SWELLENDAM MUNICIPALITY / MUNISIPALITEIT / MASIPALA

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

AUDITOR-GENERAL SOUTH AFRICA

30 November 2025

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

AUDITOR-GENERAL
SOUTH AFRICA

30 November 2025

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General Information

MEMBERS OF COUNCIL AS AT 30 JUNE 2025

Executive Mayor	H.F. du Rand
Speaker	J du T Laubser
Mayoral Committee	E. Lamprecht
	F. Kees
Part Time	D. Julius
	A. Bokwana
	D.J. Julius
	G. Libazi
	I.H. Ferguson
	J.A. Matthysen
	M.T. A. Swart

AUDITORS

Auditor-General of South Africa
No. 19 Park Lane Building, Park Lane, Century City, Cape Town
Western Cape

BANKERS

ABSA Bank
67 Voortrekker Street
Swellendam, 6740

REGISTERED OFFICE

Wolvaardt Trust Building, Units B2
Corner of Somerset Street and Stasie Street
Swellendam
6740

Tel: (028) 514 8500
Fax: (023) 514 2694
Webpage: www.swellendam.gov.za
E-mail: info@swellendam.gov.za

MUNICIPAL MANAGER

Ms A Vorster

CHIEF FINANCIAL OFFICER

Miss E Wassermann

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30 November 2025
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General Information (Continued)

LEGAL FORM

Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996).

Nature of Business and Principal Activities

The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

Grading of Local Authority

B3 Local Municipality

Legislation governing the Municipality's Operations

Constitution of the Republic of South Africa (Act 108 of 1998)
Local Government: Municipal Finance Management Act (Act no.56 of 2003)
Local Government: Municipal Systems Act (Act 32 of 2000)
Local Government: Municipal Structures Act (Act 117 of 1998)
Municipal Property Rates Act (Act 6 of 2004)
Division of Revenue Act (Act 24 of 2024)

JURISDICTION

Greater Swellendam area which includes:

Barrydale, Buffeljagsrivier, Infanta, Malgas,
Ouplaas/Wydgelee, Rheenendal, Rietkuil
Stormsvlei, Suurbraak and Swellendam

AUDITOR-GENERAL
SOUTH AFRICA
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Approval of Annual Financial Statements

MEMBERS OF THE SWELLENDAM MUNICIPALITY

Ward	Representative	
1	Lamprecht	E.J
2	Ferguson	I.H
3	Julius	D.J
4	Du Rand	H.F
5	Libazi	G
6	Matthysen	J.A
Proportional	Bokwana	A
Proportional	Julius	D
Proportional	Kees	F
Proportional	Swart	M.T
Proportional	Du Toit Loubser	J

APPROVAL OF FINANCIAL STATEMENTS

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

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister for Cooperative Governance and Traditional Affairs' determination in accordance with this Act.

30 November 2025

Ms A Vorster **Date**
Municipal Manager

Report of the Auditor General

- Insert Audit Report -

AUDITOR-GENERAL
SOUTH AFRICA

30 November 2025

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SWELLENDAM MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Note	Actual 2025 R	2024 Restated R
ASSETS			
Current Assets		**268,460,335**	**260,179,515**
Inventories	1.	6,476,673	6,080,138
Receivables from Exchange Transactions	2.	20,337,111	43,971,006
Statutory Receivables from VAT Transactions	3.	4,697,571	7,105,218
Receivables from Non-exchange Transactions	4.	314,674	327,085
Statutory Receivables from Non-Exchange Transactions	5.	27,477,376	23,811,984
Cash and Cash Equivalents	6.	208,800,476	178,516,124
Lease Receivables	11.	356,454	367,962
Non-Current Assets		**559,900,914**	**558,906,645**
Property, Plant and Equipment	7.	542,288,043	546,468,106
Intangible Assets	8.	683,956	466,149
Investment Property	9.	16,529,835	11,521,922
Heritage Assets	10.	170,979	170,979
Long-term Receivables	12.	228,101	279,489
Total Assets		**828,361,249**	**819,086,161**
LIABILITIES			
Current Liabilities		**121,981,286**	**130,566,485**
Consumer Deposits	13.	5,733,548	4,774,845
Payables from Exchange Transactions	14.	60,504,717	81,089,267
Unspent Conditional Grants and Receipts	15.	33,385,877	20,135,846
VAT Payable	16.	1,673,382	4,808,444
Lease Payables	17.	243,142	421,942
Borrowings	18.	4,201,905	4,161,118
Employee Benefit Liabilities	19.	16,238,715	15,175,022
Non-Current Liabilities		**142,648,577**	**127,415,579**
Lease Payables	17.	-	214,499
Borrowings	18.	26,626,748	23,326,683
Employee Benefit Liabilities	19.	44,558,000	39,082,000
Provisions	20.	71,463,829	64,792,398
Total Liabilities		**264,629,863**	**257,982,064**
Total Assets and Liabilities		**563,731,386**	**561,104,096**
NET ASSETS		**563,731,386**	**561,104,096**
Reserves	21.	30,858,100	26,403,215
Accumulated Surplus / (Deficit)	22.	532,873,286	534,700,881
Total Net Assets		**563,731,386**	**561,104,096**

AUDITOR-GENERAL SOUTH AFRICA
30 November 2025
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SWELLENDAM 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		**204,800,051**	**212,660,484**
Property Rates	**23.**	61,757,422	56,640,567
Fines, Penalties and Forfeits	**24.**	54,795,779	48,858,074
Transfers and Subsidies	**26.**	82,613,388	102,406,410
Surcharges and Taxes	**27.**	1,475,961	960,923
Service Charges	**28.**	3,803,167	3,390,680
Interest, Dividends and Rent on Land Earned	**33.**	354,334	403,829
Revenue from Exchange Transactions		**373,964,730**	**280,570,235**
Licences and Permits	**25.**	1,402,222	1,273,576
Transfers and Subsidies	**26.**	5,673,078	5,258,674
Service Charges	**28.**	203,436,488	177,611,108
Sales of Goods and Rendering of Services	**29.**	3,771,110	3,295,720
Construction Contract Revenue	**30.**	132,073,610	56,420,187
Income from Agency Services	**31.**	2,766,959	2,735,803
Rental from Fixed Assets	**32.**	792,810	724,533
Interest, Dividends and Rent on Land Earned	**33.**	18,606,127	14,344,553
Operational Revenue	**34.**	2,319,147	18,625,001
Gains on Disposal of Capital Assets	**47.**	3,123,179	281,081
Total Revenue		**578,764,781**	**493,230,718**
EXPENDITURE		**575,782,554**	**432,256,515**
Employee Related Costs	**35.**	128,300,281	118,864,337
Remuneration of Councillors	**36.**	5,828,799	5,822,778
Depreciation and Amortisation	**37.**	19,829,801	19,640,352
Impairment Losses	**38.**	64,190,573	41,918,292
Interest, Dividends and Rent on Land	**39.**	9,902,958	10,071,519
Bulk Purchases	**40.**	116,634,825	98,123,267
Contracted Services	**41.**	177,508,253	90,022,432
Inventory Consumed	**42.**	18,165,994	16,794,086
Transfers and Subsidies Paid	**43.**	1,072,996	1,102,117
Operating Leases	**44.**	795,339	742,709
Operational Costs	**45.**	25,516,764	28,165,202
Losses on Disposal of Capital Assets	**47.**	8,035,970	989,425
Total Expenditure		**575,782,554**	**432,256,515**
OPERATING SURPLUS / (DEFICIT) FOR THE YEAR		**2,982,228**	**60,974,203**
OTHER REVENUE / EXPENDITURE INCURRED			
Gains on Other Operations	**46.**	225,670	412,412
Losses on Other Operations	**46.**	(580,608)	(262)
TOTAL OTHER REVENUE / EXPENDITURE INCURRED		**(354,938)**	**412,150**
SURPLUS / (DEFICIT) FOR THE YEAR		**2,627,290**	**61,386,353**

Refer to Budget Statement for explanation of budget variances

SWELLENDAM MUNICIPALITY

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

	Capital Replacement Reserve	Housing Development Fund	Total Funds & Reserves	Accumulated Surplus/ (Deficit)	Total Net Assets
	R	R	R	R	R
2024					
Balance at 30 June 2023	25,072,000	-	25,072,000	463,808,188	488,880,187
Correction of Error (Note 48)	-	-	-	10,837,557	10,837,557
Restated Balance	**25,072,000**	**-**	**25,072,000**	**474,645,745**	**499,717,744**
Surplus / (Deficit) as per prior 2023/24 AFS			-	59,468,305	59,468,305
Correction of Error (Note 48)				1,918,048	1,918,048
Restated Surplus / (Deficit) for the year	-	-	-	61,386,353	61,386,353
Transfers to/from Accumulated Surplus	10,000,001	-	10,000,001	(1,331,215)	8,668,786
Purchases	(8,668,786)	-	(8,668,786)	-	(8,668,786)
Balance at 30 June 2024	**26,403,215**	**-**	**26,403,215**	**534,700,881**	**561,104,096**
2025					
Appropriations from Accumulated Surplus			-	-	-
Restated Balance	**26,403,215**	**-**	**26,403,215**	**534,700,881**	**561,104,096**
Surplus / (Deficit) for the year			-	2,627,290	2,627,290
Transfers to/from Accumulated Surplus	21,092,583	-	21,092,583	(4,454,885)	16,637,698
Proceeds	-	4,358,100	4,358,100	-	4,358,100
Purchases	(20,995,798)	-	(20,995,798)	-	(20,995,798)
Balance at 30 June 2025	**26,500,000**	**4,358,100**	**30,858,100**	**532,873,286**	**563,731,386**

Details on the movement of the Funds and Reserves are set out in Note 21.

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SWELLENDAM MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	Note	Actual 2025	2024 Restated
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		61,359,412	55,514,366
Fines, Penalties and Forfeits		15,771,595	12,883,750
Transfers and Subsidies		95,914,134	102,717,192
Service Charges		225,163,728	158,280,880
External Interest and Dividends Received		16,653,327	12,495,053
Other Receipts		127,305,201	102,365,172
VAT Received		-	3,551,999
Payments			
Employee Related Costs		(123,337,564)	(113,936,750)
Remuneration of Councillors		(5,828,799)	(5,822,778)
External Interest and Dividends Paid		(2,959,336)	(3,110,830)
Suppliers Paid		(338,598,488)	(218,754,278)
VAT Paid		(697,820)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	**50.**	**70,745,389**	**106,183,775**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**7.**	(41,620,771)	(48,197,007)
Purchase of Intangible Assets	**8.**	-	(124,076)
Purchase of Investment Property		(4,446,000)	-
Proceeds on Disposal of Property, Plant and Equipment	**7.**	3,123,179	233,913
Proceeds on Disposal of Investment Property		-	132,800
Decrease / (Increase) in Long-term Receivables		(456,271)	(394,281)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(43,399,863)**	**(48,348,652)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in Finance Leases (Leases Redeemed)	**17.**	(402,026)	(361,517)
Increase in Borrowings (Loans Taken-on)	**18.**	7,500,000	3,500,000
Decrease in Borrowings (Loans Redeemed)	**18.**	(4,159,147)	(4,230,703)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**2,938,827**	**(1,092,220)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**30,284,352**	**56,742,904**
Cash and Cash Equivalents at Beginning of Financial Year	**6.**	178,516,124	121,773,220
Cash and Cash Equivalents at End of Financial Year	**6.**	208,800,476	178,516,124

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SWELLENDAM MUNICIPALITY

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

Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Variance as % of Final Budget
	R	R	R	R	R	
FINANCIAL POSITION						
Current Assets						
Cash and Cash Equivalents	64,750,556	149,456,560	149,456,560	208,800,476	59,343,916	39.71%
Trade and Other Receivables from Exchange Transactions	22,738,956	23,327,846	23,327,846	20,337,111	(2,990,735)	-12.82%
Receivables from Non-exchange Transactions	20,233,614	20,599,746	20,599,746	27,792,051	7,192,305	34.91%
Lease Receivable	10,353	367,962	367,962	356,454	(11,508)	-3.13%
Inventory	5,335,964	6,214,138	6,214,138	6,476,673	262,535	4.22%
VAT	5,452,230	7,105,218	7,105,218	4,697,571	(2,407,647)	-33.89%
Non-Current Assets						
Investment Property	10,814,711	9,412,959	9,412,959	16,529,835	7,116,876	75.61%
Property, Plant and Equipment	604,336,649	579,761,130	579,761,130	542,288,043	(37,473,087)	-6.46%
Heritage Assets	170,979	170,979	170,979	170,979	0	0.00%
Intangible Assets	195,042	277,470	277,470	683,956	406,486	146.50%
Trade and Other Receivables from Exchange Transactions	-	2,880,671	2,880,671	3,363,719	483,048	16.77%
Non-current Receivables from Non-exchange Transactions	-	344,706	344,706	(3,135,618)	(3,480,324)	-1009.65%
Other Non-current Assets	238,415	-	-	-	-	0.00%
Total Assets	734,277,469	799,919,385	799,919,385	828,361,249	28,441,864	3.56%
Current Liabilities						
Financial Liabilities	3,879,828	4,878,088	4,878,088	4,445,047	(433,041)	-8.88%
Consumer Deposits	4,923,130	4,782,136	4,782,136	5,733,548	951,412	19.90%
Trade and Other Payables from Exchange Transactions	41,550,429	63,597,752	63,597,752	60,504,717	(3,093,035)	-4.86%
Trade and Other Payables from Non-exchange Transactions	-	103,669	103,669	33,385,877	33,282,208	32104.30%
Provision	20,054,496	17,402,700	17,402,700	16,238,715	(1,163,985)	-6.69%
VAT	344,291	171,102	171,102	1,673,382	1,502,280	878.00%
Non-Current Liabilities						
Financial Liabilities	25,112,707	26,859,878	26,859,878	26,626,748	(233,130)	-0.87%
Provisions	75,857,160	76,623,998	76,623,998	78,009,829	1,385,831	1.81%
Other Non-current Liabilities	32,270,196	33,036,000	33,036,000	38,012,000	4,976,000	15.06%
Total Liabilities	203,992,237	227,455,323	227,455,323	264,629,863	37,174,540	150.53%
Total Assets and Liabilities	**530,285,232**	**572,464,062**	**572,464,062**	**563,731,386**	**(8,732,676)**	**95.54%**
Net Assets (Equity)						
Accumulated Surplus / (Deficit)	505,213,232	557,343,012	557,343,012	532,873,286	(24,469,726)	-4.39%
Reserves and Funds	25,072,000	15,121,050	15,121,050	30,858,100	15,737,050	104.07%
Total Net Assets	**530,285,232**	**572,464,062**	**572,464,062**	**563,731,386**	**(8,732,676)**	**95.54%**

AUDITOR-GENERAL
SOUTH AFRICA

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Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% and/or in excess of R3,7 million between the Adjusted Approved Budget and the Actual Amount disclosed in the Statement of Financial Position are regarded as material and are explained below:

Current Assets

Cash and Cash Equivalents:

The Cash and Cash Equivalents are influenced by the unspent Capital Projects in the 2024/2025 financial year and the unspent Conditional Grants. Actual expenditures realized are also less than budgeted.

Trade and Other Receivables from Exchange Transactions:

Assets: Deposit cleared for Transet erven received in 2024/2025. The budget was overstated by this R4 446 000.

Receivables from Non-exchange Transactions:

The Budget for Receivables from Non-exchange had errors due to incorrectly budgeting for Insurance refunds and Service Charges. The nett impact being the R7 million variance.

Non-Current Assets

Investment Property:

Investment property exceeded expectations due to Erven received. Mainly the Transnet Erven that transferred to the Municipality amounting to R4 444 600.

Property, Plant and Equipment:

The variance is due to Capital projects that were not completed during the 2024/2025 financial year, as well as the Accumulated Depreciation and Accumulated Impairment actuals exceeding the budget estimates.

Intangible Assets:

Variance is due to Intangible assets additions being more than anticipated. Budget provision was made under PPE instead of Intangible assets.

Trade and Other Receivables from Exchange Transactions:

Actual receivables on service charges exceeded budget expectations.

Non-current Receivables from Non-exchange Transactions:

The variance and large negative amount is because there was no budget provision made for Impairment on Non-current Receivables from Non-exchange Transactions.

Other Non-current Assets:

The variance is due to the budget being split under current and non-current assets for the operating lease assets. This year a journal was processed to move the operating lease assets actuals to only reflect under current assets.

Current Liabilities

Consumer Deposits:

Increase is due to relative movement of new consumers on the database.

Trade and Other Payables from Exchange Transactions:

Outstanding creditors / payables at yearend is less than anticipated in the budget.

Trade and Other Payables from Non-exchange Transactions:

The reason for the variance is due to unspent grants. The Municipality does not budget to not spend Grants, therefore there is a variance.

VAT:

The VAT payable at yearend is higher than anticipated in the budget.

Non-Current Liabilities

Provision:

Provisions in terms of National Treasury's budget format includes the provision for restoration of the landfill site as well as Provision for Long Service Awards. In order for the actuals to be comparable with the budget, the actuals in the Budget Statement is the Provisions as per GRAP Statement of Financial Position plus Long Service Awards provision extracted from the Employee Benefits. The variance relates to the budget provision for restoration of landfill site being exceeded.

Other Non-current Liabilities:

Other Non-current Liabilities as per the National Treasury budget format consists out of employee benefit provision, excluding long service awards which is budgeted under Provisions. In order for the actuals to be comparable with the budget, the actuals in the Budget Statement is the Employee Benefits as per GRAP Statement of Financial Position less Long Service Awards provision. The variance is due to the Provision for Defined Benefit Obligations: Medical exceeding the budget provision. Each year this provision is reassessed by actuaries and actuals are accounted for as per the report provided based on current employed staff that have medical aid.

Net Assets (Equity)

Accumulated Surplus / (Deficit):

The planned budget figures was more than the net results on assets and liabilities. A larger contribution could be made to the Reserves.

SWELLENDAM MUNICIPALITY

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

Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Variance as % of Final Budget
	R	R	R	R	R	
FINANCIAL PERFORMANCE						
Exchange Revenue						
Service Charges - Electricity	127,464,614	139,916,463	139,916,463	132,763,505	(7,152,958)	-5.11%
Service Charges - Water	26,566,524	26,528,929	26,528,929	26,802,605	273,676	1.03%
Service Charges - Waste Water Management	21,963,289	26,674,828	26,674,828	27,172,690	497,862	1.87%
Service Charges - Waste Management	16,274,743	16,706,067	16,706,067	16,697,688	(8,379)	-0.05%
Sales of Goods and Rendering of Services	3,082,122	3,082,122	3,082,122	3,771,110	688,988	22.35%
Construction Contract Revenue	-	126,661,602	126,661,602	132,073,610	5,412,008	4.27%
Agency Services	2,955,192	2,749,096	2,749,096	2,766,959	17,863	0.65%
Transfer and Subsidies - Operational	-	-	-	5,673,078	5,673,078	0.00%
Interest earned from Receivables	1,801,940	1,905,940	1,905,940	1,854,833	(51,107)	-2.68%
Interest earned from Current and Non-current Assets	10,000,000	16,400,000	16,400,000	16,749,257	349,257	2.13%
Dividends	2,000	2,000	2,000	2,036	36	1.82%
Rental from Fixed Assets	615,687	792,664	792,664	792,810	146	0.02%
Licences and Permits	1,172,830	1,408,983	1,408,983	1,402,222	(6,761)	-0.48%
Operational Revenue	1,445,487	1,539,365	1,539,365	2,319,147	779,782	50.66%
Non-exchange Revenue						
Property Rates	61,767,304	61,645,068	61,645,068	61,757,422	112,354	0.18%
Surcharges and Taxes	1,442,700	1,442,700	1,442,700	1,475,961	33,261	2.31%
Fines, Penalties and Forfeits	49,067,028	57,072,088	57,072,088	54,795,779	(2,276,309)	-3.99%
Transfer and Subsidies - Operational	161,071,081	86,913,499	86,913,499	59,156,389	(27,757,110)	-31.94%
Interest	410,266	366,178	366,178	354,334	(11,844)	-3.23%
Service Charges	3,753,732	3,729,979	3,729,979	3,803,167	73,188	1.96%
Gains on Disposal of Assets	-	700,000	700,000	3,123,179	2,423,179	346.17%
Other Gains	7,223,800	7,223,800	7,223,800	225,670	(6,998,130)	-96.88%
Total Revenue	498,080,339	583,461,371	583,461,371	555,533,453	(27,927,918)	-4.79%
Expenditure						
Employee Related Costs	149,663,328	138,965,652	138,964,092	128,300,281	(10,663,811)	-7.67%
Remuneration of Councillors	6,326,489	6,158,349	6,158,349	5,828,799	(329,550)	-5.35%
Bulk Purchases - Electricity	111,668,281	123,951,011	123,951,011	116,634,825	(7,316,186)	-5.90%
Inventory Consumed	11,711,888	13,009,714	13,123,299	18,165,994	5,042,695	38.43%
Debt Impairment	16,020,567	23,164,832	23,164,832	12,594,988	(10,569,844)	-45.63%
Depreciation and Amortisation	21,088,986	21,088,986	21,088,986	43,031,395	21,942,409	104.05%
Interest	8,155,594	9,462,112	9,462,112	9,902,958	440,846	4.66%
Contracted Services	139,642,739	183,334,256	183,438,172	177,508,253	(5,929,919)	-3.23%
Transfers and Subsidies	1,300,000	1,630,000	1,630,000	1,072,996	(557,004)	-34.17%
Irrecoverable Debts Written-off	27,261,511	24,911,511	24,911,511	28,393,991	3,482,480	13.98%
Operational Costs	29,777,124	47,095,219	46,879,278	26,312,104	(20,567,174)	-43.87%
Losses on Disposal of Assets	-	-	-	8,035,970	8,035,970	0.00%
Other Losses	-	-	-	580,608	580,608	0.00%
Total Expenditure	522,616,507	592,771,642	592,771,642	576,363,161	(16,408,481)	-2.77%
Surplus / (Deficit)	(24,536,168)	(9,310,271)	(9,310,271)	(20,829,708)	(11,519,437)	123.73%
Transfers and Subsidies - Capital (Monetary Allocations)	44,665,889	33,425,842	33,425,842	17,834,636	(15,591,206)	-46.64%
Transfers and Subsidies - Capital (In-kind Allocations)		-	-	5,622,362	5,622,362	0.00%
Surplus/(Deficit for the Year	**20,129,721**	**24,115,571**	**24,115,571**	**2,627,290**	**(21,488,281)**	**-89.11%**

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The difference between the Adjustment Budget and Final Budget are the consequence of virement reallocations within the budget as follows:

Financial Performance	**Original Budget**	**Adjustment Budget**	**Virement**	**Final Budget**
Employee Related Cost	149,663,328	138,965,652	(1,560)	138,964,092
Inventory Consumed	11,711,888	13,009,714	113,585	13,123,299
Contracted Services	139,642,739	183,334,256	103,916	183,438,172
Operational Cost	29,777,124	47,095,219	(215,941)	46,879,278
Total	**330,795,079**	**382,404,841**	**-**	**382,404,841**

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% and/or in excess of R3,7 million between the Adjusted Approved Budget and the Actual Amount disclosed in the Statement of Financial Performance are regarded as material and are explained below:

Service Charges - Electricity:

Electricity billed for "Time-of Use" and "Industrial" clients are less than anticipated with the budget

Sales of Goods and Rendering of Services:

The main reason for the variance is due Building plan fees and camping fees being more than anticipated with the budget. Also the municipality received legal fees revenue which is double than was anticipated in the budget.

Construction Contract Revenue:

The reason for the variance is due to Construction contracts (GRAP 11) revenue not anticipated with the budget.

Transfer and Subsidies - Operational (Exchange)

The Library Grant was incorrectly budgeted for under Transfer and Subsidies (Non-exchange), instead of Transfer and Subsidies (Exchange).

Operational Revenue:

The variance relates to Development charges exceeding the budget by more than double.

Transfers and Subsidies (Non-exchange):

The variance is due to under spending on grants.

Gains on Disposal of Assets:

Gains on disposal of assets was more than anticipated.

Other Gains:

This budget relates to Gains on Actuarial valuations for Long service awards and post employement medical aid. The budget far exceeded the actual gains realized as per the actuary report received.

Employee Related Costs:

The variance is mainly due to the reallocation of actual staff costs for water treatment works to water inventory as required by GRAP, as well as vacancies to be filled. The most prominant vacancy being that of the Director Infrastructure and Planning Services.

Bulk Purchases - Electricity:

The variance correlates with the variance on the Service charges - Electricity. Due to less billing / consumption / demand on "Time of Use" and "Industrial" electricty, less bulk electricity was purchased from ESKOM.

Inventory Consumed:

The variances is due to Water Inventory accounting (Water inventory consumed) which was not properly budgetd for.

Debt Impairment:

The actual provisions for impairment is less than anticipated with the budget. This is based on the impairment calculation.

Depreciation and Amortisation:

As per National Treasury's budget format this line item includes Impairment on assets. As per the updated FAR and annual assessment of assets, the Impairment on Infrastructure assets amounted to R23 million which was not budgted for.

Interest:

The variance is due to the actuarial valuations on non-current provisions.

Contracted Services:

The variance is mainly due to savings / underspending on contracted services: outsourced services.

Transfers and Subsidies:

The transfers and subsidies paid was less than anticipated.

Irrecoverable Debts Written-off:

An item was approved by the municipal council to write off old outstanding service debt as irrecoverable, and this actual write-off was more than anticipated during the budget approval.

Operational Costs:

The main reason for the variance is due to the budget for Eskom Connection fees amounting to R13 million which was not expensed.

Losses on Disposal of Assets:

Disposal of PPE more than budgeted for due to the write off of assets.

Other Losses:

There was an actuarial assessment loss for post employment medical aid which was budgeted for under gains instead of losses.

Transfers and Subsidies - Capital (Monetary Allocations):

Transfers and Subsidies recognized are less than the budgeted amount, mostly due to the unspent grants not recognized.

Transfers and Subsidies - Capital (In-kind Allocations):

The municpality received In kind donations from private enterprizes which was not planned for in the budget.

SWELLENDAM MUNICIPALITY

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

Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Variance as % of Final Budget
	R	R	R	R	R	
CAPITAL EXPENDITURE PER FUNCTION						
Executive and Council	165,000	165,000	165,000	11,355	(153,645)	-93.12%
Finance and Administration	1,390,000	1,957,208	1,957,208	6,631,440	4,674,232	238.82%
Community and Social Services	105,000	225,639	225,639	161,848	(63,791)	-28.27%
Sport and Recreation	4,860,869	1,166,627	1,166,627	477,670	(688,957)	-59.06%
Public Safety	295,000	295,000	295,000	120,971	(174,029)	-58.99%
Housing	-	-	-	-	-	0.00%
Planning and Development	608,695	888,525	888,525	502,559	(385,966)	-43.44%
Road Transport	16,377,051	17,947,027	17,947,027	19,492,358	1,545,331	8.61%
Energy Sources	7,654,783	14,564,522	14,564,522	12,051,514	(2,513,008)	-17.25%
Water Management	17,257,211	16,846,819	16,846,819	2,792,470	(14,054,349)	-83.42%
Waste Water Management	8,830,000	7,164,902	7,164,902	6,150,405	(1,014,497)	-14.16%
Waste Management	3,460,000	3,678,077	3,678,077	3,296,543	(381,534)	-10.37%
Total Capital Expenditure	**61,003,609**	**64,899,346**	**64,899,346**	**51,689,133**	**(13,210,213)**	**-20.35%**

Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% and/or in excess of R3,7 million between the Adjusted Approved Budget and the Actual Amount disclosed in the Statement of Financial Position are regarded as material and are explained below:

Executive and Council:

The variance is due to "Drone" could not be procured in this financial year, as well as unspent savings after the procurement of "media equipment".

Finance and Administration:

The variance is mainly due to the Transet Erven which was paid in 2023/2024 but the title deed transfer only occurred in 2024/2025 amounting to R4 446 000. This was raised as a Asset: Exchange Receivable: Deposits in 2023/2024 which was cleared in 2024/2025.

Community and Social Services:

The variance is due to savings on projects for "Machinery & Equipment" and Furniture & Equipment".

Sport and Recreation:

The unspent funds of the "Trailer Cherry picker" to be rolled over to 2025/2026 for procurement.

Public Safety:

The unspent funds of "Traffic: Machinery & Equipment" to be rolled over to 2025/2026 for procurement.

Planning and Development:

The unspent funds of "Railton Walkway Project" to be rolled over to 2025/2026 to complete this multi-year project.

Road Transport:

The overspending of the budget is due to Developers Contribution Assets received for the Oewerlust development that was not budgeted for.

Energy Sources:

The "Swellendam Railton 950 erven - Elec Infrastructure" project is a multi-year electrification project of which the expenditure was mainly incurred in 2023/2024, but the Budget as per the DORA was allocated in 2024/2025.

Water Management:

The unspent funds for "Upgrading of Gravity Main from Grootkloof Dam - R869 565"; "Glen Barry Avenue water pipe line replacement - R300 000"; and "Swellendam (Railton): Bulk Water Reticulation and Distribution - R2 001 294" to be rolled over to 2025/2026 for procurement.

The "Swellendam (Railton): Upgrade of Bakenskop and Railton Pumpstation, completion rising main to Railton reservoir" project amounting to R8.6 million had many challenges in 2024/2025. The first tender process was halted due to appeals and the tender was cancelled. The second tender process was delayed for months due to allegations of eligibility and disputes received, therefore by the time the tendered was provisionally awarded it was close to year-end and could not be executed. The municipality is awaiting National Government's approval to roll over the WSIG funding in order to execute the project as per the provisional award in 2025/2026.

There is also a variance due to a R1.6 million budgeted for "Rietkuil new reservoir and supply link" funded from grant funding of which the actual expense was moved to Operational Expenditure - contracted services, as the asset constructed was for the purpose to be handed over to the Rietkuil Water Committee.

Waste Water Management:

The unspent funds for "Design and installation of scum baffles on Klipper" and "New Silo wastewater Pump station" to be rolled to 2025/2026 for procurement / completion.

Waste Management:

The unspent budget for "Bins" and "Drilling and Installation of Boreholes" to be rolled to 2025/2026 for procurement.

SWELLENDAM MUNICIPALITY

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

Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Variance as % of Final Budget
	R	R	R	R	R	
CASH FLOW						
Cash Flow from Operating Activities						
Receipts						
Property Rates	61,312,243	61,150,909	61,150,909	61,359,412	208,503	0.34%
Service Charges	219,768,966	265,640,035	265,640,035	242,395,620	(23,244,415)	-8.75%
Other Revenue	41,687,371	55,160,265	55,160,265	158,681,101	103,520,836	187.67%
Transfers and Subsidies - Operational	161,898,038	179,437,677	179,437,677	78,079,498	(101,358,179)	-56.49%
Transfers and Subsidies - Capital	44,665,889	32,940,888	32,940,888	17,834,636	(15,106,252)	-45.86%
Interest	10,000,000	16,400,000	16,400,000	16,651,291	251,291	1.53%
Dividends	2,000	2,000	2,000	2,036	36	1.82%
Payments						
Suppliers and Employees	(501,036,932)	(564,589,694)	(564,589,694)	(493,439,248)	71,150,446	-12.60%
Finance Charges	(2,369,994)	(2,957,512)	(2,957,512)	(2,959,336)	(1,824)	0.06%
Transfers and Subsidies	(1,300,000)	(1,630,000)	(1,630,000)	(1,072,996)	557,004	-34.17%
Net Cash from/(used) Operating Activities	**34,627,581**	**41,554,568**	**41,554,568**	**77,532,014**	**35,977,446**	**86.58%**
Cash Flows from Investing Activities						
Receipts						
Proceeds on Disposal of Property, Plant and Equipment	-	700,000	700,000	3,123,179	2,423,179	346.17%
Decrease / (Increase) in Non-current Receivables	-	-	-	(456,271)	(456,271)	0.00%
Payments						
Capital Assets	(61,003,609)	(74,927,856)	(74,927,856)	(52,853,395)	22,074,461	-29.46%
Net Cash from/(used) Investing Activities	**(61,003,609)**	**(74,227,856)**	**(74,227,856)**	**(50,186,488)**	**24,041,368**	**-32.39%**
Cash Flows from Financing Activities						
Receipts						
Borrowing Long-term/Refinancing	7,800,000	7,500,000	7,500,000	7,500,000	-	0.00%
Increase/(Decrease) in Consumer Deposits	-	-	-	-	-	0.00%
Payments						
Repayment of Borrowing	(3,789,743)	(3,886,275)	(3,886,275)	(4,561,173)	(674,898)	17.37%
Net Cash from/(used) Financing Activities	**4,010,257**	**3,613,725**	**3,613,725**	**2,938,827**	**(674,898)**	**-18.68%**
Net Increase/(Decrease) In Cash Held	**(22,365,771)**	**(29,059,563)**	**(29,059,563)**	**30,284,352**	**59,343,916**	**-204.21%**
Cash/Cash Equivalents at the Year Begin:	88,607,419	178,516,123	178,516,123	178,516,124	-	0.00%
Cash/Cash Equivalents at the Year End:	66,241,648	149,456,560	149,456,560	208,800,476	59,343,916	39.71%

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Cash Flow Statement: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% and/or in excess of R3,7 million between the Adjusted Approved Budget and the Actual Amount disclosed in the Statement of Financial Position are regarded as material and are explained below:

Service Charges:

The difference is due to the electricity service charges, which were less than budgeted, and an overstatement of water services budgeted revenue.

Other Revenue:

The main reason for the variance is Construction Contracts Revenue, funded from grants amounting to R127 million, which was incorrectly budgeted under "Transfers and Subsidies - Operational" in the cashflow instead of Other Revenue. This was correctly adjusted in the budget for the statement of financial performance, but omitted in the cashflow statement.

Transfers and Subsidies - Operational

The main reason for the variance is Construction Contracts Revenue, funded from grants amounting to R127 million, which was incorrectly budgeted under "Transfers and Subsidies - Operational" in the cashflow instead of Other Revenue. This was correctly adjusted in the budget for the statement of financial performance, but omitted in the cashflow statement.

Transfers and Subsidies - Capital

Underspending of capital grant-funded projects, mainly the Water Services infrastructure Grant.

Suppliers and Employees:

The Variance is due to a combination of underspending on expenditure such as Employee-Related costs (R12,7m), Bulk purchases (R10,1m), Contracted services (R26,6m), and Other Expenditure (R26,2m); and an over expenditure on Acquisitions of Inventory (R5m) budget. The budget was based on an assumption that alll suppliers is vatable which caused these high variance.

Transfers and Subsidies:

Less ad hoc grants were paid than provided for in the budget.

Proceeds on Disposal of Property, Plant and Equipment:

Proceeds on disposal of assets was more than anticipated.

Decrease / (Increase) in Non-current Receivables:

There was an increase in non-current receivables which was not anticipated with the budget process.

Capital Assets:

Underspending on projects relates to various Capital Programmes that were not implemented and were planned to be rolled over to the 2025/26 financial year.

Repayment of Borrowing:

The variance is due to the budget being based on indicative interest rates as well as the timing of the draw down of the loan. The actual is based on the loan agreement and actual repayments made.

Net Increase/(Decrease) In Cash Held:

Cash realized is more than budgeted due to the difference between National Treasury requirements for budgeting vs GRAP methodology, as well as unspent grants, increased revenue, and less expenditure incurred.

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

The difference between the Budget and Actuals is due to differing methodologies used in compiling the mSCOA Budget and GRAP-compliant Actuals. Certain Budget items are VAT inclusive, making them not directly comparable to the Actuals. The table below shows the VAT discrepancies caused by these methodological differences:

Below is a reconciliation between the actual cash flow figures and the actual budgeted compatible figures.

Description	Final Budget	Actual Outcome Cash Flow Statement	Adjusted Amount	Revised Actual Outcome
	R	R	R	R
CASH FLOW				
Cash Flow from Operating Activities				
Receipts				
Property Rates	61,150,909	61,359,412	-	61,359,412
Service Charges	265,640,035	225,163,728	17,231,892	242,395,620
Other Revenue	55,160,265	143,076,795	15,604,306	158,681,101
Transfers and Subsidies - Operational	179,437,677	78,079,498	-	78,079,498
Transfers and Subsidies - Capital	32,940,888	17,834,636	-	17,834,636
Interest	16,400,000	16,651,291	-	16,651,291
Dividends	2,000	2,036	-	2,036
Payments				
Suppliers and Employees	(564,589,694)	(467,389,675)	(26,049,573)	(493,439,248)
Finance Charges	(2,957,512)	(2,959,336)	-	(2,959,336)
Transfers and Subsidies	(1,630,000)	(1,072,996)	-	(1,072,996)
Net Cash from/(used) Operating Activities	**41,554,568**	**70,745,389**	**6,786,625**	**77,532,014**
Cash Flows from Investing Activities				
Receipts				
Proceeds on Disposal of Property, Plant and Equipmer	700,000	3,123,179	-	3,123,179
Decrease / (Increase) in Non-current Receivables		(456,271)	-	(456,271)
Payments				
Capital Assets	(74,927,856)	(46,066,771)	(6,786,624)	(52,853,395)
Net Cash from/(used) Investing Activities	**(74,227,856)**	**(43,399,864)**	**(6,786,624)**	**(50,186,488)**
Cash Flows from Financing Activities				
Receipts				
Borrowing Long-term/Refinancing	7,500,000	7,500,000	-	7,500,000
Increase/(Decrease) in Consumer Deposits		-	-	-
Payments				
Repayment of Borrowing	(3,886,275)	(4,561,173)	-	(4,561,173)
Net Cash from/(used) Financing Activities	**3,613,725**	**2,938,827**	**-**	**2,938,827**
Net Increase/(Decrease) In Cash Held	**(29,059,563)**	**30,284,353**	**-**	**30,284,353**
Cash/Cash Equivalents at the Year Begin:	178,516,123	178,516,123	-	178,516,123
Cash/Cash Equivalents at the Year End:	149,456,560	208,800,476	-	208,800,476

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with 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 the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The Annual Financial Statements have been prepared in accordance with the historical cost convention, except where indicated 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.

1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

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 the Annual Financial Statements:

1.2.1 Revenue Recognition

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions).
For exchange transactions, this includes assessing whether, when goods are sold, the municipality has transferred the significant risks and rewards of ownership to the buyer, and when services are rendered, whether the service has in fact been performed. For non-exchange transactions, management considered whether all the conditions of GRAP 23 have been met, particularly regarding the probability of inflows of economic benefits or service potential and whether such inflows can be reliably measured. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

- Estimation of Meter Readings:
  Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

- Estimation of unused Prepaid Metered Services:
  Estimates of unused consumption of prepaid metered services, based on the consumption history, are made at year-end. Sales for prepaid metered services are recognised as revenue upon receipt of payment for these services, except at year-end when estimates for unused consumption up to reporting date are reversed from revenue and accrued as payment for services received in advance. These accruals are reversed in the new financial year to revenue again, deemed to be consumed after 30 June. In respect of estimates of consumption between the last date of purchase and the reporting date, an accrual for payments received in advance is made based on the average pre-paid electricity sold per day during the year under review and the estimate is calculated using between 5 and 10 days’ worth of unused electricity.

- Revenue for Traffic Fines:
  There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses, the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. The full amount of traffic fines issued during the year is recognised at the initial transaction date as revenue. Where a reliable estimate cannot be made of revenue from summonses, the revenue is recognised when the public prosecutor pays the cash collected over to the municipality.

1.2.2 Water Inventory

The estimation of the Water Inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end.

1.2.3 Impairment of Financial Assets

Accounting Policy 4.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets 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 Financial Assets recorded during the year is appropriate.

- Impairment of Trade 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 is performed per service-identifiable category across all classes of debtors.

- Impairment of Traffic Fines:
  Traffic fines are initially recognised as revenue when the receivable meets the definition of an asset in terms of GRAP 23. In accordance with GRAP 104, receivables from non-exchange transactions, including traffic fines, are assessed for impairment at the end of each reporting period.

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.

1.2.5 Capitalisation of Capital Assets

Judgement by management is required to distinguish between expenditure incurred to maintain and repair capital assets, which is recognised in surplus or deficit as incurred, and expenditure that results in an increase in the future economic benefits or service potential of capital assets, which is capitalised to the carrying amount of the related asset. Expenditure is capitalised when it enhances the asset’s capacity, extends its useful life, or improves the quality of output, while routine servicing and repairs are expensed as incurred.

1.2.6 Recognition and Derecognition of Land

The municipality assesses whether it controls or does not control land by considering the principles contained in IGRAP 18.

The municipality is assessed to control land of which it is not the legal owner or the custodian and relevant transactions are accounted for per the requirements of the relevant Standards of GRAP and the required disclosures are made in the relevant Notes to the Financial Statements. In order to assess that the municipality controls the land, the following factors are considered in applying its judgement:

- The municipality acts as the custodian of the land in terms of a binding arrangement with the legal owner of the land and has the right to direct access to the land, and to restrict or deny the access of others to the land.
- The municipality is required / granted a right to use the land in terms of a binding arrangement with the legal owner of the land and has the right to direct access to the land, and to restrict or deny the access of others to the land to meet its service delivery objectives.

The municipality is assessed to not control land of which it is the legal owner or the custodian and relevant transactions are accounted for per the requirements of the relevant Standards of GRAP and the required disclosures are made in the relevant Notes to the Financial Statements. In order to assess that the municipality does not control the land, the following factors are considered in applying its judgement:

- Another entity acts as the custodian of the land in terms of a binding arrangement with the municipality and that entity has the right to direct access to the land, and to restrict or deny the access of others to the land.
- Another entity is required / granted a right to use the land in terms of a binding arrangement with the municipality and that entity has the right to direct access to the land, and to restrict or deny the access of others to the land to meet its service delivery objectives.

Land is derecognised when the municipality no longer controls it.

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

As described in Accounting Policies 7.3, 8.2 and 9.2, the municipality depreciates its Property, Plant & Equipment and Investment Property, and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to 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 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 residual values, useful lives and depreciation/amortisation methods of assets are reviewed at each reporting date and adjusted, if appropriate.

1.2.8 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, Investment Property, and Inventories

Accounting Policy 11 on Impairment of Assets and Accounting Policy 3.2 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets, impairment testing of Investment Property and write-down of Inventories to the lowest of Cost and Net Realisable Value or Current Replacement Cost.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE, Intangible Assets and Investment Property and the Net Realisable Value for Inventories involves significant judgment by management.

1.2.9 Service Concession Arrangements

The municipality assesses whether it is a party to any service concession arrangements by considering the principles contained in GRAP 32 and IFRIC 12.

Management has assessed all arrangements in place and concluded that there are no service concession arrangements to which it was a party during this accounting period.

1.2.10 Defined Benefit and Contribution Plan Liabilities

As described in Accounting Policy 17.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.2.11 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.2.12 Principals and Agent Arrangements

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

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

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

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to apply the criterion relating to the absence of such power in order to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether it is acting as a principal or an agent.

Recognition

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

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf at 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.

Municipality's assessment outcomes

The municipality is assessed to be the principal and relevant transactions are accounted for per the requirements of the relevant Standards of GRAP. In order to assess that the municipality is the principal, the following factors were considered in applying its judgement:

- The municipality acts as a principal for the service provider, Syntell, who acts as an agent for the municipality with the sale of prepaid electricity.
- The municipality acts as a principal for the service provider, TMT, who acts as an agent for the municipality with regards to the supply, delivery and administrative support of traffic fines collections and camera equipment with related operational support. within the Swellendam Municipal Area.

The municipality is assessed to be the agent and only accounts for the amounts which the agent are entitled to in terms of the principal-agent arrangement. In order to assess that the municipality is the agent, the following factors were considered in applying its judgement:

- The municipality acts as an agent for Western Cape Government: Department of Mobility for issuing licenses and permits and collects monies on their behalf.

1.2.13 Housing Arrangements

The municipality is not accredited to deliver housing under the national housing programme. However, it assesses its roles and responsibilities it undertakes for each project undertaken in terms of the national housing programme by assessing the terms and conditions agreed with the relevant Provincial Department of Infrastructure.

1.2.14 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists and/or the amount exceeds R3.7 million. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.2.15 Segment Reporting

The municipality is assessed to have reportable segments as per the requirements of GRAP 18. In order to assess that the segments could be aggregated, the following factors were considered in applying its judgement:

- For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide.
- No individually material operating segments have been aggregated to form the above reportable operating segments.
- The municipality does not monitor segments geographically.

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.

Materiality is determined as 1% of total operating expenditure. This materiality is from the 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 Standards, Amendments to Standards and Interpretations published 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** 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.	Not yet determined	Not yet determined
• **GRAP 103** **Heritage Assets** 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.	Not yet determined	Not yet determined
• **GRAP 104** **Financial Instruments** 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.	01/04/2025	01/07/2025

Standard of GRAP / Nature of Impending Changes / Expected Impact		Effective Date	Planned Date for Application by Municipality
• **GRAP 105, 106 & 107**	**Transfers 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.		

1.6 Current year comparatives

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

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

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

2. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the mSCOA classification and NT methodology. They are consistent with the annual budget adopted by the Council, and the actual figures, as prepared for these Annual Financial Statements, were adjusted to align with the mSCOA classification. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement, giving reasons for overall growth or decline in the budget and motivations for over- or underspending on line items. The annual budget figures in the Annual Financial Statements are for the municipality and do not include budget information for subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of public consultation as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 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.

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.

Property held for sale in the ordinary course of operations is classified as inventory.

3.2 Subsequent Measurement

Inventories, consisting of consumables, land, materials and supplies and water 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.

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 exists 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 – Financial Instruments	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	Financial Assets at Amortised Cost

Trade and Other Receivables exclude Value Added Taxation, Prepayments and Operating Lease Receivables, and 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
Finance Lease Obligations	Financial Liabilities at Amortised Cost
Consumer Deposits	Financial liabilities at Amortised cost

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.

4.3.2 Financial Liabilities:

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.

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 Receivable 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.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

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.

The municipality has the following Statutory Receivables from Exchange Transactions:

- VAT Receivable

The municipality has the following Statutory Receivables from Non-exchange Transactions:

- Assessment Rates
- Fines

5.1 Recognition and Initial Measurement

Statutory Receivables are recognised if the transaction is an exchange transaction per GRAP 9 or a non-exchange transaction per GRAP 23 or, if the transaction is not within the scope of GRAP 9 or GRAP 23, or another Standard of GRAP, and the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be reliably measured.

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:

- VAT is levied and recovered in terms of the stipulations contained in the Value-Added Tax Act, 1991 (Act No. 89 of 1991) at rates determined by the Department of Finance and published in the Government Gazette.
- 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 are issued in terms of the stipulations contained in the Criminal Procedures Act, 1977 (Act No. 51 of 1977) at rates published in the Government Gazette from time to time.

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.

5.3 Impairment

Statutory Receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables, such as the probability of insolvency or significant financial difficulties of the debtor. The impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables

In assessing whether Statutory Receivables are impaired, the municipality assesses whether there are any indications that individually significant receivables are impaired; and/or groups of similar, individually insignificant, receivables are impaired.

The municipality groups together and assesses collectively for impairment those receivables that exhibit similar characteristics which provide information about the possible collectability of the amounts owing to the municipality. The municipality uses the following groupings:

- VAT Receivable
- Assessment Rates
- Fines

If there is such evidence the carrying amount is reduced to the estimated future cash flows, an impairment loss is recognised, directly or indirectly, through the use of an allowance account, with the amount of the impairment loss being recognised in Surplus or Deficit.

5.4 Derecognition

The municipality derecognises Statutory Receivables only when the rights to the cash flows from the receivable expires or it transfers the Statutory Receivable and substantially all the risks and rewards of ownership of the receivable to another municipality, except when council approves the write-off of the receivable due to non-recoverability.

The municipality derecognises a receivable if the municipality, despite having retained some significant risks and rewards of ownership, transfers 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 party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality recognises separately any rights and obligations created or retained in the transfer. The carrying amount of statutory receivables transferred is allocated between the rights and obligations retained and those transferred on the basis of the relative fair values at the transfer date. The municipality assesses whether any newly created rights and obligations are within the scope of GRAP 104 or another Standards of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, is recognised in surplus or deficit in the period transferred.

6. CONSTRUCTION CONTRACTS

Construction Contracts are those contracts entered between the municipality and a customer (or third party) whereby the municipality delivers a constructed asset in terms of an agreement with such party. The construction can be done by the municipality or through the use of a sub-contractor. The benefit of the constructed item (or group) of items must be received by such party and not the municipality.

Revenue from such contracts shall comprise the agreed value in terms of the contract plus any agreed variations to such contract on the conditions that these variations will result in an inflow of economic resources that can be measured reliably.

Contract costs are costs that directly relate to the contract as well as costs that are attributable to the execution of the construction work and any additional costs as agreed between the municipality and the party obtaining the final goods. Attributable costs are only assigned to the contract costs if these can be assigned on a systematic and rational basis.

The municipality assessed all of the contracts in place and found that all of the contracts pertained to Housing Arrangements as those described in ASB's Accounting for Arrangements Undertaken in terms of the National Housing Programme. All of these contracts for the municipality are fixed price contracts. Revenue and costs are therefore recognised with reference to the stage of completion provided that the conditions for contract revenue and contract costs are met and the stage of contract completion can be measured.

In exceptional cases, if any, for a cost plus or cost based contract the outcome of a construction contract can be estimated reliably when it is probable that the economic benefits or service potential associated with the contract will flow to the entity and the contract costs can be clearly identified and measured reliably.

An expected deficit on a construction contract shall be recognised as an expense immediately based on the stage of completion. Future losses are only accounted for when these losses are incurred in terms of the stage of completion. This implies that only the proportional loss of a contract would be recognised based on the percentage of completion.

As the percentage or stage of completion is an estimate at year-end, any subsequent changes to the estimate would be accounted for as a change in estimate in terms of the relevant municipal accounting policy.

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Initial Recognition and Measurement

Property, Plant and Equipment are initially recognised at cost.

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.

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).

7.2 Subsequent Measurement

Subsequently, all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

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.

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.

7.3 Depreciation

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
Buildings		**Community**	
Improvements	5 - 100	Community Facilities	5 - 100
		Recreational Facilities	5 - 100
Infrastructure			
Electricity	15 - 80	**Other**	
Roads and Paving	7 - 80	Computer Equipment	3 - 35
Sanitation	10 - 100	Furniture and Office Equipment	2 - 40
Solid Waste	15 - 57	Information Infrastructure	3 - 30
Storm Water	20 - 100	Transport Assets	5 - 45
Water	10 - 102		

7.4 Land

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

7.5 Incomplete Construction Work

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

7.6 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

7.7 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives over a period of 3-8 years or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

7.8 Derecognition

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Surplus or Deficit when the item is derecognised.

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.

Enhancements that increase functionality/service potential are capitalised; maintenance, bug fixes, support, data conversion (unless necessary for the asset to operate), training, and annual licence/support fees are expensed

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 infinite 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
Computer Software Purchased	4 - 16

Useful lives, residual values and amortisation methods are reviewed at each reporting date.

8.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised.

9. INVESTMENT PROPERTY

9.1 Initial Recognition and Measurement

At initial recognition, the municipality measures Investment Property at cost. 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.

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

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is estimated at 10 - 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

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised.

10. HERITAGE ASSETS

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

10.1 Initial Recognition and Measurement

Heritage Assets are initially recognised at cost.

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.

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.

10.2 Subsequent Measurement

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

10.3 Derecognition

The gain or loss arising from the derecognition of an item of Heritage Assets is included in Surplus or Deficit when the item is derecognised.

11. 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.

11.1 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.

11.2 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.

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.

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

12. CONSUMER DEPOSITS

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit. Deposits are recognised as a liability as the deposit is refunded once the service is terminated. No interest is paid on deposits.

13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional grants and receipts are subject to specific conditions and can be received from both government and public. If these specific conditions are not met, the monies received are repayable.

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

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

Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables.

14. PROVISIONS

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

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

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money discounted to their present value using a pre-tax discount rate. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

14.1 Provision for Environmental Rehabilitation

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

15. LEASES

15.1 The Municipality as Lessee

15.1.1 Finance Leases

Leases are classified as Finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality.

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 or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

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

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

Rental revenue from Operating Leases is recognised on a Straight-line Basis over the term of the relevant lease.

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

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

17.1.1 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.

Accumulating 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.

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 accrue to Section 57 employees. Municipalities' 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

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. 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 the future payments is available.

17.2.2 Defined Benefit Plans

Defined Benefit Cost is made up of the following components:

- Service Cost, comprising:
  - (a) Current Service Cost
  - (b) Settlements
  - (c) Past Service Cost, comprising:
    - Plan Amendments
    - Curtailments
- Net Interest Revenue / Expense
- Remeasurements, comprising:
  - (a) Actuarial Gains and Losses
  - (b) Return on Plan Assets, excluding amounts included in net interest on the net defined benefit liability (asset)
  - (c) 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 has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

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

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

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

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 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.

18.1.2 Housing Development Fund Reserve:

Sections 15(5) and 16 of the Housing Act (Act No107 of 1997), which came into operation on 1 April 1998, required that the municipality maintains a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The following provisions are set for the creation and utilisation of the Housing Development Fund:
- The HDF is backed by cash, receivables and assets. The cash funds in the HDF are invested in accordance with the Investment Policy of the municipality.
- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy and also for housing development projects approved.

19. REVENUE RECOGNITION

19.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

19.2 Revenue from Non-exchange Transactions

19.2.1 Rates and Taxes

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

19.2.2 Fines

Fines constitute both spot fines and summonses.

Revenue for fines is recognised when the fine is issued at the full amount of the receivable. The municipality uses estimates to determine the amount of revenue that the municipality is entitled to collect that is subject to further legal proceedings.

19.2.3 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.

19.2.4 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

19.2.5 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.

19.2.6 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate basis that takes into account the effective yield on the investment.

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.

19.2.8 Unclaimed Deposits

All unclaimed deposits are initially recognised as a liability until 12 months expires when all unclaimed deposits into the municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June.

Although unclaimed deposits are recognised as revenue after 12 months, the municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

19.2.9 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

19.3 Revenue from Exchange Transactions

19.3.1 Service Charges

Service Charges are levied in terms of approved tariffs.

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

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

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

19.3.2 Prepaid Electricity

Revenue from the sale of prepaid electricity is recognised at the point of sale.

19.3.3 Rentals Received

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

19.3.4 Income from Agency Services

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

19.3.5 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

Interest on outstanding customer receivables is calculated when the receivable is more than 30 days at prime rate plus 1%, and recognised in surplus or deficit on the time-proportionate basis.

19.3.6 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.

19.3.7 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.

19.3.8 Sale of Goods (including Houses)

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

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

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. MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply with the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories).

22. 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 a 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.

23. 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's 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.

24. 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.

25. COMMITMENTS

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP;
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date;
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources;
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements; and
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

26. RELATED PARTIES

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

27. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

28. 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 e

29. SEGMENT REPORTING

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective and also considered separately for each of the towns within the municipal jurisdiction. The components listed below have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting).

The method used to determine reported segment surplus of deficit was consistently applied in the current and prior financial years.

- Municipal Governance and Administration.
- Community and Public Safety.
- Economic and Environmental.
- Trading Services.
- Other.

All other sources of income and expenditure are aggregated through means of the administrative function as these services are not significant to the other services of the municipality as a whole.

The municipality only operates in a single geographical location and accordingly does not report separately on each location within its jurisdiction.

Intersegmental transfers are per the municipality's approved tariff policy. The reconciliation clearly describes the effects of all internal transfers between segments.

The accounting policies for segmental reporting in the management accounts are aligned to the requirements of GRAP as described in these accounting policies.

30. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

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.

1. INVENTORIES

	2025 R	2024 R
Consumables	6,407,041	6,008,822
Land	7,591	7,591
Water	62,040	63,725
Total Inventories	**6,476,673**	**6,080,138**

Consumables are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Current Replacement Cost were required.

Land Inventory relates to properties for sale.

Water is held for distribution and measured at the lower of Cost and Net Realisable Value.

The cost of Inventories recognised as an expense includes R18,164,746 (2024: R16,794,086), made up as follows:

	2025 R	2024 R
Consumables	1,084,414	1,614,790
Land	-	22,000
Materials and Supplies	7,497,586	6,452,794
Water	9,582,746	8,704,502
Total Inventories Expensed	**18,164,746**	**16,794,086**

Erf 30 Buffeljagsrivier is still registered as Mun Overberg District, but is under the control of Swellendam Municipality. This erf is situated in Buffeljagsriver in the residential part of the town. Council has decided to transfer this property once the legal processes are followed.

2. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balance R	Provision for Impairment R	Net Balance R
As at 30 June 2025			
Service Debtors:	37,253,730	19,327,330	17,926,399
Electricity	11,486,171	1,529,523	9,956,648
Refuse	6,479,115	4,774,662	1,704,452
Sewerage	7,474,204	5,438,768	2,035,436
Merchandising, Jobbing and Contracts	89,607	-	89,607
Other Service Charges	2,840,685	2,175,293	665,392
Water	8,883,949	5,409,084	3,474,864
Other Receivables:	125,586	82,423	43,163
Property Rental Debtors	125,586	82,423	43,163
Prepayments and Advances:	229,466	-	229,466
Un-used Prepaid Electricity	229,466	-	229,466
Control, Clearing and Interface Accounts	2,138,082	-	2,138,082
Deposits	-	-	-
Total Receivables from Exchange Transactions	**39,746,865**	**19,409,754**	**20,337,111**

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	Gross Balance R	Provision for Impairment R	Net Balance R
As at 30 June 2024			
Service Debtors:	38,273,882	18,549,672	19,724,210
Electricity	13,694,325	1,672,885	12,021,440
Refuse	5,886,217	4,399,763	1,486,454
Sewerage	7,221,694	5,360,074	1,861,620
Merchandising, Jobbing and Contracts	89,607	-	89,607
Other Service Charges	2,574,022	1,934,179	639,843
Water	8,808,017	5,182,771	3,625,247
Other Receivables:	116,396	82,423	33,972
Property Rental Debtors	115,225	82,423	32,802
Housing Selling Scheme	1,171	-	1,171
Other Debtors:	17,666,698	-	17,666,698
Insurance Debtors	17,666,698	-	17,666,698
Prepayments and Advances:	511,714	-	511,714
Un-used Prepaid Electricity	511,714	-	511,714
Control, Clearing and Interface Accounts	1,588,411	-	1,588,411
Deposits	4,446,000	-	4,446,000
Total Receivables from Exchange Transactions	**62,603,101**	**18,632,095**	**43,971,006**

Included in Service Debtors is an amount of R5 779 669 (2024: R6 491 348) in respect of the consumption of metered services not billed as at 30 June.

Other Receivables include outstanding debtors for various other services, e.g. Arrangements, Deposits, Housing, Interest, Rentals and Sundry Services like Garden Refuse, Sanitation Bags, etc.

Receivables from Exchange Transactions are billed monthly at the end of the month. No interest is charged on Receivables until the end of the following month. Interest is charged at prime rate, determined by council, on the outstanding balance.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2025, the municipality is owed R875,445 (30 June 2024: R683,162) by National and Provincial Government.

2.1 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	10,985,434	32,931	28,959	438,846	11,486,171
Less: Provision for Impairment	1,045,057	20,672	24,948	438,846	1,529,523
Net Balances	**9,940,377**	**12,259**	**4,011**	**-**	**9,956,647**
Refuse:					
Gross Balances	2,119,519	191,557	162,619	4,005,420	6,479,115
Less: Provision for Impairment	567,336	146,317	139,529	3,921,480	4,774,662
Net Balances	**1,552,183**	**45,240**	**23,090**	**83,940**	**1,704,452**
Sewerage:					
Gross Balances	2,498,922	205,283	173,802	4,596,196	7,474,204
Less: Provision for Impairment	640,462	153,666	146,182	4,498,458	5,438,768
Net Balances	**1,858,460**	**51,618**	**27,620**	**97,738**	**2,035,436**

Merchandising, Jobbing and Contracts:					
Gross Balances	89,607	-	-	-	89,607
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**89,607**	**-**	**-**	**-**	**89,607**
Other Service Charges:					
Gross Balances	1,075,794	41,913	72,667	1,650,311	2,840,685
Less: Provision for Impairment	427,285	31,625	66,071	1,650,311	2,175,293
Net Balances	**648,509**	**10,287**	**6,595**	**-**	**665,392**
Water:					
Gross Balances	3,906,086	231,826	203,340	4,542,697	8,883,949
Less: Provision for Impairment	685,014	161,782	168,498	4,393,790	5,409,084
Net Balances	**3,221,071**	**70,044**	**34,842**	**148,907**	**3,474,864**
Other Receivables:					
Gross Balances	25,353	342	-	99,891	125,586
Less: Provision for Impairment	4,730	75	-	77,618	82,423
Net Balances	**20,624**	**267**	**-**	**22,272**	**43,163**
Prepayments and Advances:					
Gross Balances	229,466	-	-	-	229,466
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**229,466**	**-**	**-**	**-**	**229,466**
Control, Clearing and Interface Accounts:					
Gross Balances	2,138,082	-	-	-	2,138,082
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**2,138,082**	**-**	**-**	**-**	**2,138,082**

As at 30 June Receivables of R638,730 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	**Past Due**			**Total**
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	23,068,264	703,852	641,387	15,333,361	39,746,865
Less: Provision for Impairment	3,369,884	514,138	545,228	14,980,504	19,409,754
Net Balances	**19,698,380**	**189,715**	**96,158**	**352,857**	**20,337,111**

As at 30 June 2024	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	13,213,767	17,715	12,891	449,952	13,694,325
Less: Provision for Impairment	1,213,519	9,377	9,934	440,055	1,672,885
Net Balances	**12,000,247**	**8,339**	**2,957**	**9,897**	**12,021,440**
Refuse:					
Gross Balances	1,837,715	174,130	196,536	3,677,836	5,886,217
Less: Provision for Impairment	468,715	128,694	167,800	3,634,554	4,399,763
Net Balances	**1,369,000**	**45,436**	**28,736**	**43,282**	**1,486,454**
Sewerage:					
Gross Balances	2,289,130	195,915	165,368	4,571,281	7,221,694
Less: Provision for Impairment	567,314	141,604	135,790	4,515,366	5,360,074
Net Balances	**1,721,816**	**54,311**	**29,578**	**55,916**	**1,861,620**
Merchandising, Jobbing and Contracts:					
Gross Balances	89,607	-	-	-	89,607
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**89,607**	**-**	**-**	**-**	**89,607**
Other Service Charges:					
Gross Balances	888,604	73,994	34,711	1,576,712	2,574,022
Less: Provision for Impairment	271,103	64,449	30,024	1,568,603	1,934,179
Net Balances	**617,501**	**9,545**	**4,687**	**8,109**	**639,843**
Water:					
Gross Balances	4,164,499	226,053	194,405	4,223,061	8,808,017
Less: Provision for Impairment	696,230	153,531	156,271	4,176,739	5,182,771
Net Balances	**3,468,269**	**72,522**	**38,133**	**46,322**	**3,625,247**
Other Receivables:					
Gross Balances	37,988	-	-	78,408	116,396
Less: Provision for Impairment	6,648	-	-	75,775	82,423
Net Balances	**31,339**	**-**	**-**	**2,633**	**33,972**
Other Debtors:					
Gross Balances	17,666,698	-	-	-	17,666,698
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**17,666,698**	**-**	**-**	**-**	**17,666,698**
Prepayments and Advances:					
Gross Balances	511,714	-	-	-	511,714
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**511,714**	**-**	**-**	**-**	**511,714**
Control, Clearing and Interface Accounts:					
Gross Balances	1,588,411	-	-	-	1,588,411
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**1,588,411**	**-**	**-**	**-**	**1,588,411**

Deposits for Land					
Gross Balances	4,446,000	-	-	-	4,446,000
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**4,446,000**	**-**	**-**	**-**	**4,446,000**

As at 30 June Receivables of R460,403 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	46,734,132	687,807	603,911	14,577,250	62,603,100
Less: Provision for Impairment	3,223,530	497,655	499,820	14,411,091	18,632,095
Net Balances	**43,510,602**	**190,153**	**104,091**	**166,159**	**43,971,005**

2.2 Reconciliation of the Provision for Impairment	**2025** **R**	**2025** **R**
Balance at beginning of year	18,632,095	13,588,920
Impairment Losses recognised	872,521	5,043,175
Impairment Losses reversed	(94,862)	-
Balance at end of year	**19,409,754**	**18,632,095**

3. STATUTORY RECEIVABLES FROM VAT TRANSACTIONS

	Gross Balance **R**	**Provision for Impairment** **R**	**Net Balance** **R**
As at 30 June 2025			
VAT Receivable	4,697,571	-	4,697,571
Total Statutory Receivables from VAT Transactions	**4,697,571**	**-**	**4,697,571**

	Gross Balance **R**	**Provision for Impairment** **R**	**Net Balance** **R**
As at 30 June 2024			
VAT Receivable	7,105,218	-	7,105,218
Total Statutory Receivables from VAT Transactions	**7,105,218**	**-**	**7,105,218**

The prior year amount for Statutory Receivables from Exchange Transactions has been adjusted. Refer to Note 48.8 on "Correction of Error" for details of the restatement.

VAT is payable on the receipts basis. The municipality however uses accrual accounting, and only once payment is received from debtors, VAT is paid over to SARS.

Furthermore, VAT is claimable on the payment basis.

VAT Receivable is not impaired nor is it discounted as the amount is expected to be receivable within 60 days.

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balance	Provision for Impairment	Net Balances
	R	R	R
As at 30 June 2025			
Service Charges (Availability Charges):	2,288,970	1,974,296	314,674
- Electricity	920,016	787,047	132,969
- Waste Water	663,024	570,380	92,644
- Water	705,930	616,869	89,061
Total Receivables from Non-exchange Transactions	**2,288,970**	**1,974,296**	**314,674**

	Gross Balance	Provision for Impairment	Net Balances
	R	R	R
As at 30 June 2024			
Service Charges (Availability Charges):	3,389,195	3,062,110	327,085
- Electricity	1,298,275	1,162,572	135,702
- Waste Water	991,122	891,089	100,034
- Water	1,099,798	1,008,449	91,349
Total Receivables from Non-exchange Transactions	**3,389,195**	**3,062,110**	**327,085**

Service Charges arise from availability charges levied against vacant property where the service infrastructure is available to the property. Availability Charges are levied for Electricity, Waste Removal, Waste Water and Water Services.

4.1 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	
Service Charges:					
Gross Balances	488,907	84,165	71,711	1,644,188	2,288,970
Less: Provision for Impairment	215,364	67,784	64,433	1,626,714	1,974,296
Net Balances	**273,543**	**16,381**	**7,278**	**17,474**	**314,675**

As at 30 June Receivables of R41,132 were past due but not impaired.

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	488,907	84,165	71,711	1,644,188	2,288,970
Less: Provision for Impairment	215,364	67,784	64,433	1,626,714	1,974,296
Net Balances	**273,543**	**16,381**	**7,278**	**17,474**	**314,675**

As at 30 June 2024

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Service Charges:					
Gross Balances	434,446	89,533	87,649	2,777,567	3,389,195
Less: Provision for Impairment	177,283	65,791	70,499	2,748,537	3,062,109
Net Balances	**257,163**	**23,742**	**17,150**	**29,030**	**327,085**

As at 30 June Receivables of R69,922 were past due but not impaired.

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	434,446	89,533	87,649	2,777,567	3,389,195
Less: Provision for Impairment	177,283	65,791	70,499	2,748,537	3,062,109
Net Balances	**257,163**	**23,742**	**17,150**	**29,030**	**327,085**

4.2 Summary of Non-Exchange Debtors by Customer Classification

	Household	Industrial / Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2025				
Current:				
0 - 30 days	488,907	-	-	-
Past Due:				
31 - 60 Days	84,165	-	-	-
61 - 90 Days	71,711	-	-	-
+ 90 Days	1,644,188	-	-	-
Sub-total	2,288,970	-	-	-
Less: Provision for Impairment	1,974,296	-		-
Total Non-exchange Debtors by Customer Classification	**314,675**	**-**	**-**	**-**

	Household	Industrial / Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2024				
Current:				
0 - 30 days	434,446	-	-	-
Past Due:				
31 - 60 Days	89,533	-	-	-
61 - 90 Days	87,649	-	-	-
+ 90 Days	2,777,567	-	-	-
Sub-total	3,389,195	-	-	-
Less: Provision for Impairment	3,062,109	-	-	-
Total Non-exchange Debtors by Customer Classification	**327,086**	**-**	**-**	**-**

4.3 Reconciliation of Provision for Impairment: Non Exchange	**2025**	**2024**
	R	R
Balance at Beginning of year	3,062,110	2,615,900
Impairment Losses recognised	(1,087,814)	446,210
Balance at end of year	**1,974,296**	**3,062,110**

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5. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTION

	Gross Balance	Provision for Impairment	Net Balance
	R	R	R
As at 30 June 2025			
Property Rates	8,940,094	4,280,566	4,659,527
Traffic Fines	135,068,897	112,251,048	22,817,849
Total Statutory Receivables from Non-Exchange Transactions	**144,008,991**	**116,531,614**	**27,477,376**

	Gross Balance	Provision for Impairment	Net Balance
	R	R	R
As at 30 June 2024			
Property Rates	9,407,215	5,225,026	4,182,189
Traffic Fines	118,509,303	98,879,509	19,629,794
Total Statutory Receivables from Non-Exchange Transactions	**127,916,518**	**104,104,535**	**23,811,984**

Property Rates is a tax levied by a municipality to a property owner to enable the municipality to perform its functions. Property Rates are calculated by multiplying the market value of the property with a rate determined by the Municipal Council. The levying of this revenue stream is governed by the Municipal Property Rates Act 6 of 2004.

Traffic Fines arise from fines issued by the municipality's traffic officials as well as officials from the Provincial Traffic Department. These fines are issued in accordance with the National Road Traffic Act 93 of 1996, National Land Transport Act 5/2009 as well as the National Road Traffic Regulations of 2000. The fines issued are divided into Section 341 and Section 56 Fines.

Section 341 fines are speed control fines or spot fines. Speed control fines are issued when a motorist is caught speeding on a calibrated radar camera device. The device takes a picture of the vehicle and takes a speed reading. The speeding fine is then delivered to the registered owner of the vehicle by post. The spot fines (pink slip) are issued when the motorist is not at the vehicle and pasted to the window. A printed copy is also delivered to the registered owner of the vehicle by post.

The Section 56 fine is imposed when a motorist is stopped by the traffic officer when an offence occurred or an offence is noted with a routine check. In this case the offender must provide the traffic officer with some sort of identification.

5.1 Ageing of Statutory Receivables from Non-Exchange Transaction

As at 30 June 2025	**Current**	**Past Due**			**Total**
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	5,449,338	188,444	154,182	3,148,129	8,940,094
Less: Provision for Impairment	922,836	119,080	123,020	3,115,628	4,280,564
Net Balances	**4,526,503**	**69,364**	**31,162**	**32,500**	**4,659,530**
Traffic Fines:					
Gross Balances	7,137,550	4,331,060	3,948,350	119,651,938	135,068,898
Less: Provision for Impairment	5,931,762	3,599,389	3,281,332	99,438,565	112,251,048
Net Balances	**1,205,788**	**731,671**	**667,018**	**20,213,373**	**22,817,850**

As at 30 June Receivables of R21,745,089 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	**Past Due**			**Total**
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	12,586,888	4,519,504	4,102,532	122,800,067	144,008,992
Less: Provision for Impairment	6,854,598	3,718,469	3,404,352	102,554,193	116,531,612
Net Balances	**5,732,291**	**801,035**	**698,180**	**20,245,873**	**27,477,380**

As at 30 June 2024	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	5,535,884	176,099	129,668	3,565,564	9,407,215
Less: Provision for Impairment	1,455,933	116,245	102,506	3,550,341	5,225,026
Net Balances	**4,079,951**	**59,853**	**27,162**	**15,223**	**4,182,189**
Traffic Fines:					
Gross Balances	7,006,650	2,968,450	4,178,810	104,355,393	118,509,303
Less: Provision for Impairment	5,846,074	2,476,758	3,486,635	87,070,042	98,879,509
Net Balances	**1,160,576**	**491,692**	**692,175**	**17,285,351**	**19,629,794**

As at 30 June Receivables of R18,571,457 were past due but not impaired. The age analysis of these Receivables are as follows

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	12,542,534	3,144,549	4,308,478	107,920,958	127,916,518
Less: Provision for Impairment	7,302,007	2,593,004	3,589,141	90,620,383	104,104,534
Net Balances	**5,240,527**	**551,545**	**719,337**	**17,300,574**	**23,811,984**

5.2 Summary of Statutory Receivables Debtors by Customer Classification

	Household	Industrial / Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2025				
Current:				
0 - 30 days	3,850,478	1,553,590	45,270	-
Past Due:				
31 - 60 Days	140,734	45,431	2,280	-
61 - 90 Days	115,018	37,078	2,085	-
+ 90 Days	2,286,878	538,517	322,734	-
Sub-total	6,393,109	2,174,616	372,369	-
Less: Provision for Impairment	3,072,291	837,027	371,246	-
Total Rates Debtors by Customer Classification	**3,320,818**	**1,337,589**	**1,123**	**-**

	Household	Industrial / Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2024				
Current:				
0 - 30 days	3,859,535	1,627,787	48,562	-
Past Due:				
31 - 60 Days	126,147	47,326	2,626	-
61 - 90 Days	95,376	32,377	1,915	-
+ 90 Days	2,784,310	498,672	282,582	-
Sub-total	6,865,368	2,206,162	335,685	-
Less: Provision for Impairment	3,917,078	973,368	334,579	
Total Rates Debtors by Customer Classification	**2,948,290**	**1,232,794**	**1,106**	**-**

5.3 Reconciliation of Provision for Impairment	2025 R	2024 R
Balance at Beginning of Year:	104,104,535	95,370,319
Property Rates	5,225,026	4,139,855
Traffic Fines	98,879,509	91,230,464
Impairment Losses Recognised:	17,461,999	8,734,216
Property Rates	4,090,459	1,085,171
Traffic Fines	13,371,539	7,649,045
Impairment Losses Reversed:	(5,034,919)	-
Property Rates	(5,034,919)	-
Balance at end of year	**116,531,614**	**104,104,535**

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.

6. CASH AND CASH EQUIVALENTS	2025 R	2024 R
Current Investments	125,457,664	93,346,738
Bank Accounts	83,338,161	85,164,736
Cash on Hand	4,650	4,650
Total Bank, Cash and Cash Equivalents	**208,800,476**	**178,516,124**

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.

6.1 Current Investment Deposits

Ìnvestments (up to 6 months) & Call accounts	125,457,664	93,346,738
Total Current Investment Deposits	**125,457,664**	**93,346,738**

The Municipality has the following investment accounts:

		Bank Balances 30 June 2025	 30 June 2024
FNB	Account 76209608987	12,009,824	-
ABSA Bank:	Account 2081700398	12,443,612	-
ABSA Bank:	Account 2081793856	16,510,578	-
ABSA Bank	Account 2082120018	12,010,455	-
ABSA Bank	Account 2082120979	12,010,455	-
Nedbank	Account 3788100089	12,431,145	-
Nedbank	Account 3788100091	12,010,146	-
Nedbank	Account 3788100092	12,010,146	-
Standard Bank	Account 288807995022	12,010,652	-
Standard Bank	Account 288807995023	12,010,652	-
ABSA Bank	Account 2081556939	-	12,233,556
ABSA Bank	Account 2081556947	-	12,233,556
ABSA Bank	Account 9384388907	-	20,975,495
ABSA Bank	Account 2080123404	-	5,123,056
Nedbank	Account 037881000058000083	-	9,163,672
Nedbank	Account 037881000058000084	-	9,163,672
Standard Bank	Account 288807995015	-	12,225,649
Standard Bank	Account 288807995016	-	12,228,082
		125,457,664	**93,346,738**

Investments & Call accounts are investments with a maturity period of up to 6 months and earn interest rates varying from 7.25% to 9.60% (2024: 7.25% to 9.60%) per annum.

Guarantees Granted

In favour of Eskom	2,000	2,000
In favour of Department of Minerals and Energy	20,000	20,000
In favour of Diale Mogashoa Inc Attorneys (Withdrawn in August 2024)	-	-
Total Guarantees Granted	**22,000**	**22,000**

6.2 Bank Accounts

Cash in Bank	83,338,161	85,164,736
Total Bank Accounts	**83,338,161**	**85,164,736**

The Municipality has the following operational bank accounts:

Primary Bank Account		
Cash book balance at beginning of year	78,959,775	101,097,253
Cash book balance at end of year	76,350,832	78,959,775
ABSA Bank - Swellendam Branch - Cheque Account Number: 2390560039		
Bank statement balance at beginning of year	78,558,415	100,807,809
Bank statement balance at end of year	75,597,752	78,558,415
Current Account		
Cash book balance at beginning of year	6,204,961	3,341,941
Cash book balance at end of year	6,987,329	6,204,961
First National Bank - Swellendam Branch - Cheque Account Number: 53840005730		
Bank statement balance at beginning of year	6,204,961	3,341,941
Bank statement balance at end of year	7,304,015	6,204,961

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

The carrying value of these assets approximates their fair value.

6.3 Cash on Hand

Cash Floats and Advances	4,650	4,650
Total Cash on hand in Cash Floats, Advances and Equivalents	**4,650**	**4,650**

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7. PROPERTY, PLANT AND EQUIPMENT

30 June 2025

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Transport Assets	Total
	R	R		R	R	R	R
Carrying values at 01 July 2024	**20,823,580**	**7,278,907**	**445,011,720**	**49,706,405**	**10,861,154**	**12,786,340**	**546,468,106**
Cost	29,546,591	10,163,349	586,928,821	59,711,478	24,154,943	23,765,987	734,271,168
- Completed Assets	29,546,591	10,163,349	581,680,212	59,711,478	24,154,943	23,765,987	729,022,560
- Under Construction	-	-	5,248,608	-	-	-	5,248,608
Accumulated Impairment Losses	(8,723,012)	(1,477,558)	(7,822,905)	(5,479,203)	(736,698)	(3,550)	(24,242,926)
Accumulated Depreciation	-	(1,406,883)	(134,094,195)	(4,525,869)	(12,557,092)	(10,976,097)	(163,560,136)
Acquisition of Assets							
- Cost	-	71,329	35,156,675	600,318	1,832,480	5,705,140	43,365,941
- Capital Under Construction	-	264,213	2,997,979	-	-	-	3,262,192
Decommisioning and other Liabilities	-	-	577,613	-	-	-	577,613
Depreciation	-	(143,412)	(14,381,855)	(787,880)	(2,590,438)	(1,784,474)	(19,688,058)
Carrying value of Disposals:	(785,601)	-	(7,199,101)	(50,000)	(251)	-	(8,034,952)
- Cost	(817,989)	(970,724)	(10,050,592)	(50,000)	(874)	-	(11,890,179)
- Accumulated Impairment Losses	32,388	825,913	306,600	-	14	-	1,164,914
- Accumulated Depreciation	-	144,811	2,544,892	-	609	-	2,690,312
Impairment Losses	-	-	(23,169,171)	-	(2,362)	(30,061)	(23,201,594)
Capital under Construction - Completed	-	-	(3,628,164)	-	-	-	(3,628,164)
Other Movements	-	(71,329)	2,681,492	663,277	18,734	(125,215)	3,166,959
- Cost	-	(71,329)	2,681,492	663,277	18,734	(125,215)	3,166,959
- Accumulated Depreciation	-	-	-	-	-	-	-
Carrying values at 30 June 2025	**20,037,979**	**7,399,709**	**438,047,188**	**50,132,120**	**10,119,317**	**16,551,730**	**542,288,043**
Cost	28,728,603	9,456,838	614,663,823	60,925,073	26,005,283	29,345,912	769,125,531
- Completed Assets	28,728,603	9,192,625	610,045,400	60,925,073	26,005,283	29,345,912	764,242,894
- Under Construction	-	264,213	4,618,423	-	-	-	4,882,636
Accumulated Impairment Losses	(8,690,624)	(651,646)	(30,685,477)	(5,479,203)	(739,045)	(33,612)	(46,279,607)
Accumulated Depreciation	-	(1,405,483)	(145,931,158)	(5,313,749)	(15,146,920)	(12,760,570)	(180,557,881)

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7. PROPERTY, PLANT AND EQUIPMENT

30 June 2024

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Transport Assets	Total
	R	R		R	R	R	R
Carrying values at 01 July 2023	**20,834,200**	**7,739,746**	**421,524,022**	**49,453,460**	**8,196,306**	**14,544,212**	**522,291,946**
Cost	29,548,112	9,625,795	542,982,421	57,929,724	21,119,107	23,825,035	685,030,194
- Completed Assets	29,548,112	9,625,795	535,913,452	57,619,581	21,119,107	23,825,035	677,651,082
- Under Construction	-	-	7,068,969	310,143	-	-	7,379,112
Accumulated Impairment Losses	(8,713,912)	(613,620)	(1,166,471)	(4,701,452)	(1,448,856)	(2,376)	(16,646,686)
Accumulated Depreciation	-	(1,272,429)	(120,291,928)	(3,774,812)	(11,473,946)	(9,278,447)	(146,091,561)
Acquisition of Assets							
- Cost	0	486,842	16,332,899	2,158,344	4,946,499	-	23,924,583
- Capital Under Construction	-	173,850	27,241,119	1,546,510	-	-	28,961,479
Decommisioning and other Liabilities	-	-	(705,834)	-	-	-	(705,834)
Depreciation	-	(134,447)	(14,445,155)	(751,212)	(2,382,705)	(1,747,448)	(19,460,968)
Carrying value of Disposals:	(67,968)	-	(277,162)	-	(555,613)	(1,605)	(902,347)
- Cost	(67,968)	-	(946,732)	-	(1,905,496)	(77,704)	(2,997,900)
- Accumulated Impairment Losses	-	-	26,703	-	76,841	(237)	103,307
- Accumulated Depreciation	-	-	642,868	-	1,273,042	76,335	1,992,245
Impairment Losses	(359,186)	(863,938)	(6,683,137)	(427,665)	635,317	(938)	(7,699,548)
Capital under Construction - Completed	-	(173,850)	(29,061,479)	(1,856,653)	-	-	(31,091,982)
Other Movements	416,533	-	31,086,448	(416,379)	-	(7,881)	31,150,776
- Cost	66,447	50,712	31,086,428	(66,447)	(5,167)	18,656	31,150,628
- Accumulated Depreciation	-	(7)	20	154	26,517	(26,537)	148
Carrying values at 30 June 2024	**20,823,580**	**7,278,907**	**445,011,720**	**49,706,405**	**10,861,154**	**12,786,340**	**546,468,106**
Cost	29,546,591	10,163,349	586,928,821	59,711,478	24,154,943	23,765,987	734,271,168
- Completed Assets	29,546,591	10,163,349	581,680,212	59,711,478	24,154,943	23,765,987	729,022,560
- Under Construction	-	-	5,248,608	-	-	-	5,248,608
Accumulated Impairment Losses	(8,723,012)	(1,477,558)	(7,822,905)	(5,479,203)	(736,698)	(3,550)	(24,242,926)
Accumulated Depreciation	-	(1,406,883)	(134,094,195)	(4,525,869)	(12,557,092)	(10,976,097)	(163,560,136)

The prior year amount for Property, Plant and Equipment has been adjusted. Refer to Note 48.8 on "Correction of Error" for details of the restatement.

		2025 R	2024 R
7. PROPERTY, PLANT AND EQUIPMENT			
Proceeds on Disposal of Property, Plant and Equipment:			
Disposals of Property, Plant and Equipment		8,034,952	902,347
(Gains) / Losses on Disposal of Property, Plant a	Note 47	(4,911,773)	(668,434)
Total Proceeds on Disposal of Property, Plant and Equipment allocated to Cash Flow		**3,123,179**	**233,913**

7.1 PPE for which the Municipality does not have the legal title, but has control:

		2025 R	2024 R
Carrying Value at year-end:			
Erf 420 - Suurbraak	Library	885,049	885,049
Erf 310 - Suurbraak	Stores	510,167	510,167
10 Erven - Swellendam	Street Corridors	10,000	10,000
		1,405,216	**1,405,216**

Key Judgements and Assumptions applied

The Provincial Government, Western Cape, transferred Erf 420 Suurbraak. However, this erf consists out of two properties that are built on the property. One is the clinic and one is the main building (other assets) with the library (community assets) and old post office (Investment property). The erf should have been subdivided before it was transferred. Swellendam Municipality is in the process to address with Province to rectify as the main building with a library and rented offices is under their control.

Erf 310 Suurbraak consists out of the municipal stores (mainly) and a building that is let out. Swellendam Municipality utilises the stores to perform their mandated functions and they receive the income of the building which is let out. They are responsible for the insurance and municipal accounts for this property. Swellendam Municipality controls Erf 310 Suurbraak and exercise the right to direct access to the property and generate future economic and service potential of the property. A process will be initiated to address the ownership of this property.

8 Erven is situated in Swellendam which consists out of streets, which is part of Swellendam Municipality mandated functions. These erven still have to be transferred to Swellendam Municipality.

7.2 PPE for which the Municipality has the legal title, but does not have the control:

		2025 R	2024 R
Valuation as reflected on the 2023 Valuation Roll:			
10 Erven (2023/24: 10 Erven) - Swellendam	Part of the N2 National Road	10,000	10,000
80 Erven (2023/24: 116 Erven) - Swellendam	Erven	6,809,000	16,370,200
		6,819,000	**16,380,200**

Key Judgements and Assumptions applied

10 Erven form part of the N2 National Road , which is not part of the Municipality's mandated function.

80 Erven still to be transferred to private owners as they control the assets, they can exercise the right to direct access to the property and generate future economic and service potential of the property. The private owners is responsible for the municipal accounts.

7.3 Assets pledged as security

The municipality’s obligations under Finance Leases (see Note 17) are secured by the lessors’ title to the leased assets. No other assets of the municipality have been pledged as security.

	2025 R	2024 R

7.4 Impairment of Property, Plant and Equipment

Impairment Losses on Property, Plant and Equipment to the amount of R23,201,594 (2024: R7,699,548) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 38.

The amount disclosed for impairment losses on Property, Plant and Equipment does not include individually material amounts of impairment losses. However, cumulative impairment losses for the following significant account balances are included therein:

	2025 R	2024 R
Land	-	359,186
Buildings	-	863,938
Community Assets	-	427,665
Infrastructure	23,169,171	6,683,137
Other Assets	2,362	(635,317)
Transport Assets	30,061	938
Total Impairment of Property, Plant and Equipment	**23,201,594**	**7,699,548**

Impairment losses on Property, Plant and Equipment exist predominantly due to technological obsolescence of information technology equipment.The remainder of impaired items of Property, Plant and Equipment have been physically damaged, stolen or have become redundant and idle.

7.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

A change in the estimated useful life of various assets of the municipality has resulted in the following increases (2024: increases) in depreciation for the mentioned asset classes for the financial year:

	2025 R	2024 R
Land	2,708	5,304
Infrastructure	48,709	106,567
Other Assets	297,421	198,382
Total Change in Estimate for Useful Life of Property, Plant and Equipment	**348,838**	**310,253**

The change in estimates will result in an increase of R348,838 (increase 2024: R310,253) in the depreciation expense for the municipality over the next three financial years:

	2025 R	2024 R
Financial Year 2023/24		310,253
Financial Year 2024/25	348,838	-
Total Change in Estimate for Useful Life of Property, Plant and Equipment	**348,838**	**310,253**

7.6 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:

	2025 R	2024 R
Buildings	264,213	-
Infrastructure	4,618,423	5,248,608
Total Carrying Amounts of Work-in-Progress	**4,882,636**	**5,248,608**

7.7 Delayed Projects

Project Details	Delayed or Halted	2025 R	2024 R
Infrastructure Asset			
Barrydale Waste Water Treatment Works	Halted	769,642	769,642
Reason: The project was halted due to counter funding availability. The cost incurred was for consultancy fees. The project is in the pre-appraisal and final appraisal phases for implementation in the 2026/2027 financial year.			
Total Carrying Amounts of Delayed or Halted Projects		**769,642**	**769,642**

7.8 Expenditure incurred for Repairs and Maintenance

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

	2025 R	2024 R
- Contracted Services	24,149,935	15,027,971
- Inventory Consumed	5,873,149	5,190,488
- Labour	21,816,382	20,410,844
- Other Operational Costs	531,526	806,285
Total Expenditure related to Repairs and Maintenance Projects	**52,370,992**	**41,435,589**

8. INTANGIBLE ASSETS

	2025 R	2024 R
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	**683,956**	**466,149**

The movement in Intangible Assets is reconciled as follows:

Software Purchased:

	2025 R	2024 R
Opening Carrying values at 01 July	**466,149**	**566,906**
Cost	924,686	1,305,560
Accumulated Amortisation	(458,536)	(738,654)
Acquisitions:	-	124,076
Purchased	-	124,076
Amortisation:	(89,673)	(127,755)
Purchased	(89,673)	(127,755)
Disposals:	-	(97,078)
Cost	-	(504,950)
Accumulated Amortisation	-	407,872
Transfers:	307,480	-
At Cost	307,480	-
At Accumulated Amortisation	-	-
Closing Carrying values at 30 June	**683,956**	**466,149**
Cost	1,232,166	924,686
Accumulated Amortisation	(548,210)	(458,536)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 37).

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

8.1 Significant Intangible Assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

(i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

8.2 Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

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	2025 R	2024 R
8.3 Change in Estimate - Useful Life of Intangible Assets reviewed		

A change in the estimated useful life of various assets of the municipality has resulted in the following decreases in amortisation for the mentioned asset classes for the financial year:

	2025 R	2024 R
Computer Software	49,554	49,554
Total Change in Estimate for Useful Life of Intangible Assets	**49,554**	**49,554**

The change in estimates will result in an increase of R49,554 (2024: R49,554) in the amortisation expense for the municipality over the next three financial years.

	2025 R	2024 R
Financial Year 2023/24	49,554	49,554
Total Change in Estimate for Useful Life of Intangible Assets	**49,554**	**49,554**

9. INVESTMENT PROPERTY

	2025 R	2024 R
At Cost less Accumulated Depreciation	**16,529,835**	**11,521,922**

The movement in Investment Property is reconciled as follows:

	2025 R	2024 R
Carrying values at 1 July	**11,521,922**	**11,649,766**
Cost	13,288,690	13,364,322
Accumulated Depreciation	(797,331)	(745,120)
Accumulated Impairment Losses	(969,436)	(969,436)
Acquisitions during the Year	5,061,000	-
Cost	5,061,000	-
Depreciation during the Year	(52,070)	(52,212)
Disposals during the Year:	(1,018)	(75,632)
Cost	(1,018)	(75,632)
Accumulated Depreciation	-	-
Carrying values at 30 June	**16,529,835**	**11,521,922**
Cost	18,348,673	13,288,690
Accumulated Depreciation	(849,401)	(797,331)
Accumulated Impairment	(969,436)	(969,436)

The prior year amount for Investment Property has been adjusted. Refer to Note 48.8 on "Correction of Error" for details of the restatement.

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

	2025 R	2024 R
Rental Revenue earned from Investment Property	525,533	328,824

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	2025 R	2024 R

9.1 Investment Property for which the Municipality does not have the legal title, but has control:

		2025 R	2024 R
Carrying Value at year-end:			
Erf 420 - Suurbraak	Old Post Office	278,228	278,228
		278,228	**278,228**

Key Judgements and Assumptions applied

The Provincial Government, Western Cape, transferred Erf 420 Suurbraak. However, this erf consists out of two properties that are built on the property. One is the clinic and one is the main building (other assets) with the library (community assets) and old post office (Investment property). The erf should have been subdivided before it was transferred. Swellendam Municipality is in the process to address with Province to rectify as the main building with a library and rented offices is under their control.

9.2 Expenditure incurred for Repairs and Maintenance

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

	2025 R	2024 R
Contracted Services	14,057	5,784
Inventory Consumed	-	1,207
	14,057	**6,992**

10. HERITAGE ASSETS

30 June 2025
Reconciliation of Carrying Value

Description	Significant Land and Buildings	Total
	R	R
Carrying values at 01 July 2024	**170,979**	**170,979**
Cost	170,979	170,979
Acquisitions	-	-
Carrying values at 30 June 2025	**170,979**	**170,979**
Cost	170,979	170,979

30 June 2024
Reconciliation of Carrying Value

Description	Significant Land and Buildings	Total
	R	R
Carrying values at 01 July 2023	**170,979**	**170,979**
Cost	170,979	170,979
Acquisitions	-	-
Carrying values at 30 June 2024	**170,979**	**170,979**
Cost	170,979	170,979

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

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	2025	2024
	R	R

11. LEASE RECEIVABLES

	2025 R	2024 R
Current Lease Receivables	356,454	367,962
Total Lease Receivables	**356,454**	**367,962**

11.1 Lease Receivables

	2025 R	2024 R
Operating Leases	356,454	367,962
Less: Current Portion transferred to Current Lease Receivables:	356,454	367,962
Operating Leases	356,454	367,962
Non-Current Portion of Operating Lease Receivables	**-**	**-**

11.1.1 Leasing Arrangements

The Municipality entered into operating Leasing Arrangements for Municipal Land, Building, and Sport Club rentals. All leases are denominated in currency units that have a specific income condition.

11.1.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-Cancellable Operating Leases for Land and Buildings, which are receivable as follows:

	2025 R	2024 R
Up to 1 year	587,252	528,854
2 to 5 years	1,742,014	1,840,034
More than 5 years	295,523	521,082
Total Operating Lease Arrangements	**2,624,789**	**2,889,970**

12. LONG-TERM RECEIVABLES	2025 R	2024 R
Property Rates	317,929	344,706
Trading Service Debtors	3,363,719	2,880,671
Total Long Term Receivables	3,681,648	3,225,377
Provision for Impairment: Property Rates	(271,062)	(300,457)
Provision for Impairment: Trading Service Debtors	(3,182,485)	(2,645,431)
Non-Current Portion of Long Term Receivables	**228,101**	**279,489**

12.1 Summary of Receivables

Non- Exchange Receivables with Arrangements - At Amortised Cost:

	2025 R	2024 R
Rates	528,236	495,959
Less: Current Portion transferred to Receivables from Exchange Transactions	(141,990)	(151,254)
Less: Provision for Debt Impairment	(271,062)	(300,457)
Total Non-Current Receivables from Exchange Transactions	**115,184**	**44,248**

Exchange Receivables with Arrangements - At Amortised Cost:

	2025 R	2024 R
Electricity	450,366	349,744
Water	1,356,032	1,239,777
Refuse	1,031,960	924,177
Sewerage	1,360,524	1,210,612
Rentals	1,422	3,850
Sundry Receivables	459,918	495,959
	4,660,222	4,224,119
Less: Current Portion transferred to Receivables from Exchange Transactions	(1,368,328)	(1,365,267)
	3,291,894	2,858,852
Less: Provision for Debt Impairment	(3,182,485)	(2,645,431)
Total Non-Current Receivables from Exchange Transactions	**109,410**	**213,421**

Trading Service Debtors
Arrear amounts on services are capitalised on completion of a formal agreement or upon being handed over to attorneys for collection. These arrear amounts are then paid to the municipality in monthly instalments over a period not exceeding 48 months. No interest is charged on these amounts where the stipulations of the agreement are adhered to.

12.2 Reconciliation of Provision for Impairment

	2025 R	2024 R
Balance at beginning of year	2,945,888	2,606,142
Impairment Losses recognised	537,054	339,746
Impairment Losses reversed	(29,395)	-
Balance at end of year	**3,453,547**	**2,945,888**

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.

13. CONSUMER DEPOSITS

	2025 R	2024 R
Electricity	795,805	736,300
Water	1,988,098	1,561,736
Other Deposits:	2,949,644	2,476,810
- Building Plans	2,648,240	2,214,932
- Rental Properties	117,904	108,378
- Wayleave	183,500	153,500
Total Consumer Deposits	**5,733,548**	**4,774,845**

The prior year amount for Consumer Deposits has been adjusted. Refer to Note 48.8 on "Correction of Error" for details of the restatement.

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

Consumer Deposits - Wayleave
Deposit the municipality holds as security from contractors/third parties working on municipal land, until compliance is confirmed.

Consumer Deposits - Building Plans
Deposits for building plans are paid when such plans are submitted. These deposits are held until completion of the building and paid out when a final occupancy certificate is issued.

Consumer Deposits - Rental Properties
Deposits are paid for the rental of properties. Deposits will not be repaid in the case of outstanding rent or in the case of property being damaged.

No interest is paid on Consumer Deposits held.

14. PAYABLES FROM EXCHANGE TRANSACTIONS

	2025	2024
Other Payables:	2,123,186	19,967,420
Accrued Interest	445,849	454,256
Construction Contracts	842,769	18,281,070
Control, Clearing and Interface Accounts	675,026	1,194,427
Unallocated Deposits	159,542	37,667
Retentions	3,442,276	1,295,700
Trade Creditors:	51,852,854	57,255,168
Electricity Bulk Purchase	9,239	-
Payables and Accruals	51,843,615	57,255,168
Advance Payments	3,086,401	2,570,979
Total Payables from Exchange Transactions	**60,504,717**	**81,089,267**

The prior year amount for Payables from Exchange Transactions has been adjusted. Refer to Note 48.8 on "Correction of Error" for details of the restatement.

The average credit period on purchases is 49 days (2024: 74) days, as opposed to 30 days from the receipt of the invoice as determined by the MFMA.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with.

14.1 Construction Contracts in Progress at Statement of Financial Position Date	**2025** **R**	**2024** **R**
Reconciliation of Contracts for the Year		
Opening Balance	(18,281,070)	-
Construction Contracts - Transfer opening balance to Revenue	18,281,070	-
Current year receipts	(114,635,309)	(74,701,256)
Construction Contracts - Transfer current year receipts to Revenue	113,792,540	56,420,186
Unpaid Deliverables at Year-End	**(842,769)**	**(18,281,070)**
Cost and Revenue for the Year		
Contract Revenue for the Year	132,073,610	56,420,186
Contract Costs for the Year	(132,073,610)	(56,420,186)
Recognised profit/(loss)	**-**	**-**
Amounts due from/(Prepaid by) Customers		
Opening Balance of Advance Receivable	(18,281,070)	-
Progress Billings for the Period (with reference to stage of completion)	132,073,610	56,420,186
Advances Received During the Period	(114,635,309)	(74,701,256)
Amounts (Prepaid by) Customers	(842,769)	(18,281,070)
Less: Retentions Held	-	-
Total (prepaid by) Customers	**(842,769)**	**(18,281,070)**
Contracts in Progress at Year End		
Budgeted Construction Deliverables due at the Beginning of the Year	(18,281,070)	-
New Deliverables Due	(114,635,309)	(74,701,256)
Contract Deliverables Met	132,073,610	56,420,186
Total (prepaid by) customers	**(842,769)**	**(18,281,070)**
Reconciliation of construction contracts balance		
Opening Balance	(18,281,070)	-
Receipts for the Year	(114,635,309)	(74,701,256)
Deliverables met (Revenue Recognised)	132,073,610	56,420,186
Total Construction Construction Balance	**(842,769)**	**(18,281,070)**
Aggregate amounts for contracts in progress at year-end:		
Aggregate costs incurred to date	(188,493,796)	(56,420,186)
Aggregate contract revenue recognised to date	188,493,796	56,420,186
Recognised profit/(loss) to date	**-**	**-**
Costs and revenue are cumulative amounts from inception of projects to year-end		

The amounts disclosed above represent the aggregate position of all construction contracts in progress during the financial year, in accordance with GRAP 11. This total includes the Municipality's construction contract activities relating to the Ralton Top Structures, Ralton Geysers, and Rietkuil Water Infrastructure Upgrade projects. These projects meet the requirements of GRAP 11 and have therefore been included within the construction contract disclosures presented in this note.

15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	2025 R	2024 R
Departmental Agencies and Accounts	535,360	554,610
District Municipalities	91,865	144,443
National Government	9,724,723	1,505,353
Provincial Government	23,033,928	17,931,441
Total Unspent Conditional Grants and Receipts	**33,385,877**	**20,135,846**

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

The prior year amount for Unspent has been adjusted. Refer to Note 48.8 on "Correction of Error" for details of the restatement.

See Note 26 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.

16. VALUE ADDED TAX (VAT)

	2025	2024
VAT Receivable		
Input Tax	4,285,146	6,644,524
VAT Control	412,425	460,694
Total VAT Receivable	**4,697,571**	**7,105,218**
VAT Payable		
Output Tax	4,877,712	7,983,180
Output Tax Accrual	(3,204,331)	(3,174,735)
Total VAT Payable	**1,673,382**	**4,808,444**
Net VAT Receivable / (Payable)	**3,024,189**	**2,296,774**

The prior year amount for VAT Payable has been adjusted. Refer to Note 48.8 on "Correction of Error" for details of the restatement.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

16.1 Reconciliation of Provision for Impairment

	2025	2024
Balance at beginning of year	3,174,735	2,431,172
Impairment Losses recognised	29,596	743,563
Impairment Losses reversed	-	-
Balance at end of year	**3,204,331**	**3,174,735**

17. LEASE PAYABLES

	2025	2024
Current Lease Payables:	243,142	421,942
Operating Lease Payables	28,644	19,917
Finance Lease Payables	214,498	402,025
Non-current Lease Payables	-	214,499
Finance Lease Payables	0	214,499
Total Lease Payables	**243,142**	**636,441**

17.1 Operating Lease Payables

	2025	2024
Balance at beginning of year	19,917	16,437
Operating Lease Expenses recorded	468,998	434,754
Operating Lease Payments effected	(460,270)	(431,274)
Total Operating Lease Liabilities	**28,644**	**19,917**

17.1.1 Leasing Arrangements

The Municipality as Lessee:
Operating Leases relate to Land and Buildings with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

17.1.2 Amounts Payable under Operating Leases

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

	2025 R	2024 R
Buildings:	386,679	830,996
Up to 1 year	268,612	455,332
2 to 5 years	118,066	375,664
More than 5 years	-	-
Total Operating Lease Arrangements	**386,679**	**830,996**

The Non-Cancellable Operating Leases for the prior year has been adjusted.

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	455,589	434,754
Total Operating Lease Expenses	**455,589**	**434,754**

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:
- Buildings

17.2 Finance Lease Payables

Finance Lease Liability	214,498	616,524
Total Lease Payables	214,498	616,524
Less: Current Portion transferred to Current Lease Payables:	(214,498)	(402,025)
Finance Lease Liability	(214,498)	(402,025)
Non-Current Portion of Finance Lease Payables	**-**	**214,499**

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17.2.1 Obligations under Leases

The Municipality as Lessee:
The municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Future Minimum Finance Lease Payments		Present Value of Minimum Lease Payments	
	2025	2024	2025	2024
	R	R	R	R
Amounts payable under borrowings:				
Within one year	221,733	448,718	214,498	402,026
In the second to fifth years, inclusive	-	221,733	-	214,498
Over five years	-	-	-	-
	221,733	670,451	214,498	616,524
Less: Future Finance Obligations				
Within one year	(7,236)	(46,692)	-	-
In the second to fifth years, inclusive	-	(7,236)	-	-
Over five years				
Present Value of Minimum Lease Obligations	**214,498**	**616,524**	**214,498**	**616,524**

18. BORROWINGS

	2025	2024
	R	R
Long-Term Borrowings	30,828,653	27,487,801
Annuity Loans	30,828,653	27,487,801
Less: Current Portion transferred to Current Borrowings:	4,201,905	4,161,118
Annuity Loans	4,201,905	4,161,118
Non-Current Portion of Borrowings	**26,626,748**	**23,326,683**

18.1 Summary of Arrangements

Unsecured annuity loans at amortised cost consist of 3 contracts (2024: 3) contracts with DBSA, with interest rates between 8.89% and 12,20%, with maturity dates between 2025 and 2030.

Unsecured annuity loans at amortised cost consist of 5 contracts with ABSA, with interest rates between 9,17% and 10,9%, with maturity dates between 2027 and 2040.

At the Reporting Date the obligations under Annuity Loans were as follows:

	2025	2024
Up to 1 year	7,302,663	7,020,194
2 to 5 years	24,183,156	20,186,288
More than 5 years	15,026,228	14,992,007
	46,512,047	42,198,488
Less: Future Finance Obligations	(15,683,394)	(14,710,687)
Present value of Annuity Loan Obligations	**30,828,653**	**27,487,801**

Comparative figures have been reclassified to conform to the current year's disclosure of borrowings by maturity. The reclassification has no impact on the total borrowings previously reported.

19. EMPLOYEE BENEFIT LIABILITIES

	2025 R	2024 R
Employee Benefit Liabilities	**60,796,715**	**54,257,022**
Bonus	3,660,104	3,457,910
Leave	10,539,611	9,666,112
Post-retirement Health Care Benefits Liability	39,275,000	34,278,000
Long Service Awards Liability	7,322,000	6,855,000
Less: Current Portion of Employee Benefit Liabilities	**16,238,715**	**15,175,022**
Bonus	3,660,104	3,457,910
Leave	10,539,611	9,666,112
Post-retirement Health Care Benefits Liability	1,263,000	1,242,000
Long Service Awards Liability	776,000	809,000
Non-Current Portion of Employee Benefit Liabilities	**44,558,000**	**39,082,000**

19.1 Current Portion of Employee Benefit Liabilities

Bonus Provision

Opening Balance	3,457,910	3,185,989
Increases	3,660,104	3,457,910
Payments Made	(3,175,920)	(2,810,878)
Reversals	(281,990)	(375,111)
Balance at end of year	**3,660,104**	**3,457,910**

Bonus Provision: Staff bonuses accrued to employees according to the standard contract of employment. Provision is made for the full cost of accrued bonuses at reporting date. This provision will be realised when bonuses are paid during November of the next year.

Leave Provision

Opening Balance	9,666,112	8,790,935
Increases	1,156,283	1,131,554
Payments Made	(282,784)	(256,376)
Reversals	-	-
Balance at end of year	**10,539,611**	**9,666,112**

Leave Provision: Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at the reporting date. This provision will be realised as employees take leave.

Long-term Service

Opening Balance	809,000	872,000
Increases	1,290,000	-
Actual employer benefit payments	(597,330)	-
Other Reductions	(225,670)	-
Reversals	(500,000)	(63,000)
Balance at end of year	**776,000**	**809,000**

Post Retirement Health Care

Opening Balance	1,242,000	1,128,000
Interest cost	-	-
Current service cost	21,000	114,000
Actual employer benefit payments	-	-
Actuarial loss/ (gain) recognised in the year	-	-
Balance at end of year	**1,263,000**	**1,242,000**

19.1.1 Post-retirement Benefit Liabilities	**2025 R**	**2024 R**
Present Value of the Defined Benefit Obligations		
Current Liabilities	2,039,000	2,051,000
Non-current Liabilities	44,558,000	39,082,000
Defined Benefit Liability recognised in Statement of Financial Position (wholly unfunded)	**46,597,000**	**41,133,000**

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

19.1.1.1 Post-retirement Health Care Benefits Liability

Opening Balance	34,278,000	30,590,000
Interest Cost	4,142,000	3,764,000
Current Service Cost	1,490,000	1,401,000
Actual Employer Benefit Payments	(1,211,931)	(1,113,601)
Actuarial Loss/ (Gain) recognised in the year	576,931	(363,399)
Balance at end of Year	39,275,000	34,278,000
Transfer to Current Provisions	1,263,000	1,242,000
Total Post-retirement Health Care Benefits Liability	**38,012,000**	**33,036,000**

Characteristics of the Defined Benefit Plan

The municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Eligible employees will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement. Employees employed after 20 January 2009 will only be considered for a post-employment subsidy if they have completed at least 15 years of service at retirement.

Continuation members and their eligible dependants receive a 70% subsidy.

The post-employment subsidies are not limited to any maximum subsidy.

Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. The minimum service condition mentioned above does not apply to the death in service benefit. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

Risks of the Defined Benefit Plan

Inflation Risk: The is risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.

Longevity Risk: There is a risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.

Volatility Risk: There is a risk that the DBO may be volatile which is exacerbated by its long-term nature.

Future change in legislation risk: There is a risk that changes to legislation with respect to the post-employment medical aid benefit may increase the DBO for the Municipality.

Enforcement of eligibility criteria and rules Risk: There is a risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

In-service Members (Employees)	216	229
In-service Non-members (Employees)	51	37
Continuation Members (Retirees, widowers and orphans)	20	20
Total Members	**287**	**286**

During the current year, the municipality adjusted its estimates to account for an increased percentage of in-service non-members who might be able to afford medical aid in the future. This change reflects an acknowledgment that some employees, previously unable to afford medical aid, might now be able to do so.

The municipality anticipates that 15% of these employees, consistent with the previous year's estimate, might join a medical aid scheme before retirement. This projected joining rate of 15% was established by examining the municipality's historical data in combination with national statistics, as analysed by actuaries.

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

	2025 R	2024 R
In-service Members	23,744,000	20,677,000
In-service Non-members	1,938,000	1,625,000
Continuation Members	13,593,000	11,976,000
Total Liability	**39,275,000**	**34,278,000**

Maturity Profile

The defined benefit obligation of the municipality's health care plan has a weighted average duration of approximately 17.8 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:

Within 1 year	1,336,000
Between 1 - 2 years	1,843,000
Between 2 - 3 years	2,219,000
Between 3 - 4 years	2,517,000
Between 4 - 5 years	2,792,000
6 to 10 years	18,664,000
11 to 15 years	32,690,000
16 to 20 years	52,333,000
21 to 25 years	76,199,000
26 to 30 years	102,251,000
31 to 40 years	281,057,000
41 to 50 years	310,828,000
51 to 60 years	249,901,000
61 to 70 years	132,456,000
71 to 80 years	36,862,000
Total Benefit Payments	**1,303,948,000**

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

- Bonitas
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2025 is estimated to be R1,490,000, whereas the cost for the ensuing year is estimated to be R1 665 000 (30 June 2024: R1,401,000 and R1,490,000 respectively).

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

Net Effective Discount Rate - In-service Members	3.90%	4.20%
Expected Retirement Age - Females	59	59
Expected Retirement Age - Males	62	62

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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:
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, a discount rate of 11.30% per annum has been used. The corresponding index-linked yield at this term is 5.20%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 28 June 2024.

Continuation of Membership:
It has been assumed that 75% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

Family Profile:
It has been assumed that female spouses will be four years younger than their male counterparts. Furthermore, it has been assumed that 60% of eligible employees on a health care arrangement at retirement will have a subsidised spouse dependant. For current retiree members, actual subsidised spouse dependants were used and the potential for remarriage was ignored.

		2025 R	2024 R
Movements in the present value of the Defined Benefit Obligation were as follows:			
Opening Balance		34,278,000	30,590,000
Service Cost:		1,490,000	1,401,000
Current Service Cost		1,490,000	1,401,000
Interest Expense	Refer Note 39	4,142,000	3,764,000
Payments from the Defined Benefit:		(1,211,931)	(1,113,601)
Payment of Benefits	Refer Note 35	(1,211,931)	(1,113,601)
Remeasurement of Defined Benefit:		576,931	(363,399)
Actuarial Gains / (Losses) from Changes in Financial Assumptions	Refer Note 46	576,931	(363,399)
Total Recognised Benefit Liability		**39,275,000**	**34,278,000**
The amounts recognised in the Statement of Financial Position are as follows:			
Present Value of Fund Obligations		39,275,000	34,278,000
Total Benefit Liability		**39,275,000**	**34,278,000**
The amounts recognised in the Statement of Financial Performance are as follows:			
Current service cost		4,142,000	3,764,000
Interest cost		1,490,000	1,401,000
Actuarial losses / (gains)		576,932	(363,399)
Total Post-retirement Benefit included in Employee Related Costs (Note 35.) and Gains and other operations under (Note 46)		**6,208,932**	**4,801,601**

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The history of fair values are as follows:

	2025 R	2024 R	2023 R	2022 R	2021 R
Present Value of Defined Benefit Obligation	39,275,000	34,278,000	30,590,000	30,974,000	29,654,000
Deficit	**39,275,000**	**34,278,000**	**30,590,000**	**30,974,000**	**29,654,000**
Experienced adjustments on Plan Liabilities	970,000	298,000	131,000	(1,932,000)	(472,000)

Assumed rates for health care cost trends significantly impact the figures recorded in surplus or deficit. The effect of a ±1% movement in the assumed rate of medical aid contribution inflation rate is as follows:

	2025 R	2024 R
Increase:		
Effect on the aggregate of the current service cost and the interest cost	979,000	900,000
Effect on the defined benefit obligation	6,108,000	5,202,000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(788,000)	(721,000)
Effect on the defined benefit obligation	(4,977,000)	(4,259,000)

The municipality expects to make a contribution of R1 665 000 (2024: R1,490,000) to the Defined Benefit Plans during the next financial year. This estimated contribution takes into account current salary levels, the number of participating employees, and actuarial assumptions regarding demographic and financial factors. These contributions are designed to secure sufficient assets to meet the plan's future benefits obligations as they become due.

Refer to Note 55, "Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

19.1.1.2 Long Service Awards Liability

Opening Balance	6,855,000	6,465,000
Increases	571,000	517,000
Payments Made	(597,330)	(758,370)
Other Reductions	(225,670)	(48,630)
Increases (Passage of Time/Discounted Rate)	719,000	680,000
Balance at end of Year	7,322,000	6,855,000
Transfer to Current Provisions	776,000	809,000
Total Long Service Awards Liability	**6,546,000**	**6,046,000**

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Characteristics of the Defined Benefit Plan

The Municipality offers employees Long Service Awards for every five years of service completed, from ten years of service to 45 years of service, inclusive.

Risks of the Defined Benefit Plan

Inflation Risk: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.

Termination of service risk: The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.

Volatility of open-ended, long-term DBO risk:The risk that the DBO may be volatile which is exacerbated by its long-term nature.

Enforcement of eligibility criteria and rules risk: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

Future changes in legislation risk: The risk that changes to legislation with respect to long service awards may increase the DBO for the Municipality.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 276 (2024: 273) employees were eligible for Long-service Awards.

Maturity Profile

The defined benefit obligation of the municipality's health care plan has a weighted average duration of approximately 8.25 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	R
Within 1 year	849,000
Between 1 - 2 years	1,597,000
Between 2 - 3 years	1,017,000
Between 3 - 4 years	1,212,000
Between 4 - 5 years	1,019,000
6 to 10 years	6,548,000
11 to 15 years	6,295,000
16 to 20 years	5,081,000
21 to 30 years	8,044,000
31 to 40 years	1,243,000
Total Benefit Payments	**32,905,000**

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 Current-service Cost for the year ending 30 June 2025 is estimated to be R571,000, whereas the cost for the ensuing year is estimated to be R517 000 (30 June 2024: R517,000 and R571,000 respectively).

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

Discount Rate	9.80%	11.13%
Cost Inflation Rate	3.80%	6.28%
Net Effective Discount Rate	4.80%	4.57%
Expected Retirement Age - Females	59	59
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:
GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit 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, a discount rate of 9.80% per annum has been used. The corresponding liability-weighted index-linked yield is 5.09%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 28 June 2024. These yields were obtained by calculating the duration of the total liability and then taking the fixed-interest and index-linked yields from the respective yield curves at that duration using an iterative process. The duration of the total liability was estimated to be 8.5 years.

General earnings inflation rate
Assumption: 4.8%
This rate reflects the municipality's expectations of annual salary increases due to inflation, seniority, and other relevant factors.

Promotional earnings scale
As per the Valuation report for LSA, an additional promotional earnings scale is taken into account in the escalation in addition to the above General earnings inflation rate based on the age band of qualifying employees.

Mortality Rate
Assumption: SA (85-90) mortality table
This mortality table is used to estimate the life expectancy of plan participants, based on current trends and historical data within the sector, adjusted for female lives.

		2025 R	2024 R
Movements in the present value of the Defined Benefit Obligation were as follows:			
Opening Balance		6,855,000	6,465,000
Service Cost:			
Current Service Cost	Refer Note 35	571,000	517,000
Interest Expense	Refer Note 39	719,000	680,000
Payment of Benefits	Refer Note 35	(597,330)	(735,533)
Remeasurement of Defined Benefit:			
Actuarial Gains / (Losses) from Changes in Financial Assumptions	Refer Note 46	(225,670)	(71,467)
Total Recognised Benefit Liability		**7,322,000**	**6,855,000**
The amounts recognised in the Statement of Financial Position are as follows:			
Present value of fund obligations		7,322,000	6,855,000
Total Benefit Liability		**7,322,000**	**6,855,000**
The amounts recognised in the Statement of Financial Performance are as follows:			
Current service cost		571,000	517,000
Interest cost		719,000	680,000
Actuarial losses / (gains)		(225,670)	(71,467)
Total Post-retirement Benefit included in Employee Related Costs (Note 35.) and Gains and other operations (Note 46)		**1,064,330**	**1,125,533**

The history of experienced adjustments is as follows:

	2025 R	2024 R	2023 R	2022 R	2021 R
Present Value of Defined Benefit Obligation	7,322,000	6,855,000	6,465,000	6,355,000	7,117,000
Deficit	**7,322,000**	**6,855,000**	**6,465,000**	**6,355,000**	**7,117,000**
Experienced adjustments on Plan Liabilities	(193,670)	(26,467)	(227,874)	(534,552)	(221,253)

Assumed rates for long service awards trends significantly impact the figures recorded in surplus or deficit. The effect of a ±1% movement in the assumed rate of general earnings inflation rate is as follows:

	2025 R	2024 R
Increase:		
Effect on the aggregate of the current service cost and the interest cost	85,000	79,000
Effect on the defined benefit obligation	381,000	368,000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(76,000)	(71,000)
Effect on the defined benefit obligation	(349,000)	(338,000)
Long service awards contribution inflation rate range:	±1%	±1%

Assumed rates for long service awards trends significantly impact the figures recorded in surplus or deficit. The effect of a ±1% movement in the assumed rate of discount rate is as follows:

Increase:		
Effect on the aggregate of the current service cost and the interest cost	(15,000)	(11,000)
Effect on the defined benefit obligation	(362,000)	(350,000)
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	14,000	12,000
Effect on the defined benefit obligation	402,000	387,000
Discount rate range:	±1%	±1%

Assumed rates for long service awards significantly impact the figures recorded in surplus or deficit. The effect of a ±2 years movement in the assumed average retirement age is as follows:

Increase:		
Effect on the aggregate of the current service cost and the interest cost	770,000	700,000
Effect on the defined benefit obligation	1,318,000	1,152,000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	390,000	354,000
Effect on the defined benefit obligation	(1,019,000)	(1,022,000)
Post-employment mortality range:	±2 years	±2 years

The sensitivity analyses were prepared using the projected unit credit method, which is consistent with the method used to value the DBO in the financial statements. The analyses assume a parallel shift in the respective actuarial assumptions while holding all other assumptions constant. It is important to recognize 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 municipality expects to make a contribution of R605 000 (2024: R571,000) to the Defined Benefit Plans during the next financial year. This estimated contribution takes into account current salary levels, the number of participating employees, and actuarial assumptions regarding demographic and financial factors. These contributions are designed to secure sufficient assets to meet the plan's future benefits obligations as they become due.

20. PROVISIONS

	2025 R	2024 R
Non-current Provisions	71,463,829	64,792,398
Total Provisions	**71,463,829**	**64,792,398**

The prior year amount for Provisions has been adjusted. Refer to Note 48.8 on "Correction of Error" for details of the restatement.

20.1 Current Provisions

Library Services: VAT Payable	-	-
Total Provisions	**-**	**-**

The movement in Current Provisions is reconciled as follows:

Library Services: VAT Payable

Opening Balance	-	3,741,261
Increases	-	839,217
Reversals	-	(4,580,478)
Balance at end of year	**-**	**-**

Library Services - VAT Payable: The provision is for a VAT Liability based on a technical interpretation of the treatment of VAT on Library and based on the prudent application of GRAP 19 requirements. The library funding is received from the Western Cape Department of Cultural Affairs (DCAS). At the date of these financial statements, the municipality, together with most other municipalities in the Western Cape, has uncertainty on this matter and is in process of seeking further clarification. In terms of this uncertainty. The provision made is limited to the actual VAT payable on subsidies received by the municipality over the last 6 years (for 2024 provision) and 5 years (for 2023 provision). The provision excludes possible Interest and Penalties that may be owed to SARS.

As per further guidance received, a correction of error was performed and this provision was reclassified as a liability.

Please refer to Note 48.3 Reclassification and/or Corrections of Statement of Financial Position for more details.

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20.2 Non-current Provisions	2025 R	2024 R
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	71,463,829	64,792,398
Total Non-current Provisions	**71,463,829**	**64,792,398**

The movement in Non-current Provisions are reconciled as follows:

Decommissioning of Landfill Sites:		
Opening Balance	64,792,398	59,787,173
Increases (Passage of Time/Discounted Rate)	6,233,029	6,295,290
iGRAP 2 adjustments - change in estimate	438,402	(1,290,065)
	71,463,829	**64,792,398**

Decommissioning, Restoration and Similar Liabilities: Landfill Sites

Landfill site decomissioning is estimated by means of a valuation performed by a professional valuator to determine the future cost of dismantling the landfill site. The cost is then reduced to take into account the time value of money at the weighted average investing rate based on Government Bond Yield Rates of 10.530%

20.3 Rehabilitation of Landfill Sites

In terms of the licencing of the landfill refuse sites, the Municipality will incur licensing and rehabilitation costs of R71,463,829 (2024:R64,792,401) to restore the sites after the end of its useful lives. Provision has been made for the net present value of the future cost, using the average bond yield interest rate.

	End of Useful Life		
Barrydale Landfill	2023/24	11,376,070	8,907,870
Infanta Landfill	2037/38	3,666,123	2,817,470
Malagas Landfill	2023/24	14,864,741	12,210,652
Suurbraak Landfill	2023/24	5,631,961	3,476,950
Swellendam Landfill	2028/29	35,924,934	37,379,459
		71,463,829	**64,792,401**

The municipality have an estimate of five (5) years to commence with the rehabilitation of the landfill sites at the end of their useful life according to the licence agreement.

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21. RESERVES

	2025 R	2024 R
Capital Replacement Reserve	26,500,000	26,403,215
Housing Development Fund	4,358,100	-
Total Reserves	**30,858,100**	**26,403,215**

21.1 Capital Replacement Reserve

The Capital Replacement Reserve arises from cash-backed accumulated surplus for the replacement of capital infrastructure/equipment.

Reconciliation of the Capital Replacement Reserve:

Opening Balance	26,403,215	25,072,000
Purchases	(20,995,798)	(8,668,786)
Transfers to/from Accumulated Surplus	21,092,583	10,000,001
Balance at end of year	**26,500,000**	**26,403,215**

21.2 Housing Development Fund Reserve

During the 2024/25 financial year, the municipality received funding from the Integrated National Electrification Programme (INEP) for the continuation of a housing project initially funded through the Housing Acceleration Grant (HAG) in 2023/24.

Reconciliation of Housing Development Fund Reserve:

Housing Operating Fund	4,358,100	-
Proceeds	4,358,100	-
Balance at end of year	**4,358,100**	**-**

The total INEP grant received in 2024/25 amounted to R4 975 000. This amount was allocated toward construction expenditure incurred on the project, which included payments to third-party contractors. The project was a continuation of commitments made in prior periods under the HAG.

22. ACCUMULATED SURPLUS

Accumulated Surplus / (Deficit) due to the results of Operations	532,873,286	534,700,881
Total Accumulated Surplus	**532,873,286**	**534,700,881**

The prior year amount for Accumulated Surplus has been adjusted. Refer to Note 48.1 on "Correction of Error" for details of the restatement.

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23. PROPERTY RATES

	Actual Valuations		Actual Levies	
	June 2025	June 2024	June 2025	June 2024
Net Property Rates Levies:	11,947,691,600	11,799,888,600	61,757,422	56,640,567
Agricultural Properties	4,887,689,000	4,881,469,000	10,481,771	9,821,813
Industrial Properties	201,240,000	197,030,000	1,964,419	1,840,517
Business and Commercial Properties	709,405,000	698,475,000	6,981,632	6,464,692
Municipal Properties	184,134,100	183,665,100	-	-
Protected Areas	269,110,000	253,540,000	-	-
Public Benefit Organisations	65,999,000	65,769,000	40,807	75,410
Public Service Infrastructure Properties	7,489,600	7,687,600	-	-
Public Service Purposes Properties	223,270,000	223,410,000	2,214,838	2,033,031
Public Worship	88,782,000	88,482,000		
Residential Properties	4,978,705,000	4,854,742,000	35,653,549	32,280,818
Vacant Land	331,867,900	345,618,900	4,420,406	4,124,286
Property Rates Levies			68,705,951	62,861,566
Rates Rebates			(6,948,529)	(6,220,999)
Total Property Rates			**61,757,422**	**56,640,567**

Assessment Rates are levied on the value of land and improvements, of which the valuation is performed every 5 years. The last valuation came into effect on 1 July 2023.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base, due mostly to private development.

An general rate is applied as follows to property valuations to determine property rates:

Agricultural Properties	0.00216	0.00198
Business and Commercial Properties	0.00992	0.00910
Industrial Properties	0.00992	0.00910
Public Benefit Organisation	0.00216	0.00198
Public Service Purposes Infrastructure	0.00000	0.00000
Public Service Purposes Properties	0.00992	0.00910
Residential Properties	0.00862	0.00791
Vacant Properties	0.01294	0.01187

Rates are levied annually and monthly. Monthly rates are payable by the 28th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate 1% on outstanding amounts.

Rebates can be defined as any income that the municipality is entitled by law to levy, but which has subsequently been forgone by way of rebates. It also includes rebates granted on the first R15 000 impermissable exemption as per section 17 of the Municipal Property Rates Act.

24. FINES, PENALTIES AND FORFEITS

	2025 R	2024 R
Traffic Fines:	54,566,584	48,738,080
Court Fines	11,813,624	11,604,870
Municipal	42,752,960	37,133,210
Other Fines:	221,095	102,753
Illegal Connections	202,271	99,510
Overdue Books Fine	4,424	3,243
Pound Fees	14,400	-
Forfeits	8,100	17,241
Unclaimed Money	8,100	17,241
Total Fines, Penalties and Forfeits	**54,795,779**	**48,858,074**

25. LICENCES AND PERMITS

	2025 R	2024 R
Exchange Transactions		
Road and Transport:	1,380,617	1,250,867
Drivers Licence Application/Duplicate Drivers Licences	409,005	358,860
Drivers Licence Certificate	392,700	383,740
Instructor Certificate	429	1,650
Learner Licence Application	73,712	77,588
Learners Certificate	23,826	25,014
Motor Vehicle Licence	438,510	351,695
Operators and Public Drivers Permits	42,435	52,320
Trading	21,605	22,709
Total Licences and Permits	**1,402,222**	**1,273,576**

26. TRANSFERS AND SUBSIDIES

	2025 R	2024 R
Transfers and Subsidies Received: Exchange Revenue	5,673,078	5,258,674
Transfers and Subsidies Received: Non-exchange Revenue	82,613,388	102,406,410
Total Transfers and Subsidies Received	**88,286,466**	**107,665,084**
Capital Grants	23,456,998	45,422,633
Allocations In-kind	5,622,362	4,689,055
Monetary Allocations	17,834,636	40,733,578
Operational Grants	64,829,467	62,242,451
Monetary Allocations	64,829,467	62,242,451
Total Transfers and Subsidies Received	**88,286,466**	**107,665,084**

The prior year amount for Unspent has been adjusted. Refer to Note 48.6 on "Correction of Error" for details of the restatement.

26.1 Summary of Grants:

26.1.1 Capital Grants

	Allocations In-kind		Monetary Allocations	
	2025	2024	2025	2024
District Municipalities	-	-	-	457,383
National Governments	-	-	13,697,544	22,573,693
Private Enterprises	5,622,362	1,233,440	-	-
Provincial Government	-	3,455,615	4,137,092	17,702,502
Total Capital Grants Received	**5,622,362**	**4,689,055**	**17,834,636**	**40,733,578**

26.1.2 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2025	2024	2025	2024
Departmental Agencies and Accounts	-	-	294,093	441,182
District Municipalities	-	-	50,000	100,752
National Governments	-	-	10,816,492	9,582,268
National Revenue Fund	-	-	46,412,000	43,486,840
Provincial Government	-	-	7,256,882	8,631,408
Total Operational Grants Received	**-**	**-**	**64,829,467**	**62,242,451**
Total Transfers and Subsidies Received	**5,622,362**	**4,689,055**	**82,664,103**	**102,976,029**

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26.2 Reconciliation per Grant Source

26.2.1 Equitable Share	**2025** **R**	**2024** **R**
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	46,412,000	43,486,840
Conditions Met - Transferred to Revenue (Operating)	(46,412,000)	(43,487,000)
Additional Transfer to Equitable Share		160
Unspent Balance at the End of the Year	**-**	**-**

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury. This grant is used to subsidise the provision of basic services to indigent community members and to subsidise income. All registered indigents receive a monthly subsidy in accordance with the approved indigent policy as determined annually by Council. No funds have been withheld.

26.2.2 Local Government Financial Management Grant (FMG)

Unspent Balance at the Beginning of the Year	38,728	-
Current Year Receipts	1,800,000	1,770,000
Conditions Met - Transferred to Revenue (Operating)	(1,780,952)	(1,731,272)
Adjustments / Refunds	(38,728)	-
Unspent Balance at the End of the Year	**19,048**	**38,728**

The Local Government Financial Management Grant is paid by National Treasury to municipalities to implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003.

26.2.3 Expanded Public Works Programme (EPWP)

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1,305,000	1,541,000
Conditions Met - Transferred to Revenue (Operating)	(1,305,000)	(1,541,000)
Unspent Balance at the End of the Year	**-**	**-**

The Expanded Public Works Programme (EPWP) was used for job creation projects.

26.2.4 Municipal Infrastructure Grant (MIG)

Unspent Balance at the Beginning of the Year	1,121	844,303
Current Year Receipts	13,159,000	14,792,000
Conditions Met - Transferred to Revenue (Operating)	(5,550,569)	(2,924,042)
Conditions Met - Transferred to Revenue (Capital)	(7,439,471)	(12,357,300)
Adjustments / Refunds	(1,121)	(353,840)
Unspent Balance at the End of the Year	**168,960**	**1,121**

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

26.2.5 Integrated National Electrification Programme (Municipal) Grant

Unspent Balance at the Beginning of the Year	1,352	1,352
Current Year Receipts	4,975,000	-
Conditions Met - Transferred to Revenue (Capital)	(4,975,000)	-
Adjustments (Transfer to Revenue)	(1,352)	-
Unspent Balance at the End of the Year	**-**	**1,352**

The Integrated National Electrification Programme (Municipal) Grant was used for electrical connections in previously disadvantaged areas.

	2025	2024
26.2.6 Human Settlements Development Grant	**R**	**R**
Unspent Balance at the Beginning of the Year	736,813	113,332
Transfer from Payable	16,436,704	-
Current Year Receipts	533,616	5,583,286
Conditions Met - Transferred to Revenue (Operating)		-
Conditions Met - Transferred to Revenue (Capital)	(289,354)	(4,846,473)
Adjustments / Refunds		(113,332)
Construction Contracts Current Year Receipts	98,594,462	65,801,256
Construction Contracts - Transfer to Revenue (Operating)	(115,031,165)	(49,364,552)
Construction Contracts transferred to Payable	-	(16,436,704)
Unspent Balance at the End of the Year	**981,076**	**736,813**

The Human Settlements Development Grant was utilised for the development of erven and the erection of top structures.

26.2.7 Library Service Replacement Funding for most vulnerable B3 municipalities

Unspent Balance at the Beginning of the Year	336,109	711,681
Current Year Receipts	6,340,000	6,434,000
Conditions Met - Transferred to Revenue (Operating)	(5,529,215)	(4,910,209)
Conditions Met - Transferred to Revenue (Capital)	(143,863)	(348,465)
Provision for VAT Liability	(826,957)	(839,217)
Adjustments / Refunds	(159,080)	(711,681)
Unspent Balance at the End of the Year	**16,994**	**336,109**

The Library Service Replacement Funding for most vulnerable B3 municipalities received from Provincial Government was used for the unfunded mandate of libraries.

26.2.8 Municipal Disaster Recovery Grant

Unspent Balance at the Beginning of the Year	1,178,756	3,553,000
Conditions Met - Transferred to Revenue (Capital)	-	(2,374,244)
Adjustments / Refunds	(1,178,756)	-
Unspent Balance at the End of the Year	**-**	**1,178,756**

The Municipal Disaster Relief Grant was received from National Government , to fund expenses incurred due to flooding. No funds were withheld.

26.2.9 Local Government Public Employment Support Grant

Unspent Balance at the Beginning of the Year	-	47,286
Adjustments / Refunds	-	(47,286)
Unspent Balance at the End of the Year	**-**	**-**

This grant was received from Local Government to coordinate and ensure the implementation of targeted, short term public employment programs. No funds have been withheld.

26.2.10 Other Grants

Unspent Balance at the Beginning of the Year	859,653	990,347
Current Year Receipts	314,435	992,374
Conditions Met - Transferred to Revenue (Operating)	(383,684)	(473,327)
Conditions Met - Transferred to Revenue (Capital)	-	(525,990)
Adjustments / Refunds	(163,423)	(123,751)
Unspent Balance at the End of the Year	**626,981**	**859,653**

This grant was received from Provincial Treasury as well as SETA for various projects. No funds have been withheld.

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	2025	2024
26.2.11 Water Service Infrastructure Grant	R	R
Unspent Balance at the Beginning of the Year	284,100	6,208,203
Current Year Receipts	10,000,000	5,304,000
Conditions Met - Transferred to Revenue (Capital)	(820,237)	(11,228,103)
Adjustments / Refunds	(284,099)	-
Unspent Balance at the End of the Year	**9,179,764**	**284,100**

This grant was received for the upgrading of Bakenskop & Railton Water network as well as the upgrading of Barrydale bulk water supply. No funds have been withheld.

26.2.12 Energy Efficiency and Demand Side Management Grant		
Unspent Balance at the Beginning of the Year	1,294	1,294
Current Year Receipts	3,000,000	-
Conditions Met - Transferred to Revenue (Operating)	(240,522)	-
Conditions Met - Transferred to Revenue (Capital)	(2,402,284)	-
Adjustments (Transfer to Revenue)	(1,294)	-
Unspent Balance at the End of the Year	**357,194**	**1,294**

This grant was received for electrical projects within the Swellendam municipal area. No funds have been withheld.

26.2.13 Western Cape Financial Management Capability Grant		
Unspent Balance at the Beginning of the Year	140,000	90,000
Current Year Receipts	650,000	200,000
Conditions Met - Transferred to Revenue (Operating)	(458,722)	(150,000)
Unspent Balance at the End of the Year	**331,278**	**140,000**

This grant was received for the allocation of external bursaries. No funds have been withheld.

26.2.14 Provincial Contribution towards the Acceleration of Housing Delivery Grant		
Unspent Balance at the Beginning of the Year	15,419,546	5,226,317
Current Year Receipts	8,400,000	22,600,000
Conditions Met - Transferred to Revenue (Capital)	(3,834,936)	(11,824,835)
Conditions Met - Transferred to Revenue (Operating)	(44,990)	(581,936)
Construction Contracts Current Year Receipts	16,040,847	6,900,000
Construction Contracts - Transfer to Revenue (Operating)	(15,209,124)	(6,900,000)
Adjustments (Transfer to Revenue)	(1,482)	-
Construction Contracts transferred to Payable	(831,724)	-
Unspent Balance at the End of the Year	**19,938,137**	**15,419,546**

This grant was received for an ESKOM self-build option to increase NMD to 3MVA, electrification of a housing project as well as solar geysers. No funds have been withheld.

26.2.15 Provide Resources for the Development and/or Upgrade of SMME Infrastructure		
Unspent Balance at the Beginning of the Year	-	371,338
Adjustments / Refunds	-	(371,338)
Unspent Balance at the End of the Year	**-**	**-**

This grant was received for the construction of the Barrydale (Smitsville) container park.

26.2.16 Emergency Municipal Loadshedding Relief Grant		
Balance unspent at the beginning of the year	274	879,012
Conditions Met - Transferred to Revenue (Capital)	-	(878,738)
Adjustments Transfer to Revenue	(274)	-
Unspent Balance at the End of the Year	**-**	**274**

This grant was received to purchase generators. No funds have been withheld.

26.2.17 Informal Settlements Upgrading Partnership Grant		
Balance unspent at the beginning of the year	795,354	795,354
Adjustments / Refunds	(795,354)	-
Unspent Balance at the End of the Year	**-**	**795,354**

Funding was made available for Railton Informal Settlement Planning. No funds have been withheld.

	2025	2024
26.2.18 Municipal Library Support Grant	**R**	**R**
Balance unspent at the beginning of the year	-	16,869
Adjustments / Refunds	-	(16,869)
Unspent Balance at the End of the Year	**-**	**-**

This grant was received for maintenance work on the Railton and Buffeljagsriver libraries.

26.2.19 Community Library Service Grant		
Balance unspent at the beginning of the year	-	26,430
Adjustments / Refunds	-	(26,430)
Unspent Balance at the End of the Year	**-**	**-**

This grant was received for capital projects at the new library. No funds have been withheld.

26.2.20 Waste Management Compliance: Installation and Monitoring		
Balance unspent at the beginning of the year	-	-
Current year receipts	257,000	-
Conditions Met - Transferred to revenue (Capital)	(23,658)	-
Unspent Balance at the End of the Year	**233,342**	**-**

This grant was received from Local Government to assist to improve overall financial governance.

26.2.21 Western Cape Financial Management Support Grant		
Balance unspent at the beginning of the year	-	250,000
Adjustments / Refunds	-	(250,000)
Unspent Balance at the End of the Year	**-**	**-**

The grant was received for the upgrade of the servers of the municipality. No funds have been upheld.

26.2.22 Western Cape Municipal Interventions Grant		
Balance unspent at the beginning of the year	79,999	268,562
Conditions Met - Transferred to Revenue (Capital)	-	(170,000)
Adjustments / Refunds	(79,999)	(18,563)
Unspent Balance at the End of the Year	**-**	**79,999**

The grant was received for the purchase of skips. No funds have been withheld.

26.2.23 Municipal Service Delivery and Capacity Building Grant		
Balance unspent at the beginning of the year		
Current year receipts	600,000	778,000
Conditions Met - Transferred to Revenue (Operating)	(500,000)	-
Conditions Met - Transferred to Revenue (Capital)	-	(778,000)
Unspent Balance at the End of the Year	**100,000**	**-**

The grant was received for a high mast project in Railton. No funds have been withheld.

26.2.24 Municipal Water Resilience		
Balance unspent at the beginning of the year	1,785	-
Transfer from Payable	1,844,366	-
Current year receipts	1,000,000	938,000
Conditions Met - Transferred to Revenue (Operating)	-	(936,215)
Conditions Met - Transferred to Revenue (Capital)	-	
Construction Contracts Current Year Receipts	-	2,000,000
Construction Contracts - Transfer to Revenue (Operating)	(1,833,321)	(155,634)
Construction Contracts transferred to Payable	(11,045)	(1,844,366)
Unspent Balance at the End of the Year	**1,001,785**	**1,785**

The grant was received for the Rietkuil water infrastructure upgrades. No funds have been withheld.

26.2.25 Regional Socio Economic Projects	**2025 R**	**2024 R**
Balance unspent at the beginning of the year	260,960	-
Current year receipts	700,000	1,170,000
Conditions Met - Transferred to Revenue (Operating)	(94,405)	(175,595)
Conditions Met - Transferred to Revenue (Capital)	(435,239)	(733,445)
Unspent Balance at the End of the Year	**431,316**	**260,960**

26.2.26 Total Grants

Balance unspent at the beginning of the year	20,135,846	20,394,682
Transfer from Payable	18,281,070	-
Current year receipts	99,446,051	105,589,500
Conditions Met - Transferred to Revenue (Operating)	(62,300,059)	(56,910,596)
Conditions Met - Transferred to Revenue (Capital)	(20,364,042)	(46,065,593)
Construction Contracts Current Year Receipts	114,635,309	74,701,256
Construction Contracts - Transfer to Revenue (Operating)	(132,073,610)	(56,420,186)
Construction Contracts transferred to Payable	(842,769)	(18,281,070)
Provision for VAT	(826,957)	(839,217)
Adjustments / Refunds	(2,704,962)	(2,033,090)
Additional Transfer: Equitable Share	-	160
Unspent Balance at the End of the Year	**33,385,877**	**20,135,846**

26.2.27 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2025), government grant funding is expected to not change significantly over the forthcoming three financial years.

27. SURCHARGES AND TAXES

Surcharges	1,475,961	960,923
Total Surcharges and Taxes	**1,475,961**	**960,923**

28. SERVICE CHARGES

	Exchange Transactions 2025 R	**Exchange Transactions 2024 R**	**Non-Exchange Transactions 2025 R**	**Non-Exchange Transactions 2024 R**
Sale of Electricity;	132,763,505	116,095,184	1,503,960	1,327,087
- Service Charges	135,037,135	117,893,591	1,503,960	1,327,087
- Revenue Foregone	(2,273,630)	(1,798,407)	-	-
Sale of Water:	26,802,605	24,718,344	1,144,798	1,013,939
- Service Charges	31,540,837	28,466,035	1,144,798	1,013,939
- Revenue Foregone	(4,738,232)	(3,747,690)	-	-
Refuse Removal:	16,697,688	14,731,601	-	-
- Service Charges	23,579,738	19,939,307	-	-
- Revenue Foregone	(6,882,050)	(5,207,706)	-	-
Sewerage and Sanitation Charges:	27,172,690	22,065,978	1,154,410	1,049,654
- Service Charges	36,283,909	29,269,324	1,154,410	1,049,654
- Revenue Foregone	(9,111,219)	(7,203,345)	-	-
Total Service Charges	**203,436,488**	**177,611,108**	**3,803,167**	**3,390,680**
- Service Charges	226,441,620	195,568,256	3,803,167	3,390,680
- Revenue Foregone	(23,005,131)	(17,957,148)	-	-

The prior year amount for Service Charges has been adjusted. Refer to Note 48.6 on "Correction of Error" for details of the restatement.

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.

29. SALES OF GOODS AND RENDERING OF SERVICES

	2025 R	2024 R
Advertisements	35,390	34,398
Building Plan Approval	1,374,566	984,211
Camping Fees	917,226	1,047,703
Cemetery and Burial	84,226	71,028
Cleaning and Removal	60,534	53,660
Encroachment Fees	1,174	5,281
Exempted Parking	390	450
Legal Fees	326,323	221,924
Photocopies and Faxes	5,136	5,339
Removal of Restrictions	478,776	500,283
Sale of Goods	234,151	176,654
Valuation Services	253,217	194,790
Total Sales of Goods and Rendering of Services	**3,771,110**	**3,295,720**

30. CONSTRUCTION CONTRACT REVENUE

	2025 R	2024 R
Construction Contract Revenue	132,073,610	56,420,187
Total Income from Construction Contracts	**132,073,610**	**56,420,187**

Construction contract revenue is dependant on the infrastructure installation and needs to be reviewed with reference to each housing project's grant revenue as disclosed in Note 26.

Contract revenue is fixed based on the arrangement with the Provincial Department of Infrastructure. Revenue is determined in terms of the stage of completion which is determined by the progress payments claimed by the sub-contractors received at year end. Contracts with the Provincial Department and its beneficiaries are not subject to any retention.

The prior year amount for Construction revenue has been adjusted. Refer to Note 48.6 on "Correction of Error" for details of the restatemen

31. INCOME FROM AGENCY SERVICES

	2025 R	2024 R
Commission on Vehicle Registration	2,766,959	2,735,803
Total Income from Agency Services	**2,766,959**	**2,735,803**

Refer to Note 60.2 for more detail on Agency Services rendered.

32. RENTAL FROM FIXED ASSETS

	2025 R	2024 R
Straight-lined Operating Lease Revenue		
Investment Property	525,533	328,824
Other Fixed Assets:	35,615	-
Other Rental income		
Ad-hoc Rental Income from Other Fixed Assets:	231,662	395,709
Property Plant and Equipment	231,662	395,709
Total Rental of Facilities and Equipment	**792,810**	**724,533**

The prior year amount for Rental of Facilities and Equipment has been adjusted. Refer to Note 48.6 on "Correction of Error" for details of the restatement.

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

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33. INTEREST, DIVIDENDS AND RENT ON LAND EARNED

	2025 R	2024 R
Non-exchange Receivables:		
Outstanding Billing Debtors	354,334	403,829
Total Non-exchange Interest, Dividends and Rent on Land Earned	**354,334**	**403,829**
External Investments:		
Investments	16,749,257	12,581,344
	16,749,257	**12,581,344**
Dividends Received:		
External Investment	2,036	1,830
	2,036	**1,830**
Outstanding Exchange Receivables:		
Outstanding Billing Debtors	1,854,833	1,761,378
Property Rental Debtors	10,437	11,788
Electricity	171,752	194,987
Service Charges	150,167	142,656
Waste Management	416,500	372,021
Waste Water Management	549,522	522,564
Water	556,455	517,362
	1,854,833	**1,761,378**
Total Exchange Interest, Dividends and Rent on Land Earned	**18,606,127**	**14,344,553**
Total Interest, Dividends and Rent on Land Earned	**18,960,461**	**14,748,382**

34. OPERATIONAL REVENUE

	2025	2024
Administrative Handling Fees	40,580	26,997
Breakages and Losses Recovered	44,369	776
Commission	67,207	62,690
Development Charges	1,602,087	878,146
Incidental Cash Surpluses	7,446	180,327
Insurance Refund	410,517	15,362,346
Merchandising, Jobbing and Contracts	69,077	58,749
Recovery Infrastructure Maintenance	47,643	41,471
Sale of Property	-	1,964,437
Staff Recoveries	30,221	49,062
Total Operational Revenue	**2,319,147**	**18,625,001**

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35. EMPLOYEE RELATED COSTS

		2025 R	2024 R
Salaries, Wages and Service Related Benefits:		81,438,431	75,686,071
Basic		75,043,559	70,038,239
Long Service Awards		-	-
Bonuses		255,740	124,834
Leave Payments		1,156,283	1,131,554
Overtime		4,982,850	4,391,444
Allowances:		17,075,886	15,630,841
Acting and Post Related Allowances		175,938	217,937
Bonus Allowance		5,746,653	5,336,934
Cellular and Telephone		371,200	354,150
Housing Benefits		539,848	476,283
Non-pensionable		122,666	-
Standby Allowance		3,477,957	2,955,629
Travel or Motor Vehicle		6,641,624	6,289,909
Social Contributions:		23,582,963	21,865,425
Bargaining Council		38,708	35,961
Group Life Insurance		2,094,022	2,006,793
Medical		8,141,297	7,413,607
Pension		12,762,906	11,887,458
Unemployment Insurance		546,030	521,607
Post-retirement Benefits:		6,203,000	5,682,000
Service Cost:	Refer Note 19.1.1	*1,490,000*	*1,401,000*
Interest Cost	Refer Note 19.1.1	*4,142,000*	*3,764,000*
Long Term Service Awards	Refer Note 19.1.1	*571,000*	*517,000*
Total Employee Related Costs		**128,300,281**	**118,864,337**

35.1 Remuneration of Key Management Personnel:

Remuneration of the Acting Municipal Manager - Ms R.C. Saptoe (5 November 2024 - 22 November 2024)

Annual Remuneration	55,658	-
Remote Allowance	2,226	-
Company Contributions to UIF, Medical and Pension Funds	177	-
Total	**58,062**	**-**

Remuneration of the Municipal Manager - Mr A Vorster (1 July 2024 - 30 June 2025)

Annual Remuneration	1,116,461	1,122,830
Remote Allowance	54,735	54,735
Performance Bonus	68,418	49,675
Cash Gratuity		20,340
Cell Phone Allowance	18,000	18,000
Company Contributions to UIF, Medical and Pension Funds	254,176	247,674
Total	**1,511,790**	**1,513,254**

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35.2 Remuneration of Other Related Parties:	**2025 R**	**2024 R**
Remuneration of Director: Engineering Services - Mr. J.E. Delport (01 July 2024- 17 October 2024)		
Annual Remuneration	209,283	-
Travelling Allowance	88,461	-
Cell Phone Allowance	4,000	-
Company Contributions to UIF, Medical and Pension Funds	708	-
Total	**302,452**	**-**
Remuneration of Acting Director: Engineering Services - Mr. J Bester (November 2024)		
Acting Allowance	11,425	
	11,425	**-**
Remuneration of Acting Director: Engineering Services - Mr. W Treurnicht (December 2024- June 2025)		
Acting Allowance	68,548	
	68,548	**-**
Remuneration of Director: Engineering Services - Mr B.C. Neale (01 July 2023- 30 June 2024)		
Annual Remuneration	-	137,194
Remote Allowance	-	6,846
Cash Gratuity	-	3,390
Cell Phone Allowance	-	2,000
Other Payments (Travelling reimbursement)	-	1,642
Company Contributions to UIF, Medical and Pension Funds	-	32,673
Total	**-**	**183,745**
Remuneration of Director: Community Services - Mr K.D. Stuurman (1 July 2024 - 30 June 2025)		
Annual Remuneration	901,696	907,545
Remote Allowance	122,408	122,408
Performance Bonus	110,167	59,249
Travelling Allowance	100,104	100,104
Cell Phone Allowance	12,000	12,000
Cash gratuity	-	20,340
Company Contributions to UIF, Medical and Pension Funds	224,408	218,559
Total	**1,470,784**	**1,440,206**
Remuneration of Director: Financial Services - Ms E Wassermann (1 July 2024 - 30 June 2025)		
Annual Remuneration	940,168	945,537
Remote Allowance	44,940	44,940
Performance Bonus	101,115	97,885
Cell Phone Allowance	12,000	12,000
Cash gratuity	-	20,340
Company Contributions to UIF, Medical and Pension Funds	185,458	180,090
Total	**1,283,681**	**1,300,791**

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36. REMUNERATION OF COUNCILLORS

	2025 R	2024 R
Executive Mayor	960,846	991,190
Speaker	802,025	801,593
Executive Committee Members	1,470,481	1,515,998
Total for All Other Councillors	2,595,447	2,513,997
Total Payments for Employee Related Costs	**5,828,799**	**5,822,778**
Executive Mayor	960,846	991,190
Allowances and Service Related Benefits	896,898	935,715
Social Contributions	63,948	55,475
Speaker	802,025	801,593
Allowances and Service Related Benefits	768,227	801,593
Social Contributions	33,798	-
Mayoral committee members	1,470,481	1,515,998
Allowances and Service Related Benefits	1,422,206	1,470,100
Social Contributions	48,275	45,897
Total for All Other Councillors	2,595,447	2,513,997
Allowances and Service Related Benefits	2,500,493	2,427,305
Social Contributions	94,954	86,691
Total Councillors' Remuneration	**5,828,799**	**5,822,778**

Remuneration Disclosure - Related Parties:

Designation	Incumbent 2025	Period 2025	Period 2024	2025	2024
Executive Mayor	HF Du Randt	(01 July 24- 27 Jan 25) & (13 Feb 25 - 30 June 2025	(01 July 23 - 30 June 24)	960,846	991,190
Speaker	J du T Loubser	(13 February 25 - 30 June 2025)		318,110	-
Speaker	JR Van Schalkwyk	(01 July 24 - 06 February 2025)	(01 July 23 - 30 June 24)	483,915	801,593
Member of Mayoral Committee	EJ. Lamprecht	(01 July 24- 27 Jan 25) & (13 Feb 25 - 30 June 2025	(01 July 23 - 30 June 24)	735,241	757,999
Member of Mayoral Committee	F. Kees	(01 July 24- 27 Jan 25) & (13 Feb 25 - 30 June 2025	(01 July 23 - 30 June 24)	735,241	757,999
MPAC	J.A. Matthysen	(01 July 24 - 30 June 2025)		437,896	5,092
MPAC	EJ. Lamprecht		(01 July 23 - 31 Jan 2024)		6,540
Councillor	H.F Du Randt	(28 Jan 25 -12 Feb 25)		14,190	-
Councillor	G. Libazi	(01 July 24 - 30 June 2025)	(01 July 23 - 30 June 24)	351,589	346,998
Councillor	J.A. Matthysen		(01 July 23 - 30 June 24)	-	377,328
Councillor	F. Kees	(28 Jan 25- 12 Feb 25)	(01 July 23 - 30 June 24)	14,189	
Councillor	DJ. Julius	(01 July 24 - 30 June 2025)	(01 July 23 - 30 June 24)	351,589	346,998
Councillor	M.T.A Swart	(01 July 24 - 30 June 2025)	(01 July 23 - 30 June 24)	351,589	346,998
Councillor	D. Julius	(01 July 24 - 30 June 2025)	(01 July 23 - 30 June 24)	351,589	346,998
Councillor	H.I. Ferguson	(01 July 24 - 30 June 2025)	(01 July 23 - 30 June 24)	351,589	346,998
Councillor	A. Bokwana	(01 July 24 - 30 June 2025)	(01 July 23 - 30 June 24)	351,589	390,047
Councillor	EJ. Lamprecht	(28 Jan 25- 12 Feb 25)		14,190	-
Councillor	J.D.T Loubser	(28 Jan 25- 12 Feb 25)		5,450	-
				5,828,799	**5,822,778**

The prior year amount for Councillors' Remuneration has been adjusted. Refer to Note 48.7 on "Correction of Error" for details of the restatement.

In-kind Benefits
The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors.
Each is provided with an office and shared secretarial support at the cost of the municipality.

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37. DEPRECIATION AND AMORTISATION

	2025 R	2024 R
Depreciation: Property, Plant and Equipment	19,688,058	19,460,385
Depreciation: Investment Property	52,070	52,212
Amortisation: Intangible Assets	89,673	127,755
Total Depreciation and Amortisation	**19,829,801**	**19,640,352**

The prior year amount for Depreciation and Amortisation has been adjusted. Refer to Note 48.7 on "Correction of Error" for details of the restatement.

38. IMPAIRMENT LOSSES

	2025 R	2024 R
Impairment Losses on Fixed Assets	23,201,594	7,699,548
Impairment Losses on Financial Assets	40,988,979	34,218,744
Total Impairment Losses	**64,190,573**	**41,918,292**

The prior year amount for Impairment Losses has been adjusted. Refer to Note 48.7 on "Correction of Error" for details of the restatement.

38.1 Impairment Losses on Fixed Assets

	2025 R	2024 R
Impairment Losses	23,253,109	8,339,223
Property, Plant and Equipment	23,253,109	8,339,223
Reversal of Impairment Losses	(51,515)	(639,675)
Property, Plant and Equipment	(51,515)	(639,675)
	23,201,594	**7,699,548**

38.2 Impairment Losses on Financial Assets

	2025 R	2024 R
Impairment Losses	13,623,402	13,819,783
Receivables from Exchange Revenue	1,196,122	3,825,515
Statutory Receivables from Exchange Revenue	29,596	743,563
Receivables from Non-exchange Revenue	(1,087,814)	389,794
Statutory Receivables from Non-exchange Revenue	13,485,498	8,860,911
Bad Debts Written Off	28,393,991	20,398,961
Reversal of Impairment Losses	(1,028,414)	-
Receivables from Exchange Revenue	(82,489)	-
Statutory Receivables from Non-exchange Revenue	(945,925)	-
	40,988,979	**34,218,744**

39. INTEREST, DIVIDENDS AND RENT ON LAND PAID

		2025 R	2024 R
Interest Paid:		9,902,958	10,071,519
Borrowings		2,905,884	3,009,028
Finance Leases		45,045	87,201
Interest costs non-current Provisions		6,233,029	6,295,290
Long Service Awards	Refer Note 19.1.1.2	719,000	680,000
Rent on Land		-	-
Total Interest, Dividends and Rent on Land Paid		**9,902,958**	**10,071,519**

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40. BULK PURCHASES

	2025 R	2024 R
Electricity	116,634,825	98,123,267
Water	-	-
Total Bulk Purchases	**116,634,825**	**98,123,267**

41. CONTRACTED SERVICES

	2025 R	2024 R
Outsourced Services	13,583,220	11,590,823
Consultants and Professional Services	5,195,312	4,867,398
Contractors	158,729,721	73,564,211
Total Contracted Services	**177,508,253**	**90,022,432**

41.1 Outsourced Services

	2025 R	2024 R
Alien Vegetation Control	430,000	440,000
Burial Services	2,500	4,400
Business and Advisory	1,554,164	1,474,788
Catering Services	113,106	38,859
Clearing and Grass Cutting Services	302,876	100,459
Drivers Licence Cards	221,437	217,092
Fire Services	1,099,618	1,024,108
Illegal Dumping	343,620	328,440
Meter Management	299,663	266,884
Mini Dumping Sites	386,868	720,509
Printing Services	2,907	1,454
Removal of Structures and Illegal Signs	-	17,383
Security Services	2,906,380	2,249,129
Traffic Fines Management	5,790,030	4,496,728
Translators, Scribes and Editors	529	7,109
Transport Services	8,875	-
Water Takers	120,649	203,482
	13,583,220	**11,590,823**

41.2 Consultants and Professional Services

	2025 R	2024 R
Business and Advisory	3,177,585	3,380,346
Infrastructure and Planning	703,960	207,583
Laboratory Services	370,121	371,850
Legal Cost	943,646	907,619
	5,195,312	**4,867,398**

41.3 Contractors

	2025 R	2024 R
Aerial Photography	61,271	60,299
Building	131,969,815	56,264,552
Catering Services	6,965	21,537
Electrical	330,203	347,259
Employee Wellness	57,073	-
Event Promoters	8,300	-
Maintenance of Buildings and Facilities	458,916	1,331,734
Maintenance of Equipment	1,915,694	328,639
Maintenance of Unspecified Assets	21,503,391	13,019,637
Pest Control and Fumigation	11,996	1,579
Removal of Hazardous Waste	37,449	-
Tracing Agents and Debt Collectors	2,368,647	2,188,974
	158,729,721	**73,564,211**

	2025	2024
42. INVENTORY CONSUMED	R	R
Consumables	1,084,414	1,614,790
Land	-	22,000
Materials and Supplies	7,497,586	6,452,794
Water	9,583,994	8,704,502
Total Inventory Consumed	**18,165,994**	**16,794,086**

43. TRANSFERS AND SUBSIDIES PAID

	2025	2024
Operational Grants	1,072,996	1,102,117
Allocations In-kind	137,941	-
Monetary Allocations	935,056	1,102,117
Total Transfers and Subsidies Paid	**1,072,996**	**1,102,117**

43.1 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2025	2024	2025	2024
Households	-	-	235,000	79,900
Non-profit Institutions	137,941	-	700,056	1,022,217
Total Operational Grants Paid	**137,941**	**-**	**935,056**	**1,102,117**

44. OPERATING LEASES

	2025	2024
Furniture and Office Equipment	3,995	18,771
Land	229,463	281,880
Machinery and Equipment	-	1,608
Other Assets	561,881	440,450
Total Operating Leases	**795,339**	**742,709**

44.1 Leasing Arrangements

The Municipality as Lessee:
Operating Leases relate to Land and Buildings with lease terms not longer than 5 years.

45. OPERATIONAL COSTS

Included in General Expenses are the following:

	2025 R	2024 R
Advertising, Publicity and Marketing	230,861	231,836
Assets less than the Capitalisation Threshold	2,846	21,464
Bank Charges, Facility and Card Fees	523,359	841,209
Bursaries (Employees)	210,000	150,000
Cleaning Services	113,714	114,682
Commission	1,174,364	1,079,476
Communication	1,423,949	1,689,370
Contribution to Provisions	(139,211)	(584,231)
Entertainment	5,968	81,422
Eskom Connection Fees	39,122	506,030
External Audit Fees	6,333,387	7,020,216
External Computer Service	3,323,859	3,213,962
Full Time Union Representative	18,741	83,652
Hire Charges	581,365	804,978
Indigent Relief	57,326	50,150
Insurance Underwriting	1,281,959	2,451,134
Learnerships and Internships	34,354	64,789
Licences	427,260	349,606
Management Fee	-	69,436
Municipal Services	94,196	54,400
Printing, Publications and Books	248,727	169,408
Professional Bodies, Membership and Subscription	10,773	5,993
Registration Fees	1,730,444	1,972,117
Remuneration to Ward Committees	48,200	52,097
Resettlement Cost	22,633	34,350
Roadworthy Test	5,650	6,391
Servitudes and Land Surveys	21,390	-
Signage	-	1,948
Skills Development Fund Levy	1,236,487	1,140,985
System Access and Information Fees	39,758	39,892
Travel and Subsistence	374,119	293,616
Uniform and Protective Clothing	999,747	905,403
Vehicle Tracking	101,283	106,557
Wet Fuel	4,170,136	4,461,520
Workmen's Compensation Fund	769,997	681,347
Total Operational Costs	**25,516,764**	**28,165,202**

45.1 Travel and Subsistence

	2025 R	2024 R
Domestic	**374,119**	**293,616**
Accommodation	120,583	43,503
Daily Allowance	75,120	56,313
Incidental Cost	2,666	3,737
Transport without Operator	163,724	169,561
Transport with Operator	12,026	20,502
	374,119	**293,616**

	2025 R	2024 R
45.2 Material Losses	**14,426,061**	**11,446,113**
Distribution Losses:		
Electricity Losses	10,935,364	8,912,541
Water Losses	3,490,697	2,533,572

The amounts disclosed above for Electricity and Water Losses are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense (See Note 52.1.9).

No other extraordinary expenses were incurred.

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46. GAINS AND LOSSES ON OTHER OPERATIONS

		2025 R	2024 R
Gains on Other Operations			
Increase in Net Realisable Value of Inventory		-	383
Fair Value Gains on Actuarial Assessments	Refer Note 19.1.1.2	225,670	412,029
Total Gains on Other Operations		**225,670**	**412,412**
Losses on Other Operations			
Decrease in Net Realisable Value of Inventory		3,677	262
Fair Value Losses on Actuarial Assessments	Refer Note 19.1.1.2	576,931	-
Total Losses on Other Operations		**580,608**	**262**
Net Gains and Losses on Other Operations		**(354,938)**	**412,150**

No other gains or losses have been recognised in respect of Loans and Receivables or Held-to-Maturity Investments, other than as disclosed in Note 14 and Impairment Losses recognised/reversed in respect of Trade Receivables (see Notes 2, 3, 4 and 5).

47. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

	2025 R	2024 R
Gains on Disposal of Capital Assets		
Investment Property	-	57,168
Property, Plant and Equipment	3,123,179	223,913
Total Gains on Disposal of Capital Assets	**3,123,179**	**281,081**
Losses on Disposal of Capital Assets		
Intangible Assets	-	97,078
Investment Property	1,018	0
Property, Plant and Equipment	8,034,952	892,347
Total Losses on Disposal of Capital Assets	**8,035,970**	**989,425**
Net Gains / (Losses) on Disposal of Capital Assets	**(4,912,791)**	**(708,344)**

The prior year amount for Operational Costs has been adjusted. Refer to Note 48.7 on "Correction of Error" for details of the restatement.

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48. RECLASSIFICATION, CORRECTION OF ERROR AND RESTATEMENTS OF ANNUAL FINANCIAL STATEMENTS

48.1 Accumulated Surplus

The prior year figures of Accumulated Surplus have 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:	R	R Accumulated Surplus
Balance published as at 30 June 2023		463,808,187
Correction of Error:		
Adjustment for Capital Assets as per Revised Asset Register	10,803,770	
Adjustment for Consumer Deposits	33,787	
Restated Balance as at 30 June 2023		**474,645,744**
Transactions incurred for the Year 2023/24		58,137,089
Correction of Error:		
Adjustment for Capital Assets as per Revised Asset Register	2,011,210	
Adjustment for Consumer Deposits	(26,500)	
Adjustment for Accrual of Pre-paid Services	88,038	
Adjustment for Remuneration of Councillors	(154,700)	
Adjustment for Rounding Errors	-	1,918,048
Restated Balances as at 30 June 2024		**534,700,881**

48.2 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 Restatements is as follows:

	Prior Year 2023/24 Audited	Change in Accounting Policy	Restatements	Restated Amount 2023/24
	R	R	R	R
Property Rates	56,640,567	-	-	56,640,567
Fines, Penalties and Forfeits	48,858,074	-	-	48,858,074
Transfers and Subsidies - Non-exchange	102,562,044	-	(155,634)	102,406,410
Surcharges and Taxes	960,923	-	-	960,923
Service Charges - Non-exchange	3,390,680	-	-	3,390,680
Interest, Dividends & Rent on - Land Non-Exchange	403,829	-	-	403,829
Licences and Permits - Exchange	1,273,576	-	-	1,273,576
Transfers and Subsidies - Exchange	5,258,674	-	-	5,258,674
Service Charges - Exchange	177,523,070	-	88,038	177,611,108
Sales of Goods and Rendering of Services	3,295,720	-	-	3,295,720
Construction Contract Revenue	56,264,552	-	155,634	56,420,187
Income from Agency Services	2,735,803	-	-	2,735,803
Rental from Fixed Assets	751,033	-	(26,500)	724,533
Interest, Dividends & Rent on Land - Exchange	14,344,553	-	-	14,344,553
Operational Revenue	18,625,001	-	-	18,625,001
Gains on Disposal of PPE	281,081	-	-	281,081
Gains on Other Operations	412,412	-	-	412,412
	493,581,592	**-**	**61,538**	**493,643,130**

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48.3 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 Restatements is as follows:

	Prior Year 2023/24 Audited	Change in Accounting Policy	Restatements	Restated Amount 2023/24
	R	R	R	R
Employee Related Costs	118,864,337	-	-	118,864,337
Remuneration of Councillors	5,668,078	-	154,700	5,822,778
Depreciation and Amortisation	18,946,659	-	693,693	19,640,352
Impairment Losses	42,877,264	-	(958,972)	41,918,292
Interest, Dividends and Rent on Land	10,071,519	-	-	10,071,519
Bulk Purchases	98,123,267	-	-	98,123,267
Contracted Services	90,022,432	-	-	90,022,432
Inventory Consumed	16,852,732	-	(58,646)	16,794,086
Transfers and Subsidies Paid	1,102,117	-	-	1,102,117
Operating Leases	742,709	-	-	742,709
Operational Costs	28,165,202	-	-	28,165,202
Loss on Disposal of PPE	2,676,709	-	(1,687,284)	989,425
Losses on Other Operations	262	-	-	262
	434,113,287	**-**	**(1,856,510)**	**432,256,777**

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48.4 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 Restatements is as follows:

	Prior Year 2023/24 Audited	Change in Accounting Policy	Restatements	Restated Amount 2023/24
	R	R	R	R
Current Assets				
Inventories	6,080,138	-	-	6,080,138
Receivables from Exchange Transactions	43,971,006	-	-	43,971,006
Statutory Receivables from VAT Transactions	6,877,252	-	227,966	7,105,218
Receivables from Non-exchange Transactions	327,085	-	-	327,085
Statutory Receivables from Non-exchange Transactions	23,811,984	-	-	23,811,984
Cash and Cash Equivalents	178,516,123	-	-	178,516,124
Lease Receivables	367,962	-	-	367,962
Non-Current Assets				
Property, Plant and Equipment	535,702,057	-	10,766,049	546,468,106
Intangible Assets	466,149	-	-	466,149
Investment Property	9,472,991	-	2,048,932	11,521,922
Heritage Assets	170,979	-	-	170,979
Lease Receivable	-	-	-	-
Long-term Receivables	279,489	-	-	279,489
Current Liabilities				
Consumer Deposits	(4,782,132)	-	7,287	(4,774,845)
Payables from Exchange Transactions	(79,178,239)	-	(1,911,028)	(81,089,267)
Unspent Conditional Grants and Receipts	(21,980,212)	-	1,844,366	(20,135,846)
VAT Payable	-	-	(4,808,444)	(4,808,444)
Lease Payables	(421,942)	-	-	(421,942)
Borrowings	(4,161,118)	-	-	(4,161,118)
Employee Benefit Liabilities	(15,175,022)	-	-	(15,175,022)
Provisions	(4,580,478)	-	4,580,478	-
Non-Current Liabilities				
Lease Payables	(214,499)	-	-	(214,499)
Borrowings	(23,326,683)	-	-	(23,326,683)
Employee Benefit Liabilities	(39,082,000)	-	-	(39,082,000)
Provisions	(64,792,398)	-	-	(64,792,398)
Net Assets				
Reserves	(26,403,215)	-	-	(26,403,215)
Accumulated Surplus / (Deficit)	(521,945,276)	-	(12,755,605)	(534,700,881)
	-	-	-	-

48.5 Cash Flow Statement

The prior year figures of the Cash Flow Statement have been restated to correctly classify the nature of cash receipts and expenditures of the municipality.

The effect of the Restatements is as follows:

	Prior Year 2023/24 Audited	Change in Accounting Policy	Restatements	Restated Amount 2023/24
	R	R	R	R
Receipts				
Property Rates	55,514,366	-	-	55,514,366
Fines, Penalties and Forfeits	12,883,750	-	-	12,883,750
Transfers and Subsidies	104,717,192	-	(2,000,000)	102,717,192
Service Charges	158,280,880	-	-	158,280,880
External Interest and Dividends Received	12,495,053	-	-	12,495,053
Other Receipts	100,365,172	-	2,000,000	102,365,172
VAT Received	-	-	3,551,999	3,551,999
Payments				
Employee Related Costs	(114,091,450)	-	154,700	(113,936,750)
Remuneration of Councillors	(5,668,078)	-	(154,700)	(5,822,778)
External Interest and Dividends Paid	(3,110,830)	-	-	(3,110,830)
Suppliers Paid	(214,513,546)	-	(4,240,732)	(218,754,278)
VAT Paid	(1,028,479)	-	1,028,479	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	**105,844,030**	**-**	**339,745**	**106,183,775**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(48,197,007)	-	-	(48,197,007)
Purchase of Intangible Assets	(124,076)	-	-	(124,076)
Proceeds on Disposal of Property, Plant and Equipment	233,913	-	-	233,913
Proceeds on Disposal of Investment Property	132,800	-	-	132,800
Decrease / (Increase) in Long-term Receivables	(54,535)	-	(339,746)	(394,281)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(48,008,906)**	**-**	**(339,746)**	**(48,348,652)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in Finance Leases (Leases Redeemed)	(361,517)	-	-	(361,517)
Increase in Borrowings (Loans Taken-on)	3,500,000	-	-	3,500,000
Decrease in Borrowings (Loans Redeemed)	(4,230,703)	-	-	(4,230,703)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(1,092,220)**	**-**	**-**	**(1,092,220)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQ	**56,742,904**	**-**	**-**	**56,742,904**
Cash and Cash Equivalents at Beginning of Period	121,773,220	-	(0)	121,773,220
Cash and Cash Equivalents at End of Period	178,516,123	-	0	178,516,124

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48.6 Reclassification and/or Corrections of Revenue

Prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated as indicated below:

	Transfers and Subsidies - Non-exchange	Construction Contract Revenue	Service Charges - Exchange	Rental from Fixed Assets
			R	R
Balance previously reported	**102,562,044**	**56,264,552**	**177,523,070**	**751,033**
Correction of Errors:-				
Adjust Accruals for Pre-paid Services not used	-	-	88,038	-
Adjust Rental from Fixed Assets	-	-	-	(26,500)
Adjust for construction revenue correction	(155,634)	155,634	-	-
Restated Balance now reported	**102,406,410**	**56,420,187**	**177,611,108**	**724,533**

Service Charges from Exchange Transactions:
The **prior year amounts** for Service Charges and Exchange Payables have been restated to correctly disclose the revenue for Electricity Services, pre-paid sales not utilised at year-end previously incorrectly calculated.

Rental from Fixed Assets:
The **prior year amounts** for Rental from Fixed Assets and Consumer Deposits have been restated to correctly disclose the revenue for Rentals of Leased Buildings, Deposits previously recognised in revenue.

Transfers and Subsidies - Non-exchange

The **prior year amounts** for Transfers and Subsidies - Non Exchange and Construction Construction Revenue have been restated to correctly disclose the revenue for Rietkuil Water upgrade project which was previously recognised in transfers and subsidies.

Construction Contract Revenue

The **prior year amounts** for Construction Contract Revenue and Transfers and Subsidies - Non Exchange have been restated to correctly disclose the revenue for Rietkuil Water upgrade project which was previously recognised in transfers and subsidies.

48.7 Reclassification and/or Corrections of Expenditure

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

	Remuneration of Councillors	Inventory Consumed
	R	R
Balance previously reported	**5,668,078**	**16,852,732**
Correction of Errors:-		
Adjust Remuneration of Councillors	154,700	-
Adjust Expenditures for Inventory Consumed	-	(58,646)
	5,822,778	**16,794,086**

Remuneration of Councillors:
The **prior year amounts** for Remuneration of Councillors have been restated to correctly disclose the expenditure for Councillor Remuneration, prior year increases not accrued for.

Inventory Consumed:
The **prior year amounts** for Inventory Consumed and Property, Plant & Equipment have been restated to correctly disclose the Inventory Cosumed, adjusted for Capital Expense not recognised previously.

	Depreciation and Amortisation	Impairment Losses	Loss on Disposal of PPE
	R	R	R
Balance previously reported	**18,946,659**	**42,877,264**	**2,676,709**
Correction of Errors:-			
Adjust Remuneration of Councillors	-	-	-
Adjust Deprecation as per Updated Asset Register	693,693	-	-
Adjust Impairment as per Updated Asset Register	-	(958,972)	-
Adjust Asset Disposals as per 2025 Asset Register	-	-	(1,687,284)
	19,640,352	**41,918,292**	**989,425**

Depreciation and Amortisation:
The **prior year amounts** for Depreciation & Amortisation and Property, Plant & Equipment have been restated to correctly disclose depreciation for assets as per Asset Register compiled for the Year 2025.

Impairment Losses:
The **prior year amounts** for Impairment Losses and Property, Plant & Equipment have been restated to correctly disclose impairment of assets as per Asset Register compiled for the Year 2025.

Loss on Disposal of Property, Plant and Equipment:
The **prior year amounts** for Loss on Disposal of PPE, Property, Plant & Equipment and Investment Property have been restated to correctly disclose disposal of assets, Land previously derecognised in error.

48.8 Reclassification and/or Corrections 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:

	Property, Plant and Equipment	Investment Property
	R	R
Balances previously published per AFS as at 30 June 2023	**512,103,757**	**11,034,185**
Correction of Errors:-		
Adjust Asset Cost as per 2025 Asset Register	19,734,014	615,582
Adjust Depreciation as per 2025 Asset Register	(9,572,695)	-
Adjust Impairment as per 2025 Asset Register	26,870	-
Balances now published per AFS as at 30 June 2023	**522,291,946**	**11,649,766**
Transactions incurred for the Year 2023/24	23,598,300	(1,561,194)
Correction of Errors:-		
Adjust Asset Acquisitions as per 2025 Asset Register	58,646	1,637,875
Adjust Depreciation as per 2025 Asset Register	(693,693)	(204,525)
Adjust Impairment as per 2025 Asset Register	958,972	-
Adjust Asset Disposals as per 2025 Asset Register	253,934	-
Balances now published per AFS as at 30 June 2024	**546,468,106**	**11,521,922**

Property, Plant and Equipment:
The **opening balances** for Property, Plant & Equipment and Accumulated Surplus have been restated to correctly disclose the value of Capital Assets as per Register compiled for the Year, adjusted for prior year deviations detected.

The **prior year amounts** for Property, Plant & Equipment, Depreciation and Disposal of Assets have been restated to correctly disclose the value of Capital Assets as per Register compiled for the Year, adjusted for prior year deviations detected.

Investment Property:
The **opening balances** for Investment Property and Accumulated Surplus have been restated to correctly disclose the value of Capital Assets as per Register compiled for the Prior Year.

The **prior year amounts** for Investment Property and Gains & Losses on Disposal of Assets have been restated to correctly disclose the value of Capital Assets as per Asset Register compiled for the Prior Year.

	Unspent Conditional Grants and Receipts	Consumer Deposits	Payables from Exchange Transactions
		R	R
Balances previously published per AFS as at 30 June 2023	**(20,394,684)**	**(4,301,848)**	**(37,006,693)**
Correction of Errors:-			
Adjust Consumer Deposits to Creditors' Listings	-	33,787	-
Balances now published per AFS as at 30 June 2023	**(20,394,684)**	**(4,268,061)**	**(37,006,693)**
Transactions incurred for the Year 2023/24	(1,585,528)	(480,284)	(42,171,546)
Correction of Errors:-			
Adjust Consumer Deposits to Creditors' Listings	-	(26,500)	-
Adjust Payables for Pre-paid Sales Accrual	-	-	88,038
Adjust Payables for Councillors Remuneration Accrual	-	-	(154,700)
Adjust for Paybles for construction contract accrual	1,844,366	-	(1,844,366)
Balances now published per AFS as at 30 June 2024	**(20,135,846)**	**(4,774,845)**	**(81,089,267)**

Unspent Conditional Grants and Receipts

The prior year amounts for Unspent Conditional Grants have been restated to correctly disclose the liability, restated for the Rietkuil Water Upgrade project which was previously incorrectly included.

Consumer Deposits:

The **opening balances** of Payables from Consumer Deposits have been restated to correctly disclose the value of Deposits, restated to agree to Creditors' Deposit Listings.

The **prior year amounts** of Consumer Deposits have been restated to correctly disclose the value of Deposits, restated to agree to Creditors' Deposit Listings

Payables from Exchange Transactions:

The **prior year amounts** for Exchange Payables and Service Charges have been restated to correctly disclose the liability for Payments Received in Advance, restated for Pre-paid Electricity Sales not utilised at year-end previously incorrectly calculated.

Furthermore, the **prior year amounts** of Payables from Exchange Transactions have been restated to correctly disclose the value of Payables, restated for increases in Councillors Remuneration not accrued for.

Furthermore, the **prior year amounts** of Payables from Exchange Transactions have been restated to correctly disclose the value of Payables, restated for increases in Construction Contracts Liability which previously did not include the Rietkuil Water Upgrade project.

	Statutory Receivables from VAT Transactions	VAT Payable	Provisions
	R	R	R
Balances previously published per AFS as at 30 June 2023	**5,105,210**	**-**	**(3,741,261)**
Correction of Errors:-			
Adjust VAT Receivable for Receivables Accrual	2,319,953	(2,319,953)	-
Balances now published per AFS as at 30 June 2023	**7,425,163**	**(2,319,953)**	**(3,741,261)**
Transactions incurred for the Year 2023/24	1,772,042	-	(839,217)
Correction of Errors:-			
Adjust VAT Receivable for Receivables Accrual	(2,091,987)	2,091,987	-
Adjust Provisions VAT on Library Grants	-	(4,580,478)	4,580,478
Balances now published per AFS as at 30 June 2024	**7,105,218**	**(4,808,444)**	**-**

Statutory Receivables from VAT Transactions:
The **opening balances** of VAT Receivable and VAT Payable have been restated to correctly disclose the value of Receivables, VAT previously disclosed as a net amount.

The **prior year amounts** of VAT Receivable and VAT Payable have been restated to correctly disclose the value of Receivables, VAT previously disclosed as a net amount.

Furthermore, the **prior year amounts** of VAT Receivable have been restated to correctly disclose the value of Receivables, VAT on Library Grants previously accrued for in Provisions.

VAT Payable:
The **opening balances** of VAT Payable and VAT Receivable have been restated to correctly disclose the value of Payables, VAT previously disclosed as a net amount.

The **prior year amounts** of VAT Payable and VAT Receivable have been restated to correctly disclose the value of Payables, VAT previously disclosed as a net amount.

The **prior year amounts** of VAT Payable have been restated to correctly disclose the value of Payables, VAT on Library Grants previously accrued for in Provisions.

Provisions:
The **prior year amounts** of Provisions have been restated to correctly disclose the Liability for Output VAT on library grants received. Provision previously recognised for a VAT Liability based on a technical interpretation of the treatment of Output VAT on Library Grants received, now reversed.

48.9 Reclassification of Cash Flow Statement

Prior Year Amounts of Items in the Cash Flow Statement have been restated as indicated below:

Cash Flows from Operating Activities:

	Employee Related Costs R	Remuneration of Councillors R
Balance previously reported	**(114,091,450)**	**(5,668,078)**
Correction of Errors:-		
Adjust Remuneration of Councillors Accrual	154,700	(154,700)
Restated Balance now reported	**(113,936,750)**	**(5,822,778)**

Employee Related Costs:
The **prior year amounts** for Employee Related Costs have been restated to correctly disclose the cash outflow from Employee Costs, restated for increases in Councillor Remuneration not accrued for.

Remuneration of Councillors:
The **prior year amounts** for Remuneration of Councillors have been restated to correctly disclose the cash outflow from Councillor Remuneration, restated for increases not accrued for.

	VAT Received R	Suppliers Paid R	VAT Paid R
Balance previously reported	**-**	**(214,513,546)**	**(1,028,479)**
Correction of Errors:-			
Adjust Provision for VAT on Library Grants	3,551,999	(4,580,478)	1,028,479
Adjust Impairment of Receivables	-	339,746	-
Restated Balance now reported	**3,551,999**	**(218,754,278)**	**-**

VAT Received:
The **prior year amounts** for VAT Received have been restated to correctly disclose the cash flows from VAT, VAT on Library Grants previously accrued for in Provisions.

Suppliers Paid:
The **prior year amounts** for Suppliers Paid have been restated to correctly disclose the cash outflow from VAT, VAT on Library Grants previously accrued for in Provisions.

Furthermore, the **prior year amounts** for Suppliers Paid have been restated to correctly disclose the cash outflow from Service Charges, Impairment of Non-current Receivables previously allocated to Current Receivables.

VAT Paid:
The **prior year amounts** for VAT Paid have been restated to correctly disclose the cash outflow from VAT, VAT on Library Grants previously accrued for in Provisions.

Cash Flows from Investing Activities:

	Decrease / (Increase) in LT Receivables R
Balance previously reported	**(54,535)**
Correction of Errors:-	
Adjust Impairment of Receivables	(339,746)
Restated Balance now reported	**(394,281)**

Change in Long-term Receivables:
The **prior year amounts** for Long-term Receivables have been restated to correctly disclose the cash outflow from Service Charges, Impairment of Non-current Receivables previously allocated to Current Receivables.

49. CHANGE IN ACCOUNTING ESTIMATES	**2025** **R**	**2024** **R**

49.1 Depreciation Expenditure:

The remaining useful lives and residual values of Capital Assets were re-assessed in the current year and affected the amount of depreciation for the 2024/25 financial year. The adjustments are as follows:

	2025 R	2024 R
Increase / (Decrease) in Depreciation due to adjustments to Useful Lives of Capital Assets	348,838	310,253
Increase / (Decrease) in Depreciation of Capital Assets	**348,838**	**310,253**
Depreciation as previously stated	19,480,963	19,330,099
Adjustment due to Change in Accounting Estimate	348,838	310,253
Depreciation as per Note 37.	**19,829,801**	**19,640,352**

50. CASH GENERATED BY OPERATIONS

		2025 R	2024 R
Surplus / (Deficit) for the Year		2,627,290	61,386,353
Adjustment for Non-cash Transactions included in Surplus / (Deficit):			
Fines, Penalties and Forfeits	Refer Note 23.1	906,701	859,930
Transfers and Subsidies Received	Refer Note 25.1	(5,622,362)	(4,689,055)
Employee Related Costs	Refer Note 33.1	10,737,397	9,896,352
Depreciation and Amortisation	Refer Note 35.2	19,829,801	19,640,352
Impairment Losses	Refer Note 36.1	64,190,573	41,918,292
Interest, Dividends and Rent on Land	Refer Note 37.1	6,952,029	6,975,290
Contracted Services	Refer Note 39.1	-	(3,741,261)
Operational Costs	Refer Note 43.1	(139,211)	(584,231)
Gains on Other Operations	Refer Note 44.1	(225,670)	(412,412)
Losses on Other Operations	Refer Note 44.1	580,608	262
Gains / Losses on Disposal of Assets	Refer Note 46.1	8,035,970	1,075,057
Adjustment for Cash Transactions not included in Surplus / (Deficit):			
Transfer of Property, Plant and Equipment	Refer Note 8.1	461,205	(58,794)
Transfer of Intangible Assets	Refer Note 8.1	(307,480)	-
Expenditure from Current Employee Benefit Liabilities	Refer Note 18.1.1	(4,056,034)	(3,067,254)
Expenditure from Non-current Employee Benefit Liabilities	Refer Note 18.1.2	(1,211,931)	(1,871,971)
Adjustment for Non-cash Transactions included in Working Capital:			
Inventories	Refer Note 1.1	(3,677)	121
Bad Debt Written-off: Exchange Receivables	Refer Note 2.1	(4,709,935)	(562,244)
Bad Debt Written-off: Statutory Non-exchange Receivables	Refer Note 5.1	(24,590,757)	(20,696,648)
Decrease/(Increase) in Impairment of Exchange Receivables	Refer Note 2.2	(777,659)	(5,043,175)
Decrease/(Increase) in Impairment of Statutory Exchange Receivables	Refer Note 16.	29,596	743,563
Decrease/(Increase) in Impairment of Non-exchange Receivables	Refer Note 4.3	1,087,814	(446,209)
Decrease/(Increase) in Impairment of Statutory Non-exchange Receivables	Refer Note 5.3	(12,427,080)	(8,734,216)
Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow:			
Gains / (Losses) on Disposal of Capital Assets	Refer Note 46.1	(3,123,179)	(366,713)
Minor Variance on Depreciation		-	582
Operating Surplus before Working Capital Changes		58,244,009	92,221,973
Decrease/(Increase) in Inventories		(396,535)	(630,455)
Decrease/(Increase) in Receivables from Exchange Transactions		23,633,895	(23,690,284)
Decrease/(Increase) in Statutory Receivables from Exchange Transactions		2,407,648	319,945
Decrease/(Increase) in Receivables from Non-exchange Transactions		12,411	112,502
Decrease/(Increase) in Statutory Receivables from Non-exchange Transactions		(3,665,393)	(8,933,421)
Decrease/(Increase) in Operating Lease Receivables		11,507	(38,977)
Increase/(Decrease) in Consumer Deposits		958,703	506,784
Increase/(Decrease) in Payables from Exchange Transactions		(20,584,550)	44,082,574
Increase/(Decrease) in Unspent Conditional Grants and Receipts		13,250,030	(258,837)
Increase/(Decrease) in VAT Payable		(3,135,063)	2,488,491
Increase/(Decrease) in Operating Lease Payables		8,727	3,480
Cash Generated by / (Utilised in) Operations		70,745,389	106,183,775

51. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

51.1 Unauthorised Expenditure

	2025 R	2024 R
Reconciliation of Unauthorised Expenditure:		
Opening Balance:	10,480,359	1,018,394
Unauthorised Expenditure Current Year:	39,345,623	978,131
Approved/Condoned by Council:	(1,996,458)	-
Correction of Error Prior Year	-	8,483,834
Unauthorised Expenditure awaiting authorisation	**47,829,524**	**10,480,359**

Budgeted votes exceeded:	Reason	Disciplinary Steps / Criminal Proceedin	R	R
Capital Expenditure:				
Roads & Stormwater	Developers Contribution	To be considered by Council	2,267,647	-
Property Management	Land transfer to municpality	To be considered by Council	5,061,000	-
Finance	Donated Assets	Approved By Council - No actions taken		978,131
Finance	Donated Assets	To be considered by Council	262,843	262,843
Operational Expenditure:				
Environmental & Waste Minimization	Disposal of assets and interest provision	To be considered by Council	759,605	-
Human Resource Management	Actuarial Losses on Post employment medicial	To be considered by Council	118,203	-
Roads & Stormwater	Impairment of assets	To be considered by Council	1,708,017	-
Waste Water Services	Impairment of assets	To be considered by Council	9,751,639	-
Water Services	Impairment losses, irrecoverable debt and donated asset.	To be considered by Council	13,914,062	-
Office of the political office bearers	Disposal of Assets		5,380,690	
Fleet Management		To be considered by Council	384,760	
Health Services (2023)	Depreciation	Approved By Council - No actions taken		67
Council	Disposal of fixed assets	To be considered by Council	713,648	713,648
Road and Traffic Regulation	Traffic Fines Management Fees	To be considered by Council	1,032,442	1,032,442
Waste Water Services	Impairment of assets	To be considered by Council	3,976,431	3,976,431
Roads & Stormwater	Impairment of assets	To be considered by Council	2,090,040	2,090,040
Fleet Management	Depreciation	To be considered by Council	408,430	408,430
Waste Water Management (2023)	Landfill Site Rehabilitation	Approved By Council - No actions taken	-	1,018,327
		Total	**47,829,457**	**10,217,516**

51.2 Fruitless and Wasteful Expenditure	**2025 R**	**2024 R**
Reconciliation of Fruitless and Wasteful Expenditure:		
Opening Balance	-	-
Fruitless and Wasteful Expenditure	3,470	-
- Current Year	3,470	-
- Prior Year	-	-
Expenditure investigated and approved by Council	-	-
To be Recovered – Receivables	-	-
- Current Year	-	-
- Prior Year	-	-
Fruitless and Wasteful Expenditure	**3,470**	**-**

The fruitless and wasteful expenditure has been submitted to Council. It has since been noted and referred to the Section 32 Committee and Disciplinary Committee for further investigation. The investigations is still outstanding.

Incident	Disciplinary Steps / Criminal Proceedings		
Adv E Vermaak	Under Investigation (refer Note 2)	2,000	
C Lottering	Under Investigation (refer Note 2)	1,470	
	Total Under Investigation	**3,470**	

51.3 Irregular Expenditure	**2025 R**	**2024 R Restated**
Reconciliation of Irregular Expenditure:		
Opening Balance:	66,262,415	2,949,732
Irregular Expenditure Current Year:	133,360,132	63,312,683
- Current Year	133,360,132	63,312,683
- Prior Year	-	-
Condoned/Written-off by Council:	(197,312,343)	-
- Current Year	(131,049,928)	-
- Prior Year	(66,262,415)	-
Irregular Expenditure awaiting condonation	**2,310,204**	**66,262,415**

The amounts disclosed for Irregular Expenditure are inclusive of VAT.

Current Year:

Incident	Deviation	Disciplinary Steps	2025	2024
Asla Construction	Non compliance with SCM regulations	None- Under Investigation Restated	133,220,151	61,682,780
Hessequa Consulting Engineers	Non compliance with SCM regulations	None- Under Investigation	-	229,519
Mubesko Africa	Non compliance with SCM regulations	None- Under Investigation	-	156,183
Macnay CC	Non compliance with SCM regulations	None- Under Investigation	-	598,000
Preferential procurement Regulation _x000A_2022 below R30 000 (Various)	Non compliance with SCM regulations	None- Under Investigation Restated	-	3,508,196
Johan Kemp	Non compliance with SCM regulations	None- Under Investigation	78,827	87,738
R Saptoe	Non-compliiance with recruitment	None-Under Investigation	61,154	
		Total Under Investigation	**133,360,132**	**66,262,416**
Asla Construction	Non compliance with SCM regulations	Current Year: Write-Off	(130,971,101)	-
Hessequa Consulting Engineers	Non compliance with SCM regulations	Current Year: Write-Off	-	-
Macnay	Non compliance with SCM regulations	Current Year: Write-Off	-	-
Johan Kemp	Non compliance with SCM regulations	Current Year: Write-Off	(78,827)	-
Mubesko Africa	Non compliance with SCM regulations	Current Year: Write-Off	-	-
Preferential procurement Regulation 2022 below R30 000 (Various)	Non compliance with SCM regulations	Current Year: Write-Off	-	-
		Total Current Year	**(131,049,928)**	-
Asla Construction	Non compliance with SCM regulations	Prior Year: Write-Off	(61,682,780)	-
Mubesko Africa	Non compliance with SCM regulations	Prior Year: Write-Off	(229,519)	-
Hessequa Consulting Engineers	Non compliance with SCM regulations	Prior Year: Write-Off	(156,183)	-
Macnay	Non compliance with SCM regulations	Prior Year: Write-Off	(598,000)	-
Johan Kemp	Non compliance with SCM regulations	Prior Year: Write-Off	(87,738)	-
Preferential procurement Regulation 2022 below R30 000 (Various)	Non compliance with SCM regulations	Prior Year: Write-Off	(3,508,196.00)	
		Total Prior Year	**(66,262,416)**	-
		Total Prior Year Restated		-

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52. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION	2025 R	2024 R

52.1 MUNICIPAL FINANCE MANAGEMENT ACT

52.1.1 Contributions to Organised Local Government - SALGA

Opening Balance	-	1,208,685
Council Subscriptions	1,368,054	1,263,246
Amount Paid - current year	(1,368,054)	(1,263,246)
Amount Paid - previous years	-	(1,208,685)
Balance Unpaid (included in Creditors)	**-**	**-**

52.1.2 Pension and Medical Aid Deductions

Opening Balance	-	-
Current Year Contributions	36,203,208	33,259,132
Amount Paid - current year	(36,203,208)	(33,259,132)
Balance Unpaid (included in Creditors)	**-**	**-**

52.1.3 Audit Fees

Opening Balance	-	27,040
Current year Audit Fees:	6,333,387	7,020,216
Amount Paid - current year	(6,333,387)	(7,020,216)
Amount Paid - previous years	-	(27,040)
Balance Unpaid (included in Creditors)	**-**	**-**

The prior year's amounts have been restated due to recalculations done on documentation submitted.

52.1.4 PAYE, Skills Development Levy and UIF

Opening Balance	-	-
Current year Payroll Deductions	19,577,676	18,715,637
Amount Paid - current year	(19,577,676)	(18,715,637)
Balance Unpaid (included in Creditors)	**-**	**-**

52.1.5 VAT

The net of VAT input receivables and VAT output payables are shown in Note 16 Value Added Taxes. All VAT returns have been submitted by the due date throughout the year.

52.1.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June:

30 June 2025	**Total**	**Outstanding up to 90 days**	**Outstanding more than 90 days**
No Councillors had arrears as at 30 June 2025.	-	-	-
Total Councillor Arrear Consumer Accounts	**-**	**-**	**-**

30 June 2024	**Total**	**Outstanding up to 90 days**	**Outstanding more than 90 days**
Councillor D.Julius	746	746	-
Councillor F. Du Randt	15	15	-
Total Councillor Arrear Consumer Accounts	**761**	**761**	**-**

52.1.7 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

Commodity	Tenderer	Reason	Amount
Goods / Services	Various (26)	Exceptional case where it is impractical or impossible to follow the official procurement processes.	6,701,008
Goods / Services	Various (6)	Emergency (*)	2,895,982
Goods / Services	Various	Goods or services are produced or available from a sole supplie	-
Goods / Services	Various (3)	To ratify any minor breach of the procurement process which are of a technical nature	20,115
		Total:	9,617,105

(*) The amount does not include 1 case in respect of services rendered where the amount is based on a rate.

30 June 2024

Commodity	Tenderer	Reason	Amount
Goods / Services	Various (17)	Exceptional case where it is impractical or impossible to follow the official procurement processes.	963,098
Goods / Services	Various (14)	Emergency (*)	2,260,472
Goods / Services	Various (8)	Goods or services are produced or available from a sole supplie	87,672
Goods / Services	Various (2)	To ratify any minor breach of the procurement process which are of a technical nature	-
		Total:	3,311,242

(*) The amount does not include 1 case in respect of services rendered where the amount is based on a rate.

52.1.8 Awards to close family members of persons in the service of the state

In terms of section 45(1) of the Municipal Supply Chain Management Policy approved by the Council, the accounting officer must ensure that particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, must be disclosed in the notes to the Annual Financial Statements.

The following awards to close family members of persons in the service of the state in terms of the municipality's Supply Chain Management Policy and declared on MBD 4 were made:

Company Name	Employee Name & Relationship	Capacity	Type of Award	Award/ Purchase for the Year 2025 R	Award/ Purchase for the Year 2024 R
Hein's Auto Elektries	J. de Jager (Brother)	Manager: Budget, Reporting & Exp.	Quotation	241,197	73,408
Kemanzi (PTY) LTD	J.N. du Toit (Spouse)	Teacher	Tender	2,564,587	643,860
LSL Enterprises (Pty) Ltd	Cllr G. Lebazi (Sister)	Councillor	Rates Tender & Direct Orders	-	19,935
Masakhane Training	Q. Martin (Husband)	Police Officer	Quotation	41,937	9,500
Jonathan Oktober	M. Oktober (Wife)	Cleaner	Rates Tender & Quotation	-	6,382
Parkers and Partners (PTY) LTD	K. Juries (Son)	Chief Clerk: Acquisitions	Direct Order / Quotation	64,298	31,830
AH Windvogel	MPLR Windvogel (Morther)	Member of Parliament	Direct Order	24,950	21,840
Ducharme Consulting	L.Mbekeni (Wife)	Senior Legal Officer	Tender / Direct Order	3,499,721	2,655,165
Desmond Prins	J.Francis (Daughter)	Sterilisation Officer	Direct Order	-	9,000
Agritech t/a Autozone	L. Baransky (Wife)	Admin Officer: Property Management	Direct Order / Quotation	34,644	18,429
Phillip Crafford	J. Crafford (Wife)	Snr. Administrator: Courts	Direct Order	9,976	19,026
Red Ant Security and Relocation Services	N. Lesiela (Wife)	Organisational Design Development Pract.	Direct Order	-	1,335,937
JM Carelse	W, Carelse (Son)	General Worker:Parks	Direct Order / Quotation	46,484	36,854
Ruhan Beukes	D. Beukes (Mother)	Accountant: Rates & Taxes	Direct Order / Quotation	65,467	68,142
Swellendam Bestuurskool	R. Blauw (Son)	Teacher	Direct Order	-	24,500
MG Gilomee	P. Gilomee (Wife)	Exec PA to Ald.G. Fourie	Fixed Bid Price	-	116,780
KJ Uys	R. Theodore (Uncle)	Assistant SCM Practitioner	Direct Order	28,662	-
Bazil Koopman	Bazil Koopman JNR (Son)	Teacher	Direct Order / Quotation	15,280	-
Genlux Lighting a Division of ACTOM	I.Kruger (Nel) (Son)	Head of the Transmission System Development	Direct Order	63,033	-
Ettiene Vermaak	J.M.C. Vermaak (Son)	Pharmacist	Direct Order	175,963	-
Swellendam Bestuurskool (PTY)LTD	R. Blauwe (Son)	Teacher	Direct Order	5,000	-
DJ Prins	J. Francis (Daughter)	Staralasation Offices	Direct Order	14,057	-
Hermanus Jacobus Swart	F. Swart (Brother)	Foreman Parks	Direct Order	17,257	-
Total Awards and/or Purchases				**6,912,512**	**5,090,588**

For fixed bid prices the award amount is disclosed, for direct orders the order amount is disclosed and for rates tenders the actual expenditure is disclosed.

52.1.9 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	Unaccounted Electricity Losses	5,339,533	2.0480	10,935,364
30 June 2024	Unaccounted Electricity Losses	4,838,250	1.8421	8,912,541

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.

Volumes in kWh/year:	**2025** **R**	**2024** **R**
System Input Volume	56,947,673	53,261,564
Billed Consumption	51,608,140	48,423,314
	5,339,533	4,838,250
Percentage Distribution Loss	9.38%	9.08%

Water:

		Lost Units	Tariff	Value
30 June 2025	Unaccounted Water Losses	786,193	4.440	3,490,697
30 June 2024	Unaccounted Water Losses	560,063	4.524	2,533,572

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.

Volumes in Kl/year:	**2025** **R**	**2024** **R**
System Input Volume	2,160,527	1,925,692
Billed Consumption	1,374,334	1,365,629
Distribution Loss	786,193	560,063
Percentage Distribution Loss	36.39%	29.08%

52.2 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.

53. COMMITMENTS FOR EXPENDITURE

53.1 Capital Commitments

	2025 R	2024 R
Approved and Contracted for:	**17,638,266**	**20,248,422**
Infrastructure	14,141,813	19,372,665
Community	1,021,898	494,940
Office Buildings	2,474,555	380,817
Total Capital Commitments	**17,638,266**	**20,248,422**
This expenditure will be financed from:		
Capital Replacement Reserve	3,705,334	9,450,070
Government Grants	13,932,932	10,798,351
	17,638,266	**20,248,422**

The Capital Commitments are VAT inclusive.

54. FINANCIAL INSTRUMENTS

54.1 Classification

FINANCIAL ASSETS:

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

		2025 R	2024 R
Financial Assets at Amortised Cost:			
Non-current Long-term Receivables	Property Rates	317,929	344,706
Non-current Long-term Receivables	Trading Service Debtors	3,363,719	2,880,671
Receivables from Exchange Transactions	Electricity	9,956,648	12,021,440
Receivables from Exchange Transactions	Refuse	1,704,452	1,486,454
Receivables from Exchange Transactions	Sewerage	2,035,436	1,861,620
Receivables from Exchange Transactions	Merchandising, Jobbing and Contracts	89,607	89,607
Receivables from Exchange Transactions	Other Service Charges	665,392	639,843
Receivables from Exchange Transactions	Water	3,474,864	3,625,247
Receivables from Exchange Transactions	Property Rental Debtors	43,163	32,802
Receivables from Exchange Transactions	Housing Selling Scheme	-	1,171
Receivables from Exchange Transactions	Insurance Debtors	-	17,666,698
Receivables from Exchange Transactions	Deposits for Land	-	4,446,000
Receivables from Non-exchange Transactions	Electricity	132,969	135,702
Receivables from Non-exchange Transactions	Sewerage	92,644	100,034
Receivables from Non-exchange Transactions	Water	89,061	91,349
Cash and Cash Equivalents	Call Deposits	125,457,664	93,346,738
Cash and Cash Equivalents	Bank Balances	83,338,161	85,164,736
Cash and Cash Equivalents	Cash Floats and Advances	4,650	4,650
Total Financial Assets		**230,766,360**	**223,939,466**

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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:			
Financial Liabilities at Amortised Cost:			
Non-current Finance Lease Obligations	Non-current Finance Lease Obligations	-	214,499
Non-current Borrowings	Annuity Loan	26,626,748	23,326,683
Consumer Deposits	Electricity	795,805	736,300
Consumer Deposits	Water	1,988,098	1,561,736
Consumer Deposits	Other Deposits	2,949,644	2,476,810
Payables from Exchange Transactions	Other Payables	1,288,618	18,735,326
Payables from Exchange Transactions	Trade Creditors	51,852,854	57,255,168
Current Finance Lease Obligations	Current Finance Lease Obligations	214,498	402,025
Current Borrowings	Annuity Loan	4,201,905	4,161,118
Total Financial Liabilities		**89,918,171**	**108,869,664**

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

Gearing Ratio

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

	2025	2024
Debt	31,043,151	28,104,324
Cash and Cash Equivalents	(125,462,314)	(93,351,388)
Net Debt	(94,419,163)	(65,247,063)
Equity	563,731,386	561,104,096
Net debt to equity ratio	**-16.75%**	**-11.63%**

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.

54.2 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.

54.3 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 and interest rates, 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. Refer to Note 54.4 below for more detail

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 investments held with registered financial institutions. Refer to Note 54.5 below for more detail.

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 54.6 to the Annual Financial Statements.

54.4 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 54.6 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.

54.4.1 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 foreign currency.

54.4.2 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 well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

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 interest rate risk as the municipality borrows funds at both fixed and floating interest rates. The risk is managed by the municipality by maintaining an appropriate mix between fixed and floating rate borrowings, such borrowing being below market related
rates.

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 54.6 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 R484,134 (30 June 2024: R375,350). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

54.5 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 and First National 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 Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

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.

	2025	2024
	R	R

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

	2025 R	2024 R
Long-term Receivables	3,681,648	3,225,377
Receivables from Exchange Transactions	39,517,398	62,091,386
Receivables from Non-exchange Transactions	2,288,970	3,389,195
Bank, Cash and Cash Equivalents	208,800,476	178,516,124
Maximum Credit and Interest Risk Exposure	**254,288,492**	**247,222,081**

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	89.11%	58.45%
- Other Receivables	0.30%	0.18%
- Other Debtors	0.00%	26.98%
- Other Minor Classes	5.11%	9.22%
Non-Exchange Debtors:		
- Service Debtors	5.48%	5.18%
- Other not Classified	0.00%	0.00%
Total Credit Risk	**100.00%**	**100.00%**

	2025 R	2024 R
Bank and Cash Balances		
ABSA Bank Ltd	208,795,826	178,511,474
Cash Equivalents	4,650	4,650
Total Bank and Cash Balances	**208,800,476**	**178,516,124**

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:

	2025 R	2024 R
Long-term Receivables		
High	-	-
Medium	317,929	344,706
Low	3,363,719	2,880,671
Total Long-term Receivables	**3,681,648**	**3,225,377**
Receivables from Exchange Transactions		
Counterparties without external credit rating:		
High	18,744,979	32,119,527
Medium	953,402	11,391,076
Total Receivables from Exchange Transactions	**19,698,380**	**43,510,602**
Receivables from Non-exchange Transactions		
High	273,543	257,163
Total Receivables from Non-exchange Transactions	**273,543**	**257,163**

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.

The municipality holds deposits to the amount of R5,733,548 (2024: R4,774,845) as security for oustanding debt of its receivables.

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

Refer to Note 2.1 for the analysis of the age of financial assets that are past due as at the end of the reporting period but not impaired.

54. FINANCIAL INSTRUMENTS

54.6 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	12 Months or less	2 - 5 Years	More than 5 Years
		%	R	R	R	R
30 June 2025						
Non-interest Bearing			58,875,020	58,875,020	-	-
- Consumer Deposits			5,733,548	5,733,548	-	-
- Payables from Exchange transactions			53,141,472	53,141,472	-	-
Fixed Interest Rate Instruments			46,733,780	7,524,396	24,183,156	15,026,228
- Non-current Long-term Liabilities		11.05%	39,209,384	-	24,183,156	15,026,228
- Current Finance Lease Obligations		10.67%	221,733	221,733	-	-
- Current Portion of Long-term Liabilities		10.73%	7,302,663	7,302,663	-	-
			105,608,801	**66,399,417**	**24,183,156**	**15,026,228**
30 June 2024						
Non-interest Bearing			80,765,339	80,765,339	-	-
- Consumer Deposits			4,774,845	4,774,845	-	-
- Payables from Exchange transactions			75,990,494	75,990,494	-	-
Fixed Interest Rate Instruments			42,868,939	7,468,911	20,408,021	14,992,007
- Non-current Finance Lease Obligations		10.76%	221,733	-	221,733	-
- Non-current Long-term Liabilities		11.39%	35,178,294	-	20,186,288	14,992,007
- Current Finance Lease Obligations		10.67%	448,718	448,718	-	-
- Current Portion of Long-term Liabilities		10.50%	7,020,194	7,020,194	-	-
			123,634,279	**88,234,251**	**20,408,021**	**14,992,007**

The municipality has access to financing facilities, the total unused amount which is R0 (2024: R0), at the reporting date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain current debt to equity ratio. This will be achieved through increased service tariff charges and the increased use of unsecured bank loan facilities.

55. RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible employees, who belong to different pension schemes. Employees belong to a variety of approved Pension and Provident Funds as described below.

Council contributes to the Consolidated Retirement Fund and the Municipal Workers Retirement Fund, which are both defined contribution funds. In terms of the schemes' rules, pension is being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

These funds are governed by the Pension Funds Act, 1956, and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R13,560,113 (2024: R12,539,795) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

55.1 DEFINED CONTRIBUTION SCHEMES

Consolidated Retirement Fund for Local Government:

The contribution rate paid by the members is between 7.5% and/or 12% and the municipality's contribution between 7.5% and 19.5%. This is sufficient to fund the benefits accruing from the fund in the future.

Municipal Workers Retirement Fund:

The contribution rate payable is 9% by the members and 18% by their councils. As from 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates.

56. RELATED PARTY TRANSACTIONS

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

56.1 Interest of Related Parties

The following Councillors and/or Management of the municipality and/or close family members of Councillors / Management have relationships with businesses as indicated below:

Designation	Businesses	Description of Related Party Relationship	
Councillor	Barrydale Training Hup	Non-Profit Organization	Director
Councillor	Nerospec Pty (ltd)	Electronic Manufacturing	HOD Marketing
Councillor	Contemporary Arts	Art Gallery	Owner
Management	Dswart Enterprises	Town House Management	Non-Executive

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56.2 Services rendered to Related Parties

During the year the Municipality rendered services to the following related parties that are related to the Municipality as indicated:

30 June 2025	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
Councillors	73,929	206,820	1,949	282,698
Senior Managers - Section 57 Employees	25,731	16,146	207	42,084
Total Services	**99,659**	**222,966**	**2,156**	**324,782**

30 June 2024	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
Councillors	80,841	227,528	1,380	60,210
Senior Managers - Section 57 Employees	23,611	15,712	115	4,345
Total Services	**104,452**	**243,240**	**1,495**	**64,555**

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Key Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

56.3 Loans granted to Related Parties

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by the municipality.

56.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 35.1, 35.2 and 36 to the Annual Financial Statements.

Included in the notes of Compensation of Key Management the municipality has current employee benefit obligations and made other non-employee related cost payments towards senior management on 30 June 2025

56.5 Purchases from Related Parties

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

Company Name	Related Person	Municipal Capacity	Nature of relationship	Purchases for the Year 2025 R	Purchases for the Year 2024 R
LSL Enterprises	Gladys Libazi	Councillor	Aunt	-	19,935
Total Purchases				**-**	**19,935**

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.

	2025	2024
57. CONTINGENT LIABILITIES	**R**	**R**
57.1 Bank Guarantees:	**22,000**	**22,000**
(i) In favour of Eskom	2,000	2,000
(ii) In favour of Department of Minerals and Energy	20,000	20,000
(iii) In favour of Diale Mogashoa Inc Attorneys	-	-
57.2 Court Proceedings:	**6,985,467**	**4,104,270**

Court Proceedings 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	2024
57.2.1 Royal Haskoning DHV (Pty) Ltd: Contract in dispute.	246,639	246,639
57.2.2 Re-Solve Consulting (Pty) Ltd: Contract in dispute.	1,744,092	1,744,092
57.2.3 Swellendam Municipality // JP Botha SWE2/0109 - Damage to vehicle due to potholes.	40,343	40,343
57.2.4 Swellendam Municipality // Rowe Iliso Joint Venture SWE2/0120 - Contractor dispute Barrydale Water Works	432,375	432,375
57.2.5 Swellendam Municipality // Guardrisk SWE2/0121 - Guardrisk dispute with broker.	197,238	197,238
57.2.6 Swellendam Municipality // De Reuk SWE2/0072 - Damage claim regarding pre-fabricated fence	38,950	-
57.2.7 Swellendam Municipality // Vorster SWE2/0132 - Claim for legal cost for illegal suspension	130,065	-
57.2.8 Swellendam Municipality // Jackle S 00032 - Damage to vehicle due to overhanging tree.	18 457	-
57.2.9 Swellendam Municipality // Spamer S 00002 - Damage to tyre due to pothole.	23,706	-
57.2.10 Swellendam Municipality // Dynarc S 00034 - Dispute developers contribution	2,155,469	-
57.7.11 VAT Output Tax - Western Cape Provincial Library Grant	1,976,590	1,443,583

The estimate for Interest and Penalties payable at 30 June 2025 is calculated as R1 976 590 (2024: R1443 583. According to Section 217(3) of the Tax Administration Act (TAA), the municipality may apply to the South African Revenue Service (SARS) for the reversal of the percentage penalty imposed in terms of section 213, if SARS is satisfied that the penalty which has been imposed in respect of a “first incidence” of non-compliance, reasonable grounds for the non-compliance exist; and the non-compliance in issue has been remedied, it may result in the total liability being reduced by R 540 743 (2024: R 458 057). Section 223 of the TAA, however, also imposes an additional understatement penalty of between 10% and 150%, with the applicable penalty based on a spectrum of behavioural criteria.

Due to the uncertainty of the penalty percentage and the criteria that will be used, this additional understatement penalty is difficult to calculate and thus cannot be estimated reliably. This penalty may be waived by SARS in the case of a voluntary disclosure relief application.

Please refer to Note 20 Provisions for more details.

	2025	2024
58. CONTINGENT ASSETS	**R**	**R**
58.1 Insurance Claims:	**7,446,492**	**7,749,689**
Fire Damages:		
Thusong Community Hall	-	303,197
Main Administration Building	7,446,492	7,446,492

Due to a fire that partially destroyed the municipality's administrative building and community hall, an insurance claim for the content of the main building to the value of R7 446 492 is still outstanding. No agreement of loss has been received from SASRIA.

The Thusong Community Hall claim was paid by the insurance company to the municipality during the 2024/2025 financial year.

59. IN-KIND DONATIONS AND ASSISTANCE

The municipality received the following in-kind donations and assistance:

		2025	2024
Provincial Government	Fence Landfill Site	-	3,455,615
Provincial Government, Private & Municipalities	Furniture & Computer Equipment	-	1,233,440
Private Enterprises	Infrastructure	5,007,362	-
Private Enterprises / Individuals	Investment Property	615,000	-
		5,622,362	4,689,055

60. ANALYSIS OF PRINCIPAL / AGENCY ACCOUNTING

60.1 Municipality acting as the Principal

Compensation paid for Agency Activities:

	2025	2024
Comission - Easy Pay	139,326	-
Commission - Syntell Vending	876,673	738,750
Commission - TMT	5,406,430	3,106,331
Total Compensation Paid	**6,422,429**	**3,845,081**

60.1.1 Sale of Prepaid Electricity

The municipality paid 1.4% on the rand value of pre-paid electricity sales as reflected in the Syntell Vending Gateway reports. Syntell exclusively dispense and sell pre-paid electricity on behalf of the municipality. As per the agreed terms of conditions of a contract entered between the parties for a 5 year period which is due to lapse on 30 June 2027.

An amount of R87 359 (2024: R80 267) VAT inclusive was due to Syntell at financial year-end and included under note 26, Payables from Exchange.

The resources of Syntell, remain their own and do not form part of the municipality's Financial Statements.

No resource and/or cost implications on the municipality as no new service provider will be appointed.

60.1.2 Traffic Fines collection and equipment

An amount of R453 996 (2024: R1 158 966) VAT inclusive was due to TMT at financial year-end and included under note 26, Payables from Exchange.

The resources of TMT, remain their own and do not form part of the municipality's Financial Statements.

No resource and/or cost implications on the municipality as no new service provider will be appointed.

60.2 Municipality acting as the Agent

60.2.1 Motor Vehicle Licensing and Registration

The municipality acts as agent for the Western Cape’s Department of Mobility where it provides motor vehicle registration and licensing services on behalf of the department.

(a) Details of the Arrangement are as follows:

The Municipality undertakes to render Motor Vehicle Licensing Services on behalf of the Western Cape Department of Mobility, and collects a commission of 12% plus VAT.

(b) Resources held on behalf of the Principal, but recognised in the municipality's own Financial Statements:

The Resources regarding the Licensing Department, remain their own and do not form part of the municipality’s Financial Statements.

(c) Revenue Recognised:

The aggregate amount of revenue that the municipality recognised as compensation for the transactions carried out on behalf of the principal is R2,766,959 (2024: R2,735,803).

(d) Category of Revenue received or to be received on behalf of the Principal, are:

Categories	**Additional Details**
Licensing Fees	Income collected on behalf of Department of Mobility for Motor Vehicle Registration

(e) Category(ies) of Expenses paid or accrued on behalf of the Principal, are:

The municipality does not incur any expenses on behalf of the principal.

	2025 R	2024 R
(f) Amount of Revenue received on behalf of the Principal during the Reporting Period:		
Motor Vehicle Licence Fees & RTMC Transaction Fees	15,549,520	15,413,445
(g) Reconciliation of the Carrying Amount of Payables:		
Opening Balance	212,704	195,324
Revenue Received on behalf of the Principal	15,549,520	15,413,445
Amounts Transferred to the Principal	(15,487,802)	(15,396,066)
Closing Balance	274,423	212,704

60.2.2 Department of Infrastructure: Housing Programme

Nature and Purpose of the Arrangement

The municipality acts as an agent for the Western Cape Department of Infrastructure (the Department) in respect of the housing programme. The purpose of the arrangement is for the municipality to perform administrative and beneficiary-related functions on behalf of the Department, including marketing of the project, processing of beneficiary applications, facilitating agreements with approved beneficiaries, and coordinating administrative processes required to support the Department's housing delivery mandate.

In accordance with GRAP 109, the municipality assessed its role and concluded that it acts as an agent, based on the following:

- The Department determines the eligibility criteria, approves beneficiaries, determines the number of units to be allocated, subsidy values an project scope.

- The municipality has no discretion in key decision-making and performs activities strictly within the policies, guidelines and instructions issued by the Department.

- The municipality does not control any resources arising from the programme, nor does it have exposure to variability in the outcomes of transactions with third parties.

During the reporting period, the municipality did not hold any cash, assets or other resources on behalf of the Department in respect of this administrative progress. The municipality received no compensation or administrative fee from the Department for performing these activities for the financial year.

The municipality did not incur any liabilities on behalf of the Department for which reimbursement rights would arise. The municipality does not collect revenue nor incur expenditure on behalf of the Department in relation to this process. It only performs administrative functions.

As no receivables or payables arise from the arrangement, the municipality has no opening or closing balances, nor any in-year movements to disclose.

In terms of the construction and project implementation phase of this project the municipality acts as a developer this has been accordingly treated in terms of GRAP 11. Please refer to Note 14.1

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61. EVENTS AFTER THE REPORTING DATE

61.1 Sell of Erven

On the 28th of August 2025 the council resolved to dispose of certain erven classified as Investment Property and Land.

The decision occurred after the reporting date of 30 June 2025. As such, it is classified as a non-adjusting event in terms of GRAP 14.

No financial effect can be reliably estimated at this stage.

61.2 Primary Bank change

The municipality has changed its primary banking institution subsequent to year-end, this is a non-adjusting event in terms of GRAP 14.

The tender was awarded to Standard Bank on the 1st of July 2025

This has no impact on the financial position as at 30 June 2025.

62. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 48.).

63. GOING CONCERN ASSESSMENT

Management considered the following matters in relation to the Going Concern position of Swellendam Municipality:

(i) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(ii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iii) As the municipality has the power to levy fees, tariffs and charges, this will result in an on-going inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

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

64. 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 Municipal Governance and Administration Services:**
  - This segment consists of services such as executive services, support services to the executive and finance & administration services.

- **The segment for Community and Public Safety Services:**
  - This segment consists of all services for community & social development, public safety and sport & recreation.

- **The segment for Economic and Environmental Services:**
  - This segment consists of environmental services such as planning & development, environmental protection and roads & storm water.

- **The segment for Trading Services:**
  - This segment consists of the following infrastructure and consumer services delivered to the community.

- **The segment for Other Services:**
  - This segment consists of minor services rendered in the municipal jurisdiction area, e.g tourism and other licensing services.

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 set off against each other as internal charges, and are therefore eliminated and not reported in Segment Reporting. The quality of services provided internally is monitored as part of the service performance information.

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.

64.1 Segmental Analysis of Financial Performance

Year Ended 30 June 2025

Description	Governance and Administration	Community and Public Safety	Economic and Environmental	Trading Services	Other	Total for Municipality
	R	R	R	R	R	R
REVENUE						
Revenue from Non-exchange Transactions						
Property Rates	61,757,422	-	-	-	-	61,757,422
Fines, Penalties and Forfeits	8,100	54,585,408	-	202,271	-	54,795,779
Transfers and Subsidies	22,687,559	5,987,079	15,351,149	38,587,601	-	82,613,388
Surcharges and Taxes	1,475,961	-	-	-	-	1,475,961
Service Charges	-	-	-	3,803,167	-	3,803,167
Interest, Dividends and Rent on Land Earned	354,334	-	-	-	-	354,334
Revenue from Exchange Transactions						
Licences and Permits	-	1,380,617	-	-	21,605	1,402,222
Transfers and Subsidies	5,673,078	-	-	-	-	5,673,078
Service Charges	-	-	-	203,436,488	-	203,436,488
Sales of Goods and Rendering of Services	813,691	1,006,979	1,889,906	60,535	-	3,771,110
Construction Contract Revenue	-	132,073,610	-	-	-	132,073,610
Income from Agency Services	-	2,766,959	-	-	-	2,766,959
Rental from Fixed Assets	544,128	248,682	-	-	-	792,810
Interest, Dividends and Rent on Land Earned	16,911,898	-	-	1,694,229	-	18,606,127
Operational Revenue	647,810	8,313	7,111	1,655,913	-	2,319,147
Gains on Disposal of Property, Plant and Equipment	3,123,179	-	-	-	-	3,123,179
Total Revenue	**113,997,159**	**198,057,645**	**17,248,167**	**249,440,205**	**21,605**	**578,764,781**
EXPENDITURE						
Employee Related Costs	52,395,371	28,018,977	18,450,886	29,080,952	354,095	128,300,281
Remuneration of Councillors	5,828,799	-	-	-	-	5,828,799
Depreciation and Amortisation	3,239,767	1,416,913	4,195,569	10,977,553	-	19,829,801
Impairment Losses	489,352	35,836,129	1,984,232	25,880,860	-	64,190,573
Interest, Dividends and Rent on Land	766,688	185,728	824,898	8,125,644	-	9,902,958
Bulk Purchases	-	-	-	116,634,825	-	116,634,825
Contracted Services	11,243,106	131,958,613	18,581,406	15,725,128	-	177,508,253
Inventory Consumed	675,906	1,212,483	1,283,841	14,993,763	-	18,165,994
Transfers and Subsidies Paid	632,301	-	-	28,696	412,000	1,072,996
Operating Leases	565,876	-	-	229,463	-	795,339
Operational Costs	16,090,096	2,346,666	1,773,213	5,245,673	61,115	25,516,764
Loss on Disposal of Property, Plant and Equipment	6,411,407	-	-	1,624,563	-	8,035,970
Total Expenditure	**98,338,670**	**200,975,509**	**47,094,046**	**228,547,119**	**827,210**	**575,782,553**
Other Operations:						
Gains on Other Operations	225,670		-		-	225,670
Losses on Other Operations	(580,608)	-	-	-	-	(580,608)
Surplus/(Deficit) for the Year	**15,303,551**	**(2,917,864)**	**(29,845,879)**	**20,893,086**	**(805,604)**	**2,627,290**
Capital Expenditure	6,642,795	760,489	19,994,917	24,290,932	-	51,689,133

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Year Ended 30 June 2024

Description	Governance and Administration	Community and Public Safety	Economic and Environmental	Trading Services	Other	Total for Municipality
	R	R	R	R	R	R
REVENUE						
Revenue from Non-exchange Transactions						
Property Rates	56,640,567	-	-	-	-	56,640,567
Fines, Penalties and Forfeits	17,241	48,741,323	-	99,510	-	48,858,074
Transfers and Subsidies	25,069,036	22,028,825	5,585,703	49,722,846	-	102,406,410
Surcharges and Taxes	-	-	960,923	-	-	960,923
Service Charges	-	-	-	3,390,680	-	3,390,680
Interest, Dividends and Rent on Land Earned	403,829	-	-	-	-	403,829
Revenue from Exchange Transactions						
Licences and Permits	-	-	1,250,867	-	22,709	1,273,576
Transfers and Subsidies	5,258,674	-	-	-	-	5,258,674
Service Charges	-	44,525	-	177,566,583	-	177,611,108
Sales of Goods and Rendering of Services	593,367	1,136,172	1,515,237	50,944	-	3,295,720
Construction Contract Revenue	-	56,420,187	-	-	-	56,420,187
Income from Agency Services	-	2,735,803	-	-	-	2,735,803
Rental from Fixed Assets	300,039	424,493	-	-	-	724,533
Interest, Dividends and Rent on Land Earned	14,344,553	-	-	-	-	14,344,553
Operational Revenue	17,687,331	5,618	155,420	776,633	-	18,625,001
Gains on Disposal of Property, Plant and Equipment	281,081	-	-	-	-	281,081
Total Revenue	**120,595,719**	**131,536,946**	**9,468,149**	**231,607,196**	**22,709**	**493,230,718**
EXPENDITURE						
Employee Related Costs	26,479,300	35,930,972	16,605,281	39,848,784	-	118,864,337
Remuneration of Councillors	5,822,778	-	-	-	-	5,822,778
Depreciation and Amortisation	3,053,914	1,438,384	4,191,527	10,956,527	-	19,640,352
Impairment Losses	2,981,722	27,070,906	3,826,006	8,039,658	-	41,918,292
Interest, Dividends and Rent on Land	785,089	219,739	956,440	8,110,251	-	10,071,519
Bulk Purchases	-	-	-	98,123,267	-	98,123,267
Contracted Services	11,275,792	58,204,616	12,494,586	8,047,437	-	90,022,432
Inventory Consumed	1,339,945	1,069,575	850,388	13,534,177	-	16,794,086
Transfers and Subsidies Paid	252,117	-	300,000	-	550,000	1,102,117
Operating Leases	427,832	5,258	-	309,619	-	742,709
Operational Costs	23,443,720	1,209,374	1,097,172	2,399,936	15,000	28,165,202
Loss on Disposal of Property, Plant and Equipment	989,425	-	-	-	-	989,425
Total Expenditure	**76,851,635**	**125,148,824**	**40,321,401**	**189,369,654**	**565,000**	**432,256,515**
Other Operations:						
Gains on Other Operations	412,412	-	-	-	-	412,412
Losses on Other Operations	(262)	-	-	-	-	(262)
Surplus/(Deficit) for the Year	**44,156,234**	**6,388,122**	**(30,853,252)**	**42,237,542**	**(542,291)**	**61,386,354**
Capital Expenditure	3,265,171	1,148,284	3,564,605	44,326,244	-	52,304,304

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