# BITOU
# LOCAL MUNICIPALITY

**Audited**

## ANNUAL FINANCIAL STATEMENTS

## for the year ended 30 June 2025

30 Nov 2025

# BITOU LOCAL MUNICIPALITY
Audited financial statements for the year ended 30 June 2025

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**NATURE OF BUSINESS AND PRINCIPLE ACTIVITIES**

Bitou Local Municipality is a Local Municipality performing the functions set out in The Constitution. (Act no 105 of 1996).

This in effect means that the municipality provides services like water, electricity, sewerage and sanitation to the community. Bitou Local Municipality also serves as an agent to Provincial Government in providing housing, motor vehicle licensing and registration and library services functions to the community.

**COUNTRY OF ORIGIN AND LEGAL FORM**

South African Category B municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998).

**JURISDICTION**

The Bitou Local Municipality includes the following areas:

*Bossiesgif*
*Covie*
*Harkerville*
*Keurbooms*
*Kranshoek*
*Kurland*
*Kwanokuthula*
*Natures Valley*
*New Horizons*
*Pinetrees*
*Plettenberg Bay*
*Qolweni*
*Uplands*
*Wittedrift*

**WARD INFORMATION**

| | |
|---|---|
| Ward 1 | *Wittedrift/Kurland/Natures Valley/Keurbooms/Covie/Uplands* |
| Ward 2 | *Plettenberg Bay South & North* |
| Ward 3 | *Qolweni/Bossiesgif/Pinetrees/Portion of New Horizons* |
| Ward 4 | *Portion of New Horizons/Portion of Kwanokuthula* |
| Ward 5 | *Kwanokuthula* |
| Ward 6 | *Kwanokuthula* |
| Ward 7 | *Kranshoek/Harkerville/Portion of Kwanokuthula* |

**MEMBERS OF THE MAYORAL COMMITTEE**

**Current - 2024-2025**

| | | | | |
|---|---|---|---|---|
| *Executive Mayor* | *Councillor J . Kamkam* | *26-Aug-2024* | *to* | *30-Jun-2025* |
| *Deputy Executive Mayor* | *Councillor NP . Kolwapi* | *2-Feb-2024* | *to* | *30-Jun-2025* |
| *Speaker* | *Councillor MP . Busakwe* | *26-Aug-2024* | *to* | *30-Jun-2025* |
| *Mayoral Committee Member 1* | *Councillor WJ . Nel* | *26-Aug-2024* | *to* | *30-Jun-2025* |
| *Mayoral Committee Member 2* | *Councillor AR . Olivier* | *26-Aug-2024* | *to* | *30-Jun-2025* |

**Previous - 2024-2025**

| | | | | |
|---|---|---|---|---|
| *Executive Mayor* | *Councillor CN . Terblanche* | *2-Feb-2024* | *to* | *26-Aug-2024* |
| *Speaker* | *Councillor SE . Gcabayi* | *2-Feb-2024* | *to* | *26-Aug-2024* |
| *Mayoral Committee Member 1* | *Councillor M . Mitchell* | *2-Feb-2024* | *to* | *26-Aug-2024* |
| *Mayoral Committee Member 2* | *Councillor T . Mhlana* | *2-Feb-2024* | *to* | *26-Aug-2024* |

**OTHER COUNCIL POSITIONS**

**Current - 2024-2025**

| | | | | |
|---|---|---|---|---|
| *Section 79 Chairperson* | *Councillor R . Willemse* | *30-Aug-2024* | *to* | *30-Jun-2025* |

**Previous - 2024-2025**

| | | | | |
|---|---|---|---|---|
| *Section 79 Chairperson* | *Councillor NT . Seti* | *2-Feb-2024* | *to* | *30-Aug-2024* |
| *Chief Whip* | *Councillor SA . Mangxaba* | *15-Mar-2024* | *to* | *30-Aug-2024* |
| *Chief Whip* | *Councillor AR . Olivier* | *31-Jan-2022* | *to* | *15-Mar-2024* |

**WARD COUNCILLORS**

**Current - 2024-2025**

| | | | | | |
|---|---|---|---|---|---|
| *Ward 1* | *DA* | *Councillor J . Kamkam* | *18-Nov-2021* | *to* | *30-Jun-2025* |
| *Ward 2* | *DA* | *Councillor D . Swart* | *18-Nov-2021* | *to* | *30-Jun-2025* |
| *Ward 3* | *ANC* | *Councillor T . Mhlana* | *18-Nov-2021* | *to* | *30-Jun-2025* |
| *Ward 4* | *PDC* | *Councillor CN . Terblanche* | *18-Nov-2021* | *to* | *30-Jun-2025* |
| *Ward 5* | *ANC* | *Councillor SA . Mangxaba* | *18-Nov-2021* | *to* | *30-Jun-2025* |
| *Ward 6* | *ANC* | *Councillor NT . Seti* | *18-Nov-2021* | *to* | *30-Jun-2025* |
| *Ward 7* | *DA* | *Councillor AR . Olivier* | *18-Nov-2021* | *to* | *30-Jun-2025* |

**PROPORTIONAL REPRESENTATIVE COUNCILLORS**

**Current - 2024-2025**

| | | | | |
|---|---|---|---|---|
| *AUF* | *Councillor MP . Busakwe* | *18-Nov-2021* | *to* | *30-Jun-2025* |
| *ANC* | *Councillor SE . Gcabayi* | *18-Nov-2021* | *to* | *30-Jun-2025* |
| *DA* | *Councillor WJ . Nel* | *18-Nov-2021* | *to* | *30-Jun-2025* |
| *DA* | *Councillor R . Willemse* | *1-Jul-2024* | *to* | *30-Jun-2025* |
| *PA* | *Councillor K . De Bruin* | *17-Oct-2024* | *to* | *30-Jun-2025* |
| *IPM* | *Councillor NP . Kolwapi* | *18-Nov-2021* | *to* | *30-Jun-2025* |

**Previous - 2024-2025**

| | | | | |
|---|---|---|---|---|
| *DA* | *Councillor NS . Ndayi* | *18-Nov-2021* | *to* | *30-Jun-2024* |
| *PA* | *Councillor M . Mitchell* | *16-Mar-2023* | *to* | *7-Oct-2024* |

**ACCOUNTING OFFICER**

*Mr. M Memani*

**CHIEF FINANCIAL OFFICER**

*Mr. CL Mapeyi*

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## MEMBERS OF THE AUDIT COMMITTEE

**Current - 2024-2025**

| | | | | |
|---|---|---|---|---|
| *Chairperson* | *Mr. M. Hennessy* | *20-May-2025* | *to* | *30-Jun-2025* |
| *Member 1* | *Mr. M. Brewis* | *1-Jan-2025* | *to* | *30-Jun-2025* |
| *Member 2* | *Mr. A. Treurnich* | *1-May-2025* | *to* | *30-Jun-2025* |
| *Member 3* | *Mr. I. Boardman* | *1-May-2025* | *to* | *30-Jun-2025* |

**Previous - 2024-2025**

| | | | | |
|---|---|---|---|---|
| *Chairperson* | *Ms. R. Shaw* | *1-Mar-2022* | *to* | *28-Feb-2025* |
| *Member 1* | *Mr. K. Zono* | *1-Mar-2022* | *to* | *28-Feb-2025* |
| *Member 2* | *Mr. M. Hennessy* | *1-Jan-2024* | *to* | *20-May-2025* |
| *Member 3* | *Mr. M. Brewis* | *1-Jan-2022* | *to* | *31-Dec-2024* |

## REGISTERED OFFICE

*Sewell street, Plettenberg Bay, 6600*
*Private Bag X 1002. Plettenberg Bay, 6600*

## CONTACT DETAILS

| | |
|---|---|
| *Telephone number:* | *044-501 3000* |
| *Website:* | *www.Bitou.gov.za* |
| *Email:* | *customercare@plett.gov.za* |

## AUDITORS

*Auditor General of South Africa*

## PRINCIPLE BANKERS

*Standard Bank, Plettenberg Bay*

## ATTORNEYS

*A Adriaans Incorporated t/a Adriaans Attorneys*
*Boqwana Burns Inc*
*Bowes, Loon & Connelan Inc t/a BLC Attorneys*
*Dyushu and Majebe Inc t/a Dyushu and Majebe Attorneys*
*HDRS Attorneys Inc*
*Lizel Venter Attorneys*
*Logan Martin Inc.*
*Lulama Prince Inc Attorneys*
*Mabheshwana & Associates*
*Magqabi Seth Zita Attorneys Inc*
*Mosdell Pama Cox Plettenberg Bay Inc t/a Mosdell Pama Cox*
*Musethsho & Associates*
*Nandi Bulabula Inc t/a Nandi Bulabula Attorneys*
*Pagdens Incorporated*
*Regan Brown Inc*
*SA Dingi Attorneys*
*Siyathemba Sokutu Attorneys Inc*
*Tsotso and Associates Inc*
*V Derrocks Incorporated t/a Derrocks Attorneys*

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**RELEVANT LEGISLATION**

*The Constitution of the Republic of South Africa (Act no 108 of 1998)*
*Municipal Finance Management Act (Act no 56 of 2003)*
*Division of Revenue Act*
*The Income Tax Act*
*Value Added Tax Act*
*Municipal Structures Act (Act no 117 of 1998)*
*Municipal Systems Act (Act no 32 of 2000)*
*Municipal Planning and Performance Management Regulations*
*Water Services Act (Act no 108 of 1997)*
*Municipal Property Rates Act (Act no 6 of 2004)*
*Housing Act (Act no 107 of 1997)*
*Electricity Act (Act no 41 of 1987)*
*Skills Development Levies Act (Act no 9 of 1999)*
*Employment Equity Act (Act no 55 of 1998)*
*Unemployment Insurance Act (Act no 30 of 1966)*
*Basic Conditions of Employment Act (Act no 75 of 1997)*
*Supply Chain Management Regulations, 2005*
*SALBC Collective agreements*
*Infrastructure grants*

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

The annual financial statements have been prepared in accordance with Standards of Generally Recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

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

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

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

In terms of section 13g, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities, and organs of state must report on their compliance with broad-based black empowerment in their audited annual financial statements and annual reports. Please refer to note 69.

The Accounting Officer has reviewed the municipality’s cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, he is satisfied that the municipality can continue in operational existence as a going concern for the foreseeable future.

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 of provincial and local government's determination in accordance with this act.

The annual financial statements set out from page 6, which have been prepared on a going concern basis were approved by the Accounting Officer on 27 November 2025 and were signed on behalf of the municipality by:

| | |
|---|---|
| | **27 November 2025** |
| *Mr. CL Mapeyi* | **Date** |
| **Acting Accounting Officer** | |

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# Statement of Financial Position as at 30 June 2025

| | Note | 2025 R | 2024 Restated R |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Heritage assets | 3 | 37 673 | 37 673 |
| Investment property | 4 | 16 093 686 | 14 050 224 |
| Property, plant and equipment | 6 | 1 414 514 463 | 1 320 480 983 |
| | | **1 430 645 822** | **1 334 568 880** |
| **Current assets** | | | |
| Cash and cash equivalents | 7 | 225 014 353 | 165 427 181 |
| Current portion of long-term receivables | 5 | 9 438 | 9 438 |
| Inventories | 8 | 17 286 556 | 15 845 449 |
| Operating lease asset | 9 | 2 266 | 17 640 |
| Receivables from exchange transactions | 10 | 75 176 434 | 59 638 610 |
| Receivables from non-exchange transactions | 10 | 47 730 859 | 40 444 165 |
| Unpaid conditional grants | 11 | 30 050 811 | 38 841 535 |
| VAT control receivable | 12.1 | 3 462 250 | 6 749 050 |
| VAT input accrual | 12.2 | 3 979 092 | 9 260 318 |
| | | **402 712 059** | **336 233 386** |
| **Total assets** | | **1 833 357 881** | **1 670 802 266** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Employee benefit obligation | 13 | 93 677 000 | 84 484 000 |
| Long-term borrowings | 14 | 127 432 387 | 107 276 384 |
| | | **221 109 387** | **191 760 384** |
| **Current liabilities** | | | |
| Consumer deposits | 15 | 11 982 513 | 11 361 600 |
| Current employee benefit obligation | 16 | 39 225 177 | 38 074 352 |
| Current portion of long-term borrowings | 14 | 20 411 062 | 20 425 221 |
| Current provisions | 17 | 1 700 001 | 2 218 245 |
| Operating lease liability | 9 | 505 458 | 441 391 |
| Trade and other payables from exchange transactions | 18 | 103 264 835 | 138 429 426 |
| Unspent conditional grants | 11 | 607 397 | 915 986 |
| VAT control payable | 12.3 | 14 724 651 | 13 386 892 |
| VAT output accrual | 12.4 | 6 034 674 | 537 400 |
| | | **198 455 768** | **225 790 513** |
| **Total liabilities** | | **419 565 155** | **417 550 897** |
| **Net Assets** | | **1 413 792 726** | **1 253 251 369** |
| **NET ASSETS** | | | |
| Accumulated surplus | | 1 345 883 964 | 1 176 570 433 |
| Reserves | 19 | 67 908 762 | 76 680 936 |
| **Total net assets** | | **1 413 792 726** | **1 253 251 369** |

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# Statement of Financial Performance as at 30 June 2025

| | Note | 2025<br>R | 2024<br>Restated<br>R |
|---|---|---|---|
| **REVENUE** | | | |
| **Revenue from exchange transactions** | | | |
| Agency services | 20 | 2 585 413 | 2 497 659 |
| Interest charged (trading) | 21 | 11 145 884 | 13 243 071 |
| Interest earned - cash and investments | 22 | 17 396 173 | 13 198 352 |
| Inventories Increase to net realisable value | 23 | 55 334 | - |
| Licences and permits | 24 | 1 241 116 | 1 427 483 |
| Operational revenue | 25 | 20 331 061 | 7 415 480 |
| Rendering of services | 26 | 7 074 006 | 7 446 916 |
| Rental of facilities and equipment | 27 | 1 554 376 | 1 354 443 |
| Sale of goods | 28 | 156 880 | 69 345 |
| Service charges (exchange) | 29 | 487 907 306 | 431 023 794 |
| **Total revenue from exchange transactions** | | **549 447 549** | **477 676 543** |
| **Revenue from non-exchange transactions** | | | |
| **Taxation and other revenue** | | | |
| Actuarial gains | 30 | 4 434 384 | 8 369 684 |
| Availability charges (non-exchange) | 31 | 13 812 678 | 14 749 809 |
| Interest charged on non-exchange transactions | 32 | 1 996 546 | 2 291 556 |
| Property rates | 33 | 196 254 818 | 178 228 517 |
| Surcharges and taxes | 34 | 1 439 992 | 1 419 866 |
| **Transfer revenue** | | | |
| Contributed assets | 35 | - | 32 744 |
| Fines, penalties and forfeits | 36 | 61 619 686 | 60 451 399 |
| Government grants & subsidies - monetary | 37 | 260 580 361 | 223 332 426 |
| **Total revenue from non-exchange transactions** | | **540 138 465** | **488 876 001** |
| **Total revenue** | | **1 089 586 014** | **966 552 544** |
| **EXPENDITURE** | | | |
| Bad debts written off | 38 | 76 559 500 | 74 425 834 |
| Bulk purchases | 39 | 234 490 150 | 198 660 760 |
| Contracted services | 40 | 73 287 352 | 85 195 719 |
| Depreciation and amortization | 41 | 43 435 218 | 39 993 649 |
| Employee related costs | 42 | 328 224 325 | 313 617 115 |
| Finance costs | 43 | 24 211 387 | 20 922 363 |
| Impairment | 44 | 42 769 587 | 37 337 551 |
| Inventories Losses / Write-Downs | 45 | - | 97 619 |
| Inventory consumed | 46 | 15 711 403 | 15 619 221 |
| Loss on disposal of assets and liabilities | 47 | 944 329 | 3 216 693 |
| Operating leases | 48 | 4 670 982 | 4 792 855 |
| Operational cost | 49 | 68 007 432 | 72 030 550 |
| Remuneration of councillors | 50 | 7 511 690 | 7 376 219 |
| Transfers and subsidies | 51 | 9 220 828 | 9 208 274 |
| Water losses | 52 | 475 | 13 370 |
| **Total expenditure** | | **929 044 658** | **882 507 792** |
| **Surplus for the year** | | **160 541 356** | **84 044 752** |

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## Statement of Changes in Net Assets

| | Note | Capital replacement reserve R | Augmentation reserves R | Total: Reserves R | Accumulated surplus / (deficit) R | Total: Net assets R |
|---|---|---|---|---|---|---|
| **Balance at 30 June 2023 as previously reported** | | **29 950 000** | **-** | **29 950 000** | **1 144 213 501** | **1 174 163 501** |
| **Adjustments** | | **-** | **-** | **-** | **(4 956 887)** | **(4 956 887)** |
| Corrections of errors | 54 | - | - | - | (4 956 887) | (4 956 887) |
| **Balance at 30 June 2023 as restated** | | **29 950 000** | **-** | **29 950 000** | **1 139 256 614** | **1 169 206 614** |
| Surplus for the year | | - | - | - | 84 044 754 | 84 044 754 |
| **Total recognised income and expenses for the year** | | **-** | **-** | **-** | **84 044 754** | **84 044 754** |
| Transfers in/out | | 41 900 000 | 4 830 936 | 46 730 936 | (46 730 935) | 1 |
| **Total Changes** | | **41 900 000** | **4 830 936** | **46 730 936** | **(46 730 935)** | **1** |
| **Restated Balance at 30 June 2024** | | **71 850 000** | **4 830 936** | **76 680 936** | **1 176 570 433** | **1 253 251 369** |
| Surplus for the year | | | | - | 160 541 356 | 160 541 356 |
| **Total recognised income and expenses for the year** | | **-** | **-** | **-** | **160 541 356** | **160 541 356** |
| Transfers in/out | | (24 746 881) | 15 974 707 | (8 772 174) | 8 772 175 | 1 |
| **Total changes** | | **(24 746 881)** | **15 974 707** | **(8 772 174)** | **8 772 175** | **1** |
| **Balance at 30 June 2025** | | **47 103 119** | **20 805 643** | **67 908 762** | **1 345 883 964** | **1 413 792 726** |

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# Cash flow statement as at 30 June 2025

| | Note | 2025<br>R | 2024<br>Restated<br>R |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Receipts** | | | |
| Consumer deposits | | 1 043 726 | 794 421 |
| Goods and services provided | | 466 163 699 | 422 440 159 |
| Government grants | | 269 205 497 | 204 032 321 |
| Interest income | | 13 709 966 | 17 649 230 |
| Other receipts | | 1 210 827 | 2 573 945 |
| Taxes, levies and fines | | 216 381 445 | 207 765 957 |
| Value Added Tax | | 22 317 596 | 3 256 915 |
| | | **990 032 756** | **858 512 948** |
| **Payments** | | | |
| Consumer deposits | | (422 814) | (226 295) |
| Employees | | (326 215 486) | (311 042 011) |
| Finance cost | | (13 676 880) | (10 750 807) |
| Government grants repaid | | (143 000) | (57 761) |
| Remuneration of councillors | | (7 511 690) | (7 376 219) |
| Suppliers for goods and services | | (446 243 051) | (355 740 242) |
| Transfers and grants | | (9 220 827) | (9 208 274) |
| Value Added Tax | | (12 807 653) | (15 108 128) |
| | | **(816 241 401)** | **(709 509 737)** |
| **Net cash flows from operating activities** | 53 | **173 791 355.00** | **149 003 211.00** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | (134 346 029) | (104 278 529) |
| **Net cash flows from investing activities** | | **(134 346 029)** | **(104 278 529)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from long-term borrowings | | 40 544 998 | 45 150 000 |
| Repayment of finance leases | | - | (1 250 915) |
| Repayment of long-term borrowings | | (20 403 153) | (18 274 646) |
| **Net cash flows from financing activities** | | **20 141 845** | **25 624 439** |
| **Net increase in cash and cash equivalents** | | **59 587 171** | **70 349 121** |
| Cash and cash equivalent at the beginning of the year | 7 | 165 427 181 | 95 078 061 |
| **Cash and cash equivalents at the end of the year** | | **225 014 352** | **165 427 182** |

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# Statement of Comparison of Budget and Actual amounts of Statement of Financial Position

| | Ref | Approved budget 2025 R'000 | Adjustment 2025 R'000 | Approved adjustment budget 2025 R'000 | Adjustment 2025 R'000 | Final budget 2025 R'000 | Actuals 2025 R'000 | Difference between final budget and actuals 2025 R'000 |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | |
| **Current assets** | | | | | | | | |
| Cash and cash equivalents | A1 | 105 486 | 46 636 | 152 122 | (2 920) | 149 202 | 225 014 | (75 813) |
| Trade and other receivables from exchange transactions | A2 | 75 841 | (2 794) | 73 047 | - | 73 047 | 61 859 | 11 188 |
| Receivables from non-exchange transactions | A3 | 97 230 | (15 876) | 81 355 | - | 81 355 | 47 368 | 33 987 |
| Current portion of non-current receivables | | 11 | (1) | 9 | - | 9 | 9 | - |
| Inventory | | 20 180 | (1 731) | 18 448 | - | 18 448 | 17 287 | 1 162 |
| VAT | A4 | 247 378 | 36 225 | 283 602 | - | 283 602 | 7 997 | 275 605 |
| Other current assets | A5 | 180 | 873 | 1 052 | - | 1 052 | 10 442 | (9 390) |
| | | **546 305** | **63 331** | **609 636** | **(2 920)** | **606 716** | **369 976** | **236 740** |
| **Non current assets** | | | | | | | | |
| Investment property | | 12 692 | 1 358 | 14 050 | - | 14 050 | 16 094 | (2 044) |
| Property, plant and equipment | B1 | 1 403 181 | 23 811 | 1 426 992 | - | 1 426 992 | 1 414 514 | 12 477 |
| Heritage assets | | 35 | 2 | 38 | - | 38 | 38 | - |
| | | **1 415 909** | **25 171** | **1 441 079** | **-** | **1 441 079** | **1 430 646** | **10 433** |
| **LIABILITIES** | | | | | | | | |
| **Current liabilities** | | | | | | | | |
| Financial liabilities | C1 | 20 372 | 21 504 | 41 876 | - | 41 876 | 20 411 | 21 465 |
| Consumer deposits | | 9 848 | 1 514 | 11 362 | - | 11 362 | 11 983 | (621) |
| Trade and other payables from exchange transactions | C2 | 80 522 | 72 996 | 153 519 | - | 153 519 | 100 024 | 53 495 |
| Trade and other payables from non-exchange transactions | C3 | (13 526) | (29 491) | (43 017) | - | (43 017) | (29 443) | (13 574) |
| Provision | C4 | 37 759 | 10 316 | 48 075 | - | 48 075 | 40 925 | 7 150 |
| VAT | C5 | 239 157 | 29 264 | 268 421 | - | 268 421 | 21 315 | 247 106 |
| | | **374 132** | **106 103** | **480 235** | **-** | **480 235** | **165 214** | **315 021** |



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## Statement of Comparison of Budget and Actual amounts of Statement of Financial Position

| | Ref | 2025<br>R'000<br>Approved budget | 2025<br>R'000<br>Adjustment | 2025<br>R'000<br>Approved adjustment budget | 2025<br>R'000<br>Adjustment | 2025<br>R'000<br>Final budget | 2025<br>R'000<br>Actuals | 2025<br>R'000<br>Difference between final budget and actuals |
|---|---|---|---|---|---|---|---|---|
| **Non current liabilities** | | | | | | | | |
| Financial liabilities | D1 | 110 362 | (3 954) | 106 408 | - | 106 408 | 127 938 | (21 530) |
| Provision | D2 | 76 797 | 33 640 | 110 437 | (96 636) | 13 801 | 15 511 | (1 710) |
| Other non-current liabilities | D3 | - | - | - | 96 636 | 96 636 | 78 166 | 18 470 |
| | | **187 159** | **29 686** | **216 846** | **-** | **216 846** | **221 615** | **(4 769)** |
| **NET ASSETS** | | **1 400 922** | **(47 287)** | **1 353 635** | **(2 920)** | **1 350 715** | **1 413 793** | **(63 078)** |
| **COMMUNITY WEALTH/EQUITY** | | | | | | | | |
| Accumulated surplus/(deficit) | E1 | 1 375 423 | (101 389) | 1 274 034 | - | 1 274 034 | 1 345 884 | (71 850) |
| Reserves and funds | E2 | 25 500 | 51 181 | 76 681 | - | 76 681 | 67 909 | 8 772 |
| **Total community wealth/equity** | | **1 400 922** | **(50 208)** | **1 350 715** | **-** | **1 350 715** | **1 413 793** | **(63 078)** |

Refer to notes 73.3.1 and 73.4.1 for explanations of material variances.

Material variances are considered to be any variances greater than R9.29 million.

# Statement of Comparison of Budget and Actual amounts of Statement of Financial Performance

| | Ref | Approved budget | Adjustment | Approved Adjustment Budget | Adjustment | Final budget | Actuals | Difference between final budget and actuals |
|---|---|---|---|---|---|---|---|---|
| | | 2025<br>R'000 | 2025<br>R'000 | 2025<br>R'000 | 2025<br>R'000 | 2025<br>R'000 | 2025<br>R'000 | 2025<br>R'000 |
| **REVENUE** | | | | | | | | |
| **Exchange Revenue By Source** | | | | | | | | |
| Service charges - electricity | | 262 129 | (2 993) | 259 136 | - | 259 136 | 261 948 | (2 812) |
| Service charges - water | | 90 492 | 1 536 | 92 029 | - | 92 029 | 95 792 | (3 764) |
| Service charges - waste water management | | 80 372 | (748) | 79 624 | - | 79 624 | 79 803 | (180) |
| Service charges - waste management | | 53 852 | (2 869) | 50 983 | - | 50 983 | 50 362 | 621 |
| Sale of Goods and Rendering of Services | | 9 687 | 385 | 10 072 | - | 10 072 | 7 232 | 2 839 |
| Agency services | | 2 840 | - | 2 840 | - | 2 840 | 2 585 | 255 |
| Interest earned from Receivables | | 13 870 | (1 412) | 12 458 | - | 12 458 | 11 146 | 1 312 |
| Interest earned from Current and Non Current Assets | | 12 448 | - | 12 448 | - | 12 448 | 17 396 | (4 948) |
| Rental from Fixed Assets | | 2 210 | (600) | 1 610 | - | 1 610 | 1 554 | 56 |
| Licence and permits | | 565 | 96 | 661 | - | 661 | 1 241 | (580) |
| Operational Revenue | F1 | 2 800 | 6 867 | 9 667 | - | 9 667 | 20 331 | (10 664) |
| **Non-Exchange Revenue By Source** | | | | | | | | |
| Property rates | | 191 257 | 1 993 | 193 250 | - | 193 250 | 196 255 | (3 005) |
| Surcharges and Taxes | | 1 589 | (149) | 1 441 | - | 1 441 | 1 440 | 1 |
| Fines, penalties and forfeits | | 50 836 | 1 561 | 52 397 | - | 52 397 | 61 620 | (9 223) |
| Licences or permits | | 796 | - | 796 | - | 796 | - | 796 |
| Transfer and subsidies - Operational | G1 | 176 893 | 11 103 | 187 996 | - | 187 996 | 170 940 | 17 056 |
| Interest | | 1 844 | 358 | 2 202 | - | 2 202 | 1 997 | 206 |
| Operational Revenue | | 14 835 | (882) | 13 953 | - | 13 953 | 13 813 | 140 |
| Gains on disposal of Assets | | 3 950 | - | 3 950 | - | 3 950 | - | 3 950 |
| Other Gains | | - | - | - | - | - | 4 490 | (4 490) |
| **Total Revenue (excluding capital transfers and contributions)** | | **973 266** | **14 245** | **987 511** | **-** | **987 511** | **999 946** | **(12 435)** |



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## Statement of Comparison of Budget and Actual amounts of Statement of Financial Performance

| | Ref | 2025 R'000 Approved budget | 2025 R'000 Adjustment | 2025 R'000 Approved Adjustment Budget | 2025 R'000 Adjustment | 2025 R'000 Final budget | 2025 R'000 Actuals | 2025 R'000 Difference between final budget and actuals |
|---|---|---|---|---|---|---|---|---|
| **Expenditure By Type** | | | | | | | | |
| Employee related costs | H1 | 370 938 | 7 679 | 378 617 | - | 378 617 | 322 315 | 56 302 |
| Remuneration of councillors | | 7 879 | - | 7 879 | - | 7 879 | 7 512 | 367 |
| Bulk purchases - electricity | | 231 959 | (7 000) | 224 959 | - | 224 959 | 233 306 | (8 347) |
| Inventory consumed | | 18 699 | 1 762 | 20 461 | - | 20 461 | 16 895 | 3 565 |
| Debt impairment | H2 | 19 001 | - | 19 001 | - | 19 001 | 48 880 | (29 879) |
| Depreciation and amortisation | | 40 002 | 1 386 | 41 388 | - | 41 388 | 37 325 | 4 063 |
| Interest | H3 | 14 063 | (146) | 13 917 | - | 13 917 | 24 211 | (10 295) |
| Contracted services | H4 | 103 758 | 12 148 | 115 906 | 95 | 116 001 | 73 287 | 42 714 |
| Transfers and subsidies | | 12 283 | (1 212) | 11 071 | 90 | 11 161 | 9 221 | 1 940 |
| Irrecoverable debts written off | H5 | 61 150 | - | 61 150 | - | 61 150 | 76 560 | (15 410) |
| Operational costs | H6 | 91 144 | 85 | 91 229 | (185) | 91 044 | 78 588 | 12 456 |
| Losses on disposal of Assets | | - | - | - | - | - | 944 | (944) |
| **Total expenditure** | | **970 877** | **14 701** | **985 578** | **-** | **985 578** | **929 044** | **56 533** |
| **Surplus before capital transfers & contributions** | | **2 389** | **(456)** | **1 934** | **-** | **1 934** | **70 902** | **(68 968)** |
| Transfers and subsidies - capital (monetary allocations) | I1 | 130 854 | (42 216) | 88 638 | - | 88 638 | 89 640 | (1 002) |
| **Surplus after capital transfers & contributions** | | **133 243** | **(42 672)** | **90 571** | **-** | **90 571** | **160 542** | **(69 970)** |

Refer to notes 73.3.2 and 73.4.2 for explanations of material variances.

Material variances are considered to be any variances greater than R9.29 million.

## Statement of Comparison of Budget and Actual amounts of Cash Flow Statement

| | Ref | 2025 R'000 Approved budget | 2025 R'000 Adjustment | 2025 R'000 Approved Adjustment Budget | 2025 R'000 Adjustment | 2025 R'000 Final budget | 2025 R'000 Actuals | 2025 R'000 Difference between final budget and actuals |
|---|---|---|---|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Property rates | J1 | 175 067 | (259) | 174 808 | (208) | 174 600 | 186 838 | (12 238) |
| Service charges | J2 | 434 972 | 266 | 435 238 | 1 370 | 436 608 | 426 766 | 9 842 |
| Other revenue | J3 | 26 596 | 73 | 26 669 | (262 022) | (235 353) | 92 469 | (327 823) |
| Transfers and Subsidies - Operational | J4 | 176 723 | 8 292 | 185 015 | (2 111) | 182 904 | 170 166 | 12 739 |
| Transfers and Subsidies - Capital | J5 | 130 854 | (39 296) | 91 558 | (2 920) | 88 638 | 98 897 | (10 259) |
| Interest | | 12 448 | - | 12 448 | - | 12 448 | 13 710 | (1 262) |
| | | **956 661** | **(30 924)** | **925 736** | **(265 891)** | **659 845** | **988 846** | **(329 001)** |
| **Payments** | | | | | | | | |
| Suppliers and employees | J6 | (778 720) | - | (778 720) | 251 535 | (527 185) | (792 778) | 265 593 |
| Interest | | (14 063) | 146 | (13 917) | - | (13 917) | (13 677) | (240) |
| Transfers and Subsidies | | (11 983) | (200) | (12 183) | 1 022 | (11 161) | (9 221) | (1 940) |
| | | **(804 766)** | **(54)** | **(804 820)** | **252 557** | **(552 263)** | **(815 676)** | **263 413** |
| **Net cash flows from operating activities** | | **151 894** | **(30 978)** | **120 916** | **(13 334)** | **107 582** | **173 170** | **(65 588)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Proceeds on disposal of PPE | | 3 950 | - | 3 950 | - | 3 950 | - | 3 950 |
| | | **3 950** | **-** | **3 950** | **-** | **3 950** | **-** | **3 950** |

## Statement of Comparison of Budget and Actual amounts of Cash Flow Statement

| | Ref | Approved budget<br>2025<br>R'000 | Adjustment<br>2025<br>R'000 | Approved Adjustment Budget<br>2025<br>R'000 | Adjustment<br>2025<br>R'000 | Final budget<br>2025<br>R'000 | Actuals<br>2025<br>R'000 | Difference between final budget and actuals<br>2025<br>R'000 |
|---|---|---|---|---|---|---|---|---|
| **Payments** | | | | | | | | |
| Capital assets | K1 | (183 160) | 31 016 | (152 144) | 4 245 | (147 899) | (134 346) | (13 553) |
| **Net cash flows from investing activities** | | **(179 210)** | **31 016** | **(148 194)** | **4 245** | **(143 949)** | **(134 346)** | **(9 603)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Borrowing long term/refinancing | L1 | 50 033 | (9 488) | 40 545 | - | 40 545 | 40 545 | - |
| Increase (decrease) in consumer deposits | | - | - | - | - | - | 621 | (621) |
| | | **50 033** | **(9 488)** | **40 545** | **-** | **40 545** | **41 166** | **(621)** |
| **Payments** | | | | | | | | |
| Repayment of borrowing | | (20 372) | (32) | (20 404) | - | (20 404) | (20 403) | (1) |
| **Net cash flows from financing activities** | | **29 662** | **(9 520)** | **20 141** | **-** | **20 141** | **20 763** | **(622)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **2 346** | **(9 483)** | **(7 136)** | **(9 089)** | **(16 225)** | **59 587** | **(75 813)** |
| Cash and cash equivalent at the beginning of the year | M1 | 103 139 | 108 038 | 211 177 | (45 745) | 165 432 | 165 427 | 5 |
| **Cash/cash equivalents at the year end:** | | **105 486** | **98 555** | **204 041** | **(54 834)** | **149 207** | **225 014** | **(75 808)** |

Refer to notes 73.3.3 and 73.4.3 for explanations of material variances.

Material variances are considered to be any variances greater than R9.29 million.

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## 1. Accounting Policies

**Presentation of the Annual Financial Statements**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

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

The accounting policies applied are consistent with those used to present the previous year’s financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

### 1.1. Presentation currency

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

### 1.2. Going concern assumption

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

### 1.3. Comparative Information

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors 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.

### 1.4. Materiality

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

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

### 1.5. Presentation of Budget information

The presentation of budget information is prepared in accordance with GRAP 24, and guidelines issued by National Treasury.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 01 Jul 2024 to 30 Jun 2025.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts

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**Presentation of Budget information (Continued)**

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements – (Refer to Note 73.3)

Explanations for material differences between the final budget amounts and actual amounts are included in the Notes to the Financial Statements. (Refer to Note 73.4)

## 1.6. Internal reserves

### 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. The cash in the CRR can only be utilised to finance items of property, plant, and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

## 1.7. Leases

### Municipality as Lessee

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 subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

### Municipality as Lessor

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

## 1.8. Unpaid Conditional Government Grants and Receipts

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant as set out in note 11 or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies, and contributions from the public. Refer to 1.22 with regards to the Financial Instruments on Unpaid Conditional Government Grants and Receipts.

## 1.9. Unspent Conditional Government Grants and Receipts

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable

**Unspent Conditional Government Grants and Receipts (Continued)**

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies, and contributions from government organs.

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. The revenue received is driven from the agreed terms of the contract, rather than the legislation.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

## 1.10. Provisions

Provisions are recognised when:

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

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

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains and Losses from the expected disposal of assets are not considered 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.

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

## 1.11. Employee benefits

**Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee related cost, Finance Cost and Actuarial gains or losses upon valuation.

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

**Employee benefits (Continued)**

**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. In terms of Collective Agreement for Local Government, annual leave shall only be accumulated to a maximum of forty-eight (48) working days. The provision for annual leave is limited to a maximum of 48 days per 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.

**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.

**Performance Bonuses Accrued**

A Provision, in respect of the liability relating to the anticipated cost of performance bonuses, payable to Section 57 Employees, is recognized as it accrues. The performance bonuses provision is based on the annual performance assessment outcome. Payout of performance bonusses are only due after a performance evaluation has been concluded for the respective year. If a performance evaluation results in a non-entitlement to a performance bonus, that liability is reversed.

**Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

**Post-retirement medical obligations**

The Municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% or 60% as a contribution, and the remaining 30% or 40% is paid by the members, based on the Collective agreement in terms of which the employee retired. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee related cost, Finance Cost and Actuarial gains or losses upon valuation.

These obligations are valued annually by independent qualified actuaries.

**Employee benefits (Continued)**

**Other Short-term Employee Benefits**

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

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

## 1.12. Borrowing costs

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

In accordance with GRAP 5, the municipality has opted to apply the Benchmark Treatment when accounting for Borrowing Costs. Under the benchmark treatment, borrowing costs are recognised as an expense in the period in which they are incurred, regardless of how the borrowings are applied.

## 1.13. Consumer Deposits

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

## 1.14. Property, plant, and equipment

**Initial Recognition**

Property, plant, and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy. If the cost can, however, not be established, then infrastructure assets will be initially measured and recognised at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for assets where there is no active and liquid market.

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

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

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

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**Property, plant, and equipment (Continued)**

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

**Subsequent Measurement - Cost Model**

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

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

**Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The annual depreciation rates are based on the following estimated useful lives (in years):

| Item | Depreciation method | Expected useful life (years) |
|---|---|---|
| Land | Straight-line | Indefinite |
| Buildings | Straight-line | 7-100 |
| Infrastructure | Straight-line | |
| • Electricity reticulation | | 5-50 |
| • ICT Network and Communication | | 7-20 |
| • Refuse Sites | | 5-60 |
| • Roads Infrastructure | | 6-100 |
| • Sanitation Infrastructure | | 9-100 |
| • Stormwater Infrastructure | | 5-100 |
| • Water Supply Infrastructure | | 8-100 |
| Community | Straight-line | |
| • Airports | | 5-100 |
| • Cemeteries | | 10-50 |
| • Centres | | 10-50 |
| • Community Halls | | 5-100 |
| • Libraries | | 5-100 |
| • Parks | | 5-100 |
| • Public Ablution Facilities | | 5-100 |
| • Sports grounds | | 5-100 |
| • Testing Stations | | 15-100 |
| Other Assets | Straight-line | |
| • Computer Equipment | | 5-7 |
| • Furniture and Office Equipment | | 6-10 |
| • Machinery and Equipment | | 5-15 |
| • Transport Assets | | 5-20 |
| Leased Assets | Straight-line | 3-6 |

**Property, plant, and equipment (Continued)**

A finance lease gives rise to a depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with that for depreciable assets that are owned, and the depreciation recognised shall be calculated in accordance with the Standards of GRAP on Property, Plant and Equipment (GRAP 17). If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Property, plant, and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly, and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. The municipality assesses at each reporting date if there is an indication of impairment.

In carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not in carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not an exhaustive list) to determine whether the expected useful life and/or residual value has changed:

a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.

b) The use of the asset has changed, because of the following:

- The entity has changed the manner in which the asset is used.
- The entity has changed the utilisation rate of the asset
- The entity has decided to dispose of the asset in a future reporting period(s) such that this decision changes.
- the expected period over which the asset will be used.
- Technological, environmental, commercial, or other changes that occurred during the reporting period that have, or will, change the use of the asset.
- Legal or similar limits placed on the use of the asset have changed.
- The asset was idle or retired from use during the reporting period.

c) The asset is approaching the end of its previously expected life.

d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.

e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.

f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period. This is based on any condition assessments undertaken by the entity on its assets during the reporting period in accordance with the Asset Management Plan of the entity. In assessing whether the condition of an asset has improved or declined, the stage of the asset's lifecycle is considered by the entity. As assets age, a certain level of deterioration is expected. It is only where a decline in the condition is above what is expected, would a thorough analysis of the impact on the useful life of the asset be required. The same applies if an asset is in a better condition than expected.

**Property, plant, and equipment (Continued)**

g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of Non-cash-generating assets. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

In assessing whether there is any indication that the expected residual value of an asset has changed, the entity considers whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators included above.

The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

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. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

**Compensation**

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

**Derecognition**

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

**Land and buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009. For Other Assets, the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

## 1.15. Intangible assets

**Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

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

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

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

**Intangible assets (Continued)**

**Subsequent Measurement – Cost Model**

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

**Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

| Item | Depreciation method | Expected useful life (years) |
|---|---|---|
| Computer software, other | Straight-line | 5-10 |

**De-recognition**

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

**Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets, the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2008.

## 1.16. Investment property

**Initial Recognition**

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

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

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

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

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

**Investment property (Continued)**

**Subsequent Measurement – Cost Model**

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

**Depreciation and impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since shall be reviewed at least at each the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly, and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not an exhaustive list) to determine whether the expected useful life and/or residual value has changed:

a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.

b) The use of the asset has changed, because of the following:

- The entity has changed the manner in which the asset is used.
- The entity has changed the utilisation rate of the asset.
- The entity has decided to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
- Technological, environmental, commercial, or other changes that occurred during the reporting period that have, or will, change the use of the asset.
- Legal or similar limits placed on the use of the asset have changed.
- The asset was idle or retired from use during the reporting period.

c) The asset is approaching the end of its previously expected life.

d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.

e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.

f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period. This is based on any condition assessments undertaken by the entity on its assets during the reporting period in accordance with the Asset Management Plan of the entity. In assessing whether the condition of an asset has improved or declined, the stage of the asset's lifecycle is considered by the entity. As assets age, a certain level of deterioration is expected. It is only where a decline in the condition is above what is expected, would a thorough analysis of the impact on the useful life of the asset be required. The same applies if an asset is in a better condition than expected.

g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of Non-cash-generating assets. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

**Investment property (Continued)**

In assessing whether there is any indication that the expected residual value of an asset has changed, the entity considers whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators included above.

| Item | Depreciation method | Expected useful life (years) |
|---|---|---|
| Property - buildings | Straight-line | 30-100 |

**Compensation**

Compensation from third parties for items of investment property that were impaired, lost or given up shall be included in surplus or deficit when the compensation becomes receivable.

**De-recognition**

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

**Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

## 1.17. Heritage assets

**Initial Recognition**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological, or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

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

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

**Subsequent measurement - Cost Model**

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

**Depreciation and Impairment**

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

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. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

**Heritage assets (Continued)**

**Derecognition**

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

**Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

### 1.18. Recognition and derecognition of Land – IGRAP18

The municipality applies iGRAP18 for the initial recognition and de-recognition of land in its financial statements. This interpretation also considers joint control of land by more than one entity.

When the municipality concludes that it controls the land after applying the principles in this Interpretation, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the de-recognition of land when it concludes that it does not control the land after applying the principles in this Interpretation.

**Key judgements made and assumptions applied to conclude that it controls such land, are as follows (IGRAP 18 par 40):**
Land controlled by the municipality because of a past event and from which future economic benefit or service potential is expected to flow to the entity are recognised by the municipality. Control is evidenced by the municipality's ability to use, or direct others to use the land and by the right to direct access to the land, and to restrict or deny access of other to the land.

**Key judgements made and assumptions applied to conclude that it does not control such land, are as follows (IGRAP 18 par 41):**
Land not controlled by the municipality because of a past event and from which future economic benefit or service potential will not flow to the entity. The municipality does not have the ability to use, or direct others to use the land. The municipality does not have right to direct access to the land, and to restrict or deny access of other to the land. There is various housing scheme land where the municipality are still the legal owner per the deeds office, but control and substantive rights were transferred. These lands are not recognised by the municipality.

### 1.19. Impairment of cash-generating assets

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

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset’s recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

**Impairment of cash-generating assets (Continued)**

- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period or are expected to take place in the near future, in the extent to which, or way, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset’s or CGU’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

### 1.20. Impairment of non-cash-generating assets

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

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

**Impairment of non-cash-generating assets (Continued)**

a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or are expected to take place in the near future, in the extent to which, or way, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's 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 is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined by the following approach:

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

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

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

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

## 1.21. Inventories

**Initial Recognition**

Inventories comprise of current assets held for sale, consumption, or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus

**Inventories (Continued)**

non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

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

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

**Subsequent Measurement**

Inventories, consisting of consumable stores, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. 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.

The basis of allocating cost to inventory items is the weighted average method.

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

Cost of land held for sale is assigned by using specific identification of their individual costs.

## 1.22. Financial instruments

**Financial assets consist of:**

- Unpaid conditional grants
- Receivables from exchange transactions
- Other receivables from non-exchange transactions
- Cash and cash equivalents

**Financial liabilities consist of:**

- Borrowings
- Finance leases
- Unspent conditional grants
- Trade and other payables from exchange transactions

**Initial recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

**Financial instruments (Continued)**

**Subsequent measurement**

Financial assets are categorised according to their nature as financial assets at amortised cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

**1.22.1. Receivables**

Receivables are classified as financial assets at amortised cost and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced using an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery, and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**1.22.2. Payables and long-term borrowings**

Financial liabilities consist of payables and long-term borrowings. They are categorised as financial liabilities held at amortised cost and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**1.22.3. Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

**1.22.4. Non-Current Investments**

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

**Financial instruments (Continued)**

**De-recognition of Financial Instruments**

**1. Financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either.

a) the Municipality has transferred substantially all the risks and rewards of the asset, or

b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised, and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**2. Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

**3. Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset, and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

## 1.23. Statutory receivables

**Identification**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

**Initial Recognition**

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

**Statutory receivables (Continued)**

**Initial measurement**

The municipality initially measures statutory receivables at their transaction amount.

**Subsequent measurement**

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

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

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

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

**De-recognition**

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

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

The carrying amounts of any statutory receivables transferred shall be allocated between the rights or obligations retained and those transferred based on their relative fair values at the transfer date. An entity shall consider whether any newly created rights and obligations are within the scope of GRAP 104 or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer.

**1.24. Revenue from non-exchange transactions**

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

**Revenue from non-exchange transactions (Continued)**

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

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, rebates and discounts are offset against the billed revenue, that is then recognised as revenue. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fines revenue comprises of spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued.

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

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

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

Other than services in-kind not recognised in terms of GRAP 23, paragraph .99, an inflow of resources from a non-exchange transaction that meets the definition of an asset shall be recognised as an asset when, and only when: (a) it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and (b) the fair value of the asset can be measured reliably.

All unclaimed deposits are initially recognised as a liability. When 3 years has expired, then all unclaimed deposits made into the Municipality's bank account may be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Unclaimed deposits are recognised as revenue after 3 years, the Municipality still keeps record of these unclaimed deposits in the event that a party should submit a claim, in which case it will be expensed.

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

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

Revenue arising from legislation is recognised in accordance with the approved tariffs and discloses as availability charges. This is only applicable on vacant stands where all the relevant services is available.

### 1.25. Revenue from exchange transactions

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

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

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold

**Revenue from exchange transactions (Continued)**

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read monthly and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month may be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to sanitation and refuse removal is recognised monthly in arrears by applying the approved tariff to each developed. Tariffs are determined per category of property usage. Service charges are based on a basic charge as per Council resolution.

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

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

Interest revenue is recognised using the effective interest rate method.

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

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

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

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

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

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

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**Revenue from exchange transactions (Continued)**

The prevailing rate for a similar instrument of an issuer with a similar credit rating:

- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.
- The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

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

**1.26. Transfer of function (Municipality as the acquirer)**

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e., is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset, or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

a) identifying the acquirer (Municipality);

b) determining the acquisition date;

c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and

d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired, and liabilities assumed meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired, and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired, and liabilities assumed in accordance with other applicable Standards of GRAP.

**1.27. Construction contracts and receivables**

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

Fixed price: In the case of a fixed price contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- total contract revenue, if any, can be measured reliably;
- it is probable that the economic benefits or service potential associated with the contract will flow to the entity;
- both the contract costs to complete the contract and the stage of contract completion at the reporting date can be measured reliably; and
- the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

Cost plus or cost-based contract: In the case of a cost plus or cost based contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- it is probable that the economic benefits or service potential associated with the contract will flow to the entity; and
- the contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably

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

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

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

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

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

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

**1.28. Accounting by principals and agents**

**Identification**

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

**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.

**Accounting by principals and agents (Continued)**

**Assessing which entity benefits from the transactions with third parties.**

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

In the assessment, reference is made to substance over form. Therefore, the exact wording of the contract is not the only indicator (for example, if reference is made to “agent”). If rights and obligations are substantially transferred, this could indicate a principal/agent arrangement. If not, the arrangement is accounted for as a normal supplier/customer relationship.

**Recognition**

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

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

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

### 1.29. Segment Information

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the financial management reports to Council. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

**Measurement**

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity’s financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment’s surplus or deficit that is used by management. The municipality manages its assets and liabilities as a whole, and these are not reviewed separately for each town. Segment reporting per geographical area is not deemed relevant.

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### 1.30. Related parties

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 - "Related Party Disclosures".

A related party is a person or an entity:

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

a) The following are regarded as related parties of the Municipality: A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity, and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

a) are married or live together in a relationship similar to a marriage; or

b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing, and controlling the activities of the Municipality, including:

a) all members of the governing body of the Municipality;

b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing, and controlling the activities of the Municipality;

c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing, and controlling the activities of the Municipality; and

d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

**Related parties (Continued)**

Management personnel include:

a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker, and members of the Mayoral Committee.

b) Other persons having the authority and responsibility for planning, directing, and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

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

### 1.31. Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, 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 a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.32. 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, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.33. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.34. Contingent Liabilities and Contingent Assets

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

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

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**Contingent Liabilities and Contingent Assets (Continued)**

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

### 1.35. Significant judgements and sources of estimation uncertainty

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

**Post-retirement medical obligations and, long service awards**

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 13 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

**Impairment of receivables**

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

The calculation in respect of the impairment of fines is based on the legislative time frames on the aging of outstanding fines as well as the payment ratio.

**Property, Plant and Equipment**

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgment 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, as well as a review of historic sales/disposal data.

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

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

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

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

- cost of items with a similar nature currently in the Municipality’s asset register;

**Significant judgements and sources of estimation uncertainty (Continued)**

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

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

**Derecognition of Land (IGRAP18)**

In order to measure/calculate the portion of land to be classified as inventory or expensed, the total housing development size (excluding portions that will vest with the municipality) is expressed as a percentage of the total land size. This percentage or factor is than used to calculate the land value to be expensed or re-classified as inventory, depending on the respective de recognition criteria.

**Intangible Assets**

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

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

**Investment Property**

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

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

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

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

**Provisions and Contingent Liabilities**

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

**Revenue Recognition**

Accounting Policy 1.24 on Revenue from Non-Exchange Transactions and Accounting Policy and 1.25 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgment, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange. Transactions specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

**Significant judgements and sources of estimation uncertainty (Continued)**

Revenue from the issuing of spot fines and summonses have been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

**Provision for Staff Leave**

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

**Provision for performance bonusses**

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on a successful annual performance assessment outcome.

**Water inventory**

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

**Pre-paid electricity estimation**

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The actual pre-paid electricity sold per day for the last 5 days during the year under review is used as the estimate for calculating unused units.

**Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition, and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

## 1.36. Taxes - Value Added Tax

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

## 1.37. Capital Commitments

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

## 1.38. Events after reporting date

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

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

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

**Events after reporting date (Continued)**

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

## 1.39. Service concession arrangements: Entity as grantor

**Identification**

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor’s mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor’s control of the asset.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- is provided by the operator which:
  a) the operator constructs, develops, or acquires from a third party; or
  b) is an existing asset of the operator; or
- is provided by the grantor which:
  a) is an existing asset of the grantor; or
  b) is an upgrade to an existing asset of the grantor.

**Recognition of asset and liability**

The entity recognises an asset provided by the operator and an upgrade to an existing asset of the entity, as a service concession asset if the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a “whole-of-life” asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category and are clearly identified from owned and/or leased assets.

Where the entity recognises a service concession asset, and the asset is not an existing asset of the entity (grantor), the entity (grantor) also recognises a liability.

The entity does not recognise a liability when an existing asset of the entity is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

**Measurement of asset and liability**

The entity initially measures the service concession asset as follows:

- Where the asset is not an existing asset of the entity, the asset is measured at its fair value.
- Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

**Service concession arrangements: Entity as grantor (Continued)**

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity.

**Financial liability model**

Where the entity has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the entity accounts for the liability as a financial liability.

The entity allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

Where the asset and service components are not separately identifiable, the service component of payments from the entity to the operator is determined using estimation techniques.

**Grant of a right to the operator model**

Where the entity does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the entity accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the entity and the operator.

The entity recognises revenue and reduces the liability according to the substance of the service concession arrangement.

**Dividing the arrangement**

If the entity pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

**Other liabilities, contingent liabilities, and contingent assets**

The entity accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and financial instruments.

**Other revenues**

The entity accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

**Recognition of the performance obligation and the right to receive a significant interest in a service concession asset**

If the entity controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the entity recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement.

The right to receive a residual interest in the service concession asset to be received at the end of the arrangement, is an exchange consideration. This is because the entity will receive an asset in exchange for granting the operator

**Service concession arrangements: Entity as grantor (Continued)**

access to the asset while providing a mandated function on its behalf in accordance with the substance of the arrangement.

In terms of the policy on Revenue from exchange transactions, the exchange consideration is recognised and measured at fair value. The value of the receivable (the right to the residual interest in the asset), receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

When the entity recognises the right to receive a residual interest in the service concession asset, it also recognises its performance obligation for granting the operator access to the service concession asset in accordance with the substance of the arrangement. The value of the performance obligation is the same as the receivable interest recognised at the commencement of the service concession arrangement.

The performance obligation is reduced, and revenue is recognised based on the substance of the arrangement.

Where service concession arrangements include provisions to adjust the arrangement for changes, the effect of such changes is deemed to have taken place at the inception of the service concession arrangements.

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## 2. New standards and interpretations

### 2.1. Standards and interpretations effective and adopted.

In the current year the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard | Description | Effective date |
|---|---|---|
| None | None | None |

### 2.2. Standards and interpretations early adopted.

The municipality has chosen to early adopt the following standards and interpretations:

| Standard | Description | Effective date |
|---|---|---|
| None | None | None |

### 2.3. Standards and interpretations issued, but not yet effective.

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

#### 2.3.1. GRAP 1 (amendments relating to going concern): Presentation of Financial Statements

The objective of this Standard is to prescribe the basis for presentation of general-purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.

The amendments may not be applied or early adopted by the municipality in developing an accounting policy due to the effective date of the amendment of the standard that is not yet determined by the Minister of Finance.

The impact that the amendments of the standard will have on the municipality's unaudited annual financial statements is yet to be determined.

#### 2.3.2. GRAP 103 (amended): Heritage Assets

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

The amendments may not be applied or early adopted by the municipality in developing an accounting policy due to the effective date of the amendment of the standard that is not yet determined by the Minister of Finance.

It is unlikely that the standard will have a material impact on the municipality's unaudited annual financial statements, as the municipality's current treatment is already in line with the Standard's treatment.

#### 2.3.3. GRAP 104 (amended): Financial Instruments

The objective of this Standard is to establish principles for recognising, measuring, presenting, and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

The effective date of the standard is 1 April 2025.

The impact that the standard will have on the municipality's unaudited annual financial statements is yet to be determined.



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**2.3.4. IGRAP 22: Foreign Currency Transactions and Advanced Consideration**

The issue of this Interpretation of Standards of GRAP relates to GRAP 4 and is how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.

The effective date of the standard is 1 April 2025.

As the municipality mostly trade with South African suppliers, the impact that the interpretation will have on the municipality's unaudited annual financial statements will be minimal.

**2.3.5. GRAP 105 (amended): Transfer of Functions Between Entities Under Common Control**

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.

The amendments may not be applied or early adopted by the municipality in developing an accounting policy due to the effective date of the amendment of the standard that is not yet determined by the Minister of Finance.

The impact that the amendments of the standard will have on the municipality's unaudited annual financial statements is yet to be determined.

**2.3.6. GRAP 106 (amended): Transfer of Functions Between Entities Not Under Common Control**

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.

The amendments may not be applied or early adopted by the municipality in developing an accounting policy due to the effective date of the amendment of the standard that is not yet determined by the Minister of Finance.

The impact that the amendments of the standard will have on the municipality's unaudited annual financial statements is yet to be determined.

**2.3.7. GRAP 107 (amended): Mergers**

The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.

The amendments may not be applied or early adopted by the municipality in developing an accounting policy due to the effective date of the amendment of the standard that is not yet determined by the Minister of Finance.

The impact that the amendments of the standard will have on the municipality's unaudited annual financial statements is yet to be determined.

**2.3.8. Improvements to standards of GRAP (2023)**

The improvements may not be applied or early adopted by the municipality in developing an accounting policy due to the effective date of the amendment of the standard that is not yet determined by the Minister of Finance.

The impact that the amendments of the standard will have on the municipality's unaudited annual financial statements is yet to be determined.

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| | Note | 2025<br>R<br>Cost | R<br>Accumulated depreciation and accumulated impairment | R<br>Carrying value | 2024<br>R<br>Cost | R<br>Accumulated depreciation and accumulated impairment | R<br>Carrying value |
|---|---|---|---|---|---|---|---|
| **3 HERITAGE ASSETS** | | | | | | | |
| Historic buildings | | 21 161 | - | 21 161 | 21 161 | - | 21 161 |
| Other heritage assets | | 16 512 | - | 16 512 | 16 512 | - | 16 512 |
| | | **37 673** | **-** | **37 673** | **37 673** | **-** | **37 673** |

### 3.1 Age and/or condition of heritage assets

Heritage Assets consist of a historical building, national monument and the mayoral chain.

The assets were measured at cost.

### 3.2 Restrictions on heritage assets

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

### 3.3 Pledged as security

There are no Heritage assets pledged as security for liabilities.

### 3.4 Contractual commitments for the acquisition, maintenance and restoration of heritage assets

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

### 3.5 Heritage assets used for more than one purpose

There are no Heritage Assets that are used by the municipality for more than one purpose.

| | | R | R | R | R | R | R | R | R |
|---|---|---|---|---|---|---|---|---|---|
| | | **Opening balance** | **Additions** | **Additions through transfer of functions / mergers** | **Disposals** | **Transfers** | **Impairment (loss)/reversal** | **Depreciation** | **Carrying value** |
| **3.6** | **Reconciliation of carrying value - 2025** | | | | | | | | |
| | Historic buildings | 21 161 | - | - | - | - | - | - | 21 161 |
| | Other heritage assets | 16 512 | - | - | - | - | - | - | 16 512 |
| | | **37 673** | **-** | **-** | **-** | **-** | **-** | **-** | **37 673** |
| **3.7** | **Reconciliation of carrying value - 2024** | | | | | | | | |
| | Historic buildings | 21 161.00 | - | - | - | - | - | - | 21 161.00 |
| | Other heritage assets | 16 512.00 | - | - | - | - | - | - | 16 512.00 |
| | | **37 673.00** | **-** | **-** | **-** | **-** | **-** | **-** | **37 673.00** |

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## 4 INVESTMENT PROPERTY

| | Note | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|---|
| | | R | R | R | R | R | R |
| | | **Cost** | **Accumulated depreciation and accumulated impairment** | **Carrying value** | **Cost** | **Accumulated depreciation and accumulated impairment** | **Carrying value** |
| Investment property | | 18 143 680 | (2 049 994) | 16 093 686 | 18 143 680 | (4 093 456) | 14 050 224 |
| | | **18 143 680** | **(2 049 994)** | **16 093 686** | **18 143 680** | **(4 093 456)** | **14 050 224** |

### 4.1 Restrictions on Investment Property

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

### 4.2 Contractual commitments for the acquisition, maintenance and restoration of Investment Property

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

### 4.3 Pledged as security

There are no property, plant and equipment assets pledged as security for liabilities.

### 4.4 Additional Disclosure in terms of Investment Property

| | 2025 | 2024 |
|---|---|---|
| **Amounts recognised in surplus or deficit** | **R** | **R** |
| Rental revenue from investment property | 511 438 | 457 013 |

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| | Opening balance | Additions | Additions through transfer of functions / mergers | Disposals | Transfers | Impairment (loss)/reversal | Depreciation | Carrying value |
|---|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R | R |

**4.5 Reconciliation of carrying value - 2025**

| | Opening balance | Additions | Additions through transfer of functions / mergers | Disposals | Transfers | Impairment (loss)/reversal | Depreciation | Carrying value |
|---|---|---|---|---|---|---|---|---|
| Investment property | 14 050 224 | - | - | - | - | 2 044 000 | (538) | 16 093 686 |
| | **14 050 224** | **-** | **-** | **-** | **-** | **2 044 000** | **(538)** | **16 093 686** |

**4.6 Reconciliation of carrying value - 2024**

| | Opening balance | Additions | Additions through transfer of functions / mergers | Disposals | Transfers | Impairment (loss)/reversal | Depreciation | Carrying value |
|---|---|---|---|---|---|---|---|---|
| Investment property | 12 691 575 | - | - | - | - | 1 359 189 | (540) | 14 050 224 |
| | **12 691 575** | **-** | **-** | **-** | **-** | **1 359 189** | **(540)** | **14 050 224** |

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| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| **5 LONG-TERM RECEIVABLES** | | | |
| Long-term receivables | | 326 | 326 |
| Other - non-current portion | | 9 112 | 9 112 |
| | | **9 438** | **9 438** |
| **Less : Current portion transferred to current receivables** | | **9 438** | **9 438** |
| Current portion of long-term receivables | | 326 | 326 |
| Other - current portion | | 9 112 | 9 112 |
| **Total** | | **-** | **-** |

**HOUSING SELLING SCHEMES**

Prior to the effect of the provisions of section 164(1)(c) of the MFMA (Act 56 of 2003) on 1 July 2004, loans were granted to qualifying senior staff members to enable them to acquire a house. The house should be occupied by the staff member and should be the primary home of the staff member. The repayment period of these loans and the applicable interest rate is a maximum of 20 years and eight percent per annum, respectively.

The repayments applicable, are levied with the monthly consumer accounts, and outstanding amounts of these accounts are reflected as part of the outstanding receivables from exchange transactions.

The terms granted applicable to these loans are not more favourable that would be expected in market term

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**Note**

## 6 PROPERTY, PLANT AND EQUIPMENT

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | R | R | R | R | R | R |
| | **Cost** | **Accumulated depreciation and accumulated impairment** | **Carrying value** | **Cost** | **Accumulated depreciation and accumulated impairment** | **Carrying value** |
| Land | 317 317 038 | (32 541 177) | 284 775 861 | 317 317 038 | (36 591 816) | 280 725 222 |
| Machinery and equipment | 17 601 039 | (10 318 283) | 7 282 756 | 14 854 144 | (9 135 207) | 5 718 937 |
| Transport assets | 76 937 788 | (36 235 730) | 40 702 058 | 71 992 777 | (31 937 740) | 40 055 037 |
| Furniture and office equipment | 10 074 719 | (8 119 201) | 1 955 518 | 9 336 157 | (7 690 712) | 1 645 445 |
| Computer equipment | 15 215 915 | (11 312 166) | 3 903 749 | 13 989 314 | (10 263 011) | 3 726 303 |
| Infrastructure assets | 1 353 386 149 | (378 823 390) | 974 562 759 | 1 237 234 522 | (348 726 608) | 888 507 914 |
| Community assets | 105 224 339 | (36 845 036) | 68 379 303 | 99 920 014 | (33 633 534) | 66 286 480 |
| Other assets | 65 480 834 | (32 528 375) | 32 952 459 | 65 489 893 | (31 674 248) | 33 815 645 |
| | **1 961 237 821** | **(546 723 358)** | **1 414 514 463** | **1 830 133 859** | **(509 652 876)** | **1 320 480 983** |

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**6.01 Reconciliation of carrying value - 2025**

| | Opening balance R | Additions R | Additions through transfer of functions / mergers R | Disposals R | Impairment (loss)/reversal R | Depreciation R | Carrying value R |
|---|---|---|---|---|---|---|---|
| Land | 280 725 222 | - | - | - | 4 050 640 | - | 284 775 862 |
| Machinery and equipment | 5 718 938 | 2 989 944 | - | (10 631) | - | (1 415 494) | 7 282 757 |
| Transport assets | 40 055 037 | 5 239 517 | - | (24 090) | - | (4 568 407) | 40 702 057 |
| Furniture and office equipment | 1 645 444 | 790 728 | - | (4 332) | - | (476 323) | 1 955 517 |
| Computer equipment | 3 726 303 | 1 332 416 | - | (25 220) | - | (1 129 749) | 3 903 750 |
| Infrastructure assets | 888 507 914 | 118 673 914 | - | (874 463) | - | (31 744 606) | 974 562 759 |
| Community assets | 66 286 479 | 5 319 511 | - | (12) | 2 209 | (3 228 885) | 68 379 302 |
| Other assets | 33 815 646 | - | - | (5 581) | 13 611 | (871 217) | 32 952 459 |
| | **1 320 480 983** | **134 346 030** | **-** | **(944 329)** | **4 066 460** | **(43 434 681)** | **1 414 514 463** |

**6.02 Reconciliation of carrying value - 2024**

| | Opening balance R | Additions R | Additions through transfer of functions / mergers R | Disposals R | Impairment (loss)/reversal R | Depreciation R | Carrying value R |
|---|---|---|---|---|---|---|---|
| Land | 290 928 315 | - | - | - | (10 203 093) | - | 280 725 222 |
| Machinery and equipment | 3 947 060 | 3 022 084 | - | (135 739) | - | (1 114 467) | 5 718 938 |
| Transport assets | 31 411 416 | 12 687 430 | - | (70 816) | - | (3 972 993) | 40 055 037 |
| Furniture and office equipment | 1 711 315 | 358 841 | - | (20 464) | - | (404 248) | 1 645 444 |
| Computer equipment | 4 014 365 | 788 036 | - | (68 652) | - | (1 007 446) | 3 726 303 |
| Infrastructure assets | 839 044 383 | 81 883 638 | - | (2 750 578) | - | (29 669 529) | 888 507 914 |
| Community assets | 64 712 559 | 4 868 231 | - | (297 082) | - | (2 997 229) | 66 286 479 |
| Other assets | 33 826 804 | 703 013 | - | (2 482) | 115 508 | (827 197) | 33 815 646 |
| | **1 269 596 217** | **104 311 273** | **-** | **(3 345 813)** | **(10 087 585)** | **(39 993 109)** | **1 320 480 983** |

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| | Note | 2025 R | 2024 R |
|---|---|---|---|
| **6.03 Capital commitments** | | | |
| Capital commitments applicable | 65 | 51 833 309 | 10 876 239 |

**6.04 Property, plant and equipment in the process of being constructed or developed**

**Cumulative expenditure recognised in the carrying value of property, plant and equipment**

| | 2025 R | 2024 R |
|---|---|---|
| Infrastructure assets | 161 910 227 | 128 973 965 |
| Community assets | 3 492 481 | 5 483 704 |
| Other assets | 939 708 | 939 708 |
| | **166 342 416** | **135 397 377** |

**Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected as included in the cumulative amounts above.**

| | 2025 R | 2024 R |
|---|---|---|
| Infrastructure assets | 44 122 396 | 64 682 053 |
| Community assets | 294 002 | 1 847 958 |
| Other assets | - | 334 541 |
| | **44 416 398** | **66 864 552** |

**Reasons for delay:**
- Budgeting/Funding constraints
- Delay with SCM processes
- Contractor performance

**Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s) as included in the cumulative amounts above.**

| | 2025 R | 2024 R |
|---|---|---|
| Infrastructure assets | 277 441 | - |
| Other assets | 605 167 | 605 167 |
| | **882 608** | **605 167** |

**Reasons for halted projects:**
- Council resolved to amend the housing project on erf 4367, from a FLISP to a middle income housing project.
- Long-term lease agreement to operate the airport was terminated. Processes are underway for the appointment of a new lessee to operate the airport on a long-term basis.

**6.05 Expenditure incurred to repair and maintain property, plant and equipment**

**Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance**

| | 2025 R | 2024 R |
|---|---|---|
| Employee related costs | 19 119 101 | 17 621 638 |
| Contracted services | 21 791 057 | 28 299 615 |
| Materials | 3 256 572 | 3 955 357 |
| | **44 166 730** | **49 876 610** |

**6.06 Restrictions on property, plant and equipment assets**

There are no restrictions on the realisability of property, plant and equipment assets or the remittance of revenue and proceeds of disposal.

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| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

**6.07 Pledged as security**

There are no property, plant and equipment assets pledged as security for liabilities.

**6.08 Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up that is included in surplus or deficit.**

| | | |
|---|---|---|
| Community assets | 30 407 | 95 455 |
| Computer equipment | 61 552 | - |
| Infrastructure assets | 1 402 995 | 272 996 |
| Machinery and equipment | 5 933 | - |
| Other assets | - | 531 458 |
| Transport assets | 126 162 | 5 008 |
| | **1 627 049** | **904 917** |

**6.09 Change in estimates in terms of GRAP 3**

**Depreciation before adjustments:**

| | | |
|---|---|---|
| Community assets | - | 35 446 |
| Electrical infrastructure | - | 18 380 |
| Furniture and office equipment | - | 23 742 |
| Network and communication | - | 236 |
| Roads infrastructure | - | 46 427 |
| Sanitation infrastructure | - | 23 740 |
| Water supply infrastructure | - | 14 433 |
| | **-** | **162 404** |

**Depreciation after adjustments:**

| | | |
|---|---|---|
| Community assets | - | 8 924 |
| Electrical infrastructure | - | 4 888 |
| Furniture and office equipment | - | 5 952 |
| Network and communication | - | 124 |
| Roads infrastructure | - | 13 357 |
| Sanitation infrastructure | - | 8 622 |
| Water supply infrastructure | - | 4 418 |
| | **-** | **46 285** |

The remaining useful lives of these assets were reviewed and amended, with a minimum period of three years. The increase in the useful lives resulted in a reduction in depreciation charges as indicated above. No useful life amendments were implemented within the current year.

**6.10 Land appointed in terms of legislation which entity controls without legal ownership or custodianship (IGRAP18 par 40)**

| | | |
|---|---|---|
| Carrying value of land included in the carrying value of property, plant and equipment | 26 543 669 | 28 479 678 |

Following assessments performed on land, it was established that substantive control linked to various parcels of land, vests with the municipality. These include amongst other, Public Places, registered at the deeds office in the names of private entities, but vests with the municipality in accordance with Spatial Planning and Land Use Management Act 16 of 23. Key judgements made and assumptions applied to conclude that it controls such land, are disclosed in accounting policy bullet point 1.18

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| | Note | 2025 R | 2024 R |
|---|---|---|---|

## 7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

| | 2025 R | 2024 R |
|---|---|---|
| Cash on hand | 3 675 | 3 675 |
| Cash at bank | 74 954 299 | 57 201 527 |
| Short-term deposits | 150 056 379 | 108 221 979 |
| | **225 014 353** | **165 427 181** |
| **Current assets** | 225 014 353 | 165 427 181 |

Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

**Reconciliation of available cash and investment resources**

The Following are Cash and Investment Resources held that are held by the municipality but may not be used for other then the intended purposes as stated below:

| | 2025 R | 2024 R |
|---|---|---|
| Cash and cash equivalents | 225 014 353 | 165 427 181 |
| | **225 014 353** | **165 427 181** |
| **Less:** | | |
| Unspent conditional grants | 607 397 | 915 986 |
| Consumer deposits | 11 982 514 | 11 361 601 |
| Capital replacement reserve | 47 103 119 | 71 850 000 |
| **Resources available for working capital requirements** | **165 321 323** | **81 299 594** |

**The municipality had the following bank accounts as at 1 July: -**

| | 2025 R | 2024 R |
|---|---|---|
| Nedbank - current account (Primary bank account) | - | 5 146 436 |
| Nedbank - current account (Traffic account) | - | 49 144 |
| Nedbank - current account (Direct deposits) | - | 3 455 319 |
| Standard bank - current account (Primary bank account) | 60 854 666 | 4 776 338 |
| Standard bank - current account (Ring-fencing Account) | 516 736 | 51 576 948 |

**The municipality had the following bank accounts as at 30 June: -**

| | 2025 R | 2024 R |
|---|---|---|
| Standard bank - current account (Primary bank account) | 39 996 443 | 60 854 666 |
| Standard bank - current account (Ring-fencing Account) | 34 417 303 | 516 736 |
| Cash book balance at beginning of year | 165 427 182 | 95 078 061 |
| Cash book balance at end of year | 225 014 352 | 165 427 182 |
| Bank statement balance at beginning of year | 61 371 402 | 65 004 185 |
| Bank statement balance at end of year | 74 413 746 | 61 371 402 |

| | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|

## 8 INVENTORIES

| | | | |
|---|---|---|---|
| Consumable stores | | 16 102 029 | 14 898 598 |
| Materials and supplies | | (1 257 033) | (1 439 850) |
| Unsold properties held for resale | | 2 235 230 | 2 235 230 |
| Water for distribution | | 206 330 | 151 471 |
| | | **17 286 556** | **15 845 449** |

| | | | |
|---|---|---|---|
| Inventories recognised as an expense during the year | | 15 711 403 | 15 619 221 |

### 8.1 Inventory pledged as security

No inventory assets were pledged as security for liabilities.

### 8.2 Water for distribution

| | Note | 2025 | 2024 |
|---|---|---|---|
| Opening Balance | | 151 471 | 262 460 |
| (Decrease)/Increase in net realisable value opening balance | | 55 334 | (97 743) |
| System input volume | | 20 235 612 | 14 836 566 |
| Billed consumption | | (16 347 240) | (9 275 074) |
| Water Losses | 39 | (3 833 037) | - |
| Data transfer and management errors | | (55 335) | (5 561 492) |
| Unavoidable annual real losses | 39 | (475) | (13 246) |
| | | **206 330** | **151 471** |

## 9 OPERATING LEASE ( ACCRUAL)

| | | | |
|---|---|---|---|
| Operating lease asset - Current | | 2 266 | 17 640 |
| Operating lease liability - Current | | (505 458) | (441 391) |
| | | **(503 192)** | **(423 751)** |

### 9.1 Operating leases - as lessor (income)

At the statement of financial position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

| **Minimum lease payments due** | | | |
|---|---|---|---|
| - within one year | | 462 542 | 757 075 |
| - in second to fifth year inclusive | | 112 436 | 211 926 |
| -later than five years | | 25 | 25 |
| | | **575 003** | **969 026** |

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| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

## 9.2 Operating leases - as lessee (expense)

At the statement of financial position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

| **Minimum lease payments due** | 2025 | 2024 |
|---|---|---|
| - within one year | 3 906 599 | 3 715 317 |
| - in second to fifth year inclusive | 4 595 004 | 8 402 603 |
| | **8 501 603** | **12 117 920** |

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.

Operating leases consists of agreements for building/office rentals and office printing machines.

The municipality does not engage in any sub-lease agreements

The municipality did not pay any contingent rent during the year

## 10 DEBTORS DISCLOSURE

| **Gross balances** | 2025 | 2024 |
|---|---|---|
| Electricity (exchange) | 39 248 246 | 30 073 091 |
| Water (exchange) | 105 018 138 | 92 734 948 |
| Waste water (exchange) | 112 137 855 | 99 022 639 |
| Refuse (exchange) | 67 766 676 | 59 543 701 |
| Housing rentals (exchange) | 1 370 531 | 1 402 326 |
| Sundries (exchange) | 30 468 886 | 19 964 317 |
| Property rates (non-exchange) | 65 465 468 | 55 959 676 |
| Electricity (non-exchange) | 4 015 602 | 3 657 318 |
| Water (non-exchange) | 5 800 021 | 5 236 230 |
| Waste water (non-exchange) | 6 391 182 | 5 445 794 |
| Refuse (non-exchange) | 3 780 050 | 3 403 614 |
| Fines (non-exchange) | 118 866 121 | 112 618 132 |
| Sundries (non-exchange) | 363 102 | 263 514 |
| | **560 691 878** | **489 325 300** |

| **Less: Allowance for impairment** | 2025 | 2024 |
|---|---|---|
| Electricity (exchange) | (13 768 367) | (9 118 485) |
| Water (exchange) | (91 774 319) | (79 924 980) |
| Waste water (exchange) | (104 326 391) | (90 893 078) |
| Refuse (exchange) | (63 302 924) | (55 918 853) |
| Housing rentals (exchange) | (1 217 670) | (1 111 504) |
| Sundries (exchange) | (6 444 228) | (6 135 512) |
| Property rates (non-exchange) | (38 021 206) | (35 164 492) |
| Electricity (non-exchange) | (3 794 047) | (3 176 104) |
| Water (non-exchange) | (5 382 568) | (4 089 894) |
| Waste water (non-exchange) | (5 313 950) | (4 901 909) |
| Refuse (non-exchange) | (3 642 423) | (3 003 115) |
| Fines (non-exchange) | (100 796 493) | (95 804 601) |
| | **(437 784 586)** | **(389 242 527)** |

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| **Net balance** | | | |
| Electricity (exchange) | | 25 479 878 | 20 954 605 |
| Water (exchange) | | 13 243 819 | 12 809 969 |
| Waste water (exchange) | | 7 811 465 | 8 129 561 |
| Refuse (exchange) | | 4 463 752 | 3 624 848 |
| Housing rentals (exchange) | | 152 862 | 290 822 |
| Sundries (exchange) | | 24 024 658 | 13 828 805 |
| Property rates (non-exchange) | | 27 444 262 | 20 795 184 |
| Electricity (non-exchange) | | 221 555 | 481 214 |
| Water (non-exchange) | | 417 453 | 1 146 337 |
| Waste water (non-exchange) | | 1 077 232 | 543 885 |
| Refuse (non-exchange) | | 137 627 | 400 500 |
| Fines (non-exchange) | | 18 069 628 | 16 813 531 |
| Sundries (non-exchange) | | 363 102 | 263 514 |
| | | **122 907 293** | **100 082 775** |

**Statutory receivables included in debtors above are as follows:**

| | | |
|---|---|---|
| Fines (non-exchange) | 18 069 628 | 16 813 531 |
| Property rates (non-exchange) | 27 444 262 | 20 795 184 |
| | **45 513 890** | **37 608 715** |

**Financial asset receivables included in debtors above are as follows:**

| | | |
|---|---|---|
| Electricity (exchange) | 25 479 878 | 20 954 605 |
| Water (exchange) | 13 243 819 | 12 809 969 |
| Waste water (exchange) | 7 811 465 | 8 129 561 |
| Refuse (exchange) | 4 463 752 | 3 624 848 |
| Housing rentals (exchange) | 152 862 | 290 822 |
| Sundries (exchange) | 24 024 658 | 13 828 805 |
| Electricity (non-exchange) | 221 555 | 481 214 |
| Water (non-exchange) | 417 453 | 1 146 337 |
| Waste water (non-exchange) | 1 077 232 | 543 885 |
| Refuse (non-exchange) | 137 627 | 400 500 |
| Sundries (non-exchange) | 363 102 | 263 514 |
| | **77 393 403** | **62 474 060** |

| | | |
|---|---|---|
| **Total debtors** | **122 907 293** | **100 082 775** |

**10.01 Included in above is receivables from exchange transactions - current**

| | | |
|---|---|---|
| Electricity (exchange) | 25 479 878 | 20 954 605 |
| Water (exchange) | 13 243 819 | 12 809 969 |
| Waste water (exchange) | 7 811 465 | 8 129 561 |
| Refuse (exchange) | 4 463 752 | 3 624 848 |
| Housing rentals (exchange) | 152 862 | 290 822 |
| Sundries (exchange) | 24 024 658 | 13 828 805 |
| | **75 176 434** | **59 638 610** |

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

**10.02 Included in above is receivables from non-exchange transactions - current**

| | 2025 | 2024 |
|---|---|---|
| Property rates (non-exchange) | 27 444 262 | 20 795 184 |
| Electricity (non-exchange) | 221 555 | 481 214 |
| Water (non-exchange) | 417 453 | 1 146 337 |
| Waste water (non-exchange) | 1 077 232 | 543 885 |
| Refuse (non-exchange) | 137 627 | 400 500 |
| Fines (non-exchange) | 18 069 628 | 16 813 531 |
| Sundries (non-exchange) | 363 102 | 263 514 |
| | **47 730 859** | **40 444 165** |
| **Net balance** | **122 907 293** | **100 082 775** |

**10.03 Ageing of receivables from exchange and non-exchange transactions:**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

**Electricity (exchange)**

| | 2025 | 2024 |
|---|---|---|
| Current (0 – 30 days) | 20 394 627 | 16 657 616 |
| 31 - 60 Days | 2 565 299 | 1 335 248 |
| 61 - 90 Days | 1 126 223 | 627 895 |
| + 90 Days | 15 162 097 | 11 452 332 |
| | **39 248 246** | **30 073 091** |

**Water (exchange)**

| | 2025 | 2024 |
|---|---|---|
| Current (0 – 30 days) | 10 726 763 | 9 186 808 |
| 31 - 60 Days | 3 611 963 | 2 945 027 |
| 61 - 90 Days | 2 243 294 | 2 474 787 |
| + 90 Days | 88 436 118 | 78 128 326 |
| | **105 018 138** | **92 734 948** |

**Waste water (exchange)**

| | 2025 | 2024 |
|---|---|---|
| Current (0 – 30 days) | 6 425 634 | 6 152 693 |
| 31 - 60 Days | 2 976 095 | 2 086 238 |
| 61 - 90 Days | 2 173 679 | 1 828 709 |
| + 90 Days | 100 562 447 | 88 954 999 |
| | **112 137 855** | **99 022 639** |

**Refuse (exchange)**

| | 2025 | 2024 |
|---|---|---|
| Current (0 – 30 days) | 4 022 131 | 3 723 704 |
| 31 - 60 Days | 1 619 699 | 1 486 318 |
| 61 - 90 Days | 1 367 554 | 1 204 095 |
| + 90 Days | 60 757 292 | 53 129 584 |
| | **67 766 676** | **59 543 701** |

| | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|
| **Housing rentals (exchange)** | | | |
| Current (0 – 30 days) | | 103 622 | 178 029 |
| 31 - 60 Days | | 50 665 | 59 661 |
| 61 - 90 Days | | 43 747 | 44 218 |
| + 90 Days | | 1 172 497 | 1 120 418 |
| | | **1 370 531** | **1 402 326** |
| **Sundries (exchange)** | | | |
| Current (0 – 30 days) | | 6 569 048 | 2 938 210 |
| 31 - 60 Days | | 1 325 603 | 619 832 |
| 61 - 90 Days | | 4 716 075 | 3 428 206 |
| + 90 Days | | 17 702 997 | 12 991 470 |
| | | **30 313 723** | **19 977 718** |
| **Property rates (non-exchange)** | | | |
| Current (0 – 30 days) | | 15 073 764 | 9 937 967 |
| 31 - 60 Days | | 2 302 645 | 1 974 781 |
| 61 - 90 Days | | 1 484 799 | 1 323 864 |
| + 90 Days | | 46 604 260 | 42 723 064 |
| | | **65 465 468** | **55 959 676** |
| **Electricity (non-exchange)** | | | |
| Current (0 – 30 days) | | 125 072 | 123 063 |
| 31 - 60 Days | | 60 759 | 53 410 |
| 61 - 90 Days | | 54 835 | 53 151 |
| + 90 Days | | 3 774 936 | 3 427 694 |
| | | **4 015 602** | **3 657 318** |
| **Water (non-exchange)** | | | |
| Current (0 – 30 days) | | 184 467 | 197 813 |
| 31 - 60 Days | | 86 572 | 84 937 |
| 61 - 90 Days | | 77 590 | 78 620 |
| + 90 Days | | 5 451 392 | 4 874 860 |
| | | **5 800 021** | **5 236 230** |
| **Waste water (non-exchange)** | | | |
| Current (0 – 30 days) | | 307 593 | 274 163 |
| 31 - 60 Days | | 167 769 | 139 184 |
| 61 - 90 Days | | 142 812 | 119 612 |
| + 90 Days | | 5 773 008 | 4 912 835 |
| | | **6 391 182** | **5 445 794** |
| **Refuse (non-exchange)** | | | |
| Current (0 – 30 days) | | 168 585 | 168 790 |
| 31 - 60 Days | | 99 462 | 89 611 |
| 61 - 90 Days | | 81 586 | 76 944 |
| + 90 Days | | 3 430 417 | 3 068 269 |
| | | **3 780 050** | **3 403 614** |



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| | Note | 2025 R | 2024 R |
|---|---|---|---|
| **Fines (non-exchange)** | | | |
| Current (0 – 30 days) | | 3 762 050 | 3 694 550 |
| 31 - 60 Days | | 4 291 100 | 41 200 |
| 61 - 90 Days | | 3 913 250 | 25 800 |
| + 90 Days | | 106 820 770 | 108 856 582 |
| | | **118 787 170** | **112 618 132** |
| **Sundries (non-exchange)** | | | |
| Current (0 – 30 days) | | 89 238 | 7 453 |
| 31 - 60 Days | | 11 339 | - |
| 61 - 90 Days | | 90 | - |
| + 90 Days | | 262 435 | 256 061 |
| | | **363 102** | **263 514** |
| **Total** | | | |
| Current (0 – 30 days) | | 67 952 594 | 53 240 859 |
| 31 - 60 Days | | 19 168 970 | 10 915 447 |
| 61 - 90 Days | | 17 425 534 | 11 285 901 |
| + 90 Days | | 455 910 666 | 413 896 494 |
| | | **560 457 764** | **489 338 701** |

**10.04 Summary of debtors by customer classification**

| | | 2025 R | 2024 R |
|---|---|---|---|
| **Agricultural** | | | |
| Current (0 – 30 days) | | 904 552 | 1 219 396 |
| 31 - 60 Days | | 359 660 | 493 303 |
| 61 - 90 Days | | 320 378 | 353 393 |
| + 90 Days | | 18 596 258 | 4 265 750 |
| | | **20 180 848** | **6 331 842** |
| **Residential** | | | |
| Current (0 – 30 days) | | 46 048 678 | 33 806 649 |
| 31 - 60 Days | | 11 136 841 | 9 592 254 |
| 61 - 90 Days | | 7 461 477 | 7 042 631 |
| + 90 Days | | 304 996 685 | 286 614 624 |
| | | **369 643 681** | **337 056 158** |
| **Industrial and Commercial** | | | |
| Current (0 – 30 days) | | 4 112 675 | 4 528 916 |
| 31 - 60 Days | | 1 556 772 | 638 180 |
| 61 - 90 Days | | 653 043 | 345 906 |
| + 90 Days | | 12 833 461 | 6 353 157 |
| | | **19 155 951** | **11 866 159** |
| **National and Provincial government** | | | |
| Current (0 – 30 days) | | 856 760 | 509 110 |
| 31 - 60 Days | | 525 912 | 150 510 |
| 61 - 90 Days | | 394 588 | 132 613 |
| + 90 Days | | 3 561 886 | 2 226 869 |
| | | **5 339 146** | **3 019 102** |

| | Note | 2025 R | 2024 R |
|---|---|---|---|
| **Other** | | | |
| Current (0 – 30 days) | | 16 029 929 | 13 176 788 |
| 31 - 60 Days | | 5 589 785 | 41 200 |
| 61 - 90 Days | | 8 596 048 | 3 411 358 |
| + 90 Days | | 115 922 376 | 114 436 094 |
| | | **146 138 138** | **131 065 440** |
| **Total** | | | |
| Current (0 – 30 days) | | 67 952 594 | 53 240 859 |
| 31 - 60 Days | | 19 168 970 | 10 915 447 |
| 61 - 90 Days | | 17 425 534 | 11 285 901 |
| + 90 Days | | 455 910 666 | 413 896 494 |
| | | **560 457 764** | **489 338 701** |
| **Less:** Allowance for impairment | | -437 784 588 | -389 242 524 |
| | | **122 907 290** | **100 082 776** |

**10.05 Trade and other receivables pledged as security**

No receivables are pledged as security for financial liabilities

**10.06 Fair value of trade and other receivables**

Due to the short term nature of receivables the carrying amount disclosed in note 10 of the financial statements is an approximation of its fair value.

**10.07 Reconciliation of allowance for impairment**

| | 2025 R | 2024 R |
|---|---|---|
| Balance at beginning of the year | 389 242 526 | 358 402 721 |
| Contributions to allowance | 437 784 586 | 252 177 949 |
| Reversal of allowance | (389 242 526) | (221 338 143) |
| **Balance at end of year** | **437 784 586** | **389 242 527** |

**The total amount of this provision consists of:**

| | 2025 R | 2024 R |
|---|---|---|
| Electricity (exchange) | 13 768 367 | 9 118 485 |
| Water (exchange) | 91 774 319 | 79 924 980 |
| Waste water (exchange) | 104 326 391 | 90 893 078 |
| Refuse (exchange) | 63 302 924 | 55 918 853 |
| Housing rentals (exchange) | 1 217 670 | 1 111 504 |
| Sundries (exchange) | 6 444 228 | 6 135 512 |
| Property rates (non-exchange) | 38 021 206 | 35 164 492 |
| Electricity (non-exchange) | 3 794 047 | 3 176 104 |
| Water (non-exchange) | 5 382 568 | 4 089 894 |
| Waste water (non-exchange) | 5 313 950 | 4 901 909 |
| Refuse (non-exchange) | 3 642 423 | 3 003 115 |
| Fines (non-exchange) | 100 796 493 | 95 804 601 |
| | **437 784 586** | **389 242 527** |

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| **Statutory receivables included in debtors impairment provision above are as follows:** | | | |
| Property rates (non-exchange) | | 38 021 206 | 35 164 492 |
| Fines (non-exchange) | | 100 796 493 | 95 804 601 |
| | | **138 817 699** | **130 969 093** |

| | 2025 | 2024 |
|---|---|---|
| **Financial asset receivables included in debtors impairment provision above are as follows:** | | |
| Electricity (exchange) | 13 768 367 | 9 118 485 |
| Water (exchange) | 91 774 319 | 79 924 980 |
| Waste water (exchange) | 104 326 391 | 90 893 078 |
| Refuse (exchange) | 63 302 924 | 55 918 853 |
| Housing rentals (exchange) | 1 217 670 | 1 111 504 |
| Sundries (exchange) | 6 444 228 | 6 135 512 |
| Electricity (non-exchange) | 3 794 047 | 3 176 104 |
| Water (non-exchange) | 5 382 568 | 4 089 894 |
| Waste water (non-exchange) | 5 313 950 | 4 901 909 |
| Refuse (non-exchange) | 3 642 423 | 3 003 115 |
| | **298 966 887** | **258 273 434** |
| **Total debtors** | **437 784 586** | **389 242 527** |

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment

Concentrations of credit risk with respect to trade receivables are limited due to the municipality’s large number of customers. The municipality’s historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality’s trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. The provision for impairment is based on current and past collection rates applicable to fines.

## 11 GRANTS

**Monetary allocations - other**

| | 2025 | 2024 |
|---|---|---|
| Local government, water and related service - SETA | 282 633 | 391 574 |
| | **282 633** | **391 574** |

**Monetary allocations:district municipalities**

| | 2025 | 2024 |
|---|---|---|
| Safety plans | 24 475 | 120 000 |
| | **24 475** | **120 000** |

| | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|
| **Monetary allocations:provincial government:capital** | | | |
| Community development worker operational support (CDW) | | 9 920 | 13 806 |
| Community library services | | - | 306 460 |
| Human settlement development (beneficiaries) | | (27 486 655) | (32 797 487) |
| Informal Settlement Upgrading Partnership | | (2 251 489) | (6 044 048) |
| Municipal service delivery and capacity building | | 200 012 | - |
| Provincial emergency funding | | (169 667) | - |
| Regional socio-economic projects (RSEP) | | 5 352 | 5 351 |
| Thusong service centres | | 75 246 | 75 246 |
| | | **(29 617 281)** | **(38 440 672)** |

**Monetary allocations:national government:capital**

| | 2025<br>R | 2024<br>R |
|---|---|---|
| Integrated national electrification programme (INEP) | (143 000) | - |
| Municipal infrastructure (MIG) | 8 641 | 3 549 |
| Water Services Infrastructure | 1 118 | - |
| | **(133 241)** | **3 549** |
| **Total grants** | **(29 443 414)** | **(37 925 549)** |
| **Unspent conditional grants** | 607 397 | 915 986 |
| **Unpaid conditional grants** | (30 050 811) | (38 841 535) |
| | **(29 443 414)** | **(37 925 549)** |

See below for reconciliation of grants and receipts.
These amounts are invested in ring-fenced investment until utilised.

**Conditional and unconditional**

Included in above are the following grants and subsidies received:

| | 2025<br>R | 2024<br>R |
|---|---|---|
| Conditional grants received | 115 061 497 | 59 306 321 |
| Unconditional grants received | 154 144 000 | 144 726 000 |
| | **269 205 497** | **204 032 321** |

**11.1 Grants breakdown**

**11.1.1 Monetary allocations - other**

**11.1.1.01 Local government, water and related service - SETA**

| | 2025<br>R | 2024<br>R |
|---|---|---|
| Opening balance | 391 574 | 359 886 |
| Receipts | 1 093 488 | 832 364 |
| Conditions met - transferred to revenue - operating | (1 202 429) | (800 676) |
| **Conditions still to be met - remain liabilities.** | **282 633** | **391 574** |

Refer to note Note 58.7 for more information relating to this grant.

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| | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|

**11.1.2 Monetary allocations:district municipalities**

**11.1.2.01 Safety plans**

| | 2025 | 2024 |
|---|---|---|
| Opening balance | 120 000 | 120 000 |
| Conditions met - transferred to revenue - operating | (95 525) | - |
| **Conditions still to be met - remain liabilities.** | **24 475** | **120 000** |

Refer to note Note 58.7 for more information relating to this grant.

**11.1.2.01 Tourism marketing and development**

| | 2025 | 2024 |
|---|---|---|
| Receipts | - | 390 000 |
| Conditions met - transferred to revenue - operating | - | (390 000) |
| **Conditions still to be met - remain liabilities.** | **-** | **-** |

Refer to note Note 58.7 for more information relating to this grant.

**11.1.3 Monetary allocations:provincial government:capital**

**11.1.3.01 Community development worker operational support (CDW)**

| | 2025 | 2024 |
|---|---|---|
| Opening balance | 13 806 | 4 863 |
| Receipts | 19 000 | 19 000 |
| Conditions met - transferred to revenue - operating | (22 886) | (10 057) |
| **Conditions still to be met - remain liabilities.** | **9 920** | **13 806** |

Refer to note Note 58.7 for more information relating to this grant.

**11.1.3.02 Community library services**

| | 2025 | 2024 |
|---|---|---|
| Opening balance | 306 460 | (299 348) |
| Receipts | 2 447 826 | 2 091 304 |
| Conditions met - transferred to revenue - operating | (2 668 286) | (1 171 068) |
| Conditions met - transferred to revenue - capital | (86 000) | (314 428) |
| **Conditions still to be met - remain liabilities.** | **-** | **306 460** |

Refer to note Note 58.7 for more information relating to this grant.

**11.1.3.03 Fire service capacity building**

| | 2025 | 2024 |
|---|---|---|
| Receipts | 980 000 | - |
| Conditions met - transferred to revenue - capital | (980 000) | - |
| **Conditions still to be met - remain liabilities.** | **-** | **-** |

Refer to note Note 58.7 for more information relating to this grant.

**11.1.3.04 Financial assistance to municipalities for maintenance and construction of transport infrastructure**

| | 2025 | 2024 |
|---|---|---|
| Receipts | 15 416 | 140 000 |
| Conditions met - transferred to revenue - operating | (15 416) | (140 000) |
| **Conditions still to be met - remain liabilities.** | **-** | **-** |

Refer to note Note 58.7 for more information relating to this grant.

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### 11.1.3.06 Human settlement development (beneficiaries)

| | Note | 2025 R | 2024 R |
|---|---|---|---|
| Opening balance | | (32 797 487) | (26 575 528) |
| Receipts | | 54 492 538 | 15 672 552 |
| Conditions met - transferred to revenue - operating | | 2 680 765 | (8 160 396) |
| Conditions met - transferred to revenue - capital | | (51 862 470) | (13 734 115) |
| **Conditions still to be met - remain liabilities.** | | **(27 486 654)** | **(32 797 487)** |

Refer to note Note 58.7 for more information relating to this grant.

### 11.1.3.07 Informal Settlement Upgrading Partnership

| | 2025 R | 2024 R |
|---|---|---|
| Opening balance | (6 044 048) | (1 392 542) |
| Receipts | 11 669 238 | 1 182 362 |
| Conditions met - transferred to revenue - operating | (1 969 321) | (3 680 402) |
| Conditions met - transferred to revenue - capital | (5 907 358) | (2 153 466) |
| **Conditions still to be met - remain liabilities.** | **(2 251 489)** | **(6 044 048)** |

Refer to note Note 58.7 for more information relating to this grant.

### 11.1.3.08 Library services replacement funding for most vulnerable B3 municipalities (MRF)

| | 2025 R | 2024 R |
|---|---|---|
| Opening balance | - | (1 248 522) |
| Receipts | 8 671 991 | 8 601 739 |
| Conditions met - transferred to revenue - operating | (8 671 991) | (7 353 217) |
| **Conditions still to be met - remain liabilities.** | **-** | **-** |

Refer to note Note 58.7 for more information relating to this grant.

### 11.1.3.09 Western Cape financial management capability

| | 2025 R | 2024 R |
|---|---|---|
| Opening balance | - | 366 406 |
| Receipts | - | 700 000 |
| Conditions met - transferred to revenue - operating | - | (1 008 645) |
| Re-payment of unspent grant | - | (57 761) |
| **Conditions still to be met - remain liabilities.** | **-** | **-** |

Refer to note Note 58.7 for more information relating to this grant.

### 11.1.3.10 Regional socio-economic projects (RSEP)

| | 2025 R | 2024 R |
|---|---|---|
| Opening balance | 5 352 | - |
| Receipts | - | 350 000 |
| Conditions met - transferred to revenue - capital | - | (344 649) |
| **Conditions still to be met - remain liabilities.** | **5 352** | **5 351** |

Refer to note Note 58.7 for more information relating to this grant.

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| | Note | 2025 R | 2024 R |
|---|---|---|---|

**11.1.3.11 Thusong service centres**

| | | |
|---|---|---|
| Opening balance | 75 246 | 70 541 |
| Receipts | - | 120 000 |
| Conditions met - transferred to revenue - operating | - | (115 295) |
| **Conditions still to be met - remain liabilities.** | **75 246** | **75 246** |

Refer to note Note 58.7 for more information relating to this grant.

**11.1.3.12 Provincial emergency funding**

| | | |
|---|---|---|
| Conditions met - transferred to revenue - operating | (169 667) | - |
| **Conditions still to be met - remain liabilities.** | **(169 667)** | **-** |

Refer to note Note 58.7 for more information relating to this grant.

**11.1.3.13 Municipal service delivery and capacity building**

| | | |
|---|---|---|
| Receipts | 500 000 | - |
| Conditions met - transferred to revenue - operating | (299 988) | - |
| **Conditions still to be met - remain liabilities.** | **200 012** | **-** |

Refer to note Note 58.7 for more information relating to this grant.

**11.1.4 Monetary allocations:national government:capital**

**11.1.4.01 Extended public works program Incentive (EPWP)**

| | | |
|---|---|---|
| Receipts | 1 474 000 | 1 879 000 |
| Conditions met - transferred to revenue - operating | (1 474 000) | (1 879 000) |
| **Conditions still to be met - remain liabilities.** | **-** | **-** |

Refer to note Note 58.7 for more information relating to this grant.

**11.1.4.02 Integrated national electrification programme (INEP)**

| | | |
|---|---|---|
| Receipts | - | 3 774 000 |
| Conditions met - transferred to revenue - capital | - | (3 774 000) |
| Re-payment of unspent grant | (143 000) | - |
| **Conditions still to be met - remain liabilities.** | **(143 000)** | **-** |

Refer to note Note 58.7 for more information relating to this grant.

**11.1.4.03 Local government financial management (LGFMG)**

| | | |
|---|---|---|
| Opening balance | - | 677 707 |
| Receipts | 1 800 000 | 1 771 000 |
| Conditions met - transferred to revenue - operating | (1 800 000) | (2 448 707) |
| **Conditions still to be met - remain liabilities.** | **-** | **-** |

Refer to note Note 58.7 for more information relating to this grant.

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

### 11.1.4.04 Municipal infrastructure (MIG)

| | | |
|---|---|---|
| Opening balance | 3 549 | 9 348 852 |
| Receipts | 22 818 000 | 21 783 000 |
| Conditions met - transferred to revenue - operating | (1 087 701) | (1 142 200) |
| Conditions met - transferred to revenue - capital | (21 725 207) | (29 986 103) |
| **Conditions still to be met - remain liabilities.** | **8 641** | **3 549** |

Refer to note Note 58.7 for more information relating to this grant.

### 11.1.4.05 Water Services Infrastructure

| | | |
|---|---|---|
| Receipts | 9 080 000 | - |
| Conditions met - transferred to revenue - capital | (9 078 883) | - |
| **Conditions still to be met - remain liabilities.** | **1 117** | **-** |

Refer to note Note 58.7 for more information relating to this grant.

### 11.1.5 Total grants

| | | |
|---|---|---|
| Opening balance | (37 925 548) | (18 567 685) |
| Receipts | 115 061 497 | 59 306 321 |
| Conditions met - transferred to revenue - operating | (16 796 445) | (28 299 663) |
| Conditions met - transferred to revenue - capital | (89 639 918) | (50 306 761) |
| Re-payment of unspent grant | (143 000) | (57 761) |
| **Conditions still to be met - remain liabilities.** | **(29 443 414)** | **(37 925 549)** |

### 12 NET VAT RECEIVABLE / (PAYABLE)

| | | | |
|---|---|---|---|
| | Statement of Account (SARS) | 1 959 019 | 5 245 819 |
| | Historic VAT receivable | 1 503 231 | 1 503 231 |
| | VAT control (receivable) due from SARS | **3 462 250** | **6 749 050** |
| 12.1 | **VAT control receivable** | **3 462 250** | **6 749 050** |
| | Input VAT accrual | 3 979 092 | 9 260 318 |
| 12.2 | **VAT input accrual** | **3 979 092** | **9 260 318** |
| | Input VAT capital | (1 636 911) | (394 216) |
| | Input VAT general | 2 192 643 | (483 755) |
| | Output VAT | (15 286 040) | (12 508 921) |
| | VAT control (suspense accounts) | **(14 730 308)** | **(13 386 892)** |
| | Historic VAT payable | 5 657 | - |
| | VAT control (payable) due to SARS | **5 657** | **-** |
| 12.3 | **VAT control payable** | **(14 724 651)** | **(13 386 892)** |
| | Provision for doubtful debt impairment (VAT Accrual) | 33 349 852 | 33 687 839 |
| | Output VAT accrual | (39 384 526) | (34 225 239) |
| 12.4 | **VAT output accrual** | **(6 034 674)** | **(537 400)** |
| | | **(13 317 983)** | **2 085 076** |

| | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|
| Amount received in relation to VAT for current year | | 17 071 777 | - |
| Amount received in relation to VAT for prior year | | 5 245 819 | 3 256 915 |
| Amount paid in relation to VAT for current year | | (12 807 653) | (15 108 128) |

All VAT returns have been submitted by the due date throughout the year. The VAT submission is on a cash basis.

VAT Receivable is a Statutory Receivable in context of GRAP 108. Statutory receivables arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Refer to Note 62 for disclosure notes relating to Statutory receivables.

| | | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|---|
| **13** | **EMPLOYEE BENEFIT OBLIGATION** | | | |
| | Post-retirement benefits | 13.1 | 78 166 000 | 70 600 000 |
| | Long service awards | 13.2 | 15 511 000 | 13 884 000 |
| | **Total non-current employee benefit liabilities** | | **93 677 000** | **84 484 000** |
| **13.1** | **Post retirement benefits** | | | |
| | Opening balance | | 72 734 000 | 68 463 000 |
| | Current service cost | | 4 707 000 | 5 184 000 |
| | Interest cost | | 8 840 000 | 8 480 000 |
| | Actual employer benefit payments | | (1 673 394) | (1 403 008) |
| | Actuarial loss/ (gain) recognised in the year | | (4 215 606) | (7 989 992) |
| | **Closing balance** | | **80 392 000** | **72 734 000** |
| | **Less:** Transfer of current portion | | (2 226 000) | (2 134 000) |
| | **Non-current portion** | | **78 166 000** | **70 600 000** |
| **13.2** | **Long-service awards** | | | |
| | Opening balance | | 16 364 000 | 15 685 000 |
| | Current service cost | | 1 691 000 | 1 703 000 |
| | Interest cost | | 1 722 000 | 1 654 000 |
| | Actual employer benefit payments | | (2 392 222) | (2 298 308) |
| | Actuarial loss/ (gain) recognised in the year | | (218 778) | (379 692) |
| | **Closing balance** | | **17 166 000** | **16 364 000** |
| | **Less:** Transfer of current portion | | (1 655 000) | (2 480 000) |
| | **Non-current portion** | | **15 511 000** | **13 884 000** |

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| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

**13.3 Post-retirement benefits**

**13.3.1** The post retirement benefit plan is a defined benefit plan, of which the members are made up as follows:

| | 2025 | 2024 |
|---|---|---|
| In-service members (eligible employees on medical aid) | 451 | 470 |
| In-service non-members (eligible employees w/o medical aid) | 141 | 95 |
| Continuation members (retirees and surviving dependants) | 29 | 28 |
| **Total** | **621** | **593** |

**13.3.2** The defined benefit obligation was estimated to be as follows:

| | R | R |
|---|---|---|
| In-service members (eligible employees on medical aid) | 59 114 000 | 55 210 000 |
| In-service non-members (eligible employees w/o medical aid) | 1 799 000 | 863 000 |
| Continuation members (retirees and surviving dependants) | 19 479 000 | 16 661 000 |
| **Total defined benefit obligation** | **80 392 000** | **72 734 000** |

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

| | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| | R | R | R | R |
| In-service members (eligible employees on medical aid) | 48 696 000 | 48 402 724 | 46 853 000 | 39 666 000 |
| In-service non-members (eligible employees w/o medical aid) | 833 000 | 466 775 | 452 000 | 365 000 |
| Continuation members (retirees and surviving dependants) | 18 893 000 | 23 423 311 | 21 684 000 | 18 156 000 |
| **Total liability** | **68 422 000** | **72 292 810** | **68 989 000** | **58 187 000** |

**13.3.4** Experience adjustments were calculated as follows:

| | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | R'000 | R'000 | R'000 | R'000 |
| Liabilities: (gain) / loss | (7 513) | (6 487) | (6 388) | Unknown |
| **Total liability** | **(7 513)** | **(6 487)** | **(6 388)** | **-** |

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| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

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

- Bonitas
- LA Health
- SAMWUMed
- KeyHealth
- Sizwe-Hosmed

### 13.3.6 Key financial assumptions

i) Rate of interest

| | % | % |
|---|---|---|
| Discount rates used | 11.30% | 12.33% |
| CPI inflation rate | 5.30% | 6.30% |
| Medical aid contribution inflation rate | 7.10% | 7.80% |
| Net discount rate | 3.90% | 4.20% |

ii) Mortality post-employment

The PA 90 ultimate table, adjusted down by 1 year of age with a 1% mortality improvement p.a. from 2010 was used by the actuaries

The SA 85-90 table was used by the actuaries for mortality during employment

iii) Average retirement age

It has been assumed that in-service members will retire at an average age of 62 years, which then implicitly allows for expected rates of early and ill-health retirement. In 2018 it was 57 years.

### 13.3.7 The amount recognised in the statement of financial position is as follows:

| | R | R |
|---|---|---|
| Present value of fund obligations | 2 226 000 | 2 134 000 |
| **Net liability - unfunded** | **2 226 000** | **2 134 000** |

| | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|
| **13.3.8 Reconciliation of present value of fund obligation:** | | | |
| Present value of fund obligation at the beginning of the year | | 72 734 000 | 68 463 000 |
| Current service cost (Included in employee cost in the statement of financial performance) | | 4 707 000 | 5 184 000 |
| Interest cost (Included in finance cost in the statement of financial performance) | | 8 840 000 | 8 480 000 |
| Benefits paid | | (1 673 394) | (1 403 008) |
| Actuarial gain/(losses) (included in actuarial gains/(losses) in the statement of financial performance) | | (4 215 606) | (7 989 992) |
| **Present value of fund obligation at the end of the year** | | **80 392 000** | **72 734 000** |
| **Less:** Transfer of current portion | | (2 226 000) | (2 134 000) |
| **Balance 30 June** | | **78 166 000** | **70 600 000** |

The total liability has increased by 10.5% (or R 7.658 million) since the last valuation. The main reasons for the actual movement in the liability are:

### 13.3.9 In-service Members

The average in-service member Defined Benefit Obligation (DBO) has increased by 12% since the last valuation due to:
- an increase in the average age which means members are closer to retirement (less discounting) and less likely to leave before retirement;
- an increase in the average past service;
- an increase in the average post-employment subsidy; and
- a decrease in the net discount rate.

### 13.3.10 In-service Non-Members

The average in-service non-member DBO has increased by 40% since the last valuation due to similar reasons as those described above for in-service members.
The total in-service non-member DBO has increased by 108% due to the above, combined with an increase in the number of in-service non-members.

### 13.3.11 Continuation Members

The average continuation member DBO has increased by 13% since the last valuation due to an increase in the average subsidy, a decrease in the average age, an increase in the proportion of members with a spouse dependant, and a decrease in the net discount rate.
The total continuation member DBO has increased by 17% due to the above, combined with an increase in the number of continuation members.

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| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

**13.3.12 Sensitivity analysis on the accrued liability in (R millions) on 30 June 2025**

| Assumptions | In-service members liability R'000 | In-service Non-members liability R'000 | Continuation members liability R'000 | Total liability R'000 |
|---|---|---|---|---|
| Central Assumptions | 59 114 | 1 799 | 19 479 | 80 392 |
| | **59 114** | **1 799** | **19 479** | **80 392** |

**13.3.13 Sensitivity analysis on the defined benefit obligation:**

| Assumptions | Change % | In-service members liability R'000 | Continuation members liability R'000 | Total liability R'000 | % change % |
|---|---|---|---|---|---|
| Central Assumptions | | 60 913 | 19 479 | 80 392 | |
| Medical aid contribution inflation rate | 1.0 | 72 466 | 21 193 | 93 659 | 17% |
| Medical aid contribution inflation rate | (1.0) | 51 665 | 17 979 | 69 644 | -13% |
| Discount rate | 1.0 | 52 050 | 18 044 | 70 094 | -13% |
| Discount rate | (1.0) | 72 091 | 21 139 | 93 230 | 16% |
| Post-retirement mortality | + 1 Year | 59 448 | 18 820 | 78 268 | -3% |
| Post-retirement mortality | - 1 Year | 62 359 | 20 139 | 82 498 | 3% |
| Average retirement age | - 1 Year | 66 638 | 19 479 | 86 117 | 7% |
| Membership continuation | (10.0) | 53 231 | 19 479 | 72 710 | -10% |

**13.3.14 Sensitivity analysis on current service and interest costs**

| Assumptions | Change % | Current service cost R'000 | Interest cost R'000 | Total liability R'000 | % change |
|---|---|---|---|---|---|
| Central Assumptions | | 4 707 | 8 840 | 13 547 | |
| Medical aid contribution inflation rate | 1.0 | 5 684 | 10 300 | 15 984 | 18% |
| Medical aid contribution inflation rate | (1.0) | 3 934 | 7 653 | 11 587 | -14% |
| Discount rate | 1.0 | 4 003 | 8 331 | 12 334 | -9% |
| Discount rate | (1.0) | 5 601 | 9 418 | 15 019 | 11% |
| Post-retirement mortality | + 1 Year | 4 597 | 8 609 | 13 206 | -3% |
| Post-retirement mortality | - 1 Year | 4 815 | 9 070 | 13 885 | 2% |
| Average retirement age | - 1 Year | 4 921 | 9 523 | 14 444 | 7% |
| Membership continuation | (10.0) | 4 123 | 7 974 | 12 097 | -11% |

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

## 13.4 Long service bonuses

**13.4.1** The Long service Bonuses is a defined benefit, are made up as follows:

| | 2025 | 2024 |
|---|---|---|
| Number of eligible employees | 592 | 565 |

The current-service cost for the ensuing year is estimated to be R1.691 million, whereas the interest cost for the next year is estimated to be R1.722 million:

**13.4.2 Key assumptions used**

i) Rate of interest

| | % | % |
|---|---|---|
| Discount rates | 10.10% | 11.00% |
| CPI inflation rate | 4.10% | 5.00% |
| General earnings inflation rate | 5.10% | 6.00% |
| Net Discount Rate | 4.80% | 5.00% |

**13.4.3 The amount recognised in the statement of financial position is as follows:**

| | R | R |
|---|---|---|
| Present value of fund obligations | 17 166 000 | 16 364 000 |
| **Net liability - unfunded** | **17 166 000** | **16 364 000** |

**13.4.4** The liability in respect of periods commencing prior to the comparative year has been:

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| | R | R | R |
| In-service (employee) members | 15 602 000 | 15 383 998 | 12 937 000 |
| **Total liability** | **15 602 000** | **15 383 998** | **12 937 000** |

**13.4.5** Experience adjustments were calculated as follows:

| | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | R | R | R | R |
| Liabilities: (gain) / loss | (127 778) | (277 692) | 537 243 | Unknown |
| **Total liability** | **(127 778)** | **(277 692)** | **537 243** | **-** |

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

**13.4.6 Reconciliation of present value of fund obligation:**

| | 2025 R | 2024 R |
|---|---|---|
| Present value of fund obligation at the beginning of the year | 16 364 000 | 15 685 000 |
| Current service cost (Included in employee cost in the statement of financial performance) | 1 691 000 | 1 703 000 |
| Interest cost (Included in finance cost in the statement of financial performance) | 1 722 000 | 1 654 000 |
| Benefits paid | (2 392 222) | (2 298 308) |
| Actuarial gain/(losses) (included actuarial gains/(losses) in the statement of financial performance | (218 778) | (379 692) |
| **Present value of fund obligation at the end of the year** | **17 166 000** | **16 364 000** |
| **Less:** Transfer of current portion | (1 655 000) | (2 480 000) |
| **Balance 30 June** | **15 511 000** | **13 884 000** |

**13.4.7 Sensitivity analysis on the DBO on 30 June 2025**

| **Assumptions** | **Change** % | **Liability** R'000 | **% change** |
|---|---|---|---|
| Central assumption | | 17 166 | |
| General earnings inflation rate | 1.0 | 18 243 | 6% |
| General earnings inflation rate | (1.0) | 16 188 | -6% |
| Discount rate | 1.0 | 16 172 | -6% |
| Discount rate | (1.0) | 18 278 | 6% |
| Average retirement age | + 2 Year | 19 772 | 15% |
| Average retirement age | - 2 Year | 15 317 | -11% |
| Rates of termination of service | x 2 | 13 863 | -19% |
| Rates of termination of service | x 0.5 | 19 403 | 13% |

**13.5 Retirement funds**

The municipality requested detailed employee and pensioner information as well as information on the municipality’s share of the pension and retirement funds’ assets from the fund administrator. The fund administrator confirmed that assets of the pension and retirement funds are not split per participating employer. Therefore, the municipality is unable to determine the value of the plan assets as defined in GRAP 25.

Therefore, although the Cape Joint Retirement fund is a multi employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

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| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

### 13.5.1 LA RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by council. The last actuarial valuation performed for the year ended 30 June 2024 revealed that the fund has a funding level of 118.5% (30 June 2023 - 120.3%).

| | 2025 | 2024 |
|---|---|---|
| | R | R |
| Contributions paid recognised in the statement of financial performance | 307 082 | 246 656 |

### 13.5.2 CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by council. The last actuarial valuation performed for the year ended 30 June 2024 revealed that the fund has a funding level of 117.3% (30 June 2023 - 120.1%).

| | 2025 | 2024 |
|---|---|---|
| | R | R |
| Contributions paid recognised in the statement of financial performance | 29 434 795 | 28 507 630 |

### 13.5.3 DEFINED CONTRIBUTION FUNDS

Council contribute to the Government employees pension fund, Municipal council pension fund, IMATU retirement fund and SAMWU national provident fund which are defined contribution funds. The retirement benefit funds are subject to the pension fund act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by council are charged against expenditure on the basis of current service costs.

| | 2025 | 2024 |
|---|---|---|
| | R | R |
| Contributions paid recognised in the statement of financial performance | 104 310 | 97 576 |

| | Note | 2025 R | 2024 R |
|---|---|---|---|
| **14 BORROWINGS** | | | |
| **At amortised cost** | | | |
| **Annuity loans** | | | |
| **Banks: ABSA** | | | |
| ABSA - 2015/2016 | | 3 051 331 | 5 800 299 |
| ABSA - 2016/2017 | | 7 135 312 | 10 206 393 |
| | | **10 186 643** | **16 006 692** |
| **Banks: Nedbank** | | | |
| Nedbank - 7831 033912 / 000 001 | | - | 1 605 688 |
| Nedbank - 2017/2018 | | 12 760 383 | 16 216 440 |
| Nedbank - 2022/2023 | | 33 520 819 | 33 273 815 |
| Nedbank - 2024/2025 | | 38 086 003 | - |
| | | **84 367 205** | **51 095 943** |
| **Banks: Standard bank** | | | |
| Standard bank - 282024913(old acc number)/ 000537504(new acc number) | | - | 2 697 940 |
| Standard bank - 2023/2024 | | 42 566 909 | 45 150 000 |
| | | **42 566 909** | **47 847 940** |
| **Banks: Development bank of South Africa** | | | |
| DBSA - 103437/1 | | 10 722 693 | 12 751 030 |
| | | **10 722 693** | **12 751 030** |
| **Annuity loans total** | | **147 843 450** | **127 701 605** |
| **Borrowings total** | | **147 843 450** | **127 701 605** |

**Development Bank loans**

Bitou Local Municipality currently has 1 active loan with the Development Bank of South Africa. The loan instalments are payable bi annually, during December and June, on a "Fixed capital plus interest" basis as per the loan agreement. The interest rate applicable on the loan is 11,16%. Maturity date on the loan is June 2029. The loan is unsecured. One DBSA loan, reference 103437/2, was repaid in full during June 2024.

**Standard Bank loans**

Bitou Local Municipality has 1 active loan with Standard Bank as at 30 June 2025. The loan instalments are payable bi annually, during December and June, with a fixed interest rate of 11.40% and will mature during June 2034. Two loans were settled at 30 June 2024 and 30 June 2025 respectively. The loans are unsecured.

| | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|

**Nedbank loans**

Bitou Local Municipality currently has 3 active loans with Nedbank as at 30 June 2025. These loans are payable bi annually, during December and June. One of these loans relate to a new loan taken up by the municipality amounting to R40,545,000 during the 2024/2025 financial year, with a fixed interest rate of 10.20% and a maturity date of 30 June 2035. The other two loans have fixed interest rates which vary from 10.54% to 11.87% with maturity dates of 30 June 2028 to 30 June 2033 respectively. One of the Nedbank loans which were repayable monthly at a fixed interest rate of 11.81%, was settled during June 2025. The loans are unsecured.

**ABSA loans**

Bitou Local Municipality currently has 2 active loans with ABSA. The loan instalments are payable bi annually, during December and June. Interest rates applicable on the loans vary from 10.04 % to 10.36%. Interest are compounded monthly in arrears on the Absa 2015/2016 loan (R20 million loan amount at 10,36% pa). Maturity dates on the loans are June 2026 and June 2027 respectively. The loans are unsecured.

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

| | 2025 | 2024 |
|---|---|---|
| **Non-current liabilities** | 127 432 387 | 107 276 384 |
| **Current liabilities** | 20 411 062 | 20 425 221 |
| **Total borrowings** | **147 843 449** | **127 701 605** |

**14.1 The obligations under annuity loans are scheduled below:**

| | 2025 | 2024 |
|---|---|---|
| **Amounts payable under annuity loans** | | |
| Within 1 year | 36 170 423 | 34 249 641 |
| Between 1 and 5 years | 105 892 118 | 95 376 935 |
| After 5 years | 81 958 126 | 62 938 550 |
| Less: Future finance obligations | (76 177 217) | (64 863 521) |
| **Present value of annuity loans obligations** | **147 843 450** | **127 701 605** |

**14.2 Utilisation of long-term liabilities reconciliation**

| | 2025 | 2024 |
|---|---|---|
| Long-term borrowings | 147 843 450 | 127 701 605 |
| Used to finance property, plant and equipment | (125 800 044) | (115 316 507) |
| **Present value of annuity loans obligations** | **22 043 406** | **12 385 098** |

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Any unspent amounts are rolled over to the next year's budget and in line with council's approval of capital projects that is funded by borrowings.

Refer to Appendix B for more detail on borrowings.

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

## 15 CONSUMER DEPOSITS

| | 2025 | 2024 |
|---|---|---|
| Builder's deposit | 1 644 335 | 1 350 074 |
| Consumer service | 10 265 147 | 9 943 065 |
| Rental properties | 73 031 | 68 461 |
| **Total** | **11 982 513** | **11 361 600** |
| | | |
| Guarantees held in lieu of consumer service deposits | 246 125 | 246 125 |

**Consumer Service:**
Consumer service deposits are paid by consumers on application for new and existing water and electricity connections. The deposits are repaid only when the water and electricity connections are terminated and the account is settled in full. In cases where consumers default on their accounts, council has the right to utilize the deposit as payment for the final outstanding account.

**Builder's deposit:**
Deposits for building plans are paid when such plans are submitted. These deposits are held until completion of the building and paid out when final occupancy certificates are issued.

**Rental properties (Hire of halls):**
Deposits are paid for the rental of properties (hire of halls). Deposits will not be repaid in the case of any breakage to the municipality's property because of negligence from the person who hired the hall, the refundable deposit will go to the repairs of the damages.

No interest is paid on consumer deposits held.

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

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

## 16 CURRENT EMPLOYEE BENEFIT OBLIGATION

| | Note | 2025 | 2024 |
|---|---|---|---|
| Current portion of post retirement benefits | 13.1 | 2 226 000 | 2 134 000 |
| Current portion of long-service awards | 13.2 | 1 655 000 | 2 480 000 |
| Leave | 16.1 | 25 867 143 | 24 925 654 |
| Annual bonus | 16.2 | 8 240 624 | 7 504 645 |
| Performance bonus | 16.3 | 1 236 410 | 1 030 053 |
| **Total current employee benefit liabilities** | | **39 225 177** | **38 074 352** |

The movement in current employee benefits are reconciled as follows:

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| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | R | R |

### 16.1 Leave

| | 2025 | 2024 |
|---|---|---|
| Opening balance | 24 925 654 | 25 618 963 |
| Increases | 4 042 090 | 2 533 838 |
| Reductions (outflow of economic benefits) | (3 100 601) | (3 227 147) |
| **Closing balance** | **25 867 143** | **24 925 654** |

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

### 16.2 Annual bonus

| | 2025 | 2024 |
|---|---|---|
| Opening balance | 7 504 645 | 6 974 491 |
| Increases | 14 156 918 | 13 760 969 |
| Reductions (outflow of economic benefits) | (13 420 939) | (13 230 815) |
| **Closing balance** | **8 240 624** | **7 504 645** |

Bonuses are being paid to all permanent municipal staff as a 13th cheque or to contract employees, which is part of their employment benefits and where the bonuses are structured as such in their total cost to company package. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle.

### 16.3 Performance bonus

| | 2025 | 2024 |
|---|---|---|
| Opening balance | 1 030 053 | 941 550 |
| Increases | 1 236 410 | 1 030 053 |
| Reductions (outflow of economic benefits) | (632 144) | (880 964) |
| Reductions (without outflow of economic benefits) | - | (60 586) |
| Reversals | (397 909) | - |
| **Closing balance** | **1 236 410** | **1 030 053** |

Performance bonuses are paid only to Section 57 managers. Provision is made for the full cost of performance bonuses. This provision would be realised when performance appraisals are completed.

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**Note**

## 17 PROVISIONS

### 17.1 Reconciliation of provisions - 2025

| | Opening balance | Additions | Utilised during the year | Reversed during the year | Change in discount factor | Other | Total |
|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R |
| Legal proceedings | 2 218 245 | 67 569 | (391 748) | (194 065) | - | - | 1 700 001 |
| **Total** | **2 218 245** | **67 569** | **(391 748)** | **(194 065)** | **-** | **-** | **1 700 001** |

### 17.2 Reconciliation of provisions - 2024

| | Opening Balance | Additions | Utilised during the year | Reversed during the year | Change in discount factor | Other | Total |
|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R |
| Legal proceedings | 7 480 684 | 2 639 769 | (163 401) | (117 568) | (7 621 239) | - | 2 218 245 |
| **Total** | **7 480 684** | **2 639 769** | **(163 401)** | **(117 568)** | **(7 621 239)** | **-** | **2 218 245** |

| | 2025 | 2024 |
|---|---|---|
| | R | R |
| **Non-Current Liabilities** | - | - |
| **Current Liabilities** | 1 700 001 | 2 218 245 |
| **Total Provisions** | **1 700 001** | **2 218 245** |

### 17.3 Legal proceedings provision

a) A settlement agreement was reached between Bitou Municipality and S Dixon. The amount provided for is in accordance with the settlement agreement.

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| | | Note | 2025 R | 2024 R |
|---|---|---|---|---|
| **18** | **TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS** | | | |
| | Accrued interest | | 33 991 | 61 484 |
| | Bulk water | | 681 759 | 438 774 |
| | Control, clearing and interface accounts | | 34 887 | 1 738 233 |
| | Electricity bulk purchase | | 27 276 552 | - |
| | Payables and accruals : contractors | | (80 742) | (80 742) |
| | Payables and accruals : general | | 31 751 445 | 100 181 962 |
| | Payables and accruals : inventory | | (1 292) | (1 292) |
| | Payments received in advance | | 27 776 225 | 25 394 031 |
| | Retention | | 10 763 852 | 6 879 645 |
| | Unclaimed deposits | | 5 028 158 | 3 817 331 |
| | **Total** | | **103 264 835** | **138 429 426** |

Payables are being recognised net of any discounts.

The average credit period on purchases is 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. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Other creditors mainly comprise deposits received towards services to be rendered to the municipality.

Unclaimed deposits are unknown banking deposits made on the municipality's banking accounts that might be related to either municipal account or traffic fine payments. No interest is raised and the credits held by the municipality are refunded/allocated once the services have been rendered or applied to the service account or traffic fine once the origin of the credit has been established. Management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.

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

All payables are unsecured.

Retentions do not include retention guarantees that are held by the respective financial institutions.

## 19 RESERVES

| | 2025 R | 2024 R |
|---|---|---|
| Capital replacement reserve | 47 103 119 | 71 850 000 |
| Augmentation reserves | 20 805 643 | 4 830 936 |
| | **67 908 762** | **76 680 936** |

## 19.01 CAPITAL REPLACEMENT RESERVE

| | 2025 R | 2024 R |
|---|---|---|
| Opening balance | 71 850 000 | 29 950 000 |
| **Restated opening balance** | **71 850 000** | **29 950 000** |
| Transfers in | - | 65 334 037 |
| Transfers out | (24 746 881) | (23 434 037) |
| **Closing balance** | **47 103 119** | **71 850 000** |

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| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

### 19.02 AUGMENTATION RESERVES

| | | |
|---|---|---|
| Opening balance | 4 830 936 | - |
| **Restated opening balance** | **4 830 936** | **-** |
| Transfers in | 15 974 707 | 4 830 936 |
| **Closing balance** | **20 805 643** | **4 830 936** |

### 20 AGENCY SERVICES

| | | |
|---|---|---|
| Vehicle registration | 2 585 413 | 2 497 659 |
| **Total** | **2 585 413** | **2 497 659** |

Also refer to note 66.1, which relates to municipality as an agent disclosure.

### 21 INTEREST CHARGED ON EXHANGE TRANSACTIONS

| | | |
|---|---|---|
| Electricity | 1 264 164 | 1 091 131 |
| Property rental debtors | 19 698 | 39 480 |
| Refuse removal | 2 084 604 | 2 725 046 |
| Waste water management | 3 569 872 | 4 744 059 |
| Water | 4 207 546 | 4 643 355 |
| **Total** | **11 145 884** | **13 243 071** |

### 22 INTEREST EARNED - CASH AND INVESTMENTS

| | | |
|---|---|---|
| Bank accounts | 3 822 799 | 3 391 865 |
| Investments | 13 573 374 | 9 806 487 |
| | **17 396 173** | **13 198 352** |

### 23 INVENTORIES INCREASE TO NET REALISABLE VALUE

| | | |
|---|---|---|
| Inventories increase to net realisable value | 55 334 | - |
| **Total** | **55 334** | **-** |

### 24 LICENSES AND PERMITS (EXCHANGE)

| | | |
|---|---|---|
| Boat | 286 089 | 291 188 |
| Road and transport | 877 361 | 1 084 739 |
| Trading | 77 666 | 51 556 |
| **Total** | **1 241 116** | **1 427 483** |

### 25 OPERATIONAL REVENUE

| | | |
|---|---|---|
| Administrative handling fees | 113 967 | 146 727 |
| Breakages and losses recovered | 3 164 | 2 354 |
| Commission | 292 393 | 247 272 |
| Development Charges | 15 523 146 | 4 830 936 |
| Incidental cash surplus | 2 443 | 28 |
| Insurance refunds | 1 627 048 | 904 917 |
| Landing fees | - | 1 046 904 |
| Request for information | 2 728 | 1 200 |
| Staff and councillors recoveries | 2 766 172 | 235 142 |
| **Total** | **20 331 061** | **7 415 480** |

| | | Note | 2025 R | 2024 R |
|---|---|---|---|---|
| **26** | **RENDERING OF SERVICES** | | | |
| | Building/ town planning fees | | 6 320 660 | 6 170 125 |
| | Cemetery fees | | 27 845 | 27 761 |
| | Clearance certificate | | 88 161 | 165 606 |
| | Entrance fees | | - | 54 554 |
| | Escort/ road closure fees | | 10 601 | 9 977 |
| | Fire services | | 103 779 | 20 040 |
| | Housing (boarding services) | | 456 608 | 896 104 |
| | Parking fees | | - | 44 680 |
| | Photocopies, faxes and telephone charges | | 48 941 | 45 363 |
| | Valuation Services | | 17 411 | 12 706 |
| | | | **7 074 006** | **7 446 916** |
| **27** | **RENTAL OF FACILITIES AND EQUIPMENT** | | | |
| | **Premises** | | | |
| | Premises | | 1 357 640 | 1 050 958 |
| | | | **1 357 640** | **1 050 958** |
| | **Facilities and equipment** | | | |
| | Rental of facilities | | 196 736 | 303 485 |
| | | | **196 736** | **303 485** |
| | **Total** | | **1 554 376** | **1 354 443** |
| **28** | **SALE OF GOODS** | | | |
| | Publications | | 156 880 | 69 345 |
| | | | **156 880** | **69 345** |
| **29** | **SERVICE CHARGES** | | | |
| | Other service charges | | 1 318 | 3 420 |
| | Refuse removal | | 50 361 882 | 44 963 662 |
| | Sale of electricity | | 261 948 454 | 230 903 838 |
| | Sale of water | | 95 792 290 | 87 794 689 |
| | Sewerage and sanitation charges | | 79 803 362 | 67 358 185 |
| | | | **487 907 306** | **431 023 794** |
| **30** | **ACTUARIAL GAINS** | | | |
| | Post Retirement Benefits | | 4 215 606 | 7 989 992 |
| | Long service awards | | 218 778 | 379 692 |
| | **Total** | | **4 434 384** | **8 369 684** |
| **31** | **AVAILABILITY CHARGES (NON-EXCHANGE)** | | | |
| | Electricity - availability | | 1 949 183 | 2 105 472 |
| | Refuse - availability | | 3 210 163 | 3 122 359 |
| | Waste water - availability | | 5 853 139 | 6 234 268 |
| | Water - availability | | 2 800 193 | 3 287 710 |
| | **Total** | | **13 812 678** | **14 749 809** |

| | | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|---|
| **32** | **INTEREST CHARGED ON NON-EXHANGE TRANSACTIONS** | | | |
| | Property rates | | 1 996 546 | 2 291 556 |
| | **Total** | | **1 996 546** | **2 291 556** |

## 33 PROPERTY RATES

### 33.1 Rates received

| | 2025<br>R | 2024<br>R |
|---|---|---|
| Residential and vacant land | 166 294 364 | 152 522 041 |
| Commercial | 22 953 167 | 19 148 059 |
| Small holdings and farms | 3 202 381 | 3 014 468 |
| Industrial | 1 278 269 | 1 204 589 |
| Other | 2 526 637 | 2 339 360 |
| **Total** | **196 254 818** | **178 228 517** |

### 33.2 Valuations

| | R'000 | R'000 |
|---|---|---|
| Residential and vacant land | 26 711 111 | 26 649 310 |
| Commercial | 2 115 826 | 2 041 342 |
| State | 215 860 | 215 860 |
| Municipal | 653 282 | 653 282 |
| Small holdings and farms | 2 036 466 | 2 042 326 |
| Industrial | 118 100 | 118 100 |
| Other | 538 899 | 479 921 |
| **Total** | **32 389 544** | **32 200 141** |

Assessment rates are levied on the value of land and improvements, for which a valuation must be performed every 5 years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions. A new roll was implemented from 1 July 2021

Other consist of:
Public benefit organisation
Public Service Infrastructure
Sport Clubs/Fields not operating from municipal property.

The tariff for residential properties is used as the basis for the calculation of property rates for all other categories. A business will pay 67% more than a household and farms or rural properties will pay 75% less than residential households

Rates are levied monthly on all ratable property and are payable by the 7th of the next month. By prior arrangement Bitou Municipality will recover the rates levied in a single amount, which is due on or before 30 September of the year in which it is levied. Interest is levied monthly on overdue accounts at prime plus 1%.

Rebates are annually determined by Council in the approved tariff structure and is applied to the applicable property categories accordingly.

| | | Note | 2025 R | 2024 R |
|---|---|---|---|---|
| **33.3** | **Basic rate** | | | |
| | | | **c / R** | **c / R** |
| | Residential and vacant land | | 0.638 | 0.602 |
| | Commercial | | 1.064 | 1.004 |
| | State | | 1.064 | 1.004 |
| | Small holdings and farms | | 0.160 | 0.151 |
| | Industrial | | 1.064 | 1.004 |
| | **Other - See breakdown below** | | | |
| | > Public benefit organisation | | 0.160 | 0.151 |
| | > Public Service Infrastructure | | 0.160 | 0.151 |
| | > Sport Clubs/Fields not operating form municipal property | | 0.638 | 0.602 |

## 34 SURCHARGES AND TAXES

| | 2025 R | 2024 R |
|---|---|---|
| Nature's Valley - special rating area | 1 439 992 | 1 419 866 |
| **Total** | **1 439 992** | **1 419 866** |

## 35 CONTRIBUTED ASSETS

| | 2025 R | 2024 R |
|---|---|---|
| Donated asset at Longships drive playpark | - | 32 744 |
| **Total** | **-** | **32 744** |

## 36 FINES, PENALTIES AND FORFEITS

| | 2025 R | 2024 R |
|---|---|---|
| Disconnection fees penalties | 7 089 | 3 588 |
| Illegal connections fines | 349 589 | 41 712 |
| Municipal traffic fines | 59 659 929 | 58 136 249 |
| Overdue books fines | 9 473 | 6 710 |
| Unclaimed money forfeits | 1 593 606 | 2 263 140 |
| **Total** | **61 619 686** | **60 451 399** |

In terms of the requirements of GRAP 23 and IGRAP 1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.

## 36.1 MUNICIPAL TRAFFIC FINES REDUCED IN TERMS OF IGRAP 20

| | 2025 R | 2024 R |
|---|---|---|
| Fines reduced amount | 2 241 370 | 1 928 230 |

Reduced fines are requests that customers submit to either the local municipal office or court. It will state that the customers can't afford to pay the full fine issued therefore requesting for reduction formally.

For a 341 first notice the clients submit a letter to the traffic chief officer of the municipality who then decides whether the fine will be reduced or not, if approval is granted the traffic chief officer will indicate the reduced amount.

For summonses the letter is submitted to court where the public prosecutor decided on the reduced amount and/or decided whether the request for reduction is approved.

| | | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|---|
| **37** | **GOVERNMENT GRANTS AND SUBSIDIES** | | | |
| | **Operating grants** | | | |
| | **National government** | | | |
| | Equitable share | | 154 144 000 | 144 726 000 |
| | Extended public works program Incentive (EPWP) | 11.1.4.01 | 1 474 000 | 1 879 000 |
| | Local government financial management (LGFMG) | 11.1.4.03 | 1 800 000 | 2 448 707 |
| | Municipal infrastructure (MIG) | 11.1.4.04 | 1 087 701 | 1 142 200 |
| | | | **158 505 701** | **150 195 907** |
| | **Provincial government** | | | |
| | Provincial emergency funding | 11.1.3.12 | 169 667 | - |
| | Community development worker operational support (CDW) | 11.1.3.01 | 22 886 | 10 057 |
| | Community library services | 11.1.3.02 | 2 668 286 | 1 171 069 |
| | Municipal service delivery and capacity building | 11.1.3.13 | 299 988 | - |
| | Financial assistance to municipalities for maintenance and construction of transport infrastructure | 11.1.3.04 | 15 416 | 140 000 |
| | Human settlement development (beneficiaries) | 11.1.3.06 | (2 680 765) | 8 160 396 |
| | Informal Settlement Upgrading Partnership | 11.1.3.07 | 1 969 321 | 3 680 403 |
| | Library services replacement funding for most vulnerable B3 municipalities (MRF) | 11.1.3.08 | 8 671 991 | 7 353 217 |
| | Thusong service centres | 11.1.3.11 | - | 115 295 |
| | Western Cape financial management capability | 11.1.3.09 | - | 1 008 645 |
| | | | **11 136 790** | **21 639 082** |
| | **District municipalities** | | | |
| | Tourism marketing and development | 11.1.2.01 | - | 390 000 |
| | Safety plans | 11.1.2.01 | 95 525 | - |
| | | | **95 525.00** | **390 000.00** |
| | **Other** | | | |
| | Local government, water and related service - SETA | 11.1.1.01 | 1 202 428 | 800 676 |
| | | | **1 202 428** | **800 676** |
| | **Total operating grants** | | **170 940 444** | **173 025 665** |

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| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| **Capital grants** | | | |
| **National government** | | | |
| Integrated national electrification programme (INEP) | 11.1.4.02 | - | 3 774 000 |
| Municipal infrastructure (MIG) | 11.1.4.04 | 21 725 207 | 29 986 103 |
| Water Services Infrastructure | 11.1.4.05 | 9 078 882 | - |
| | | **30 804 089** | **33 760 103** |
| **Provincial government** | | | |
| Community library services | 11.1.3.02 | 86 000 | 314 428 |
| Fire service capacity building | 11.1.3.03 | 980 000 | - |
| Human settlement development (beneficiaries) | 11.1.3.06 | 51 862 470 | 13 734 115 |
| Informal Settlement Upgrading Partnership | 11.1.3.07 | 5 907 358 | 2 153 466 |
| Regional socio-economic projects (RSEP) | 11.1.3.10 | - | 344 649 |
| | | **58 835 828** | **16 546 658** |
| **Total capital grants** | | **89 639 917** | **50 306 761** |
| **Total grants** | | **260 580 361** | **223 332 426** |

## 38 BAD DEBTS WRITTEN OFF

| | 2025 | 2024 |
|---|---|---|
| **Exchange transactions** | | |
| Electricity | 381 480 | 841 545 |
| Water distribution | 18 365 218 | 14 838 572 |
| Sewerage | 11 528 407 | 17 446 096 |
| Solid waste removal | 6 594 120 | 10 185 726 |
| Other | 278 300 | - |
| | **37 147 525** | **43 311 939** |
| **Non-exchange transactions** | | |
| Property rates | 1 642 225 | 2 337 673 |
| Fines | 37 769 750 | 28 459 820 |
| Other | - | 316 402 |
| | **39 411 975** | **31 113 895** |
| **Total** | **76 559 500** | **74 425 834** |

## 39 BULK PURCHASES

| | 2025 | 2024 |
|---|---|---|
| Electricity - ESKOM | 233 306 071 | 197 627 954 |
| Water | 1 184 079 | 1 032 806 |
| | **234 490 150** | **198 660 760** |

| | | Note | 2025 R | 2024 R |
|---|---|---|---|---|
| **39.01** | **Electricity losses** | | | |
| | | | **MWh** | **MWh** |
| | Units purchased | | 104 439 | 99 563 |
| | Units sold | | (97 136) | (93 348) |
| | **Total loss** | | **7 303** | **6 215** |
| | | | | |
| | **Percentage loss:** | | **%** | **%** |
| | Technical + non-technical losses | | 6.99% | 6.24% |
| | **Total** | | **6.99%** | **6.24%** |

**Explanations for Losses**

Energy losses are accumulated in the following ways:

**Electricity losses**:
1. Technical losses in the network - Every transformer has residual currents to energize the core. These are known as transformer losses and are non-linear to the loading on the transformer. Losses also occur in the cables due to heat dissipation and magnetic currents. It is acceptable that technical losses are in the order of 6%.
2. Non-Technical losses occurs when the consumers tamper with the meters, either fully bypassed or partially bypassed. These losses are only visible in stringent meter audits on all meters. The prepaid system generates low buy or no buy reports, and these installations must be inspected. It is thus important that the data base of the metering is accurate and will allow the teams to get to the meter with the least effort.
3. Meter reading inaccuracies occurs when meters are not read every month, meter multiplication factor is incorrect or metering equipment fails and results to inaccurate readings.
4. Streetlights and High-masts in a municipal environment are not metered but estimated. The installations are of such a nature that it is uneconomical to meter and record the individual streetlight circuits.

**Water losses:**
Non-revenue water (NRW) stems from physical losses like leaks and bursts in aging infrastructure, and apparent losses such as metering errors, illegal connections, and inaccurate billing or data management.

| | | | | |
|---|---|---|---|---|
| **39.02** | **Water losses** | | | |
| | | | **ML** | **ML** |
| | Units purchased | | 4 398 | 4 439 |
| | Units sold | | (3 097) | (2 726) |
| | **Total Loss** | | **1 301** | **1 713** |
| | | | | |
| | **Percentage loss:** | | **%** | **%** |
| | Technical + non-technical losses | | 29.58% | 38.60% |
| | **Total** | | **29.58%** | **38.60%** |

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| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | R | R |
| 40 | **CONTRACTED SERVICES** | | | |
| | **Outsourced services** | | | |
| | Alien vegetation control | | 372 319 | - |
| | Burial services | | 53 091 | 193 734 |
| | Business and advisory | | - | 1 959 733 |
| | Catering services | | 13 800 | - |
| | Clearing and grass cutting services | | 270 704 | 204 674 |
| | Connection/dis-connection | | 92 145 | 152 778 |
| | Drivers licence cards | | 215 749 | 261 137 |
| | Electrical | | - | 34 076 |
| | Fire services | | 24 186 | - |
| | Illegal dumping | | - | 405 680 |
| | Litter picking and street cleaning | | - | 150 000 |
| | Meter management | | 1 578 503 | 2 240 222 |
| | Printing services | | 167 072 | 120 736 |
| | Refuse removal | | 1 790 599 | 1 707 215 |
| | Removal of structures and illegal signs | | - | 1 699 612 |
| | Security services | | 10 697 884 | 10 682 647 |
| | Traffic fines management | | 7 682 566 | 6 216 673 |
| | | | **22 958 618** | **26 028 917** |
| | **Consultants and professional services** | | | |
| | Business and advisory | | 18 046 311 | 12 790 520 |
| | Infrastructure and planning | | 49 000 | 9 924 703 |
| | Laboratory services | | 327 304 | 117 937 |
| | Legal cost | | 7 172 786 | 6 457 875 |
| | | | **25 595 401** | **29 291 035** |
| | **Contractors** | | | |
| | Artists and performers | | 26 000 | 171 500 |
| | Building | | 253 189 | 465 281 |
| | Catering services | | 643 946 | 552 349 |
| | Electrical | | 448 230 | 4 853 385 |
| | Fire services | | 408 729 | 126 148 |
| | First aid | | 54 438 | - |
| | Maintenance of buildings and facilities | | 2 891 746 | 3 971 242 |
| | Maintenance of equipment | | 5 479 160 | 4 421 382 |
| | Maintenance of unspecified assets | | 13 602 556 | 14 495 470 |
| | Pest control and fumigation | | 103 989 | - |
| | Plants, flowers and other decorations | | - | 14 400 |
| | Stage and sound crew | | 821 350 | 804 610 |
| | | | **24 733 333** | **29 875 767** |
| | **Total** | | **73 287 352** | **85 195 719** |

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| | | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|---|
| **41** | **DEPRECIATION AND AMORTISATION** | | | |
| | Investment Property | | 538 | 540 |
| | Property, Plant and Equipment | | 43 434 680 | 39 993 109 |
| | | | **43 435 218** | **39 993 649** |

| | | | 2025<br>R | 2024<br>R |
|---|---|---|---|---|
| **42** | **EMPLOYEE RELATED COSTS** | | | |
| | 13th cheques contribution | | 14 156 918 | 13 760 969 |
| | Acting allowances | | 1 807 866 | 1 402 024 |
| | Basic | | 198 085 861 | 191 106 717 |
| | Cell phone allowances | | 2 010 435 | 1 940 421 |
| | Contribution to post employment medical | | 4 707 065 | 5 184 000 |
| | Group insurance - company contributions | | 6 498 282 | 6 270 155 |
| | Housing benefits and allowances | | 1 152 686 | 916 722 |
| | Leave pay | | 4 042 090 | 2 533 838 |
| | Long-service awards | | 1 691 000 | 1 703 000 |
| | Medical aid - company contributions | | 18 724 198 | 18 696 856 |
| | Other benefits | | 87 179 | 82 130 |
| | Overtime payments | | 19 291 129 | 21 112 327 |
| | Performance bonus | | 838 501 | 969 468 |
| | Standby allowances | | 6 727 606 | 6 476 736 |
| | Travel, motor car and other allowances | | 11 590 912 | 11 659 610 |
| | UIF and pension - company contributions | | 30 903 188 | 29 802 142 |
| | Workman's compensation (WCA) | | 5 909 409 | - |
| | **Total** | | **328 224 325** | **313 617 115** |

| | | | 2025<br>R | 2024<br>R |
|---|---|---|---|---|
| **42.01** | **Remuneration of accounting officer(s)** | | | |
| | Basic | | 2 198 158 | 2 926 286 |
| | Cell phone allowances | | 60 000 | 70 000 |
| | Other benefits | | 143 | 159 |
| | Performance bonus | | 297 063 | 281 781 |
| | Travel, motor car and other allowances | | 932 047 | 196 354 |
| | UIF and pension - company contributions | | 185 082 | 234 178 |
| | | | **3 672 493** | **3 708 758** |

*Mr M Memani was appointed from 04 April 2022 and resigned 30 April 2024.*
*Dr. R Links was temporary appointed to act from 01 March 2024 till 31 August 2024 when his contract ended.*
*Mr. M Memani was re-instated from 1 September 2024 till to date*

### 42.02 Remuneration of chief financial officer(s)

| | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|
| 13th cheques contribution | | - | 93 669 |
| Basic | | 461 581 | 1 667 414 |
| Cell phone allowances | | 5 000 | 52 500 |
| Group insurance - company contributions | | - | 19 249 |
| Housing benefits and allowances | | - | 5 332 |
| Medical aid - company contributions | | 4 609 | 28 228 |
| Other benefits | | 36 | 137 |
| Performance bonus | | 146 598 | - |
| Travel, motor car and other allowances | | - | 302 210 |
| UIF and pension - company contributions | | 531 | 86 428 |
| | | **618 355** | **2 255 167** |

*Mr. FM Lötter was appointed from 1 June 2023 and appointed in another position from 1 June 2024.*
*Mr. BM Ngubo temporary appointed to act from 1 June 2024 till 30 August 2024.*
*Mr. CL Mapeyi was appointed from 1 June 2024 till do date*

### 42.03 Remuneration of director(s) corporate services

| | 2025 | 2024 |
|---|---|---|
| Basic | 2 270 948 | 59 080 |
| Cell phone allowances | 35 000 | - |
| Other benefits | 143 | 11 |
| Performance bonus | - | 103 542 |
| UIF and pension - company contributions | 2 125 | 177 |
| | **2 308 216** | **162 810** |

*Mr. L Loliwe was appointed from 10 June 2024 till to date*

### 42.04 Remuneration of director(s) community services

| | 2025 | 2024 |
|---|---|---|
| Basic | 1 746 375 | 2 078 563 |
| Cell phone allowances | 60 000 | 60 000 |
| Leave pay | 283 530 | - |
| Medical aid - company contributions | 45 126 | 45 454 |
| Other benefits | 144 | 137 |
| Performance bonus | 188 483 | 278 113 |
| Travel, motor car and other allowances | 144 000 | 144 000 |
| UIF and pension - company contributions | 263 799 | 226 964 |
| | **2 731 457** | **2 833 231** |

*Ms. AM Paulsen was appointed from 01 September 2022 and dismissed on 29 May 2025*

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

**42.05 Remuneration of director(s) economic planning and development**

| | 2025 | 2024 |
|---|---|---|
| Basic | 767 787 | 523 188 |
| Cell phone allowances | 2 500 | - |
| Leave pay | 77 506 | - |
| Medical aid - company contributions | 9 921 | - |
| Other benefits | 60 | 34 |
| Travel, motor car and other allowances | 32 890 | - |
| UIF and pension - company contributions | 46 280 | 531 |
| | **936 944** | **523 753** |

*Mr. BM Ngubo was temporary appointed to act from 01 March 2024 till 30 May 2024.*
*Ms. T Wildeman was seconded from 1 July 2024 till 30 August 2025.*
*Mr. BM Ngubo was temporary appointed to act from 01 September 2024 till 13 November 2024.*

**42.06 Remuneration of director(s) engineering services**

| | 2025 | 2024 |
|---|---|---|
| Basic | 1 699 297 | 1 921 135 |
| Cell phone allowances | 60 000 | 63 000 |
| Other benefits | 144 | 137 |
| Performance bonus | - | 217 527 |
| Travel, motor car and other allowances | 192 000 | 173 600 |
| UIF and pension - company contributions | 308 003 | 272 718 |
| | **2 259 444** | **2 648 117** |

*Mr VW Felton was appointed from 01 October 2022 till to date.*

**42.07 The aggregated effect of remuneration of key management personnel**

| | 2025 | 2024 |
|---|---|---|
| 13th cheques contribution | - | 93 669 |
| Basic | 9 144 146 | 9 175 666 |
| Cell phone allowances | 222 500 | 245 500 |
| Group insurance - company contributions | - | 19 249 |
| Housing benefits and allowances | - | 5 332 |
| Leave pay | 361 036 | - |
| Medical aid - company contributions | 59 656 | 73 682 |
| Other benefits | 670 | 615 |
| Performance bonus | 632 144 | 880 963 |
| Travel, motor car and other allowances | 1 300 937 | 816 164 |
| UIF and pension - company contributions | 805 820 | 820 996 |
| | **12 526 909** | **12 131 836** |

*The termination benefits that was paid in the 2023-24 financial year in relation to the termination of the contracts of the accounting officer and chief financial officer cannot be disclosed, due to the contractual agreement's clause that prohibits the municipality from disclosing these amounts.*

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| | | Note | 2025 R | 2024 R |
|---|---|---|---|---|
| **43** | **FINANCE COSTS** | | | |
| | Employee benefits | | 10 562 000 | 10 134 000 |
| | Finance leases | | - | 21 965 |
| | Non-current borrowings | | 13 817 952 | 10 766 398 |
| | Other interest paid | | (168 565) | - |
| | **Total** | | **24 211 387** | **20 922 363** |
| **44** | **IMPAIRMENT** | | | |
| | **Impairments** | | | |
| | Other receivables from non-exchange revenue | | 154 908 792 | 58 849 831 |
| | Property, Plant and Equipment | | 4 884 730 | 11 591 687 |
| | Trade and other receivables | | 249 525 942 | 211 393 402 |
| | | | **409 319 464** | **281 834 920** |
| | **Reversal of impairments** | | | |
| | Investment Property | | (2 044 000) | (1 359 189) |
| | Other receivables from non-exchange revenue | | (144 161 285) | (46 515 818) |
| | Property, Plant and Equipment | | (8 951 190) | (1 374 982) |
| | Trade and other receivables | | (211 393 402) | (195 247 380) |
| | | | **(366 549 877)** | **(244 497 369)** |
| | **Total impairment losses recognized / (reversed)** | | **42 769 587** | **37 337 551** |
| **45** | **INVENTORIES LOSSES / WRITE-DOWNS** | | | |
| | Inventories losses/write-downs | | - | 97 619 |
| | **Total** | | **-** | **97 619** |
| **46** | **INVENTORY CONSUMED** | | | |
| | **Inventory consumed** | | | |
| | Standard rated | | 7 189 322 | 5 944 930 |
| | Materials and supplies | | 8 522 081 | 9 674 291 |
| | | | **15 711 403** | **15 619 221** |
| | **Total** | | **15 711 403** | **15 619 221** |
| **47** | **NET LOSS ON THE DISPOSAL OF ASSETS** | | | |
| | Property, plant and equipment | | 944 329 | 3 216 693 |
| | **Total** | | **944 329** | **3 216 693** |
| **48** | **OPERATING LEASES** | | | |
| | **Premises** | | | |
| | Premises - contractual amounts | | 305 439 | 328 454 |
| | **Equipment** | | | |
| | Equipment - contractual amounts | | 623 002 | 295 901 |
| | **Lease rentals on operating lease - other** | | | |
| | Lease rentals on operating lease - other - contractual amounts | | 3 742 541 | 4 168 500 |
| | | | **4 670 982** | **4 792 855** |

| | | Note | 2025 R | 2024 R |
|---|---|---|---|---|
| **49** | **OPERATIONAL COST** | | | |
| | Advertising | | 84 899 | 328 253 |
| | Assessment rates & municipal charges | | 4 550 950 | 3 981 223 |
| | Assets expensed | | 29 908 | 70 084 |
| | Audit fees | | 5 888 396 | 5 424 864 |
| | Bank charges | | 2 091 307 | 2 189 136 |
| | Bursaries | | 899 497 | 378 374 |
| | Commission paid | | 1 698 255 | 1 905 623 |
| | Communication costs | | 1 789 435 | 1 663 744 |
| | Conferences and seminars | | 147 296 | 273 534 |
| | Dumping fees (district council) | | 2 935 118 | 2 290 545 |
| | Entertainment | | 10 367 | 23 756 |
| | External computer service | | 8 133 828 | 7 495 943 |
| | Fuel and oil | | 10 016 954 | 14 117 729 |
| | Full time union representative | | 235 464 | 146 599 |
| | Hire | | 3 346 711 | 6 555 703 |
| | Insurance | | 2 458 619 | 4 851 168 |
| | Learnerships and internships | | 6 029 016 | 3 276 035 |
| | Levies | | 2 576 193 | 2 447 858 |
| | Licences | | 716 904 | 524 825 |
| | Motor vehicle expenses | | 289 867 | 274 868 |
| | Postage and courier | | 789 397 | 862 461 |
| | Printing and stationery | | 3 547 | - |
| | Promotions and sponsorships | | 68 046 | 87 164 |
| | Protective clothing and uniforms | | 2 166 485 | 2 742 708 |
| | Remuneration of committee members | | 408 250 | 408 500 |
| | Resettlement cost | | 36 500 | 251 134 |
| | Servitudes and land surveys | | 24 300 | - |
| | Signage | | 245 951 | 293 588 |
| | Software expenses | | 3 384 593 | 3 424 392 |
| | Storage of files (archiving) | | 11 375 | 26 752 |
| | Subscriptions and membership fees | | 3 480 681 | 3 632 326 |
| | Title deed search fees | | 256 | 194 |
| | Transport provided as part of departmental activities | | 14 400 | 95 740 |
| | Travel - local | | 3 444 667 | 1 985 727 |
| | **Total** | | **68 007 432** | **72 030 550** |

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| | 2025 | 2024 |
|---|---|---|
| | R | R |

## 50 REMUNERATION OF COUNCILLORS

### 50.1 List of councillors

| | 2025 | 2024 |
|---|---|---|
| Councillor J . Kamkam | 910 123 | 604 101 |
| Councillor D . Swart | 366 817 | 747 727 |
| Councillor T . Mhlana | 430 335 | 519 064 |
| Councillor CN . Terblanche | 481 695 | 893 924 |
| Councillor SA . Mangxaba | 374 166 | 393 857 |
| Councillor NT . Seti | 427 783 | 515 286 |
| Councillor AR . Olivier | 702 647 | 413 682 |
| Councillor MP . Busakwe | 750 987 | 632 815 |
| Councillor SE . Gcabayi | 439 969 | 538 790 |
| Councillor WJ . Nel | 708 025 | 604 101 |
| Councillor R . Willemse | 660 137 | 355 137 |
| Councillor K . De Bruin | 244 051 | 505 554 |
| Councillor NP . Kolwapi | 826 431 | 652 181 |
| Councillor NS . Ndayi | 8 728 | - |
| Councillor M . Mitchell | 179 796 | - |
| | **7 511 690** | **7 376 219** |

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**50.2 Remuneration paid to councillors can be summarised as follows:** **2025**

| | Basic salary | Motor vehicle allowance | Cell phone and data allowances | Medical aid contributions | Pension contributions | Housing allowance | In-kind and other benefits and allowances | Total |
|---|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R | R |
| Chief whip | 54 225 | - | 7 834 | - | 9 791 | - | - | 71 850 |
| Executive mayor | 760 922 | - | 47 004 | - | 10 702 | - | 196 347 | 1 014 975 |
| Deputy executive mayor | 710 955 | - | 47 004 | 17 280 | 51 192 | - | - | 826 431 |
| Mayoral committee members | 1 274 321 | 147 261 | 94 008 | 2 880 | 25 375 | - | - | 1 543 845 |
| Speaker | 624 919 | - | 47 004 | 17 280 | 105 278 | - | 30 679 | 825 160 |
| Section 79 committee chairperson | 679 726 | - | 47 004 | 2 880 | 14 329 | - | - | 743 939 |
| Councillors | 1 825 829 | - | 317 447 | 60 480 | 195 327 | - | 86 407 | 2 485 490 |
| | **5 930 897** | **147 261** | **607 305** | **100 800** | **411 994** | **-** | **313 433** | **7 511 690** |

The currently elected executive council was sworn in on 18 November 2021.

**50.3 Remuneration paid to councillors can be summarised as follows:** **2024**

| | Basic salary | Motor vehicle allowance | Cell phone and data allowances | Medical aid contributions | Pension contributions | Housing allowance | In-kind and other benefits and allowances | Total |
|---|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R | R |
| Chief whip | 382 615 | - | 44 936 | - | 24 477 | - | - | 452 028 |
| Executive mayor | 847 674 | - | 44 936 | 10 080 | 105 412 | - | - | 1 008 102 |
| Deputy executive mayor | 669 289 | - | 44 936 | 17 280 | 83 512 | - | - | 815 017 |
| Mayoral committee members | 1 174 406 | 197 122 | 89 872 | 7 200 | 63 438 | - | - | 1 532 038 |
| Speaker | 627 229 | - | 44 936 | 7 200 | 58 623 | - | 76 698 | 814 686 |
| Section 79 committee chairperson | 508 914 | - | 44 936 | 17 280 | 57 218 | - | - | 628 348 |
| Councillors | 1 570 292 | - | 269 616 | 61 919 | 122 616 | - | 101 557 | 2 126 000 |
| | **5 780 419** | **197 122** | **584 168** | **120 959** | **515 296** | **-** | **178 255** | **7 376 219** |

| | 2025 | 2024 |
|---|---|---|
| | R | R |

**50.4 In-kind Benefits**

The executive mayor, deputy executive mayor, speaker and mayoral committee members are full-time members. Each is provided with an office and secretarial support at the cost of the council. The Section 79 Committee Chairperson became full-time from 17 November 2023.

The executive mayor is entitled to stay at the mayoral residence owned by council at no cost and the use of a council owned vehicle for official duties. The use of the Mayoral residence will however trigger a fringe benefit tax deduction, in terms of the income tax act, on the remuneration of the mayor.

The executive mayor has 1 full-time bodyguard and driver.

The deputy executive mayor has 1 full-time bodyguard and driver. The speaker has 1 full-time driver and bodyguard.

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | R | R |
| **51** | **TRANSFERS AND SUBSIDIES** | | | |
| | **Other subsidies** | | | |
| | Tourism | | 3 300 000 | 4 126 150 |
| | Bursaries | | - | 455 000 |
| | Grant in aid | | 2 824 000 | 2 578 785 |
| | Nature's Valley - special rating area | | 566 625 | 1 348 339 |
| | Monetary allocations | | 2 530 203 | 700 000 |
| | | | **9 220 828** | **9 208 274** |
| | **Total** | | **9 220 828** | **9 208 274** |
| **52** | **WATER LOSSES** | | | |
| | Water losses | | 475 | 13 370 |
| | **Total** | | **475** | **13 370** |
| **53** | **CASH GENERATED BY OPERATIONS** | | | |
| | Surplus for the year | | 160 541 356 | 84 044 754 |
| | **Adjustment for:-** | | | |
| | Depreciation and amortisation | | 43 435 218 | 39 993 649 |
| | (Gain) / loss on sale of assets and liabilities | | 944 329 | 3 216 693 |
| | Contributed property, plant and equipment | | - | (32 744) |
| | Water losses | | 475 | 13 370 |
| | Inventories (losses)/write-downs/Inventories increase to net realisable value | | (55 334) | 97 619 |
| | Reversal of impairment loss on exchange receivables | | 38 132 539 | 16 146 023 |
| | Reversal of impairment loss on non-exchange receivables | | 10 747 507 | 12 334 013 |
| | (Impairment loss) Reversal of impairment loss on fixed assets | | (6 110 460) | 8 857 516 |
| | Bad debts written off - exchange transactions | | 37 147 525 | 43 311 938 |
| | Bad debts written off - non-exchange transactions | | 39 411 975 | 31 113 896 |
| | Movement in unspent conditional grants and receipts | | 8 482 135 | (19 357 867) |
| | Movement in operating lease assets and accruals | | 79 441 | 361 416 |
| | Movement in retirement benefits assets and liabilities | | 10 343 825 | 4 875 348 |
| | Movement in provisions | | (518 244) | (5 625 069) |
| | **Operating surplus before working capital changes:** | | **342 582 287** | **219 350 555** |
| | (Increase) in inventories | | (1 386 247) | (599 724) |
| | (Increase) in receivables from exchange transactions | | (90 817 888) | (69 178 646) |
| | (Increase) in receivables from non-exchange transactions | | (57 446 175) | (47 235 827) |
| | Increase in consumer deposits | | 620 912 | 568 126 |
| | Increase in taxes | | 15 403 058 | 2 464 831 |
| | (Decrease)/increase in payables from exchange transactions | | (35 164 592) | 43 680 014 |
| | (Decrease)/increase in payables from non-exchange transactions | | - | (46 118) |
| | **Changes in working capital:** | | **(168 790 932)** | **(70 347 344)** |
| | **Cash generated by operations** | | **173 791 355** | **149 003 211** |

## 54 CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the municipality.

**a)** The following items was reclassified due to mSCOA alignment issues that was found. Below is the breakdown of each restated item.

| | 2023-2024 Amount | - | 2022-2023 Amount |
|---|---|---|---|
| **Reclassification of the following items under the Statement of Financial Position** | | | |
| **1. Receivables from exchange transactions** | | | |
| **Balance previously reported** | **60 098 816** | | **49 917 925** |
| Transfer from Receivables from non-exchange transactions | 20 324 | | |
| **Restated balance 30 June 2024** | **60 119 140** | | **49 917 925** |
| **2. Receivables from non-exchange transactions** | | | |
| **Balance previously reported** | **40 473 926** | | **36 665 684** |
| Transfer to Receivables from exchange transactions | (20 324) | | |
| Transfer to Current portion of long-term receivables | (9 438) | | (9 438) |
| **Restated balance 30 June 2024** | **40 444 165** | | **36 656 246** |
| **3. Current portion of long-term receivables** | | | |
| **Balance previously reported** | **-** | | **-** |
| Transfer from Receivables from non-exchange transactions | 9 438 | | 9 438 |
| **Restated balance 30 June 2024** | **9 438** | | **9 438** |
| **4. VAT control receivable** | | | |
| **Balance previously reported** | **-** | | **10 025 267** |
| Transfer to VAT input accrual | (20 819 062) | | (3 501 185) |
| Transfer to VAT control payable | 287 356 078 | | 249 118 317 |
| Transfer to VAT output accrual | (4 937 961) | | (5 374 111) |
| **Restated balance 30 June 2024** | **261 599 056** | | **250 268 288** |

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**5. VAT input accrual**

| | | |
|---|---|---|
| **Balance previously reported** | **15 181 674** | **-** |
| Transfer from VAT control receivable | 20 819 062 | 3 501 185 |
| **Restated balance 30 June 2024** | **36 000 736** | **3 501 185** |

**6. VAT control payable**

| | | |
|---|---|---|
| **Balance previously reported** | **-** | **-** |
| Transfer from VAT control receivable | 287 356 078 | 249 118 317 |
| **Restated balance 30 June 2024** | **287 356 078** | **249 118 317** |

**7. VAT output accrual**

| | | |
|---|---|---|
| **Balance previously reported** | **-** | **-** |
| Transfer from VAT control receivable | (4 937 961) | (5 374 111) |
| **Restated balance 30 June 2024** | **(4 937 961)** | **(5 374 111)** |

| | **2023-2024 Amount** |
|---|---|
| **Reclassification of the following items under the Cashflow Statement** | |
| **1. Receipts - Goods and services provided** | |
| **Balance previously reported** | **422 440 159** |
| Transfer from Payments - Suppliers for goods and services | 5 374 627 |
| Transfer to Receipts - Taxes, levies and fines | (9 572) |
| Transfer to Receipts - Other receipts | (2 620 063) |
| Transfer to Payments - Suppliers for goods and services | 7 453 |
| **Restated balance 30 June 2024** | **425 192 603** |

### 2. Receipts - Government grants

| | |
|---|---|
| **Balance previously reported** | **204 032 321** |
| Transfer to Purchase of property, plant and equipment | (32 744) |
| **Restated balance 30 June 2024** | **203 999 577** |

### 3. Receipts - Other receipts

| | |
|---|---|
| **Balance previously reported** | **2 573 945** |
| Transfer from Receipts - Goods and services provided | 2 620 063 |
| Transfer from Receipts - Taxes, levies and fines | (46 118) |
| **Restated balance 30 June 2024** | **5 147 890** |

### 4. Receipts - Taxes, levies and fines

| | |
|---|---|
| **Balance previously reported** | **207 765 957** |
| Transfer from Receipts - Goods and services provided | 9 572 |
| Transfer to Receipts - Other receipts | 46 118 |
| **Restated balance 30 June 2024** | **207 821 647** |

### 5. Receipts - Value Added Tax

| | |
|---|---|
| **Balance previously reported** | **3 256 915** |
| Transfer from Payments - Suppliers for goods and services | 3 256 915 |
| **Restated balance 30 June 2024** | **6 513 830** |

### 6. Payments - Suppliers for goods and services

| | |
|---|---|
| **Balance previously reported** | **(355 740 242)** |
| Transfer from Receipts - Goods and services provided | (5 374 627) |
| Transfer to Receipts - Value Added Tax | (3 256 915) |
| Transfer to Payments - Value Added Tax | 15 108 128 |
| Transfer to Receipts - Goods and services provided | (7 453) |
| **Restated balance 30 June 2024** | **(349 271 108)** |

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### 7. Payments - Value Added Tax

| | |
|---|---|
| **Balance previously reported** | **(15 108 128)** |
| Transfer from Payments - Suppliers for goods and services | (15 108 128) |
| **Restated balance 30 June 2024** | **(30 216 256)** |

### 8. Purchase of property, plant and equipment

| | |
|---|---|
| **Balance previously reported** | **(104 278 529)** |
| Transfer from Receipts - Government grants | 32 744 |
| Transfer from Proceeds from disposal of property, plant and equipment | 129 119 |
| **Restated balance 30 June 2024** | **(104 116 666)** |

### 9. Proceeds from disposal of property, plant and equipment

| | |
|---|---|
| **Balance previously reported** | **-** |
| Transfer to Purchase of property, plant and equipment | (129 119) |
| **Restated balance 30 June 2024** | **(129 119)** |

**b)** A casfhflow restatement was required due to the Restatement in (c) below. This Correction is as follows: Receipts - Interest income (2023-2024) Cr R 4 855.18 and Cash and cash equivalents at the end of the year (2023-2024) Cr R 4 855.18

**c)** An accrual journal was incorrectly not reversed in the 2023-24 financial year and thus the Investment revenue was overstated. This is now corrected. This Correction is as follows: Interest earned - cash and investments (2023-2024) Dt R 4 855.18 and Cash and cash equivalents (2023-2024) Cr R 4 855.18

**d)** Due to time constraints the LSA and PEMA the correction journal of the prior year was not done and thus the Employee Benefits expenditure and liabilities was understated. This Correction is as follows: Employee benefit obligation (2023-2024) Cr R 124 000.00, (2022-2023) Cr R 124 000.00, Employee related costs (2022-2023) Dt R 124 000.00 and Accumulated surplus / (deficit) (2023-2024) Dt R 124 000.00

**e)** Due to mSCOA segmentation issues, the journals regarding payable accruals was not in the 2022-23 financial year. This is the correcting of those journals. This Correction is as follows: Receivables from exchange transactions (2023-2024) Cr R 467 128.06 and Trade and other payables from exchange transactions (2023-2024) Dt R 467 128.06

**f)** Accounting for recoveries eminating from immovable asset verification for the 2024-25 financial year. This Correction is as follows: Property, plant and equipment (2023-2024) Dt R 642 474.05, (2022-2023) Dt R 642 474.05 and Accumulated surplus / (deficit) (2023-2024) Cr R 642 474.05, (2022-2023) Cr R 642 474.05

**g)** Performance bonus for two senior managers was ommitted for the 2023-24 financial year and is now corrected. This Correction is as follows: Current employee benefit obligation (2023-2024) Cr R 443 660.76 and Employee related costs (2023-2024) Dt R 443 660.76

**h)** Due to a court order to reinstate the municipal manager in his position, provision should have been made with regards to his salaries for the period of the reinstatement. This correction is for the salaries in respect of the 2023-24 financial year. This Correction is as follows: Current provisions (2023-2024) Cr R 353 646.00 and Employee related costs (2023-2024) Dt R 353 646.00

**i)** Correction made as per ComAF 12 of 2025 as issued by Auditor-General. This Correction is as follows: VAT control payable (2023-2024) Dt R 281 590 424.69, (2022-2023) Dt R 246 321 456.68, VAT output accrual (2023-2024) Cr R 5 475 360.73, (2022-2023) Cr R 5 475 360.73 and VAT input accrual (2023-2024) Cr R 11 558 744.15VAT control receivable (2023-2024) Cr R 270 031 680.54, (2022-2023) Cr R 246 321 456.68Accumulated surplus (2023-2024) Dt R 5 475 360.73, (2022-2023) Dt R 5 475 360.73

**j)** Correction made as per ComAF 20 of 2025 as issued by Auditor-General. This Correction is as follows: Contracted services (2023-2024) Dt R 7 540 586.86 and Trade and other payables from exchange transactions (2023-2024) Cr R 7 540 586.86

**k)** Correction made as per ComAF 14 of 2025 as issued by Auditor-General. This Correction is as follows: Current provisions (2023-2024) Dt R 819 677.17, (2022-2023) Dt R 362 629.81, Accumulated surplus (2023-2024) Dt R .00, (2022-2023) Dt R 989 244.12 and Trade and other payables from exchange transactions (2023-2024) Cr R 819 677.17, (2022-2023) Cr R 362 629.81Contracted services (2023-2024) Dt R .00, (2022-2023) Cr R 989 244.12

**l)** Correction made as per ComAF 22 of 2025 as issued by Auditor-General. This Correction is as follows: Current provisions (2023-2024) Dt R 7 621 238.91 and VAT control payable (2023-2024) Cr R 7 621 238.91

**m)** Correction made as per ComAF 23 of 2025 as issued by Auditor-General. This Correction is as follows: Unpaid conditional grants (2023-2024) Dt R 6 522 309.69 and Government grants & subsidies - monetary (2023-2024) Cr R 6 522 309.69

### 54.01 Statement of financial position - non current assets

| | Note | R<br>As previously reported | R<br>Correction of prior period error | R<br>Changes in accounting policy | R<br>Reclassification | R<br>Restated |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Heritage assets | | 37 673 | - | - | - | 37 673 |
| Investment property | | 14 050 224 | - | - | - | 14 050 224 |
| Property, plant and equipment | f | 1 319 838 509 | 642 474 | - | - | 1 320 480 983 |
| **Total** | | **1 333 926 406** | **642 474** | **-** | **-** | **1 334 568 880** |
| **2023** | | | | | | |
| Heritage assets | | 37 673 | - | - | - | 37 673 |
| Investment property | | 12 691 575 | - | - | - | 12 691 575 |
| Property, plant and equipment | f | 1 268 953 742 | 642 474 | - | - | 1 269 596 216 |
| **Total** | | **1 281 682 990** | **642 474** | **-** | **-** | **1 282 325 464** |

### 54.02 Statement of financial position - current assets

| | Note | R<br>As previously reported | R<br>Correction of prior period error | R<br>Changes in accounting policy | R<br>Reclassification | R<br>Restated |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Cash and cash equivalents | c | 165 432 036 | (4 855) | - | - | 165 427 181 |
| Current portion of long-term receivables | a | - | - | - | 9 438 | 9 438 |
| Inventories | | 15 845 449 | - | - | - | 15 845 449 |
| Operating lease asset | | 17 640 | - | - | - | 17 640 |
| Receivables from exchange transactions | a,e | 60 098 816 | (467 128) | - | 20 324 | 59 652 012 |
| Receivables from non-exchange transactions | a | 40 473 927 | - | - | (29 762) | 40 444 165 |
| Unpaid conditional grants | m | 32 319 226 | 6 522 309 | - | - | 38 841 535 |
| VAT Control Receivable | a,i | - | (270 031 681) | - | 261 599 056 | (8 432 625) |
| VAT input accrual | a,i | 15 181 674 | (11 558 744) | - | 20 819 062 | 24 441 992 |
| **Total** | | **329 368 768** | **(275 540 099)** | **-** | **282 418 118** | **336 246 787** |

| | Note | As previously reported<br>R | Correction of prior period error<br>R | Changes in accounting policy<br>R | Reclassification<br>R | Restated<br>R |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| Cash and cash equivalents | | 95 078 061 | - | - | - | 95 078 061 |
| Current portion of long-term receivables | a | - | - | - | 9 438 | 9 438 |
| Inventories | | 15 356 713 | - | - | - | 15 356 713 |
| Operating lease asset | | 155 194 | - | - | - | 155 194 |
| Receivables from exchange transactions | | 49 917 925 | - | - | - | 49 917 925 |
| Receivables from non-exchange transactions | a | 36 665 684 | - | - | (9 438) | 36 656 246 |
| Unpaid conditional grants | | 29 515 940 | - | - | - | 29 515 940 |
| VAT Control Receivable | a,i | 10 025 267 | (246 321 457) | - | 240 243 021 | 3 946 831 |
| VAT input accrual | a,i | - | - | - | 3 501 185 | 3 501 185 |
| **Total** | | **236 714 784** | **(246 321 457)** | **-** | **243 744 206** | **234 137 533** |

**54.03 Statement of financial position - non-current liabilities**

| | Note | As previously reported | Correction of prior period error | Changes in accounting policy | Reclassification | Restated |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Employee benefit obligation | d | 84 360 000 | 124 000 | - | - | 84 484 000 |
| Long-term borrowings | | 107 276 384 | - | - | - | 107 276 384 |
| **Total** | | **191 636 384** | **124 000** | **-** | **-** | **191 760 384** |

| | Note | As previously reported | Correction of prior period error | Changes in accounting policy | Reclassification | Restated |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| Employee benefit obligation | d | 79 529 000 | 124 000 | - | - | 79 653 000 |
| Long-term borrowings | | 82 546 469 | - | - | - | 82 546 469 |
| **Total** | | **162 075 469** | **124 000** | **-** | **-** | **162 199 469** |

### 54.04 Statement of financial position - current liabilities

| | Note | As previously reported R | Correction of prior period error R | Changes in accounting policy R | Reclassification R | Restated R |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Consumer deposits | | 11 361 601 | - | - | - | 11 361 601 |
| Current employee benefit obligation | g | 37 630 691 | 443 661 | - | - | 38 074 352 |
| Current portion of long-term borrowings | | 20 425 221 | - | - | - | 20 425 221 |
| Current provisions | h,k,l | 10 305 515 | (8 087 270) | - | - | 2 218 245 |
| Operating lease liability | | 441 391 | - | - | - | 441 391 |
| Trade and other payables from exchange transactions | e,j,k | 130 549 691 | 7 893 136 | - | - | 138 442 827 |
| Unspent conditional grants | | 915 985 | - | - | - | 915 985 |
| VAT Control Payable | a,i,l | - | (273 969 186) | - | 287 356 078 | 13 386 892 |
| VAT output accrual | a,i | - | 5 475 361 | - | (4 937 961) | 537 400 |
| **Total** | | **211 630 095** | **(268 244 298)** | **-** | **282 418 117** | **225 803 914** |
| **2023** | | | | | | |
| Consumer deposits | | 10 793 475 | - | - | - | 10 793 475 |
| Current employee benefit obligation | | 38 030 003 | - | - | - | 38 030 003 |
| Current portion finance lease liabilities | | 1 250 915 | - | - | - | 1 250 915 |
| Current portion of long-term borrowings | | 18 279 782 | - | - | - | 18 279 782 |
| Current provisions | h,k,l | 7 843 314 | (362 630) | - | - | 7 480 684 |
| Operating lease liability | | 217 529 | - | - | - | 217 529 |
| Payables from non-exchange transactions | | 46 118 | - | - | - | 46 118 |
| Trade and other payables from exchange transactions | e,j,k | 94 749 411 | 362 630 | - | - | 95 112 041 |
| Unspent conditional grants | | 10 948 256 | - | - | - | 10 948 256 |
| VAT Control Payable | a,i,l | - | (246 321 457) | - | 249 118 317 | 2 796 860 |
| VAT output accrual | a,i | - | 5 475 361 | - | (5 374 111) | 101 250 |
| **Total** | | **182 158 803** | **(240 846 096)** | **-** | **243 744 206** | **185 056 913** |

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| | | Note | As previously reported R | Correction of prior period error R | Changes in accounting policy R | Reclassification R | Restated R |
|---|---|---|---|---|---|---|---|
| **54.05** | **Statement of financial position - net assets** | | | | | | |
| | **2024** | | | | | | |
| | Accumulated surplus | c,d,f,g,h,j,k,m | 1 183 347 759 | (6 777 326) | - | - | 1 176 570 433 |
| | Reserves | | 76 680 936 | - | - | - | 76 680 936 |
| | **Total** | | **1 260 028 695** | **(6 777 326)** | **-** | **-** | **1 253 251 369** |
| | **2023** | | | | | | |
| | Accumulated surplus | c,d,f,g,h,j,k,m | 1 144 213 501 | (4 956 886) | - | - | 1 139 256 615 |
| | Reserves | | 29 950 000 | - | - | - | 29 950 000 |
| | **Total** | | **1 174 163 501** | **(4 956 886)** | **-** | **-** | **1 169 206 615** |
| **54.06** | **Statement of financial performance - revenue from exchange transactions** | | | | | | |
| | **2024** | | | | | | |
| | Agency services | | 2 497 659 | - | - | - | 2 497 659 |
| | Interest charged (trading) | | 13 243 071 | - | - | - | 13 243 071 |
| | Interest earned - cash and investments | c | 13 203 208 | (4 855) | - | - | 13 198 353 |
| | Licences and permits | | 1 427 483 | - | - | - | 1 427 483 |
| | Operational revenue | | 7 415 479 | - | - | - | 7 415 479 |
| | Rendering of services | | 7 446 917 | - | - | - | 7 446 917 |
| | Rental of facilities and equipment | | 1 354 443 | - | - | - | 1 354 443 |
| | Sale of goods | | 69 345 | - | - | - | 69 345 |
| | Service charges (exchange) | | 431 023 793 | - | - | - | 431 023 793 |
| | **Total** | | **477 681 398** | **(4 855)** | **-** | **-** | **477 676 543** |

| | | Note | As previously reported R | Correction of prior period error R | Changes in accounting policy R | Reclassification R | Restated R |
|---|---|---|---|---|---|---|---|
| **54.07** | **Statement of financial performance - revenue from non-exchange transactions- taxation and other revenue** | | | | | | |
| | **2024** | | | | | | |
| | Contributed assets | | 32 744 | - | - | - | 32 744 |
| | Fines, penalties and forfeits | | 60 451 399 | - | - | - | 60 451 399 |
| | Government grants & subsidies - monetary | m | 216 810 117 | 6 522 310 | - | - | 223 332 427 |
| | **Total** | | **277 294 260** | **6 522 310** | **-** | **-** | **283 816 570** |

**54.07 Statement of financial performance - expenditure**

| | Note | As previously reported R | Correction of prior period error R | Changes in accounting policy R | Reclassification R | Restated R |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Bad debts written off | | 74 425 834 | - | - | - | 74 425 834 |
| Bulk purchases | | 198 660 760 | - | - | - | 198 660 760 |
| Contracted services | j,k | 77 655 131 | 7 540 587 | - | - | 85 195 718 |
| Depreciation and amortization | | 39 993 649 | - | - | - | 39 993 649 |
| Employee related costs | d,g,h | 312 819 808 | 797 307 | - | - | 313 617 115 |
| Finance costs | | 20 922 363 | - | - | - | 20 922 363 |
| Impairment | | 37 337 551 | - | - | - | 37 337 551 |
| Inventories Losses / Write-Downs | | 97 619 | - | - | - | 97 619 |
| Inventory consumed | | 15 619 222 | - | - | - | 15 619 222 |
| Loss on disposal of assets and liabilities | | 3 216 693 | - | - | - | 3 216 693 |
| Operating leases | | 4 792 855 | - | - | - | 4 792 855 |
| Operational cost | | 72 030 550 | - | - | - | 72 030 550 |
| Remuneration of councillors | | 7 376 218 | - | - | - | 7 376 218 |
| Transfers and subsidies | | 9 208 274 | - | - | - | 9 208 274 |
| Water losses | | 13 370 | - | - | - | 13 370 |
| **Total** | | **874 169 897** | **8 337 894** | **-** | **-** | **882 507 791** |

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## 54.08 Cash flow statement - cash flows from operating activities

| | Note | As previously reported R | Correction of prior period error R | Changes in accounting policy R | Reclassification R | Restated R |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Receipts - Consumer deposits | | 794 421 | - | - | - | 794 421 |
| Receipts - Goods and services provided | a | 398 604 471 | - | - | 2 752 444 | 401 356 915 |
| Receipts - Government grants | a | 204 065 065 | - | - | (32 744) | 204 032 321 |
| Receipts - Interest income | b | 17 654 085 | (4 855) | - | - | 17 649 230 |
| Receipts - Other receipts | a | - | - | - | 2 573 945 | 2 573 945 |
| Receipts - Taxes, levies and fines | a | 207 710 267 | - | - | 55 690 | 207 765 957 |
| Receipts - Value Added Tax | a | - | - | - | 3 256 915 | 3 256 915 |
| Payments - Consumer deposits | | (226 295) | - | - | - | (226 295) |
| Payments - Employees | | (310 688 365) | - | - | - | (310 688 365) |
| Payments - Finance cost | | (10 750 807) | - | - | - | (10 750 807) |
| Payments - Government grants repaid | | (57 761) | - | - | - | (57 761) |
| Payments - Remuneration of councillors | | (7 376 219) | - | - | - | (7 376 219) |
| Payments - Suppliers for goods and services | a | (341 479 778) | - | - | 6 469 134 | (335 010 644) |
| Payments - Transfers and grants | | (9 208 274) | - | - | - | (9 208 274) |
| Payments - Value Added Tax | a | - | - | - | (15 108 128) | (15 108 128) |
| **Total** | | **149 040 810** | **(4 855)** | **-** | **(32 744)** | **149 003 211** |

## 54.09 Cash flow statement - cash flows from investing activities

| | Note | As previously reported R | Correction of prior period error R | Changes in accounting policy R | Reclassification R | Restated R |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Proceeds from disposal of property, plant and equipment | a | 129 119 | - | - | (129 119) | - |
| Purchase of property, plant and equipment | a | (104 440 392) | - | - | 161 863 | (104 278 529) |
| **Total** | | **(104 311 273)** | **-** | **-** | **32 744** | **(104 278 529)** |

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| | Note | As previously reported R | Correction of prior period error R | Changes in accounting policy R | Reclassification R | Restated R |
|---|---|---|---|---|---|---|
| **54.1 Cash and cash equivalents at the end of the year** | | | | | | |
| **2024** | | | | | | |
| Cash and cash equivalents at the end of the year | b | 165 432 036 | (4 855) | - | - | 165 427 181 |
| **Total** | | **165 432 036** | **(4 855)** | **-** | **-** | **165 427 181** |

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| | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|

## 55 UNAUTHORISED EXPENDITURE

| | 2025 R | 2024 R |
|---|---|---|
| Opening balance as previously reported | 31 892 944 | - |
| Add: Operating Expenditure identified - Current | 11 842 286 | 31 730 958 |
| Add: Operating Expenditure identified - Prior period | 691 931 | 129 242 |
| Add: Capital Expenditure identified - Current | - | 32 744 |
| Less: Approved/authorised by council | (31 892 944) | - |
| **Closing balance** | **12 534 217** | **31 892 944** |

**Expenditure identified in the current year include those listed below:**

| **Incident** | **Disciplinary steps taken/criminal proceedings** | 2025 R | 2024 R |
|---|---|---|---|
| Operating Expenditure identified - 2023 | None | - | 129 242 |
| Operating Expenditure identified - 2024 | None | 691 931 | 31 730 958 |
| Operating Expenditure identified - 2025 | None | 11 842 286 | - |
| Capital Expenditure identified - 2025 | None | - | 32 744 |
| | | **12 534 217** | **31 892 944** |

### 55.1 Operating Expenditure determination

| **Operating** | **Expenditure**<br>**2025**<br>**R'000** | **Budget**<br>**2025**<br>**R'000** | **Difference**<br>**2025**<br>**R'000** | **Unauthorized Expenditure**<br>**2025**<br>**R** |
|---|---|---|---|---|
| Council and General | 11 304 | 12 841 | 1 536 | - |
| Office of the Municipal Manager | 26 862 | 33 820 | 6 958 | - |
| Corporate Services | 85 646 | 102 390 | 16 745 | - |
| Community Services | 246 452 | 253 742 | 7 290 | - |
| Economic Development and Planning | 34 832 | 61 180 | 26 349 | - |
| Financial Services | 62 047 | 71 544 | 9 498 | - |
| Engineering Services | 461 902 | 450 060 | (11 842) | (11 842 286) |
| | **929 045** | **985 578** | **56 533** | **(11 842 286)** |

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| Operating | Expenditure<br>2024<br>R'000 | Budget<br>2024<br>R'000 | Difference<br>2024<br>R'000 | Unauthorized Expenditure - identified in current year<br>2024<br>R | Unauthorized Expenditure - previously identified<br>2024<br>R |
|---|---|---|---|---|---|
| Council and General | 11 819 | 13 174 | 1 355 | - | - |
| Office of the Municipal Manager | 32 437 | 30 607 | (1 831) | (650 709) | (1 179 956) |
| Corporate Services | 66 330 | 81 522 | 15 192 | - | - |
| Community Services | 250 040 | 219 448 | (30 592) | (41 222) | (30 551 002) |
| Economic Development and Planning | 47 693 | 50 366 | 2 673 | - | - |
| Financial Services | 59 881 | 68 967 | 9 086 | - | - |
| Engineering Services | 412 338 | 442 124 | 29 787 | - | - |
| | **880 538** | **906 207** | **25 669** | **(691 931)** | **(31 730 958)** |

### 55.2 Capital Expenditure determination

| Capital | Expenditure<br>2025<br>R'000 | Budget<br>2025<br>R'000 | Difference<br>2025<br>R'000 | Unauthorized Expenditure<br>2025<br>R |
|---|---|---|---|---|
| Office of the Municipal Manager | 396 | 492 | 96 | - |
| Corporate Services | 2 025 | 2 101 | 76 | - |
| Community Services | 6 551 | 8 003 | 1 452 | - |
| Economic Development and Planning | 109 | 110 | 0 | - |
| Financial Services | 10 | 69 | 59 | - |
| Engineering Services | 125 254 | 137 765 | 12 512 | - |
| | **134 346** | **148 541** | **14 195** | **-** |

| | Note | 2025 R | 2024 R |
|---|---|---|---|

| Capital | Expenditure 2024 R'000 | Budget 2024 R'000 | Difference 2024 R'000 | Unauthorized Expenditure - identified in current year 2024 R | Unauthorized Expenditure - previously identified 2024 R |
|---|---|---|---|---|---|
| Office of the Municipal Manager | 149 | 880 | 731 | - | - |
| Corporate Services | 1 769 | 1 923 | 154 | - | - |
| Community Services | 4 657 | 5 322 | 665 | - | - |
| Economic Development and Planning | 301 | 304 | 4 | - | - |
| Financial Services | 33 | - | (33) | - | (32 744) |
| Engineering Services | 97 403 | 120 364 | 22 961 | - | - |
| | **104 311** | **128 793** | **24 481** | **-** | **(32 744)** |

**55.3 Unauthorized expenditure breakdown analysis**

**Non-cash transactions**

**Operating**

| | 2025 | 2024 |
|---|---|---|
| Provision of Debt Impairment | 11 842 286 | - |
| | **11 842 286** | **-** |
| **Total for non-cash transactions** | **11 842 286** | **-** |

**Cash transactions**

**Operating**

| | 2025 | 2024 |
|---|---|---|
| Contracted Services | - | 41 222 |
| Employee related cost | - | 650 709 |
| | **-** | **691 931** |
| **Total for cash transactions** | **-** | **691 931** |

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| | Note | 2025 R | 2024 R |
|---|---|---|---|

### 56 FRUITLESS AND WASTEFUL EXPENDITURE

| | 2025 R | 2024 R |
|---|---|---|
| Opening balance as previously reported | 5 627 167 | 4 465 508 |
| Add: Expenditure identified - Current | 171 606 | 1 161 659 |
| Add: Expenditure identified - Prior Period | 110 869 | - |
| Less: Amounts written off - Current | (380 068) | - |
| **Closing balance** | **5 529 574** | **5 627 167** |

**Expenditure identified in the current year include those listed below:**

| Incident | Disciplinary steps taken/criminal proceedings | 2025 R | 2024 R |
|---|---|---|---|
| The EMP 201 was submitted in August 2023 before the due date of the 07th September 2023 but the actual payment to SARS was not processed. \|Only processed on the 22nd of September 2023. A request for suspension of paymnet was lodged with SARS and in July 2024 and it was declined by SARS so the reason why paymnet only done in 2024FY financial year. | SARS reversed penalty, and matter was concluded that the remainder is be recovered from the applicable officials. - Council resolution C/1/303/03/25 | - | 409 020 |
| Fruitless and wasteful expenditure incurred in relation to the Airport Fire Substation during the financial year July 2018/June 2018 - ComAF 12 of 2024 | Council reffered the matter to Disciplinary Board for consideration and recommendation C/2/303/08/25 | - | 752 639 |
| Storage fees paid for motorcycle | To be recovered - Council Resolution C/1/274/12/24 | 5 500 | - |
| required to be paid which otherwise prohibited the renewal of licenses. Order 900012049 | Council refferred the matter to MPAC for further investigation, C/2/303/08/25 | 6 853 | - |
| Motor Vehicle License renewal: Penalties and other charges were required to be paid which otherwise prohibited the renewal of licenses. Order 900012138 | Council refferred the matter to MPAC for further investigation, C/2/303/08/25 | 12 564 | - |
| Mossel Bay Landfill Invoice - Payment erroneously made inclusive of interest charge on invoice. Order 900011912 | Council refferred the matter to MPAC for further investigation, C/2/303/08/25 | 571 | - |
| Penalties: Compensation Commissioner: penalties raised because assessments for previous financial year only submitted in the 2024/2025 FY. | Council refferred the matter to MPAC for further investigation, C/2/303/08/25 | 151 618 | - |

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| | Note | 2025 R | 2024 R |
|---|---|---|---|
| Fruitless and wasteful expenditure incurred in relation to the Airport Fire Substation during the financial year July 2018/June 2018 - ComAF 12 of 2024 - Airport Substation: SCM/2017/86/COMM PY VAT portion | Council reffered the matter to Disciplinary Board for consideration and recommendation C/2/303/08/25 | 105 369 | - |
| | | **282 475** | **1 161 659** |

## 57 IRREGULAR EXPENDITURE

| | 2025 | 2024 |
|---|---|---|
| Opening balance as previously reported | 136 900 583 | 135 784 402 |
| Correction of prior period error | (34 320 352) | (21 344 237) |
| **Opening balance as restated** | **102 580 231** | **114 440 165** |
| Add: Expenditure identified - Current | 39 567 434 | 6 627 216 |
| Add: Expenditure identified - Prior Period | 5 933 672 | - |
| Less: Amounts written off - Current | (8 158 639) | - |
| Less: Amounts written off - Prior Period | (20 063 718) | (18 487 150) |
| **Closing balance** | **119 858 980** | **102 580 231** |

**Incidents/Cases identified in the current year include those listed below:**

| **Incident** | **Disciplinary steps taken/criminal proceedings** | | |
|---|---|---|---|
| Invoices approved for payment in excess of contract amount | No Comment provided | 108 410 | 285 876 |
| SCM policy section 19- Competitive bidding processes not followed - ComAF 10 of 2025 | PY amount written of by council - Council resolution C/1/274/12/24 | 2 734 175 | 121 612 |
| ComAF 26 of 2024 - Competitive bidding processes not followed | Under SAPS investigation. | - | 1 430 360 |
| ComAF 06 of 2024 - Bidder's Tax matters | Written of by council - Council resolution C/1/305/03/25 | - | 1 029 825 |
| ComAF 27 of 2024 (Issue 3) | Recommended for possible recovery C/1/311/03/25 | - | 37 378 |
| ComAF 27 of 2024 (Issue 4) | Recommended for possible recovery C/1/311/03/25 | - | 44 914 |
| ComAF 13 of 2023 - Additional items identified in 23/24 FYE | Written of by council - Council resolution C/1/249/09/24 | - | 1 868 535 |
| ComAF 16 of 2024 - Additional items identified in 24/25 FYE | Identified by AG. | - | 436 150 |
| ComAF 25 of 2024 - Additional items identified in 24/25 FYE | Identified by AG. | 4 241 683 | - |
| ComAF 30 of 2024 - Competitive bidding processes not followed | Written of by council - Council resolution C/1/306/03/25 | - | 2 094 592 |
| ComAF 4 of 2025 - Additional items identified in 24/25 FYE | Identified by AG. | 409 960 | 5 211 646 |

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| | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|
| ComAF 6 of 2025 - Additional items identified in 24/25 FYE | Identified by AG. | 5 996 974 | - |
| ComAF 7 of 2025 - Additional items identified in 24/25 FYE | Identified by AG. | 70 827 | - |
| ComAF 11 of 2025 - Additional items identified in 24/25 FYE | Identified by AG. | 23 125 937 | - |
| ComAF 13 of 2025 - Additional items identified in 24/25 FYE | Identified by AG. | 2 485 985 | - |
| ComAF 19 of 2025 - Additional items identified in 24/25 FYE | Identified by AG. | 68 077 | - |
| ComAF 26 of 2025 - Additional items identified in 24/25 FYE | Identified by AG. | 325 406 | - |
| | | **39 567 434** | **12 560 888** |

## 58 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

### 58.1 Contributions to organised local government

| | 2025 | 2024 |
|---|---|---|
| Opening Balance | (3 128 386) | (3 233 163) |
| Subscription amount paid | (3 427 888) | (3 128 386) |
| Expenditure recognized | 3 128 386 | 3 233 163 |
| | **(3 427 888)** | **(3 128 386)** |

### 58.2 Audit fees

| | 2025 | 2024 |
|---|---|---|
| Opening Balance | - | 1 507 |
| Deposits | 6 771 655 | 6 154 690 |
| Withdrawals | (6 771 655) | (6 156 197) |
| | **-** | **-** |

### 58.3 PAYE, UIF and SDL

| | 2025 | 2024 |
|---|---|---|
| Opening Balance | - | - |
| Deposits | 52 826 506 | 53 103 224 |
| Withdrawals | (52 826 506) | (53 103 224) |
| | **-** | **-** |

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| | Note | 2025 R | 2024 R |
|---|---|---|---|
| **58.4 Pension and medical aid deductions** | | | |
| Deposits | | 77 669 255 | 76 156 099 |
| Withdrawals | | (77 669 256) | (76 156 099) |
| | | **(1)** | **-** |
| **58.5 Investments as at 30 June:** | | | |
| **Short Term Investments** | | | |
| Standard bank | | 53 517 371 | 26 098 466 |
| ABSA | | 46 539 457 | 68 372 593 |
| NedBank | | 49 999 550 | 13 750 920 |
| | | **150 056 378** | **108 221 979** |
| **Total Investments** | | **150 056 378** | **108 221 979** |

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| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

### 58.6 Councillor's arrear consumer accounts

There was no councillors that had arrear accounts outstanding for more than 90 days during any time during the current and previous financial years.

| The following councillors had accounts outstanding: | Outstanding less than 90 days | Outstanding more than 90 days | Total |
|---|---|---|---|
| | R | R | R |
| **as at 30 June 2025** | | | |
| Councillor J . Kamkam | 1 600 | - | 1 600 |
| Councillor D . Swart | 16 187 | - | 16 187 |
| Councillor SA . Mangxaba | 5 939 | - | 5 939 |
| Councillor NT . Seti | 1 600 | - | 1 600 |
| Councillor AR . Olivier | 1 600 | - | 1 600 |
| Councillor MP . Busakwe | 2 926 | - | 2 926 |
| Councillor SE . Gcabayi | 1 600 | - | 1 600 |
| Councillor WJ . Nel | 1 681 | - | 1 681 |
| Councillor K . De Bruin | 186 | - | 186 |
| | **33 320** | **-** | **33 320** |

| The following councillors had accounts outstanding: | Outstanding less than 90 days | Outstanding more than 90 days | Total |
|---|---|---|---|
| | R | R | R |
| **as at 30 June 2024** | | | |
| Councillor J . Kamkam | 1 497 | - | 1 497 |
| Councillor D . Swart | 20 936 | - | 20 936 |
| Councillor NT . Seti | 1 497 | - | 1 497 |
| Councillor AR . Olivier | 1 588 | - | 1 588 |
| Councillor MP . Busakwe | 1 497 | - | 1 497 |
| Councillor SE . Gcabayi | 1 497 | - | 1 497 |
| Councillor WJ . Nel | 1 725 | - | 1 725 |
| Councillor R . Willemse | 1 497 | - | 1 497 |
| | **31 732** | **-** | **31 732** |

| | Note | 2025 R | 2024 R |
|---|---|---|---|

### 58.7 Intergovernmental and other allocations

In terms of section 123 of the municipal finance management act the municipality must disclose particulars regarding all allocations, except Equitable Share, received and made by the municipality. Under notes 11 and 37 the particulars of the amounts received, recognised after conditions was met, repaid, unspent or unpaid is disclosed. The table below shows the allocation in terms of municipal department, how it was spent, as well as whether conditions was met and / or funds withheld, delayed or withdrawn and the reason for such.

### 58.7.1 Corporate Services

| Name of allocation | Details regarding allocations | | |
|---|---|---|---|
| Local government, water and related service - SETA | **Description of spending** | Payment of Service Provider for provision of MMCL | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **Yes** | |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **No** | |

### 58.7.2 Community Services

| Name of allocation | Details regarding allocations | | |
|---|---|---|---|
| Community development worker operational support (CDW) | **Description of spending** | Hosting of the Regional CDW Meeting in Bitou (Catering and Accommodation) | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **No** | The WCDLG approved an amendment to host the Regional CDW Meeting in Bitou-March 2025 |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **No** | |

| | Note | 2025 R | 2024 R |
| --- | --- | --- | --- |

| | | | |
| --- | --- | --- | --- |
| Community library services | **Description of spending** | Library operations and support services | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **Yes** | |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **No** | |
| Library services replacement funding for most vulnerable B3 municipalities (MRF) | **Description of spending** | Library operations and support services | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **Yes** | |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **No** | |
| Safety plans | **Description of spending** | Procurement of security cameras at various municipal locations | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **No** | Budget was aligned different to the Business plan |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **Yes** | Allocation was not paid over to the municipality |
| Municipal service delivery and capacity building | **Description of spending** | Matreials and repairs of communal toilets and job creation salaries | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **No** | Recruitment of EPWP's was delayed and the project started in May instead of April 2025 |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **No** | The allocation was fully paid to the municpality soon after the agreement was signed |
| Thusong service centres | **Description of spending** | No expenditure was incurred during the current financial year regarding the rollover funds. | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **No** | No expenditure was incurred during the current financial year regarding the rollover funds. |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **No** | |

| | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Fire service capacity building | **Description of spending** | To provide financial assistance to municipalities to enhance fire service delivery and operations | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **No** | Received full amount of grant with top-up provision in capital funding. |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **No** | Transfer payment done after business plan supported and Bitou allocated and gazetted. |

### 58.7.3 Economic Development and Planning

| **Name of allocation** | **Details regarding allocations** | | |
|---|---|---|---|
| Extended public works program Incentive (EPWP) | **Description of spending** | Spending in terms of the business plan of the EPWP programme. | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **Yes** | |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **No** | |
| Informal Settlement Upgrading Partnership | **Description of spending** | Initiative designed to improve having conditions in informal settlements through partnerships between communities, municipalities and provinces. | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **Yes** | |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **No** | |
| Human settlement development (beneficiaries) | **Description of spending** | A conditional grant allocated to provinces in South Africa to subsidize low-income housing. It's key component of the broader Integrated Human Settlements Planning and Development program, aimed at creating integrated and inclusive communities. | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **Yes** | |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **Yes** | Due to budget cuts |

| | Note | 2025 R | 2024 R |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Regional socio-economic projects (RSEP) | **Description of spending** | No expenditure was incurred during the current financial year regarding the rollover funds. | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **Yes** | No expenditure was incurred during the current financial year regarding the rollover funds. |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **No** | |

**58.7.4 Financial Services**

| **Name of allocation** | **Details regarding allocations** | | |
|---|---|---|---|
| Local government financial management (LGFMG) | **Description of spending** | Intern stipends as well as projects relating to Asset verification and Asset register preparation | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **Yes** | |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **No** | |

**58.7.5 Engineering Services**

| **Name of allocation** | **Details regarding allocations** | | |
|---|---|---|---|
| Financial assistance to municipalities for maintenance and construction of transport infrastructure | **Description of spending** | Maintenance of paved roads, including accommodation of traffic, cleaning and patching of roads and painting of road markings, as per agreement with Western Cape Government Department of Transport and Public Works. | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **No** | Maintenance done was not as per the approved business plan. |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **Yes** | Only the expenditure as per the approved business plan was received. |

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| | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Municipal infrastructure (MIG) | **Description of spending** | Upgrading of the Kurland Wastewater Treatment Works, Upgrading of sports field floodlights in Kranshoek (Ward 7) and Plettenberg Bay: Kwanokuthula, New Horizons new clear water pump station: Water Treatment Works | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **Yes** | |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **No** | |
| Water Services Infrastructure | **Description of spending** | Upgrading of the Kurland Water Treatment Works | |
| | **Did the municipality comply with allocation conditions? Provide a reason if answer is no.** | **No** | Did not comply with the expenditure requirement of 40% spending of total allocation by the end of the 1st quarter. This was one of the conditions of the grant allocation. |
| | **Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.** | **Yes** | Due to conditions not met, the funding allocation was reduced from R12mil to R9.08mil. All expenditure was as per the approved business plan. |

### 58.8 Deviations from supply chain management regulations

In terms of section 36 of the municipal supply chain management regulations any deviation from the supply chain management policy needs to be approved/condoned by the accounting officer and noted by council. The expenses incurred as listed hereunder have been condoned.

| Category from SCM policy | Section | | |
|---|---|---|---|
| In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address | 36(1)(a)(i) | 24 840 | - |
| Exceptional case and it is impractical or impossible to follow the official procurement processes | 36(1)(a)(v) | 3 196 664 | 6 437 098 |
| | | **3 221 504** | **6 437 098** |

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| | Note | 2025 R | 2024 R |
|---|---|---|---|

**58.9 Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the supply chain management policy).**

| Company | Relation | Name | Designation | Organ of state | Amount |
|---|---|---|---|---|---|
| Shelf Plett 40 T/A Isolomzi | Spouse | Yonn LB | SAPS officer | South African police service | 8 328 333 |
| Zutari (Pty) Ltd | Spouse<br>Spouse<br>Son | Ahlschlager HC<br>Nadasen K<br>Mncube T | Legal Representative<br>Director: Key Account Management<br>Specialist Category Manager Supply Chain | Special investigating unit<br>Department of public works<br>Airports company South Africa | 1 487 805 |
| Sonqua Consulting | Spouse | Adams BL | Administrator | Department of Health | 711 444 |
| Kemanzi (Pty) Ltd | Spouse | Du Toit JN | Traffic Services: Inspector | City of Cape Town | 1 762 941 |
| Laurencia Andrews T/A Isiyetu Projects (PTY) Ltd | Spouse | Andrews R | EPWP Law Enforcement | Bitou Municipality | 157 478 |
| Furicom (PTY) Ltd | Spouse | Nqolo T | IDP Officer | Bitou Municipality | 126 500 |
| Kulungwane Distributions | Spouse | D Mgidi | Cashier | City of Tshwane Metropolitan Municipality | Rated based award |
| | | | | | **12 574 501** |

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## 59 RELATED PARTIES

### 59.1 Related party transactions

The following purchases were made during the year where councillors or staff have interest. **2025**

| Company | Description | Related name | Relation to company | Relation to official | Name of official | Designation | Organ of state | Amount |
|---|---|---|---|---|---|---|---|---|
| Shekynah projects | Construction and catering | Oraai S | Director | Brother in law | Ganga S | Chief: Traffic services | Bitou municipality | 559 647 |
| Masiqhame trading 672 cc | Collecting recyclables | Jansen M | Director | Brother | Ganga S | Chief: Traffic services | Bitou municipality | 2 059 188 |
| Furicom (Pty) Ltd | Grass cutting, cleaning of illegal dumping, cleaning of drains | Nqolo L | Director | Wife | Nguza T | IDP: Co-ordinator | Bitou municipality | 126 500 |
| | | | | | | | | **2 745 335** |

The following purchases were made during the year where councillors or staff have interest. **2024**

| Company | Description | Related name | Relation to company | Relation to official | Name of official | Designation | Organ of state | Amount |
|---|---|---|---|---|---|---|---|---|
| Shekynah projects | Construction and catering | Orrai S | Director | Brother in law | Ganga S | Chief: Traffic services | Bitou municipality | 402 761 |
| Masiqhame trading 672 cc | Collecting recyclables | Jansen M | Director | Brother | Ganga S | Chief: Traffic services | Bitou municipality | 687 500 |
| Furicom (Pty) Ltd | Grass cutting, cleaning of illegal dumping, cleaning of drains | Nqolo L | Director | Wife | Nguza T | IDP: Co-ordinator | Bitou municipality | 15 177 |
| | | | | | | | | **1 105 438** |

### 59.2 Councilors - rates and services billed 01 July 2024 - 30 June 2025

| | Rates and services billed | Outstanding balance as at 30 June 2025 |
|---|---|---|
| | R | R |
| Councillor J . Kamkam | 19 203 | - |
| Councillor D . Swart | 155 287 | - |
| Councillor NT . Seti | 19 215 | - |
| Councillor AR . Olivier | 19 382 | - |
| Councillor MP . Busakwe | 64 419 | - |
| Councillor SE . Gcabayi | 19 298 | - |
| Councillor WJ . Nel | 21 873 | - |
| Councillor K . De Bruin | 1 490 | - |
| | **320 167** | **-** |

### 59.3 Directors - rates and services billed 01 July 2024 - 30 June 2025

| | Rates and services billed | Outstanding balance as at 30 June 2025 |
|---|---|---|
| | R | R |
| Mr. M Memani | 7 178 | 485 |
| Mr. L Loliwe | 49 800 | 33 448 |
| Ms. AM Paulsen | 56 167 | - |
| Mr V W Felton | 17 641 | 1 470 |
| | **130 786** | **35 403** |

### 59.4 Councilors - rates and services billed 01 July 2023 - 30 June 2024

| | Rates and services billed | Outstanding balance as at 30 June 2024 |
|---|---|---|
| | R | R |
| Councillor J . Kamkam | 17 961 | 1 497 |
| Councillor D . Swart | 147 605 | 20 936 |
| Councillor NT . Seti | 17 961 | 1 497 |
| Councillor AR . Olivier | 18 380 | 1 588 |
| Councillor MP . Busakwe | 17 961 | 1 497 |
| Councillor SE . Gcabayi | 17 961 | 1 497 |
| Councillor WJ . Nel | 20 248 | 1 725 |
| Councillor R . Willemse | 17 961 | 1 497 |
| | **276 038** | **31 732** |

### 59.5 Directors - rates and services billed 01 July 2023 - 30 June 2024

| | Rates and services billed | Outstanding balance as at 30 June 2024 |
|---|---|---|
| | R | R |
| Mr. M Memani | 5 656 | - |
| Mr. FM Lötter | 15 761 | - |
| Mr. L Loliwe | 53 755 | 73 887 |
| Ms. AM Paulsen | 56 210 | - |
| Mr V W Felton | 16 517 | - |
| | **147 899** | **73 887** |

The remuneration of key management and councillors can be found on notes 42 & 50.

## 60 FINANCIAL RISK MANAGEMENT

### 60.1 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipalities treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Although it is a legal obligation, it is also contractual obligations. The professional engineers who compiled the design and assisted with the tendering processes is already evident of the contractual obligations the municipality has because the landfill site is closed and is in the monitoringing phase.

| **At 30 June 2025** | **Within 1 year** | **Between 1 and 5 years** | **After 5 years** |
|---|---|---|---|
| | **R** | **R** | **R** |
| Long-term liabilities | 36 170 423 | 105 892 118 | 81 958 126 |
| Trade and other payables | 75 488 608 | - | - |
| Unspent conditional grant and receipts | 607 397 | - | - |

| **At 30 June 2024** | **Within 1 year** | **Between 1 and 5 years** | **After 5 years** |
|---|---|---|---|
| | **R** | **R** | **R** |
| Long-term liabilities | 34 249 641 | 95 376 935 | 62 938 550 |
| Trade and other payables | 113 035 395 | - | - |
| Unspent conditional grant and receipts | 915 986 | - | - |

**60.2 Credit risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

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

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, council endeavours to collect such accounts by 'levying of penalty charges', 'demand for payment', 'restriction of services' and, as a last resort, 'handed over for collection', whichever procedure is applicable in terms of council's credit control and debt collection policy.

All rates and services are payable within 30 days from invoice date. Refer to note 10 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Balance past due not impaired:

| **Non-exchange receivables** | **2025** | **2025** | **2024** | **2024** |
|---|---|---|---|---|
| | **%** | **R** | **%** | **R** |
| Electricity | 7.03% | 96 483 | 17.35% | 358 151 |
| Water | 16.97% | 232 986 | 45.95% | 948 524 |
| Waste water | 56.06% | 769 639 | 13.07% | 269 722 |
| Refuse removal | 0.00% | - | 11.23% | 231 709 |
| Sundries | 19.95% | 273 864 | 12.41% | 256 061 |
| | | **1 372 972** | | **2 064 167** |

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| **Exchange receivables** | **2025** | **2025** | **2024** | **2024** |
|---|---|---|---|---|
| | **%** | **R** | **%** | **R** |
| Electricity | 18.88% | 5 085 251 | 20.56% | 4 296 990 |
| Water | 9.35% | 2 517 056 | 17.34% | 3 623 161 |
| Waste water | 5.15% | 1 385 830 | 9.46% | 1 976 868 |
| Refuse removal | 1.64% | 441 620 | 0.00% | - |
| Housing rentals | 0.18% | 49 239 | 0.54% | 112 793 |
| Sundries | 64.81% | 17 455 611 | 52.11% | 10 890 595 |
| | | **26 934 607** | | **20 900 407** |

No receivables are pledged as security for financial liabilities

Due to short term nature of trade and other receivables the carrying value disclosed in note 10 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

| **Non-exchange receivables** | **2025** | **2025** | **2024** | **2024** |
|---|---|---|---|---|
| | **%** | **R** | **%** | **R** |
| Electricity | 20.92% | 3 794 047 | 20.94% | 3 176 104 |
| Water | 29.68% | 5 382 568 | 26.96% | 4 089 894 |
| Waste water | 29.31% | 5 313 950 | 32.31% | 4 901 909 |
| Refuse removal | 20.09% | 3 642 423 | 19.80% | 3 003 115 |
| | | **18 132 988** | | **15 171 021** |

| **Exchange Receivables** | **2025** | **2025** | **2024** | **2024** |
|---|---|---|---|---|
| | **%** | **R** | **%** | **R** |
| Electricity | 4.90% | 13 768 367 | 3.75% | 9 118 485 |
| Water | 32.68% | 91 774 319 | 32.88% | 79 924 980 |
| Waste water | 37.15% | 104 326 391 | 37.39% | 90 893 078 |
| Refuse removal | 22.54% | 63 302 924 | 23.00% | 55 918 853 |
| Housing rentals | 0.43% | 1 217 670 | 0.46% | 1 111 504 |
| Sundries | 2.29% | 6 444 228 | 2.52% | 6 135 512 |
| | | **280 833 898** | | **243 102 413** |



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The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

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.

Financial assets maximum exposure to credit risk at year end is as follows:

| | **2025** | **2024** |
|---|---|---|
| | **R** | **R** |
| Receivables from exchange transactions | 75 176 433 | 59 638 610 |
| Receivables from non-exchange transactions | 47 730 857 | 40 444 165 |
| Long-term receivables | 9 438 | 9 438 |
| Cash and cash equivalents | 225 014 353 | 165 427 181 |
| | **347 931 082** | **265 519 394** |

## 60.3 Interest rate risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

| | **2025** | **2024** |
|---|---|---|
| Sensitivity analysis | **R** | **R** |
| 1% (2024. 1%) Increase in interest rates | 780 671 | (18 158) |
| 1% (2024. 1%) Decrease in interest rates | (780 671) | 18 158 |

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| | Note | 2025 R | 2024 R |
|---|---|---|---|

## 61 FINANCIAL INSTRUMENTS DISCLOSURE

In accordance with GRAP 104.45 the financial liabilities and assets of the municipality are classified as follows:

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

### 61.1 Financial assets (at amortised cost)

| | 2025 R | 2024 R |
|---|---|---|
| Current portion of long-term receivables | 9 438 | 9 438 |
| Unpaid conditional grants | 30 050 811 | 38 841 536 |
| Receivables from exchange transactions | 75 176 433 | 59 638 610 |
| Other receivables from non-exchange | 2 216 968 | 2 835 449 |
| Cash and cash equivalents | 225 014 353 | 165 427 181 |
| | **332 468 003** | **266 752 214** |

### 61.2 Financial liabilities (at amortised cost)

| | 2025 R | 2024 R |
|---|---|---|
| Long-term borrowings | 127 432 387 | 107 276 384 |
| Current portion of long-term borrowings | 20 411 062 | 20 425 221 |
| Unspent conditional grants | 607 396 | 915 986 |
| Trade and other payables from exchange transactions | 103 264 833 | 138 429 425 |
| | **251 715 678** | **267 047 016** |

## 62 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.

In accordance with the principles of GRAP 108, statutory receivables are classified as follows:

**Statutory Receivables Balances**

**Statutory receivables included in the Statement of Financial Position under VAT control receivable**

| | 2025 R | 2024 R |
|---|---|---|
| VAT input accrual | 1 959 019 | 5 245 819 |
| | **1 959 019** | **5 245 819** |

**Statutory receivables included in the Statement of Financial Position under Receivables from non-exchange transactions**

| | 2025 R | 2024 R |
|---|---|---|
| Property rates (non-exchange) | 27 444 262 | 20 795 184 |
| Fines (non-exchange) | 18 069 628 | 16 813 531 |
| | **45 513 890** | **37 608 715** |

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| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

**Statutory Receivables transactions**

**Statutory receivables included in the Statement of Financial Performance**

**Property Rates**

| | | |
|---|---|---|
| Property rates | 196 254 818 | 178 228 517 |
| Surcharges and taxes | 1 439 992 | 1 419 866 |
| Interst earned - outstanding property rates | 1 996 546 | 2 291 556 |
| | **199 691 356** | **181 939 939** |

**Traffic Fines**

| | | |
|---|---|---|
| Municipal traffic fines | 59 659 929 | 58 136 249 |
| | **59 659 929** | **58 136 249** |

**Reconciliation of provision for impairment for statutory receivables**

**Provision for impairment included under VAT receivables transactions**

| | | |
|---|---|---|
| VAT output accrual | - | - |
| | **-** | **-** |

**Provision for impairment included under receivables from non-exchang transactions**

| | | |
|---|---|---|
| Property rates | 38 021 206 | 35 164 492 |
| Municipal traffic fines | 100 796 493 | 95 804 601 |
| | **138 817 699** | **130 969 093** |

**Recognition or reversal impairment losses on statutory receivables**

| | | |
|---|---|---|
| **Recognition of impairment losses** | | |
| Property rates | 38 021 198 | 35 164 492 |
| Municipal traffic fines | 100 796 494 | 10 493 147 |
| **Reversal of impairment losses** | | |
| Property rates | (35 164 492) | (32 909 401) |
| Municipal traffic fines | (95 804 601) | - |
| | **7 848 599** | **12 748 238** |

**Statutory receivables past due but not impaired**

**Provision for impairment included under VAT receivables transactions**

| | | |
|---|---|---|
| VAT control payable | 14 724 651 | 13 386 892 |
| | **14 724 651** | **13 386 892** |

**Transactions arising from statute**

Property rates and Surcharges and Taxes related transactions arise in terms of the Municipal Property Rates Act, 6 of 2004, Municipal Finance Management Act, 56 of 2003, as well as the Property Rates Policy of the municipality approved by Council as part of the Budget Process.

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| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

Traffic fines arise from the National Road Traffic Act 93 of 1996, National Road Traffic Regulations 2000, National Land Transport Act 5 of 2009 and Criminal Procedure Act 51 of 1971. Prosecutor performs prosecutorial functions in terms of a general delegation awarded by the National Prosecuting Authority and is subject to the control of the Control Prosecutor at the Magistrate's Court in Plettenberg Bay.

VAT transactions arise from the Value Added Tax Act 89 of 1991. VAT is an indirect tax on the consumption of goods and services in the economy. VAT is levied on all goods and services subject to certain exemptions, exceptions, deductions and adjustments provided for in the Value Added Tax Act 89 of 1991.AT is levied on all goods and services subject to certain exemptions, exceptions, deductions and adjustments provided for in the Value Added Tax Act 89 of 1991.

**Determination of transaction amounts**

Property rates transaction amounts are determined in line with the Annual Tariff List of the municipality approved by Council as part of the Budget Process in terms of the Municipal Finance Management Act, 56 of 2003.

Traffic fines transaction amounts are determined in line with the Traffic Offence Code Book as approved by Senior Magistrate and implemented in the district of Plettenberg Bay.

VAT transactions amounts are determined in line with the Value Added Tax Act 89 of 1991.

**Interest or other charges levied / charged**

Interest or other charges levied on Property rates balances are in line with the Annual Tariff List of the municipality approved by Council as part of the Budget Process in terms of the Municipal Finance Management Act, 56 of 2003. "Interest" means a charge levied, on all arrear accounts calculated at an interest rate which is one percent higher than the prime interest rate.

Traffic fines: Additional charges includes contempt of court fees / warrant of arrest fee determined in terms of the Criminal Procedure Act. Currently at R200 effected after court date on non/default payment / non appearance.

The rates and interest charges are determined by the Value Added Tax Act 89 of 1991.

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

The basis used to assess Property Rates receivables is to look at the extent to which debtors on an individual basis defaulted on payments already due and an assessment of their ability to make payments based on their historical collection trend.

The basis used to assess Traffic fine receivables is to look at the extent to which debtors per group of fines (Municipal fines, Provincial fines) defaulted on payments already due and an assessment of their ability to make payments based on their historical collection trend.

No impairment on VAT Receivable, balance expected to be fully recoverable.

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| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

**Discount rate applied to the estimated future cash flows**

The discount rate applied for all types of Statutory receivables mentioned above is based on the average rate of investments. This rate is seen as risk free as the amount to be paid in interest and capital amount is guaranteed by the Investment institution.

## 63 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

## 64 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

## 65 COMMITMENTS

### 65.1 Authorised capital expenditure

**Already contracted for but not provided for**

| | 2025 | 2024 |
|---|---|---|
| SCM/2024/45/COMM | 5 725 599 | - |
| SCM/2024/46/COMM | 9 359 769 | - |
| SCM/2024/103/ENG | 858 436 | - |
| SCM/2025/01/ENG | 14 262 658 | - |
| SCM/2023/57/ENG | - | 516 505 |
| SCM/2023/120/COMM | - | 1 604 466 |
| SCM/2024/44/COMM | - | 8 755 268 |
| SCM/2025/14/ENG | 21 626 847 | - |
| | **51 833 309** | **10 876 239** |

**Total capital commitments**

| | 2025 | 2024 |
|---|---|---|
| Already contracted for but not provided for | 51 833 309 | 10 876 239 |
| | **51 833 309** | **10 876 239** |

**Commitments as per class of PPE**

| | 2025 | 2024 |
|---|---|---|
| Sanitation infrastructure | 35 889 505 | - |
| Roads infrastructure | 15 085 368 | 10 359 734 |
| Electrical infrastructure | 858 436 | - |
| Water infrastructure | - | 516 505 |
| | **51 833 309** | **10 876 239** |

### 65.2 Operating leases - as lessee (expense)

A breakdown / explanation for operating leases can be found under note 9.2.

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| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

## 66 ACCOUNTING BY PRINCIPALS AND AGENTS

The municipality is a party to a principle-agent arrangement(s).

### 66.1 Municipality as agent

**66.1.1 Details of the arrangement(s) is/are as follows:**

The municipality undertakes to handle motor vehicle license issuing on behalf of the department of transport and province and collects a commission of 12% plus VAT.

**66.1.2 Resources held on behalf of the principal(s), but recognised in the municipality's own financial**

The resources regarding the licensing department, remain that of the department of transport and do not form part of the municipality's financial statements.

**66.1.3 Revenue recognised**

The aggregate amount of revenue that the municipality recognised as compensation for the transactions carried out on behalf of the principal is R 2 585 413 (2024: R 2 497 659).

**66.1.4 Liabilities and corresponding rights of reimbursement recognised as assets**

Liabilities incurred on behalf of the principal(s) that have been recognised by the municipality as receivables, have a net effect of R 382 018 that is still owed to the municipality and will be deducted from the next pament to the department of transport in the new financial year.

**66.1.5 Additional information**

**66.1.5.1 Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement**

**Category(ies) of revenue received or to be received on behalf of the principal, are:**

| Categories | Additional details |
|---|---|
| Licensing fees | Income collected on behalf of DOT and provincial transport for motor vehicle registration |

**Amount of revenue received on behalf of the principal during the reporting period**

| | 2025 | 2024 |
|---|---|---|
| Licensing fees | 16 045 318 | 15 733 698 |
| | **16 045 318** | **15 733 698** |

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### 66.1.5.2 Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

**Reconciliation of the carrying amount of receivables/(payables)**

| | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|
| **Vehicle licensing** | | | |
| Opening balance | | (20 324) | 69 060 |
| Revenue received on behalf of the principal | | 16 045 318 | 15 733 698 |
| Amounts transferred to the principal | | (16 407 012) | (15 823 082) |
| | | **(382 018)** | **(20 324)** |
| **All Categories** | | | |
| Opening balance | | (20 324) | 69 060 |
| Revenue received on behalf of the principal | | 16 045 318 | 15 733 698 |
| Amounts transferred to the principal | | (16 407 012) | (15 823 082) |
| | | **(382 018)** | **(20 324)** |

### 66.2 Municipality as Principle

### 66.2.1 Details of the arrangement(s) is/are as follows:

The municipality appointed TMT and Utilities world as agents to collect revenue on its behlaf. TMT recieves a fixed amount per fine closed and Utilities world receives a percentage of Electricity sales

### 66.2.2 Resources held on behalf of the principal(s), but recognised in the municipality's own financial

No resources are under the agents custodianship.

### 66.2.3 Fees Paid

**Fee paid as compensation to the agent**

| | 2025<br>R | 2024<br>R |
|---|---|---|
| TMT | 7 682 566 | 6 216 673 |
| Utilities World | 1 347 890 | 1 778 843 |
| | **9 030 456** | **7 995 516** |

### 66.2.4 Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

No implication on the Municipality as no new service provider will be appointed

## 67 GOING CONCERN

Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the constitution.

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 1 345 883 964 and that the municipality's total assets exceed its liabilities by R 1 413 792 726.

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |

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

The possible outflow of resources due to contingent liabities is disclosed in note 71

## 68 LIVING AND NON-LIVING RESOURCES

The municipality has no living resources under it's control

The non-living resources that the municipality have, is a right (via license agreements) to use rivers and boreholes, however a value cannot be determined since it is rivers and boreholes that is not disturbed in it's natural state.

## 69 BBBEE PERFORMANCE

Information on compliance with the B-BBEE act is included in the annual report under the section titled B-BBEE compliance performance information.

## 70 EVENTS AFTER THE REPORTING DATE

No events or circumstances arising after the reporting date have come to the attention of management that would require adjustments to or disclosure in the financial statements.

## 71 CONTINGENT LIABILITIES

| | 2025 | 2024 |
|---|---|---|
| | R | R |
| **Sugar Sweet Props 26 (Pty)Ltd** | - | - |

Town planning matter, concerning the proclamation of an access road and related matters. However the liability amount is not quantifiable

| | | |
|---|---|---|
| **Teniqua Wildfire rehabilitation and awareness** | 286 400 | - |

The Plaintiff issued summons against Bitou Local Municipality regarding an awarded tender for the maintenance and repair of a specified road, in the Regional Court.

| | | |
|---|---|---|
| **Proudafrique 0004 t/a Powerhouse** | - | 165 300 |

The company claimed monies for the work performed during the coalition strategic session held in 2016 between AUF and DA. Bitou has filed an opposition to defend the matter.

| | | |
|---|---|---|
| **Raubex Building (Pty) Ltd** | 500 000 | - |

The matter is regarding the review of a decision of the Municipality to award a tender to Carnivore Capital. The matter is pending and must still be heard by the Court.

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| | Note | 2025<br>R | 2024<br>R |
|---|---|---|---|
| **Plettenberg Bay Rate-Payers Residents Association** | | 350 000 | 350 000 |

Application for the review of the decision taken by the Acting Executive Mayor on 19 November 2021 on the rezoning and related matters regarding ERF 156. Application to abide filed at Court. The matter is pending.

| | | |
|---|---|---|
| **Project Guardian** | 250 000 | 250 000 |

Application for the review of the decision taken by the Acting Executive Mayor on 19 November 2021 on the rezoning and related matters regarding ERF 156. Application to abide filed at Court. Application for review.

| | | |
|---|---|---|
| **Bezyl 1 (Pty)Ltd** | - | - |

The matter relates to Bezyl Pty Ltd that opened a cased against the municipality claiming the water reservoir is located on their land at the Castleton Development and that the should pay compensation or alternatively exchange with the taxi rank allocated next to the Castleton, probability of success could not be determined hence no possible liability to be disclosed.

| | | |
|---|---|---|
| **Bradwell Moos** | - | 500 000 |

Due to a fatal electrocution of a minor child, legal action is taken against the Bitou Municipality ("the Municipality") for inter alia, the loss, damages, pain and suffering that the plaintiff endured. The legal action states that the accident is due to the Municipality's failure to act and/or carry out its constitutional duty resulting in the electrocution and events that led to the death of the minor child on 24 September 2022 at the Kranshoek Municipal Sports Field in Ward 7, Bitou.

| | | |
|---|---|---|
| **SC Housing** | - | 2 014 440 |

The matter relates to a breach of contract between SC Housing (PTY) Ltd and Bitou Municipality Breach of contract. SC Housing (PTY) Ltd is demanding payment for construction of civil engineering service rendered in terms of a tender awarded to them and where the cause relates to a series of events that occurred as a result of the awarded tender.

| | | |
|---|---|---|
| **Actophambili Roads** | - | 195 917 |

The matter relates to a breach of contract between Actophambili Roads and Bitou Municipality and a summons was issued, claiming for services rendered.

| | | |
|---|---|---|
| **Onke Knowledge Rwayi** | - | - |

The matter relates to an ex-employee Mr. Rwayi that filed an application to the Arbitration Award to review

| | | |
|---|---|---|
| **JW Loock N.O. & 9 Others** | - | - |

Town planning matter pertaining to height restrictions, application was successful but the matter is still pending, liability amount not quantifiable

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | R | R |
| **Plover's Nest Investments (PTY) LTD** | | - | - |

Application to set aside a decision of the municipal council, matter was heard but nothing determinable at this stage, no possible liability.

| | | |
|---|---|---|
| **South African Revenue Services - Library Grant** | - | - |

Due to the issue around the VAT treatment on Grant allocations for Library Services that was raised by SARS, the municipality will disclose the interest and penalties portion of this matter will be disclosed as a contingent liability until such time that clarity is obtained. The separation of funding and implementation responsibilities often results in unfunded mandates being imposed on municipalities, the municipality is not assigned a Library function in terms of the Constitution, and is also not acting formally in terms of an SLA as agent of the Province, but it is also expected to contribute financially to provision of library services. The Municipality is therefore unclear on the VAT treatment on all contributions received from Government, the amount of the full obligation is split into a provision that is made for the known VAT amounts based on the 15% VAT calculation and is provided for as a provision in Note 17 and the unknown portion of the possible fines and penalties is shown as a contingent liability.
The potential impact of penalties and interest can only be determined once a formal notice is issued is received from SARS (e.g. audit is done).

| | | |
|---|---|---|
| **Total** | **1 386 400** | **3 475 657** |

## 72 CONTINGENT ASSETS

| | 2025 | 2024 |
|---|---|---|
| | R | R |
| **CANCOM vs Bitou municipality and others** | 5 500 000 | 5 500 000 |

Bitou Local Municipality is taken to court for blocking renewal of licence disks for cars of hiring companies for not redirecting outstanding fines on vehicles to the individuals, Bitou is owed by Cancom for unpaid fines to the amount of R 5.5 million.

| | | |
|---|---|---|
| **Bitou Municipality vs Farmers Fowls CC** | 350 000 | 350 000 |

Illegal Land Use:
Non-compliance issue where land use is causing a nuisance for surrounding property owners, impacting their ability to enjoy their land use rights. The Legal Department is now required to assist with the necessary actions as per the requirements of the Planning By-law

| | | |
|---|---|---|
| **Total** | **5 850 000** | **5 850 000** |

## 73 EXPLANATIONS ON BUDGET COMPARISON STATEMENTS AND DIFFERENCES

### 73.1 Disclosure in terms of GRAP 24 par 38 & 42

The Approved budget was prepared on the accrual accounting basis. The classification basis used was the mSCOA classification method.

The Approved budget was prepared on the 3 year MTREF basis as prescribed by National treasury.

### 73.2 Comparable Basis

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.
The following items are affected by these classification differences:

### 73.2.1 Statement of financial position

**73.2.1.1**

| Current assets | Actuals per Budget Comparison R'000 | GRAP Classification | Actuals per Statement of Financial Position R'000 | Reclassification due to mSCOA vs GRAP Classification R'000 | Comment on Differences |
|---|---|---|---|---|---|
| Cash and cash equivalents | 225 014 | Cash and cash equivalents | 225 014 | - | |
| Trade and other receivables from exchange transactions | 61 859 | Receivables from exchange transactions | 75 177 | (13 318) | Accounts of R 10.112m included in receivables from exchange transactions (GRAP) forms part of current assets / other current assets (mSCOA). Accounts of R 3.206m included in receivables from exchange transactions (GRAP) forms part of current liabilities / trade and other payables from exchange transactions (mSCOA). |
| Receivables from non-exchange transactions | 47 368 | Receivables from non-exchange transactions | 47 731 | (363) | Accounts of R 363.102k included in receivables from non-exchange transactions (GRAP) forms part of current assets / other current assets (mSCOA). |

| | | | | | |
|---|---|---|---|---|---|
| Current portion of non-current receivables | 9 | Current portion of long-term receivables | 9 | - | |
| Inventory | 17 287 | Inventories | 17 287 | - | |
| VAT | 7 997 | VAT control receivable | 3 462 | 556 | Accounts of R 555.732k included in vat control payable (GRAP) forms part of current assets / vat (mSCOA). |
| | | VAT input accrual | 3 979 | | |
| Other current assets | 10 443 | Operating lease asset | 2 | (19 610) | Accounts of R 30.051m included in unpaid conditional grants (GRAP) forms part of current liabilities / trade and other payables from exchange transactions (mSCOA). Accounts of R 10.112m included in receivables from exchange transactions (GRAP) forms part of current assets / other current assets (mSCOA). Accounts of R 363.102k included in receivables from non-exchange transactions (GRAP) forms part of current assets / other current assets (mSCOA). Accounts of R 34.887k included in trade and other payables from exchange transactions (GRAP) forms part of current assets / other current assets (mSCOA). |
| | | Unpaid conditional grants | 30 051 | | |
| | **369 977** | | **402 712** | **(32 735)** | |

**73.2.1.2**

| Non current assets | Actuals per Budget Comparison R'000 | GRAP Classification | Actuals per Statement of Financial Position R'000 | Reclassification due to mSCOA vs GRAP Classification R'000 | Comment on Differences |
|---|---|---|---|---|---|
| Investment property | 16 094 | Investment property | 16 094 | - | |
| Property, plant and equipment | 1 414 514 | Property, plant and equipment | 1 414 514 | - | |
| Heritage assets | 38 | Heritage assets | 38 | - | |
| Intangible assets | | Intangible assets | - | - | |
| | **1 430 646** | | **1 430 646** | **-** | |

**73.2.1.3**

| Current liabilities | Actuals per Budget Comparison R'000 | GRAP Classification | Actuals per Statement of Financial Position R'000 | Reclassification due to mSCOA vs GRAP Classification R'000 | Comment on Differences |
|---|---|---|---|---|---|
| Financial liabilities | 20 411 | Current portion of long-term borrowings | 20 411 | (505) | Accounts of R 505.458k included in operating lease liability (GRAP) forms part of non current liabilities / financial liabilities (mSCOA). |
| | | Operating lease | 505 | | |
| Consumer deposits | 11 983 | Consumer deposits | 11 983 | - | |
| Trade and other payables from exchange transactions | 100 024 | Trade and other payables from exchange transactions | 103 265 | (3 241) | Accounts of R 34.887k included in trade and other payables from exchange transactions (GRAP) forms part of current assets / other current assets (mSCOA). Accounts of R 3.206m included in receivables from exchange transactions (GRAP) forms part of current liabilities / trade and other payables from exchange transactions (mSCOA). |
| Trade and other payables from non-exchange transactions | (29 444) | Payables from non-exchange transactions | - | (30 051) | Accounts of R 30.051m included in unpaid conditional grants (GRAP) forms part of current liabilities / trade and other payables from exchange transactions (mSCOA). |
| | | Unspent conditional grants | 607 | | |
| Provision | 40 925 | Current employee benefit obligation | 39 225 | (1) | |
| | | Current provisions | 1 701 | | |
| VAT | 21 315 | VAT control payable | 14 725 | 555 | Accounts of R 555.732k included in vat input accrual (GRAP) forms part of current assets / vat (mSCOA). |
| | | VAT output accrual | 6 035 | | |
| | **165 214** | | **198 457** | **(33 243)** | |

**73.2.1.4**

| Non current liabilities | Actuals per Budget Comparison R'000 | GRAP Classification | Actuals per Statement of Financial Position R'000 | Reclassification due to mSCOA vs GRAP Classification R'000 | Comment on Differences |
|---|---|---|---|---|---|
| Financial liabilities | 127 938 | Long-term borrowings | 127 432 | 506 | Accounts of R 505.458k included in operating lease liability (GRAP) forms part of non current liabilities / financial liabilities (mSCOA). |
| Provision | 15 511 | Non-current provisions | - | 15 511 | Accounts of R 15.511m included in employee benefit obligation (GRAP) forms part of non current liabilities / provision (mSCOA). |
| Other non-current liabilities | 78 166 | Employee benefit obligation | 93 677 | (15 511) | Accounts of R 15.511m included in employee benefit obligation (GRAP) forms part of non current liabilities / provision (mSCOA). |
| | **221 615** | | **221 109** | **506** | |

**73.2.1.5**

| Community Wealth/Equity | | GRAP Classification | Actuals per Statement of Financial Position R'000 | Reclassification due to mSCOA vs GRAP Classification R'000 | Comment on Differences |
|---|---|---|---|---|---|
| Accumulated surplus/(deficit) | 1 345 884 | Accumulated surplus | 1 345 884 | - | |
| Reserves and funds | 67 909 | Reserves | 67 909 | - | |
| | **1 413 793** | | **1 413 793** | **-** | |

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### 73.2.2 Statement of financial performance

#### 73.2.2.1

| Exchange Revenue By Source | Actuals per Budget Comparison R'000 | GRAP Classification | Actuals per Statement of Financial Performance R'000 | Reclassification due to mSCOA vs GRAP Classification R'000 | Comment on Differences |
|---|---|---|---|---|---|
| Service charges - electricity | 261 948 | Service charges (exchange) | 487 907 | (2) | Accounts of R 1.317k included in service charges (exchange) (GRAP) forms part of exchange revenue / sale of goods and rendering of services (mSCOA). |
| Service charges - water | 95 792 | | | | |
| Service charges - waste water management | 79 803 | | | | |
| Service charges - waste management | 50 362 | | | | |
| Sale of Goods and Rendering of Services | 7 232 | Rendering of services | 7 074 | 1 | Accounts of R 1.317k included in service charges (exchange) (GRAP) forms part of exchange revenue / sale of goods and rendering of services (mSCOA). |
| | | Sale of goods | 157 | | |
| Agency services | 2 585 | Agency services | 2 585 | - | |
| Interest earned from Receivables | 11 146 | Interest charged (trading) | 11 146 | - | |
| Interest earned from Current and Non Current Assets | 17 396 | Interest earned - cash and investments | 17 396 | - | |
| Rental from Fixed Assets - Operational | 1 554 | Rental of facilities and equipment | 1 554 | - | |
| Licence and permits | 1 241 | Licences and permits | 1 241 | - | |
| Operational Revenue | 20 331 | Inventories Increase to net realisable value | 55 | (55) | Accounts of R 55.334k included in inventories increase to net realisable value (GRAP) forms part of non-exchange revenue / other gains (mSCOA). |
| | | Operational revenue | 20 331 | | |

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73.2.2.2

| Non-Exchange Revenue By Source | Actuals per Budget Comparison R'000 | GRAP Classification | Actuals per Statement of Financial Performance R'000 | Reclassification due to mSCOA vs GRAP Classification R'000 | Comment on Differences |
|---|---|---|---|---|---|
| Property rates | 196 255 | Property rates | 196 255 | - | |
| Surcharges and Taxes | 1 440 | Surcharges and taxes | 1 440 | - | |
| Fines, penalties and forfeits | 61 620 | Fines, penalties and forfeits | 61 620 | - | |
| Transfer and subsidies - Operational | 170 940 | Government grants & subsidies - monetary | 260 580 | (89 640) | Accounts of R 89.64m included in government grants & subsidies - monetary (GRAP) forms part of non-exchange revenue / transfers and subsidies - capital (monetary allocations) (mSCOA). |
| Interest | 1 997 | Interest charged on non-exchange transactions | 1 997 | - | |
| | | Interest - taxation revenue | - | | |
| | | Interest - transfer revenue | - | | |
| Operational Revenue | 13 813 | Availability charges (non-exchange) | 13 813 | - | |
| Other Gains | 4 490 | Actuarial gains | 4 435 | 55 | Accounts of R 55.334k included in inventories increase to net realisable value (GRAP) forms part of non-exchange revenue / other gains (mSCOA). |
| **Total Revenue (excluding capital transfers and contributions)** | **999 945** | | **1 089 586** | **(89 641)** | |

**73.2.2.3**

| Expenditure By Type | Actuals per Budget Comparison R'000 | GRAP Classification | Actuals per Statement of Financial Performance R'000 | Reclassification due to mSCOA vs GRAP Classification R'000 | Comment on Differences |
|---|---|---|---|---|---|
| Employee related costs | 322 315 | Employee related costs | 328 224 | (5 909) | Accounts of R 5.909m included in employee related costs (GRAP) forms part of expenditure / operational costs (mSCOA). |
| Remuneration of councillors | 7 512 | Remuneration of councillors | 7 512 | - | |
| Bulk purchases - electricity | 233 306 | Bulk purchases | 234 490 | (1 184) | Accounts of R 1.184m included in bulk purchases (GRAP) forms part of expenditure / inventory consumed (mSCOA). |
| Inventory consumed | 16 895 | Inventory consumed | 15 711 | 1 184 | Accounts of R 1.184m included in bulk purchases (GRAP) forms part of expenditure / inventory consumed (mSCOA). |
| Debt impairment | 48 880 | Impairment | 42 770 | - | |
| Depreciation and amortisation | 37 325 | Depreciation and amortization | 43 435 | | |
| Interest | 24 211 | Finance costs | 24 211 | - | |
| Contracted services | 73 287 | Contracted services | 73 287 | - | |
| Transfers and subsidies | 9 221 | Transfers and subsidies | 9 221 | - | |
| Irrecoverable debts written off | 76 560 | Bad debts written off | 76 560 | - | |
| Operational costs | 78 588 | Operating leases | 4 671 | 5 909 | Accounts of R 5.909m included in employee related costs (GRAP) forms part of expenditure / operational costs (mSCOA). |
| | | Operational cost | 68 008 | | |
| Losses on disposal of Assets | 944 | Loss on disposal of assets and liabilities | 944 | - | |
| **Total expenditure** | **929 044** | | **929 044** | **-** | |

| 73.2.2.4 Transfers and Subsidie | Actuals per Budget Comparison R'000 | GRAP Classification | Actuals per Statement of Financial Performance R'000 | Reclassification due to mSCOA vs GRAP Classification R'000 | Comment on Differences |
|---|---|---|---|---|---|
| Transfers and subsidies - capital (monetary allocations) | 89 641 | | - | 89 641 | Accounts of R 89.64m included in government grants & subsidies - monetary (GRAP) forms part of non-exchange revenue / transfers and subsidies - capital (monetary allocations) (mSCOA). |
| **Surplus after capital transfers & contributions** | **160 542** | | **160 542** | **-** | |

**73.2.3 Cash flow statement**

**73.2.3.1 Cash Flow from Operating Activities**

| 73.2.3.1.1 Receipts | Actuals per Budget Comparison R'000 | GRAP Classification | Actuals per Statement of Financial Performance R'000 | Reclassification due to mSCOA vs GRAP Classification R'000 | Comment on Differences |
|---|---|---|---|---|---|
| Property rates | 186 838 | Taxes, levies and fines | 216 381 | | |
| Service charges | 426 766 | Goods and services provided | 466 164 | (1) | |
| Other revenue | 92 469 | Other receipts | 1 211 | | |
| | | Value Added Tax | 22 318 | | |
| Transfers and Subsidies - Operational | 170 166 | Government grants | 269 206 | (143) | Accounts of R 143.k included in government grants repaid (GRAP) forms part of transfers and subsidies - operational (mSCOA). |
| Transfers and Subsidies - Capital | 98 897 | Public contributions and donations | - | | |
| Interest | 13 710 | Interest income | 13 710 | - | |
| | **988 846** | | **988 990** | **(144)** | |

| 73.2.3.1.2 | Payments | Actuals per Budget Comparison R'000 | GRAP Classification | Actuals per Statement of Financial Performance R'000 | Reclassification due to mSCOA vs GRAP Classification R'000 | Comment on Differences |
|---|---|---|---|---|---|---|
| | Suppliers and employees | (792 778) | Government grants repaid | (143) | 142 | Accounts of R 143.k included in government grants repaid (GRAP) forms part of transfers and subsidies - operational (mSCOA). |
| | | | Employees | (326 214) | | |
| | | | Remuneration of councillors | (7 512) | | |
| | | | Suppliers for goods and services | (446 243) | | |
| | | | Value Added Tax | (12 808) | | |
| | Interest | (13 677) | Finance cost | (13 677) | - | |
| | Transfers and Subsidies | (9 221) | Transfers and grants | (9 221) | - | |
| | | **(815 676)** | | **(815 818)** | **142** | |

**73.2.3.2 Cash Flow from Investing Activities**

| 73.2.3.2.2 | Payments | Actuals per Budget Comparison R'000 | GRAP Classification | Actuals per Statement of Financial Performance R'000 | Reclassification due to mSCOA vs GRAP Classification R'000 | Comment on Differences |
|---|---|---|---|---|---|---|
| | Capital assets | (134 346) | Purchase of property, plant and equipment | (134 346) | - | |
| | | **(134 346)** | | **(134 346)** | **-** | |

**73.2.3.3 Cash Flow from Financing Activities**

**73.2.3.3.1**

| **Receipts** | **Actuals per Budget Comparison R'000** | **GRAP Classification** | **Actuals per Statement of Financial Performance R'000** | **Reclassification due to mSCOA vs GRAP Classification R'000** | **Comment on Differences** |
|---|---|---|---|---|---|
| Borrowing long term/refinancing | 40 545 | Proceeds from long-term borrowings | 40 545 | - | |
| Increase (decrease) in consumer deposits | 621 | CASH FLOWS FROM OPERATING ACTIVITIES - Receipts - Consumer deposits | 1 044 | - | |
| | | CASH FLOWS FROM OPERATING ACTIVITIES - Payments - Consumer deposits | (423) | | |
| | **41 166** | | **41 166** | **-** | |

**73.2.3.3.2**

| **Payments** | **Actuals per Budget Comparison R'000** | **GRAP Classification** | **Actuals per Statement of Financial Performance R'000** | **Reclassification due to mSCOA vs GRAP Classification R'000** | **Comment on Differences** |
|---|---|---|---|---|---|
| Repayment of borrowing | (20 403) | Repayment of long-term borrowings | (20 403) | - | |
| | **(20 403)** | | **(20 403)** | **-** | |

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**Description** **Ref No** **Explanation on material differences**

**73.3 Material differences between original budget and final budget**

**73.3.1 Statement of financial position**

**73.3.1.1 Current assets**

| | | |
|---|---|---|
| Cash and cash equivalents | A1 | Increase due to final opening balances and movement from the adjustment budget additional revenue |
| Receivables from non-exchange transactions | A3 | Decrease in receivable due to final opening balances and movement from the adjustment budget additional revenue |
| VAT | A4 | Increase due to final opening balances and movement from the adjustment budget additional revenue |

**73.3.1.2 Non current assets**

| | | |
|---|---|---|
| Property, plant and equipment | B1 | Increase due to final opening balances as a result of capitalisation and movement from the adjustment budget |

**73.3.1.3 Current liabilities**

| | | |
|---|---|---|
| Financial liabilities | C1 | Difference due to opening balance for new year budget that needs inclusion |
| Trade and other payables from exchange transactions | C2 | Increase due to final opening balances and movement from the adjustment budget related to payments made |
| Trade and other payables from non-exchange transactions | C3 | Increase due to final opening balances and movement from the adjustment budget especially on housing |
| Provision | C4 | Increase due to final opening balances and movement from the adjustment budget on employee related costs |
| VAT | C5 | Increase due to final opening balances and movement from the adjustment budget on expenditure items |

**73.3.1.4 Non current liabilities**

| | | |
|---|---|---|
| Provision | D2 | Increase due to final opening balances and movement from the adjustment budget on expenditure items |
| Other non-current liabilities | D3 | Defence due to mSCOA mapping and subsequent chart changes |

| | Description | Ref No | Explanation on material differences |
|---|---|---|---|
| **73.3.1.5** | **Community wealth/equity** | | |

| | | |
|---|---|---|
| Accumulated surplus/(deficit) | E1 | Decrease due to final opening balances and movement from the adjustment budget. |
| Reserves and funds | E2 | Increase is due to opening balance adjustment as per calculation performed during the final AFS process |

**73.3.2 Statement of financial performance**

**73.3.2.1 Revenue**

**73.3.2.1.2 Non-Exchange Revenue By Source**

| | | |
|---|---|---|
| Transfer and subsidies - Operational | G1 | Additional revenue received as per adjusted DORA and provincial allocations as well as a shifting on funding from capital to operational |

**73.3.2.2 Expenditure By Type**

| | | |
|---|---|---|
| Contracted services | H4 | Increase due to grant related expenditure that was shifted from capital to operational as well as providing for top-ups on contract related expenditure |

**73.3.2.3 Capital Funding**

| | | |
|---|---|---|
| Transfers and subsidies - capital (monetary allocations) | I1 | Reduction in grant related projects as per adjusted Gazette and DORA on capital projects mainly housing |

**73.3.3 Cash flow statement**

**73.3.3.1 Cash flows from operating activities**

**73.3.3.1.1 Receipts**

| | | |
|---|---|---|
| Other revenue | J3 | Cashflow alignment to mSCOA not budgeted correctly |
| Transfers and Subsidies - Operational | J4 | Difference due to additional grant funding received as part of the roll-over and part of the DORA and provincial adjustments received during the mid-year review |
| Transfers and Subsidies - Capital | J5 | Difference due to a decrease in grant funding received as part of the provincial adjustments received during the mid-year review more over, housing |

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**73.3.3.1.2 Payments**

| Description | Ref No | Explanation on material differences |
| --- | --- | --- |
| Suppliers and employees | J6 | Movement due to additional provision made for positions as per organogram as well as contracted services and other expenditure items |

**73.3.3.2 Cash flows from investing activities**

**73.3.3.2.2 Payments**

| Description | Ref No | Explanation on material differences |
| --- | --- | --- |
| Capital assets | K1 | Reduction due to delays in projects where it was expected that the projects will not be completed within this financial year, also the adjustments that need to be taken into account due to grant reduction as per mid-year allocation letters |

**73.3.3.3 Cash flows from financing activities**

**73.3.3.3.1 Receipts**

| Description | Ref No | Explanation on material differences |
| --- | --- | --- |
| Borrowing long term/refinancing | L1 | Difference due to projects that were moved to the Outer years and where savings have been identified in previous years |

**73.3.3.4 Net increase/(decrease) in cash and cash equivalents**

| Description | Ref No | Explanation on material differences |
| --- | --- | --- |
| Cash and cash equivalent at the beginning of the year | M1 | Movement due to additional revenue received and movement as part of the final opening balances after the Audited AFS. |

| | Description | Ref No | Explanation on material differences |
|---|---|---|---|
| **73.4** | **Material differences between final budget and actuals** | | |

### 73.4.1 Statement of financial position

#### 73.4.1.1 Current assets

| | | |
|---|---|---|
| Cash and cash equivalents | A1 | Difference in actual due to a conservative budget approach and aggressive investing to ensure that available cash is sufficient . The unspent borrowings as well as the unspent grants are included in this cash and cash equivalents adding to the difference between the budgeted figures and actuals, this coupled with the underspending of various projects has led to this variance. |
| Trade and other receivables from exchange transactions | A2 | Accounts of R 9.943m included in receivables from exchange transactions (GRAP) forms part of current assets / other current assets (mSCOA). Accounts of R 3.22m included in receivables from exchange transactions (GRAP) forms part of current liabilities / trade and other payables from exchange transactions (mSCOA). |
| Receivables from non-exchange transactions | A3 | The difference is due to an under budgeting of impairment on financial performance and an over anticipation of provision of the debtors, this coupled with the over-performance of fines revenue has led to this variance |
| VAT | A4 | mSCOA VAT budgeting was incorrect. |
| Other current assets | A5 | Clearing accounts that not cleared as budgeted. |

#### 73.4.1.2 Non current assets

| | | |
|---|---|---|
| Property, plant and equipment | B1 | Difference due to various capital projects that have not been completed and this resulted in underspending leading to the PPE underspending. |

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**Description** | **Ref No** | **Explanation on material differences**

**73.4.1.3 Current liabilities**

| | | |
|---|---|---|
| Financial liabilities | C1 | Difference is due to budgetary provision made for the new financial year, meaning the current budget portion for the current year and new financial year, that forms part of the current year budget. This is a budget related provision and that is the reason for underspending |
| Trade and other payables from exchange transactions | C2 | The underspending is due to various projects on the operational and capital budget that have not materialised and due to this and the way the budget is compiled, has led to under expenditure in terms of trade payables |
| Trade and other payables from non-exchange transactions | C3 | Difference due to under performance of certain grants and also the human settlements grant collection of overpayment |
| Provision | C4 | Provision is made on the salary budget and due to various positions still not being filled, has led to under spending in actuals. |
| VAT | C5 | mSCOA VAT budgeting was incorrect. |

**73.4.1.4 Non current liabilities**

| | | |
|---|---|---|
| Financial liabilities | D1 | Difference is due to budgetary provision made for the new financial year , meaning the non current budget portion for the current year and new financial year, that forms part of the current year budget. This is a budget related provision and that is the reason for overspending |
| Other non-current liabilities | D3 | Provision is made on the salary budget and due to various positions still not being filled, has led to under spending in actuals. |

**73.4.1.5 Community Wealth/Equity**

| | | |
|---|---|---|
| Accumulated surplus/(deficit) | E1 | Difference due to the above over performance of various current and non current assets especially relating to cash and cash equivalents and fines. The under performance of trade payables and provisions has led to a saving which in turn has caused a surplus above anticipated budget provision |
| Reserves and funds | E2 | Actuals difference to still be calculated as part of final year end journal calculation for reserves |

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| | Description | Ref No | Explanation on material differences |
|---|---|---|---|
| **73.4.2** | **Statement of financial performance** | | |

**73.4.2.1 Revenue**

**73.4.2.1.1 Exchange Revenue By Source**

| | | |
|---|---|---|
| Operational Revenue | F1 | Difference in actuals is due to development charges that could not have been foreseen to be paid after the adjustment budget was concluded. |

**73.4.2.1.2 Non-Exchange Revenue By Source**

| | | |
|---|---|---|
| Transfer and subsidies - Operational | G1 | Difference due to revenue recognition still to be done. Budget is aligned to DORA and any difference may also be due to underspending of operational grants |

**73.4.2.2.2 Expenditure By Type**

| | | |
|---|---|---|
| Employee related costs | H1 | Underspending due to various positions not being filled, especially key director positions. This also causes underspending in provisions that was budgeted for. |
| Debt impairment | H2 | Overspending due to over budgeting on the debtors side of the impairment and under budgeting the actual expenditure. This will be rectified going forward |
| Interest | H3 | Difference is due to Interest calculations done as part of the post-retirement calculations which can be difficult to predict when compiling the budget |
| Contracted services | H4 | Underspending due to various works not completed in terms of projects that never commences or could not be completed leading to underspending in contracted services |
| Irrecoverable debts written off | H5 | Overspending is due to the fines revenue that was written off over and above the provision that was set aside that could not have been foreseen when the budget was adjusted |
| Operational costs | H6 | Underspending due to various items including but not limited to uniform and protective clothing, hire charges and wet fuel |

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| | Description | Ref No | Explanation on material differences |
|---|---|---|---|
| **73.4.3** | **Cash flow statement** | | |

**73.4.3.1 Cash flows from operating activities**

**73.4.3.1.1 Receipts**

| | | |
|---|---|---|
| Property rates | J1 | Difference due to overperformance in anticipated collection rate |
| Service charges | J2 | Difference due to underperformance in anticipated collection rate |
| Other revenue | J3 | Difference linked to mapping of mSCOA vs GRAP where mSCOA does not make provision for certain revenue items that is GRAP related |
| Transfers and Subsidies - Operational | J4 | Due to Cut-off transaction expenditure was reduced |
| Transfers and Subsidies - Capital | J5 | Difference is attributed to housing projects where work was concluded, but payment not received as of yet, making it an unpaid grant |

**73.4.3.1.2 Payments**

| | | |
|---|---|---|
| Suppliers and employees | J6 | Due to Cut-off transaction expenditure was reduced |

**73.4.3.2 Cash flows from investing activities**

**73.4.3.2.1 Receipts**

**73.4.3.2.2 Payments**

| | | |
|---|---|---|
| Capital assets | K1 | Due to underspending of certain capital projects that lead to underspending of cashflow |

## 74 SEGMENTAL REPORTING

### 74.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2025

| | Council R | Office of the Municipal Manager R | Corporate Services R | Community Services R |
|---|---|---|---|---|
| **REVENUE** | | | | |
| **Revenue from exchange transactions** | | | | |
| Agency services | - | - | - | 2 585 413 |
| Interest charged (trading) | - | 19 698 | - | 2 084 604 |
| Interest earned - cash and investments | - | - | - | - |
| Inventories Increase to net realisable value | - | - | - | - |
| Licences and permits | - | 77 666 | - | 1 163 450 |
| Operational revenue | - | 2 768 899 | 9 495 | 116 195 |
| Rendering of services | - | - | - | 577 948 |
| Rental of facilities and equipment | - | 1 357 640 | - | 196 736 |
| Sale of goods | - | - | - | - |
| Service charges (exchange) | - | - | - | 50 362 080 |
| **Total revenue from exchange transactions** | **-** | **4 223 903** | **9 495** | **57 086 426** |
| **Revenue from non-exchange transactions** | | | | |
| **Taxation and other revenue** | | | | |
| Actuarial gains | - | 232 525 | 708 913 | 1 678 828 |
| Availability charges (non-exchange) | - | - | - | 3 210 163 |
| Interest charged on non-exchange transactions | - | - | - | - |
| Property rates | - | - | - | - |
| Surcharges and taxes | - | - | - | - |
| **Transfer revenue** | | | | |
| Fines, penalties and forfeits | - | - | - | 59 668 654 |
| Government grants & subsidies - monetary | 26 121 400 | 24 143 000 | 1 342 429 | 33 191 425 |
| **Total revenue from non-exchange transactions** | **26 121 400** | **24 375 525** | **2 051 342** | **97 749 070** |
| **Total revenue** | **26 121 400** | **28 599 428** | **2 060 837** | **154 835 496** |

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## 74 SEGMENTAL REPORTING

### 74.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2025

| | Council<br>R | Office of the Municipal Manager<br>R | Corporate Services<br>R | Community Services<br>R |
|---|---|---|---|---|
| **EXPENDITURE** | | | | |
| Bad debts written off | 278 299 | - | - | 44 363 870 |
| Bulk purchases | - | - | - | - |
| Contracted services | 66 412 | 4 887 389 | 8 311 147 | 26 926 078 |
| Depreciation and amortization | 39 921 | 130 744 | 1 684 219 | 7 870 995 |
| Employee related costs | - | 20 412 329 | 46 867 620 | 127 999 779 |
| Finance costs | - | 793 132 | 1 216 416 | 5 523 205 |
| Impairment | - | - | - | 7 250 310 |
| Inventory consumed | 68 860 | 21 940 | 503 034 | 3 423 238 |
| Loss on disposal of assets and liabilities | 1 | - | 18 774 | 7 380 |
| Operating leases | - | - | 672 502 | 3 998 480 |
| Operational cost | 1 015 205 | 526 210 | 26 371 903 | 16 148 884 |
| Remuneration of councillors | 7 511 690 | - | - | - |
| Transfers and subsidies | 2 324 000 | 90 000 | - | 2 940 203 |
| Water losses | - | - | - | - |
| **Total expenditure** | **11 304 388** | **26 861 744** | **85 645 615** | **246 452 422** |
| **Surplus / (deficit) for the year** | **14 817 012** | **1 737 684** | **(83 584 778)** | **(91 616 926)** |

### 74.02 SEGMENTAL OF CAPITAL EXPENDITURE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2025

| | Council<br>R | Office of the Municipal Manager<br>R | Corporate Services<br>R | Community Services<br>R |
|---|---|---|---|---|
| Capital Expenditure | - | 396 401 | 2 025 264 | 6 551 481 |

## 74 SEGMENTAL REPORTING

### 74.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2025

| | Economic Development and Planning | Financial Services | Engineering Services | Total |
|---|---|---|---|---|
| | R | R | R | R |
| **REVENUE** | | | | |
| **Revenue from exchange transactions** | | | | |
| Agency services | - | - | - | 2 585 413 |
| Interest charged (trading) | - | - | 9 041 582 | 11 145 884 |
| Interest earned - cash and investments | - | 17 396 173 | - | 17 396 173 |
| Inventories Increase to net realisable value | - | - | 55 334 | 55 334 |
| Licences and permits | - | - | - | 1 241 116 |
| Operational revenue | 16 934 | 408 803 | 17 010 735 | 20 331 061 |
| Rendering of services | 6 320 659 | 165 115 | 10 283 | 7 074 005 |
| Rental of facilities and equipment | - | - | - | 1 554 376 |
| Sale of goods | - | 156 880 | - | 156 880 |
| Service charges (exchange) | 1 120 | - | 437 544 106 | 487 907 306 |
| **Total revenue from exchange transactions** | **6 338 713** | **18 126 971** | **463 662 040** | **549 447 548** |
| **Revenue from non-exchange transactions** | | | | |
| **Taxation and other revenue** | | | | |
| Actuarial gains | 358 235 | 500 005 | 955 878 | 4 434 384 |
| Availability charges (non-exchange) | - | - | 10 602 515 | 13 812 678 |
| Interest charged on non-exchange transactions | - | 1 996 546 | - | 1 996 546 |
| Property rates | - | 196 254 818 | - | 196 254 818 |
| Surcharges and taxes | - | 1 439 992 | - | 1 439 992 |
| **Transfer revenue** | | | | |
| Fines, penalties and forfeits | - | 1 951 032 | - | 61 619 686 |
| Government grants & subsidies - monetary | 60 991 648 | 25 969 667 | 88 820 794 | 260 580 363 |
| **Total revenue from non-exchange transactions** | **61 349 883** | **228 112 060** | **100 379 187** | **540 138 467** |
| **Total revenue** | **67 688 596** | **246 239 031** | **564 041 227** | **1 089 586 015** |

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## 74 SEGMENTAL REPORTING

### 74.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2025

| | Economic Development and Planning<br>R | Financial Services<br>R | Engineering Services<br>R | Total<br>R |
|---|---|---|---|---|
| **EXPENDITURE** | | | | |
| Bad debts written off | - | 1 642 225 | 30 275 106 | 76 559 500 |
| Bulk purchases | - | - | 234 490 150 | 234 490 150 |
| Contracted services | 306 882 | 11 788 556 | 21 000 888 | 73 287 352 |
| Depreciation and amortization | 135 457 | 256 186 | 33 317 696 | 43 435 218 |
| Employee related costs | 27 214 191 | 32 060 793 | 73 669 613 | 328 224 325 |
| Finance costs | 984 267 | 1 190 933 | 14 503 434 | 24 211 387 |
| Impairment | 124 361 | 3 311 852 | 32 083 063 | 42 769 586 |
| Inventory consumed | 1 442 099 | 219 626 | 10 032 606 | 15 711 403 |
| Loss on disposal of assets and liabilities | 6 284 | 2 548 | 909 341 | 944 328 |
| Operating leases | - | - | - | 4 670 982 |
| Operational cost | 1 318 010 | 11 007 263 | 11 619 957 | 68 007 432 |
| Remuneration of councillors | - | - | - | 7 511 690 |
| Transfers and subsidies | 3 300 000 | 566 625 | - | 9 220 828 |
| Water losses | - | - | 475 | 475 |
| **Total expenditure** | **34 831 551** | **62 046 607** | **461 902 329** | **929 044 656** |
| **Surplus / (deficit) for the year** | **32 857 045** | **184 192 424** | **102 138 898** | **160 541 359** |

### 74.02 SEGMENTAL OF CAPITAL EXPENDITURE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2025

| | Economic Development and Planning<br>R | Financial Services<br>R | Engineering Services<br>R | Total<br>R |
|---|---|---|---|---|
| Capital Expenditure | 109 373 | 9 998 | 125 253 512 | 134 346 029 |

| 74.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024 | Council | Office of the Municipal Manager | Corporate Services | Community Services |
|---|---|---|---|---|
| | R | R | R | R |
| **REVENUE** | | | | |
| **Revenue from exchange transactions** | | | | |
| Agency services | - | - | - | 2 497 659 |
| Interest charged (trading) | - | 39 480 | - | 2 725 045 |
| Interest earned - cash and investments | - | - | - | - |
| Licences and permits | - | 51 556 | - | 1 375 927 |
| Operational revenue | - | 236 342 | - | 1 681 178 |
| Rendering of services | - | - | 55 067 | 981 126 |
| Rental of facilities and equipment | - | 1 050 958 | - | 303 485 |
| Sale of goods | - | - | - | - |
| Service charges (exchange) | - | - | - | 44 963 962 |
| **Total revenue from exchange transactions** | **-** | **1 378 336** | **55 067** | **54 528 382** |
| **Revenue from non-exchange transactions** | | | | |
| **Taxation and other revenue** | | | | |
| Actuarial gains | - | 391 408 | 1 501 929 | 2 762 970 |
| Availability charges (non-exchange) | - | - | - | 3 122 359 |
| Interest charged on non-exchange transactions | - | - | - | - |
| Property rates | - | - | - | - |
| Surcharges and taxes | - | - | - | - |
| **Transfer revenue** | | | | |
| Contributed assets | - | - | - | 32 744 |
| Fines, penalties and forfeits | - | - | - | 58 142 942 |
| Government grants & subsidies - monetary | - | 99 667 359 | 800 676 | 15 734 548 |
| **Total revenue from non-exchange transactions** | **-** | **100 058 767** | **2 302 605** | **79 795 563** |
| **Total revenue** | **-** | **101 437 103** | **2 357 672** | **134 323 945** |

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### 74.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024

| | Council | Office of the Municipal Manager | Corporate Services | Community Services |
|---|---|---|---|---|
| | R | R | R | R |
| **EXPENDITURE** | | | | |
| Bad debts written off | 316 402 | - | - | 38 645 545 |
| Bulk purchases | - | - | - | - |
| Contracted services | 241 255 | 2 579 971 | 5 947 501 | 26 112 649 |
| Depreciation and amortization | 40 231 | 123 555 | 675 607 | 7 859 666 |
| Employee related costs | - | 28 173 468 | 32 920 329 | 119 073 780 |
| Finance costs | - | 865 083 | 2 160 154 | 5 857 681 |
| Impairment | - | - | - | 22 755 472 |
| Inventories Losses / Write-Downs | - | - | - | - |
| Inventory consumed | 25 142 | 36 865 | 495 575 | 5 132 591 |
| Loss on disposal of assets and liabilities | 746 | 4 909 | 46 696 | 313 824 |
| Operating leases | - | - | 345 754 | 4 447 101 |
| Operational cost | 1 205 220 | 653 617 | 23 538 766 | 18 921 912 |
| Remuneration of councillors | 7 376 219 | - | - | - |
| Transfers and subsidies | 2 613 785 | - | 200 000 | 920 000 |
| Water losses | - | - | - | - |
| **Total expenditure** | **11 819 000** | **32 437 468** | **66 330 382** | **250 040 221** |
| **Surplus / (deficit) for the year** | **(11 819 000)** | **68 999 635** | **(63 972 710)** | **(115 716 276)** |

### 74.04 SEGMENTAL OF CAPITAL EXPENDITURE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024

| | Council | Office of the Municipal Manager | Corporate Services | Community Services |
|---|---|---|---|---|
| | R | R | R | R |
| Capital Expenditure | - | 149 406 | 1 768 652 | 4 656 670 |

| 74.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024 | Economic Development and Planning | Financial Services | Engineering Services | Total |
|---|---|---|---|---|
| | R | R | R | R |
| **REVENUE** | | | | |
| **Revenue from exchange transactions** | | | | |
| Agency services | - | - | - | 2 497 659 |
| Interest charged (trading) | - | - | 10 478 546 | 13 243 071 |
| Interest earned - cash and investments | - | 13 198 352 | - | 13 198 352 |
| Licences and permits | - | - | - | 1 427 483 |
| Operational revenue | - | 394 028 | 5 103 932 | 7 415 480 |
| Rendering of services | 6 170 126 | 239 807 | 791 | 7 446 917 |
| Rental of facilities and equipment | - | - | - | 1 354 443 |
| Sale of goods | - | 69 345 | - | 69 345 |
| Service charges (exchange) | 3 120 | - | 386 056 712 | 431 023 794 |
| **Total revenue from exchange transactions** | **6 173 246** | **13 901 532** | **401 639 981** | **477 676 544** |
| **Revenue from non-exchange transactions** | | | | |
| **Taxation and other revenue** | | | | |
| Actuarial gains | 677 610 | 1 014 712 | 2 021 055 | 8 369 684 |
| Availability charges (non-exchange) | - | - | 11 627 450 | 14 749 809 |
| Interest charged on non-exchange transactions | - | 2 291 556 | - | 2 291 556 |
| Property rates | - | 178 228 517 | - | 178 228 517 |
| Surcharges and taxes | - | 1 419 866 | - | 1 419 866 |
| **Transfer revenue** | | | | |
| Contributed assets | - | - | - | 32 744 |
| Fines, penalties and forfeits | - | 2 308 457 | - | 60 451 399 |
| Government grants & subsidies - monetary | 22 786 719 | 10 547 753 | 67 273 062 | 216 810 117 |
| **Total revenue from non-exchange transactions** | **23 464 329** | **195 810 861** | **80 921 567** | **482 353 692** |
| **Total revenue** | **29 637 575** | **209 712 393** | **482 561 548** | **960 030 236** |

| 74.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024 | Economic Development and Planning | Financial Services | Engineering Services | Total |
|---|---|---|---|---|
| | R | R | R | R |
| **EXPENDITURE** | | | | |
| Bad debts written off | - | 2 337 673 | 33 126 214 | 74 425 834 |
| Bulk purchases | - | - | 198 660 760 | 198 660 760 |
| Contracted services | 12 277 625 | 6 926 908 | 29 140 487 | 83 226 396 |
| Depreciation and amortization | 136 260 | 767 643 | 30 390 687 | 39 993 649 |
| Employee related costs | 27 451 519 | 33 731 034 | 72 266 985 | 313 617 115 |
| Finance costs | 1 287 323 | 333 975 | 10 418 147 | 20 922 363 |
| Impairment | - | 3 009 621 | 11 572 458 | 37 337 551 |
| Inventories Losses / Write-Downs | - | 97 619 | - | 97 619 |
| Inventory consumed | 1 413 876 | 169 300 | 8 345 873 | 15 619 222 |
| Loss on disposal of assets and liabilities | 9 319 | 15 383 | 2 825 816 | 3 216 693 |
| Operating leases | - | - | - | 4 792 855 |
| Operational cost | 990 751 | 11 143 359 | 15 576 925 | 72 030 550 |
| Remuneration of councillors | - | - | - | 7 376 219 |
| Transfers and subsidies | 4 126 150 | 1 348 339 | - | 9 208 274 |
| Water losses | - | - | 13 370 | 13 370 |
| **Total expenditure** | **47 692 823** | **59 880 854** | **412 337 722** | **880 538 470** |
| **Surplus / (deficit) for the year** | **(18 055 248)** | **149 831 539** | **70 223 826** | **79 491 766** |

| 74.04 SEGMENTAL OF CAPITAL EXPENDITURE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024 | Economic Development and Planning | Financial Services | Engineering Services | Total |
|---|---|---|---|---|
| | R | R | R | R |
| Capital Expenditure | 300 846 | 32 744 | 97 402 955 | 104 311 273 |

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| 74.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2025 | Community and Social Services R | Energy Sources R | Executive and Council R | Finance and Administration R |
|---|---|---|---|---|
| **REVENUE** | | | | |
| **Revenue from exchange transactions** | | | | |
| Agency services | - | - | - | - |
| Interest charged (trading) | - | 1 264 164 | 19 699 | - |
| Interest earned - cash and investments | - | - | - | 17 396 173 |
| Inventories Increase to net realisable value | - | - | - | - |
| Licences and permits | - | - | 77 666 | - |
| Operational revenue | 3 164 | 1 407 343 | 2 768 899 | 458 448 |
| Rendering of services | 29 273 | 10 283 | - | 194 340 |
| Rental of facilities and equipment | 94 529 | - | 1 357 640 | (1 262) |
| Sale of goods | - | - | - | 156 880 |
| Service charges (exchange) | 198 | 261 948 454 | - | - |
| **Total revenue from exchange transactions** | **127 164** | **264 630 244** | **4 223 904** | **18 204 579** |
| **Revenue from non-exchange transactions** | | | | |
| **Taxation and other revenue** | | | | |
| Actuarial gains | 520 754 | 215 058 | 211 361 | 1 106 224 |
| Availability charges (non-exchange) | - | 1 949 183 | - | - |
| Interest charged on non-exchange transactions | - | - | - | 1 996 546 |
| Property rates | - | - | - | 196 254 818 |
| Surcharges and taxes | - | - | - | 1 439 992 |
| **Transfer revenue** | | | | |
| Fines, penalties and forfeits | 8 725 | - | - | 1 951 032 |
| Government grants & subsidies - monetary | 11 449 162 | 20 299 988 | 50 264 400 | 27 312 095 |
| **Total revenue from non-exchange transactions** | **11 978 641** | **22 464 229** | **50 475 761** | **230 060 707** |
| **Total revenue** | **12 105 805** | **287 094 473** | **54 699 665** | **248 265 286** |

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| 74.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2025 | Community and Social Services R | Energy Sources R | Executive and Council R | Finance and Administration R |
|---|---|---|---|---|
| **EXPENDITURE** | | | | |
| Bad debts written off | - | 381 481 | 278 300 | 1 642 225 |
| Bulk purchases | - | 233 306 071 | - | - |
| Contracted services | 768 176 | 1 986 366 | 3 012 511 | 23 686 337 |
| Depreciation and amortization | 1 202 307 | 5 613 889 | 181 577 | 2 760 396 |
| Employee related costs | 23 931 146 | 17 396 543 | 15 425 095 | 78 786 811 |
| Finance costs | 1 634 872 | 4 268 563 | 391 787 | 3 418 347 |
| Impairment | - | 4 752 748 | - | (2 672 037) |
| Inventory consumed | 1 535 384 | 2 137 608 | 193 597 | 1 477 631 |
| Loss on disposal of assets and liabilities | - | 404 859 | 1 | 21 323 |
| Operating leases | 463 235 | - | - | 3 902 308 |
| Operational cost | 829 614 | 6 170 380 | 2 755 728 | 38 103 176 |
| Remuneration of councillors | - | - | 7 511 690 | - |
| Transfers and subsidies | - | - | 2 414 000 | 566 625 |
| Water losses | - | - | - | - |
| **Total expenditure** | **30 364 734** | **276 418 508** | **32 164 286** | **151 693 142** |
| **Surplus / (deficit) for the year** | **(18 258 929)** | **10 675 965** | **22 535 379** | **96 572 144** |

| 74.06 SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2025 | Community and Social Services R | Energy Sources R | Executive and Council R | Finance and Administration R |
|---|---|---|---|---|
| Capital Expenditure | 829 554 | 10 821 666 | 396 401 | 9 388 526 |

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## 74.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2025

| | Housing<br>R | Internal Audit<br>R | Other<br>R | Planning and Development<br>R |
|---|---|---|---|---|
| **REVENUE** | | | | |
| **Revenue from exchange transactions** | | | | |
| Agency services | - | - | - | - |
| Interest charged (trading) | - | - | - | - |
| Interest earned - cash and investments | - | - | - | - |
| Inventories Increase to net realisable value | - | - | - | - |
| Licences and permits | - | - | - | - |
| Operational revenue | - | - | 25 380 | 15 540 080 |
| Rendering of services | - | - | - | 6 320 659 |
| Rental of facilities and equipment | - | - | 103 469 | - |
| Sale of goods | - | - | - | - |
| Service charges (exchange) | - | - | - | 1 120 |
| **Total revenue from exchange transactions** | **-** | **-** | **128 849** | **21 861 859** |
| **Revenue from non-exchange transactions** | | | | |
| **Taxation and other revenue** | | | | |
| Actuarial gains | 59 555 | 59 910 | 60 215 | 503 104 |
| Availability charges (non-exchange) | - | - | - | - |
| Interest charged on non-exchange transactions | - | - | - | - |
| Property rates | - | - | - | - |
| Surcharges and taxes | - | - | - | - |
| **Transfer revenue** | | | | |
| Fines, penalties and forfeits | - | - | - | - |
| Government grants & subsidies - monetary | 55 084 290 | - | - | 26 261 002 |
| **Total revenue from non-exchange transactions** | **55 143 845** | **59 910** | **60 215** | **26 764 106** |
| **Total revenue** | **55 143 845** | **59 910** | **189 064** | **48 625 965** |

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| 74.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2025 | Housing R | Internal Audit R | Other R | Planning and Development R |
|---|---|---|---|---|
| **EXPENDITURE** | | | | |
| Bad debts written off | - | - | - | - |
| Bulk purchases | - | - | - | - |
| Contracted services | (108 969) | 1 497 256 | - | 2 493 465 |
| Depreciation and amortization | 65 164 | 17 460 | 338 979 | 107 391 |
| Employee related costs | 4 766 587 | 3 775 675 | 1 734 191 | 36 222 840 |
| Finance costs | 272 859 | 150 102 | 143 423 | 1 320 770 |
| Impairment | - | - | 4 991 893 | - |
| Inventory consumed | 322 303 | 6 872 | 3 067 | 124 979 |
| Loss on disposal of assets and liabilities | 1 | - | - | 6 287 |
| Operating leases | - | - | - | - |
| Operational cost | 871 867 | 110 297 | 318 535 | 649 814 |
| Remuneration of councillors | - | - | - | - |
| Transfers and subsidies | - | - | 2 073 076 | 3 300 000 |
| Water losses | - | - | - | - |
| **Total expenditure** | **6 189 812** | **5 557 662** | **9 603 164** | **44 225 546** |
| **Surplus / (deficit) for the year** | **48 954 033** | **(5 497 752)** | **(9 414 100)** | **4 400 419** |

| 74.06 SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2025 | Housing R | Internal Audit R | Other R | Planning and Development R |
|---|---|---|---|---|
| Capital Expenditure | - | - | - | 109 373 |

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| 74.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2025 | Public Safety<br>R | Road Transport<br>R | Sport and Recreation<br>R | Waste Management<br>R |
|---|---|---|---|---|
| **REVENUE** | | | | |
| **Revenue from exchange transactions** | | | | |
| Agency services | 2 585 413 | - | - | - |
| Interest charged (trading) | - | - | - | 2 084 604 |
| Interest earned - cash and investments | - | - | - | - |
| Inventories Increase to net realisable value | - | - | - | - |
| Licences and permits | 877 361 | - | 286 089 | - |
| Operational revenue | - | - | 5 933 | 41 568 |
| Rendering of services | 519 450 | - | - | - |
| Rental of facilities and equipment | - | - | - | - |
| Sale of goods | - | - | - | - |
| Service charges (exchange) | - | - | - | 50 361 882 |
| **Total revenue from exchange transactions** | **3 982 224** | **-** | **292 022** | **52 488 054** |
| **Revenue from non-exchange transactions** | | | | |
| **Taxation and other revenue** | | | | |
| Actuarial gains | 735 372 | 152 760 | 22 910 | 336 767 |
| Availability charges (non-exchange) | - | - | - | 3 210 162 |
| Interest charged on non-exchange transactions | - | - | - | - |
| Property rates | - | - | - | - |
| Surcharges and taxes | - | - | - | - |
| **Transfer revenue** | | | | |
| Fines, penalties and forfeits | 59 659 929 | - | - | - |
| Government grants & subsidies - monetary | 1 075 525 | (124 584) | - | 24 600 000 |
| **Total revenue from non-exchange transactions** | **61 470 826** | **28 176** | **22 910** | **28 146 929** |
| **Total revenue** | **65 453 050** | **28 176** | **314 932** | **80 634 983** |

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| **74.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2025** | **Public Safety** | **Road Transport** | **Sport and Recreation** | **Waste Management** |
|---|---|---|---|---|
| | **R** | **R** | **R** | **R** |
| **EXPENDITURE** | | | | |
| Bad debts written off | 37 769 750 | - | - | 6 594 119 |
| Bulk purchases | - | - | - | - |
| Contracted services | 19 454 418 | 7 741 760 | 1 840 984 | 3 917 380 |
| Depreciation and amortization | 1 511 750 | 11 174 319 | 1 897 121 | 2 402 279 |
| Employee related costs | 56 400 967 | 8 842 863 | 17 819 901 | 26 372 204 |
| Finance costs | 2 018 927 | 4 021 803 | 130 620 | 1 298 481 |
| Impairment | - | - | (2 209) | 8 368 877 |
| Inventory consumed | 588 618 | 720 413 | 969 086 | 1 353 267 |
| Loss on disposal of assets and liabilities | 2 245 | 5 582 | 2 145 | 2 990 |
| Operating leases | - | - | - | 305 439 |
| Operational cost | 4 949 476 | 1 105 305 | 1 218 803 | 8 495 862 |
| Remuneration of councillors | - | - | - | - |
| Transfers and subsidies | - | - | 800 000 | 67 126 |
| Water losses | - | - | - | - |
| **Total expenditure** | **122 696 151** | **33 612 045** | **24 676 451** | **59 178 024** |
| **Surplus / (deficit) for the year** | **(57 243 101)** | **(33 583 869)** | **(24 361 519)** | **21 456 959** |

| **74.06 SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2025** | **Public Safety** | **Road Transport** | **Sport and Recreation** | **Waste Management** |
|---|---|---|---|---|
| | **R** | **R** | **R** | **R** |
| Capital Expenditure | 638 356 | 40 581 491 | 4 455 235 | 628 336 |

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| 74.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2025 | Waste Water Management R | Water Management R | Total R |
|---|---|---|---|
| **REVENUE** | | | |
| **Revenue from exchange transactions** | | | |
| Agency services | - | - | 2 585 413 |
| Interest charged (trading) | 3 569 872 | 4 207 545 | 11 145 884 |
| Interest earned - cash and investments | - | - | 17 396 173 |
| Inventories Increase to net realisable value | - | 55 334 | 55 334 |
| Licences and permits | - | - | 1 241 116 |
| Operational revenue | 80 246 | - | 20 331 061 |
| Rendering of services | - | - | 7 074 005 |
| Rental of facilities and equipment | - | - | 1 554 376 |
| Sale of goods | - | - | 156 880 |
| Service charges (exchange) | 79 803 362 | 95 792 290 | 487 907 306 |
| **Total revenue from exchange transactions** | **83 453 480** | **100 055 169** | **549 447 548** |
| **Revenue from non-exchange transactions** | | | |
| **Taxation and other revenue** | | | |
| Actuarial gains | 450 395 | - | 4 434 385 |
| Availability charges (non-exchange) | 5 853 140 | 2 800 193 | 13 812 678 |
| Interest charged on non-exchange transactions | - | - | 1 996 546 |
| Property rates | - | - | 196 254 818 |
| Surcharges and taxes | - | - | 1 439 992 |
| **Transfer revenue** | | | |
| Fines, penalties and forfeits | - | - | 61 619 686 |
| Government grants & subsidies - monetary | 6 165 200 | 38 193 283 | 260 580 361 |
| **Total revenue from non-exchange transactions** | **12 468 735** | **40 993 476** | **540 138 466** |
| **Total revenue** | **95 922 215** | **141 048 645** | **1 089 586 014** |

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| 74.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2025 | Waste Water Management R | Water Management R | Total R |
|---|---|---|---|
| **EXPENDITURE** | | | |
| Bad debts written off | 11 528 407 | 18 365 218 | 76 559 500 |
| Bulk purchases | - | 1 184 079 | 234 490 150 |
| Contracted services | 3 421 176 | 3 576 493 | 73 287 353 |
| Depreciation and amortization | 6 578 677 | 9 583 909 | 43 435 218 |
| Employee related costs | 17 583 211 | 19 166 291 | 328 224 325 |
| Finance costs | 3 215 122 | 1 925 711 | 24 211 387 |
| Impairment | 14 451 156 | 12 879 160 | 42 769 588 |
| Inventory consumed | 698 775 | 5 579 803 | 15 711 403 |
| Loss on disposal of assets and liabilities | 164 937 | 333 959 | 944 329 |
| Operating leases | - | - | 4 670 982 |
| Operational cost | 1 804 529 | 624 046 | 68 007 432 |
| Remuneration of councillors | - | - | 7 511 690 |
| Transfers and subsidies | - | - | 9 220 827 |
| Water losses | - | 475 | 475 |
| **Total expenditure** | **59 445 990** | **73 219 144** | **929 044 659** |
| **Surplus / (deficit) for the year** | **36 476 225** | **67 829 501** | **160 541 355** |

| 74.06 SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2025 | Waste Water Management R | Water Management R | Total R |
|---|---|---|---|
| Capital Expenditure | 35 647 697 | 30 849 394 | 134 346 029 |

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| 74.07 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024 | Community and Social Services R | Energy Sources R | Executive and Council R | Finance and Administration R |
|---|---|---|---|---|
| **REVENUE** | | | | |
| **Revenue from exchange transactions** | | | | |
| Agency services | - | - | - | - |
| Interest charged (trading) | - | 1 091 131 | 39 480 | - |
| Interest earned - cash and investments | - | - | - | 13 198 352 |
| Licences and permits | - | - | 51 556 | - |
| Operational revenue | 2 354 | - | 236 342 | 978 080 |
| Rendering of services | 27 761 | 691 | - | 1 128 964 |
| Rental of facilities and equipment | 78 803 | - | 1 050 958 | (274) |
| Sale of goods | - | - | - | 69 345 |
| Service charges (exchange) | 300 | 230 903 838 | - | - |
| **Total revenue from exchange transactions** | **109 218** | **231 995 660** | **1 378 336** | **15 374 467** |
| **Revenue from non-exchange transactions** | | | | |
| **Taxation and other revenue** | | | | |
| Actuarial gains | 647 106 | 447 996 | 365 034 | 2 398 972 |
| Availability charges (non-exchange) | - | 2 105 472 | - | - |
| Interest charged on non-exchange transactions | - | - | - | 2 291 556 |
| Property rates | - | - | - | 178 228 517 |
| Surcharges and taxes | - | - | - | 1 419 866 |
| **Transfer revenue** | | | | |
| Contributed assets | - | - | - | - |
| Fines, penalties and forfeits | 6 692 | - | - | 2 308 458 |
| Government grants & subsidies - monetary | 8 954 009 | 15 827 680 | 99 667 359 | 11 348 429 |
| **Total revenue from non-exchange transactions** | **9 607 807** | **18 381 148** | **100 032 393** | **197 995 798** |
| **Total revenue** | **9 717 025** | **250 376 808** | **101 410 729** | **213 370 265** |

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## 74.07 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024

| | Community and Social Services | Energy Sources | Executive and Council | Finance and Administration |
|---|---|---|---|---|
| | R | R | R | R |
| **EXPENDITURE** | | | | |
| Bad debts written off | - | 841 545 | 316 403 | 2 337 673 |
| Bulk purchases | - | 197 627 955 | - | - |
| Contracted services | 1 560 862 | 7 689 560 | 1 769 866 | 16 374 134 |
| Depreciation and amortization | 1 380 329 | 5 272 187 | 169 529 | 2 843 737 |
| Employee related costs | 22 571 918 | 21 965 898 | 25 374 103 | 65 227 986 |
| Finance costs | 1 604 526 | 3 443 362 | 207 783 | 3 823 524 |
| Impairment | (1) | 1 305 665 | - | 11 991 287 |
| Inventories Losses / Write-Downs | - | - | - | 97 619 |
| Inventory consumed | 463 718 | 1 749 662 | 149 312 | 1 513 780 |
| Loss on disposal of assets and liabilities | 213 256 | 82 354 | 2 940 | (57 045) |
| Operating leases | 541 686 | (1) | - | 3 922 716 |
| Operational cost | 777 481 | 7 193 356 | 2 854 759 | 36 080 051 |
| Remuneration of councillors | - | - | 7 376 219 | - |
| Transfers and subsidies | - | - | 2 613 785 | 1 548 339 |
| Water losses | - | - | - | - |
| **Total expenditure** | **29 113 775** | **247 171 543** | **40 834 699** | **145 703 801** |
| **Surplus / (deficit) for the year** | **(19 396 750)** | **3 205 265** | **60 576 030** | **67 666 464** |

## 74.08 SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024

| | Community and Social Services | Energy Sources | Executive and Council | Finance and Administration |
|---|---|---|---|---|
| | R | R | R | R |
| Capital Expenditure | 3 909 163 | 19 492 220 | 149 406 | 17 073 362 |

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| 74.07 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024 | Housing R | Internal Audit R | Other R | Planning and Development R |
|---|---|---|---|---|
| **REVENUE** | | | | |
| **Revenue from exchange transactions** | | | | |
| Agency services | - | - | - | - |
| Interest charged (trading) | - | - | - | - |
| Interest earned - cash and investments | - | - | - | - |
| Licences and permits | - | - | - | - |
| Operational revenue | - | - | 1 046 904 | 4 830 936 |
| Rendering of services | - | - | 99 235 | 6 170 126 |
| Rental of facilities and equipment | - | - | 224 956 | - |
| Sale of goods | - | - | - | - |
| Service charges (exchange) | - | - | - | 3 120 |
| **Total revenue from exchange transactions** | **-** | **-** | **1 371 095** | **11 004 182** |
| **Revenue from non-exchange transactions** | | | | |
| **Taxation and other revenue** | | | | |
| Actuarial gains | 94 084 | 148 137 | - | 874 654 |
| Availability charges (non-exchange) | - | - | - | - |
| Interest charged on non-exchange transactions | - | - | - | - |
| Property rates | - | - | - | - |
| Surcharges and taxes | - | - | - | - |
| **Transfer revenue** | | | | |
| Contributed assets | - | - | - | - |
| Fines, penalties and forfeits | - | - | - | - |
| Government grants & subsidies - monetary | 19 052 604 | - | - | 5 919 372 |
| **Total revenue from non-exchange transactions** | **19 146 688** | **148 137** | **-** | **6 794 026** |
| **Total revenue** | **19 146 688** | **148 137** | **1 371 095** | **17 798 208** |

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**74.07 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024**

| EXPENDITURE | Housing R | Internal Audit R | Other R | Planning and Development R |
|---|---|---|---|---|
| Bad debts written off | - | - | 28 459 820 | - |
| Bulk purchases | - | - | - | - |
| Contracted services | 9 812 231 | 202 807 | 5 178 | 5 454 491 |
| Depreciation and amortization | 66 690 | 18 351 | 347 302 | 111 951 |
| Employee related costs | 6 852 986 | 4 394 876 | (12 067) | 32 776 297 |
| Finance costs | 806 123 | 218 241 | 131 691 | 1 914 918 |
| Impairment | - | - | 10 493 147 | - |
| Inventories Losses / Write-Downs | - | - | - | - |
| Inventory consumed | 1 273 048 | 2 103 | 39 409 | 172 900 |
| Loss on disposal of assets and liabilities | 4 941 | 1 679 | 230 | 6 154 |
| Operating leases | - | - | - | - |
| Operational cost | 680 940 | 44 315 | 827 730 | 538 159 |
| Remuneration of councillors | - | - | - | - |
| Transfers and subsidies | - | - | - | 4 126 150 |
| Water losses | - | - | - | - |
| **Total expenditure** | **19 496 959** | **4 882 372** | **40 292 440** | **45 101 020** |
| **Surplus / (deficit) for the year** | **(350 271)** | **(4 734 235)** | **(38 921 345)** | **(27 302 812)** |

**74.08 SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024**

| | Housing R | Internal Audit R | Other R | Planning and Development R |
|---|---|---|---|---|
| Capital Expenditure | - | - | - | 300 847 |

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| 74.07 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024 | Public Safety | Road Transport | Sport and Recreation | Waste Management |
|---|---|---|---|---|
| | R | R | R | R |
| **REVENUE** | | | | |
| **Revenue from exchange transactions** | | | | |
| Agency services | 2 497 659 | - | - | - |
| Interest charged (trading) | - | - | - | 2 725 046 |
| Interest earned - cash and investments | - | - | - | - |
| Licences and permits | 1 084 739 | - | 291 188 | - |
| Operational revenue | 2 055 | - | 2 953 | 42 860 |
| Rendering of services | 20 040 | - | - | - |
| Rental of facilities and equipment | - | - | - | - |
| Sale of goods | - | - | - | - |
| Service charges (exchange) | - | - | - | 44 963 662 |
| **Total revenue from exchange transactions** | **3 604 493** | **-** | **294 141** | **47 731 568** |
| **Revenue from non-exchange transactions** | | | | |
| **Taxation and other revenue** | | | | |
| Actuarial gains | 1 186 107 | 307 359 | 329 712 | 600 045 |
| Availability charges (non-exchange) | - | - | - | 3 122 359 |
| Interest charged on non-exchange transactions | - | - | - | - |
| Property rates | - | - | - | - |
| Surcharges and taxes | - | - | - | - |
| **Transfer revenue** | | | | |
| Contributed assets | - | - | 32 744 | - |
| Fines, penalties and forfeits | 58 136 249 | - | - | - |
| Government grants & subsidies - monetary | - | 140 000 | - | 6 770 481 |
| **Total revenue from non-exchange transactions** | **59 322 356** | **447 359** | **362 456** | **10 492 885** |
| **Total revenue** | **62 926 849** | **447 359** | **656 597** | **58 224 453** |

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| 74.07 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024 | Public Safety R | Road Transport R | Sport and Recreation R | Waste Management R |
|---|---|---|---|---|
| **EXPENDITURE** | | | | |
| Bad debts written off | - | - | - | 10 185 725 |
| Bulk purchases | - | - | - | - |
| Contracted services | 17 803 070 | 10 836 440 | 509 454 | 4 009 598 |
| Depreciation and amortization | 1 447 244 | 9 635 346 | 1 679 908 | 2 483 188 |
| Employee related costs | 51 886 041 | 8 140 713 | 17 452 701 | 27 169 139 |
| Finance costs | 789 702 | 2 709 907 | 1 142 839 | 658 703 |
| Impairment | - | - | - | 3 280 658 |
| Inventories Losses / Write-Downs | - | - | - | - |
| Inventory consumed | 793 620 | 200 855 | 1 022 040 | 2 712 470 |
| Loss on disposal of assets and liabilities | 4 245 | 95 490 | 113 360 | 111 747 |
| Operating leases | - | - | - | 328 454 |
| Operational cost | 4 252 823 | 1 313 224 | 1 171 350 | 11 019 863 |
| Remuneration of councillors | - | - | - | - |
| Transfers and subsidies | - | - | 920 000 | - |
| Water losses | - | - | - | - |
| **Total expenditure** | **76 976 745** | **32 931 975** | **24 011 652** | **61 959 545** |
| **Surplus / (deficit) for the year** | **(14 049 896)** | **(32 484 616)** | **(23 355 055)** | **(3 735 092)** |

| 74.08 SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024 | Public Safety R | Road Transport R | Sport and Recreation R | Waste Management R |
|---|---|---|---|---|
| Capital Expenditure | 298 248 | 11 987 279 | - | - |

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| 74.07 | SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024 | Waste Water Management<br>R | Water Management<br>R | Total<br>R |
|---|---|---|---|---|
| | **REVENUE** | | | |
| | **Revenue from exchange transactions** | | | |
| | Agency services | - | - | 2 497 659 |
| | Interest charged (trading) | 4 744 059 | 4 643 355 | 13 243 071 |
| | Interest earned - cash and investments | - | - | 13 198 352 |
| | Licences and permits | - | - | 1 427 483 |
| | Operational revenue | - | 272 996 | 7 415 480 |
| | Rendering of services | - | 100 | 7 446 917 |
| | Rental of facilities and equipment | - | - | 1 354 443 |
| | Sale of goods | - | - | 69 345 |
| | Service charges (exchange) | 67 358 185 | 87 794 690 | 431 023 795 |
| | **Total revenue from exchange transactions** | **72 102 244** | **92 711 141** | **477 676 545** |
| | **Revenue from non-exchange transactions** | | | |
| | **Taxation and other revenue** | | | |
| | Actuarial gains | 970 477 | - | 8 369 683 |
| | Availability charges (non-exchange) | 6 234 268 | 3 287 710 | 14 749 809 |
| | Interest charged on non-exchange transactions | - | - | 2 291 556 |
| | Property rates | - | - | 178 228 517 |
| | Surcharges and taxes | - | - | 1 419 866 |
| | **Transfer revenue** | | | |
| | Contributed assets | - | - | 32 744 |
| | Fines, penalties and forfeits | - | - | 60 451 399 |
| | Government grants & subsidies - monetary | 8 508 480 | 40 621 703 | 216 810 117 |
| | **Total revenue from non-exchange transactions** | **15 713 225** | **43 909 413** | **482 353 691** |
| | **Total revenue** | **87 815 469** | **136 620 554** | **960 030 236** |

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**74.07 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024**

| EXPENDITURE | Waste Water Management R | Water Management R | Total R |
|---|---|---|---|
| Bad debts written off | 17 446 096 | 14 838 572 | 74 425 834 |
| Bulk purchases | - | 1 032 805 | 198 660 760 |
| Contracted services | 2 983 605 | 4 215 102 | 83 226 398 |
| Depreciation and amortization | 6 236 928 | 8 300 959 | 39 993 649 |
| Employee related costs | 3 177 110 | 26 639 415 | 313 617 116 |
| Finance costs | 1 901 651 | 1 569 393 | 20 922 363 |
| Impairment | 2 612 949 | 7 653 846 | 37 337 551 |
| Inventories Losses / Write-Downs | - | - | 97 619 |
| Inventory consumed | 788 433 | 4 737 871 | 15 619 221 |
| Loss on disposal of assets and liabilities | 2 390 796 | 246 546 | 3 216 693 |
| Operating leases | - | - | 4 792 855 |
| Operational cost | 2 864 404 | 2 412 095 | 72 030 550 |
| Remuneration of councillors | - | - | 7 376 219 |
| Transfers and subsidies | - | - | 9 208 274 |
| Water losses | - | 13 370 | 13 370 |
| **Total expenditure** | **40 401 972** | **71 659 974** | **880 538 472** |
| **Surplus / (deficit) for the year** | **47 413 497** | **64 960 580** | **79 491 764** |

**74.08 SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024**

| | Waste Water Management R | Water Management R | Total R |
|---|---|---|---|
| Capital Expenditure | 17 811 188 | 33 289 560 | 104 311 273 |

## APPENDIX A

**DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2025**

| Grant description | Opening balance R | Correction R | Restated opening balance R | Contributions during the year R | Repaid to national revenue fund R | Operating expenditure during the year transferred to revenue R | Capital expenditure during the year transferred to revenue R | Closing balance R |
|---|---|---|---|---|---|---|---|---|
| **Monetary allocations - other** | | | | | | | | |
| Local government, water and related service - SETA | 391 574 | - | 391 574 | 1 093 488 | - | (1 202 428) | - | 282 634 |
| **Total monetary allocations - other** | **391 574** | **-** | **391 574** | **1 093 488** | **-** | **(1 202 428)** | **-** | **282 634** |
| **Monetary Allocations: National Government** | | | | | | | | |
| Integrated national electrification programme (INEP) | - | - | - | - | (143 000) | - | - | (143 000) |
| Municipal infrastructure (MIG) | 3 549 | - | 3 549 | 22 818 000 | - | (1 087 701) | (21 725 207) | 8 641 |
| Water Services Infrastructure | - | - | - | 9 080 000 | - | - | (9 078 883) | 1 117 |
| Local government financial management (LGFMG) | - | - | - | 1 800 000 | - | (1 800 000) | - | - |
| Extended public works program Incentive (EPWP) | - | - | - | 1 474 000 | - | (1 474 000) | - | - |
| **Total Monetary Allocations: National Government** | **3 549** | **-** | **3 549** | **35 172 000** | **(143 000)** | **(4 361 701)** | **(30 804 090)** | **(133 242)** |

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## APPENDIX A

**DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2025**

| Grant description | Opening balance R | Correction R | Restated opening balance R | Contributions during the year R | Repaid to national revenue fund R | Operating expenditure during the year transferred to revenue R | Capital expenditure during the year transferred to revenue R | Closing balance R |
|---|---|---|---|---|---|---|---|---|
| **Monetary Allocations: Provincial Government** | | | | | | | | |
| Informal Settlement Upgrading Partnership | (6 044 048) | - | (6 044 048) | 11 669 238 | - | (1 969 321) | (5 907 358) | (2 251 489) |
| Library services replacement funding for most vulnerable B3 municipalities (MRF) | - | - | - | 8 671 991 | - | (8 671 991) | - | - |
| Provincial emergency funding | - | - | - | - | - | (169 667) | - | (169 667) |
| Community development worker operational support (CDW) | 13 806 | - | 13 806 | 19 000 | - | (22 886) | - | 9 920 |
| Community library services | 306 460 | - | 306 460 | 2 447 826 | - | (2 668 286) | (86 000) | - |
| Human settlement development (beneficiaries) | (26 275 178) | (6 522 309) | (32 797 487) | 54 492 538 | - | 2 680 765 | (51 862 470) | (27 486 654) |
| Financial assistance to municipalities for maintenance and construction of transport infrastructure | - | - | - | 15 416 | - | (15 416) | - | - |
| Regional socio-economic projects (RSEP) | 5 351 | - | 5 351 | - | - | - | - | 5 351 |
| Thusong service centres | 75 246 | - | 75 246 | - | - | - | - | 75 246 |
| Municipal service delivery and capacity building | - | - | - | 500 000 | - | (299 988) | - | 200 012 |
| Fire service capacity building | - | - | - | 980 000 | - | - | (980 000) | - |
| **Total Monetary Allocations: Provincial Government** | **(31 918 363)** | **(6 522 309)** | **(38 440 672)** | **78 796 009** | **-** | **(11 136 790)** | **(58 835 828)** | **(29 617 281)** |

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# APPENDIX A

**DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2025**

| Grant description | Opening balance R | Correction R | Restated opening balance R | Contributions during the year R | Repaid to national revenue fund R | Operating expenditure during the year transferred to revenue R | Capital expenditure during the year transferred to revenue R | Closing balance R |
|---|---|---|---|---|---|---|---|---|
| **<u>Monetary allocations: District municipalities</u>** | | | | | | | | |
| Safety plans | 120 000 | - | 120 000 | - | - | (95 525) | - | 24 475 |
| **Total monetary allocations: District municipalities** | **120 000** | **-** | **120 000** | **-** | **-** | **(95 525)** | **-** | **24 475** |
| **Total grants** | **(31 403 240)** | **(6 522 309)** | **(37 925 549)** | **115 061 497** | **(143 000)** | **(16 796 444)** | **(89 639 918)** | **(29 443 414)** |
| **Grand total** | **(31 403 240)** | **(6 522 309)** | **(37 925 549)** | **115 061 497** | **(143 000)** | **(16 796 444)** | **(89 639 918)** | **(29 443 414)** |

The unspent grants are cash-backed.

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# APPENDIX A

**DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2025**

| Grant description | Unspent grants R (Creditor) | Unspent public contributions R (Creditor) | Unpaid grants R (Debtor) |
|---|---|---|---|
| **Monetary allocations - other** | | | |
| Local government, water and related service - SETA | 282 634 | | - |
| **Total monetary allocations - other** | **282 634** | **-** | **-** |
| **Monetary Allocations: National Government** | | | |
| Integrated national electrification programme (INEP) | - | | (143 000) |
| Municipal infrastructure (MIG) | 8 641 | | - |
| Water Services Infrastructure | 1 117 | | - |
| **Total Monetary Allocations: National Government** | **9 758** | **-** | **(143 000)** |
| **Monetary Allocations: Provincial Government** | | | |
| Informal Settlement Upgrading Partnership | - | | (2 251 489) |
| Provincial emergency funding | - | | (169 667) |
| Community development worker operational support | 9 920 | | - |
| Human settlement development (beneficiaries) | - | | (27 486 654) |
| Regional socio-economic projects (RSEP) | 5 351 | | - |
| Thusong service centres | 75 246 | | - |
| Municipal service delivery and capacity building | 200 012 | | - |
| **Total Monetary Allocations: Provincial Government** | **290 529** | **-** | **(29 907 810)** |
| **Monetary allocations: District municipalities** | | | |
| Safety plans | 24 475 | | - |
| **Total monetary allocations: District municipalities** | **24 475** | **-** | **-** |
| **Total grants** | **607 396** | **-** | **(30 050 810)** |
| **Grand total** | **607 396** | **-** | **(30 050 810)** |

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## APPENDIX B

### SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2025

| Description & account / vehicle reference | Opening balance<br>R | Received during the period<br>R | Repayment / written off during the period<br>R | Closing balance<br>R |
|---|---|---|---|---|
| **Annuity loans** | | | | |
| **Banks: ABSA** | | | | |
| ABSA - 2015/2016 | 5 800 299 | - | (2 748 968) | 3 051 331 |
| ABSA - 2016/2017 | 10 206 393 | - | (3 071 080) | 7 135 313 |
| **Banks: Nedbank** | | | | |
| Nedbank - 7831 033912 / 000 001 | 1 605 688 | - | (1 605 688) | - |
| Nedbank - 2017/2018 | 16 216 440 | - | (3 456 057) | 12 760 383 |
| Nedbank - 2022/2023 | 33 273 815 | - | (2 211 993) | 31 061 822 |
| Nedbank - 2024/2025 | - | 40 545 000 | - | 40 545 000 |
| **Banks: Standard bank** | | | | |
| Standard bank - 282024913(old acc number)/ 000537504(new acc number) | 2 697 940 | - | (2 697 940) | - |
| Standard bank - 2023/2024 | 45 150 000 | - | (2 583 091) | 42 566 909 |
| **Banks: Development bank of South Africa** | | | | |
| DBSA - 103437/1 | 12 751 030 | - | (2 028 336) | 10 722 694 |
| **Total annuity loans** | **127 701 605** | **40 545 000** | **(20 403 153)** | **147 843 452** |
| **Grand total** | **127 701 605** | **40 545 000** | **(20 403 153)** | **147 843 452** |