Beaufort West
MUNICIPALITY

ANNUAL
FINANCIAL STATEMENTS

30 JUNE 2025

BEAUFORT WEST LOCAL MUNICIPALITY

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BEAUFORT WEST LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2025, which are set out on pages 1 to 118 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

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 Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2026 and I am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

In terms of Section 13G of the Broad-Based Black Economic Empowerment Amendment Act (Act 46 of 2013), 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 economic empowerment in their audited annual financial statements and annual reports. Compliance is disclosed in the annual report.

AC Makendlana
Acting Accounting Officer

29 November 2025

BEAUFORT WEST LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

GENERAL INFORMATION

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).

LEGAL FORM OF THE ENTITY

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

NATURE OF BUSINESS

Beaufort West Municipality is a local municipality performing the functions as set out in the Constitution (Act no 108 of 1996). The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

JURISDICTION

The Beaufort West Municipality includes the following areas:
Beaufort West
Nelspoort
Merweville
Murraysburg

EXECUTIVE/MAYORAL COMMITTEE

Executive Mayor	Vacant
Deputy Executive Mayor	GJ Duimpies
Speaker	JJ.van der Linde
Executive councillor	Vacant
Executive councillor	Vacant

COUNCILLOR MEMBERS

WARD

1	O.Haarvoor
2	JDK.Reynolds
3	GJ Duimpies
4	CL.de Bruin
5	LV.Piti
6	E.Links
7	LBJ.Mdudumani
Proportional	S.Jooste
Proportional	S.Essop
Proportional	BEJ Gordon
Proportional	AM.Slabbert
Proportional	JJ.van der Linde
Proportional	G Pietersen

EXECUTIVE MANAGEMENT

Acting Municipal Manager	AC Makendlana
Acting Chief Financial Officer	B.Jacobs
Director Infrastructure Service	Mr.L.Nqotola
Director Corporate Services	Mr.AC Makendlana

SECTION 79 COMMITTEE

Chairperson — Vacant
E.Links
LBJ.Mdudumani
S.Essop

MEMBER OF AUDIT COMMITTEE

Mr. S Ngwevu (chairperson)
Mr. W Phillips
Mr. K Mckay
Mr.M.Adams

GRADING OF LOCAL MUNICIPALITY

Demarcation code — WC053

REGISTERED OFFICE
112 Donkin Street
BEAUFORT WEST
6970

POSTAL ADDRESS
582 PO box
BEAUFORT WEST
6970

TELEPHONE NUMBER	023 414 8100/94
EMAIL ADRESSS	treasury@beaufortwestmun.co.za
MUNICIPAL WEBSITE	http://www.beaufortwestmun.co.za
BANKERS	Nedbank, Beaufort West
AUDITORS	Office of the Auditor General (WC)
LEGAL REPRESENTATIVE	Crawford Attorneys, Beaufort West Van Niekerk Attorneys, Beaufort West

RELEVANT LEGISLATION

SALGABC Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Systems Amendment Act (Act no 7 of 2011)
Municipal Regulations on Standard Chart of Accounts
Municipal Finance Management Act (Act no 56 of 2003)
Basic Conditions of Employment Act (Act no 75 of 1997)
Municipal Planning and Performance Management Regulations
Remuneration of Public Office Bearers Act (Act no 20 of 1998)
All Local Government Regulations issued by relevant Minister
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
SALGABC Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)
Constitution (Act no.108 of 1998)

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Notes	2025	2024 Restated
		R	R
ASSETS			
Non-Current Assets		**460,740,872**	**462,348,185**
Property, Plant and Equipment	**2**	450,987,370	451,472,818
Investment Property	**3**	5,121,780	5,860,880
Intangible Assets	**4**	1,031,851	1,362,152
Heritage Assets	**5**	3,340,000	3,340,000
Non-Current Receivables from Exchange Transactions	**6**	209,486	229,477
Non-Current Receivables from Non-Exchange Transactions	**7**	50,385	82,858
Current Assets		**84,944,682**	**94,332,069**
Inventory	**9**	4,063,130	3,058,371
Receivables from Exchange Transactions	**10**	26,165,890	39,767,055
Receivables from Non-exchange Transactions	**11**	24,394,228	33,838,177
Operating Lease Asset	**8**	200,633	185,935
VAT receivable	**21**	-	-
Current Portion of Non-Current Receivables - Exchange Transactions	**6**	10,109,254	1,145,823
Current Portion of Non-Current Receivables - Non-Exchange Transactions	**7**	2,642,968	453,524
Cash and Cash Equivalents	**12**	17,368,578	15,883,184
Total Assets		**545,685,555**	**556,680,254**
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**102,325,280**	**101,770,377**
Long-term Borrowings	**13**	2,572,516	3,741,325
Non-current Provisions	**14**	26,119,259	21,300,124
Non-current Employee Benefits	**15**	37,259,307	33,744,307
Long-term Trade and Other Payables	**19.1**	13,528,464	-
Trade and Other Payables from Exchange Transactions (debt relief)	**19.2**	22,845,735	42,984,621
Current Liabilities		**128,413,019**	**141,372,961**
Consumer Deposits	**16**	2,792,741	2,681,963
Provisions	**17**	0	0
Current Employee Benefits	**18**	16,344,770	15,172,360
Trade and Other Payables from Exchange Transactions	**19.1**	71,316,033	84,182,828
Trade and Other Payables from Exchange Transactions (debt relief)	**19.2**	25,587,223	25,846,315
Unspent Transfers and Subsidies	**20**	3,853,312	1,884,089
VAT Payable	**21**	7,350,130	10,424,008
Current Portion of Long-term Borrowings	**13**	1,168,809	1,181,399
Total Liabilities		**230,738,299**	**243,143,338**
Net Assets		**314,947,256**	**313,536,917**
Housing Development Fund	**22**	3,789,518	3,789,518
Self Insurance Reserve	**22**	314,827	314,827
Accumulated Surplus		310,842,911	309,432,572
Total Net Assets and Liabilities		**545,685,555**	**556,680,254**

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 R	2024 Restated R
REVENUE			
Revenue from Non-exchange Transactions		**277,233,106**	**251,025,607**
Taxation Revenue		**55,325,849**	**46,613,835**
Property Rates	**23**	55,325,849	46,613,835
Transfer Revenue		**217,314,644**	**200,512,768**
Government Grants and Subsidies - Capital	**24**	27,725,444	16,190,459
Government Grants and Subsidies - Operating	**24**	99,321,417	93,324,927
Contributed Property, Plant and Equipment	**25**	459,764	-
Fines. Penalties and Forfeits		66,859,555	75,691,906
Debt forgiveness	**32.2**	22,948,464	15,305,477
Other Revenue		**4,592,613**	**3,899,004**
Interest Earned - Non-exchange Transactions		3,071,508	3,210,957
Licences and Permits	**26**	151,138	170,488
Availability fees		1,369,967	517,559
Revenue from Exchange Transactions		**188,022,972**	**170,654,769**
Service Charges	**27**	164,388,046	146,644,222
Sales of Goods and Rendering of Services	**28**	777,312	674,798
Rental from Fixed Assets	**29**	1,180,692	1,715,225
Interest Earned - External Investments	**30**	3,059,425	2,683,944
Interest Earned - Exchange Transactions	**31**	9,154,225	9,074,822
Licences and Permits	**26**	81,455	219,199
Agency Services	**55**	1,366,145	1,355,917
Operational Revenue	**32.1**	8,015,671	8,286,642
Total Revenue		**465,256,078**	**421,680,375**
EXPENDITURE			
Employee related costs	**33**	129,828,121	121,104,843
Remuneration of Councillors	**34**	6,536,129	6,018,259
Bad Debts Written Off	**10 & 11**	120,176,042	52,235,162
Contracted Services	**35**	25,067,233	26,279,788
Depreciation and Amortisation	**36**	28,357,257	26,672,511
Finance Costs	**37**	14,468,233	16,612,776
Bulk Purchases	**38**	117,189,613	99,961,789
Inventory Consumed	**9.1**	10,240,753	7,359,719
Operational Costs	**39**	32,222,680	32,894,312
Total Expenditure		**484,086,060**	**389,139,158**
Operating Surplus/(Deficit) for the Year		**(18,829,983)**	**32,541,217**
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	**9.2**	173,384	(107,578)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	**40**	26,532,173	(23,054,535)
Gains/(Loss) on Sale of Fixed Assets	**41**	(2,055,642)	(1,419,423)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	**2.10**	(3,243,346)	(50,749)
Actuarial gain/(loss)	**15**	(1,166,247)	(600,120)
NET SURPLUS/(DEFICIT) FOR THE YEAR		**1,410,339**	**7,308,812**

BEAUFORT WEST LOCAL MUNICIPALITY

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

	Housing Development Fund	Self Insurance Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2023	**3,789,518**	**314,827**	**300,790,483**	**304,894,828**
Correction of Error - note 42.2			1,328,233	1,328,233
Restated balance 1 July 2023	**3,789,518**	**314,827**	**302,118,716**	**306,223,061**
Net Surplus/(Deficit) previously reported	-	-	9,016,767	9,016,767
Correction of Error - note 42.2			(1,707,955)	(1,707,955)
Net Surplus/(Deficit) restated			7,308,812	**7,308,812**
Restated balance 30 June 2024	**3,789,518**	**314,827**	**309,427,529**	**313,531,874**
Net Surplus/(Deficit) for the year	-	-	1,410,339	1,410,339
Balance at 30 June 2025	**3,789,518**	**314,827**	**310,837,868**	**314,942,213**
	Note 22	**Note 22**	**Note 42**	

BEAUFORT WEST LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 R	2024 Restated R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Cash receipts from customers		250,331,541	208,233,650
Government grants		129,286,288	110,085,003
Interest		4,699,227	14,969,722
Cash payments			
Suppliers and Employees		(351,104,210)	(307,268,163)
Finance Charges		(648,591)	(3,343,507)
Grants repaid		(270,203)	(3,658,725)
Net Cash from Operating Activities	**43**	**32,294,052**	**19,017,980**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(29,526,738)	(16,314,946)
Purchase of Intangible Assets		(100,520)	(497,631)
Net Cash from Investing Activities		**(29,627,258)**	**(16,812,577)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1,181,400)	(1,182,012)
Net Cash from Financing Activities		**(1,181,400)**	**(1,182,012)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,485,395**	**1,023,390**
Cash and Cash Equivalents at the beginning of the year		15,883,184	14,859,793
Cash and Cash Equivalents at the end of the year	**44**	17,368,578	15,883,184
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,485,395**	**1,023,391**

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Final Adjustment Budget R	Shifting of Funds (i.t.o. s31 of the MFMA) R	Virement (i.t.o. Council approved by-law) R	Final Budget R	Actual Outcome R	Variance as a % of final budget %	Explanations for material variances of R1m or 10%
ASSETS								
Current Assets								
Cash and Cash Equivalents	Cash and Cash Equivalents	18,955,027	-	-	18,955,027	17,368,578	-8.37%	Due to financial constraints expenditure was capped to the minimum, resulting in less cash outflow than expected during the budget compilation.
Trade and other receivables from exchange transactions	Receivables from Exchange Transactions	20,586,089	-	-	20,586,089	26,165,890	27.10%	Internal charges were excluded from the AFS as they do not represent actual cash inflows or outflows but merely reallocations of costs between departments. Including them would have overstated both revenue and expenditure. The budget, however, include internal charges. Further VAT input accrual included with receivables from exchange transactions.
Receivables from non-exchange transactions	Receivables from non-exchange transactions	28,716,031			28,716,031	24,394,228	-15.05%	Huge amounts written off on traffic fines that was not anticipated when the budget was compiled.
Other current assets		10,345,010			10,345,010	200,633	-98%	Other receivables non-exchange. Per the budget part of other current assets. The actual balance for other receivables part of receivables from non-exchange.
	Add: Operating lease asset					200,633		
	Add: Unpaid transfers and subsidies					-		
	Add: Finance lease asset							
VAT	VAT receivable	14,760,607			14,760,607	-	-100.00%	Due to reclassification of VAT input accrual to receivables from exchange transactions and reclassification of VAT output accrual to payables from exchange transactions.
Current portion of non-current receivables	Current Portion of Non-Current Receivables exchange & non-exchange	1,599,347	-	-	1,599,347	12,752,222	697.34%	Upgrade of main ERP with Prepaid vending module together with the implementation of Credit Control and Debt Collection Policy led to increase in arrangements on outstanding accounts.
Inventory		3,058,371	-	-	3,058,371	4,063,130	32.85%	Less inventory consumed than expected.
Total Current Assets		**98,020,482**	**-**	**-**	**98,020,482**	**84,944,682**	**5**	
Non-Current Assets								
Trade and other receivables from exchange transactions	Non-Current Receivables from Exchange Transactions	(510,881)			(510,881)	209,486	-141.00%	Upgrade of main ERP with Prepaid vending module together with the implementation of Credit Control and Debt Collection Policy led to increase in arrangements on outstanding accounts.
Non-current receivables from non-exchange transactions	Non-Current Receivables from Non-Exchange Transactions	82,859			82,859	50,385	-39.19%	Upgrade of main ERP with Prepaid vending module together with the implementation of Credit Control and Debt Collection Policy led to increase in arrangements on outstanding accounts.
Investment Property	Investment Property	5,636,200	-	-	5,636,200	5,121,780	-9.13%	
Property, Plant and Equipment	Property, Plant and Equipment	448,684,243	-	-	448,684,243	450,987,370	0.51%	Due to Contributed PPE received. Further the change in estimate for landfill site not budgeted.
Intangible assets	Intangible Assets	1,352,613	-	-	1,352,613	1,031,851	-23.71%	Due to the movement between depreciation of financial years.
Heritage assets	Heritage assets	3,340,000	-	-	3,340,000	3,340,000	0.00%	
Total Non-Current Assets		**458,585,034**	**-**	**-**	**458,585,034**	**460,740,872**	**0.47%**	
TOTAL ASSETS		**556,605,516**	**-**	**-**	**556,605,516**	**545,685,555**	**-1.96%**	
LIABILITIES								
Current Liabilities								
Financial liabilities	Current Portion of Long-term Borrowings	1,168,810	-	-	1,168,810	1,168,809	0.00%	
Consumer Deposits	Consumer Deposits	2,681,963	-	-	2,681,963	2,792,741	4.13%	
Trade and other payables from exchange transactions		60,800,420			60,800,420	96,903,256		Mainly due to debt relief granted for year 1.
	Trade and Other Payables from Exchange Transactions	60,800,420	-	-	60,800,420	71,316,033		VAT output accrual included with payables from exchange transactions
	Trade and Other Payables from Exchange Transactions (debt relief)	-			-	25,587,223		Mainly due to debt relief granted for year 1.
Trade and other payables from non-exchange transactions					-	3,853,312	#DIV/0!	Due to unspent provincial conditional grants not fully spent on year-end
	Unspent Transfers and Subsidies					3,853,312		
	Transfer and subsidies payable					-		
		19,084,000			19,084,000	0	-100.00%	
Provisions	Current Employee Benefits	19,084,000	-	-	19,084,000	-		Provision for bonus, leave and long-service awards classified as provision with the budget. The actual balance classified as current employee benefits.
	VAT libraries	-			-	0		
VAT	Taxes	9,477,384			9,477,384	7,350,130	-22.45%	Due to over budget of VAT payable.
Other current liabilities	Current Employee Benefits	-			-	16,344,770	#DIV/0!	Provision for bonus, leave and long-service awards classified as provision with the budget. The actual balance classified as current employee benefits.
Total Current Liabilities		**93,212,577**	**-**	**-**	**93,212,577**	**128,413,019**	**37.76%**	
Non-Current Liabilities								
Borrowing	Long-term Borrowings	2,572,515	-	-	2,572,515	2,572,516	0.00%	
Provisions		26,808,218	-	-	26,808,218	31,111,258	16.05%	Estimate of provision higher than expected due to increase in net discount rates
	Non-current Provisions (landfill)					26,119,259		
	Non-current Employee Benefits (LSA)					4,992,000		
Long term portion of trade payables	Non-current:Trade and Other Payables from Exchange Transactions (debt relief)	49,078,025			49,078,025	22,845,735	-53.45%	Mainly due to debt relief granted for year 1.
Other non-current liabilities	Non-current Employee Benefits (PEMA & Pension)	28,780,308			28,780,308	32,267,308	12.12%	Estimate of provision higher than expected due to increase in net discount rates
Total Non-Current Liabilities		**107,239,066**	**-**	**-**	**107,239,066**	**88,796,816**	**-17.20%**	
TOTAL LIABILITIES		**200,451,643**	**-**	**-**	**200,451,643**	**217,209,835**	**8.36%**	
NET ASSETS								
Accumulated Surplus/(Deficit)		352,049,241	-	-	352,049,241	310,842,911	-11.70%	Net effect of reasons above
Funds and Reserves		4,104,345	-	-	4,104,345	4,104,345	0.00%	
	Housing Development Fund					3,789,518		
	Self Insurance Reserve					314,827		
Other		-			-	-		
TOTAL NET ASSETS		**356,153,586**	**-**	**-**	**356,153,586**	**314,947,256**	**-11.57%**	

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Final Adjustment Budget R	Shifting of Funds (i.t.o. s31 of the MFMA) R	Virement (i.t.o. Council approved by-law) R	Final Budget R	Actual Outcome R	Variance as a % of final budget %	Explanations for material variances of R1m or 10%
REVENUE								
Property Rates	Property Rates	54,711,804	-	-	54,711,804	55,325,849	1.12%	
Service Charges - Electricity	Service Charges	124,071,148	-	-	124,071,148	106,460,653	-14.19%	Internal charges were excluded from the AFS as they do not represent actual cash inflows or outflows but merely reallocations of costs between departments. Including them would have overstated both revenue and expenditure. The budget, however, included internal charges of R23.4 million, which led to actual billings exceeding the budget by 7%. Once these internal charges were removed for AFS purposes is caused the reported deviation and shortfall in revenue.
Service charges - Water	Service Charges	29,404,704	-	-	29,404,704	27,119,100	-7.77%	Internal charges were not accounted for in the AFS, as they are merely reallocations of costs between departments. Including them would have overstated both revenue and expenditure. The reversal of internal charges (R1.67 million) included in the budget, along with allocation corrections, reduced water revenue by R1.37 million, which explains the variance.
Service charges - Waste Water Management	Service Charges	21,644,305	-	-	21,644,305	19,771,929	-8.65%	The reversal of internal charges billed had a R454,000 impact on sanitation revenue, as this amount was included in the budget. It should also be noted that a significant increase in revenue forgone (increase in indigent registrations) reduced the overall annual growth in revenue to well below the approved tariff increase percentage.
Service charges - Waste Management	Service Charges	12,119,616	-	-	12,119,616	11,036,364	-8.94%	The reversal of internal charges had a R259k impact on waste management revenue, as the amount was included in the budget but was not recognised as revenue in the AFS. . It should also be noted that a significant increase in revenue forgone (increase in indigent registrations) reduced the overall annual growth in revenue to well below the approved tariff increase percentage.
Rental from Fixed Assets	Rental from Fixed Assets	1,801,155	-	-	1,801,155	1,180,692	-34.45%	Several rental contracts (both business and residential) were levied from the date of contract; however, in terms of the contractual agreements, billing should have commenced from the date of occupation, which never took place and was subsequently reversed. The revenue from these contracts was nevertheless considered in the budget.
Interest earned from Receivables	Interest Earned - Exchange Transactions	10,221,788	-	-	10,221,788	9,154,225	-10.44%	Bad debts written off were higher than forecasted, largely due to a significant increase in indigent registrations. These registrations not only qualified for debt write-offs but also resulted in the suspension of interest. In addition, a substantial number of debt agreements were concluded, in which debt was ring-fenced and interest suspended.
Interest earned from Current and Non Current Assets	Interest Earned - External Investments	2,650,000	-	-	2,650,000	3,059,425	15.45%	This was mostly driven by money-market deposits of cash-backed unspent grants, which are difficult to predict as the timing of spending impacts the investment period. Apart from cash-backed grants, these deposits are generally incidental in nature and difficult to forecast.
Interest	Interest Earned - Non-exchange Transactions	3,448,545	-	-	3,448,545	3,071,508	-10.93%	Bad debts written off exceeded forecasts, mainly due to a sharp rise in indigent registrations, which qualified for both debt write-offs and the suspension of interest. Furthermore, a significant number of debt agreements were entered into, resulting in ring-fenced debt and additional interest suspensions. The budget is based on property rate debtors, that did not materialize as expected owing to the delayed outcome of the appeals process and the impact of SV2. However, credit control measures performed well, with the improved collection rate that reduced outstanding balances and, consequently interest charges being levied.
Fines, penalties and forfeits	Fines. Penalties and Forfeits	79,486,400	-	-	79,486,400	66,859,555	-15.89%	Incidental in nature and a difficult item to budget for, as road-user behaviour is unpredictable.
Licences and Permits - exchange	Licences and Permits - exchange	248,156	-	-	248,156	81,455	-67.18%	Vehicle and trading licences are difficult to predict, with an increasing number of vehicle owners making use of convenient online options.
Licences and Permits - non-exchange	Licences and Permits - non-exchange	187,650	-	-	187,650	151,138	-19.46%	Learner's and trading licence revenues are difficult to project, as they can only be estimated based on historical application numbers, which often vary significantly. This makes it challenging to achieve budget targets when actual applications differ from prior trends.
Agency Services	Agency Services	1,600,850	-	-	1,600,850	1,366,145	-14.66%	Vehicle registrations and licence renewals are difficult to predict, with a significant impact arising from the increasing use of more convenient online options.
Transfer and subsidies - Operational	Government Grants and Subsidies - Operating	108,145,677	-	-	108,145,677	99,321,417	-8.16%	Provincial operational grants remained unspent. Contributing factors included a shortage of Smart Meters caused by the nationwide debt relief project, as well as the late allocation of funds, which could not be spent due to procurement processes that had to be followed. These funds will therefore be subject to a roll-over application.
Operational Revenue - exchange	Operational Revenue - exchange	1,763,705	-	-	1,763,705	8,015,671	354.48%	Due to library replacement grant classied as operational revenue exchange. Per the opinion of the Auditor-General this does not meet the definition of a grant.
		26,715,523	-	-	26,715,523	24,318,431	-8.97%	Mainly due to debt forgiveness granted and the related VAT implications.
Operational Revenue - non-exchange	Operational Revenue - non-exchange	1,128,300			1,128,300	-	-100.00%	
Other Gains	Debt forgiveness	25,587,223			25,587,223	22,948,464		
	Availability fees	-			-	1,369,967		
Sale of Goods and Rendering of Services	Sales of Goods and Rendering of Services	941,987	-	-	941,987	777,312	-17.48%	Incidental in nature and a difficult item to budget for, with only historic trends to be rely on.
Total Revenue (excluding capital transfers and contributions)		**479,163,013**	**-**	**-**	**479,163,013**	**437,070,870**	**-8.78%**	
EXPENDITURE								
Employee Related Costs	Employee related costs	134,446,051	-	-	134,446,051	129,828,121	-3.43%	Due to financial constraints expenditure were capped to the minimum resulting in vacant positions not being filled.
Remuneration of Councillors	Remuneration of Councillors	6,892,420	-	-	6,892,420	6,536,129	-5.17%	
Debt Impairment	Reversal of Impairment Loss/(Impairment Loss) on Receivables	22,671,037	-	-	22,671,037	(26,532,173)	-217.03%	Huge amounts written off on indigents and traffic fines that was not anticipated when the budget was compiled. This led to decrease in gross amount of the debtor and thus decrease in impairment.
Irrecoverable debts written off	Bad Debts Written Off	60,660,365	-	-	60,660,365	120,176,042	98.11%	Huge amounts written off on traffic fines that was not anticipated when the budget was compiled.
Depreciation and amortisation		29,265,891	-	-	29,265,891	31,600,603	7.98%	
	Depreciation and Amortisation	29,265,891			29,265,891	28,357,257		
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-				3,243,346		Mainly due to impairment of land properties not budgeted for.
Interest	Finance Costs	2,605,639	-	-	2,605,639	14,468,233	455.27%	The increase in finance charges are due to actuarial valuations, calculations on the rehabilitation of landfill sites and debt relief that were not anticipated during the compilation of the budget
Bulk Purchases - electricity	Bulk Purchases (Electricity only)	108,170,000	-	-	108,170,000	106,241,586	-1.78%	Less electricity was purchased than expected
Inventory consumed		30,146,097	-	-	30,146,097	21,188,780	-29.71%	Due to financial constraints expenditure were capped. Less inventory consumed was purchased.
	Inventory Consumed	30,146,097			30,146,097	10,240,753		
	Bulk Purchases (Water only)	-				10,948,027		
Contracted Services	Contracted Services	34,024,785	-	-	34,024,785	25,067,233	-26.33%	Due to decrease in cost of Security Guards and unspecified assets.
Operational costs	Operational Costs	39,201,944	-	-	39,201,944	32,222,680	-17.80%	Due to financial constraints expenditure were capped.
Losses		-	-	-	-	3,048,505	100.00%	
Losses on disposal of Assets	(Loss) on Sale of Fixed Assets	-				2,055,642		Derecognition of properties not under control of the municipality.
Other Losses	Actuarial Loss	-				1,166,247		Actuarial loss as calculated with actuarial valuations on employee benefits that was not anticipated with compilation of budget.
Other Losses	Inventories: Write-down to Net Realisable Value	-				(173,384)		This is due to an increase in the net-realisable value of inventory values that was not anticipated during the compilation of the budget.
Total Expenditure		**468,084,229**	**-**	**-**	**468,084,229**	**463,845,739**	**-0.91%**	
Surplus/(Deficit)		11,078,784	-	-	11,078,784	(26,774,869)	(0)	
Transfers and subsidies - capital (monetary allocations)	Government Grants and Subsidies - Capital	29,645,345	-	-	29,645,345	27,725,444	-6.48%	Variance is due to unspent capital conditional grants which were not fully spend at year-end. These funds will be subject to a rollover application.
Transfers and subsidies - capital (in-kind - all)	Contributed Property, Plant and Equipment	-	-	-	-	459,764	100.00%	
Surplus/(Deficit) after Capital Transfers & Contributions		**40,724,129**	**-**	**-**	**40,724,129**	**1,410,339**		
Surplus/(Deficit) for the year		**40,724,129**	**-**	**-**	**40,724,129**	**1,410,339**	**85.64%**	

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Final Adjustment Budget R	Shifting of Funds (i.t.o. s31 of the MFMA) R	Virement (i.t.o. Council approved by-law) R	Final Budget R	Actual Outcome R	Variance as a % of final budget %	Explanations for material variances of R1m or 10%
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	Cash receipts from customers	51,163,040	-	-	51,163,040	42,168,571	-17.58%	Due to the current economic climate more consumers entered into payment arrangements on their outstanding accounts, resulting in the collection rate on services being lower than anticipated.
Service Charges	Cash receipts from customers	182,173,009	-	-	182,173,009	141,324,113	-22.42%	Due to the current economic climate more consumers entered into payment arrangements on their outstanding accounts, resulting in the collection rate on services being lower than anticipated.
Other Revenue	Cash receipts from customers	89,035,022	-	-	89,035,022	66,838,856	-24.93%	Due to write-off i.t.o Traffic Fines older than 3 years.
Transfers and Subsidies - Operational	Government	106,528,867	-	-	106,528,867	100,970,852	-5.22%	Due to unspent operational grants not fully spend at year end. These funds will be subject to a rollover application.
Transfers and Subsidies - Capital	Government	29,525,345	-	-	29,525,345	28,315,436	-4.10%	Variance is due to unspent capital conditional grants which were not fully spend at year-end. These funds will be subject to a rollover application.
Interest	Interest	2,650,000	-	-	2,650,000	4,699,227	77.33%	Due to financial constraints the municipality capped expenditure to the minimum. This resulted in more cash available to be invested.
Payments								
Suppliers and Employees	Suppliers and Employees	(422,419,841)	-	-	(422,419,841)	(351,104,210)	-16.88%	Due to financial constraints expenditure were capped and Due to debt relief granted for year 1.
Finance charges	Finance Charges	(2,605,639)	-	-	(2,605,639)	(648,591)	-75.11%	Due to financial constraints the municipality capped expenditure to the minimum. The resulted in less finance charges being paid.
	Grants repaid	-	-	-	-	(270,203)	100.00%	Relates to unspent conditional grants of 2023/2024 financial year, that were not approved as roll-overs.
Net Cash from/(used) Operating Activities		**36,049,803**	**-**	**-**	**36,049,803**	**32,294,052**	-10.42%	
CASH FLOW FROM INVESTING ACTIVITIES								
Payments	**Capital assets**		-	-	-	(29,627,258)	#DIV/0!	
Capital Assets	Purchase of Property, Plant and Equipment	(31,757,354)	-	-	(31,757,354)	(29,526,738)		Variance is due to unspent capital conditional grants which were not fully spend at year-end and internal funds not spend due to financial constraints.
	Purchase of Investment Property	-	-	-	-	-		
	Purchase of Intangible assets	-	-	-	-	(100,520)		
Net Cash from/(used) Investing Activities		**(31,757,354)**	**-**	**-**	**(31,757,354)**	**(29,627,258)**	-6.71%	
CASH FLOW FROM FINANCING ACTIVITIES								
Payments								
Repayment of Borrowing	Repayment of borrowings	(1,181,399)	-	-	(1,181,399)	(1,181,400)	0.00%	
Net Cash from/(used) Financing Activities		**(1,181,399)**	**-**	**-**	**(1,181,399)**	**(1,181,400)**	**0.00%**	
NET INCREASE/(DECREASE) IN CASH HELD		3,111,050	-	-	3,111,050	1,485,395	-52.25%	Net of reasons listed above
Cash and Cash Equivalents at the year begin:		15,843,977	-	-	15,843,977	15,883,184	0.25%	
Cash and Cash Equivalents at the year end:		**18,955,027**	**-**	**-**	**18,955,027**	**17,368,578**	**-8.37%**	

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

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, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, except where an exemption or transitional provision have been granted. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

1.2. 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.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements 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.

1.7. PRESENTATION OF BUDGET INFORMATION

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

The information is presented for budgets that are made publicly available.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:
- the approved and final budget amounts;
- actual amounts and final budget amounts;

The approved budget is the expenditure authority derived from laws, appropriation bills, regulations and other decisions related to the anticipated revenue or receipts for the budgetary period. Thus, this is the budget as approved by Council.

The final budget is the approved budget adjusted for transfers, allocations, supplemental appropriations, and other changes applicable to the budget period. Therefore, the final budget includes all changes subsequently made to Council approval (e.g. virements).

Explanations is provided in the budget comparison regarding classification differences between the approved budget and the actual figure.

Explanations for material differences between the final approved budget amounts and actual amounts are included in the Statement of Comparison between budget and actual amounts.

Explanatory comments are provided for overall growth or decline in the budget and motivations for over or under spending of line items. The municipality considers a variance between the actual and budget of more than 10% of the budgeted value as material or where the amount exceeds R1 000 0000.

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

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 103	**Heritage assets** There are proposed amendments to the classification of mixed-use assets and the fair value accounting. The amendments to the Standard are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
GRAP 104	**Financial Instruments** The objective of this Standard is to establish principles for recognising, measuring, presenting, and disclosing financial instruments. The Municipality might need to revise the categories of financial instruments and the impairment model. The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.	1 April 2025
GRAP 1: Going concern	**Presentation of Financial statements: Going concern** 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. Adjustments for going concern proposed to provide guidance on the preparation of AFS as going concern and the related disclosure. The transitional provisions are specified in the revised Standard. The amendments may not be applied. A by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
Improvement to GRAP	**Improvement to GRAP standards (2023)** The Improvements are approved by the Board. The effective date is yet to be determined by the Minister of Finance. The	Unknown

REFERENCE	TOPIC	EFFECTIVE DATE
standards (2023)	Improvements may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the Improvements once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	
GRAP 105, GRAP 106 and GRAP 107 (amendments)	**<u>Transfer of Functions and Mergers</u>** The amendments to the Standards are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Standards are not relevant to the operations of the Municipality.	Unknown
iGRAP 22	**Foreign Currency Transactions and Advanced Consideration** The interpretation is to provide guidance on determining the transaction date for 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. Early adoption of the Interpretation is encouraged. No significant impact is expected as the foreign currency transactions and advance consideration is not relevant to the operations of the Municipality.	1 April 2025
Guideline	**<u>Application of Materiality of Financial Statements</u>** The guideline is not authoritative but only encourage. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	No effective date as only encouraged

1.9. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Interest earned on the investments backing up this fund must be recorded as part of interest earned in surplus or deficit for the year in the Statement of Financial Performance.

Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.10. RESERVES

1.10.1. Self-insurance reserve

A self-insurance reserve was established and, subject to external insurance were deemed necessary, covers claims that might occur. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Contributions to and from the reserve are transferred via the Statement of Changes in Net Assets to the reserve in line with the amount provided for in the operating budget.

1.11. LEASES

1.11.1. 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. Finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments (including any indirect costs). 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.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, and equipment. 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.

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. Contingent rents shall be charged as expenses in the periods in which they are incurred.

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.

1.11.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received (including indirect costs), plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise 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 leases asset is diminished.

1.12. 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 grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. The revenue received is driven from legislation. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

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

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

Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant 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 public.

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

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources.

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

Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses.

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

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

1.15. EMPLOYEE BENEFITS

(a) 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 (privately administered or public pension 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 are recognised as employee benefit expense when they are due.

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

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 charged against income 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.

The Municipality contributes to various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

(b) Post-Retirement Health Care Benefit

The Municipality provides post-retirement health care benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the net defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The 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, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Notional interest is charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of net interest in GRAP 25. Interest is capitalised against the liability.

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

(c) 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 periodically and the corresponding liability is raised. Payments are set-off against the net defined benefit liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of net interest in GRAP 25.

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

(d) Ex-Gratia Pension Benefits

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries (when required) and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee related cost.

Notional interest is charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of net interest in GRAP 25. Interest is capitalised against the liability.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs.

(e) 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, to a maximum of 48 days, and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave, to a maximum of 48 days, will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

(f) Staff Bonuses

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.

(g) Performance Bonuses

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

(h) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity 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 entity 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.

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1. 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 following items will be regarded as Property, plant and equipment rather than investment property:

- Owner-occupied property (including held for future use);
- Owner-occupied property held for development;
- Property occupied by employees for housing;
- Owner-occupied property held for disposal;
- Property held by the municipality to fulfil their mandated function rather than rental or capital appreciation and;
- Property held by the municipality for strategic purpose

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

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

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

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

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.

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 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.

1.16.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

1.16.3. Depreciation and Impairment

Land is not depreciated as it is regarded as having an indefinite useful life. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset other than land 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 depreciation charge is recognised in the Statement of Financial Performance. The annual depreciation rates are based on the following estimated useful lives in years:

Infrastructure	
Road network	7-100
Electricity network	5-80
Water network	5-80
Refuse network	3-50
Sanitation network	5-80
Community	
Cemeteries	5-100
Recreation sites	10-50
Community Centrums	10-80
Libraries	5-50

Other	
Buildings	30
Machinery & Equipment	5
Furniture and Office equipment	10
Computer Equipment	7
Transport Assets	5
Finance lease assets	
Office equipment	3

Changes to the useful life of assets and residual values are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 prospectively as a change in estimate.

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 impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

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

Additional considerations for impairment are included for policy 1.19: Impairment of non-financial assets.

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.

1.16.4. De-recognition

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.

1.16.5. 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 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.16.6. Decommissioning and restoration asset

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

The related asset is measured as follows:

- Changes in the liability, shall be added or deducted from the asset cost;
- The amount deducted from the cost of the asset shall not exceed its carrying amount.
- If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.

If the adjustment results in an addition to the cost of an asset, the municipality shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss, in accordance with its impairment policy. Refer to paragraph 1.19 of the policy

1.17. INTANGIBLE ASSETS

1.17.1. Initial Recognition

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

An asset meets the identifiability criteria in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset, or liability, regardless of whether the Municipality intends to do so 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 entity 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.

Intangible assets are initially recognised at cost.

1.17.2. Subsequent Measurement – Cost Model

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

1.17.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their 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 amortisation charge is recognised in the Statement of Financial Performance.

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

Intangible Assets	**Years**
Computer Software	2-4

Changes to the useful life of assets, residual value and amortisation method are reviewed each year to determine if there is an indication that a change may have occurred. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 prospectively as a change in accounting estimate.

Additional considerations for impairment are included for policy 1.19: Impairment of non-financial assets.

1.17.4. 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.

1.17.5. 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 depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.18. INVESTMENT PROPERTY

1.18.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

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

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.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property

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

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.

For a transfer from investment property to inventory (view sale), the deemed cost for subsequent accounting is the fair value as at date of change.

For a transfer from owner occupied property becomes an investment property measured at fair value, the difference between the carrying value and fair value at the reporting date, shall be recognised in surplus and deficit.

For a transfer from inventory to investment property (operating lease), the difference between the carrying value and the fair value at the reporting date, shall be recognised in surplus and deficit.

1.18.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses.

1.18.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Land is not depreciated as it is deemed to have an indefinite useful life.

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.

Investment Property	**Years**
Buildings	30-33

Changes to the useful life of assets and residual values are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 prospectively as a change in accounting estimate.

Additional considerations for impairment are included for policy 1.19: Impairment of non-financial assets.

1.18.4. 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.

1.18.5. 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 2007.

1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.1. 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;
- 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 manner in which, 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;
- 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 economic performance of an asset is, or will be, worse than expected.

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.

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 cash-generating unit'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.

1.19.2. 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:

(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 manner in which, 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 recorded 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:

- *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.

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 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.

1.20. INVENTORIES

1.20.1. 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 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.

1.20.2. Subsequent Measurement

Inventories 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.

In general, 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.

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables, cash and cash equivalents, borrowings, payables from exchange transactions and consumer deposits.

1.21.1. 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.

1.21.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value or 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.

1.21.2.1. *Receivables*

Receivables are classified as financial assets at amortised cost and are subsequently measured using the effective interest rate method. Receivables comprise non-current receivables, consumer debtors and other debtors (excluding rates and fines).

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 asset's 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 through the use of 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. 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.

When a receivable is considered uncollectible, the bad debt written off is recognised as an expense in the Statement of Financial Performance.

1.21.2.2. *Payables and Borrowings*

Financial liabilities consist of trade and other payables and borrowings. They are categorised as financial liabilities held at amortised cost (initial carrying amount, less repayments, plus interest). They are subsequently measured using an effective interest rate. Payables include current and non-current payables.

1.21.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand and bank accounts. 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 and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

1.21.2.4. *Consumer deposits*

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

1.21.3. De-recognition

1.21.3.1. *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, settled or waived; 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.

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

1.21.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, expired or waived.

The difference between carrying value of financial liability derecognised and the consideration paid, is recognised in surplus or deficit.

1.21.4. 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.

1.22. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments. Statutory receivables can arise from both exchange and non-exchange transactions.

1.22.1. Initial Recognition and Measurement

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition and recognition criteria of asset is met.

The Municipality initially measures the statutory receivables at their transaction amount.

1.22.2. 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:

(a) interest or other charges that may have accrued on the receivable;
(b) impairment losses; and
(c) 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.

The municipality considers the following as indicators:

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

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The adjustment shall not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised.

The amount of any adjustment is recognised in the Statement of Financial Performance.

1.22.3. Derecognition

The Municipality derecognises a statutory receivable when:

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

  i. derecognise the receivable; and
  ii. recognise separately any rights and obligations created or retained in the transfer.

Any difference between consideration received and amounts derecognised is recognised in surplus and deficit.

1.23. REVENUE

1.23.1. Revenue from Non-Exchange Transactions

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

Revenue from non-exchange transactions is recognised when:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity and;
- the fair value of the asset can be measured reliably

Revenue is initially measured at fair value.

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

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

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

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.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore, the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

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.

Interest revenue is recognised using the effective interest rate method.

Licences and permits and availability fees are charged at the approved tariff.

Debt forgiven is recognised when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners. Revenue arising from debt forgiveness is measured at the carrying amount of the debt forgiven.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

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

1.23.2. 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 is initially measured at fair value (including any trade discounts and volume rebates)

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

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

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

Revenue from the rendering of services is recognised when:

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

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

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

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

Service charges from sewerage (waste water management) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

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 and operational revenue.

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.

1.24. RELATED PARTIES

A related party is a person or an entity:

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

Significant influence is the power to participate in the financial and operating policy decisions of the Municipality, but not in control of the policies.

The following are regarded as related parties of the Municipality:

(a) 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.
- 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).

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.

1.25. 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.

1.26. 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.

1.27. 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.

1.28. 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 entity. 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.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not fully within the control of the municipality.

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.

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Post-retirement health care benefits, Long service awards and Ex gratia gratuities

The cost of post-retirement health care benefits, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 15 of the Annual 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. The assessment is done per individual debtor and grouped in the Statement of Financial Position.

Impairment of Statutory Receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables (such as property rates). When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels (such as fines). Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation.

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.

- Technical estimates of the practical useful lives for different infrastructure types, based on engineering technical knowledge of infrastructure types and services requirements. Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- 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 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.
- The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time

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

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

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

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

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.

Intangible Assets

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

Reference was made to intangibles assed used within the Municipality and other municipalities to determine the useful life of the assets.

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

Investment Property

The useful lives of investment property are based on management's estimation.

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

- 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 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.
- The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time

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.

Contingent Liabilities and Contingent Assets

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities and assets.

Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates linked to government bond rate was used to calculate the effect of time value of money.

Provisions are discounted where the time value effect is material.

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 bonuses

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

Revenue Recognition

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

The IGRAP 1 amendments did not have any impact on Traffic Fines revenue issued in terms of the current Criminal Proceedings Act system, but will only have an effect on fines issued in terms of the Amended Act (AARTO) when it becomes effective. As the legislation is new, the possible impact cannot at this stage be determined. The legislation itself will significantly increase Traffic Fines revenue based on higher fine amounts being pronounced in Schedule 3 of the Amendment Act.

The iGRAP 20 interpretation is not regarded as having an effect, as the principals of revising revenue (for e.g., incorrect tariff or appeal) is already applied by the municipality.

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 taken into account in determining the volume of water on hand at year-end.

1.30. VALUE ADDED TAX

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

Revenue, expenses, and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is separately disclosed in the Statement of Financial Position.

VAT comprises of the following main categories:

Categories	**Description**
SARS: VAT control (statutory)	Balance due by/to SARS (As per SARS statement)
VAT input accrual (receivable from exchange)	VAT on outstanding creditors. VAT can only be claimed from SARS, when the creditor account is paid. Once the account is paid, the balance is transfers from VAT input accrual to VAT control account.
VAT output accrual (payable from exchange)	VAT accrued on outstanding debtor balance. VAT only becomes payable to SARS when debtor settle its account. Once the account is paid, the balance is transfers from VAT output accrual to VAT control account.
VAT on provision for doubtful debt (payable from exchange)	This is VAT portion relating to the debtors assessed for impairment. (Provision for impairment x 15/115).

1.31. CAPITAL COMMITMENTS

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

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

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

Commitments are disclosed in the notes inclusive of VAT.

1.32. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual 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).

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

1.33 HERITAGE ASSETS

1.33.1 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. (including transaction cost).

1.33.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.33.3 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.

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 an impairment is recognised in the Statement of Financial Performance.

For possible indicators of impairment reference can be made to the policy on impairment, 1.19: Impairment of non-financial assets.

1.33.4 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits or service potential 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.

1.33.5 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 2007.

1.34 ACCOUNTING BY PRINCIPALS AND AGENTS

A principal-agent arrangement exists where there is 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).

The municipality can be either the agent or the principal in terms of the circumstances of the arrangement.

Where the municipality is considered the principal, all revenues, expenses, liabilities and assets are recorded in the records of municipality in accordance with the relevant standards of GRAP.

Where the municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP.

Identification

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the municipality is an agent. The considerations include (all of) the following:

- Who determines significant terms?
- Who receives the benefit from the transactions?
- Is the municipality exposed to the variability of the outcome?

If these are not met, but the standard is applicable, the municipality would be regarded as the principal in the transaction.

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.

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.

1.35 SEGMENT REPORTING

A segment is an activity of an entity:

- that generates economic benefits or service potential;
- 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

Management identifies reportable segments in accordance with the monthly section 71 report, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

The restatement of segment information is only done if there was a change in the reportable structure of the municipality and information is readily available.

1.36 BORROWING COST

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

2.1 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2025

	Cost/Revaluation								Accumulated Impairment						Accumulated Depreciation						Carrying
	Opening Balance	Correction of error (note 42.3)	Restated Opening balance	Additions	Change in landfill site	Transfers	Disposals	Closing Balance	Opening Balance	Correction of error (note 42.3)	Restated Opening balance	Additions or (reversal)	Disposals	Closing Balance	Opening Balance	Correction of error (note 42.3)	Restated Opening balance	Depreciation	Disposals	Closing Balance	Value
Infrastructure																					
Electricity Network	152,514,530	-	152,514,530	6,072,174	-	0	787,716	157,798,988	379,847	-	379,847	111,100	-	490,946	47,511,548	-	47,511,548	3,162,624	404,181	50,269,990	107,038,051
Refuse Network	694,384	-	694,384	188,852	-	0	0	883,236	-	-	-	188,852	-	188,852	291,023	-	291,023	23,271	-	314,294	380,090
Road Network	208,817,152	-	208,817,152	425,705	-	0	2,254,178	206,988,678	-	-	-	-	-	-	126,842,416	-	126,842,416	5,773,317	1,503,975	131,111,757	75,876,921
Sanitation Network	104,478,295	-	104,478,295	0	-	0	0	104,478,295	-	-	-	-	-	-	64,077,712	-	64,077,712	3,882,080	-	67,959,792	36,518,503
Water Network	144,808,881	-	144,808,881	3,245,686	-	100,520	1,044,771	146,909,276	-	-	-	-	-	-	60,530,018	-	60,530,018	4,713,010	693,975	64,549,053	82,360,223
Landfill Sites	12,802,260		12,802,260	-	2,593,972	-	-	15,396,232	-	-	-	-	-	-	9,858,213		9,858,213	287,027	-	10,145,240	5,250,992
	624,115,502	**-**	**624,115,502**	**9,932,416**	**2,593,972**	**100,520**	**4,086,665**	**632,454,705**	**379,847**	**-**	**379,847**	**299,951**		**679,798**	**309,110,930**	**-**	**309,110,930**	**17,841,327**	**2,602,131**	**324,350,126**	**307,424,781**
Community Assets																					
Cemeteries	7,427,060	-	7,427,060	131,356	-	-	-	7,558,416	-	-	0	-	-	-	860,425		860,425	342,181	-	1,202,607	6,355,809
Community centrums	72,515,179	-	72,515,179	-	-	-	-	72,515,179	-	-	0	-	-	-	37,591,637	-	37,591,637	2,389,673	-	39,981,310	32,533,869
Libraries	1,138,236	-	1,138,236	909,703	-	-	-	2,047,939	-	-	0	-	-	-	329,355	-	329,355	30,337	-	359,692	1,688,247
Recreation sites	29,112,856	-	29,112,856	6,633,069	-	-	-	35,745,925	-	-	0	-	-	-	13,101,854	-	13,101,854	2,008,532	-	15,110,387	20,635,539
	110,193,331	-	**110,193,331**	**7,674,128**	**-**	**-**	**-**	**117,867,459**	**-**	**-**	**-**	**-**		**-**	**51,883,271**	**-**	**51,883,271**	**4,770,724**	**-**	**56,653,995**	**61,213,463**
Land and Buildings	**83,838,770**	**-**	**83,838,770**	**-**	**-**	**-**	**-**	**83,838,770**	**9,529,950**	**-**	**9,529,950**	**2,943,395**		**12,473,345**	**7,106,962**	**-**	**7,106,962**	**719,602**	**-**	**7,826,564**	**63,538,862**
Land	66,700,125	-	66,700,125	-	-	-	-	66,700,125	9,529,950	-	9,529,950	2,943,395	-	12,473,345	-	-	-	-	-	-	54,226,780
Buildings	17,138,645	-	17,138,645	-	-	-	-	17,138,645	-	-	-	-	-	-	7,106,962	-	7,106,962	719,602	-	7,826,564	9,312,081
Other Assets																					
Machinery and Equipment	3,825,346	-	3,825,346	615,985	-	-	355,751	4,085,580	2,008	-	2,008	-	265	1,742	3,456,976	-	3,456,976	104,140	350,589	3,210,527	873,311
Furniture and Office Equipment	3,602,310	-	3,602,310	103,419	-	-	253,821	3,451,908	893	-	893	-	125	768	3,196,528	-	3,196,528	74,220	244,577	3,026,171	424,969
Computer Equipment	6,040,463	-	6,040,463	552,515	-	-	768,986	5,823,992	-	-	-	-	-	-	4,044,776	-	4,044,776	422,102	744,929	3,721,950	2,102,042
Transport Assets	15,273,167	-	15,273,167	10,628,955	-	-	9,625	25,892,497	-	-	-	-	-	-	7,772,124	-	7,772,124	3,260,948	9,590	11,023,481	14,869,016
	28,741,287	**-**	**28,741,287**	**11,900,874**	**-**	**-**	**1,388,183**	**39,253,978**	**2,901**	**-**	**2,901**	**-**	**390**	**2,511**	**18,470,403**	**-**	**18,470,403**	**3,861,410**	**1,349,684**	**20,982,129**	**18,269,338**
Leases																					
Leased office equipment	1,581,818	-	1,581,818	-	-	-	-	1,581,818	-	-	-	-	-	-	513,627	-	513,627	527,273	-	1,040,900	540,918
Leased office vehicle	-0	-	0	-	-	-	-	-0	-	-	-	-	-	-	-	-	-	-	-	-	0
	1,581,817	**-**	**1,581,817**	**-**	**-**	**-**	**-**	**1,581,817**	**-**	**-**	**-**	**-**		**-**	**513,627**	**-**	**513,627**	**527,273**	**-**	**1,040,900**	**540,918**
Total	**848,470,707**	**-**	**848,470,707**	**29,507,419**	**2,593,972**	**100,520**	**5,474,848**	**874,996,729**	**9,912,698**	**-**	**9,912,698**	**3,243,346**	**390**	**13,155,654**	**387,085,193**	**-**	**387,085,193**	**27,720,336**	**3,951,816**	**410,853,714**	**450,987,362**

2.2 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2024

	Cost/Revaluation								Accumulated Impairment						Accumulated Depreciation						Carrying
	Opening Balance	Correction of error (note 42.3)	Restated Opening balance	Additions	Change in landfill site	Transfers	Disposals	Closing Balance	Opening Balance	Correction of error (note 42.3)	Restated Opening balance	Additions or (reversal)	Disposals	Closing Balance	Opening Balance	Correction of error (note 42.3)	Restated Opening balance	Depreciation	Disposals	Closing Balance	Value
Infrastructure																					
Electricity Network	152,681,021		152,681,021	15,620	-	-32,870	149,242	152,514,530	331,999	-	331,999	47,848	-	379,847	44,624,405	-	44,624,405	2,968,623	81,479	47,511,548	104,623,135
Refuse Network	694,384	-	694,384	-	-	-	-	694,384	-	-	-	-	-	-	267,687	-	267,687	23,335	-	291,023	403,362
Road Network	199,121,111	5,195,075	204,316,186	5,606,011	-	-	1,105,045	208,817,152	-	-	-	-	-	-	121,410,175	229,975	121,640,150	5,522,520	320,254	126,842,416	81,974,736
Sanitation Network	105,341,263	-	105,341,263	434,625	-	-	1,297,593	104,478,295	-	-	-	-	-	-	60,790,019	-	60,790,019	4,261,244	973,550	64,077,712	40,400,583
Water Network	143,828,032	-	143,828,032	1,055,959	-	-	75,110	144,808,881	-	-	-	-	-	-	55,928,485	-	55,928,485	4,668,703	67,171	60,530,018	84,278,863
Landfill Sites	9,734,227	-	9,734,227	-	3,068,033		-	12,802,260	-	-	-	-	-	-	9,734,227	-	9,734,227	123,986		9,858,213	2,944,047
	611,400,039	**5,195,075**	**616,595,113**	**7,112,216**	**3,068,033**	**-32,870**	**2,626,990**	**624,115,502**	**331,999**	**-**	**331,999**	**47,848**		**379,847**	**292,754,998**	**229,975**	**292,984,973**	**17,568,412**	**1,442,454**	**309,110,930**	**314,624,725**
Community Assets																					
Cemeteries	7,427,060	-	7,427,060	-	-	-	-	7,427,060	-	-	-	-	-	-	517,306	-	517,306	343,119	-	860,425	6,566,635
Community centrums	72,267,199	-	72,267,199	247,980	-	-	-	72,515,179	-	-	-	-	-	-	35,176,053	-	35,176,053	2,415,584	-	37,591,637	34,923,542
Libraries	1,138,236	-	1,138,236	-	-	-	-	1,138,236	-	-	-	-	-	-	298,929	-	298,929	30,426	-	329,355	808,881
Recreation sites	26,674,971	-	26,674,971	2,437,885	-	-	-	29,112,856	-	-	-	-	-	-	10,198,203	-	10,198,203	2,903,651	-	13,101,854	16,011,002
	107,507,466	**-**	**107,507,466**	**2,685,865**	**-**	**-**	**-**	**110,193,331**	**-**	**-**	**-**	**-**		**-**	**46,190,492**	**-**	**46,190,492**	**5,692,779**	**-**	**51,883,271**	**58,310,060**
Other Assets	**83,196,573**	**812,000**	**84,008,573**	**-**	**-**	**-**	**169,803**	**83,838,770**	**9,537,050**	**-**	**9,537,050**	**-**	**7,100**	**9,529,950**	**6,413,278**	**-**	**6,413,278**	**723,943**	**30,259**	**7,106,962**	**67,201,858**
Land	65,987,925	812,000	66,799,925	-	-	-	99,800	66,700,125	9,537,050	-	9,537,050	-	7,100	9,529,950	-	-		0	-	-	57,170,175
Buildings	17,208,648	-	17,208,648	-	-	-	70,003	17,138,645	-	-	-	-	-	-	6,413,278	-	6,413,278	723,943	30,259	7,106,962	10,031,683
Machinery and Equipment	3,680,957	-	3,680,957	144,389	-	-	-	3,825,346	-	-	-	2,008	-	2,008	3,340,470	-	3,340,470	116,506	-	3,456,976	366,363
Furniture and Office Equipment	3,589,282	-	3,589,282	13,028	-	-	-	3,602,310	-	-	-	893	-	893	3,107,322	-	3,107,322	89,206	-	3,196,528	404,889
Computer Equipment	5,772,096	-	5,772,096	268,367	-	-	-	6,040,463	-	-	-	-	-	-	3,661,289	-	3,661,289	383,487	-	4,044,776	1,995,687
Transport Assets	10,687,312	-	10,687,312	4,585,855	-	-	-	15,273,167	-	-	-	-	-	-	6,689,976	-	6,689,976	1,082,148	-	7,772,124	7,501,044
	23,729,647	**0**	**23,729,647**	**5,011,639**	**-**	**-**	**-**	**28,741,287**	**-**	**-**	**-**	**2,901**		**2,901**	**16,799,056**	**-**	**16,799,056**	**1,671,347**	**-**	**18,470,403**	**10,267,982**
Leases																					
Leased office equipment	-	-	-	1,581,818	-	-	-	1,581,818	-	-	-	-	-	-	-	-	-	513,627	-	513,627	1,068,191
Leased office vehicles	0	-	0	-	-	-	-	0	-	-	-	-	-	-	0	-	-	-	-	-	-0
	0	**-**	**0**	**1,581,818**	**-**	**-**	**-**	**1,581,817**	**-**	**-**	**-**	**-**		**-**	**0**	**-**	**-**	**513,627**	**-**	**513,627**	**1,068,191**
Total	**825,833,725**	**6,007,075**	**831,840,800**	**16,391,538**	**3,068,033**	**-32,870**	**2,796,793**	**848,470,707**	**9,869,049**	**-**	**9,869,049**	**50,749**	**7,100**	**9,912,698**	**362,157,824**	**229,975**	**362,387,799**	**26,170,108**	**1,472,714**	**387,085,193**	**451,472,816**

2.3 Property, Plant and Equipment which is in the process of being constructed or developed:

	2025 R	2024 R
Infrastructure Assets	30,771,076	31,043,717
Road Network	425,705	-
Electricity Network	29,352,823	31,043,717
Water Network	992,548	-
Community Assets	1,041,059	575,522
Total Property, Plant and Equipment under construction	**31,812,135**	**31,619,239**

The movements for the year can be reconciled as follows:

	2025 R	2024 R
Balance at beginning of year	31,619,239	38,939,812
Correction of error	-	(1,016,533)
Expenditure during the year	18,236,089	9,870,081
Assets unbundled during the year	(17,280,265)	(15,562,741)
Transferred to operational expenditure	(662,409)	(72,000)
Transferred to intangible assets	(100,520)	-
Projects closed - will no longer continue	-	(539,379)
Balance at end of year	**31,812,135**	**31,619,239**

No projects identified in the 2024/2025 financial year that took significantly longer to complete than expected or where construction was halted.

2.4 Expenditure incurred to repair and maintain Property, Plant and Equipment:

	2025 R	2024 R
Contracted Services (note 42.10(i))	2,417,616	3,520,866
Total Repairs and Maintenance	**2,417,616**	**3,520,866**

2.5 Assets pledged as security:

Leased Property, Plant and Equipment of R540,918 (2024: R1,068,190) is secured for leases as set out in note 2.1 & 2.2.

No restrictions has been imposed on the title of Property, Plant and Equipment.

2.7 Third party payments received for losses incurred:

	2025 R	2024 R
Payments received (Excluding VAT)	45,287	-

2.8 Effect of changes in accounting estimates

	2025 R	2026 R	2027 R
Effect on Property, plant and equipment	70,619	126,792	17,239

The Municipality has reassessed the useful lives and residual values of Property, plant and equipment. This resulted in change in depreciation charge, accumulated depreciation charge and the carrying value of Property, Plant and Equipment. The effect of the change for the current and future periods are disclosed on note 2.8.

		2025 R	2024 R
2.9	**Contractual commitments for acquisition of Property, Plant and Equipment:**		
	Approved and contracted for:		
	Infrastructure	501,864	7,059,698
	Community	139,905	-
	Total	**641,770**	**7,059,698**

	2025 R	2024 R
This expenditure will be financed from:		
Government Grants	641,770	7,059,698
Total	**641,770**	**7,059,698**

		2025 R	2024 R
2.10	**Impairment loss on Property, Plant and Equipment**		
	Electricity Network	111,100	47,847
	Refuse Network	188,852	-
	Furniture and Office Equipment	-	893
	Machinery and Equipment	-	2,007
	Land	2,943,395	-
	Impairment loss	**3,243,346**	**50,747**

Electricity network: An impairment loss was recognised based on assets identified that was vandalised.

Refuse network: An impairment loss recognised for fence damaged at Beaufort West landfill site.

Land: Impairment identified for assets, where the carrying value exceeded the fair value.

Furniture and Office equipment, Machinery and Equipment indicators of impairment was identified when assets was verified (condition of the asset).

		2025 R	2024 R
3.	**INVESTMENT PROPERTY**		
3.1	**Net Carrying amount at 1 July**	**5,860,881**	**6,177,304**
	Cost	10,839,324	11,075,824
	Accumulated Depreciation	(4,197,743)	(4,117,820)
	Accumulated Impairment Loss	(780,700)	(780,700)
	Disposals - Cost	(533,000)	(236,500)
	Disposals - Accumulated depreciation	-	134,057
	Depreciation for the year	(206,100)	(213,980)
	Net Carrying amount at 30 June	**5,121,780**	**5,860,881**
	Cost	10,306,324	10,839,324
	Accumulated Depreciation	(4,403,844)	(4,197,743)
	Accumulated Impairment Loss	(780,700)	(780,700)

		2025 R	2024 R
3.2	**Revenue from Investment Property**		
	Revenue derived from the rental of Investment Property		
	Various properties	**1,116,610**	**1,629,857**

No expenditure were incurred regarding repairs and maintenance of investment property.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

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

	2025 R	2024 R
Estimate Fair Value of Investment Property at 30 June	15,064,000	13,280,000

Fair value was determined by using the valuation roll implemented 1 July 2024. The fair value is disclosed as indicator if impairment is relevant. (if the fair value is less than the carrying value). No impairment for the year, as the fair value exceeds the carrying value.

4. INTANGIBLE ASSETS

Computer System & Software

		2025 R	2024 R
4.1	**Net Carrying amount at 1 July**	**1,362,152**	**1,152,944**
	Cost	2,436,861	1,939,230
	Accumulated Amortisation	(1,074,709)	(786,285)
	Additions	100,520	497,631
	Amortisation	(430,821)	(288,423)
	Net Carrying amount at 30 June	**1,031,851**	**1,362,152**
	Cost	2,537,381	2,436,861
	Accumulated Amortisation	(1,505,529)	(1,074,709)

4.2 Material Intangible Assets included in the carrying value:

Description	Remaining Amortisation Period	Carrying Value
Water infrastructure software (SCADA)	2-4 years	749,225
ICT Firewall	2 years	117,898

No intangible asset were assed having an indefinite useful life.
No expenditure were incurred with regards to research or development cost.
There are no internally generated intangible assets at reporting date.
There are no intangible assets in process of being constructed or developed.
There are no intangible assets whose title is restricted or pledged as security.
There are no contractual commitments for the acquisition of intangible assets.
The useful lives remained unchanged from the previous year. Therefore no change in estimate.

5. HERITAGE ASSETS

	2025 R	2024 R
Net Carrying amount at 1 July	**3,340,000**	**3,340,000**
Cost	3,340,000	3,340,000
Net Carrying amount at 30 June	**3,340,000**	**3,340,000**
Cost	3,340,000	3,340,000

Heritage assets relates to historical buildings.
There are no restrictions on the title and disposal of Heritage Assets or Heritage Assets pledged as security.
There are no contractual obligations to purchase, construct or develop Heritage Assets.
There are no Heritage Assets that are used by the municipality for more than one purpose.
No expenditure were incurred to repair and maintain heritage assets.
No compensation received from third parties for items impaired, lost or given up.

6. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2025 R	2024 R
Receivables with repay arrangements	11,559,007	1,898,491
Less: Provision for Debt Impairment	(1,240,268)	(523,190)
Net Non-current receivables from exchange	**10,318,739**	**1,375,300**
Less: Current portion transferred to Receivables from Exchange Transactions - note 10	(10,109,254)	(1,145,823)
Total Non-Current Receivables from Exchange Transactions	**209,486**	**229,477**

ARRANGEMENTS

Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to trade receivables where it will be included in the calculation of provision for Impairment.

Reconciliation of provision for debt impairment	2025 R	2024 R
Balance at beginning of year	523,190	740,358
Contribution/(Reversal) of provision	717,077	(217,168)
Total Provision for Debt impairment	**1,240,268**	**523,190**

7. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2025 R	2024 R
Housing Selling Schemes	-	38,433
Receivables with repay arrangements	2,892,413	630,514
Less: Provision for Debt Impairment	(199,059)	(132,564)
Net Non-current receivables from exchange	**2,693,354**	**536,383**
Less: Current portion transferred to Receivables from Non-Exchange Transactions - note 11	(2,642,968)	(453,524)
Total Non-Current Receivables from Non-Exchange Transactions	**50,385**	**82,858**

HOUSING SELLING SCHEME

General public were entitled to housing loans which attract interest at 13,5% per annum and which are repayable over a maximum period of 30 years. The remaining loans was written off in the 2024/2025 financial year.

ARRANGEMENTS

Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for Impairment.

Reconciliation of provision for debt impairment	2025 R	2024 R
Balance at beginning of year	132,564	143,249
Contribution/(Reversal) of provision	66,495	(10,685)
Total Provision for Debt impairment	**199,059**	**132,564**

8. OPERATING LEASE ARRANGEMENTS

8.1 The Municipality as Lessor

	2025 R	2024 R
Operating Lease Asset (current)	**200,633**	**185,935**

Reconciliation	2025 R	2024 R
Balance at the beginning of the year	185,935	146,220
Movement during the year	14,697	39,716
Balance at the end of the year	**200,633**	**185,935**

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will pay operating lease income as follows:

	2025 R	2024 R
Up to 1 Year	912,611	863,852
1 to 5 Years	1,417,244	1,831,884
More than 5 Years	157,137	164,287
Total Operating Lease Arrangements	**2,486,993**	**2,860,023**

Beaufort West Municipality is leasing land to rate payers for periods of 2 to 99 years with various escalations per year.

The leases are in respect of land being leased out for a period until 2109.

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

S Afrika 4 December 2025

9. INVENTORY

	2025 R	2024 R
Consumables and materials	3,786,004	2,954,629
Water	277,126	103,742
Total Inventory	**4,063,130**	**3,058,371**

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

No inventories were pledged as security for liabilities.

9.1 Inventories recognise as an expense during the year:

	2025 R	2024 R
Consumables	728,124	542,959
Materials and Supplies	9,512,629	6,816,759
Total	**10,240,753**	**7,359,719**

9.2 Reversal of write down to Net realisable value/(write down)

	2025 R	2024 R
Reversal of write down to Net realisable value.	**173,384**	**(107,578)**

Water inventory was remeasured on year-end that resulted in a gain for the current financial year. -

10. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2025 R	2024 R
Service Receivables		
Electricity	10,776,001	20,369,736
Water	35,634,388	30,139,472
Property Rentals	4,181,473	3,903,474
Waste Management	24,664,975	27,331,338
Waste Water Management	39,940,499	43,273,679
Input VAT accrual	12,614,374	15,148,362
Total Service Receivables	**127,811,709**	**140,166,061**
Less: Provision for Debt Impairment	(103,014,330)	(104,018,564)
Net Service Receivables	**24,797,379**	**36,147,498**
Other Arrears	3,096,530	5,529,373
Service charges	22,347,977	26,133,822
Total: Other receivables from exchange transactions (before provision)	**25,444,507**	**31,663,195**
Less: Provision for Debt Impairment	(24,075,995)	(28,043,637)
Total: Other receivables from exchange transactions (after provision)	**1,368,511**	**3,619,557**
Total Net Receivables from Exchange Transactions	**26,165,890**	**39,767,055**

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.

The fair value of receivables approximate their carrying value.

Other Arears mainly relates to illegal electricity connections, clearence Fee, reconnection fees and other miscellaneous items.

No debtors were pledged as security.

A reclassification done, for availability fees, from receivables from exchange to receivables from non-exchange transactions. Refer to note 42.11.

VAT input accrual reclassified from VAT payable. Refer to note 42.12.

A correction of error recognised for VAT input accrual. Refer to note 42.6.

Electricity: Ageing

	2025 R	2024 R
Current (0 - 30 days)	5,388,943	7,614,105
31 - 60 Days	883,759	609,307
61 - 90 Days	260,824	369,558
+ 90 Days	4,242,475	11,776,767
Total	**10,776,001**	**20,369,736**

Water: Ageing

	2025 R	2024 R
Current (0 - 30 days)	3,293,279	1,842,300
31 - 60 Days	1,879,410	1,468,391
61 - 90 Days	1,438,958	1,472,926
+ 90 Days	29,022,741	25,355,854
Total	**35,634,388**	**30,139,472**

Property Rentals: Ageing

	2025 R	2024 R
Current (0 - 30 days)	152,304	166,329
31 - 60 Days	91,149	76,865
61 - 90 Days	88,503	71,233
+ 90 Days	3,849,517	3,589,047
Total	**4,181,473**	**3,903,474**

Waste Management: Ageing

	2025 R	2024 R
Current (0 - 30 days)	1,214,840	1,066,336
31 - 60 Days	609,895	895,258
61 - 90 Days	543,741	605,954
+ 90 Days	22,296,500	24,763,790
Total	**24,664,975**	**27,331,338**

Waste Water Management: Ageing

	2025 R	2024 R
Current (0 - 30 days)	2,195,862	1,917,437
31 - 60 Days	994,533	1,596,077
61 - 90 Days	867,802	950,037
+ 90 Days	35,882,302	38,810,128
Total	**39,940,499**	**43,273,679**

Other: Ageing

	2025 R	2024 R
Current (0 - 30 days)	139,540	34,606
31 - 60 Days	160,109	49,023
61 - 90 Days	70,493	163,285
+ 90 Days	25,074,365	31,416,282
Total	**25,444,507**	**31,663,195**

Total: Ageing

	2025 R	2024 R
Current (0 - 30 days)	12,384,768	12,641,112
31 - 60 Days	4,618,855	4,694,920
61 - 90 Days	3,270,320	3,632,995
+ 90 Days	120,367,900	135,711,867
Total	**140,641,843**	**156,680,894**

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2025				
Current (0 - 30 days)	405,921	9,225,153	2,658,430	755,719
31 - 60 Days	215,187	3,773,164	326,356	304,148
61 - 90 Days	157,109	2,595,074	245,607	272,530
+ 90 Days	11,202,570	92,872,867	6,542,839	9,089,170
Sub-total	11,980,787	108,466,257	9,773,232	10,421,566
Less: Provision for Debt Impairment	(11,842,597)	(108,195,414)	(7,052,315)	-
Total debtors by customer classification	**138,190**	**270,843**	**2,720,917**	**10,421,566**

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2024				
Current (0 - 30 days)	233,109	8,896,705	2,759,704	1,680,577
31 - 60 Days	58,298	4,060,950	182,713	392,959
61 - 90 Days	69,571	3,158,544	166,565	238,314
+ 90 Days	2,228,119	117,735,367	4,985,614	9,833,785
Sub-total	2,589,096	133,851,566	8,094,596	12,145,636
Less: Provision for Debt Impairment	(2,293,137)	(124,943,621)	(4,825,443)	-
Total debtors by customer classification	**295,960**	**8,907,944**	**3,269,153**	**12,145,636**

Reconciliation of Provision for Debt Impairment	2025 R	2024 R
Balance at beginning of year	132,062,200	129,682,096
Transfer from non-current portion	523,190	740,358
Contribution to provision	24,284,850	21,727,359
VAT on provision	-	-
Reversal of provision	(28,539,648)	(19,564,423)
Transfer to non-current portion	(1,240,268)	(523,190)
Balance at end of year	**127,090,325**	**132,062,200**

The total amount of this provision consist of:	2025 R	2024 R
Electricity	5,339,350	12,064,714
Water	31,349,449	24,556,174
Waste Management	23,887,755	24,848,971
Waste water management	38,605,603	39,111,564
Property Rentals	3,832,173	3,437,140
Other Arrears	24,075,995	28,043,637
Total Provision for Debt Impairment on Receivables from exchange transactions	**127,090,326**	**132,062,201**

Ageing of amounts past due but not impaired:	2025 R	2024 R
1 month past due	304,148	392,959
2+ months past due	9,361,700	10,072,100
	9,665,847	**10,465,059**

Ageing of amounts past due and impaired:	2025 R	2024 R
1 month past due	4,314,707	4,301,960
2+ months past due	113,616,065	129,608,979
	117,930,773	**133,910,939**

The provision for doubtful debts on receivables exists due to the possibility that not all debts will be recovered. 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.

	2025	2024
Reconciliation of bad debts written off	R	R
Service debtors	25,540,063	17,393,337

Bad debts were written off for indigent debtors.

11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2025 R	2024 R
Property Rates	50,321,211	42,852,776
Fines	79,075,327	117,502,302
Availability fees	2,669,069	1,265,199
Other receivables	2,584,550	5,191,947
Other rates debtors	5,731,331	6,137,805
	140,381,487	**172,950,029**
Less: Provision for Debt Impairment	(115,987,259)	(139,111,852)
Total Receivables from non-exchange transactions	**24,394,228**	**33,838,177**
Statutory receivables included in receivables from non-exchange transactions		
Property rates	50,321,211	42,852,776
Other receivables	7,429,324	10,492,982
Fines	79,075,327	117,502,302
	136,825,861	**170,848,059**
Financial assets included in receivables from non-exchange transactions		
Other receivables - Eskom deposit	886,558	836,770
Availability fees	2,669,069	1,265,199
	3,555,626	**2,101,969**

The fair value of other receivables approximate their carrying value.

The average credit period for receivables from non-exchange transactions is 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 rates debtors are not performed in terms of GRAP 104 on initial recognition.

No debtors were pledged as security.

Other receivables mainly relates to LGSETA, third party payments, over and under banking and deposits.

A reclassification done, for availability fees, from receivables from exchange to receivables from non-exchange transactions. Refer to note 42.11.

	2025 R	2024 R
Property Rates: Ageing		
Current (0 - 30 days)	5,014,066	2,957,062
31 - 60 Days	1,522,403	1,346,771
61 - 90 Days	1,243,340	990,501
+ 90 Days	42,541,403	37,558,442
Total	**50,321,211**	**42,852,776**
Other Receivables: Ageing		
Current (0 - 30 days)	14,033	4,526
31 - 60 Days	8,216	539
61 - 90 Days	5,046	87
+ 90 Days	8,288,585	11,324,600
Total	**8,315,881**	**11,329,752**
Availability fees: Ageing		
Current (0 - 30 days)	808,278	35,480
31 - 60 Days	103,234	32,785
61 - 90 Days	102,271	31,015
+ 90 Days	1,655,285	1,165,919
Total	**2,669,069**	**1,265,199**
Fines Ageing		
Current (0 - 30 days)	4,928,300	4,704,000
31 - 60 Days	4,875,700	3,843,050
61 - 90 Days	6,445,350	4,680,300
+ 90 Days	62,825,977	104,274,952
Total	**79,075,327**	**117,502,302**

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2025				
Current (0 - 30 days)	6,260,602	2,500,089	1,760,924	243,062
31 - 60 Days	5,333,090	690,083	335,380	151,000
61 - 90 Days	6,883,819	501,731	257,406	153,050
+ 90 Days	89,384,187	16,215,686	6,354,988	3,356,390
Sub-total	107,861,698	19,907,590	8,708,697	3,903,502
Less: Provision for Debt Impairment	(89,725,096)	(19,377,865)	(6,884,298)	-
Total debtors by customer classification	**18,136,602**	**529,725**	**1,824,399**	**3,903,502**

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2024				R
Current (0 - 30 days)	4,888,023	1,854,584	725,933	197,048
31 - 60 Days	3,981,303	865,526	169,661	173,870
61 - 90 Days	4,814,641	557,911	135,943	162,393
+ 90 Days	122,862,561	23,173,275	4,412,657	3,974,699
Sub-total	136,546,528	26,451,296	5,444,195	4,508,010
Less: Provision for Debt Impairment	(110,593,783)	(24,254,504)	(4,263,566)	-
Total debtors by customer classification	**25,952,745**	**2,196,793**	**1,180,629**	**4,508,010**

Reconciliation of Provision for Debt Impairment

	2025 R	2024 R
Balance at beginning of year	139,111,852	118,353,564
Transfer from non-current portion	132,564	143,249
Contribution to provision	54,293,885	50,584,256
VAT contributions to provision	(780,723)	(143,995)
Reversal of provision	(76,571,260)	(29,692,657)
Transfer to non-current portion	(199,059)	(132,564)
Balance at end of year	**115,987,260**	**139,111,852**

	2025 R	2024 R
The total amount of this provision consist of:		
Property Rates	46,750,443	40,835,990
Fines	66,925,812	97,092,068
Availability fees	2,311,004	1,183,794
Total Provision for Debt Impairment	**115,987,259**	**139,111,852**

	2025 R	2024 R
Ageing of amounts past due but not impaired		
1 month past due	151,000	173,870
2+ months past due	3,509,439	4,137,092
Total	**3,660,440**	**4,310,962**

	2025 R	2024 R
Ageing of amounts past due and impaired		
1 month past due	6,174,174	5,016,490
2+ months past due	119,597,817	154,191,451
Total	**125,771,991**	**159,207,941**

The provision for doubtful debts on receivables exists due to the possibility that not all debts will be recovered. 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 receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of 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 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. This is considered to be a subsequent event. The provision for impairment is based on current and past collection rates applicable to fines.

Reconciliation of bad debts written off		
Property Rates	3,465,377	3,356,848
Fines	91,170,602	31,484,863
Total	**94,635,979**	**34,841,711**

Bad debts were written off for indigent debtors (property rates). Traffic fines that exceeded the prescribed period were written off.

12. CASH AND CASH EQUIVALENTS

	2025 R	2024 R
12.1 Cash and Cash Equivalents		
Current Accounts	1,082,962	3,760,764
Call Deposits and Investments	16,268,691	12,105,552
Cash On-hand	16,926	16,868
Total Cash and Cash Equivalents	**17,368,578**	**15,883,184**

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

Call Investment Deposits to an amount of R16,268,691 (2024: R12,105,552) are held to fund Unspent Conditional Grants.

An approved bank overdraft of R5 000 0000 exists at Nedbank and the Municipality has a facility of R500 000 for Fleet Cards at Nedbank on 30 June 2025.

	2025 R	2024 R
The municipality has the following bank accounts:		
Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):	877,227	3,366,022
ABSA Bank -Account Number 409 410 8341	205,735	394,742
	1,082,962	**3,760,764**

	2025 R	2024 R
Call Deposits and Investments		
Investec	1,397,713	1,296,652
ABSA	11,105,601	7,339,917
Standard Bank	2,789,672	2,566,376
Nedbank	975,211	902,613
	16,268,197	**12,105,559**

Details of current accounts are as follow:

	2025 R	2024 R
Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):		
Cash book balance at beginning of year	3,366,022	2,010,264
Cash book balance at end of year	877,227	3,366,022
Bank statement balance at beginning of year Nedbank-Account Number 10 7428 0318	3,149,267	1,888,046
Bank statement balance at end of year Nedbank-Account Number 10 7428 0318	794,007	3,149,267

	2025 R	2024 R
Bank statement balance ABSA-Account Number 409 410 8341		
Cash book balance at beginning of year	394,742	514,389
Cash book balance at end of year	205,735	394,742
Bank statement balance at beginning of year ABSA-Account Number 409 410 8341	394,742	241,925
Bank statement balance at end of year ABSA-Account Number 409 410 8341	205,735	394,742

Details of call deposits and investment accounts are as follow:

	2025 R	2024 R
Investec		
Cash book balance at beginning of year	1,296,652	1,196,025
Cash book balance at end of year	1,397,713	1,296,652
Bank statement balance at beginning of year	1,296,652	1,196,025
Bank statement balance at end of year	1,397,713	1,296,652

	2025 R	2024 R
Absa		
Cash book balance at beginning of year	7,339,917	4,112,946
Cash book balance at end of year	11,105,601	7,339,917
Bank statement balance at beginning of year	7,339,917	4,112,946
Bank statement balance at end of year	11,105,601	7,339,917

	2025 R	2024 R
Standard bank		
Cash book balance at beginning of year	2,566,376	6,177,126
Cash book balance at end of year	2,789,672	2,566,376
Bank statement balance at beginning of year	2,566,376	6,177,126
Bank statement balance at end of year	2,789,672	2,566,376

	2025 R	2024 R
Nedbank		
Cash book balance at beginning of year	902,613	832,012
Cash book balance at end of year	975,211	902,613
Bank statement balance at beginning of year	902,613	832,012
Bank statement balance at end of year	975,211	902,613

13. LONG-TERM BORROWINGS

		2025 R	2024 R
Annuity Loans - note 13.1		3,130,756	3,788,777
Capitalised Lease Liability - note 13.2		610,569	1,133,948
		3,741,325	**4,922,725**
Less:	Current Portion transferred to Current Liabilities	**(1,168,809)**	**(1,181,399)**
	Annuity Loans	(572,827)	(658,021)
	Capitalised Lease Liability	(595,982)	(523,378)
Total Long-term Borrowings		**2,572,516**	**3,741,325**

Annuity loans at amortised cost is calculated at 6.75%-10.90% interest rate, with last maturity date of 31 December 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Capitalised lease liability at amortised cost is calculated at 6,17%-14,25% interest rate, with the last maturity date of 01 August 2026. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured. No contingent rents are payable.

13.1 The obligations under annuity loans are scheduled below:

		2025 R	2024 R
		Minimum annuity payments	
Amounts payable under annuity loans:			
Payable within one year		899,080	1,046,975
Payable within two to five years		3,146,781	3,596,371
Payable after five years		-	449,540
TOTAL		**4,045,861**	**5,092,887**
Less:	Future finance obligations	(915,103)	(1,304,107)
Present value of annuity loans obligations		**3,130,758**	**3,788,779**

13.2 The obligations under capitalised lease liability are scheduled below:

		2025 R	2024 R
		Minimum lease payments	
Amounts payable under capitalised lease liability:			
Payable within one year		640,067	640,067
Payable within two to five years		14,697	654,764
TOTAL		**654,764**	**1,294,832**
Less:	Future finance obligations	(44,195)	(160,884)
Present value of capitalised lease obligations		**610,569**	**1,133,948**

14. NON-CURRENT PROVISIONS

	2025 R	2024 R
Provision for Rehabilitation of Landfill-sites	26,119,259	21,300,124
Total Non-current Provisions	**26,119,259**	**21,300,124**

14.1 *Landfill Sites*

	2025 R	2024 R
Balance 1 July	21,300,123	16,512,346
Increase due to re-measurement	2,425,617	2,700,250
Unwinding of discounted interest	2,393,518	2,087,526
Total provision 30 June	**26,119,258**	**21,300,123**
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	**26,119,258**	**21,300,123**

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Beaufort West	Nelspoort	Murraysburg	Merweville
Licence type	G:C:B-	G:C:B-	G:C:B-	G:C:B-
Preliminary and General (Rand)	3,889,903	662,351	1,164,752	488,462
Site Clearance and Preparation (R2.95/m²)	75,200	10,293	20,750	8,374
Storm Water Control Measures (Rand)	2,468,694	1,223,221	1,477,185	768,490
Capping (Rand)	21,242,956	2,500,900	4,960,635	2,023,537
Leachate Management (Rand)	771,984	435,589	497,635	271,129
Fencing (Rand)	14,146	14,146	401,671	14,146

Discount Rate used	2025 %	2024 %
Beaufort West	10.918%	12.177%
Merweville	10.746%	12.284%
Murraysburg	8.748%	9.196%
Nelspoort	10.797%	11.959%

In terms of the licencing of the landfill-sites, the municipality will incur licensing and rehabilitation costs of R26 119 258 (2024: R21 300 123) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the government bond rate that is regarded as a risk-free rate and the average Consumer Price Index from May 2024 to May 2025.

Other assumptions:

	Beaufort West	Nelspoort	Murraysburg	Merweville
Area (m²)	49,474	6,772	13,651	5,509
Environmental Authorisation (Closure Licence) (Rand)	460,688	460,688	460,688	460,688
Technical ROD (Rand)	236,794	236,794	236,794	236,794
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor	203,695	147,120	158,100	134,385
Landscape Architects (Rand)	166,878	166,025	167,913	167,931
Water use licence (Rand)	39,000	39,000	39,000	39,000
Topographical Survey (Rand)	20,732	7,950	7,950	8,350
Contingencies (Rand)	2,846,288	484,650	852,263	357,414
Engineering: Professional Fees (Rand)	3,416,325	739,894	1,245,361	564,944
Site Supervision (Engineer's Representative) (Rand)	668,723	207,187	299,048	160,846
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	29,835	32,740	71,137	58,482

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows per expert report:

Location	**Estimated**	2025 R	2024 R
Beaufort West	2043	85,731,631	87,703,885
Murraysburg	2031	16,024,689	15,388,977
Nelspoort	2042	16,483,342	16,951,841
Merweville	2081	81,748,313	89,680,985
Total		**199,987,975**	**209,725,687**

15. NON-CURRENT EMPLOYEE BENEFITS

	2025 R	2024 R
Post Retirement Health Care Benefits	32,239,997	28,752,997
Long Service Awards	4,992,000	4,964,000
Pension Murraysburg	27,311	27,311
Total Non-current Employee Benefits	**37,259,307**	**33,744,307**

Post Retirement Health Care Benefits

	2025 R	2024 R
Balance 1 July	30,464,000	27,009,000
Contribution for the year	4,447,000	4,191,000
Expenditure for the year	(1,562,960)	(1,503,885)
Actuarial Loss/(Gain)	597,960	767,885
Total provision 30 June	**33,946,000**	**30,464,000**
Less: Transfer of Current Portion to Current Provisions - Note 18	(1,706,000)	(1,711,000)
Balance 30 June	**32,240,000**	**28,753,000**

Pension Murraysburg

	2025 R	2024 R
Balance 1 July	27,311	27,311
Less: Transfer of Current Portion to Current Provisions - Note 18	-	-
Balance 30 June	**27,311**	**27,311**

Long Service Awards

	2025 R	2024 R
Balance 1 July	5,737,000	5,609,000
Contribution for the year	1,042,000	1,035,000
Expenditure for the year	(1,178,287)	(739,235)
Actuarial Loss/(Gain)	568,287	(167,765)
Total provision 30 June	**6,169,000**	**5,737,000**
Less: Transfer of Current Portion to Current Provisions - Note 18	(1,177,000)	(773,000)
Balance 30 June	**4,992,000**	**4,964,000**

TOTAL NON-CURRENT EMPLOYEE BENEFITS

	2025 R	2024 R
Balance 1 July	36,228,311	32,645,311
Contribution for the year	5,489,000	5,226,000
Expenditure for the year	(2,741,247)	(2,243,120)
Actuarial Loss/(Gain)	1,166,247	600,120
Total employee benefits 30 June	**40,142,311**	**36,228,311**
Less: Transfer of Current Portion to Current Provisions - Note 18	(2,883,000)	(2,484,000)
Balance 30 June	**37,259,311**	**33,744,311**

15.1 Provision for Post Retirement Health Care Benefits

Nature of the plan
Eligible employees will receive a post-employment subsidy of 70% of the contributions payable should they be a member of a medical scheme at retirement.
Continuation members and their eligible dependants receive a 70% subsidy.
Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:
LA Health
Samwumed Medical Aid
Bonitas

Regulatory framework
GRAP 25, derived from IPSAS 39 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023. It applies to institutions falling within the ambit of the Finance Management Act.

Risks of the plan
Inflation: The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.
Longevity: The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.
Volatility of open-ended, long-term Defined benefit obligation (DBO): The risk that the DBO may be volatile which is exacerbated by its long-term nature.
Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
Future changes in legislation: The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the DBO for the Municipality.
The **administration** of this DBO poses a burden on the municipality.

There are no curtailments or settlement to reflect.

	2025 R	2024 R
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	66	60
In-service (employee) non-members	282	290
Continuation members (e.g. Retirees, widows, orphans)	33	33
Total Members	**381**	**383**

	2025 R	2024 R
The liability in respect of past service has been estimated to be as follows:		
In-service members	11,177,000	9,555,000
In-service non-members	5,443,000	4,417,000
Continuation members (e.g. Retirees, widows, orphans)	17,326,000	16,492,000
Total Liability	**33,946,000**	**30,464,000**

Key actuarial assumptions used:	2025 %	2024 %
i) Rate of interest		
Discount rate	11.00%	12.17%
CPI	5.00%	6.17%
Medical Aid Contribution Inflation Rate	6.80%	7.67%
Net Effective Discount Rate	3.90%	4.18%

The next contribution increases were assumed to occur at 1 January 2026.

ii) Mortality during employment

SA85-90 table, adjusted for female lives.

iii) Mortality rates post employment

The PA 90-1 with 1% mortality improvement from p.a from 2010

iv) Normal retirement age

The normal retirement age is 65 for males and 60 for females.

v) Average retirement age

It has been assumed that in-service members will retire at age 62 for males and 59 for females, which then implicitly allows for expected rates of early and ill-health retirement.

vii) Continuation of membership

It has been assumed that 75% of in-service members will continue after retirement. It has been assumed that 10% of eligible in service non-members will be on medical scheme by retirement (should not exit before then) and continue with subsidy at retirement.

viii) Proportion with a spouse dependant at retirement

It has been assumed that 60% of eligible employees on a health care arrangement at retirement will have a spouse dependant on their medical aid.

ix) Termination of service

Valuation: 30 June 2025

Age	Rate
20-24	9%
25-29	8%
30-34	6%
35-39	5%
40-44	5%
45-49	4%
50-54	3%
55+	0%

	2025 R	2024 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	33,946,000	30,464,000
Net defined benefit liability	**33,946,000**	**30,464,000**

The total defined benefit obligation (DBO) has increased by 11% (or R3,482 million) since the last valuation. The main reasons for the change in liability:

In-service members DBO - overall increase of 17%
1. Increase in average post-employment subsidy
2. Decrease in net discount rate

The impacts were partially set off by:
1. A decrease in the average age which means members are further from retirement (more discounting) and more likely to leave before retirement.
2. A decrease in the average past service.

Lastly, due to an increase in the number of in-service members.

Continuation members DBO- overall increase of 5%
1. Increase in average subsidy.
2. Decrease in net discount rate.

The impacts were partially set off by:
1. Increase in the average age.
2. Decrease in proportion members with a spouse dependant.

There was no change in the number of continuation members.

In-service non-members DBO - overall increase of 23%
1. An increase in average post-employment subsidy
2. Increase in the average age
3. Increase in average past service
4. Decrease in net discount rate

The changes were partially offset by a decrease in the number of in-service non-members.

There are currently no long-term assets set aside off-balance sheet in respect of the DBO, thus plan assets is zero.
As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation.

	2025 R	2024 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	30,464,000	27,009,000
Total contribution	4,447,000	4,191,000
Service cost	841,000	964,000
Interest Cost	3,606,000	3,227,000
Remeasurement of net defined liability		
Payments to the plan	(1,562,960)	(1,503,885)
Actuarial (gains)/losses	597,960	767,885
Financial assumptions	1,028,000	(415,000)
Experience adjustments	(430,040)	1,182,885
Present value of fund obligation at the end of the year	**33,946,000**	**30,464,000**
Less: Transfer of Current Portion - Note 18	(1,706,000)	(1,711,000)
Balance 30 June	**32,240,000**	**28,753,000**

Sensitivity Analysis on the Accrued Liability on 30 June 2025

	Total liability (Rm)
Assumption	
Central Assumptions	33,946,000

The effect of movements in the assumptions are as follows:

	Change	Total liability (Rm)	% change
Assumption			
Medical aid contribution inflation rate	1%	38,522,000	13%
Medical aid contribution inflation rate	-1%	30,151,000	-11%
Discount rate	1%	30,314,000	-11%
Discount rate	-1%	38,374,000	13%
Post-retirement mortality	1 year	32,976,000	-3%
Post-retirement mortality	(1 year)	34,911,000	3%
Average retirement age	-1 year	35,374,000	4%
Membership continuation	-10%	31,820,000	-6%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2025

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Central Assumptions		841,000	3,606,000	4,447,000	
Medical aid contribution inflation rate	1%	1,019,000	4,088,000	5,107,000	15%
Medical aid contribution inflation rate	-1%	698,000	3,205,000	3,903,000	-12%
Discount rate	1%	711,000	3,487,000	4,198,000	-6%
Discount rate	-1%	1,005,000	3,737,000	4,742,000	7%
Post-retirement mortality	1 year	821,000	3,503,000	4,324,000	-3%
Post-retirement mortality	(1 year)	860,000	3,710,000	4,570,000	3%
Average retirement age	(1 year)	897,000	3,753,000	4,650,000	5%
Membership continuation	-10%	734,000	3,390,000	4,124,000	-7%

The method used to prepare the sensitivity analysis remained unchanged from the previous period. The assumptions used would be based on the market conditions and demographic inputs as at 30 June 2025.

The Service Cost for the ensuing year is estimated to be R1 015 000 whereas the Interest Cost for the next year is estimated to be R3 638 000.

Maturity analysis for obligation (benefit payments)

The expected benefits vesting in respect of the current eligible employees:

Future year	Financial year	Expected benefits vesting
1	2026	1,799,000
2	2027	2,029,000
3	2028	2,222,000
4	2029	2,422,000
5	2030	2,693,000
6-10	2031-2035	17,855,000
11-15	2036-2040	25,951,000
16-20	2041-2045	36,206,000
21-25	2046-2050	47,389,000
26-30	2051-2055	57,957,000
31-40	2056-2065	131,739,000
41-50	2066-2075	122,350,000
51-60	2076-2085	81,460,000
61-70	2086-2095	34,561,000
71-80	2096-2105	7,506,000

	2025 R	2024 R
15.2 Provision for Long Service Awards (LSA)		

Nature of the plan

The Municipality offers employees LSA for every five years of service completed, from ten years of service to 45 years of service, inclusive. In the month that each "completed service" milestone is reached, the employee is granted an LSA.

	2025	2024
As at year end the following number of employees were eligible for Long Service Bonuses.	349	351

Regulatory Framework

GRAP 25, derived from IPSAS 39 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023. It applies to institutions falling within the ambit of the Finance Management Act.

Risks of the defined benefit obligation (DBO)

Inflation: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.
Termination of service: The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.
Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.
Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
Future changes in legislation: The risk that changes to legislation with respect to long service awards, including tax legislation, may increase the DBO for the Municipality.
The **administration** of this DBO poses a burden on the Municipality.

Key actuarial assumptions used:	2025 %	2024 %
i) Rate of interest		
Discount rate	9.70%	10.97%
General earnings inflation rate	4.70%	6.14%
CPI	3.70%	5.14%
Net Discount rate	4.80%	4.55%

The next general earnings increase was assumed to take place on 1 July 2026.

ii) Mortality during employment

SA85-90 ultimate table, adjusted down for female lives.

iii) Retirement age

It has been assumed that male employees will retire at age 62 and female employees will retire at age 59. (average). The normal retirement age is 65 for males and 60 for females.

iv) Withdrawal rates

Valuation: 30 June 2025

Age	Rate
20-24	9%
25-29	8%
30-34	6%
35-39	5%
40-44	5%
45-49	4%
50-54	3%
55+	0%

	2025 R	2024 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	6,169,000	5,737,000
Net defined benefit liability	**6,169,000**	**5,737,000**

There are currently no long-term assets set aside off-balance sheet in respect of the long-service award, thus plan assets is zero. As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation.

The total defined benefit obligation has increased by 8% (or R432 000) due to:

1. Increase in the average earnings
2. Increase in average past service.
3. These impacts were partially offset by an increase in the net discount rate
4. Minor change in the number of eligible employees since the last valuation.

	2025 R	2024 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	5,737,000	5,609,000
Total contribution	1,042,000	1,035,000
Service cost	454,000	455,000
Interest Cost	588,000	580,000
Remeasurement of net defined liability		
Payments to the plan	(1,178,287)	(739,235)
Actuarial (gains)/losses	568,287	(167,765)
Financial assumptions	(43,000)	(44,000)
Experience adjustments	611,287	(123,765)
Net defined benefit liability	**6,169,000**	**5,737,000**
Less: Transfer of Current Portion - Note 18	(1,177,000)	(773,000)
Net defined benefit liability	**4,992,000**	**4,964,000**

Sensitivity Analysis on the Accrued Liability on 30 June 2025

Assumption	**Change in assumption**	**Liability**	**% change**
Central assumptions		6,169,000	
General earnings inflation	1%	6,495,000	5%
General earnings inflation	-1%	5,870,000	-5%
Discount rate	1%	5,866,000	-5%
Discount rate	-1%	6,505,000	5%
Average retirement age	2 year	7,267,000	18%
Average retirement age	(2 year)	5,311,000	-14%
Rates of termination service	x2	5,197,000	-16%
Rates of termination service	x0.5	6,814,000	10%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2025

Assumption	**Change in assumption**	**Service Cost (R)**	**Interest Cost (R)**	**Total (R)**	**% change**
Central Assumptions		454,000	588,000	1,042,000	
General earnings inflation	1%	486,000	622,000	1,108,000	6%
General earnings inflation	-1%	426,000	557,000	983,000	-6%
Discount rate	1%	429,000	607,000	1,036,000	-1%
Discount rate	-1%	482,000	567,000	1,049,000	1%
Average retirement age	2 year	520,000	702,000	1,222,000	17%
Average retirement age	(2 year)	396,000	496,000	892,000	-14%
Rates of termination service	x2	351,000	485,000	836,000	-20%
Rates of termination service	x0.5	526,000	657,000	1,183,000	14%

The method used to prepare the sensitivity analysis remained unchanged from the previous period. The assumptions used would be based on the market conditions and demographic inputs as at 30 June 2025.

The Service Cost for the ensuing year is estimated to be R444 000 whereas the Interest Cost for the next year is estimated to be R541 000.

Maturity analysis: Expected benefit payments

The expected benefits vesting in respect of the current eligible employees:

Future year	**Financial year**	**Expected benefits vesting**
1	2026	1,219,000
2	2027	675,000
3	2028	928,000
4	2029	1,043,000
5	2030	829,000
6-10	2031-2035	4,529,000
11-15	2036-2040	5,288,000
16-20	2041-2045	4,558,000
21-30	2046-2055	3,758,000
31-40	2056-2065	243,000

15.3 Multi-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.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the respective plans is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. The only obligation of the municipality in terms of the plans is to make specified contributions.

CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2024 revealed that the fund is in a sound financial position with a funding level of 100.2% (30 June 2023 - 120,1%).

	2025 R	2024 R
Contributions paid recognised in the Statement of Financial Performance	12,626,888	12,000,468
Expected contributions for the next reporting period	15,289,617	15,344,625

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

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

	2025 R	2024 R
Contributions paid recognised in the Statement of Financial Performance	59,389	55,619
Expected contributions for the next reporting period	65,260	61,837

SALA PENSION FUND

The contribution rate payable is 8.60% by members and 20.78% by Council. The most recent valuation was done on September 2023. The market value of the fund as at September 2023 was R12 076 570 424.

	2025 R	2024 R
Contributions paid recognised in the Statement of Financial Performance	878,675	885,169
Expected contributions for the next reporting period	878,073	852,864

MUNICIPAL RETIREMENT WORKERS FUND

Council contribute to the Municipal Retirement Workers Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. The contribution rate paid by the members (9,0%) and Council (18,0%).

	2025 R	2024 R
Contributions paid recognised in the Statement of Financial Performance	485,346	549,085
Expected contributions for the next reporting period	522,144	469,501

16. CONSUMER DEPOSITS

	2025 R	2024 R
Electricity	1,809,501	1,853,547
Rental Properties	169,797	154,598
Water	348,978	332,877
Building Plans	7,989	6,340
Posters	3,393	4,169
Refuse	453,081	330,432
Total Consumer Deposits	**2,792,741**	**2,681,963**

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

For guarantees held in lieu of electricity and water deposits refer to note 51.

17. PROVISIONS

	2025 R	2024 R
Current Portion of VAT libraries		
Opening balance	0	3,298,696
Additions	157,043	933,652
Reversal of provision	(157,043)	(4,232,348)
Total Provisions	**0**	**0**

A correction of error to recognise the VAT output payable: Library servicies. Refer to note 42.7.

18. CURRENT EMPLOYEE BENEFITS

	2025 R	2024 R
Performance Bonuses	484,152	160,513
Staff Bonuses	3,832,218	3,398,132
Staff Leave	9,145,401	9,129,714
Current Portion of Non-Current Provisions	2,883,000	2,484,000
Current Portion of Post Retirement Health Care Benefits - Note 15	1,706,000	1,711,000
Current Portion of Long-Service Awards - Note 15	1,177,000	773,000
Total Provisions	**16,344,770**	**15,172,360**

The movement in current provisions are reconciled as follows:

18.1 ***Performance Bonuses***

	2025	2024
Balance at beginning of year	160,513	103,190
Contribution to current portion	835,767	160,513
Expenditure incurred	(512,128)	-
Reversal of provision	-	(103,190)
Balance at end of year	**484,152**	**160,513**

Performance bonuses are being paid to permanent directors after an evaluation of performance by the council. There is no possibility of reimbursement.

18.2 ***Staff Bonuses***

	2025 R	2024 R
Balance at beginning of year	3,398,133	3,461,400
Contribution to current portion	6,632,238	5,972,579
Expenditure incurred	(6,198,148)	(6,035,845)
Balance at end of year	**3,832,222**	**3,398,133**

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

18.3 ***Staff Leave***

	2025 R	2024 R
Balance at beginning of year	9,129,715	8,532,319
Contribution to current portion	541,327	1,116,881
Expenditure incurred	(525,640)	(519,485)
Balance at end of year	**9,145,401**	**9,129,715**

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. There is no possibility of reimbursement.

19.1 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2025 R	2024 R
Receivable accounts with credit balances	7,768,229	8,715,473
Library funding: DCAS	329,770	470,054
Retentions	645,468	1,225,065
Sundry creditors	3,439,007	1,210,506
Trade Payables (note 42.1)	55,730,998	69,324,766
VAT output accrual	3,402,561	3,236,963
Total Trade Payables (excluding debt relief)	**71,316,033**	**84,182,828**

<u>Long-term Trade and Other Payables</u>	2025 R	2024 R
Total liability	69,259,462	-
Less transferred to Long-term Trade and Other Payables	(13,528,464)	-
Auditor-General	(5,875,399)	
Department of Mobility	(7,653,065)	
Current portion included in Trade Payables.	**55,730,998**	**-**

Payables are being recognised net of any discounts.

The required payment period per MFMA is 30 days. Due to financial difficulties experienced by the municipality all payables are not paid within 30 days. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Correction of error recognised for trade payables for the 2023/2024 financial year. Refer to note 42.1

VAT output accrual consist of VAT output control and VAT on provision for doubtful debts.

VAT output accrual and VAT on provision for doubtful debt reclassified from VAT payable. Refer to note 42.12.

Correction of error recognised for library funding received from DCAS. Refer to correction of error note 42.1.

19.2 TRADE AND OTHER PAYABLES FROM EXCHANGE (DEBT RELIEF)

	2025 R	2024 R
Non-current portion arrangement	22,845,735	42,984,621
Current portion arrangement	25,587,223	25,846,315
Total debt relief	**48,432,958**	**68,830,935**

The municipality was approved for debt relief programme on Eskom debt, with effect from 1 July 2023. Per the debt relief programme, arrear debt as at March 2023, is written off over a three year period, based on certain conditions that need be complied with.

A correction of error recognised for the 2023/2024 financial year. Refer to note 42.4 relating to the current portion and note 42.5 relating to non-current portion.

20. UNSPENT TRANSFERS AND SUBSIDIES

	2025 R	2024 R
Unspent Transfers and Subsidies	3,853,312	1,884,089
National Government Grants	-	195,581
Provincial Government Grants	3,291,340	901,493
District Municipality	114,048	85,714
Other Grant Providers	447,924	701,301
Total Unspent Transfers and Subsidies	**3,853,312**	**1,884,089**
Amount available in call deposits and investments - note 12	16,268,691	12,105,552
Available Cash for Unspent Conditional Grants and Receipts	**16,268,691**	**12,105,552**

See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld or delayed.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

Correction of error recognised for library funding received from DCAS. Refer to correction of error note 42.9.

21. VAT RECEIVABLE/(PAYABLE)

	2025 R	2024 R
SARS: VAT control	2,960,739	6,191,660
VAT output payable: Library services	4,389,391	4,232,348
Total VAT Receivable/(Payable)	**7,350,130**	**10,424,008**

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

A reclassification of VAT input accrual and VAT output accrual. Refer to note 42.12.

A correction of error to recognise the VAT output payable: Library servicies. Refer to note 42.8.

<u>VAT output payable: Library services</u>

As per the Schedule 5 of the Constitution of the Republic of South Africa, the responsibility to render library services is allocated to the provincial government. The Western Cape Provincial Department of Cultural Affairs and Sport (DCAS) therefore has a responsibility to provide the library services as per its mandate.

The library function has not been assigned to the Municipality. Library services therefore remains a provincial government function performed by DCAS.

In order for DCAS to carry out its library services, DCAS entered into a Memorandum of Agreement (MOA) with Beaufort West Local Municipality in which DCAS makes a payment of library grant funding to the municipality, in order for the municipality to provide the library services for the benefit of the general public.

SARS is currently in process to audit the financial period 2021/2022 to 2024/2025.

22. NET ASSET RESERVES

		2025 R	2024 R
RESERVES		4,104,345	4,104,345
Housing Development Fund	**22.1**	3,789,518	3,789,518
Self Insurance Reserve	**22.2**	314,827	314,827
Total Net Asset Reserve and Liabilities		**4,104,345**	**4,104,345**

22.1 The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

22.2 The Self Insurance Reserve is used to finance future insurance claims.

23 PROPERTY RATES

	2025 R	2024 R
Valuations - 1 July 2024		
Rateable Land and Buildings	7,574,592,500	5,048,384,500
Residential Properties - Sec 8(2)(a)	2,834,247,200	1,254,305,500
Industrial Properties - Sec 8(2)(b)	67,553,000	27,293,000
Business and Commercial Properties - Sec 8(2)(c)	480,950,000	344,039,500
Farm Agricultural Purposes - Sec 8(2)(d)	3,430,372,900	2,867,997,500
Mining Properties - Sec 8(2)(e)	220,000	-
State Owned & Used for Public Services - Sec 8(2)(f)	258,712,000	180,389,000
Public service infrastructure properties - Sec 8(2)(g)	349,100	2,306,000
Public Benefit Organisation - Sec 8(2)(h)	16,853,000	59,367,000
Vacant Land Sec 8(3)	37,211,700	45,841,000
Other (non-rateable)	448,123,600	266,846,000
Total Property Rates	**7,574,592,500**	**5,048,384,500**

A reclassification was done between valuation classes, however the total valuation for 2023/2024 remains the same.

	2025 R	2024 R
Actual		
Rateable Land and Buildings	69,116,579	64,247,760
Business and Commercial Properties - Sec 8(2)(c)	13,854,712	10,945,268
Industrial Properties - Sec 8(2)(b)	1,925,261	853,370
Farm Agricultural Purposes - Sec 8(2)(d)	4,279,481	16,068,927
Mining Properties - Sec 8(2)(e)	6,270	-
Public Benefit Organisation - Sec 8(2)(h)	24,498	12,752
Residential Properties - Sec 8(2)(a)	40,853,379	28,455,356
State Owned & Used for Public Services - Sec 8(2)(f)	7,545,984	6,831,965
Vacant Land Sec 8(3)	626,995	1,080,122
<u>Less:</u> **Revenue Forgone**	(13,790,730)	(17,633,924)
Total Assessment Rates	**55,325,849**	**46,613,835**

A reclassification was done between billing classes, however the total valuation for 2023/2024 remains the same.

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 5 years. The last general valuation (GV) came into effect on 1 July 2024. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions and also to accommodate growth in the rate base due mostly to private development. The 2024/25 General Valuation (GV) had a significant impact on tariffs, which were adjusted lower, to offset capital growth and ensure affordability and fairness.

Basic Rate

		2025		2024
Residential Properties	R	0.014250	R	0.022333
Industrial Properties	R	0.028500	R	0.031267
Business and Commercial Properties	R	0.028500	R	0.031267
Farm Agricultural Purposes	R	0.001247	R	0.005583
Mining Properties	R	0.028500	R	0.031267
State Owned & Used for Public Services	R	0.028500	R	0.031267
Public Benefit Organisation	R	0.003563	R	0.005583
Vacant Land	R	0.017100	R	0.026800

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Municipal owned properties and PSI's (Public Service Infrastructure) are exempt.

Place of Worship and Protected Areas are Impermissible and not levied.

<u>Rebates granted as below:</u>

Residential	The first R15000 of improved residential properties is impermissible. An additional R100 000 rebate is given to all improve residential properties up to the value of R190 000.
National Monuments	National Monuments will be levied as residential properties.
Agricultural	No rebate on Agricultural Properties.
Pensioners	Pensioners rebates: R2 205 and under 30%, R2 206 to R 6000 20% and R6 001 to R12 000 10% based on income for a property value not exceeding R 1 100 0000

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

24. GOVERNMENT GRANTS AND SUBSIDIES

	2025 R	2024 R
Government Grants and Subsidies - Operating	**99,321,417**	**93,324,927**
Equitable Share	88,849,000	83,574,000
Municipal Infrastructure Grant (MIG)	782,150	727,879
Local Government Financial Management Grant (FMG)	1,906,505	2,185,000
Expanded Public Works Programme Integrated Grant (EPWP)	1,226,000	1,309,353
Provincial Treasury : Western Cape Financial Management Capacity Building Grant	2,304,259	-
Provincial Treasury : Western Cape Municipal Recovery Services Grant	1,110,000	200,000
Department of Cultural Affairs and Sport : Library Service: Replacement Funding	-	0
Department of Local Government : Community Development Workers (CDW) Operational Support Grant	200,579	218,287
Department of Local Government : Western Cape Municipal Interventions Grant	723,970	786,978
Human Settlements : Development Grant (Beneficiaries)	-	1,070,692
Central Karoo District Municipality	341,666	75,966
Services SETA	586,877	82,800
Chemical Industries Education & Training Authority	1,283,400	2,178,600
Local Government Sector Education and Training Authority	7,012	315,372
Department of Local Government: Municipal Energy Resilience Grant	-	600,000
Government Grants and Subsidies - Capital	**27,725,444**	**16,190,459**
Municipal Infrastructure Grant (MIG)	16,847,343	13,928,899
Integrated National Electrification Programme Grant (INEP)	6,983,000	-
Local Government Financial Management Grant (FMG)	93,495	-
Department of Cultural Affairs and Sport : Library Service: Replacement Funding	-	0
Department of Cultural Affairs and Sport : Library Service: Community Library Service Grant	909,703	-
Department of Local Government : Western Cape Municipal Interventions Grant	391,943	776,689
Department of Local Government: Municipal Water Resilience Grant	2,499,960	1,199,695
Services SETA	-	285,177
Total Government Grants and Subsidies	**127,046,861**	**109,515,385**

Reclassification of library grant to operational revenue. Refer to correction of error - note 42.10

Grants and subsidies received as required by section 123(1)(a) of the MFMA:

	2025 R	2024 R
Unconditional	**88,849,000**	**83,574,000**
Equitable Share	88,849,000	83,574,000
Conditional	**40,439,912**	**26,606,278**
Municipal Infrastructure Grant (MIG)	17,631,000	14,789,000
Integrated National Electrification Programme Grant (INEP)	6,983,000	-
Local Government Financial Management Grant (FMG)	2,000,000	2,185,000
Expanded Public Works Programme Integrated Grant (EPWP)	1,226,000	1,372,000
Provincial Treasury : Western Cape Financial Management Capacity Building Grant	2,725,000	-
Provincial Treasury : Western Cape Municipal Recovery Services Grant	310,000	1,000,000
Department of Cultural Affairs and Sport : Library Service: Replacement Funding	0	0
Department of Cultural Affairs and Sport : Library Service: Community Library Service Grant	1,500,000	-
Department of Local Government : Community Development Workers (CDW) Operational Support Grant	226,000	226,000
Department of Local Government : Western Cape Municipal Interventions Grant	2,245,000	1,635,000
Department of Local Government: Municipal Water Resilience Grant	2,500,000	1,200,000
Department of Cultural Affairs and Sport : Development of Sport and Recreation Facilities	1,100,000	-
Central Karoo District Municipality	370,000	85,714
Chemical Industries Education & Training Authority	1,616,900	2,127,500
Local Government Sector Education and Training Authority	7,012	315,372
Human Settlements : Development Grant (Beneficiaries)	-	1,070,692
Department of Local Government: Municipal Energy Resilience Grant	-	600,000
Total Government Grants and Subsidies	**129,288,912**	**110,180,278**

Revenue recognised per vote as required by Section 123(1)(c) of the MFMA:

	2025 R	2024 R
Equitable share	88,849,000	83,574,000
Executive and Council	450,578	218,287
Community and social services	1,260,762	39,892
Finance and administration	5,134,132	5,498,749
Planning and development	1,125,851	1,726,926
Road transport	489,560	6,206,645
Sport and recreation	6,550,318	2,388,449
Waste water management	-	748,196
Housing	-	1,070,692
Waste management	10,538,705	6,207,054
Energy sources	7,532,082	600,000
Water management	5,115,873	1,236,495
Total Government Grants and Subsidies	**127,046,861**	**109,515,385**

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

24.1 National Grants

	2025 R	2024 R
Opening balance	195,581	3,309,454
Grants received	116,689,000	101,920,000
Repaid to National Revenue Fund	(194,869)	(3,308,724)
Reclassified to other income	(2,219)	-
Unconditional grant recognised	(88,849,000)	(83,574,000)
Conditions met - Operating	(3,914,655)	(4,222,251)
Conditions met - Capital	(23,923,838)	(13,928,899)
Conditions still to be met	**(0)**	**195,581**

24.2 Provincial Grants

	2025 R	2024 R
Opening balance	901,493	372,142
Grants received	10,606,000	5,731,692
Repaid to National Revenue Fund	(75,334)	(350,000)
Reclassified to other income	(405)	-
Conditions met - Operating	(4,338,807)	(2,875,957)
Conditions met - Capital	(3,801,606)	(1,976,383)
Conditions still to be met	**3,291,341**	**901,493**

24.3 District Grants

	2025 R	2024 R
Opening balance	85,715	75,966
Grants received	370,000	85,714
Conditions met - Operating	(341,666)	(75,966)
Conditions still to be met	**114,049**	**85,715**

24.4 Other Grant Providers

	2025 R	2024 R
Opening balance	701,301	1,120,378
Grants received	1,623,912	2,442,872
Conditions met - Operating	(1,877,289)	(2,576,772)
Conditions met - Capital	-	(285,177)
Conditions still to be met	**447,924**	**701,301**

24.5 Equitable Share

	2025 R	2024 R
Grants received	88,849,000	83,574,000
Unconditional grant recognised	(88,849,000)	(83,574,000)
Total	**-**	**-**

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned.

See Appendix E & note 20 for a reconciliation of all grants.

24.6 Municipal Infrastructure Grant (MIG)

	2025 R	2024 R
Opening balance	132,222	2,949,904
Grants received	17,631,000	14,789,000
Repaid to National Revenue Fund	(132,222)	(2,949,886)
Reclassified to other income	(1,507)	-
Conditions met - Operating	(782,150)	(727,897)
Conditions met - Capital	(16,847,343)	(13,928,899)
Conditions still to be met	**0**	**132,222**

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

24.7 Integrated National Electrification Grant (INEP)

	2025 R	2024 R
Opening balance	(0)	12,435
Grants received	6,983,000	-
Repaid to National Revenue Fund	-	(12,435)
Conditions met - Capital	(6,983,000)	-
Conditions still to be met	**(0)**	**(0)**

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

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24.8 Water Services Infrastructure Grant (WSIG)

	2025 R	2024 R
Opening balance	712	712
Grant reallocation	(712)	
Conditions still to be met	**(0)**	**712**

Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities; provide basic and intermittent water and sanitation supply that ensures provision of services to identified and prioritised communities, including spring protection and groundwater development; support municipalities in implementing water conservation and water demand management projects; support the close-out of the existing Bucket Eradication Programme intervention in formal residential areas; support drought relief projects in affected municipalities.

24.9 Local Government Financial Management Grant (FMG)

	2025 R	2024 R
Grants received	2,000,000	2,185,000
Conditions met - Operating	(1,906,505)	(2,185,000)
Conditions met - Capital	(93,495)	-
Conditions still to be met	**-**	**-**

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

24.10 Expanded Public Works Programme Integrated Grant (EPWP)

	2025 R	2024 R
Opening balance	62,648	346,404
Grants received	1,226,000	1,372,000
Repaid to National Revenue Fund	(62,647)	(346,404)
Conditions met - Operating	(1,226,000)	(1,309,353)
Conditions still to be met	**0**	**62,648**

To provide funding for job creation in specific focus areas.

24.11 Provincial Treasury : Western Cape Financial Management Capacity Building Grant

	2025 R	2024 R
Opening balance	-	350,000
Grants received	2,725,000	-
Repaid to National Revenue Fund	-	(350,000)
Conditions met - Operating	(2,304,259)	-
Conditions still to be met	**420,741**	**-**

To develop financial human capacity within the municipal area to enable a sustainable local financial skills pipeline that is responsive to the municipalities requirement to enable sound and sustainable financial management and good financial governance.

24.12 Provincial Treasury : Western Cape Municipal Recovery Services Grant

	2025 R	2024 R
Opening balance	800,000	-
Grants received	310,000	1,000,000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1,110,000)	(200,000)
Conditions still to be met	**-**	**800,000**

To assist the municipalities to perform their functions effectively, including the coordination and integrated functions and support related to improve overall financial governance and financial sustainability within municipalities when there is a municipal intervention.

24.13 Department of Cultural Affairs and Sport : Library Service: Community Library Service Grant

	2025 R	2024 R
Grants received	1,500,000	-
Conditions met - Capital	(909,703)	-
Conditions still to be met	**590,297**	**-**

To transform urban and rural public library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.

24.14 Department of Local Government : Community Development Workers (CDW) Operational Support Grant

	2025 R	2024 R
Opening balance	29,793	22,081
Grants received	226,000	226,000
Conditions met - Operating	(200,579)	(218,287)
Conditions still to be met	**55,215**	**29,793**

To provide financial assistance to the municipality to cover operational and capital costs pertaining to line functions of community development workers including supervisors and regional coordinators.

24.15 Department of Local Government : Western Cape Municipal Interventions Grant

	2025 R	2024 R
Opening balance	71,393	60
Grants received	2,245,000	1,635,000
Repaid to National Revenue Fund	(75,334)	-
Reclassified to other income	(60)	-
Conditions met - Operating	(723,970)	(786,978)
Conditions met - Capital	(391,943)	(776,689)
Conditions still to be met	**1,125,087**	**71,393**

To provide financial assistance to municipalities to improve infrastructure, systems, structures, corporate governance, service delivery and compliance with executive obligations.

24.16 Department of Local Government: Municipal Water Resilience Grant

	2025 R	2024 R
Opening balance	305	-
Grants received	2,500,000	1,200,000
Reclassified to other income	(345)	-
Conditions met - Capital	(2,499,960)	(1,199,695)
Conditions still to be met	**0**	**305**

To provide financial assistance to municipalities to enhance water resilience through water supply augmentation, infrastructure capacity upgrades, water source management and water demand management across the Province.

24.17 Department of Cultural Affairs and Sport : Development of Sport and Recreation Facilities

	2025 R	2024 R
Grants received	1,100,000	-
Conditions still to be met	**1,100,000**	**-**

To transform urban and rural public library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.

24.18 Central Karoo District Municipality

	2025 R	2024 R
Opening balance	85,715	75,966
Grants received	370,000	85,714
Conditions met - Operating	(341,666)	(75,966)
Conditions still to be met	**114,049**	**85,715**

To provide safety response measures with regards to COVID 19 pandemic.

24.19 Services SETA

	2025 R	2024 R
Opening balance	614,026	982,003
Conditions met - Operating	(586,877)	(82,800)
Conditions met - Capital	-	(285,177)
Conditions still to be met	**27,149**	**614,026**

Financial contribution towards electrical and water infrastructure for completion of the Skills Centre.

24.20 Chemical Industries Education & Training Authority

	2025 R	2024 R
Opening balance	87,275	138,375
Grants received	1,616,900	2,127,500
Conditions met - Operating	(1,283,400)	(2,178,600)
Conditions still to be met	**420,775**	**87,275**

Implementation of learning programmes on a fulltime and uninterrupted basis for a period of 18 months.

24.21 Local Government Sector Education and Training Authority

	2025 R	2024 R
Grants received	7,012	315,372
Conditions met - Operating	(7,012)	(315,372)
Conditions still to be met	**-**	**-**

The primary objective of the grant is for collaboration between LGSETA and the municipality for the implementation of the National Skills Development Plan 2030, by improving the effectiveness and efficiency of the skills development through provision of bursaries.

24.22 Department of Local Government: Municipal Energy Resilience Grant

	2025 R	2024 R
Grants received	-	600,000
Conditions met - Operating	-	(600,000)
Conditions still to be met	-	-

Financial assistance to municipalities to ensure effective planning and functioning of municipal electrical infrastructure, to support the implementation of renewable energy and energy resilience projects within the province and also to maximise the provision of basic electricity to citizens.

24.23 Human settlements development grant (Beneficiaries)

	2025 R	2024 R
Grants received	-	1,070,692
Conditions met - Operating	-	(1,070,692)
Conditions still to be met	-	-

The Housing grant was utilised for the development of erven and the erection of top structures.

24.24 Total Grants

	2025 R	2024 R
Opening balance	1,884,089	4,877,940
Grants received	129,288,912	110,180,278
Repaid to National Revenue Fund	(270,203)	(3,658,725)
Reclassified to other income	(1,912)	-
Unconditional grant recognised	(88,849,000)	(83,574,000)
Conditions met - Operating	(10,472,417)	(9,750,945)
Conditions met - Capital	(27,725,444)	(16,190,459)
Conditions still to be met	**3,854,025**	**1,884,089**

25. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT

	2025 R	2024 R
Furniture and Office Equipment	49,764	-
Machinery and Equipment	410,000	-
Total Contributed Property, Plant and Equipment	**459,764**	**-**

26. LICENCES AND PERMITS

	2025 R	2024 R
Road and Transport	232,593	389,687
Total Licences and Permits	**232,593**	**389,687**

Disclosed as follows:

	2025 R	2024 R
Revenue from Non-Exchange Transactions	151,138	170,488
Revenue from Exchange Transactions	81,455	219,199
Total Licences and Permits	**232,593**	**389,687**

27. SERVICE CHARGES

	2025 R	2024 R
Electricity	**106,460,653**	**95,411,283**
Service Charges	115,689,772	102,466,280
Less: Revenue Forgone	(9,229,119)	(7,054,997)
Water	**27,119,100**	**21,128,256**
Service Charges	41,643,818	30,000,075
Less: Revenue Forgone	(14,524,718)	(8,871,820)
Waste Management	**11,036,364**	**10,787,971**
Service Charges	17,861,252	16,498,024
Less: Revenue Forgone	(6,824,888)	(5,710,053)
Waste Water Management	**19,771,929**	**19,316,712**
Service Charges	29,926,982	28,105,130
Less: Revenue Forgone	(10,155,053)	(8,788,418)
Total Service Charges	**164,388,046**	**146,644,222**

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

28. SALES OF GOODS AND RENDERING OF SERVICES

	2025 R	2024 R
Application Fees for Land Usage	5,426	-
Building Plan Approval	119,024	131,392
Cemetery and Burial	260,837	224,775
Clearance Certificates	97,569	102,349
Encroachment Fees	916	916
Entrance Fees	87,092	141,726
Fire Services	73,331	-
Membership Fees	22,401	19,236
Photocopies and Faxes	24,193	24,874
Removal of Restrictions	46,406	
Sale of Goods	40,118	29,530
Total Sales of Goods and Rendering of Services	**777,312**	**674,798**

29. RENTAL FROM FIXED ASSETS

	2025 R	2024 R
Investment Property	1,116,610	1,629,857
Property, Plant and Equipment	64,083	85,368
Total Rental from Fixed Assets	**1,180,692**	**1,715,225**

30. INTEREST EARNED - EXTERNAL INVESTMENTS

	2025 R	2024 R
Bank and Investment Accounts	3,059,425	2,683,944
Total Interest Earned - External Investments	**3,059,425**	**2,683,944**

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31. INTEREST EARNED - EXCHANGE TRANSACTIONS

	2025 R	2024 R
Receivables from exchange transactions	9,154,225	9,074,822
Total Interest Earned - Outstanding Receivables	**9,154,225**	**9,074,822**

32.1 OPERATIONAL REVENUE

	2025 R	2024 R
Administrative Handling Fees and Photocopies	385,915	1,004,324
Breakages and Losses Recovered	493	1,973
Commission of insurances	133,876	114,756
Discounts and Early Settlements	168,355	367,783
Incidental Cash Surpluses	49,098	84,069
Insurance Refund	45,287	-
Merchandising, Jobbing and Contracts	6,693,187	5,849,552
Registration Fees	142,846	186,647
Request for Information	22,543	35,834
Staff Recoveries	65,453	78,028
Skills development levy refund	194,884	153,803
Sale of Property	113,734	409,874
Total Operational Revenue	**8,015,671**	**8,286,642**

Reclassification of library grant to operational revenue. Refer to correction of error - note 42.10

32.2 DEBT FORGIVENESS

	2025 R	2024 R
Eskom debt relief	22,948,464	15,305,477

The municipality was approved for debt relief programme on Eskom debt, with effect from 1 July 2023. Per the debt relief programme, arrear debt as at March 2023, is written off over a three year period, based on certain conditions that need be complied with.

A correction of error recognised, based on new information received. Refer to note 42.10(c).

33. EMPLOYEE RELATED COSTS

	2025 R	2024 R
Acting Allowance	1,886,751	2,249,253
Basic Salaries and Wages	88,886,581	83,042,312
Bargaining council	52,998	50,926
Bonuses	6,632,238	5,972,576
Cell Phone Allowance	211,368	210,400
Essential users	2,768,664	2,572,818
Group Insurance	34,142	33,216
Housing Allowances	711,718	404,973
Medical Aid Contributions	2,881,641	2,359,889
Overtime	4,718,376	4,116,257
Payments in lieu of leave	541,327	1,116,881
Pension and UIF Contributions	14,861,623	14,178,560
Performance bonus	835,764	57,326
Scarcity allowance	263,126	248,590
Standby Allowances	2,630,817	2,520,890
Transport Allowances	513,988	368,979
Uniform Allowance	102,000	182,000
Post retirement obligations	1,295,000	1,418,997
Service Cost - Long Service Awards - Note 15.2	454,000	455,000
Service Cost - Post Retirement Health Care Benefits - Note 15.1	841,000	963,997
Total Employee Related Costs	**129,828,121**	**121,104,843**

KEY MANAGEMENT PERSONNEL

The directors are directly accountable to the Municipal Manager. The Director Corporate services are permanently employed. There are no post-employment or termination benefits payable to them at the end of their service.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager: De Welgemoed	2025 R	2024 R
Basic Salary	881,862	911,443
Cellular and Telephone Allowance	16,500	17,650
Medical Aid Contributions	69,913	71,076
Motor Vehicle Allowance	110,000	120,000
Payments in lieu of leave	93,443	49,001
Pension and UIF Contributions	72,151	72,587
Performance Bonus	106,131	-
Scarcity allowance	77,933	80,089
Total	**1,427,934**	**1,321,845**

Municipal Manager for the period July 2024 to May 2025. (prior year July 2023 to June 2024)

Remuneration of Chief Financial Officer: M Nhlengethwa	2025 R	2024 R
Basic Salary	247,863	659,734
Cellular and Telephone Allowance	6,000	14,710
Medical Aid Contributions	43,248	63,303
Scarcity allowance	23,608	53,981
Other benefits and allowances	48	46
Payments in lieu of leave	30,491	-
Pension and UIF Contributions	53,629	66,520
Total	**404,887**	**858,294**

Chief Financial Officer from July to October 2024. (prior year permanently appointed from March 2024 to June 2024)

Remuneration of Director: Infrastructure Services: L Nqotola	2025 R	2024 R
Basic Salary	658,533	363,797
Cellular and Telephone Allowance	18,000	9,000
Medical Aid Contributions	109,752	49,140
Motor Vehicle Allowance	121,200	20,200
Other benefits and allowances	143	68
Pension and UIF Contributions	144,735	83,973
Performance Bonus	59,542	-
Scarcity allowance	70,823	35,412
Total	**1,182,729**	**561,590**

Director: Infrastructure Services for the period July 2024 to June 2025. (Prior year: January 2024 to June 2024.)

	2025 R	2024 R
Remuneration of Acting Chief Financial Officer: RA Eland		
Acting Allowance	29,254	23,225
Scarcity allowance	2,048	1,626
Cellular and Telephone Allowance	5,000	3,290
Total	**36,301**	**28,141**

Acting Chief Financial Officer for the period January and February 2025 (Prior year: July to August 2023, February 2024).

	2025 R	2024 R
Remuneration of the Acting Chief Financial Officer: B Jacobs		
Basic Salary	268,914	-
Cellular and Telephone Allowance	5,918	-
Scarcity allowance	11,232	-
Pension and UIF Contributions	708	-
Total	**286,772**	**-**

Acting Chief Financial Officer for the period November 2024 and March 2025 to June 2025.

	2025 R	2024 R
Remuneration of the Director Corporate Services: AC Makendlana		
Acting Allowance	19,865	-
Basic Salary	878,796	869,988
Cellular and Telephone Allowance	18,000	18,000
Pension and UIF Contributions	190,567	199,375
Scarcity allowance	77,483	77,483
Motor Vehicle Allowance	60,000	60,000
Other benefits and allowances	143	137
Performance Bonus	346,456	57,326
Total	**1,591,310**	**1,282,309**

Acting Municipal Manager from June 2025.

	2025 R	2024 R
Remuneration of Acting Director: Infrastructure Services: C.B Wright		
Acting Allowance	-	60,000

Prior year: Acting Director Infrastructure for the period July 2023 to December 2023.

TOTAL REMUNERATION OF KEY MANAGEMENT PERSONNEL	2025 R	2024 R
Acting Allowance	49,118	83,225
Basic Salary	2,935,969	2,804,963
Cellular and Telephone Allowance	69,418	62,650
Medical Aid Contributions	222,913	183,519
Motor Vehicle Allowance	291,200	200,200
Other benefits and allowances	335	250
Payments in lieu of leave	123,934	49,001
Pension and UIF Contributions	461,791	422,454
Performance Bonus	512,128	57,326
Scarcity allowance	263,126	248,590
Total	**4,929,933**	**4,112,179**

34. REMUNERATION OF COUNCILLORS

	2025 R	2024 R
Annual Remuneration	5,787,491	5,206,271
Cell phone Allowance	562,723	524,880
Travel Allowance	136,364	136,327
Tools of trade	49,551	46,344
Pension	-	99,227
Medical	-	5,209
Total remuneration of councillors	**6,536,129**	**6,018,259**

Remuneration paid to Councillors can be summarised as follow:

2025 financial year	Annual Remuneration	Cell phone Allowance	Travel Allowance	Tools of trade	Pension	Medical	Total
Executive Mayor (JDK Reynolds)	785,230	39,600	-	3,487	-	-	828,317
Deputy Executive Mayor (GJ Duimpies)	694,484	44,520	-	3,920	-	-	742,924
Speaker (JJ van der Linde)	617,895	43,200	68,182	3,804	-	-	733,081
Executive councillor (AM Slabbert)	527,460	39,600	62,500	3,487	-	-	633,048
Executive councillor (O Haarvoor)	598,489	40,951	-	3,606	-	-	643,047
JDK Reynolds	22,727	3,600	-	317			26,644
AM Slabbert	17,046	3,600	5,682	317			26,644
O Haarvoor	22,727	3,600	-	317			26,644
S Jooste	270,529	42,852	-	3,773	-	-	317,154
CL de Bruin	275,791	43,200	-	3,804	-	-	322,795
S Essop	275,791	43,200	-	3,804	-	-	322,795
LBJ Mdudumani	272,728	43,200	-	3,804	-	-	319,732
SM Meyers	571,964	40,680	-	3,582	-	-	616,226
G Pietersen	277,479	43,200	-	3,804	-	-	324,483
LV Piti	276,089	43,200	-	3,804	-	-	323,093
E Links	281,061	44,520	-	3,920	-	-	329,501
Total Councillors' Remuneration	**5,787,491**	**562,723**	**136,364**	**49,551**	**-**	**-**	**6,536,129**

JD Reynolds was the Executive Mayor for the period July 2024 to May 2025.
AM Slabbert & O Haarvoor was Executive Mayroral Committee Members for the period July 2024 to May 2025.

2024 financial year	Annual Remuneration	Cellphone Allowance	Travel Allowance	Tools of trade	Pension	Medical	Total
*Executive Mayor (G.Pietersen)	306,154	15,347	-	1,351	-	-	322,853
*Executive Mayor (EF Botha)	427,677	32,400	-	2,853	27,618	-	490,549
*Executive Mayor (A Sauls)	147,832	7,753	-	730	-	5,209	161,525
Deputy Executive Mayor (LV Piti)	644,499	43,200	-	3,804	44,939	-	736,442
Speaker (N.Constable)	645,391	40,440	-	3,561	-	-	689,392
Executive councillor (CL de Bruin)	652,503	43,200	-	3,804	-	-	699,507
Executive councillor (S.Essop)	402,441	43,200	-	3,804	-	-	449,445
R.Skuza	177,876	32,400	-	2,853	26,670	-	239,799
JDK Reynolds	272,728	43,200	-	3,804	-	-	319,732
LBJ Mdudumani	272,728	43,200	-	3,804	-	-	319,732
SM Meyers	272,728	43,200	-	3,804	-	-	319,732
AM Slabbert	204,565	43,200	68,163	3,804	-	-	319,732
JJ van der Linde	204,565	43,200	68,163	3,804	-	-	319,732
N Abrahams	457,729	32,400	-	2,853	-	-	492,982
TCJ Prince	116,855	18,540	-	1,711	-	-	137,105
Total Councillors' Remuneration	**5,206,271**	**524,880**	**136,327**	**46,344**	**99,227**	**5,209**	**6,018,259**

*A Sauls was the Executive Mayor for the period July 2023 to September 2023.
*EF Botha was the Executive Mayor for the period September 2023 to February 2024.
*G Pietersen was the Executive Mayor for the period February 2024 to June 2024.

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker, and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Council. The Executive Mayor may utilise official Council transportation when engaged in official duties.

		2025 R	2024 R
35.	**CONTRACTED SERVICES**		
	Consultants and Professional Services	**11,854,709**	**11,444,802**
	Consultants and Professional Services:Business and Advisory: Accounting and Auditing	-	1,153,017
	Consultants and Professional Services:Business and Advisory:Audit Committee	87,595	61,517
	Consultants and Professional Services:Business and Advisory:Business and Financial Management	8,189,916	5,183,512
	Consultants and Professional Services:Business and Advisory:Human Resources	-	706,917
	Consultants and Professional Services:Business and Advisory:Medical Examinations	1,290	20,400
	Consultants and Professional Services:Business and Advisory:Occupational Health and Safety	12,514	271,660
	Consultants and Professional Services:Business and Advisory: Research and Advisory	596,870	-
	Consultants and Professional Services:Business and Advisory:Valuer and Assessors	387,195	683,987
	Consultants and Professional Services:Infrastructure and Planning:Engineering:Civil	863,609	1,481,410
	Consultants and Professional Services:Infrastructure and Planning:Engineering:Electrical	174,987	579,479
	Consultants and Professional Services:Infrastructure and Planning:Engineering:Geoinformatic Services	405,154	75,524
	Consultants and Professional Services:Infrastructure and Planning: Land and Quantity Surveyors	-	180
	Consultants and Professional Services:Laboratory Services: Water	100,716	97,100
	Consultants and Professional Services:Legal Cost:Issue of Summons	-	1,950
	Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	1,034,864	1,128,149
	Contractors	**3,725,275**	**4,276,940**
	Contractors:Catering Services	4,930	-
	Contractors:Employee wellness	210	-
	Contractors:Maintenance of Buildings and Facilities	157,588	308,600
	Contractors:Maintenance of Equipment	800,692	912,444
	Contractors:Maintenance of Unspecified Assets	1,459,336	2,299,822
	Contractors:Plants, Flowers and Other Decorations	4,150	-
	Contractors:Prepaid Electricity Vendors	1,298,369	756,074
	Outsourced Services	**9,487,249**	**10,558,046**
	Outsourced Services:Burial Services	293,348	223,612
	Outsourced Services:Business and Advisory:Business and Financial Management	745,920	-
	Outsourced Services:Business and Advisory: Human Resources	78,261	-
	Outsourced Services:Business and Advisory:Accounting and Auditing	1,486,286	-
	Outsourced Services:Catering Services	129,357	87,658
	Outsourced Services:Driver Licence Cards	129,876	139,514
	Outsourced Services:Internal Auditors	217,391	223,395
	Outsourced Services:Meter Management	428,523	657,563
	Outsourced Services:Printing Services	1,474	-
	Outsourced Services:Security Services	4,354,425	7,349,305
	Outsourced Services:Traffic Fines Management	1,622,389	1,876,999
	Total Contracted Services	**25,067,233**	**26,279,788**

A correction of error recognised for Contracted services, maintenance of unspecified assets. Refer to note 42.10(i).

		2025 R	2024 R
36.	**DEPRECIATION AND AMORTISATION**		
	Property, Plant and Equipment	27,720,336	26,170,108
	Investment Property	206,100	213,980
	Intangible Assets	430,821	288,423
	Total Depreciation and Amortisation	**28,357,257**	**26,672,511**

A correction of error recognised for depreciation on Property, Plant and Equipment. Refer to note 42.10(f).

		2025 R	2024 R
37.	**FINANCE COSTS**		
	Long-term Borrowings	505,644	638,226
	Non-current Provisions - Note 14	2,393,518	2,087,526
	Non-current Employee Benefits - Note 15	4,194,000	3,807,000
	Debt relief - note 19.2	5,189,245	7,374,743
	Overdue Accounts	2,185,826	2,705,281
	Total Finance Costs	**14,468,233**	**16,612,776**

A correction of error recognised for finance cost - debt relief. Refer to note 42.10(c).

A correction of error recognised for finance cost - overdue accounts. Refer to note 42.10(h).

38. BULK PURCHASES

	2025 R	2024 R
Electricity	106,241,586	90,528,508
Water	10,948,027	9,433,281
Total Bulk Purchases	**117,189,613**	**99,961,789**

The distribution loss of bulk purchases for 2025 is R26 914 626 (17,63% electricity, 76,42% water) and for 2024: R25 666 794 (20,19% electricity; 78,33% water). Refer to note 47.8 for further detail on electricity and water losses.

Correction of error, to recognised water invoices of the 2023/2024 financial year. Refer to note 42.10(a).

39. OPERATIONAL COSTS

	2025 R	2024 R
Advertising, Publicity and Marketing	183,789	307,585
Achievements and Awards	35,000	9,500
Audit Fees	3,646,301	2,849,709
Bank Charges, Facility and Card Fees	1,155,410	1,220,242
Bursaries (Employees)	62,464	340,792
Commission	61,629	60,122
Courier and Delivery Services	161,721	15,861
Communication	2,522,900	1,832,857
Deeds	51,519	21,574
Drivers Licences and Permits	-	13,500
Entertainment	2,763	2,001
External Computer Service	4,447,482	3,752,306
Fines and Penalties	192,549	-
Hire Charges	5,497,151	5,518,660
Honoraria (Voluntarily Workers)	21,298	-
Indigent Relief	707,193	616,122
Insurance	1,647,667	1,901,970
Learnerships and Internships	507,000	1,372,200
Licences	232,251	248,848
Municipal Services	2,330,522	2,094,202
Printing, Publications and Books	425,971	452,317
Professional Bodies, Membership and Subscription	1,522,328	1,456,466
Registration Fees	-	4,039
Remuneration to Ward Committees	353,500	341,500
Resettlement Cost	4,500	-
Rewards Incentives	13,000	8,000
Skills Development Fund Levy	1,013,099	931,772
Toll Gate Fees	202	1,043
Transport Provided as Part of Departmental Activities	-	8,100
Travel and Subsistence	998,983	804,048
Uniform and Protective Clothing	51,307	794,072
Vehicle Tracking	3,247	12,618
Wet Fuel	3,537,748	3,763,739
Workmen's Compensation Fund	832,187	2,138,547
Total Operational Costs	**32,222,680**	**32,894,312**

Correction of error to recognise SABC invoice of the 2023/2024 financial year. Refer to note 42.10(b)

		2025 R	2024 R
40.	**REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES**		
	Receivables from Exchange Transactions - Note 10	4,254,798	(3,346,730)
	Receivables from Non-exchange Revenue - Note 11	22,277,375	(19,707,805)
	Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	**26,532,173**	**(23,054,535)**

		2025 R	2024 R
41.	**GAINS/ (LOSS) ON SALE OF FIXED ASSETS**		
	Investment Property	(533,000)	(102,443)
	Property, Plant and Equipment	(1,522,642)	(1,316,980)
	Total Gains/ (Loss) on Sale of Fixed Assets	**(2,055,642)**	**(1,419,423)**

		2025 R	2024 R
42.	**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 arising from misstatements occurred in the prior years.

42.1	**Trade and Other Payables from Exchange Transactions**	
	Balance previously reported	**78,562,273**
	(a) Recognition of invoice for purchase of water for the 2023/2024 financial year	21,974
	(b) Recognition of invoice for SABC licence for the 2023/2024 financial year	6,018
	(c) Revision of debt relief arrangement - based on Eskom records for the 2023/2024 financial year	(1,261,571)
	(g) Department of Water and Sanitation - finance cost for the 2022/2023 financial year	1,863,831
	(h) Department of Water and Sanitation - finance cost for the 2023/2024 financial year	1,547,458
	(j) Department of Water and Sanitation - water purchased 2022/2023 financial year	2,972,791
	(l) Reclassification of library replacement grant. Per the Auditor-General this does not meet the definition of a grant and should be classified as provision of goods and services (exchange transaction)	470,054
	Restated Balance	**84,182,828**
42.2	**Accumulated Surplus**	**R**
	Balance previously reported 1 July 2022	**300,790,483**
	(d) First-time recognition - road network cost for the 2022/2023 financial year	5,195,075
	(d) First-time recognition - road network accumulated depreciation for the 2022/2023 financial year	(229,975)
	(e) First-time recognition - land - identified from the valuation roll - for the 2022/2023 financial year	812,000
	(g) Department of Water and Sanitation - finance cost for the 2022/2023 financial year	(1,863,831)
	(j) Department of Water and Sanitation - water purchased 2022/2023 financial year	(2,585,035)
	Total adjustment for 2022/2023 financial year	**1,328,233**
	Restated balance 1 July 2023	**302,118,716**
	Surplus for the 2023/2024 financial year as previously reported	**9,016,767**
	(a) Recognition of invoice for purchase of water for the 2023/2024 financial year	(21,974)
	(b) Recognition of invoice for SABC licence for the 2023/2024 financial year	(6,018)
	(c) Revision of debt relief arrangement - debt forgiveness for the 2023/2024 financial year	251,544
	(c) Revision of debt relief arrangement - finance cost for the 2023/2024 financial year	(121,203)
	(f) First-time recognition - road network - accumulated depreciation for the 2023/2024 financial year	(229,975)
	(h) Department of Water and Sanitation - finance cost for the 2023/2024 financial year	(1,547,458)
	(i) Electricity network - reclassification of operating expenditure, not part of project capital expenditure	(32,870)
	Total adjustment for 2023/2024 financial year	**(1,707,955)**
	Surplus for the 2023/24 financial year as restated	**7,308,812**
	Restated Balance	**309,427,529**
42.3	**Property, Plant and Equipment**	
	Balance previously reported	**445,958,563**
	(d) First-time recognition - road network cost for the 2022/2023 financial year	5,195,075
	(d) First-time recognition - road network accumulated depreciation for the 2022/2023 financial year	(229,975)
	(f) First-time recognition - road network - accumulated depreciation for the 2023/2024 financial year	(229,975)
	(e) First-time recognition - land - identified from the valuation roll - for the 2022/2023 financial year	812,000
	(i) Electricity network - reclassification of operating expenditure, not part of project capital expenditure	(32,870)
	Restated balance 1 July 2023	**451,472,818**
42.4	**Trade and Other Payables from Exchange Transactions (debt relief) - current portion**	
	Balance previously reported	**25,166,699**
	(c) Revision of debt relief arrangement - based on Eskom records for the 2023/2024 financial year	679,616
	Restated balance 1 July 2023	**25,846,315**
42.5	**Trade and Other Payables from Exchange Transactions (debt relief) - non-current portion**	
	Balance previously reported	**42,533,006**
	(c) Revision of debt relief arrangement - based on Eskom records for the 2023/2024 financial year	451,615
	Restated balance 1 July 2023	**42,984,621**
42.6	**Receivables from exchange transactions**	
	Balance previously reported	**39,379,300**
	(j) Department of Water and Sanitation - water purchased 2022/2023 financial year - VAT input accrual	387,755
	Restated balance 1 July 2023	**39,767,055**

42.7 Current provisions

Balance previously reported	**4,232,348**
(k) Reversal of provision for VAT on library grant and recognition of VAT payable.	(4,232,348)
Restated balance 1 July 2023	**0**

42.8 VAT payable

Balance previously reported	**6,191,660**
(k) Reversal of provision for VAT on library grant and recognition of VAT payable.	4,232,348
Restated balance 1 July 2023	**10,424,008**

42.9 Unspent Transfers and Subsidies

Balance previously reported	**2,354,144**
(l) Reclassification of library replacement grant.	(470,054)
Restated balance 1 July 2023	**1,884,089**

42.10 Changes to Statement of Financial Performance **2025 R** **2024 R**

	Note	Balance previously reported (after reclassification)	Adjustments	Restated Balance
Revenue				
Property Rates		46,613,835	-	46,613,835
Government Grants and Subsidies - Capital	(l)	16,230,351	(39,892)	16,190,459
Government Grants and Subsidies - Operating	(l)	99,134,586	(5,809,659)	93,324,927
Fines. Penalties and Forfeits		75,691,906	-	75,691,906
Debt forgiveness	(c)	15,053,933	251,544	15,305,477
Interest Earned - Non-exchange Transactions		3,210,957	-	3,210,957
Licences and Permits from Non-Exchange Transactions		170,488	-	170,488
Availability fees		517,559		517,559
Service Charges		146,644,222	-	146,644,222
Sales of Goods and Rendering of Services		674,798	-	674,798
Rental from Fixed Assets		1,715,225	-	1,715,225
Interest Earned - External Investments		2,683,944	-	2,683,944
Interest Earned - Exchange Transactions		9,074,822	-	9,074,822
Licences and Permits from Exchange Transactions		219,199	-	219,199
Agency Services		1,355,917	-	1,355,917
Operational Revenue	(l)	2,437,091	5,849,552	8,286,642
Total		**421,428,831**	**251,544**	**421,680,375**
Expenditure				
Employee related costs		121,104,843	-	121,104,843
Remuneration of Councillors		6,018,259	-	6,018,259
Bad Debts Written Off		52,235,162	-	52,235,162
Contracted Services	(i)	26,246,918	32,870	26,279,788
Depreciation and Amortisation	(f)	26,442,536	229,975	26,672,511
Finance Costs	(c) & (h)	14,944,115	1,668,661	16,612,776
Bulk Purchases	(a)	99,939,815	21,974	99,961,789
Inventory Consumed		7,359,719	-	7,359,719
Operational Costs	(b)	32,888,294	6,018	32,894,312
Total		**387,179,660**	**1,959,499**	**389,139,158**
Gains and Losses				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		(107,578)	-	(107,578)
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(23,054,535)	-	(23,054,535)
Gains/(Loss) on Sale of Fixed Assets		(1,419,423)	-	(1,419,423)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(50,749)	-	(50,749)
Actuarial gains/(losses)		(600,120)		(600,120)
Total		**(25,232,404)**	**-**	**(25,232,404)**
Net Surplus/(Deficit) for the year		**9,016,767**	**(1,707,955)**	**7,308,812**

42.11 Reclassification 1: Receivables

A reclassification was done for availability fees. This was done to reclassify availability fees debtor from receivables from exchange to receivables from non-exchange transactions.

	Balance before reclassification	Reclassification	Balance after reclassification
Receivables from exchange transactions	24,700,098	(81,405)	24,618,693
Receivables from non-exchange transactions	33,756,772	81,405	33,838,177

The reclassification of R81 405 consist off:

<u>Receivables from exchange transactions:</u>	
Electricity (gross debtor)	(139,616)
Water (gross debtor)	(96,114)
Waste water management (gross debtor)	(1,029,469)
Service receivables (provision for impairment)	1,183,794
	(81,405)
<u>Receivables from non-exchange transactions:</u>	
Availability fees (gross debtors)	1,265,199
Provision for impairment	(1,183,794)
	81,405

42.12 Reclassification 2: VAT accrual

	Balance before reclassification	Reclassification	Balance after reclassification
VAT receivable	5,331,983	(5,331,983)	-
Receivable from exchange transactions	24,618,693	14,760,607	39,379,300
Payables from exchange transactions	(75,325,309)	(3,236,963)	(78,562,273)
VAT payable	0	(6,191,660)	(6,191,660)

The input VAT accrual has been reclassified from VAT receivable to Receivables from exchange transactions. The Output VAT accrual has been reclassified from VAT receivable to Payables from exchange transactions. The reclassification resulted in the VAT receivable of 2023/2024 financial year, changing to a VAT payable, due to the SARS control account.

42.13 Revenue from Exchange Transactions

Disclosure of Impracticability in Applying Retrospective Adjustment
Management identified in the prior year that revenue for that year was understated due to a significant number of unmetered households where meters were either absent or non-functional, resulting in the municipality being unable to levy water service charges. In the current year, this had a significant impact from a comparability perspective due to actions taken and, due to the materiality of the impact, necessitated an explanatory note to clearly disclose the impact to the users of the financial statements.

In accordance with GRAP 3, the entity assessed the feasibility of retrospective restatement. Due to the absence of any reliable historical meter data, the lack of verifiable consumption information, and the fact that no lawful mechanism existed in the prior period to levy even estimated or flat-rate charges, retrospective adjustment was deemed impracticable as defined in paragraph .52 of GRAP 3.

From a current-year perspective, the municipality has implemented a flat rate as an interim measure, which was phased in and has been billed in earnest since December 2024. Smart meters are being installed at all affected properties as funding becomes available.
The correction has therefore been applied prospectively in the current year.

43. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

	2025 R	2024 R
Surplus/(Deficit) for the year	1,410,339	7,308,812
Adjustments for:		
Depreciation	27,926,436	26,384,088
Amortisation	430,821	288,423
Loss/(Gain) on Sale of Fixed Assets	2,055,642	1,419,423
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(173,384)	107,578
Impairment Loss/(Reversal of Impairment Loss) - Receivables	(26,532,173)	23,054,535
Impairment Loss/(Reversal of Impairment Loss) - Fixed assets	3,243,346	50,749
Contributed Property, Plant and Equipment	(459,764)	-
iGRAP 2 landfill site adjustment	(168,355)	(367,783)
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses/gain	1,166,247	600,120
Movement in current employee benefits	1,172,411	734,453
Movement in non-current employee benefits	2,348,753	2,839,877
Bad Debts written off	120,176,042	52,235,162
Interest on provisions	2,393,518	2,087,526
Operating lease income accrued	(14,697)	(39,716)
Debt forgiveness	(22,948,464)	(15,305,477)
Interest debt relief	5,189,245	7,374,743
Interest received exchange and non-exchange transactions	(10,585,930)	-
Interest overdue creditors	2,042,878	-
Operating Surplus/(Deficit) before changes in working capital	**108,672,911**	**108,772,513**
Changes in working capital	(76,378,859)	(89,754,534)
Increase/(Decrease) in Trade and Other Payables from Exchange Transactions	(14,330,076)	(80,085,654)
Increase/(Decrease) in Trade and Other Payables Exchange (debt relief non-current)	(20,138,886)	38,351,366
Increase/(Decrease) in Trade and Other Payables Exchange (debt relief current)	17,500,126	38,410,303
Increase/(Decrease) in Long-term Trade and Other Payables	13,528,464	-
Increase/(Decrease) in VAT	(3,073,878)	5,642,520
(Increase)/Decrease in Inventory	(831,375)	1,324,980
Increase/(Decrease) in Consumer Deposits	110,778	191,552
(Increase)/Decrease in Current portion of non-current receivables - exchange transactions	(8,963,431)	(243,480)
(Increase)/Decrease in Current portion of non-current receivables - non-exchange transactions	(2,189,444)	(201,573)
(Increase)/Decrease in Non-current receivables	52,465	2,212,735
(Increase)/Decrease in Trade Receivables from Exchange Transactions	366,185	(27,126,419)
(Increase)/Decrease in Trade Receivables from Non-Exchange Transactions	(60,379,011)	(65,141,757)
Increase/(Decrease) in Unspent Transfers and Subsidies	1,969,223	(3,089,108)
Cash generated/(absorbed) by operations	**32,294,052**	**19,017,979**

44. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

	2025 R	2024 R
Current Accounts - Note 12	1,082,962	3,760,764
Call Deposits and Investments - Note 12	16,268,691	12,105,552
Cash on hand - Note 12	16,926	16,868
Total cash and cash equivalents	**17,368,578**	**15,883,184**

45. UTILISATION OF LONG-TERM BORROWINGS RECONCILIATION

	2025 R	2024 R
Long-term Borrowings - Note 13	3,741,325	4,922,725
Used to finance property, plant and equipment - note 13	(3,741,325)	(4,922,725)
Cash invested for repayment of long-term borrowings	-	-

Long-term borrowings have been utilized in accordance with the Municipal Finance Management Act.

Annuity loans at amortised cost is calculated at 6.75%-10.90% interest rate, with last maturity date of 31 December 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Capitalised lease liability at amortised cost is calculated at 6,17%-14,25% interest rate, with the last maturity date of 01 August 2026. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured. No contingent rents are payable.

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

S Afrika 4 December 2025

46. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

46.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

	2025 R	2024 R
Opening balance	181,739,910	169,063,121
Unauthorised expenditure current year - operational	6,692,486	11,184,207
Unauthorised expenditure current year - capital	-	1,492,581
Written off by Council	(181,739,910)	-
Unauthorised expenditure awaiting authorisation	**6,692,486**	**181,739,910**

Subsequent to the reporting date, Council considered all Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFW) relating to the period up to 30 June 2024, based on recommendations submitted by the Municipal Public Accounts Committee (MPAC). Council approved the write-off of UIFW relating to prior financial years, where MPAC confirmed that no fraud, deliberate misconduct, or financial loss occurred and that all goods and services were received. These decisions were based on conditions that existed at year-end and therefor the disclosure have been adjusted in accordance with GRAP 14.

UIFW items for which MPAC recommended further investigation, including referrals to the Disciplinary Board (DB), remain under review. In line with MFMA section 32, a debtor can only be recognised once the DB has concluded its process, MPAC has considered the outcome, and Council has been formally advised that recovery is required. These processes were not finalised by the date of approval of the AFS, therefore no debtor has been recognised, and the affected balances continue to be disclosed as UIFW under

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2025 R	2024 R
Actual vs Budgeted spending	*None*	6,692,486	12,676,788
		6,692,486	**12,676,788**

The overspending of the Budget per municipal vote can be summarised as follows:

Unauthorised expenditure current year - operating	2025 Actual R	2025 Final Budget R	2025 Variance R	2025 Unauthorised R
Vote 1 - MUNICIPAL MANAGER	10,665,525	7,631,794	3,033,731	3,033,731
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	235,494,067	237,191,762	(1,697,695)	-
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	43,055,409	51,418,525	(8,363,116)	-
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	56,031,187	53,251,996	2,779,191	2,779,191
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	119,469,715	118,590,152	879,563	879,563
Total	**464,715,904**	**468,084,229**	**(3,368,325)**	**6,692,486**

The unauthorised expenditure incurred by municipal departments is mainly attributable to:

	2025 Unauthorised R
Non-cash	7,321,657
Cash	(629,172)
	6,692,486

Vote 1 - Municipal Manager: Unauthorise expenditure is mainly attributable to a non-cash disposal of investment property and impairment loss on fixed assets, land.

Vote 5 - Directorate: Financial services: Unauthorise expenditure is mainly attributable to debt impairment on property rates that exceeded the expected budget.

Vote 6 - Directorate: Community Services: Unauthorise expenditure is mainly attributable to bad debts written off on traffic fines that exceeded the expected budget.

Unauthorised expenditure current year - capital	2025 Actual R	2025 Final Budget R	2025 Variance R	2025 Unauthorised R
Vote 1 - MUNICIPAL MANAGER	-	-	-	-
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	10,030,856	10,912,179	(881,323)	-
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	1,408,307	2,039,995	(631,688)	-
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	68,530	150,000	(81,470)	-
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	17,999,732	18,655,180	(655,448)	-
Total	**29,507,425**	**31,757,354**	**(2,249,929)**	**-**

		2025 R	2024 R
46.2	**Fruitless and wasteful expenditure**		
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	20,349,127	19,135,700
	Fruitless and wasteful expenditure current year	2,448,759	1,213,426
	Written off by Council	(20,349,127)	-
	Fruitless and wasteful expenditure awaiting condonement	**2,448,759**	**20,349,127**

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2025	2024
2020 - Double payment to supplier - Kamp straat	*Refer to note 1 below*	-	287,798
2020 - Interest on overdue accounts - Eskom accounts	*Refer to note 1 below*	-	532,857
2020 -Interest and Penalties on overdue accounts - SARS	*Refer to note 1 below*	-	130,784
2020 - Interest on overdue account - Telkom accounts	*Refer to note 1 below*	-	3,132
2020 - Interest on overdue account - Auditor General	*Refer to note 1 below*	-	287,393
2020 -Interest on overdue account - Barloworld	*Refer to note 1 below*	-	256
2020 - Interest late payment pension - LA Retirement fund	*Refer to note 1 below*	-	108
2021 -Invoice paid twice - Breede Gouritz (water)	*Refer to note 1 below*	-	2,981
2022 - Interest and Penalties on overdue accounts - SARS	*Refer to note 1 below*	-	280,983
2022 - Interest and Penalties on overdue accounts - SARS VAT	*Refer to note 1 below*	-	405,975
2022 - Interest on overdue accounts - creditors	*Refer to note 1 below*	-	6,430,311
2022 - Salaries paid of suspended employees	*Refer to note 1 below*	-	1,810,946
2023 - Interest on overdue accounts - creditors	*Refer to note 1 below*	-	6,037,517
2023 - Salaries paid of suspended employees	*Refer to note 1 below*	-	2,924,658
2024 - Interest and Penalties on overdue accounts - SARS	*Refer to note 1 below*	-	
2024 - Interest on overdue accounts - creditors	*Refer to note 1 below*	-	1,157,822
2024 - Salary paid into invalid bank account	*Refer to note 1 below*	-	42,579
2024 - Legal fees paid on summons for overdue supplier account	*Refer to note 1 below*	-	13,025
2025 - Department of Employment and Labour	*None*	76,788	-
2025 - Interest and Penalties on overdue accounts - SARS VAT	*None*	186,145	-
2025 - Interest on overdue accounts - creditors	*None*	2,185,826	-
		2,448,759	**20,349,127**

Note 1

Subsequent to the reporting date, Council considered all Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFW) relating to the period up to 30 June 2024, based on recommendations submitted by the Municipal Public Accounts Committee (MPAC). Council approved the write-off of UIFW relating to prior financial years, where MPAC confirmed that no fraud, deliberate misconduct, or financial loss occurred and that all goods and services were received. These decisions were based on conditions that existed at year-end and therefore the disclosure have been adjusted in accordance with GRAP 14.

UIFW items for which MPAC recommended further investigation, including referrals to the Disciplinary Board (DB), remain under review. In line with MFMA section 32, a debtor can only be recognised once the DB has concluded its process, MPAC has considered the outcome, and Council has been formally advised that recovery is required. These processes were not finalised by the date of approval of the AFS, therefore no debtor has been recognised, and the affected balances continue to be disclosed as UIFW under investigation.

		2025 R	2024 R
46.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure:		
	Opening balance	224,111,253	203,422,290
	Irregular expenditure current year - from quotations and competitive bidding	12,071,017	18,640,184
	Irregular expenditure (PPR regulations (4)(1))	-	145,830
	Written off by Council	(183,740,301)	-
	Irregular expenditure (Wet fuel))	3,537,748	1,902,949
	Irregular expenditure awaiting further action	**55,979,718**	**224,111,253**

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2025 R	2024 R
2018 - SCM procedures not followed 2017/2018 - competitive bidding	*Refer to note 1 below*	-	49,397,969
2019 - SCM procedures not followed 2018/2019	*Refer to note 1 below*	-	439,130
2019 - SCM procedures not followed with regards to quotations	*Refer to note 1 below*	-	1,639,310
2019 - SCM procedures not followed with regards to competitive bid process, section 32	*Refer to note 1 below*	-	55,780,264
2019 - SCM procedures not followed with appointment process	*Refer to note 1 below*	-	1,017,883
2020 - SCM procedures not followed with appointment process	*Refer to note 1 below*	-	496,714
2020 - SCM procedures not followed with regards to competitive bidding	*Refer to note 1 below*	-	38,626,053
2020 - SCM procedures not followed with regards to quotations	*Refer to note 1 below*	-	1,925,276
2021 - SCM procedures not followed with regards to quotations	*Refer to note 1 below*	-	821,167
2021 - SCM procedures not followed with regards to competitive bidding	*Refer to note 1 below*	-	17,196,980
2022 - SCM procedures not followed with regards to quotations	*Refer to note 1 below*	-	830,808
2022 - SCM procedures not followed with regards to competitive bidding	*Refer to note 1 below*	-	7,752,497
2023 - SCM procedures not followed with regards to quotations	*Refer to note 1 below*	-	7,626,877
2023 - SCM procedures not followed with regards to competitive bidding	*Refer to note 1 below*	-	17,967,579
2023 - Incorrect application of PPR regulations	*Refer to note 1*	-	1,903,783
2024 - SCM procedures not followed with regards to quotations	*Refer to note 1 below*	-	98,785
2024 - SCM procedures not followed with regards to competitive bidding	*Refer to note 1 below*	-	18,541,399
2024 - Incorrect application of PPR regulations	*Refer to note 1 below*	-	145,830
2024 - Irregular identified by AG(SA) - Wet fuel - COMAF 12	*Refer to note 1 below*	-	1,902,949
2025 - Irregular identified by management - Wet fuel	*Expenditure will be investigated in the next financial year*	3,537,748	-
2025 - SCM procedures not followed with regards to quotations and competitive bidding	*Expenditure will be investigated in the next financial year*	12,071,017	-
		15,608,765	**224,111,253**

Irregular expenditure is disclosed inclusive of VAT.

Note 1
Subsequent to the reporting date, Council considered all Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFW) relating to the period up to 30 June 2024, based on recommendations submitted by the Municipal Public Accounts Committee (MPAC). Council approved the write-off of UIFW relating to prior financial years, where MPAC confirmed that no fraud, deliberate misconduct, or financial loss occurred and that all goods and services were received. These decisions were based on conditions that existed at year-end and therefore the disclosure have been adjusted in accordance with GRAP 14.

UIFW items for which MPAC recommended further investigation, including referrals to the Disciplinary Board (DB), remain under review. In line with MFMA section 32, a debtor can only be recognised once the DB has concluded its process, MPAC has considered the outcome, and Council has been formally advised that recovery is required. These processes were not finalised by the date of approval of the AFS, therefore no debtor has been recognised, and the affected balances continue to be disclosed as UIFW under investigation

		2025 R	2024 R
47.	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
47.1	**Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)**		
	Opening balance	0	240,736
	Council subscriptions	1,487,116	1,420,829
	Amount paid - current year	(1,487,116)	(1,420,829)
	Amount paid - previous years	-	(240,736)
	Balance unpaid (included in creditors)	**-**	**0**

		2025 R	2024 R
47.2	**Audit fees - [MFMA 125 (1)(c)]**		
	Opening balance	11,898,327	13,422,604
	Current year audit fee	9,562,423	3,755,613
	Amount paid - current year invoice	(4,137,271)	(3,689,889)
	Amount paid - previous year invoice	(7,940,648)	(1,590,000)
	Balance unpaid (included in creditors)	**9,382,831**	**11,898,327**

47.3 VAT - [MFMA 125 (1)(c)]

	2025 R	2024 R
Opening balance	(6,191,660)	(1,482,792)
Payments made	2,878,986	1,567,858
Transfers	6,754,262	4,383,516
Receipts	(6,402,326)	(10,660,242)
Closing balance	**(2,960,739)**	**(6,191,660)**

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

The note has been restated to only reflect balance due to/from SARS, rather that the net balance, that would include the VAT accrual. This is to be in line with MFMA section 125(1)(c).

47.4 PAYE ,SDL and UIF - [MFMA 125 (1)(c)]

	2025 R	2024 R
Opening balance	1,313,676	1,183,954
Current year payroll deductions	18,439,583	16,238,404
Amount paid - current year	(16,848,500)	(14,924,728)
Amount paid - previous year	(1,313,676)	(1,183,954)
Balance unpaid (included in creditors)	**1,591,083**	**1,313,676**

47.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

	2025 R	2024 R
Current year payroll deductions and Council Contributions	25,662,496	23,988,870
Amount paid - current year	(25,662,496)	(23,988,870)
Balance unpaid (included in creditors)	**-**	**-**

47.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

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

Councillor	Account	2025 R Outstanding more than 90 days	2024 R Outstanding more than 90 days
S.Essop	5654	75,572	69,018
G.Pietersen	10636/26636/10635	60,633	50,369
TCJ.Prince	26286	-	2,462
O.Haarvoor	20941/20942/20943	1,418	7,033
E.Links	8458/8457	86,752	78,889
GJ.Duimpies	7764/1732/5886/25101	278,694	222,388
Total Councillor Arrear Consumer Accounts		**503,069**	**430,159**

47.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

30 JUNE 2025			Type of Deviation		
	Amount	Single Supplier	Impossible	Impractical	Emergency
Jul-24	11,845	11,845	-	-	-
Aug-24	11,845	11,845	-	-	-
Sep-24	110,975	11,845	-	99,130	-
Oct-24	125,591	98,021	-	27,570	-
Nov-24	33,960	23,690	-	-	10,270
Dec-24	52,419	16,819	-	-	35,600
Jan-25	193,123	11,845	-	181,278	-
Feb-25	166,035	11,845	-	-	154,190
Mar-25	11,845	11,845	-	-	-
Apr-25	17,129	11,845	-	5,284	-
May-25	28,045	11,845	-	-	16,200
Jun-25	11,845	11,845	-	-	-
	774,656	**245,135**	**-**	**313,262**	**216,259**

30 JUNE 2024			Type of Deviation		
	Amount	Single Supplier	Impossible	Impractical	Emergency
Jul-23	79,600	50,620	-	4,880	24,100
Aug-23	102,615	82,728	-	19,887	-
Sep-23	154,259	29,115	-	125,144	-
Oct-23	12,592	-	-	12,592	-
Nov-23	39,660	11,060	-	-	28,600
Dec-23	571,615	28,439	-	170,448	372,728
Jan-24	121,470	11,060	-	60,615	49,795
Feb-24	93,487	11,060	-	82,427	-
Mar-24	16,871	16,871	-	-	-
Apr-24	174,305	11,060	-	163,245	-
May-24	55,705	11,060	-	-	44,645
Jun-24	11,060	11,060	-	-	
	1,433,239	**274,132**	**-**	**639,239**	**519,868**

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

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 Municipal Manager and noted by Council.

Range of Deviations approved by Municipal Manager	Total Deviations	2024/25 Amounts
Deviations between 0 - 10 000	26,486	4
Deviations between 10 001 - 30 000	209,379	16
Deviations between 30 001 - 200 000	538,791	6
Total deviations	**774,656**	**26**

Deviations are disclosed inclusive of VAT

47.8 Material losses

	2025 R	2024 R
Electricity distribution losses		
Units purchased (Kwh)	50,788,041	48,566,162
Units lost during distribution (Kwh)	8,952,248	9,806,111
Percentage lost during distribution	17.63%	20.19%

The electricity losses were mainly due to theft on pre-paid meters, for which fines were issued to offenders. The reduction in distribution losses can be attributed to improved accounting for own consumption, enhanced exception reporting, and a decrease in theft.

	2025 R	2024 R
Water distribution losses		
Units purchased (kl)	4,477,278	4,342,489
Units lost during distribution (kl)	3,421,703	3,401,552
Percentage lost during distribution	76.42%	78.33%

Water losses were primarily the result of ageing infrastructure and widespread unmetered connections caused by mass meter failures. Limited funding has constrained the municipality's ability to maintain and replace meters. To mitigate the financial impact of non-revenue water, a flat rate was introduced to recover some revenue. The affected population was assessed, and a strategy was developed by various role-players, with assistance and funding to be sourced from multiple stakeholders to address the problem of non-revenue water

The year-to-date reduction in losses is attributable to improved accounting of own consumption and the commencement of the meter replacement project.

		2025	2024
47.9	**Other non-compliance**	R	R

MFMA Section 65(2)(b)

Adequate management, accounting and information system was not in place which accounted for creditors.

MFMA Section 65(2)(e)

The municipality had experienced cash flow problems during the year as a result of which creditors were not always paid within 30 days of date of statement or invoice as required.

MFMA Section 15

Expenditure was not only incurred in terms of an approved budget and within the limits of the amounts approved for the different votes in an approved budget.

MFMA Section 32(2) and 32(4)

Report pertaining to unauthorised, irregular, fruitless and wasteful expenditure have not been submitted to all relevant parties. Possible debt not yet recovered from responsible officials.

MFMA Section 62

Expenditure were not adequately monitored in accordance with section 62, resulting in unauthorised, fruitless and wasteful and irregular expenditure.

Supply chain management regulations

Non-compliance with supply chain management regulation resulting in irregular expenditure.

Compensation for Occupational Injuries and Diseases Act, 1993

Failure to submit return of earnings by 31 March as per section 82(1) of the Act.

47.10 PURCHASES FROM MEMBERS IN SERVICE OF STATE

The following purchases were made during the 2024/25 financial year where Councillors or staff have an interest:

Company Name	Amount	Interest
Anne's Deli	35,315	Husband, Mr A Stoffles, Is currently employed by the Department of Education.
B Chalmers	10,250	Spouse, M Chalmers are employed at Department of Correctional Services and Son, G Bowers at Emergency Services and daughter in law at the Beaufort West Municipality.
TSCH International Holding	60,239	Spouse, Mr E Hlongwane, currently employed at City of Cape Town.
Q&K Projects	312,054	Spouse, Mrs Y De Wee, currently employed at Transnet.
Beaufort West Luxury Coaches	7,850	Daughter in law, B Johnson, currently employed at Provincial Traffic Services Department.
RWS Cleaning Services	215,942	Son is employed at the Central Karoo District Municipality, Nathan Summers.
L & E Projects	48,138	Brothers, Mr Bevan and Ashley Mitchell, Is currently employed at the Beaufort West Municipality and brother, Elroy Mitchell employed at the Department of Education.
Gwennas Solutions	33,325	Daughter, R Petersen, currently employed at Transnet.
Browns Pottery and Designs (Pty) Ltd	7,900	Daughter, S Theron, currently employed at Forensics Services.
McLeod Pest Control	2,850	Spouse, Mrs R Mcleod, currently employed at Department of Health.
BB Sweiswerke	27,000	Son, Mr Du Plessis, currently employed at Department of Education.
	760,862	

The following purchases were made during the 2023/24 financial year where Councillors or staff have an interest:

Company Name	Amount	Interest
Avril Catering	12,075	Son is employed at the Department of Agricultural and the daughter a Department of Social Development.
Anne's Deli	3,600	Husband, Mr A Stoffles, Is currently employed by the Department of Education.
TSCH International Holding	120,950	Spouse, Mr E Hlongwane, currently employed at City of Cape Town.
Q&K Projects	801,611	Spouse, Mrs Y De Wee, currently employed at Transnet.
Beaufort West Luxury Coaches	4,750	Son, W Johnson, was employed at Beaufort West Municipality and daughter, B Johnson, employed by the Department of Community
Ian Dickie and Company	24,509	M Samuels, Financial Directors' spouse, Deon Samuels are employed by South Africa Police Services.
Jabeja Consulting	13,817	Brother, Mr Du Plessis, Is currently employed by the Department o Education.
Swans Bestuurskool	13,500	Spouse, Mr S Swanepoel , currently employed at the Department o Correctional Services.
	994,812	

		2025	2024
47.11	**Levies paid to other government organisations (MFMA sec (1)(c)**	R	R
	Opening balance	4,176	4,158
	Current year payroll deductions	52,998	50,903
	Amount paid - current year	(48,589)	(46,726)
	Amount paid - previous year	(4,176)	(4,158)
	Balance unpaid (included in creditors)	**4,410**	**4,176**

		2025 R	2024 R
48.	**FINANCIAL RISK MANAGEMENT**		

The activities of the municipality expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) 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.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:	2025 R 1%	2025 R (1%)
Cash and cash equivalents	166,090	(166,090)
Receivables from exchange transactions	190,851	(190,851)
Receivables from non-exchange transactions	10,565	(10,565)
Payables from exchange transactions	625,279	(625,279)

	2024 R 1%	2024 R (1%)
Cash and cash equivalents	153,545	(153,578)
Receivables from exchange transactions	209,480	(209,887)
Payables from exchange transactions	1,079,377	(1,079,377)

(b) 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 financial loss.

Credit risk arises mainly for call investment deposits, bank accounts and trade and other receivables.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables 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 receivables is considered to be moderate due the diversified nature of receivables 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.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All debtors are payable within 30 days from invoice date. Refer to note 10 and 11 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 6 and 7 for balances included in receivables that were re-negotiated for the period under review.

	2025 %	2025 R	2024 %	2024 R
Non-Current Receivables				
Repayment arrangement	**100.00%**	**13,012,093**	**100%**	**1,911,683**
Non-exchange Receivables				
Availability fees	**100.00%**	**2,669,069**	**100.00%**	**1,265,199**
Exchange Receivables				
Electricity	8%	10,776,001	13%	20,369,736
Water	25%	35,634,388	19%	30,139,472
Property Rentals	3%	4,181,473	2%	3,903,474
Waste Management	18%	24,664,975	17%	27,331,338
Waste Water Management	28%	39,940,499	28%	43,273,679
Other Arrears	18%	25,444,507	20%	31,663,195
Total	**100.00%**	**140,641,843**	**100%**	**156,680,894**

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 and 11 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:

	2025 %	2025 R	2024 %	2024 R
Non-Exchange Receivables				
Availability fees	**100.00%**	**2,311,004**	**100.00%**	**1,183,794**
Exchange Receivables				
Electricity	4%	5,339,350	9%	12,064,714
Water	25%	31,349,449	19%	24,556,174
Waste Management	19%	23,887,755	19%	24,848,971
Waste Water Management	30%	38,605,603	30%	39,111,564
Property Rentals	3%	3,832,173	3%	3,437,140
Other Arrears	19%	24,075,995	21%	28,043,637
Total	**100.00%**	**127,090,326**	**100%**	**132,062,201**

Provision for bad debts

The provision for bad debts could be allocated between the different categories of receivables as follow:

	2025 %	2025 R	2024 %	2024 R
Other	9.32%	11,842,597	2%	2,293,137
Industrial	5.55%	7,052,315	4%	4,825,443
Residential	85.13%	108,195,414	95%	124,943,621
Total	**100.00%**	**127,090,326**	**100%**	**132,062,201**

Bad debts written		2025 R	2024 R
Exchange Receivables			
Services	100%	25,540,063	17,393,337

Ageing of amounts past due but not impaired are as follow:	Exchange Receivables	Non-exchange Receivables
2025		
1 month past due	304,148	9,883
2+ months past due	9,361,700	95,066
Total	**9,665,847**	**104,950**
2024		
1 month past due	392,959	1,946
2+ months past due	10,072,100	3,705
Total	**10,465,059**	**5,651**

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below. The risk on cash on hand is regarded as unlikely and excluded from credit risk disclosure.

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.

Non-current receivables and current receivables are individually evaluated annually at end of financial year 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 exposed to credit risk at year end are as follows:	2025 R	2024 R
Non-Current Receivables from Exchange Transactions	209,486	229,477
Non-Current Receivables from Non-Exchange Transactions	50,385	82,858
Current Portion of Non-Current Receivables - Exchange Transactions	10,109,254	1,145,823
Current Portion of Non-Current Receivables - Non-Exchange Transactions	2,642,968	453,524
Receivables from Exchange Transactions	26,165,890	39,767,055
Receivables from Non-Exchange Transactions	1,244,622	918,176
Cash and Cash Equivalents	17,351,653	15,866,316
Total	**57,774,258**	**58,463,229**

(c) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The Municipality's liquidity position is closely monitored under the joint oversight of the Provincial Treasury, National Treasury, and the Department of Local Government, as part of the mandatory intervention in terms of Section 139(5)(a) of the Constitution. The Municipality is currently in Phase 2 of its Financial Recovery Plan (FRP) — the Stabilisation and Recovery Phase — during which cash-flow performance and liquidity management remain key focus areas.

Although liquidity challenges persist, Phase 1 (Rescue Phase) interventions have stabilised cash flow, and oversight confirms with moving to Phase 2, that liquidity risk has decreased and is under control. This assessment and the continued implementation of the FRP, supported by improved revenue management and debt-relief measures ,provides reasonable assurance that the Municipality will be able to realise its assets and meet its obligations in the normal course of business

Consumer Deposits are disclosed at the value that could be repayable in the following year. It is unlikely that the full balance would become payable as consumer accounts are expected to remain similar year to year. By implication, if the consumer deposit is paid, a similar receipt from a different customer would be expected. The balance is however disclosed in order to indicate a conservative liquidity risk.

The table below analyses the entity'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.

Also refer to note 53 concerning how management is managing the liquidity risk.

2025	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long-term Borrowings	1,539,148	3,161,478	-	-
Trade and Other Payables from exchange transactions	58,150,921	-	-	-
Trade and Other Payables from exchange transactions (debt-relief)	25,587,223	-	-	-
Trade and Other Payables from non-exchange transactions (non-current debt-relief)	-	22,845,735	-	-
Long-term Trade and Other Payables (non-current & current)	3,578,859	13,528,464		-
Consumer deposits	2,792,741	-	-	-
Total	**91,648,891**	**39,535,677**	**-**	**-**

2024	Less than 1 year	Between 1 and 5 years	Between 5 and 30 years	More than 10 years
Long-term Borrowings	1,687,043	4,251,135	449,540	-
Trade and Other Payables from exchange transactions	70,756,423	-	-	-
Trade and Other Payables from exchange transactions (debt-relief)	25,846,315	-	-	-
Trade and Other Payables from non-exchange transactions (non-current debt-relief)	-	42,984,621	-	-
Consumer deposits	2,681,963	-	-	-
Total	**100,971,744**	**47,235,756**	**449,540**	

			2025 R	2024 R
49.	**FINANCIAL INSTRUMENTS**			

49.1 Financial Assets

Financial Assets	Classification	2025 R	2024 R
Non-Current Receivables			
Non-current receivables from exchange	Financial Instruments at amortised cost	209,486	229,477
Non-current receivables from non-exchange	Financial Instruments at amortised cost	50,385	82,858
Current Portion of Non-Current Receivables - Exchange Transactions	Financial Instruments at amortised cost	10,109,254	1,145,823
Current Portion of Non-Current Receivables - Non-Exchange Transactions	Financial Instruments at amortised cost	2,642,968	453,524

		2025 R	2024 R
Receivables from Exchange Transactions			
Trade receivables from exchange transactions	Financial Instruments at amortised cost	26,165,890	39,767,055
Receivables from Non-Exchange Transactions			
Other receivables from exchange transactions: Eskom deposit	Financial Instruments at amortised cost	886,558	836,770
Other receivables from exchange transactions: Availability fees	Financial Instruments at amortised cost	358,065	81,405

		2025 R	2024 R
Cash and Cash Equivalents			
Cash on-hand	Financial Instruments at fair value	16,926	16,868
Current accounts	Financial Instruments at amortised cost	1,082,962	3,760,764
Call deposits and investments	Financial Instruments at amortised cost	16,268,691	12,105,552
Total Financial Assets			

SUMMARY OF FINANCIAL ASSETS		2025 R	2024 R
Financial Instruments at fair value:			
Cash and Cash Equivalents	Cash on-hand	16,926	16,868
Financial Instruments at amortised cost:			
Non-Current Receivables from exchange		209,486	229,477
Non-Current Receivables from non-exchange		50,385	82,858
Current Portion of Non-Current Receivables - Exchange Transactions		10,109,254	1,145,823
Current Portion of Non-Current Receivables - Non-Exchange Transactions		2,642,968	453,524
Receivables from Exchange Transactions		26,165,890	39,767,055
Receivables from Non-Exchange Transactions	Other receivables from exchange transactions	1,244,622	918,176
Cash and Cash Equivalents	Current accounts	1,082,962	3,760,764
Cash and Cash Equivalents	Call deposits and investments	16,268,691	12,105,552
		57,791,184	**58,480,097**
Total Financial Assets			

49.2 Financial Liabilities

Financial Liabilities	Classification	2025 R	2024 R
Non-current - Long-term Borrowings			
Annuity Loans	Financial Instruments at amortised cost	2,557,928	3,130,756
Capitalised Lease Liability	Financial Instruments at amortised cost	14,587	610,569

		2025 R	2024 R
Trade and other payables from exchange transactions (current)			
Retentions	Financial Instruments at amortised cost	645,468	1,225,065
Sundry creditors	Financial Instruments at amortised cost	1,774,455	206,593
Trade Payables	Financial Instruments at amortised cost	55,730,998	69,324,766
VAT output accrual	Financial Instruments at amortised cost	3,402,561	3,236,963
Trade and other payables from exchange transactions (non-current - debt relief)	Financial Instruments at amortised cost	22,845,735	42,984,621
Trade and other payables from exchange transactions (current - debt relief)	Financial Instruments at amortised cost	25,587,223	25,846,315
Long-term Trade and Other Payables	Financial Instruments at amortised cost	13,528,464	-

		2025 R	2024 R
Current Portion of Long-term borrowings			
Annuity Loans	Financial Instruments at amortised cost	572,827	658,021
Capitalised Lease Liability	Financial Instruments at amortised cost	595,982	523,378
Consumer deposits	Financial instruments at fair value	2,792,741	2,681,963

SUMMARY OF FINANCIAL LIABILITIES		2025 R	2024 R
Financial instruments at amortised cost:			
Long-term Borrowings	Annuity Loans	2,557,928	3,130,756
Long-term Borrowings	Capitalised Lease Liability	14,587	610,569
Current portion of Long-term Borrowings	Annuity Loans & Capitalised Lease Liability	1,168,809	1,181,399
Trade and other payables from exchange transactions (current)	Retentions	645,468	1,225,065
Trade and other payables from exchange transactions (current)	Sundry creditors	1,774,455	206,593
Trade and other payables from exchange transactions (current)	Trade Payables	55,730,998	69,324,766
Trade and other payables from exchange transactions (current)	VAT output accrual	3,402,561	3,236,963
Trade and other payables from exchange transactions (non-current - debt relief)		22,845,735	42,984,621
Trade and other payables from exchange transactions (current - debt relief)		25,587,223	25,846,315
Long-term Trade and Other Payables		13,528,464	-
Consumer deposits		2,792,741	2,681,963
Total Financial Liabilities		**130,048,969**	**150,429,009**

50. STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

	2025 R	2024 R
Taxes		
VAT Receivable	-	-
Receivables from Non-Exchange Transactions	136,825,861	170,848,059
Property rates	50,321,211	42,852,776
Other receivables	7,429,324	10,492,982
Fines	79,075,327	117,502,302
Total Statutory Receivables (before provision)	**136,825,861**	**170,848,059**
Less: Provision for Debt Impairment	(113,676,255)	(137,928,058)
Total Statutory Receivables (after provision)	**23,149,606**	**32,920,001**

Transactions arising from the statute

Statutory Receivables arises from the following legislation:

Taxes	Value Added Tax Act (No 89 of 1991)
Property rates	Municipal Properties Rates Act (No 6 of 2004)
Fines	Criminal Procedures Act 51 of 1977

Determination of transaction amount

Taxes: VAT transactions are determined in line with the Value Added Tax Act 89 of 1991. Taxes only recognised as part of Statutory receivables, if a balance is due from SARS to the municipality (Control account a receivable).

Property rates and other: The transaction amounts is determined in line with the annual tariff listing as approved by Council.

Statutory receivables are initially measured at transaction value, and subsequently at cost.

Property Rates: Ageing

	2025 R	2024 R
Current (0 - 30 days)	5,014,066	2,957,062
31 - 60 Days	1,522,403	1,346,771
61 - 90 Days	1,243,340	990,501
+ 90 Days	42,541,403	37,558,442
Total	**50,321,211**	**42,852,776**

Other Receivables: Ageing

	2025 R	2024 R
Current (0 - 30 days)	14,033	4,526
31 - 60 Days	8,216	539
61 - 90 Days	5,046	87
+ 90 Days	8,288,585	11,324,600
Total	**8,315,881**	**11,329,752**

Fines: Ageing

	2025 R	2024 R
Current (0 - 30 days)	4,928,300	4,704,000
31 - 60 Days	4,875,700	3,843,050
61 - 90 Days	6,445,350	4,680,300
+ 90 Days	62,825,977	104,274,952
Total	**79,075,327**	**117,502,302**

	2025 R	2024 R
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	137,928,059	118,353,564
Transfer from non-current portion	132,564	143,249
Contribution to provision	53,166,674	49,400,462
VAT contributions on provision	(780,723)	(143,995)
Transfer to non-current portion	(199,060)	(132,564)
Reversal of provision	(76,571,260)	(29,692,657)
Balance at end of year	**113,676,255**	**137,928,059**

The impairment of availability fees was previously included in the reconciliation of provision for debt impairment above.
The reconciliation was adjusted to exclude the impairment balance for availability fees, as availability fees is a financial instrument.

Basis used to assess for impairment and grouping of debtors

Property Rates & Other receivables: Management determines the payment rate per debtor. Therefore each individual debtor is impaired based on the collection of debt. Government debtors is excluded from the impairment per the debt control policy of the municipality. The indication of impairment is the non-ability of the debtor to settle their account.

Fines: Fines are impaired per debtors of a similar grouping (Provincial Fines, Camera Fines and Municipal Fines). The collection rate per the similar groupings is determined. Fine debtors are impaired based on the collection rate. The indication of impairment is the non-ability of the debtor to settle their account.

	2025 R	2024 R
Ageing of amounts past due and impaired		
1 month past due	6,348,670	5,016,490
2+ months past due	119,502,751	154,191,451
Total	**125,851,421**	**159,207,941**

Management base the consideration past due and impaired on the debtor's payments. Per the debt control policy of the municipality past due and impaired include the category of residential, industrial & commercial and other debtors. Government debtors are not impaired. The above is in relation to property rates and fines.

	2025 R	2024 R
Ageing of amounts past due but not impaired		
1 month past due	141,117	173,870
2+ months past due	3,414,373	4,137,092
Total	**3,555,490**	**4,310,962**

Management base the consideration on the debtor's payments. Per the debt control policy government debtors are not impaired as it is viewed that they are obliged to pay and therefore included in the category past due and not impaired

	2025 R	2024 R
Interest Received from Statutory Receivables		
Property Rates	3,071,508	3,210,957

Interest is levied at a rate determined by the council on outstanding property rates amounts.

51. CONTINGENCIES

51.1 CONTINGENT LIABILITIES

The following guarantees qualify as contingent liabilities:

NAME /	REG NO	GUARANTEE ISSUED TO	2025 R	2024 R
Nedbank	286	Performance guarantee no: 285/32883307: Post office	50,000	50,000
Nedbank	287	Electricity guarantee: 285/32883218: Eskom	34,700	34,700
Nedbank	288	Electricity guarantee: 285/32883005: Eskom - Nelspoort	41,700	41,700
			126,400	**126,400**

Claims against the municipality

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

	2025 R	2024 R
Beaufort West Municipality//A.Damon & SS Damon	400,000	400,000
Beaufort West/Africa Creek	250,000	250,000

Beaufort West Municipality//A.Damon & SS Damon
In this matter the Plaintiffs issued Summons against the Municipality for damages as a result of a fire that burned down their immovable property, in the amount of R836 923.64. We have defended the matter and it is trial ready. We confirm that a trail date as obtained from 9 November 2021, but due to the fact that no Judge could be allocated to the this matter, the matter was removed from the court roll. Since then there was no movement on the matter and at this stage unclear if the Plaintiffs intends to pursue this claim any further. The cost exposure for the municipality is the amount claimed by the Plaintiff and legal cost we estimated at +- R400 000.

Beaufort West/Africa Creek
This matter relates to a claim by Africa Creek against the municipality for payment of an amount of R15 340 344. The municipality vehemently denies liability to the claim and this matter is currently being defended in the Cape town high court. The attorneys confirmed that Notice of Intention to defend was filed and up until date there were no further movement with respect to this matter. The prospects to successfully defend this matter is very good. The costs exposure for the municipality in this matter could well be between R100 000 to R250 000.

Beaufort West/JW van Wyk This is labour matter were Applicant, Mr van Wyk, claims arrear overtime money. The applicant did not disclose an amount that was due to him and at this stage we are not in a position to establish the financial exposure for Beaufort West Municipality. The Attorneys have receive a directive from the Labour court to file a notice of condonation as well as an answering statement and was subsequently filed. Now awaiting the Labour court to furnish us with a date for the matter to be heard. The prospect to successfully defend this matter is good.	-	-
Beaufort west municipality/traffic violation solutions (Pty) Ltd Traffic Violations Solutions issued a summons against the municipality in terms of a SLA between Traffic Violations Solutions and Beaufort West Municipality in terms whereof they claim damages in the amount of R1 327.01 as well as the amount of R3 197 754. This matter was subsequently defended by Messrs Ngwane Attorneys who subsequently withdrew from record. This matter was subsequently defended by Messrs Ngwane Attorneys who subsequently withdrew from record. This matter has since been taken over by Municipal attorneys as well as correspondent attorneys in Cape Town, Messrs Marais Muller Hendricks Attorneys. The attorneys is currently in process of defending the claim.	3,199,082	3,199,082
Beaufort west municipality & T Prince/J Booysen An application by Mr Booysen challenging the decision of the municipality to appoint Mr Hendrik Truman Prince as the Director of Community Services. This application was issued on 19 July 2019 out of the Labour Court and has since been argued in the Labour Court and now await judgement of the Labour Court. The matter was argued during November last year and judgement was received. The attorneys were successful in defending the matter, but the Applicant have now filed an Application for Leave to Appeal to the Labour Appeal Court. The appeal were argued during May 2025 and are awaiting the judgement from the Labour Court of Appeal in Port Elizabeth. The cost exposure is expected to be less than R100 000, as the account of Senior council dealing with the Appeal was paid. As a conservative approach, the municipality concluded that possible contingent liability is R100 000.	100,000	300,000
Beaufort West/DA councillors This is the matter where the municipality claim payment from certain councillors of the DA as well as certain employees of the Democratic Alliance for salaries that was paid to them in error. Furthermore we confirm that we are the Plaintiffs in this matter and that the defendants pleaded several specials pleas and that the special pleas was argued during January 2021 in the High court. The judgement was forwarded to the Municipal Manager and we were successful in the deference of the special pleas that was pleaded by the Defendants. This court also ordered the defendants to pay the legal fees of the municipality. The attorneys confirm that the party and the party costs were taxed and payment of the taxed amount received. The judgement relates only to a preliminary issue, but the main trial must still proceed and at this stage we are in the process of applying for a date of trial in the High court. The prospects of success in order to claim the monies from the DA councillors is very good. The cost exposure for the municipality could be between R200 000 and R300 000.	300,000	300,000
Beaufort west municipality/A.D.W Nigrini The Director Corporate Services requested a legal opinion as to the possible cancellation of a notarial servitude. A confirmation is yet to be provided if the servitude should be cancelled. The cost exposure on the legal opinion is R5 000 - R7 000. If the Beaufort West Municipality wishes to proceed with the cancellation of the Notarial Deed of Servitude further costs will be incurred and costs can be between R100,000 to R150,000.	150,000	-
Beaufort West Municipality/A.Kruger Instruction given to the Attorneys to apply for an order interdicting the Respondents from conducting business activities from their residential property in contravention with the property's zoning scheme rights. We currently await the Magistrate's written judgment in the matter. The estimated cost exposure for the Beaufort West Municipality will be between R30 000 and R60 000.	60,000	-
Beaufort West Municipality/B.D & M.Furmen Instruction given from the Beaufort West Municipality to the Attorneys to apply for a Demolition Order for structures that were erected unlawfully. Motion proceedings were brought in the District Court and the Respondents elected to conduct their own defence. The Respondents filed their Opposing papers, after which the attorneys filed a Replying Affidavit. A Heads of Argument were submitted and are currently awaiting the same from the Respondents who have to file same on or before 30 July 2025. The estimated cost exposure for the Beaufort West Municipality will be between R30 000 - R60 000.	60,000	-
Beaufort west municipality/C Matai In this matter the Applicant, C Matai, brought an Application in terms of PAIA to access information regarding the transfer of a property by the Beaufort West Municipality to one E Matai. The Applicant brought the Application in the Western Cape High Court and the Application was opposed on the instruction from the Beaufort West Municipality. The matter, however, never served before the Western Cape High Court, due to the Applicant not placing the matter on the court roll. The Applicant later approached the Attorney's with a request to access the information, which was subsequently granted to them. The matter is still ongoing and at this stage the Attorney's are merely monitoring the matter. The estimate cost exposure for the Municipality will range between R15,000 - R20,000.	20,000	
Beaufort west municipality/Gideon Pietersen Instruction from the Beaufort West Municipality to institute legal proceedings against Mr. G. Pietersen for the recovery of irregular and/or fruitless and wasteful expenditure amounting to R77,807.10. Currently awaiting documentation from the Beaufort West Municipality to properly consider the merits of the matter, given the relative low quantum, thereafter the Attorney's will be in a position to advise the Beaufort West Municipality as to the best course of action and/or proceed to draft the Summons and Particulars of Claim. The cost estimate, should the matter proceed, is projected at R50 000 - R80 000.	80,000	-
Beaufort west municipality/Government directory of SA The Attorneys received instruction from the Beaufort West Municipality to oppose this matter if and when summons is served. The Government Directory of S.A. has only addressed a Letter of Demand to the Beaufort West Municipality, to which a counter-letter indicating instruction to oppose the matter was served. At this stage the Attorneys are merely monitoring the matter and expect further instruction only if summons is served. A Nominal statement of account, if the Beaufort West Municipality does not receive summons in the matter, no further costs will be incurred. Cost estimate for the services up to date will range from R500 - R800.	800.00	-
Beaufort west municipality/Report on placement process Instructions to proceed with a review application to set aside certain unlawful placement and promotion decisions affecting certain municipal employees, which were effected in contravention of binding legislative and financial obligations. The attorneys are currently in the process of finalizing the review application. The potential cost exposure would in all likelihood not exceed R100,000.	100,000	-
Beaufort west municipality/Marais Melech & Associates & Vision West/AF Marais & KJ Haarhoff Instruction from the Beaufort West Municipality to institute legal proceedings against Marais Melech & Associates and Vision West // AF Marais and K.J Haarhoff for recovery of irregular and/or fruitless and wasteful expenditure in the amount of R1,576,267.00.Summons was issued in the High Court Cape Town and served on the relevant Defendants. The Defendants subsequently entered Appearances to Defend as well as their Pleas. The Attorneys proceeded to draft the necessary notices for discovery of documentation intended to be used as evidence in the trial proceedings. These notices were finalized and a request to the Defendants proceed with discovery as well. Litigation is ongoing in this matter and upon finalization on the discovery processes the matter will proceed for a pre-trial conference, thereafter the matter may become trial ready and a trial date allocated. Council fees and invoices have already been submitted to the Beaufort West Municipality and same has already been paid. Further cost including Attorney fees and further Council fees will be become payable in the future and same will be invoices accordingly. The estimated cost exposure projected for the Beaufort West Municipality could be between R200,000 to R400,000.	400,000	-
Beaufort West Municipality/W.J du Plessis Instruction form the Beaufort West Municipality to apply for a Demolition Order for a structure that was erected unlawfully by Mr. W.J. Du Plessis. The Attorneys were successful with the Application and the Court Order stated that the Mr. Du Plessis pay the legal cost of the Applicant on party and party scale. The Attorneys have proceeded with taxation of our bill of costs and await same from Court.In the meantime the matter is still ongoing as the Attorneys await instruction from the Department Corporate Services if should proceed with the execution of the Court Order and have the structure demolished. Initial legal fees for launching the application and trial of the matter has been paid by the Beaufort West Municipality and further legal cost will to be incurred in executing the Court Order. Cost estimate to be in the vicinity of R3,000 - R6,000.	6,000	-
Beaufort West Municipality/Z Maphiri & N.Bobi Instruction from the Beaufort West Municipality to apply for a Demolition Order for a structure that was erected unlawfully. The motion Proceedings were brought in the District Court Beaufort West and the matter was opposed by the Respondents. Opposing papers were filled and subsequently Heads of Argument were submitted. The Attorneys then received instruction from the Beaufort West Municipality to address a letter the Respondent's Attorney with certain conditions which, if met, the matter can be settled. The Respondents agreed and the matter was postponed to 3 September 2025 by which date the Respondents have to meet the prerequisites, failing which the matter will proceed. The estimated cost exposure for the Beaufort West Municipality will be between R30 000 - R60 000.	60,000	-
Beaufort West Municipality/S.L Klaaste In this matter we received instruction to apply for an order interdicting the Respondents from conducting business activities from their residential property in contravention with the property's zoning scheme rights. Judgment was handed down and the Respondents were accordingly interdicted. Cost were also awarded. The Attorneys have subsequently proceeded with taxation of our bill of costs and await same from Court.		

Beaufort West Municipality/Transnet Instruction from the Beaufort West Municipality to defend summons received from Transnet for payment of the sum of R3,631,482.36. The matter was defended in the Western Cape High Court and Plea was filed on 4 July 2025. The Attorneys now await further legal processes from the Plaintiff's Attorneys and will proceed with the discovery processes. The estimated cost exposure projected for the Beaufort West Municipality could be between R300 000 to R400 000.	400,000	-
Murraysburg Landfill site The landfill site licence expired in 2019 and currently the site is operated illegally. A new application is yet to be submitted to the Department of Environmental Affairs. The municipality is exposed to a possible fine or imprisonment or both. This will only be determined once a communication is issued by the Department.	-	-
Beaufort West/SARS The separation of funding and implementation responsibilities often results in unfunded mandates being imposed on municipalities. Beaufort West Municipality is not assigned a library function and is also not acting formally in terms of an SLA as agent of the Western Cape Provincial Government (WCPG), but it is also expected to contribute financially to the provision of library services. The possible interest to be paid on receipts for the past 5 years will only be confirmed once a formal notice is issued by SARS (once audit is concluded). Management estimated the possible interest for the past 5 years, as per the latest rates of SARS. Further the municipality is currently still ongoing an audit process with SARS, only once this has been finalised the applicable period and amount will be confirmed.	2,655,482	1,784,340
Total	**8,241,364**	**6,233,422**

51.2 CONTINGENT ASSETS

BANK / FIRM	PURPOSE	REG NO	2025 R	2024 R
First National Bank	Electricity supply:163/3/96	147	2,020	2,020
FNB/Shoprite	Guarantee: Electricity Supply	88	12,265	12,265
FNB/Ackermans	Electricity Supply:579-131/91	91	2,080	2,080
ABSA Bank	Guarantee No.3043 1103 257: Water & Electricity services erf no.7401 (Beaufort Mall)	270	222,000	222,000
Rand Merchant Bank o.b.o R. Koster t/a R.A Koster	Guarantee Nr:G900/0595814/GLO: Supply of water and electricity to 13 Bird Street [Beaufort Manor]	301	31,300	31,300
Rand Merchant Bank o.b.o R. Koster t/a R.A Koster	Guarantee Nr:G900/0595862/GLO: Supply of water and electricity to 7 Bird Street [Beaufort Manor]	302	21,100	21,100
First Rand Bank [RMB] o.b.o. De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Retention Guarantee: Guarantee Number: OGT0672ZA0045919: Contract No. SCM 32/2023: Merweville Boreholes, development and equipping of boreholes in Merweville: Mechanical, electrical and civil works	340	-	525,328
First Rand Bank [RMB] o.b.o. De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Retention Guarantee: Guarantee No. OGT0672ZA0045918: Contract Number SCM 39/2023: Murraysburg Boreholes: Development and equipping of boreholes in Murraysburg: Mechanical, electrical and civil work	341	-	641,852
First Rand Bank [RMB] o.b.o. TG Elektries (Pty) Ltd	Performance Guarantee Number: OGT0672ZA0046656: Contract No. SCM 72/2023: Three year maintenance and upgrade tender of mechanical and electrical installations: Boreholes, pump stations and buildings	343	150,000	150,000
First Rand Bank [RMB] o.b.o. De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Performance Guarantee: Guarantee No. OGT0672ZA0050240: Contract No.: SCM 38/2024: Upgrading of Nelspoort Soccer / Rugby field and facilities: Phase 1: Area C	346	-	743,169
First Rand Bank [RMB] o.b.o. De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Retention Guarantee: Guarantee No. OGT0672ZA0050312: Contract No.: SCM 07/2024: Upgrading of Roads and Stormwater Infrastructure in Nelspoort and Murraysburg	347	-	104,051
First Rand Bank [RMB] o.b.o. De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Retention Guarantee: Guarantee No. OGT0672ZA0050313: Contract No.: SCM 11/2024: Upgrading of Roads and Stormwater Infrastructure in Beaufort West	348	-	37,620
Beaufort West Municipality/Duneco CC	Application for review was made by applicants for review of tender relating to implementation of low-cost housing. The Applicants were ordered to pay the wasted costs to the Municipality. A cost consultant is still to be appointed to draw up a comprehensive Bill of costs in this regard.		-	25,000
Total			**440,765**	**2,517,785**

		2025	2024
52.	**RELATED PARTIES**	**R**	**R**

52.1 Relationships

Accounting officer
Councillors
Members of key management
Provincial Executive / Department of Local Government (Oversight role and control of FRP)
Provincial Treasury (Oversight role and control of FRP)

52.2 Municipal services rendered to related parties

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

Services rendered to key management personnel occurred within normal supplier and customer relationships on terms and conditions no more or less favourable than those which the municipality is reasonable to expect to have adopted if dealing with the individual persons in the same circumstances. These terms and conditions are within the normal operating parameters established by the municipality's legal mandate.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties. No provision for bad debts were recognised in respect of amounts owed by related parties.

52.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 13 to the Annual Financial Statements.

52.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 33 and 34 to the Annual Financial Statements.

53. FINANCIAL SUSTAINABILITY

Financial Indicators

The current ratio increased to 0.67:1 from 0.64:1 in the prior year.

The municipality have budgeted for a surplus of R40 724 129 for the 2024/2025 financial year. The municipality is also budgeting for positive cash flows (surplus) during 2025/2026 and 2026/2027 amounting to R15 540 123 and R18 441 443 respectively.

The municipality had an actual surplus of R1,410,339 (2024:R7,308,812) for the current year.

The average debtors' payment days decreased to 355 days from 444 days.

The average creditors payment period decreased to 109 days from 150 days.

The municipality is experiencing difficultly to settle its current liabilities as its net current asset position is insufficient. The current liabilities exceeds the current assets with of R43,468,336 (2024:R47,040,892)

The municipality had a positive bank balance with Nedbank to an amount of R794,007 (2024:R3,149,267) as per the bank statement.

The bank balance as per the cash book (primary account) for the current year is of R877,227 (2024:R3,366,022)

The was an increase in cash and cash equivalents for the current year of R1,485,395 (2024:R1,023,390)

The municipality had call investment deposits for the current year of R16,268,691 (2024:R12,105,552)

The municipality had a collection rate of 88% for June 2025. (2024:83%)

The outstanding balances in respect of external loans amounts to R3,741,325 (2024:R4,922,725)

The Municipality has signed repayment agreements with SALGA, Auditor General and Western Cape Mobility Department to repay long outstanding accounts.

The outstanding debt for SALGA was settled by 30 June 2025. For further detail on Auditor-General and Western Cape Mobility Department refer to note 19.1.

Possible outflow of resources due the contingent liability disclosed in note 51.

The municipality was approved for debt relief from Eskom, that assisted with improving the results for current and future financial years. Refer to note 19.2 and 32.2.

The municipality has been under financial recovery since 2021/2022 financial year.

The Municipality's liquidity position is closely monitored under the joint oversight of the Provincial Treasury, National Treasury, and the Department of Local Government, as part of the mandatory intervention in terms of Section 139(5)(a) of the Constitution. The Municipality is currently in Phase 2 of its Financial Recovery Plan (FRP) — the Stabilisation and Recovery Phase — during which cash-flow performance and liquidity management remain key focus areas.

Although liquidity challenges persist, Phase 1 (Rescue Phase) interventions have stabilised cash flow, and oversight confirms with moving to Phase 2, that liquidity risk has decreased and is under control. This assessment and the continued implementation of the FRP, supported by improved revenue management and debt-relief measures ,provides reasonable assurance that the Municipality will be able to realise its assets and meet its obligations in the normal course of business.

While management has prepared the Annual Financial Statements on the going concern basis, as reflected in the existing disclosure, it is important to note that there remains a material uncertainty regarding the municipality's ability to continue as a going concern. This uncertainty arises from conditions already outlined in the financial review, including liquidity constraints, limited indigent uptake, billing inefficiencies, and institutional pressures. These factors, combined with historical governance instability, ongoing labour-related risks, and the municipality's continued reliance on intervention and support under the Financial Recovery Plan, collectively cast doubt on the full resolution of these challenges in the near term. Accordingly, while recovery mechanisms are in place and oversight structures remain active, these conditions indicate that a material uncertainty exists which may impact the municipality's ability to realise assets and discharge liabilities in the normal course of business.

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

54. EVENTS AFTER REPORTING PERIOD

No events after the reporting date were identified by management that will affect the operations of the municipality or the results of those operations significantly.

55. PRINCIPAL/AGENT AGREEMENTS

Agent: Provincial Department of Transport and Public Works

The municipality (agent) collects licencing fees on behalf of the Provincial Department of Transport and Public Works (principal). The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Agency Services in the Statement of Financial Performance. The amounts due to the Provincial Department at year end are included in the balances reported as Trade and other Payables from Exchange Transactions in the Statement of Financial Position.

There was no change in the significant terms and conditions from the prior year. No significant risks were noted as the municipality only collects monies on behalf of the Provincial Department of Transport and Public Works, as part of its existing service at the Traffic Department.

There are no resources under the custodianship of the Municipality, nor have they been recognised as such.

	2025 R	2024 R
Commission received as agent	1,366,145	1,355,917

Principal arrangement: Traffic services

The municipality has a service provider TCS who acts as an agent for the municipality with the issuing of traffic fines.

All payments are received directly by the municipality and the service provider issue invoices to the municipality for commission payable.

The municipality determines the significant terms and conditions and receives the benefit from traffic fines issues.

There are no resources under the custodianship of the agent, nor have they been recognised as such.

Should a possible breach in contract arise there may be cost implications depending on the agreement/outcome reached.

	2025 R	2024 R
Commission paid to the agent:	1,622,389	1,876,999

Principal arrangement: Contour

The municipality has a service providers Contour who acts as agent for the municipality with the sale of prepaid electricity and water.

All payments are received directly by the municipality and the service provider invoices the municipality for commission payable.

The municipality determines the significant terms and conditions and receives the benefit from water and electricity sold. The agreement with Contour was ended and new service provider, Inzalo EMS appointed.

There are no resources under the custodianship of the agent, nor have they been recognised as such.

There is no cost implication to the municipality if the arrangement is terminated.

	2025 R	2024 R
Commission paid to the agent:	489,544	756,074

Principal arrangement: Inzalo EMS

The municipality has a service providers Inzalo who acts as agent for the municipality with the sale of prepaid electricity and water. The agreement stared in the 2024/2025 financial year.

Receipts are paid over weekly to the municipality when purchased from third party, by the service provider. If purchased over counter at municipality reflects directly in bank account of the municipality.

The receipts are reflected directly as the software used results in all transactions being recorded in the municipality's EMS system when purchased is made.

The service provider invoices the municipality for commission payable.

There are no resources under the custodianship of the agent, nor have they been recognised as such.

There may be cost implications if the contract is terminated. The municipality could be liable for the full payment of the required six-month notice period and an early termination fee not exceeding 10% of the total value of the licence fees for the designated software payable over the duration of the agreement.

	2025 R	2024 R
Commission paid to the agent:	808,825	-

Principal arrangement: Lithaba travel

The municipality has a service provider Lithaba who acts as an agent for the municipality with the 3rd party to seek secure travel and accommodation services.

All payments are received directly by the municipality and the service provider invoices the municipality for commission payable.

The municipality determines the significant terms and conditions and receives the benefits. No change occurred in significant terms and conditions from the previous period.

There are no resources under the custodianship of the agent, nor have they been recognised as such.

There is no cost implication to the municipality if the arrangement is terminated.

	2025 R	2024 R
Commission paid to the agent	37,777	31,001

Principal arrangement: Easypay

The municipality has a service provider Easypay who acts as an agent for the municipality with the 3rd party collection of debtor payments.

All payments are received directly by the municipality and the service provider invoices the municipality for commission payable.

The municipality determines the significant terms and conditions and receives the benefits. No change occurred in significant terms and conditions from the previous period.

There are no resources under the custodianship of the agent, nor have they been recognised as such.

There is no cost implication to the municipality if the arrangement is terminated.

	2025 R	2024 R
Commission paid to the agent:	25,901	29,121

56. REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2025

For management purposes, the municipality is organised and operates in key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

Management receives on a monthly basis a section 71 schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

PRIMARY SEGMENTS - 2024/2025 FINANCIAL YEAR

Vote 1 - Municipal Manager
Vote 2 - Directorate: Infrastructure Services
Vote 3 - Directorate: Electro-technical Services
Vote 4 - Directorate: Corporate Services
Vote 5 - Directorate: Financial Services
Vote 6 - Directorate: Community Services

PRIMARY SEGMENTS - 2023/2024 FINANCIAL YEAR

Vote 1 - Municipal Manager
Vote 2 - Directorate: Infrastructure Services
Vote 3 - Directorate: Electro-technical Services
Vote 4 - Directorate: Corporate Services
Vote 5 - Directorate: Financial Services
Vote 6 - Directorate: Community Services

Management does not have segment information per assets and liabilities. The cost to develop this would be excessive, therefore per GRAP standard it is not disclosed.

Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The Cost to develop this separately would be excessive.

Capital expenditure (additions) is reviewed by management monthly per the section 71 schedule.

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2025

	Municipal Manager	Infrastructure Services	Corporate Services	Financial Services	Community Services	Total
	R	R	R	R		R
SEGMENT REVENUE						
External revenue from exchange transactions	**-**	**141,909,184**	**8,069,152**	**22,895,785**	**15,148,852**	**188,022,972**
Service Charges	-	135,058,667	-	18,293,015	11,036,364	164,388,046
Sales of Goods and Rendering of Services	-	171,772	24,193	160,088	421,260	777,312
Rental from Fixed Assets	-	-	1,116,610	-	64,083	1,180,692
Interest Earned - External Investments	-	-	-	3,059,425	-	3,059,425
Interest Earned - Exchange Transactions	-	6,678,745	-	382,834	2,092,645	9,154,225
Licences and Permits	-	-	-	81,455	-	81,455
Agency Services	-	-	-	-	1,366,145	1,366,145
Operational Revenue	-	-	6,928,349	918,967	168,355	8,015,671
External revenue from non-exchange transactions	**8,466,867**	**59,306,093**	**11,569,814**	**143,663,520**	**54,226,812**	**277,233,106**
Property Rates	-	-	-	55,325,849	-	55,325,849
Government Grants and Subsidies - Capital	-	10,364,463	1,003,198	-	16,357,783	27,725,444
Government Grants and Subsidies - Operating	8,466,867	47,108,509	10,546,117	11,485,070	21,714,854	99,321,417
Debt forgiveness	-	-	-	22,948,464	-	22,948,464
Contributed Property, Plant and Equipment	-	-	9,199	33,065	417,500	459,764
Fines. Penalties and Forfeits	-	463,154	11,300	50,779,400	15,605,701	66,859,555
Interest Earned - Non-exchange Transactions	-	-	-	3,071,508	-	3,071,508
Licences and Permits	-	-	-	20,164	130,974	151,138
Availability fees	-	1,369,967	-	-	-	1,369,967
Total Segment Revenue	**8,466,867**	**201,215,277**	**19,638,965**	**166,559,304**	**69,375,664**	**465,256,078**
SEGMENT EXPENDITURE						
Employee related costs	5,247,551	43,890,971	22,863,628	20,796,857	37,029,114	129,828,121
Remuneration of Councillors	-	-	6,536,129	-	-	6,536,129
Bad Debts Written Off	-	20,419,502	-	3,465,377	96,291,162	120,176,042
Contracted Services	1,108,751	5,269,796	2,250,030	12,623,380	3,815,278	25,067,233
Depreciation and Amortisation	-	22,061,595	643,485	601,493	5,050,685	28,357,257
Finance Costs	7,708	5,593,250	4,250,436	2,204,737	2,412,102	14,468,233
Bulk Purchases	-	117,189,613	-	-	-	117,189,613
Inventory Consumed	12,040	8,501,472	529,464	319,363	878,414	10,240,753
Operational Costs	813,081	11,001,052	7,468,093	8,873,716	4,066,739	32,222,680
Total Segment Expenditure	**7,189,130**	**233,927,252**	**44,541,263**	**48,884,921**	**149,543,495**	**484,086,060**
Surplus/(Deficit)	**1,277,737**	**(32,711,975)**	**(24,902,298)**	**117,674,383**	**(80,167,830)**	**(18,829,983)**
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-	173,384	-	-	-	173,384
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	725,599	2,652,101	(7,108,158)	30,262,631	26,532,173
Gains/(Loss) on Sale of Fixed Assets	(533,000)	(1,484,534)	-	(38,109)	-	(2,055,642)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(2,943,395)	(111,100)	-	-	(188,852)	(3,243,346)
Actuarial gain/(loss)	-	-	(1,166,247)	-	-	(1,166,247)
Surplus/(Deficit) for the year	**(2,198,658)**	**(33,408,625)**	**(23,416,444)**	**110,528,117**	**(50,094,051)**	**1,410,339**
Capital expenditure per segment	-	10,030,856	1,408,307	68,530	17,999,732	**29,507,425**

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Municipal Manager	Infrastructure Services	Corporate Services	Financial Services	Community Services	Total
	R	R	R	R		R
SEGMENT REVENUE						
External revenue from exchange transactions	**-**	**140,449,237**	**7,433,099**	**7,606,579**	**15,165,854**	**170,654,769**
Service Charges	-	133,934,628	-	1,921,623	10,787,971	146,644,222
Sales of Goods and Rendering of Services	-	132,307	24,874	151,115	366,501	674,798
Rental from Fixed Assets	-	-	1,367,096	262,761	85,368	1,715,225
Interest Earned - External Investments	-	-	-	2,683,944	-	2,683,944
Interest Earned - Exchange Transactions	-	6,382,070	-	490,439	2,202,313	9,074,822
Licences and Permits	-	-	-	219,199	-	219,199
Agency Services	-	-	-	-	1,355,917	1,355,917
Operational Revenue	-	231	6,041,129	1,877,498	367,783	8,286,642
External revenue from non-exchange transactions	**8,724,536**	**63,870,054**	**5,964,162**	**119,676,142**	**52,790,713**	**251,025,607**
Property Rates	-	-	-	46,613,835	-	46,613,835
Government Grants and Subsidies - Capital	-	8,255,907	316,762	(39,892)	7,657,683	16,190,459
Government Grants and Subsidies - Operating	8,724,536	39,609,443	5,637,971	20,816,079	18,536,898	93,324,927
Debt forgiveness	-	15,053,933	-	251,544	-	15,305,477
Contributed Property, Plant and Equipment	-	-	-	-	-	-
Fines. Penalties and Forfeits	-	433,213	9,429	48,817,350	26,431,914	75,691,906
Interest Earned - Non-exchange Transactions	-	-	-	3,210,957	-	3,210,957
Licences and Permits	-	-	-	6,270	164,218	170,488
Availability fees	-	517,559	-	-	-	517,559
Total Segment Revenue	**8,724,536**	**204,319,291**	**13,397,261**	**127,282,721**	**67,956,566**	**421,680,375**
SEGMENT EXPENDITURE						
Employee related costs	5,692,806	40,826,591	19,367,976	19,580,638	35,636,832	121,104,843
Remuneration of Councillors	-	-	6,018,259	-	-	6,018,259
Bad Debts Written Off	-	45,893,872	-	1,887,377	4,453,913	52,235,162
Contracted Services	1,461,826	6,605,970	3,234,443	10,093,434	4,884,115	26,279,788
Depreciation and Amortisation	-	18,475,519	1,754,059	602,833	5,840,101	26,672,511
Finance Costs	11,377	7,800,323	3,891,225	2,798,590	2,111,262	16,612,776
Bulk Purchases	-	99,961,789	-	-	-	99,961,789
Inventory Consumed	2,955	5,880,367	264,223	298,180	913,994	7,359,719
Operational Costs	1,166,169	10,738,611	8,970,238	7,620,004	4,399,290	32,894,312
Total Segment Expenditure	**8,335,132**	**236,183,042**	**43,500,422**	**42,881,056**	**58,239,506**	**389,139,158**
Surplus/(Deficit)	**389,404**	**(31,863,752)**	**(30,103,160)**	**84,401,665**	**9,717,060**	**32,541,217**
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-	(107,578)	-	-	-	(107,578)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	(3,131,847)	856,055	(1,351,787)	(19,426,957)	(23,054,535)
Gains/(Loss) on Sale of Fixed Assets	-	(1,184,535)	-	(234,887)	-	(1,419,423)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	(47,848)	-	(2,901)	-	(50,749)
Actuarial gain/(loss)	-	-	(600,120)	-	-	(600,120)
Surplus/(Deficit) for the year	**389,404**	**(36,335,560)**	**(29,847,225)**	**82,812,089**	**(9,709,897)**	**7,308,812**
Capital expenditure per segment	**-**	**7,126,109**	**1,144,474**	**1,594,846**	**7,023,740**	**16,889,170**

APPENDIX A
BEAUFORT WEST LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2025

EXTERNAL LOANS	Reg No/Serial number	Rate	Supplier	Loan number/Area	Maturity date	Balance at 30 June 2024	Received during the period	Redeemed written off during the period	Balance at 30 June 2025
LONG-TERM LOANS									
ANNUITY LOANS									
General									
Sewerage Farm Merweville		6.75%	DBSA	103464/2	2024/12/31	143,002	-	(143,002)	-
Electricity									
20MVA Transformer - Sub Station		10.90%	DBSA	103464/1	2029/12/31	2,212,987		(312,617)	1,900,370
Water Works									
Farm Hans Rivier		10.90%	DBSA	103464/1	2029/12/31	1,111,962	-	(157,081)	954,881
Pressure Control System		10.90%	DBSA	103464/1	2029/12/31	320,828	-	(45,322)	275,507
Total Annuity Loans						**3,788,779**	**-**	**(658,021)**	**3,130,758**
CAPITALISED LEASE LIABILITY									
Photocopy machineC360i	AA2J021504394	14.25%	Konica Minolta	Corporate Services	30/06/2026	41,073	-	(19,084)	21,989
Photocopy machineC360i	AA2J021504392	14.25%	Konica Minolta	Supply Chain	30/06/2026	41,073	-	(19,084)	21,989
Photocopy machineC360i	AA2J021504435	14.25%	Konica Minolta	Engineering	30/06/2026	41,073	-	(19,084)	21,989
Photocopy machine4050i	ACT9021033446	14.25%	Konica Minolta	Youth Hub/Road House	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021033445	14.25%	Konica Minolta	Traffic Department	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021032966	14.25%	Konica Minolta	Traffic Department	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021031964	14.25%	Konica Minolta	Traffic Department	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021032898	14.25%	Konica Minolta	Mayors Office	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021032963	14.25%	Konica Minolta	Council Chambers	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machineC360i	AA2J021505110	14.25%	Konica Minolta	Church Street Library	30/06/2026	53,134	-	(24,689)	28,446
Photocopy machine4050i	ACT9021033352	14.25%	Konica Minolta	Finance-Credit Control	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machineC360i	AA2J021505056	14.25%	Konica Minolta	Finance-Reception	30/06/2026	41,073	-	(19,085)	21,989
Photocopy machine4050i	ACT9021032924	14.25%	Konica Minolta	Finance-Expenditure	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021033353	14.25%	Konica Minolta	Finance-Pay Roll	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021033276	14.25%	Konica Minolta	Finance-Budget	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021033312	14.25%	Konica Minolta	Stores	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021032905	14.25%	Konica Minolta	Stores	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021032908	14.25%	Konica Minolta	Assets	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021032915	14.25%	Konica Minolta	Workshop	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machineC360i	AA2J021504385	14.25%	Konica Minolta	Wheely Wagon Library	30/06/2026	53,134	-	(24,689)	28,446
Photocopy machine4050i	ACT9021033447	14.25%	Konica Minolta	Pay Point- Youth Hub	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machineB360i	AC77021002316	14.25%	Konica Minolta	Housing/Youth Hub	30/06/2026	34,610	-	(16,081)	18,529
Photocopy machine4050i	ACT9021033438	14.25%	Konica Minolta	Thusong Centre	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021033462	14.25%	Konica Minolta	Indigent Office	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machineC360i	AA2J021504443	14.25%	Konica Minolta	Electrical Department	30/06/2026	41,073	-	(19,085)	21,989
Photocopy machine4050i	ACT9021032927	14.25%	Konica Minolta	CDW- Rustdene	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machineC360i	AA2J021504456	14.25%	Konica Minolta	CDW- Rustdene 1	30/06/2026	41,073	-	(19,085)	21,989
Photocopy machineC360i	AA2J021504153	14.25%	Konica Minolta	Mimosa Library	30/06/2026	53,134	-	(24,689)	28,446
Photocopy machine4050i	ACT9021033324	14.25%	Konica Minolta	Traffic Court	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021032911	14.25%	Konica Minolta	Murraysburg Offices	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machineC360i	AA2J021504348	14.25%	Konica Minolta	Murraysburg Library	30/06/2026	53,134	-	(24,689)	28,446
Photocopy machine4050i	ACT9021032953	14.25%	Konica Minolta	Murraysburg thusong centre	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machineC360i	AA2J021504446	14.25%	Konica Minolta	Merweville Library	30/06/2026	53,134	-	(24,689)	28,446
Photocopy machine4050i	ACT9021033479	14.25%	Konica Minolta	Merweville Betaal Kantoor	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021033511	14.25%	Konica Minolta	Merweville Betaal Kantoor 1	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021032899	14.25%	Konica Minolta	Nelspoort Pay Office	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machineC360i	AA2J021504444	14.25%	Konica Minolta	Nelspoort Library	30/06/2026	53,134	-	(24,689)	28,446
Photocopy machine4050i	ACT9021032978	14.25%	Konica Minolta	CDW- Nelspoort	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machine4050i	ACT9021032922	14.25%	Konica Minolta	ICT Offices	30/06/2026	12,099	-	(5,622)	6,477
Photocopy machineC360i	AA2J021504458	14.25%	Konica Minolta	Director Office	30/06/2026	41,073	-	(19,085)	21,989
Photocopy machineSF5350	44121715	6.17%	Sky Metro Equipment	Corporate Services	31/08/2026	66,432	-	(29,563)	36,869
Photocopy machineC654i	A2X1021000771	6.17%	Sky Metro Equipment	Corporate Services	31/08/2026	58,475	-	(26,022)	32,453
Photocopy machineC650i	AA7N027000238	6.17%	Sky Metro Equipment	Corporate Services	31/08/2026	53,547	-	(23,829)	29,718
TOTAL CAPITALISED LEASE LIABILITY						**1,133,948**	**-**	**(523,378)**	**610,569**
TOTAL EXTERNAL LOANS						**4,922,727**	**-**	**(1,181,400)**	**3,741,327**

APPENDIX B
BEAUFORT WEST LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2024 Actual Income R	2024 Actual Expenditure R	2024 Surplus/ (Deficit) R		2025 Actual Income R	2025 Actual Expenditure R	2025 Surplus/ (Deficit) R
			Governance and Administration			
11,946,203	19,978,587	(8,032,384)	Executive and council	17,489,373	21,964,859	(4,475,485)
141,686,369	121,694,670	19,991,698	Finance and administration	180,805,463	100,148,017	80,657,446
			Community and Public Safety			
7,600,986	12,868,475	(5,267,489)	Community and social services	9,425,473	10,920,929	(1,495,455)
2,530,176	9,543,842	(7,013,667)	Sport and recreation	6,637,409	9,024,055	(2,386,646)
27,952,049	39,567,487	(11,615,438)	Public safety	17,593,651	82,400,568	(64,806,916)
1,070,692	2,123,885	(1,053,193)	Housing	-	1,340,969	(1,340,969)
			Economic and Environmental Services			
1,859,464	11,786,728	(9,927,263)	Planning and development	1,297,622	11,890,211	(10,592,589)
6,206,645	18,407,603	(12,200,958)	Road transport	489,560	18,056,954	(17,567,394)
			Trading Services			
139,256,706	109,909,370	29,347,335	Energy sources	145,579,673	129,229,505	16,350,168
37,483,723	30,990,450	6,493,274	Water management	41,408,415	42,412,086	(1,003,671)
32,966,792	19,579,663	13,387,129	Waste water management	37,126,029	20,629,544	16,496,485
25,124,994	18,088,568	7,036,426	Waste management	33,666,004	16,698,207	16,967,797
435,684,799	414,539,328	21,145,471	Sub Total	491,518,673	464,715,904	26,802,770
(13,836,658)	-	(13,836,658)	Less Inter-Departmental Charges	(25,392,431)	-	(25,392,431)
421,848,140	**414,539,328**	**7,308,812**	**Total**	**466,126,243**	**464,715,904**	**1,410,339**

APPENDIX C
BEAUFORT WEST LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025
MUNICIPAL VOTES CLASSIFICATIONS

2024 Actual Income R	2024 Actual Expenditure R	2024 Surplus/ (Deficit) R		2025 Actual Income R	2025 Actual Expenditure R	2025 Surplus/ (Deficit) R
			Municipal Manager			
8,724,536	6,023,705	2,700,831	Municipal Manager	8,466,867	9,137,809	(670,942)
3,221,667	13,954,882	(10,733,215)	Mayor and Council	9,022,506	13,044,440	(4,021,934)
			Chief Financial Officer			
127,394,973	96,501,981	30,892,992	Budget and Treasury Office	168,043,570	77,573,306	90,470,264
			Director: Administration			
14,291,396	25,192,690	(10,901,294)	Corporate Services	12,761,893	22,357,321	(9,595,428)
1,859,464	11,786,728	(9,927,263)	Planning and Development	1,297,622	11,890,211	(10,592,589)
			Director: Community Services			
7,600,986	16,291,402	(8,690,416)	Community and Social Services	9,425,473	10,920,929	(1,495,455)
2,530,176	6,120,916	(3,590,740)	Sport and Recreation	6,637,409	9,024,055	(2,386,646)
27,952,049	39,567,487	(11,615,438)	Public Safety	17,593,651	82,400,568	(64,806,916)
1,070,692	2,123,885	(1,053,193)	Housing	-	1,340,969	(1,340,969)
			Director: Technical Services			
6,206,645	18,407,603	(12,200,958)	Road Transport	489,560	18,056,954	(17,567,394)
139,256,706	109,909,370	29,347,335	Electricity	145,579,673	129,229,505	16,350,168
37,483,723	30,990,450	6,493,274	Water	41,408,415	42,412,086	(1,003,671)
32,966,792	19,579,663	13,387,129	Waste Water Management	37,126,029	20,629,544	16,496,485
25,124,994	18,088,568	7,036,426	Waste Management	33,666,004	16,698,207	16,967,797
435,684,799	414,539,328	21,145,471	Sub Total	491,518,673	464,715,904	26,802,770
(13,836,658)	-	(13,836,658)	Less Inter-Departmental Charges	(25,392,431)	-	(25,392,431)
421,848,140	**414,539,328**	**7,308,812**	**Total**	**466,126,243**	**464,715,904**	**1,410,339**

APPENDIX D
BEAUFORT WEST LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2025
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation						Accumulated Impairment				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Change in landfill site	Transfer	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	
				-											
Budget & Treasury	11,316,736	11,546,029	-	-	(704,043)	22,158,721	3,933	-	(41)	3,892	5,737,956	2,612,353	(683,695)	7,666,614	14,488,215
Community & Social Services	8,219,316	197,258	-	-	(189,659)	8,226,915	597	-	-	597	3,252,860	155,619	(184,819)	3,223,659	5,002,659
Corporate Services	175,111,953	7,616,467	-	-	(72,274)	182,656,146	9,526,685	2,943,395	(109)	12,469,971	50,015,037	4,509,792	(69,680)	54,455,150	115,731,026
Electricity	156,120,074	6,072,174	-	-	(863,406)	161,328,843	380,109	111,100	(10)	491,199	49,737,605	3,205,921	(478,894)	52,464,632	108,373,012
Executive & Council	11,173,275	26,738	-	-	(555,041)	10,644,972	780,699	-	1	780,699	4,496,170	216,557	(18,935)	4,693,792	5,170,482
Housing	7,540	-	-	-	-	7,540	-	-		-	7,105	100	-	7,206	334
Planning & Development	4,763,018	135,600	-	-	(100,193)	4,798,425	398	-	(14)	384	2,213,077	747,238	(97,716)	2,862,600	1,935,442
Public Safety	6,413,055	-	-	-	(19,538)	6,393,517	235	-	(6)	229	1,417,886	870,050	(18,835)	2,269,101	4,124,187
Road Transport	209,556,099	521,357	-	-	(2,299,542)	207,777,914	519	-	(180)	339	127,519,219	5,785,804	(1,548,528)	131,756,496	76,021,079
Sport & Recreation	17,638,037	50,279	-	-	(131,525)	17,556,791	13	-		13	10,671,145	1,306,555	(129,291)	11,848,409	5,708,370
Waste Management	15,190,816	-	2,593,972	-	(3,801)	17,780,987	36	188,852	(9)	188,879	11,024,206	351,297	(3,750)	11,371,754	6,220,354
Waste Water Management	104,549,513	-	-	-	(10,348)	104,539,165	64	-	(6)	59	64,574,440	3,855,722	(10,193)	68,419,970	36,119,137
Water	145,027,462	3,442,036	-	(100,520)	(1,058,477)	147,310,502	110	-	(16)	94	61,690,936	4,740,249	(707,480)	65,723,705	81,586,703
	865,086,896	**29,607,939**	**2,593,972**	**(100,520)**	**(6,007,848)**	**891,180,438**	**10,693,398**	**3,243,346**	**(390)**	**13,936,354**	**392,357,644**	**28,357,257**	**(3,951,816)**	**416,763,085**	**460,480,999**

APPENDIX E
BEAUFORT WEST LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR 30 JUNE 2025

Grant Description	Balance 1 July 2024	Correction of error	Restated balance 1 July 2024	Contributions during the year	Transfers	Interest on Investments	Unspent Grant re-allocation	Repaid to National Provincial Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2025
National Government Grants											
Equitable share	-		-	88,849,000	-	-	-	-	(88,849,000)	-	-
Municipal Infrastructure Grant (MIG)	132,222		132,222	17,631,000	-	-	(1,507)	(132,222)	(782,150)	(16,847,343)	0
Integrated National Electrification Programme Grant (INEP)	-		-	6,983,000	-	-	-	-	-	(6,983,000)	-
Water Services Infrastructure Grant (WSIG)	712		712	-	-	-	(712)	-	-	-	(0)
Local Government Financial Management Grant (FMG)	-		-	2,000,000	-	-	-	-	(1,906,505)	(93,495)	-
Expanded Public Works Programme Integrated Grant (EPWP)	62,648		62,648	1,226,000	-	-	-	(62,647)	(1,226,000)	-	0
Total National Government Grants	**195,581**	**-**	**195,581**	**116,689,000**	**-**	**-**	**(2,219)**	**(194,869)**	**(92,763,655)**	**(23,923,838)**	**0**
Provincial Government Grants											
Provincial Treasury : Western Cape Financial Management Capacity Building Grant	-		-	2,725,000	-	-	-	-	(2,304,259)	-	420,741
Provincial Treasury : Western Cape Municipal Recovery Services Grant	800,000		800,000	310,000	-	-	-	-	(1,110,000)	-	-
Department of Cultural Affairs and Sport : Library Service: Replacement Funding (note 1)	470,054	(470,054)	-	-	-	-	-	-	-	-	-
Department of Cultural Affairs and Sport : Library Service: Community Library Service Grant	-		-	1,500,000	-	-	-	-	-	(909,703)	590,297
Department of Local Government : Community Development Workers (CDW) Operational Support Grant	29,793		29,793	226,000	-	-	-	-	(200,579)	-	55,215
Department of Local Government : Western Cape Municipal Interventions Grant	71,393		71,393	2,245,000	-	-	(60)	(75,334)	(723,970)	(391,943)	1,125,087
Department of Local Government: Municipal Water Resilience Grant	305		305	2,500,000	-	-	(345)	-	-	(2,499,960)	0
Department of Cultural Affairs and Sport :Development of Sport and Recreation Facilities	-		-	1,100,000	-	-	-	-	-	-	1,100,000
Total Provincial Government Grants	**1,371,547**	**(470,054)**	**901,492**	**10,606,000**	**-**	**-**	**(405)**	**(75,334)**	**(4,338,807)**	**(3,801,606)**	**3,291,340**
District Municipality											
Central Karoo District Municipality	85,715		85,715	370,000	-	-	-	-	(341,666)	-	114,049
Total District Municipality Grants	**85,715**	**-**	**85,715**	**370,000**	**-**	**-**	**-**	**-**	**(341,666)**	**-**	**114,049**
Other Grant Providers											
Services SETA	614,026		614,026	-	-	-	-	-	(586,877)	-	27,149
Chemical Industries Education & Training Authority	87,275		87,275	1,616,900	-	-	-	-	(1,283,400)	-	420,775
Local Government Sector Education and Training Authority	-		-	7,012	-	-	-	-	(7,012)	-	-
Total Other Grant Providers	**701,301**	**-**	**701,301**	**1,623,912**	**-**	**-**	**-**	**-**	**(1,877,289)**	**-**	**447,924**
Total Grants	**2,354,144**	**(470,054)**	**1,884,089**	**129,288,912**	**-**	**-**	**(2,624)**	**(270,203)**	**(99,321,417)**	**(27,725,444)**	**3,853,313**

Note 1: Reclassification of library replacement grant. Per the Auditor-General this does not meet the definition of a grant and should be classified as provision of goods and services (exchange transaction)

APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Description	2024/2025								2023/2024
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8	12
Financial Performance									
Property rates	55,152	461	54,691	55,326		635	1.2%	0.3%	46,614
Service charges	182,465	(4,775)	187,240	164,388		(22,852)	-12.2%	-9.9%	146,644
Investment revenue	2,221	(429)	2,650	15,285		12,635	476.8%	588.2%	14,970
Transfers recognised - operational	102,942	(5,204)	108,146	99,321		(8,824)	-8.2%	-3.5%	93,325
Other own revenue	156,649	30,233	126,416	102,750		(23,665)	-18.7%	-34.4%	103,937
Total Revenue (excluding capital transfers and contributions)	**499,429**	**20,287**	**479,142**	**437,071**	**–**	**(42,072)**	**8.8%**	**-12.5%**	**405,490**
Employee costs	138,817	4,371	134,446	129,828	–	(4,618)	-3.4%	-6.5%	121,705
Remuneration of councillors	7,133	240	6,892	6,536	–	(356)	-5.2%	-8.4%	6,018
Depreciation & asset impairment	104,648	52,711	51,937	31,601	2,335	(20,336)	-39.2%	-69.8%	26,723
Finance charges	1,847	(759)	2,606	14,468	11,863	11,863	455.3%	683.4%	16,613
Inventory consumed and bulk purchases	130,821	(7,495)	138,316	127,430	127,430	(10,886)	-7.9%	-2.6%	107,322
Other expenditure	66,131	(67,756)	133,887	153,982	–	20,095	15.0%	132.8%	135,991
Total Expenditure	**449,398**	**(18,687)**	**468,084**	**463,846**	**25,067**	**(4,238)**	**-0.9%**	**3.2%**	**414,372**
Surplus/(Deficit)	**50,031**	**38,973**	**11,058**	**(26,775)**	**–**	**(37,833)**	**-342.1%**	**-153.5%**	**(8,882)**
Transfers and subsidies - capital (monetary allocations)	26,171	(3,474)	29,645	27,725		(1,920)	-6.5%	5.9%	16,190
Transfers and subsidies - capital (in-kind - all)	–	–	–	460		–	-	-	–
Surplus/(Deficit) after capital transfers & contributions	**76,202**	**35,499**	**40,704**	**1,410**		**(39,753)**	**-96.5%**	**-98.1%**	**7,309**
Share of surplus/ (deficit) of associate	–	–	–	–		–	-	-	–
Surplus/(Deficit) for the year	**76,202**	**35,499**	**40,704**	**1,410**		**(39,753)**	**-96.5%**	**-98.1%**	**7,309**
Financial position									
Total current assets	196,540	98,519	98,020	84,945		(13,076)	-13.3%	-56.8%	94,332
Total non current assets	447,732	(10,853)	458,585	460,741		2,156	0.5%	2.9%	462,348
Total current liabilities	314,529	221,316	93,213	128,413		35,200	37.8%	-59.2%	141,373
Total non current liabilities	101,639	(5,600)	107,239	102,325		(4,914)	-4.6%	0.7%	101,770
Community wealth/Equity	**419,485**	**(128,050)**	**356,154**	**314,947**		(41,206)	-11.6%	-24.9%	313,537
Capital expenditure & funds sources									
Capital expenditure									
Transfers recognised - capital	22,757	(3,021)	25,779	27,725		1,947	7.6%	21.8%	16,190
Transfers and subsidies - capital (in-kind)	–	–	–	460		460	0.0%	0.0%	–
Borrowing	–	–	–	–		–	0.0%	0.0%	–
Internally generated funds	2,818	(3,161)	5,979	–		(5,979)	-100.0%	-100.0%	–
Total sources of capital funds	**25,575**	**(6,182)**	**31,757**	**27,725**		**(3,572)**	**-12.7%**	**8.4%**	**16,190**
Cash flows									
Net cash from (used) operating	62,645	26,595	36,050	32,294		(3,756)	-10.4%	-48.4%	19,018
Net cash from (used) investing	(25,575)	6,182	(31,757)	(29,627)		2,130	-6.7%	15.8%	(16,813)
Net cash from (used) financing	(1,102)	79	(1,181)	(1,181)		(0)	0.0%	7.2%	(1,182)
Cash/cash equivalents at the year end	**35,968**	**32,857**	**3,111**	**1,485**		(1,626)	**-52.3%**	**-95.9%**	**1,023**

APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2024/2025								2023/2024			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget		Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	133,492	73,139	206,632	198,265		(8,367)	-4.05%	-6.27%				153,563
Executive and council	18,170	40	18,210	17,489		(720)	-3.96%	-3.97%				11,946
Finance and administration	115,323	72,849	188,172	180,775		(7,397)	-3.93%	-6.41%				141,617
Internal audit	–	250	250	–		(250)	-100.00%	#DIV/0!				
Community and public safety	91,729	(51,702)	40,027	33,657		(6,370)	-15.91%	-6.94%				39,154
Community and social services	9,820	333	10,152	9,425		(727)	-7.16%	-7.40%				7,601
Sport and recreation	5,612	2,284	7,897	6,637		(1,259)	-15.95%	-22.44%				2,530
Public safety	74,770	(52,882)	21,887	17,594		(4,294)	-19.62%	-5.74%				27,952
Housing	1,527	(1,437)	90	–		(90)	-100.00%	-5.89%				1,071
Economic and environmental services	1,411	1,036	2,447	1,787		(660)	-26.96%	-46.75%				8,066
Planning and development	1,411	546	1,957	1,298		(659)	-33.68%	-46.71%				1,859
Road transport	–	490	490	490		(0)	-0.09%	#DIV/0!				6,207
Trading services	298,968	(39,285)	259,683	232,418		(27,265)	-10.50%	-9.12%				221,065
Energy sources	162,852	(18,293)	144,559	122,580		(21,979)	-15.20%	-13.50%				126,585
Water management	54,182	(13,779)	40,403	39,756		(647)	-1.60%	-1.19%				37,029
Waste water management	43,353	(3,096)	40,257	36,673		(3,584)	-8.90%	-8.27%				32,556
Waste management	38,581	(4,117)	34,464	33,409		(1,055)	-3.06%	-2.73%				24,895
Other	–	–		–		–	0.00%	0.00%				
Total Revenue - Standard	525,600	(16,812)	508,788	466,126		(42,662)	-8.38%	-8.12%				421,848
Expenditure - Standard												
Governance and administration	108,415	16,386	124,800	122,113	–	(2,687)	-2.2%	-2.5%	–	–	–	141,673
Executive and council	22,910	2,831	25,741	21,965	–	(3,776)	-14.7%	-16.5%	–	–	–	19,979
Finance and administration	84,056	13,378	97,434	100,148	–	2,714	2.8%	3.2%	–	–	–	121,695
Internal audit	1,449	177	1,626	–	–	(1,626)	-100.0%	-112.2%	–	–	–	
Community and public safety	102,144	35,496	137,640	103,687	–	(33,954)	-24.7%	-33.2%	–	–	–	64,104
Community and social services	13,163	(1,326)	11,836	10,921	–	(915)	-7.7%	-7.0%	–	–	–	12,868
Sport and recreation	9,527	(228)	9,299	9,024	–	(275)	-3.0%	-2.9%	–	–	–	9,544
Public safety	76,519	38,615	115,134	82,401	–	(32,733)	-28.4%	-42.8%	–	–	–	39,567
Housing	2,936	(1,564)	1,371	1,341	–	(30)	-2.2%	-1.0%	–	–	–	2,124
Economic and environmental services	31,656	(53,945)	(22,289)	29,947	–	52,236	-234.4%	165.0%	–	–	–	30,194
Planning and development	9,850	(54,877)	(45,027)	11,890	–	56,917	-126.4%	577.9%	–	–	–	11,787
Road transport	21,807	931	22,738	18,057	–	(4,681)	-20.6%	-21.5%	–	–	–	18,408
Trading services	207,183	20,750	227,932	208,969	–	(18,963)	-8.3%	-9.2%	–	–	–	178,568
Energy sources	135,228	3,471	138,699	129,230	–	(9,470)	-6.8%	-7.0%	–	–	–	109,909
Water management	37,062	5,359	42,421	42,412	–	(9)	0.0%	0.0%	–	–	–	30,990
Waste water management	16,697	7,089	23,785	20,630	–	(3,156)	-13.3%	-18.9%	–	–	–	19,580
Waste management	18,196	4,831	23,027	16,698	–	(6,329)	-27.5%	-34.8%	–	–	–	18,089
Total Expenditure - Standard	449,398	18,687	468,084	464,716	–	(3,368)	-0.7%	-0.7%	–	–	–	414,539
Surplus/(Deficit) for the year	76,202	(35,499)	40,704	1,410	–	(39,293)	-96.5%	-51.6%	–	–	–	7,309

APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Vote Description	2024/2025								2023/2024			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - MUNICIPAL MANAGER	9,073	726	9,799	8,467		–	0.0%	0.0%	–	–	–	8,725
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	262,795	(33,029)	229,767	202,085		–	0.0%	0.0%	–	–	–	204,319
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	–	–	–	–		–	0.0%	0.0%	–	–	–	–
Vote 4 - DIRECTORATE: CORPORATE SERVICES	19,144	994	20,138	19,639		–	0.0%	0.0%	–	–	–	13,565
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	102,362	70,497	172,859	166,559		–	-	-	–	–	–	127,283
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	132,225	(56,000)	76,225	69,376		–	-	-	–	–	–	67,957
Total Revenue by Vote	**525,600**	**(16,812)**	**508,788**	**466,126**		**–**	**0.0%**	**0.0%**				**421,848**
Expenditure by Vote ***to be appropriated***												
Vote 1 - MUNICIPAL MANAGER	7,544	88	7,632	10,666	3,034	–	0.0%	0.0%	–	–	–	8,335
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	230,051	7,141	237,192	235,494	–	–	0.0%	0.0%	–	–	–	240,655
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Vote 4 - DIRECTORATE: CORPORATE SERVICES	49,555	1,864	51,419	43,055	–	–	0.0%	0.0%	–	–	–	43,412
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	48,007	5,245	53,252	56,031	2,779	–	0.0%	0.0%	–	–	–	44,471
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	114,241	4,349	118,590	119,470	880	–	0.0%	0.0%	–	–	–	77,666
Total Expenditure by Vote	**449,398**	**18,687**	**468,084**	**464,716**	**6,692**	**–**	**0.0%**	**0.0%**	**–**	**–**	**–**	**414,539**
Surplus/(Deficit) for the year	**76,202**	**(35,499)**	**40,704**	**1,410**		**–**	**0.0%**	**0.0%**				**7,309**

APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Description	2024/2025								2023/2024			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	55,152	(440)	54,712	55,326		614	1.1%	1.1%				46,614
Service charges - Electricity	120,473	3,599	124,071	106,461		(17,610)	-14.2%	-14.6%				95,411
Service charges - Water	20,853	8,551	29,405	27,119		(2,286)	-7.8%	-11.0%				21,128
Service charges - Waste Water Management	24,740	(3,096)	21,644	19,772		(1,872)	-8.7%	-7.6%				19,317
Service charges - Waste Management	16,399	(4,279)	12,120	11,036		(1,083)	-8.9%	-6.6%				10,788
Sale of Goods and Rendering of Services	942	–	942	777		(165)	-17.5%	-17.5%				675
Rental from Fixed Assets	2,022	(221)	1,801	1,181		(620)	-34.4%	-30.7%				1,715
Interest	3,449	–	3,449	3,072		(377)	-10.9%	-10.9%				3,211
Interest earned from Receivables	11,992	(1,770)	10,222	9,154		(1,068)	-10.4%	-8.9%				9,075
Interest earned from Current and Non Current Assets	2,221	429	2,650	3,059								2,684
Fines, penalties and forfeits	73,189	6,297	79,486	66,860		(12,627)	-15.9%	-17.3%				75,692
Licences and permits	519	(84)	436	233		(79,254)	-99.7%	-15257.1%				390
Agency services	1,766	(165)	1,601	1,366		930	213.5%	52.7%				1,356
Transfer and subsidies - Operational	102,942	5,204	108,146	99,321		97,721	6104.3%	94.9%				93,325
Operational Revenue	37,182	(34,290)	2,892	32,334		(75,812)	-70.1%	-203.9%				24,110
Gains on disposal of Assets	–	–	–	–								
Other Gains	25,587	–	25,587	–		(2,892)	-100.0%	-11.3%				–
Total Revenue (excluding capital transfers and contributions)	**499,429**	**(20,266)**	**479,163**	**437,071**		**(96,401)**	**0**	**(0)**				**405,490**
Expenditure By Type							-	-				
Employee related costs	138,817	(4,371)	134,446	130,994	–	(3,452)	-2.6%	-2.5%	–	–	–	121,705
Remuneration of councillors	7,133	(240)	6,892	6,536	–	(356)	-5.2%	-5.0%	–	–	–	6,018
Debt impairment	75,382	(52,711)	22,671	(26,532)	–	(49,203)	-217.0%	-65.3%	–	–	–	23,055
Irrecoverable debts written off	–	60,660	60,660	120,176								52,235
Depreciation and amortisation	29,266	–	29,266	31,601	2,335	2,335	8.0%	8.0%	–	–	–	26,723
Interest	1,847	759	2,606	14,468	11,863	11,863	455.3%	642.3%	–	–	–	16,613
Bulk purchases - electricity	105,318	2,852	108,170	106,242	–	(1,928)	-1.8%	-1.8%	–	–	–	90,529
Inventory consumed	25,503	4,643	30,146	21,189	–	(8,957)	-29.7%	-35.1%	–	–	–	16,793
Contracted services	27,528	6,497	34,025	25,067	–	(8,958)	-26.3%	-32.5%	–	–	–	26,280
Transfers and subsidies	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Operational costs	38,604	598	39,202	32,223	–	(6,979)	-17.8%	-18.1%	–	–	–	32,894
Losses on disposal of Assets	–	–	–									
Other Losses	–	–	–	1,882	1,882	1,882	#DIV/0!	#DIV/0!	–	–	–	1,527
Total Expenditure	**449,398**	**18,687**	**468,084**	**463,846**	**16,080**	**(63,754)**	**-13.6%**	**-14.2%**	**–**	**–**	**–**	**414,372**
Surplus/(Deficit)	**50,031**	**(38,953)**	**11,079**	**(26,775)**		**(37,854)**	**-341.7%**	**-75.7%**				**(8,882)**
Transfers and subsidies - capital (monetary allocations)	26,171	3,474	29,645	27,725	–	**(1,920)**	-6.5%	-7.3%	–	–	–	16,190
Transfers and subsidies - capital (in-kind - all)	**–**	–	–	–	–	**–**	#DIV/0!	#DIV/0!	–	–	–	–
	76,202	**(35,478)**	**40,724**	**1,410**			**-96.5%**	**-51.6%**				**7,309**
Surplus/(Deficit) after capital transfers & contributions					–	**(39,314)**			–	–	–	
Surplus/(Deficit) for the year	**76,202**	**(35,478)**	**40,724**	**1,410**	–	**(39,314)**	**-96.5%**	**-51.6%**	–	–	–	**7,309**

APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Vote Description	2024/2025								2023/2024			
R thousand	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - MUNICIPAL MANAGER	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	6,480	403	6,882	–	–	(6,882)	-100%	-106%	–	–	–	–
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 4 - DIRECTORATE: CORPORATE SERVICES	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	4,666	2,099	6,765	–	–	(6,765)	-100%	-145%	–	–	–	–
Capital multi-year expenditure	**11,146**	**2,502**	**13,648**	**–**	**–**	**(13,648)**	**#DIV/0!**	**#DIV/0!**	**–**	**–**	**–**	**–**
Single-year expenditure												
Vote 1 - MUNICIPAL MANAGER	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	2,174	1,856	4,030	10,031	6,001	6,001	149%	276%	–	–	–	7,126
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 4 - DIRECTORATE: CORPORATE SERVICES	1,804	236	2,040	1,408	–	(632)	0%	0%	–	–	–	1,144
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	–	150	150	69	–	(81)	-54%	#DIV/0!	–	–	–	1,595
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	10,451	1,439	11,890	18,000	6,110	6,110	51%	58%	–	–	–	7,024
Capital single-year expenditure	**14,429**	**3,681**	**18,110**	**29,507**	**12,111**	**11,398**	**0**	**#DIV/0!**	**–**	**–**	**–**	**16,889**
Total Capital Expenditure - Vote	**25,575**	**6,182**	**31,757**	**29,507**	**12,111**	**(2,250)**	**#DIV/0!**	**#DIV/0!**	**–**	**–**	**–**	**16,889**
Capital Expenditure - Standard												
Governance and administration	**500**	**281**	**781**	**629**	**–**	(153)	**-20%**	**-31%**	**–**	**–**	**–**	**2,332**
Executive and council	–	–	–	–	–	–	0%	0%	–	–	–	–
Finance and administration	500	281	781	629	–	(153)	-20%	-31%	–	–	–	2,332
Internal audit	–	–	–	–	–	–	0%	0%	–	–	–	–
Community and public safety	**5,971**	**3,160**	**9,131**	**7,702**	**–**	(1,429)	**-16%**	**-24%**	**–**	**–**	**–**	**2,473**
Community and social services	1,304	236	1,541	1,068	–	(472)	0%	0%	–	–	–	1,897
Sport and recreation	4,666	2,923	7,590	6,633	–	(957)	-13%	-21%	–	–	–	576
Public safety	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Housing	–	–	–	–	–	–	0%	0%	–	–	–	–
Economic and environmental services	**–**	**726**	**726**	**1,142**	**417**	416	**57%**	**#DIV/0!**	**–**	**–**	**–**	**5,757**
Planning and development	–	300	300	717	417	417	0%	0%	–	–	–	151
Road transport	–	426	426	426	–	(0)	0%	#DIV/0!	–	–	–	5,606
Trading services	**19,104**	**2,015**	**21,119**	**20,035**	**–**	(1,084)	**-5%**	**-6%**	**–**	**–**	**–**	**6,327**
Energy sources	6,480	359	6,838	6,072	–	(766)	-11%	-12%	–	–	–	16
Water management	2,174	1,174	3,348	3,145	–	(203)	-6%	-9%	–	–	–	1,291
Waste water management	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	435
Waste management	10,451	482	10,933	10,818	–	(115)	0%	0%	–	–	–	4,586
Other	**–**	**–**	**–**	**–**	–	–	0%	0%	**–**	**–**	**–**	**–**
Total Capital Expenditure - Standard	**25,575**	**6,182**	**31,757**	**29,507**	**417**	**(2,250)**	**-7%**	**-9%**	**–**	**–**	**–**	**16,889**
Funded by:												
National Government	19,279	1,526	20,805	20,803	–	(1)	0%	0%	–	–	–	12,116
Provincial Government	3,478	1,496	4,974	3,443	–	(1,531)	-31%	0%	–	–	–	1,753
District Municipality	–	–	–	–	–	–	0%	0%	–	–	–	–
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	0%	0%	–	–	–	248
Transfers recognised - capital	**22,757**	**3,021**	**25,779**	**24,246**	**–**	(1,533)	**-6%**	**-7%**	**–**	**–**	**–**	**14,117**
Public contributions & donations	**–**	**–**	**–**	460	**–**	460	**0%**	**0%**	**–**	**–**	–	–
Borrowing	**–**	–	**–**	–	**–**	–	**0%**	**0%**	**–**	**–**	–	1,582
Internally generated funds	2,818	3,161	5,979	4,802	**–**	(1,177)	**-20%**	**-42%**	**–**	**–**	–	1,190
Total Capital Funding	**25,575**	**6,182**	**31,757**	**29,507**	**–**	**(2,250)**	**-7%**	**-9%**	**–**	**–**	**–**	**16,889**

APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025
CASH FLOWS

Description	2024/25							2023/24
R thousand	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	52,741	(1,578)	51,163	42,169	(8,994)	-17.6%	-20.0%	7,516
Service charges	210,414	(28,241)	182,173	141,324	(40,849)	-22.4%	-32.8%	124,718
Other revenue	17,912	71,123	89,035	66,839	(22,196)	-24.9%	273.2%	76,000
Transfers and Subsidies - Operational	102,942	3,587	106,529	100,971	(5,558)	-5.2%	-1.9%	94,262
Transfers and Subsidies - Capital	26,171	3,354	29,525	28,315	(1,210)	-4.1%	8.2%	15,823
Interest	2,221	429	2,650	4,699	2,049	77.3%	111.6%	14,970
Payments								
Suppliers and employees	(347,909)	(74,511)	(422,420)	(351,374)	71,045	-16.8%	1.0%	(307,268)
Finance charges	(1,847)	(759)	(2,606)	(649)	1,957	-75.1%	-64.9%	(3,344)
Transfers and Subsidies	–	–	–	–	–	#DIV/0!	#DIV/0!	(3,659)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**62,645**	**(26,595)**	**36,050**	**32,294**	**–**	**-10.4%**	**-48.4%**	**19,018**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	–	–	–	–	0.0%	0.0%	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	0.0%	0.0%	–
Decrease (increase) other non-current receivables	–	–	–	–	–	0.0%	0.0%	–
Decrease (increase) in non-current investments	–	–	–	–	–	0.0%	0.0%	–
Payments								
Capital assets	(25,575)	(6,182)	(31,757)	(29,627)	2,130	-6.7%	15.8%	(16,813)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(25,575)**	**(6,182)**	**(31,757)**	**(29,627)**	**–**	**-6.7%**	**15.8%**	**(16,813)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	0.0%	0.0%	–
Borrowing long term/refinancing	–	–	–	–	–	0.0%	0.0%	–
Increase (decrease) in consumer deposits	–	–	–	–	–	0.0%	#DIV/0!	–
Payments								
Repayment of borrowing	(1,102)	(79)	(1,181)	(1,181)	(0)	0.0%	7.2%	(1,182)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(1,102)**	**(79)**	**(1,181)**	**(1,181)**	**–**	**0.0%**	**0.0%**	**(1,182)**
NET INCREASE/ (DECREASE) IN CASH HELD	35,968	(32,857)	3,111	1,485				1,023
Cash/cash equivalents at the year begin:	15,844	–	15,844	15,883				14,860
Cash/cash equivalents at the year end:	51,812	(32,857)	18,955	17,369	(1,586)	**-8.4%**	**-66.5%**	15,883