(159,375)
Total Gains / (Losses) on Disposal of Capital Assets	**98,988**	**(159,375)**

52. CORRECTION OF ANNUAL FINANCIAL STATEMENTS

52.1 Correction of Accumulated Surplus

The figures of the opening balance of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

		Accumulated Surplus
Accumulated Surplus published as at 30 June 2023		**951,939,865**
Restated Accumulated Surplus published as at 30 June 2023		**951,939,865**
Transactions incurred for the Year 2023/24		49,486,719
Correction of Error:-		
Debtors control account system linking error correction	3,832,348	
Payables control account system linking error correction	9,469,446	
Payables control account system linking error correction for Agency fees	(6,415,758)	
Adjustment to Inventory	7,903	
Loss on Disposal for inventory	(39,000)	
		6,854,938
Restated Balances as at 30 June 2024		**1,008,281,522**
Accumulated Surplus as at 30 June 2023		**1,008,278,624**

Note 1: Municipal Infrastructure Grant Capital Revenue Recognised which had an affect on the opening balance of the accumulated surplus relating to annual financial year of 30 June 2021.

52.2 Reclassification and Correction Error - Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Reclassification and Correction Error is as follows:

	Prior Year 2023/24 Audited	Reclassification of Revenue	Correction of Error	Restated Amount 2023/2024
Income from Agency Services	15,120,431	(9,685,217)	-	5,435,214
Income from library services	-	9,685,217	-	9,685,217
Gains on Disposal of PPE	(120,375)	-	(39,000)	(159,375)

52.3 Reclassification and Correction of Error - Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Reclassification and Correction of Error is as follows:

	Prior Year 2023/24 Audited	Reclassification of Expenditure	Correction of Error	Restated Amount 2023/24
Inventory losses	(281,368)	-	7,903	(273,465)
Inventory Consumed	49,512,196	(16,899,308)	-	32,612,888
Operational Costs	42,598,888	16,899,308	-	59,498,196
	1,016,074,798	**-**	**7,903**	**1,016,082,701**

52.4 Reclassification and Correction of Error of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Reclassification and Correction Error is as follows:

	Prior Year 2023/24 Audited	Reclassification of Financial Position	Correction of Error	Restated Amount 2023/24
Current Assets				
Receivables from Exchange Transactions	57,457,353	-	19,765,013	77,222,366
Statutory Receivables from Exchange Transactions	3,223,423	-	(594,898)	2,628,525
Payables from Exchange Transactions	130,232,047	-	(771,285)	129,460,762
VAT Payable	-	-	13,055,364	13,055,364
Net Assets				
Accumulated Surplus / (Deficit)	1,001,423,686	-	6,854,938	1,008,278,624
	-	-	-	-

52.5 Detail of Reclassification and Correction Error of Statement of Financial performance

	Gains on Disposal of PPE	Inventory losses	Inventory Consumed	Operational Costs
Balance previously reported	**(120,375)**	**(281,368)**	**49,512,196**	**42,598,888**
Reclassification and Correction of Errors:-				
Reclassification of Inventory Consumed	-	-	(16,899,308.00)	16,899,308.00
Adjustment to Inventory	-	7,903.00	-	-
Loss on Disposal for inventory	(39,000.00)	-	-	-
Restated Balance now reported	**(159,375)**	**(273,465)**	**32,612,888**	**59,498,196**

	Income from Agency Services	Income from library services
Balance previously reported	15,120,431	-
Reclassification and Correction of Errors:-		
Reclassification of Income from agency services to Income from library services	(9,685,217)	9,685,217
Restated Balance now reported	**5,435,214**	**9,685,217**

Gains on Disposal of PPE
This was a property that was sold however the updating was not done on our financial system.

Inventory losses
Inventory losses recognised against the Inventory balance

Inventory Consumed & Operational Costs
The prior year amounts for *Inventory Consumed and Operational cost* have been restated to correctly disclose the expenditure for Wet fuel. Wet fuel usage by drivers was incorrectly recorded under inventory consumed

Income from Agency Services & Income from library services
The prior year amounts for Income from agencyservices has been reclassified to Income from library services due to the municipality not being considered agent acting on behalf of the Department of Cultural Affairs and Sports for the library services performed by the municipality.

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52.6 Detail of Reclassification and Correction Error of Statement of Financial Position

Opening Balances and **Prior Year Amounts** of items in the Statement of Financial Position have been restated as indicated below:

	Statutory Receivables from Exchange Transactions	VAT Payable	Receivables from Exchange Transactions	Payables from Exchange Transactions
Balances previously published per AFS as at 30 June 2023	**8,147,056**	**-**	**42,496,094**	**99,764,331**
Balances now published per AFS as at 30 June 2023	**8,147,056**		**42,496,094**	**99,764,331**
Transactions incurred for the Year 2023/24	(4,923,633)		14,961,259	30,467,716
Correction of Errors:-				
Debtors control account system linking error correction	-	-	6,114,751	2,282,403
Correction of prior year payroll accrual for bonus and overtime	-	-	-	(2,526,447)
Correction of prior year payroll accrual for bonus	-	-	-	1,560,278
Correction of prior year payroll accrual for overtime	-	-	-	966,169
Payables control account system linking error correction	-	-	-	(9,469,446)
Payables control account system linking error correction for Agency fee	-	-		6,415,758
Decrease Retention	-	-	-	(13,965,212)
Increase Trade Creditors	-	-	-	5,847,523
Increase Other Payables	-	-	-	8,117,689
VAT reclassification	(594,898)	13,055,364	13,650,262	-
Balances now published per AFS as at 30 June 2024	**2,628,525**	**13,055,364**	**77,222,366**	**129,460,762**

Statutory Receivables from Exchange Transactions & VAT Payable
During the preparation of the current year's annual financial statements, management identified that Value Added Tax (VAT) balances were incorrectly classified and disclosed in prior periods. This was due to a misinterpretation of the requirements in GRAP 104: Financial Instruments, GRAP 108: Statutory Receivables, and guidance provided in ASB Fact Sheet 11 – Classification of VAT

Payables from exchange transactions
Reclasssifications were made within the Payables from exchange transactions, which are Retension, Trade Creditors and Other Payables, overall Payables from exchange transactions has not been adjusted

During the year-end review, it was identified that certain payroll-related accruals and agency fee liabilities were not correctly recognised in the prior financial year. The Payables control account contained balances that were not fully analysed or cleared, resulting in an overstatement of control account balances and an understatement of actual payroll-related expenses

Receivables from Exchange Transactions
During the preparation of the 2024/25 financial statements, it was identified that certain clearing and control accounts, including the Over/Under Banking account, were not correctly linked in the financial system. As a result, amounts that should have been cleared or reclassified in prior periods remained in clearing accounts, causing misstatements in both assets and accumulated surplus balances.

53. CASH GENERATED BY OPERATIONS

	2025 R	2024 R
Surplus	41,994,181	49,455,622
Adjustments for:		
Depreciation and amortisation	54,735,936	52,354,750
(Gain)/loss on sale of assets and liabilities	(98,988)	159,375
Fair value adjustments	(1,948)	(17,332)
PPE - Impairment loss	-	457,308
Debtors Impairment	67,522,105	15,622,645
Bad debts written off	28,160,210	13,849,530
Movements in retirement benefit assets and liabilities	35,558,890	29,700,300
Movements in provisions	6,381,010	2,825,609
Operating lease income accrued	8,011	(14,139)
Inventories losses	(32,280)	273,465
Accumulated Surplus - Opening Balance adjustment	3,658	(2,898)
Changes in working capital:		
Decrease/(Increase) in Inventories	88,418	(4,657,791)
Decrease/(Increase) in Receivables from exchange transactions	(167,753,449)	(46,950,971)
Decrease/(Increase) in Receivables from non-exchange transactions	4,254,661	(7,706,505)
Decrease/(Increase) in Statutory receivables from non-exchange transactions	(12,184,035)	(868,030)
Decrease/(Increase) in Payables from exchange transactions	22,773,470	30,467,716
Decrease/(Increase) in VAT statutory receivables	1,029,218	4,923,633
Decrease/(Increase) in Unspent conditional grants and receipts	(11,170,106)	3,411,137
Decrease/(Increase) in Movement in employee benefit liability	(18,117,834)	(22,708,856)
OPERATING ACTIVITIES	**51,584,649**	**120,574,569**

54. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

54.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

	2025	2024
Opening Balance:	-	-
Unauthorised Expenditure Current Year:	-	-
Written-off by Council:	-	-
Unauthorised Expenditure awaiting authorisation	-	-

Incident

No unauthorised expenditure was incurred during the 2024/2025 financial year.

54.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful Expenditure:

	2025	2024
Opening Balance as restated:	-	-
Fruitless and Wasteful Expenditure Incurred	22,157	5,424
Transfers to Receivables for recovery	(22,157)	(5,424)
Closing Balance	-	-

During the financial year, the Municipality incurred fruitless and wasteful expenditure arising from instances where expenditure was incurred in vain and could have been avoided had reasonable care been exercised, including costs relating to employees not attending training for which payments had been made, unauthorised actions by officials that resulted in avoidable financial losses, misconduct that gave rise to unnecessary expenditure, and negligent behaviour that led to the Municipality incurring costs with no associated economic benefit, thereby meeting the definition of fruitless and wasteful expenditure in terms of the MFMA.

54.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

	2025	2024
Opening Balance as restated:	-	-
- *As previously stated*	-	-
Irregular Expenditure Incurred	20,434,755	-
- *Identified in the current year relating to Current Year*	*13,487,925*	-
- *Identified in the current year relating to Prior Year*	*6,946,830*	-
Written-off by Council:	-	-
- *Current Year*	-	-
- *Prior Year*	-	-
Transfer to Receivables for Recovery (see Note 4)	-	-
Closing Balance	**20,434,755**	-

During the financial year the Municipality incurred expenditure amounting to R9 609 887.72 relating to the procurement of goods and services through deviation processes that did not comply with the requirements of Municipal Supply Chain Management Regulation 36.

The Municipality incurred irregular expenditure totalling R3 878 037 (2024:R4 937 823.30) due to fuel being procured without obtaining the required three written quotations, as prescribed by Regulation 17(1)(c) of the Municipal SCM Regulations. No approved deviations were in place to justify proceeding without the competitive quotation process. Accordingly, the expenditure has been classified as irregular in terms of the MFMA.

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The Municipality incurred irregular expenditure relating to the prior year of R2 009 006.34 as the preferential points system was not applied to all written quotations below R30 000, contrary to PPR 2022. Quotations between R2 000 and R30 000 were not evaluated in accordance with the preference point system as required by the Preferential Procurement Policy Framework Act (S2(1)(a)), resulting in non-compliance. The expenditure has therefore been classified as irregular in terms of the MFMA.

55. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION

55.1 MUNICIPAL FINANCE MANAGEMENT ACT

	2025 R	2024 R
55.1.1 Contributions to Organised Local Government - SALGA		
Opening Balance	-	-
Council Subscriptions	3,107,779	2,889,966
Amount Paid - current year	(3,107,779)	(2,889,966)
Balance Unpaid (included in Creditors)	**-**	**-**
55.1.2 Pension and Medical Aid Deductions		
Opening Balance	-	-
Current Year Contributions	40,839,671	37,749,841
Amount Paid - current year	(40,839,671)	(37,749,841)
Balance Unpaid (included in Creditors)	**-**	**-**
55.1.3 Audit Fees		
Opening Balance	-	-
Current year Audit Fees	6,755,972	5,873,937
Amount Paid - current year	(6,758,758)	(5,873,937)
Balance Unpaid (included in Creditors)	**(2,786)**	**-**
55.1.4 PAYE, Skills Development Levy and UIF		
Opening Balance	-	-
Current year Payroll Deductions	42,470,437	37,759,718
Amount Paid - current year	(42,237,221)	(37,759,718)
Balance Unpaid (included in Creditors)	**233,216**	**-**

55.1.5 VAT

The net of VAT input receivables and VAT output payables are shown in Note 4 and 9. All VAT returns have been submitted by the due date throughout the year.

55.1.6 Councillor's arrear Consumer Accounts

No Councillor had arrear account outstanding for more than 90 days as at 30 June 2025:

30 June 2025	Total	Outstanding Current	Outstanding 30 days to 90 days	Outstanding more than 90 days
AP Hess	1,032	1,032	-	-
CS Steyn	1,034	519	514	-
DB Janse	3,722	1,588	2,134	-
LL Kahla	725	725	-	-
RC Henn	1,175	1,175	-	-
SW Van Eeden	1,552	1,552	-	-
TVE Coetzee	5,286	5,286	-	-
JJS January	1,083	1,083	-	-
CJ Grootboom	1,270	1,270	-	-
Total Councillor Arrear Consumer Accounts	**16,879**	**14,231**	**2,648**	**-**

No Councillor had arrear account outstanding for more than 90 days as at 30 June 2024:

30 June 2024	Total	Outstanding up to 90 days	Outstanding more than 90 days
AP Hess	954	954	-
CS Steyn	478	478	-
DB Janse	1,411	1,411	-
SW Van Eeden	1,658	1,658	-
TVE Coetzee	8,295	8,295	-
Total Councillor Arrear Consumer Accounts	**12,795**	**12,795**	**-**

55.1.7 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(1) of the Municipal Supply Chain Management Policy approved by the Council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

30 June 2025

Months	Single Supplier	Impractical	Emergency	Amount
July	0	9	0	98,216
August	6	43	17	4,562,911
September	1	43	10	4,070,187
October	0	28	14	5,581,742
November	1	30	15	7,288,149
December	4	28	18	6,220,995
January	4	25	9	3,785,232
February	2	28	17	2,032,476
March	3	18	5	751,541
April	5	19	9	3,281,469
May	1	45	1	2,951,559
June	2	7	3	3,798,477
	29	323	118	**44,422,955**

30 June 2024

Months	Single Supplier	Impractical	Emergency	Amount
July	1	15	1	1,615,215
August	4	28	11	10,866,605
September	2	16	9	1,051,172
October	6	21	33	5,131,790
November	2	21	8	2,009,013
December	4	18	19	5,535,491
January	1	16	11	2,596,822
February	2	18	14	7,479,568
March	6	35	7	3,005,224
April	1	18	9	3,141,770
May	3	18	24	16,402,966
June	1	9	13	1,912,416
	33	233	159	**60,748,052**

55.1.8 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

	Lost Units	Tariff	Value
30 June 2025	51,706,305	2.7764	143,557,712
30 June 2024	16,011,097	2.4631	39,437,574

Electricity Losses occur due to *inter alia*, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

	2025	2024
Volumes in kWh/year:		
System Input Volume	306,134,581	278,167,053
Billed Consumption	254,428,276	262,155,956
Unaccounted	51,706,305	16,011,097
Normal distribution losses - 8% of electricity purchases		
	51,706,305	16,011,097
Percentage Distribution Loss	16.89%	5.76%

Water:

	Lost Units	Tariff	Value
30 June 2025	906,820	9.0906	8,243,540
30 June 2024	1,438,540	8.5760	12,336,977

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as they are reported.

	2025	2024
Volumes in Kl/year:		
System Input Volume	8,561,770	7,692,720
Billed Consumption	(7,654,950)	(6,254,180)
Distribution Loss	906,820	1,438,540
Percentage Distribution Loss	10.59%	18.70%

55.2 BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

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

56. COMMITMENTS FOR EXPENDITURE

56.1 Capital Commitments

	2025 R	2024 R
- Already Contracted for but not provided (Incl VAT)	**125,362,376**	**165,383,154**
Property, Plant and Equipment	59,062,559	98,247,959
Community	3,022,152	4,906,233
Other	63,277,665	62,228,963
- Already Contracted for but not provided (Exl VAT)	**109,010,761**	**143,811,439**
Property, Plant and Equipment	51,358,747	85,433,007
Community Assets	2,627,958	4,266,289
Other Assets	55,024,057	54,112,142

57. FINANCIAL INSTRUMENTS

57.1 Classification

FINANCIAL ASSETS:
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

Financial Assets at Amortised Cost:			
Non-current Long-term Receivables	Housing Selling Schemes	615,841	183,187
Non-current Long-term Receivables	Trading Service Debtors	9,540,436	1,297,925
Receivables from Exchange Transactions	Electricity	83,302,698	37,050,699
Receivables from Exchange Transactions	Refuse	10,665,983	6,508,097
Receivables from Exchange Transactions	Sewerage	11,548,039	7,412,733
Receivables from Exchange Transactions	Other Receivables	3,341,488	1,912,840
Receivables from Exchange Transactions	Water	29,048,026	8,194,030
Receivables from Non-exchange Transactions	Availability charges	1,321,276	1,180,200
Receivables from Non-exchange Transactions	Wasteful Expenditure	-	97,605
Receivables from Non-exchange Transactions	Equitable share receivable	-	11,964,848
Receivables from Non-exchange Transactions	Accrued Income	3,341	3,341
Receivables from Non-exchange Transactions	Deposits	8,158,511	8,158,511
Cash and Cash Equivalents	Call Deposits	106,134,985	187,200,669
Cash and Cash Equivalents	Bank Balances	90,195,451	109,884,979
Cash and Cash Equivalents	Cash Floats and Advances	9,101	8,950
Current Long-term Receivables	Bursary Obligations	856,765	271,923
Current Long-term Receivables	Housing Selling Schemes	-	432,654
Investments	Listed Shares	156,485	154,537
Total Financial Assets		**355,918,764**	**381,917,727**

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		2025 R	2024 R

FINANCIAL LIABILITIES:
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

		2025 R	2024 R
Financial Liabilities at Amortised Cost:			
Non-current Finance Lease Obligations	Non-current Finance Lease Obligations	6,754,898	9,879,052
Non-current Borrowings	Standard Bank	18,666,667	21,000,000
Consumer Deposits	Electricity	6,714,192	6,837,799
Consumer Deposits	Water	8,919,198	8,355,109
Consumer Deposits	Other Deposits	2,411,611	3,669,668
Payables from Exchange Transactions	Other Payables	11,377,286	12,688,890
Payables from Exchange Transactions	Retentions	14,210,893	15,781,283
Payables from Exchange Transactions	Salary Related Payables	2,590,586	2,526,447
Payables from Exchange Transactions	Trade Creditors	90,996,826	84,059,908
Current Finance Lease Obligations	Current Finance Lease Obligations	3,124,154	3,705,405
Current Borrowings	Standard Bank	2,333,367	2,365,325
Total Financial Liabilities		**167,881,464**	**170,868,886**

No Financial Instruments of the municipality have been reclassified during the year.

57.2 Capital Risk Management

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 25. and the Statement of Changes in Net Assets.

Gearing Ratio

The gearing ratio at the year-end was as follows:

	2025	2024
Debt	30,879,086	36,949,782
Cash and Cash Equivalents	(196,339,537)	(297,094,598)
Net Debt	(165,460,451)	(260,144,816)
Equity	1,113,197,462	1,071,199,623
Net debt to equity ratio	**14.86%**	**24.29%**

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

57.3 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

57.4 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:
- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk
Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk
Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk
Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 57.7 to the Annual Financial Statements.

57.5 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 57.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

57.5.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

57.5.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank, Investec and Standard Bank. No investments with a tenure exceeding twelve months are made.

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

The municipality is exposed to credit interest rate risk as the municipality has borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis
The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 25 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 57..8 below:

Cash and Cash Equivalents:

If interest rates had been 25 basis points higher / lower and all other variables were held constant, the municipality's:

• Surplus for the year ended 30 June 2025 would have increased / decreased by R616,770 (30 June 2024: R827,644). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

57.6 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

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

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties.

	2025 R	2024 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Investments	156,485	154,537
Long-term Receivables	9,540,436	1,297,925
Receivables from Exchange Transactions	156,960,216	77,222,366
Receivables from Non-exchange Transactions	9,483,128	21,404,505
Bank, Cash and Cash Equivalents	196,339,537	297,094,598
Maximum Credit and Interest Risk Exposure	**372,479,802**	**397,173,931**

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Exchange Debtors:		
- Service Debtors	83.13%	74.91%
- Other Receivables	4.57%	1.11%
- Prepayments and Advances	4.64%	1.81%
Non-Exchange Debtors:		
- Other not Classified	7.64%	22.21%
Total Credit Risk	**100%**	**100%**

Bank and Cash Balances		
ABSA Bank Ltd - Primary Bank Account	90,195,451	109,884,979
Depositor Plus	25,272,961	25,327,072
ABSA - Limited Call Account	-	81,073,049
Standard Bank	80,865,315	80,800,548
Cash Equivalents	9,101	8,950
Total Bank and Cash Balances	**196,342,828**	**297,094,598**

Credit quality of Financial Assets

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

Total Receivables from Non-exchange Transactions	**8,578,050**	**20,210,894**

Credit quality Groupings:

High - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Medium - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Low - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing, have been renegotiated in the last year.

55.7 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
30 June 2025								
Non-interest Bearing		-	143,530,983	143,530,983	-	-	-	-
Semi Floating Interest Rate Instruments		11.03%	30,879,086	30,879,086	-	-	-	-
			174,410,069	**174,410,069**	**-**	**-**	**-**	**-**
30 June 2024								
Non-interest Bearing		-	151,617,815	151,617,815	-	-	-	-
Semi Floating Interest Rate Instruments		10.48%	36,949,782	36,949,782	-	-	-	-
			188,567,597	**188,567,597**	**-**	**-**	**-**	**-**

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
30 June 2025								
Non-interest Bearing		-	159,431,843	159,431,843	-	-	-	-
Variable Interest Rate Instruments		8.88%	196,486,921	196,486,921	-	-	-	-
			355,918,764	**355,918,764**	**-**	**-**	**-**	**-**
30 June 2024								
Non-interest Bearing		-	84,677,542	84,670,542	3,000	3,000	1,000	-
Variable Interest Rate Instruments		7.37%	297,240,185	297,240,185	-	-	-	-
			381,917,727	**381,910,727**	**3,000**	**3,000**	**1,000**	**-**

The municipality does not have any financing facilities and expects to meet its obligations from operating cash flows and proceeds of maturing financial assets and to maintain current debt to equity ratio.

55.8 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

58. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

The fund administrator indicated that pensioner data is confidential and therefore not readily available to the Municipality. Consequently, the Municipality was unable to obtain the detailed information required to reliably estimate the accrued liability for pensioners entitled to a defined benefit pension.

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes. All councillors belong to the Consolidated Retirement Fund , whilst employees belong to a variety of approved Pension and Provident Funds as described below.

Under the rules of the multi-employer plans, the Municipality may be required to fund deficits arising from other participating employers in proportion to its participation in the plan

58.1 DEFINED BENEFIT SCHEMES

LA Retirement Fund: check the value

	Last actuarial valuation	Total assets R'000	Total liabilities R'000	Contributing members
LA Retirement Fund	June 2024	1,302,163.00	(1,082,511.00)	1

Contributions paid recognised in the statement of financial performance	2025 R	2024 R
LA Retirement Fund	57,811.68	55,044.36

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2024 revealed that the fund has a funding level of 118.5% (30 June 2023: 120,3%).

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2024 disclosed an actuarial valuation amounting to R1 302 163 000 (30 June 2023: R1 338 791 000), with a nett accumulated surplus of R 202 952 000 (2023: R226 285 000), with a funding level of 120.3% (30 June 2022: 111.6%).

The Municipality expects to contribute approximately R 60 708.05 to the multi-employer plans during the 2025/26 financial year

It is to be noted that :

(i) The value of assets is the fair value of the net assets after deduction of current liabilities and any liabilities arising from the pledging, hypothecation, or other encumbering of the assets of the Pensioner Account. The actuarial value of the assets is equal to the fair value of the assets.

(ii) Pensioner liabilities include DB Deferred Member liabilities and a provision for future expenses related to these categories of membership.

(iii) The funding level is determined by dividing the value of the assets of the Pensioner Account by the sum of the pensioner liabilities and the Solvency Reserve

(v) The processing error reserve account held a negative balance of R9.368 million as at 30 June 2024 representing 0.9% of the DC section liabilities. The Trustees may allocate the balance of the processing error reserve account to members' shares and living annuitants' accounts

The nature of the assets is suitable for the fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2024 revealed that the fund has a funding level of 118,5% (30 June 2022 - 104,9%).

Consolidated Retirement Fund:

	Last actuarial valuation	Total assets R'000	Total liabilities R'000	Contributing members
Consolidated Retirement Fund	June 2024	693 466	(516,464.00)	766

Contributions paid recognised in the statement of financial performance	2025 R	2024 R
Consolidated Retirement Fund	43,512,954.64	38,738,645

The contribution rate payable is 9% by members and 18% by Council.

The last actuarial valuation performed for the year ended 30 June 2024 revealed that the fund has a funding level of 117.3% (30 June 2023 - 100.2%).

The Municipality expects to contribute approximately R 45 692 953.67 to the multi-employer plans during the 2025/26 financial year

58.2 DEFINED CONTRIBUTION SCHEMES

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

Contributions paid recognised in the statement of financial performance	2025 R	2024 R
SALA Pension Fund	652,498.02	619,091
Municipal Workers Retirement fund	1,883,903.83	2,155,618

The contribution rate payable is 8.6% by members and 22.78% by Council for SALA Pension Fund and 9% and 18% for Municipal Workers Retirment Fund Respectively. The Municipality expects to contribute approximately R 685 188.17 and R1 978 287.41 to the multi-employer plans during the 2025/26 financial year to South African Local Authorities Pension Fund and Municipal Workers Retirement fund respectively.

SALA Pension Fund - The statutory valuation performed as at 01 July 2021 revealed that the assets of the fund amounted to R12,238,000 (01 July 2018: R14,298,600), with funding levels of 85.5% (01 July 2018: 96.0%). The contributing members amounted to 10.

The Municipal Workers Retirement Fund - The last statutory valuation performed as at 30 June 2020 revealed that the assets of the fund amounted to R9,021,008,000 (30 June 2019: R9,272,763,000), with funding levels of 102.2% (30 June 2019: 110.6%). The contributing members amounted to 35.

59. RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

59.1 Compensation of Related Parties

Compensation of Close Family Members of Councillors and/or Key Management.
Refer to note 36 and 37 for key management and councillors

	2025 R	2024 R

59.2 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

Company Name	Related Person	Employer and Capacity of person	Relationship To Member of	Awards for the year	Awards for the year
Annadale Motors BK	E Wagner - Retired in current year	PA - Langeberg Municipality	Spouse to Director	72,973	134,974
Bar Vallie Herstel & Ing. Werke	G van Loggerenberg	Teacher - Bonnievale High School	Child to Owner	319,684	324,350
Ludify	T Williams	Teacher - WCED	Mother to Owner	671,857	389,613
Lumber & Lawn	J van Zyl	Teacher - WCED	Spouse to Director	90,247	48,556
Rob Auto Electric	AWJ Everson	Director Corporate Service Langeberg Municipality	Father-in-law to Owner	321,595	184,273
Robertson Toyota	ZG Schreader	Teacher - WCED	Spouse to Director	64,300	108,570
Van Niekerk & Linde Attorneys	S Rossow	Teacher - WCED	Spouse to Owner	-	125,177
Red Ants Security Services	N Lesiela	Practitioner - Mogale Municipality	Spouse to Director	-	188,008
Greenro Solutions	N Thabeng	Forensic Analyst - SAPS	Spouse to Director	1,464,724	5,275,490
Geraldine Suppliers	Bridget Cloete	Soldier SA Army - Pretoria	Father to Owner	-	69,906
iX ENIGINEERS (PTY) LTD	RJ MAashegana	Nurse - Department of Health	Spouse to Director	1,627,739	1,822,596
Ducharme Consulting	L Mbekweni	Department of Rural Development and Land reform	Spouse to Director	363,780	483,125
FELICITY DENISE AFRICA	Clint Africa	Police officer - SAPS	Son to Owner	-	10,000
Actom Electrical Pro	Tanya Lubbe	Teacher - Gauteng Education Department	Spouse to Director	1,393,620	2,986,534
Total Awards				**6,390,520**	**12,151,173**

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

60. CONTINGENT LIABILITIES

Contingent Liability arose due to various claims brought against the Municipality. The attorneys suggested that the matters will be defended, due to the circumstances of each.

The likelihood of successfully defending the claims, as well as the timing and possible costs thereof, cannot be determined at this time.

	2025 R	2024 R
a) P Kleintjies - Water pipe burst causing damage to property	-	25,000
b) Reality Dynamix 104 (PTY) LTD - Alleged loss of income due to sale of erven being cancelled		15,800,000
c) Japie Oosthuizen, Onverwacht Flora - Veld Fire McGregor - Loss of Income	-	2,725,037
d) Jaco Oosthuizen, Dwarswater - Veld Fire McGregor - Damage to Fencing / Plants	-	317,511
e) Deon Mouries (Wade Mouries) - A minor child fell in a manhole and drowned in Main Road Ashton on 20 June 2022 (High Court Case no 7541/23)	7,480,000	7,480,000
f) Jan Loots - Pothole Claim (notice received intention legal proceedings)	5,850	5,850
g) Jan Loots - Pothole Claim (letter of demand)	18,239	-
h) H P Wentzel - Pothole Claim (letter of demand)	24,661	-
i) G Gibbs - Pothole Claim (letter of demand)	9,044	-
j) Susan Fourie - claims for injuries sustained falling on side walk in front of Ackermans Robertson	90,000	90,000
k) CBR14573 Toyota Hilux / with TP Tybault Jaramba CAA116089	-	49,000
l) Corne Le Roux - damaged vehicle due to low-hanging branch (possible demand)	93,377	
m) Fuseini IBN Yamusah - minor children were injured, Montagu	8,060,000	
	15,781,171	**26,492,398**

61. CONTINGENT ASSETS

a) Case Langeberg Municipality/Breede Valley Construction and third Parties. Claim against Breede Valley Construction and third Parties due to losses suffered by the municipality as a result of the collapse of the museum on 26 August 2014.	2,100,000	2,100,000
b) Langeberg Municipality vs WCB Holdings(PTY) LTD due to a calculation error on the bill of quantities.	791,226	791,226
c) SALA Pension fund - dispute relating increase in employer contributions. Langeberg Municipality dispute increase and if dispute is successfull 2% increase in employer contribution is refundable.	405,375	-
	3,296,601	**2,891,226**

62. IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive in-kind donations and assistance during the 2024/2025 financial year.

63. ANALYSIS OF AGENCY ACCOUNTING

63.1 Municipality acting as the Principal

Compensation paid for Agency Activities:

Prepaid Electricity Vendor	6,483,287	5,527,576
Third Party Vendor	372,183	188,092
Fees as compensation to agents (Vendors)	6,855,470	5,715,668

No resources were held by the agents on behalf of the municipality.
Terminations process will be followed per contract agreement due to non adherences of contract agreement requirements

63.2 Municipality acting as the Agent

Motor Vehicle Licensing and Registration	6,099,675	5,435,214
Compensation fees retained	6,099,675	5,435,214

64. EVENTS AFTER THE REPORTING DATE

Councillors resignations and appointments

On 31 July 2025, Councillor JJJS Januarie who served as a member of council and Municipal Public Accounts Committee, resigned from office.

The resignation occurred after the reporting date of 30 June 2025, and does not relate to any conditions existing at year-end. As such, it is classified as a non-adjusting event in terms of GRAP 14 – Events After the Reporting Date.

Mr Daniel Baadjies was appointed as a council member of the Langeberg Municipality on the 15th of October 2025 and he resigned as a council member on the 10th of November 2025.

The resignation and appointment occurred after the reporting date of 30 June 2025, and does not relate to any conditions existing at year-end. As such, it is classified as a non-adjusting event in terms of GRAP 14 – Events After the Reporting Date.

While the above resignations and appointment does not impact the financial position as at year-end, it is considered material due to the councillor's governance role and potential implications for leadership continuity and oversight functions.

Fuseini IBN Yamusah –Injury Claim

On 14 July 2025 a summons was received withregards to, a formal complaint was lodged in the High Court against the municipality in connection with an incident that occurred in Montagu on 12 July 2022. The claim relates to alleged injuries sustained by the minor children.

The complaint was lodged after the reporting date of 30 June 2025 and does relate to conditions existing at year-end. Accordingly, it is classified as a adjusting event in terms of GRAP 14 – Events After the Reporting Date.

The matter is disclosed as a contingent liability in accordance with GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets, as no present obligation existed at 30 June 2025 and the outcome is uncertain.

Chief financial officer Position

Mr A Mati was appointed Chief financial officer effective from 1 July 2025

65. GOING CONCERN ASSESSMENT

Langeberg Municipality continued to generate accounting and operating surpluses in 2025 annual financial year.

Based on the long-term liquidity forecasts and projections, management believe that there is a reasonable basis to conclude that the municipality will be able to continue with its service delivery operations and to meet its financial commitments in the medium and long term.

The municipality also obtains significant amounts of government grants annually to finance operating and capital expenditure.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

66. SEGMENT REPORTING

For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide. The municipality has five primary reportable segments:

- **The segment for Community Services:-**
  This segment consists of all services for community & social development and and sport & recreation.
- **The segment for Road Transport:-**
  This segment consists of all services for the providing of road transport to the community
- **The segment for Trading Services:-**
  This segment consists of the following infrastructure services delivered to the community.
  - - Energy Sources:-
    This segment consists of all services for energy supply to the community.
  - - Waste Management:-
    This segment consists of all services for the management of solid waste in the municipal area.
  - - Wastewater Management:-
    This segment consists of all services for the management of waste water, including sewage, in the municipal area.
  - - Water Management:-
    This segment consists of all services for water supply to the community.
- **The segment for Other Services:-**
  This segment consists of other variance services rendered in the municipal jurisdiction area.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on non-financial metrics and the segment's operating surplus or deficit, measured consistently with the accounting policies applied in the Annual Financial Statements. However, the municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group basis and are not allocated to operating segments.

Inter-business unit services are not valued and are deemed to have been supplied for no consideration, and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the non-financial service performance information.

The municipality operates within the following geographical areas:

WARD	AREA
Ward 1	Robertson
Ward 2	Robertson Nkqubela
Ward 3	Robertson
Ward 4	Bonnievale (Happy Valley)
Ward 5	McGregor
Ward 6	Robertson
Ward 7	Montagu
Ward 8	Bonnievale
Ward 9	Ashton
Ward 10	Ashton Zolani
Ward 11	Ashton Rural
Ward 12	Montagu

The municipality does however not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.

AUDITOR-GENERAL
SOUTH AFRICA
30 November 2025

66.1 Segmental Analysis of Financial Performance

Year Ended 30 June 2025

Description	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste water Management	Water Management	Other	Total for Municipality
	R	R	R	R	R	R	R	R
REVENUE								
Revenue from Non-exchange Transactions								
Property Rates	-	-	-	-	-	-	108,425,415	108,425,415
Fines, Penalties and Forfeits	30,584	-	206,349	-	-	-	36,766,105	37,003,038
Availability Charges	-	-	1,841,688	1,239,893	1,123,234	523,959	-	4,728,773
Transfers and Subsidies	112,772	41,357,045	10,175,296	10,921,047	10,964,472	11,221,347	112,528,903	197,280,882
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	1,850,985	1,850,985
Revenue from Exchange Transactions								
Licences and Permits	124,136	-	4,318	-	-	-	3,713,188	3,841,642
Service Charges	-	-	676,665,848	38,345,973	39,127,003	82,699,959	(2,887,085)	833,951,698
Sales of Goods and Rendering of Services	586,489	-	-	1,508,716	-	-	3,360,812	5,456,017
Income from Agency Services	-	-	-	-	-	-	6,099,675	6,099,675
Income from Library services	10,835,840	-	-	-	-	-	-	10,835,840
Rental from Fixed Assets	884,955	-	-	-	-	-	2,883,918	3,768,873
Interest, Dividends and Rent on Land Earned	-	-	(141,581)	-	-	-	31,484,726	31,343,145
Operational Revenue	-	6,484	-	-	-	-	12,610,700	12,617,184
Gains on Other Operations	-	-	-	-	-	-	1,948	1,948
Gains on Disposal of Capital Assets	-	-	-	-	-	-	-	98,988
Inventory Losses	-	-	-	-	-	-	32,280	32,280
Total Revenue	**12,574,776**	**41,363,529**	**688,751,918**	**52,015,629**	**51,214,709**	**94,445,265**	**316,871,570**	**1,257,336,383**
EXPENDITURE								
Employee Related Costs	43,652,376	12,713,691	23,983,129	28,806,843	15,162,368	17,833,417	159,591,268	301,743,092
Remuneration of Councillors	-	-	-	-	-	-	12,348,967	12,348,967
Depreciation and Amortisation	3,558,437	16,589,305	6,570,575	4,103,705	2,053,718	10,286,984	11,573,212	54,735,936
Impairment Losses	-	-	16,145,216	5,930,678	5,385,263	10,606,552	27,887,918	65,955,627
Bad Debts Written Off	-	-	-	-	-	-	28,160,210	28,160,210
Interest, Dividends and Rent on Land	-	-	2,407,255	10,454,370	1,790	-	8,831,563	21,694,978
Bulk Purchases	-	-	592,037,805	-	-	-	-	592,037,805
Contracted Services	1,214,461	1,656,842	1,288,682	2,248,096	12,339,714	8,943,979	15,349,373	43,041,147
Inventory Consumed	1,431,442	3,685,192	4,408,660	2,516,162	3,608,337	9,984,028	12,626,323	38,260,144
Transfers and Subsidies Paid	700,000	-	-	-	-	-	2,799,552	3,499,552
Operating Leases	-	-	-	-	-	-	66,321	66,321
Operational Costs	2,447,840	693,356	2,028,993	2,523,031	514,170	1,289,755	44,301,277	53,798,422
Total Expenditure	**53,004,556**	**35,338,386**	**648,877,400**	**56,582,885**	**39,065,386**	**58,945,921**	**323,527,667**	**1,215,342,201**
Surplus/(Deficit) for the Year	**(40,429,780)**	**6,025,143**	**39,874,518**	**(4,567,257)**	**12,149,323**	**35,499,343.52**	**(6,656,097)**	**41,994,182**

AUDITOR-GENERAL SOUTH AFRICA
30 November 2025

LANGEBERG LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE

Year Ended 30 June 2024

Description	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Total for Municipality
		R	R	R	R	R		R
REVENUE								
Revenue from Non-exchange Transactions								
Property Rates	-	-	-	-	-	-	101,162,835	101,162,835
Fines, Penalties and Forfeits	26,349	-	6,000	-	-	-	11,353,550	11,385,899
Availability Charges	-	-	1,657,527	-	2,247,067	1,201,482	-	5,106,076
Transfers and Subsidies	-	34,114,518	8,931,917	13,042,737	14,670,753	8,279,830	113,435,894	192,475,649
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	2,039,506	2,039,506
Revenue from Exchange Transactions								
Licences and Permits	151,959	-	7,985	-	-	-	2,077,942	2,237,886
Service Charges	-	-	561,442,898	31,239,545	32,213,124	58,764,244	(5,106,076)	678,553,735
Sales of Goods and Rendering of Services	466,001	-	637	1,640,907	-	-	3,271,343	5,378,887
Income from Agency Services	-	-	-	-	-	-	5,435,214	5,435,214
Income from Library services	9,685,217	-	-	-	-	-	-	9,685,217
Rental from Fixed Assets	820,075	63	-	-	-	-	2,966,443	3,786,581
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	36,974,555	36,974,555
Operational Revenue	-	61,305	3,418,204	-	-	6,529	8,519,218	12,005,256
Intercompany/Parent-subsidiary Transactions	-	-	-	-	-	-	-	-
Gains on Other Operations	-	-	-	-	-	-	17,332	17,332
Gains on Disposal of Property, Plant and Equipment	(95,163)	(14,471)	(329,037)	(495)	(7)	(24,061)	(159,375)	(159,375)
Inventory Losses							(273,465)	(273,465)
Total Revenue	**11,054,438**	**34,161,415**	**575,136,131**	**45,922,694**	**49,130,937**	**68,228,024**	**281,714,916**	**1,065,811,788**
EXPENDITURE								
Employee Related Costs	39,424,625	10,387,436	23,209,429	27,615,052	16,736,987	19,233,661	134,782,386	271,389,576
Remuneration of Councillors	-	-	-	-	-	-	11,830,452	11,830,452
Depreciation and Amortisation	3,591,994	9,507,224	6,463,157	3,598,841	5,011,394	8,608,030	15,574,110	52,354,750
Impairment Losses	32,584	46,301	3,670,725	3,898,218	5,620,481	5,619,223	(2,807,579)	16,079,953
Bad Debts Written Off	-	-	31,357	1,007,759	802,626	1,546,564	10,461,223	13,849,529
Interest, Dividends and Rent on Land	-	-	2,631,537	10,115,268	399,436	106,122	8,684,595	21,936,958
Bulk Purchases	-	-	486,280,892	-	-	-	-	486,280,892
Contracted Services	2,063,695	2,722,145	3,433,429	3,619,035	8,131,069	9,560,653	17,619,504	47,149,530
Inventory Consumed	3,093,559	9,164,251	6,050,899	6,613,135	7,052,599	7,927,010	9,610,743	49,512,196
Transfers and Subsidies Paid	408,576	-	-	-	-	-	2,926,251	3,334,827
Operating Leases	-	-	-	-	-	-	38,616	38,616
Operational Costs	1,093,471	811,048	1,423,285	(4,338,914)	903,259	779,924	41,926,815	42,598,888
Loss on Disposal of Property, Plant and Equipment	32,584	46,301	205,089	306	329	5,434	(290,043)	-
								-
Total Expenditure	**49,708,504**	**32,638,405**	**529,697,717**	**47,222,723**	**38,235,073**	**46,220,834**	**250,357,073**	**1,016,356,167**
Surplus/(Deficit) for the Year	**(38,654,066)**	**1,523,010**	**45,438,414**	**(1,300,029)**	**10,895,864**	**22,007,189.76**	**31,357,843.00**	**49,455,621**

66.2 Segmental Analysis of Capital Expenditure

2025 Description	Budget Amounts	Actual Outcome
CAPITAL EXPENDITURE PER FUNCTION		
Community and Social Services	15,216,359	13,633,135
Road Transport	49,927,517	27,256,921
Energy Sources	17,889,052	14,299,972
Waste Management	5,300,000	4,547,213
Waste Water Management	38,348,604	38,086,193
Water Management	30,192,729	13,785,765
Other	16,410,135	14,976,794
Total Capital Expenditure	**173,284,396**	**126,585,993**

2024 Description	Budget Amounts	Actual Outcome
	R	R
CAPITAL EXPENDITURE PER FUNCTION		
Community and Social Services	1,259,000	417,203
Road Transport	87,107,405	61,701,250
Energy Sources	21,482,246	10,730,942
Waste Management	8,316,829	7,771,156
Waste Water Management	38,372,779	35,428,629
Water Management	8,627,495	3,537,897
Other	38,857,072	28,055,304
Total Capital Expenditure	**204,022,826**	**147,642,381**

66.3 Segmental Analysis of Financial Position

The main components of the Financial Position that is currently considered, and management, within the defined municipal segments have been determined as follows:

66.3.1 Receivables from Exchange and Non-Exchange Transactions

2025 **Description**	**Community and Social Services**	**Road Transport**	**Energy Sources**	**Waste Management**	**Wastewater Management**	**Water Management**	**Other**
Receivables from Exchange Transactions							
Electricity	-	-	83,302,698	-	-	-	-
Refuse	-	-	-	10,665,983	-	-	-
Sewerage	-	-	-	-	11,548,039	-	-
Water	-	-	-	-	-	29,048,026	-
Other							23,994,777
Receivables from Non-Exchange Transactions							
Property Rates	-	-	-	-	-	-	17,840,503
Other							13,052,173
Total Receivables from Exchange and Non- Exchange	**-**	**-**	**83,302,698**	**10,665,983**	**11,548,039**	**29,048,026**	**54,887,453**

2024 **Description**	**Community and Social Services**	**Road Transport**	**Energy Sources**	**Waste Management**	**Waste Water Management**	**Water Management**	**Other**
Receivables from Exchange Transactions							
Electricity			37,050,699	-	-	-	-
Refuse	-	-	-	6,508,097	-	-	-
Sewerage	-	-	-	-	7,412,733	-	-
Water	-	-	-	-	-	8,194,030	-
Other							20,685,333
Receivables from Non-Exchange Transactions							
Property Rates	-	-	-	-	-	-	7,975,260
Other							22,654,758
Total Receivables from Exchange and Non- Exchange	**-**	**-**	**37,050,699**	**6,508,097**	**7,412,733**	**8,194,030**	**51,315,351**

66.3.2 Property, Plant and Equipment

2025 Description	Community and Social Services	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other	Total for Municipality
Property, Plant and Equipment	78,015,094	235,042,053	156,854,032	45,963,696	185,611,237	170,509,374	233,564,364	**1,105,559,850**

2024 Description	Community and Social Services	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other	Total for Municipality
Property, Plant and Equipment	76,478,619	214,567,680	148,713,755	49,419,438	130,777,398	184,425,427	214,725,037	**1,019,107,354**