HESSEQUA
Local Municipality

AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2025

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

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

HESSEQUA LOCAL MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

General Information

Description	Details
Country of Incorporation and Domicile	: South Africa
Legal Form of 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 and Principal Activities	: The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Area of Jurisdiction	: The Hessequa Local Municipality's jurisdiction encompasses an area of 5,733 square kilometers (5.733 sq km) in the Garden Route District of the Western Cape. This area is flanked by the lower Breede River to the west and the Gourits River to the east with its head office in Riversdale. The towns and settlements in the area are Albertinia, Gouritsmond, Heidelberg, Jongensfontein, Melkhoutfontein, Riversdal, Slangrivier and Witsand.
Legislation governing the Municipality's Operations	: Constitution of the Republic of south Africa (Act 108 of 1998) Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (Act 6 of 2004) Division of Revenue Act (Act 1 of 2007)

Members of the Executive Committee

Portfolio	*Councillor Name*
Executive Mayor	: Mr. G. Riddles
Deputy Executive Mayor	: Mr. G.L. Boezak
MMC Technical Services	: Mr. B. van Noordwyk
MMC Development Planning & LED	: H.J. Saayman
MMC Financial Services & Corporate Services	: B.C. Smith

Council Members

Mr. M.C. van den Berg	: Speaker
Cllr R.G. Davids	: Ward 1
Cllr H.J. Saayman	: Ward 2
Cllr M. C. van den Berg	: Ward 3
Cllr G. L. Boezak	Ward 4
Cllr A.P. Daniëls	Ward 5
Cllr N. A. Joseph	Ward 6
Cllr B. van Noordwyk	Ward 7
Cllr C. P. Taute	Ward 8
Cllr S. le Roux	Ward 9

General Information (Continued)

Council Members (Continued)

Cllr G. Riddles	Proportional Representative
Cllr J. Hoogbaard	Proportional Representative
Cllr B. Smith	Proportional Representative
Cllr M.E. Dayimani	Proportional Representative
Cllr L. Pieterse	Proportional Representative
Cllr L.C. February	Proportional Representative
Cllr J. Hartnick	Proportional Representative
Cllr. I.T. Mangaliso (Terminated 23 June 2025)	: Proportional Representative

Section 79 Committee

Chairperson: MPAC	: Cllr. I.T. Mangaliso (Terminated 23 June 2025)

Executive Management

Position	*Name*
Municipal Manager (MM)	: Mr. A.S.A. de Klerk
Chief Finance Officer (CFO)	: Mr. G.J. Goliath
Director: Community Services	: Mr. G.D. Lewis-Michaels
Director: Corporate Services	: Ms. A.M. Griesel
Director: Development Planning & LED	Mr. H. Visser
Director: Technical Services	: Mr. R.W. Manho

Members of the Audit Committee

Chairperson	: Prof. J.A.A. Lazenby
Member	: Ms. I. Lorenz
Member	: Mr. W.J. Kok
Member	: Mr. W.M. Cronje
Member	: Mr. N.L. Jonker

Grading of Local Authority	: B3 Local Municipality
Demarcation Code	: WC042
Registered Office	: Riversdale
Physical Address	: Van den Berg Street, Riversdale, 6670
Postal Address	: P.O. Box 29, Riversdale, 6670
Telephone Number	: (028) 713 8000
Fax Number	: (086) 401 5259
Email Address	: info@hessequa.gov.za
Municipal Website	: www.hessequa.gov.za
Auditors	: Auditor-General of South Africa
Bankers	: First National Bank (FNB), Church Street, Riversdale
Legal Representative	: Panel of Lawyers from Local Firms
Preparer	: Mr. G.J. Goliath

HESSEQUA LOCAL MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Accounting Officer's Responsibilities and Approval

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

The Annual Financial Statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, I am satisfied that the Municipality has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

I would like to bring to your attention the following material matters to your attention:

- I certify that the salaries, allowances and benefits of councillors as disclosed in note 32 to these Annual Financial Statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

- The Annual Financial Statements set out in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), set out on pages 6 to 133, which have been prepared on the going concern basis, were approved on 31 August 2025.

Mr. A.S.A. de Klerk
Accounting Officer

Date 31 August 2025

HESSEQUA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Note	Actual 2025 R	2024 Restated R
ASSETS			
Current Assets		**520,034,112**	**562,695,659**
Inventories	2.	4,775,407	4,772,960
Receivables from Exchange Transactions	3.	46,917,397	35,254,197
Receivables from Non-exchange Transactions	4.	28,565,108	34,446,886
Cash and Cash Equivalents	5.	6,378,334	3,849,570
Call Investment Deposits	5.	432,578,444	483,671,681
Lease Receivables	10.	819,422	700,365
Non-Current Assets		**1,460,495,297**	**1,250,229,137**
Property, Plant and Equipment	6.	1,328,076,041	1,136,503,296
Intangible Assets	7.	178,890	192,223
Investment Property	8.	123,788,855	105,082,106
Heritage Assets	9.	8,451,512	8,451,512
Total Assets		**1,980,529,409**	**1,812,924,796**
LIABILITIES			
Current Liabilities		**148,527,009**	**209,560,085**
Consumer Deposits	11.	15,600,054	13,965,404
Trade and Other Payables	12.	64,789,979	64,733,323
Unspent Conditional Grants and Receipts	13.	3,642,666	74,780,373
Taxes Payable	14.	14,690,546	8,791,846
Lease Payables	15.	20,174	46,190
Borrowings	16.	24,207,337	21,950,521
Employee Benefit Liabilities	17.	25,576,252	25,292,426
Non-Current Liabilities		**259,657,595**	**271,477,449**
Borrowings	16.	98,254,333	122,421,483
Employee Benefit Liabilities	17.	65,686,636	61,110,700
Provisions	18.	95,716,626	87,945,266
Total Liabilities		**408,184,604**	**481,037,533**
Total Assets and Liabilities		**1,572,344,805**	**1,331,887,262**
NET ASSETS		**1,572,344,805**	**1,331,887,262**
Reserves	19.	63,524,918	55,792,103
Accumulated Surplus / (Deficit)	20.	1,508,819,888	1,276,095,160
Total Net Assets		**1,572,344,805**	**1,331,887,262**

HESSEQUA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Note	Actual 2025 R	2024 Restated R
REVENUE			
Revenue from Non-exchange Transactions		**429,426,623**	**319,196,081**
Property Rates	21.	140,196,508	130,038,262
Fines, Penalties and Forfeits	22.	44,898,981	65,203,561
Licences and Permits	23.	2,343,686	2,070,269
Transfers and Subsidies	24.	229,740,485	109,517,466
Service Charges (Availability Charges)	25.	11,373,763	11,141,710
Interest Earned - Non-exchange Receivables	29.	837,080	819,760
Operational Revenue	30.	36,119	405,052
Revenue from Exchange Transactions		**479,657,680**	**430,912,000**
Licences and Permits	23.	1,538	-
Service Charges	25.	365,374,052	320,500,422
Sales of Goods and Rendering of Services	26.	51,900,214	50,510,390
Income from Agency Services	27.	3,213,166	2,997,013
Rental from Fixed Assets	28.	4,431,129	3,762,481
Interest Earned - Exchange Receivables	29.	3,440,417	2,840,266
Interest Earned - External Investments	29.	46,305,136	43,386,407
Operational Revenue	30.	4,992,028	6,915,022
Total Revenue		**909,084,303**	**750,108,081**
EXPENDITURE		**686,379,542**	**654,057,336**
Employee Related Costs	31.	231,995,154	218,342,914
Remuneration of Councillors	32.	9,128,113	8,470,688
Depreciation and Amortisation	33.	44,315,205	42,567,996
Bad Debt Written-off	34.	8,211,779	48,408,183
Impairment Losses - Capital Assets	34.	(67,000)	-
Impairment Losses - Receivables	34.	31,801,368	9,763,395
Finance Cost	35.	21,681,441	22,035,450
Bulk Purchases	36.	187,076,907	157,153,258
Contracted Services	37.	71,919,845	66,722,855
Inventory Consumed	38.	40,367,537	42,737,368
Transfers and Subsidies Paid	39.	2,612,716	1,835,047
Operating Leases	40.	1,837,962	1,822,995
Operational Costs	41.	35,498,516	34,197,187
Total Expenditure		**686,379,542**	**654,057,336**
OPERATING SURPLUS / (DEFICIT) FOR THE YEAR		**222,704,762**	**96,050,745**
Other Gains and Losses:			
Other Operations:			
Gains	42.	20,431,396	19,074,184
Losses	42.	(2,908,190)	(1,397,259)
Disposal of Capital Assets:			
Gains	43.	1,257,831	852,597
Losses	43.	(1,065,401)	(1,391,460)
TOTAL OTHER REVENUE / EXPENDITURE INCURRED		**17,715,635**	**17,138,062**
SURPLUS / (DEFICIT) FOR THE YEAR		**240,420,397**	**113,188,807**

Refer to Statement of Comparison of Budget and Actual Amounts for explanation of budget variances

HESSEQUA LOCAL MUNICIPALITY

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

	Total Funds & Reserves	Accumulated Surplus/ (Deficit)	Total Net Assets
	R	R	R
2024			
Balance at 30 June 2023	3,078,791	1,216,821,017	1,219,899,808
Correction of Error (Note 45)	-	(1,617,159)	(1,617,159)
Restated Balance	**3,078,791**	**1,215,203,858**	**1,218,282,649**
Surplus / (Deficit) as per prior 2023/24 AFS	-	103,505,217	103,505,217
Correction of Error (Note 45)	(7,987,193)	17,670,782	9,683,589
Restated Surplus / (Deficit) for the year	(7,987,193)	121,175,999	113,188,807
Other Transfers to/from Accumulated Surplus	-	415,807	415,807
Transfers to / (from) Accumulated Surplus	60,700,505	(60,700,505)	-
Balance at 30 June 2024	**55,792,103**	**1,276,095,160**	**1,331,887,262**
2025			
Surplus / (Deficit) for the year	-	240,420,397	240,420,397
Transfers to/from Accumulated Surplus	101,461,854	(7,732,815)	93,729,039
Purchases	(93,729,039)	-	(93,729,039)
Balance at 30 June 2025	**63,524,918**	**1,508,819,888**	**1,572,344,805**

Details on the movement of the Funds and Reserves are set out in Note 19.

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

	Note	2025 R	2024 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		142,933,426	128,763,409
Fines, Penalties and Forfeits		17,992,627	11,618,462
Transfers and Subsidies		181,139,433	197,295,894
Service Charges		361,521,314	322,274,270
External Interest and Dividends Received		46,305,136	43,386,407
Other Receipts		41,864,688	44,753,617
VAT Received		6,378,513	1,206,199
Payments			
Employee Related Costs		(228,156,543)	(208,965,563)
Remuneration of Councillors		(9,128,113)	(8,470,688)
External Interest and Dividends Paid		(13,604,241)	(15,818,645)
Suppliers Paid		(338,610,910)	(336,612,960)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**47**	**208,635,329**	**179,430,401**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(236,547,464)	(83,970,622)
Purchase of Investment Property		(4,413)	-
Proceeds / (Losses) on Disposal of Property, Plant and Equipment		694,730	-
Proceeds on Disposal of Investment Property		563,101	852,597
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(235,294,046)**	**(83,118,025)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in Borrowings (Loans Redeemed)		(21,905,757)	(23,704,728)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(21,905,757)**	**(23,704,728)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(48,564,473)**	**72,607,648**
Cash and Cash Equivalents at Beginning of Financial Year	5	487,521,251	414,913,603
Cash and Cash Equivalents at End of Financial Year	5	438,956,778	487,521,251

HESSEQUA LOCAL MUNICIPALITY

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

30 June 2025

Description	Original Budget (accrual based)	Final Budget (accrual based)	Actual Outcome	Variance	Variance as % of Final Budget	Variance as % of Original Budget
	R	R	R	R	R	R
FINANCIAL POSITION						
Current Assets						
Cash and Cash Equivalents	429,250,396	474,830,030	438,956,778	(35,873,252)	-7.55%	2.26%
Trade and Other Receivables from Exchange Transactions	41,236,806	40,364,786	46,917,397	6,552,611	16.23%	13.78%
Receivables from Non-exchange Transactions	29,335,178	47,497,379	28,565,108	(18,932,271)	-39.86%	-2.63%
Inventory	4,548,760	4,548,760	4,775,407	226,647	4.98%	4.98%
Taxes Receivable	8,736,804	8,736,804	-	(8,736,804)	-100.00%	-100.00%
Other Current Assets (Lease Receivables)	832,231	832,231	819,422	(12,809)	-1.54%	-1.54%
Non-Current Assets						
Investment Property	97,890,377	97,890,377	123,788,855	25,898,478	26.46%	26.46%
Property, Plant and Equipment	1,268,135,119	1,313,580,166	1,328,076,041	14,495,875	1.10%	4.73%
Heritage Assets	8,736,411	8,736,411	8,451,512	(284,899)	-3.26%	-3.26%
Intangible Assets	328,039	328,039	178,890	(149,149)	-45.47%	-45.47%
Total Assets	1,889,030,121	1,997,344,983	1,980,529,409	(16,815,574)	-0.84%	4.84%
Current Liabilities						
Financial Liabilities (Borrowings + Lease Payables)	-	21,996,711	24,227,512	2,230,801	10.14%	0.00%
Consumer Deposits	11,958,200	11,958,200	15,600,054	3,641,854	30.45%	30.45%
Trade and Other Payables from Exchange Transactions	68,534,765	78,165,260	64,789,979	(13,375,281)	-17.11%	-5.46%
Trade and Other Payables from Non-exchange Transaction	4,090,958	3,461,008	3,642,666	181,658	5.25%	-10.96%
Provision (Employee Benefit Liabilities)	12,004,179	19,455,518	25,576,252	6,120,734	31.46%	113.06%
Taxes Payable	9,610,976	9,610,976	14,690,546	5,079,570	52.85%	52.85%
Non-Current Liabilities						
Financial Liabilities	122,480,603	100,476,876	98,254,333	(2,222,543)	-2.21%	-19.78%
Provision	136,241,299	149,055,966	161,403,262	12,347,296	8.28%	18.47%
Total Liabilities	364,920,980	394,180,515	408,184,604	14,004,089	3.55%	11.86%
Total Assets and Liabilities	**1,524,109,141**	**1,603,164,468**	**1,572,344,806**	**(30,819,662)**	**-1.92%**	**3.16%**
Net Assets (Equity)						
Accumulated Surplus / (Deficit)	1,520,845,622	1,599,900,949	1,508,819,888	(91,081,061)	-5.69%	-0.79%
Reserves and Funds	3,263,519	3,263,519	63,524,918	60,261,399	1846.52%	1846.52%
Total Net Assets	**1,524,109,141**	**1,603,164,468**	**1,572,344,806**	**(30,819,662)**	**-1.92%**	**3.16%**

AUDITOR-GENERAL SOUTH AFRICA

HESSEQUA LOCAL MUNICIPALITY

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

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Cash and Cash Equivalents:

Cash equivalents was slightly less than budgeted due to vastly improved Capital Expenditure performance.

Trade and Other Receivables from Exchange Transactions:

Due to change in account payment due date in May 2025, the outstanding debtors at year end increased.

Receivables from Non-exchange Transactions:

Due to unforeseen increased in traffic fines impairment, the receivables are less than expected at Budget Time.

Taxes Receivable:

The accounting treatment implemented at year end was a disclosure of consolidation of Nett Vat Position whereas the Budget was prepared on disclosing VAT Payable and Receivable balances separately.

Investment Property:

Fair Value Adjustments for investment property were higher than expected and occurred after Adjustment Budget approval.

Intangible Assets:

The budgeted increases to Intangible Assets did not materialise as expected.

Financial Liabilities:

The assumption used for the calculation of the current portion yielded higher than projected budget.

Consumer Deposits:

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

Trade and Other Payables from Exchange Transactions:

The varance in the trade and other payables is because of re-classification of the leave accrual. Another reason is the reclassification of the unspent library funding as payments received in advance.

Trade and Other Payables from Non-exchange Transactions:

Accounting Treatment change at year-end was not anticipated when budget was approved. The nett VAT amount is disclosed, whilst the budget is prepared on separate VAT Liability and Assets.

Provision (Current Liabilities):

The actuarial calculations are done at year-end and results were far higher than the budgeted projections.

Taxes Payable:

The accounting treatment implemented at year end was a disclosure of consolidation of Nett Vat Position whereas the Budget was prepared on disclosing VAT Payable and Receivable balances separately.

Provision (Non-current liabilities):

The actuarial calculations are done at year-end and results were far higher than the budgeted projections.

Reserves and Funds:

Accounting treatment for the CRR was changed after approval of the budget.

HESSEQUA LOCAL MUNICIPALITY

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

30 June 2025

Description	Original Budget (accrual basis)	Final Budget (accrual basis)	Actual Outcome	Variance	Variance as % of Final Budget	Variance as % of Original Budget
	R	R	R	R	R	R
FINANCIAL PERFORMANCE						
Exchange Revenue						
Service Charges - Electricity	228,264,604	228,264,604	236,043,645	7,779,041	3.41%	3.41%
Service Charges - Water	54,379,251	54,379,251	59,596,191	5,216,940	9.59%	9.59%
Service Charges - Waste Water Management	30,292,211	30,292,211	31,841,798	1,549,587	5.12%	5.12%
Service Charges - Waste Management	35,042,530	35,042,530	37,892,418	2,849,888	8.13%	8.13%
Sales of Goods and Rendering of Services	32,569,621	54,952,060	51,900,214	(3,051,846)	-5.55%	59.35%
Agency Services	3,505,922	3,505,922	3,213,166	(292,756)	-8.35%	-8.35%
Interest earned from Receivables	2,847,991	2,847,991	3,440,417	592,426	20.80%	20.80%
Interest earned from Current and Non-current Assets	24,409,447	37,409,447	46,305,136	8,895,689	23.78%	89.70%
Rental from Fixed Assets	3,975,544	3,975,544	4,431,129	455,585	11.46%	11.46%
Licences and Permits	-	-	1,538	1,538	0.00%	0.00%
Operational Revenue	8,185,987	8,205,987	5,028,147	(3,177,840)	-38.73%	-38.58%
Non-exchange Revenue						
Property Rates	137,207,255	138,707,255	140,196,508	1,489,253	1.07%	2.18%
Fines, Penalties and Forfeits	57,174,210	35,326,260	44,898,981	9,572,721	27.10%	-21.47%
Licences or Permits	2,407,781	2,407,781	2,343,686	(64,095)	-2.66%	-2.66%
Transfer and Subsidies - Operational	80,886,310	69,463,310	68,052,814	(1,410,496)	-2.03%	-15.87%
Interest	859,211	859,211	837,080	(22,131)	-2.58%	-2.58%
Operational Revenue	12,512,862	12,512,862	11,373,763	(1,139,099)	-9.10%	-9.10%
Gains on Disposal of Assets	15,000,000	15,000,000	1,257,831	(13,742,169)	-91.61%	-91.61%
Other Gains	-	-	20,431,396	20,431,396	0.00%	0.00%
Total Revenue	729,520,737	733,152,226	769,085,859	35,933,633	4.90%	5.42%
Expenditure						
Employee Related Costs	246,636,778	245,791,307	231,995,154	(13,796,153)	-5.61%	-5.94%
Remuneration of Councillors	9,673,196	9,673,196	9,128,113	(545,083)	-5.63%	-5.63%
Bulk Purchases - Electricity	192,614,876	189,664,876	187,076,907	(2,587,969)	-1.36%	-2.88%
Inventory Consumed	49,404,868	44,322,000	40,367,537	(3,954,463)	-8.92%	-18.29%
Debt Impairment	1,900,102	3,400,102	31,801,368	28,401,266	835.31%	1573.67%
Depreciation and Amortisation	47,342,815	48,744,207	44,315,205	(4,429,002)	-9.09%	-6.40%
Interest	21,738,067	21,801,067	21,681,441	(119,627)	-0.55%	-0.26%
Contracted Services	67,722,322	88,883,149	71,919,845	(16,963,304)	-19.08%	6.20%
Transfers and Subsidies	2,004,461	3,065,554	2,612,716	(452,838)	-14.77%	30.35%
Irrecoverable Debts Written-off	53,345,431	35,183,230	8,211,779	(26,971,451)	-76.66%	-84.61%
Operational Costs	44,784,456	45,335,426	37,336,478	(7,998,948)	-17.64%	-16.63%
Losses on Disposal of Assets	-	-	1,065,401	1,065,401	0.00%	0.00%
Other Losses	-	-	2,841,190	2,841,190	0.00%	0.00%
Total Expenditure	737,167,372	735,864,114	690,353,133	(45,510,981)	-6.18%	-6.35%
Surplus / (Deficit)	(7,646,635)	(2,711,888)	78,732,726	81,444,614	-3003.24%	-1129.64%
Transfers and Subsidies - Capital (Monetary Allocations)	97,968,700	161,306,636	161,096,216	(210,420)	-0.13%	64.44%
Transfers and Subsidies - Capital (In-kind Allocations)	-	703,800	591,455	(112,345)	-15.96%	0.00%
Surplus/(Deficit for the Year	90,322,065	159,298,548	240,420,397	81,121,849	50.92%	166.18%

AUDITOR-GENERAL SOUTH AFRICA

HESSEQUA LOCAL MUNICIPALITY

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

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 5% and material between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Revenue:

Service Charges - Water:

The positive diviation on the budget can be attributed to more revenue received than initially expected durring the February adjustment budget.
Actual water usage by households, businesses and industries exceeded projections.
Hotter and drier weather conditions during the period increased the demand for irrigation and domestic use.
Population growth are added to the consumption base that was not originally factored into the budget.
Enhanced meter readings reduced reliance on estimates and improved billing accuracy.
Strengthened enforcement against illegal connections and unbilled consumption reduced losses and improved recoveries.
Additional households and businesses were connected to the municipal water network during the 2024/25 financial year.
Higher household occupancy rate in existing areas resulted in increased usage.

Service Charges - Waste Water Management:

The positive diviation on the budget can be attributed to more revenue received than initially expected durring the February adjustment budget.
Since wastewater charges are typically link to potable water consumption, higher-than-expected water usage directly increased wastewater revenue.
Application of higher tariffs and wastewater surcharges contributed to increased revenue.
Correction of tariff misapplications and adjustments from prior periods improved billing accuracy.
Industrial and commercial users discharged higher volumes/or stronger effluents than projected.
Reduced use of private septic systems and alternative waste treatment methods increased reliance on municipal wastewater services.
Environmental compliances regulations and stricter monitoring of effluent quality encouraged more accurate and higher billing.

Service Charges - Waste Management:

The positive diviation on the budget can be attributed to more revenue received than initially expected durring the February adjustment budget.
More households and businesses connected to refuse services than anticipated increasing volumes/usage.
Increase in tariffs applied.

Sales of Goods and Rendering of Services:

The deviation can be attributed to the unspent portion of the housing grant.
Also, a lower demand for services and reduced utilisation of facilities compared to projections.

Agency Services:

Less revenue than budgeted for the year was received from agency services (drivers licences and vehicle registrations)

Interest earned from Receivables:

The positive deviation on Interest Earned from outstanding debtors can be attributed to an increase in outstanding debtors and the persisting higher interest rates which is favourable.

Interest earned from Current and Non-current Assets:

The deviation can be attributed to more funds being available for investments than budgeted for and more favourable interest rates obtained.

Rental from Fixed Assets:

Increased rentals of halls experienced beyond initial projections.
Long term lease agreement signed for two camping sites also contributing to increased revenue.

Operational Revenue:

Less availability charges were billed due to slightly lower growth.

Fines, Penalties and Forfeits:

The budget was reduced as there was a period of 3 months where no service provider was appointed. The new service provider has performed beyond our projections in the budget resulting in additional fine income.

Operational Revenue:

Less availability charges were billed due to slightly lower growth.

Gains on Disposal of Assets:

Transactions are still in process and did not materialized before year-end as anticipated. The income is subject to fulfillment of obligations culminating in these transfers and the municipality does not have direct control over the processes.

Other Gains:

Year end transactions on Gains were not foreseen during the budget process.

Expenditure:

Employee Related Costs:

The deviation can be attributed to various vacancies that emerged throughout the year. In some cases these vacancies have not been filled yet.

Remuneration of Councillors:

Saving due to MPAC Chairperson budgeted as full-time Councillor as per MEC approval, but post not filled as full-time at year end.

Inventory Consumed:

The deviation can be attributed to savings on inventory and fuel costs. The inventory balance was also higher at year end due to decreased inventory consumed at year-end.
Lower consumption than anticipated. More efficient operational activities resulted in fewer materials and supplies.
Improved inventory management practices reduced wastage.

Debt Impairment:

Linked to the improved performance of traffic fines, there is also a related increase in the impairment of those traffic fines that was not forseen at the time of finalising the budget.

Depreciation and Amortisation:

A large component of the capital expenditure is still in WIP and not depreciated as yet.

Contracted Services:

The deviation largely represents the Housing Grant (including transfers) where around R3m remain unspent. R1.1m representing the VAT provision which remains unspent on the Library Replacement Funds Grant. A saving was realized in the Electricity Department on the payment for prepaid electricity vendors and on electrical engineering consultancy services. The rest of the unspent funds represents savings throughout the whole municipality which in part can be attributed to the implementation of cost containment measures in the municipality.

Transfers and Subsidies:

Savings on disaster grant-in aid, due to less fire incidents being recorded in the financial year.

Irrecoverable Debts Written-off:

Less traffic fines was written off than expected, traffic fines were impaired instead in the current year as there is still a probability of recovery.

Operational Costs:

Savings on operating costs include Travel and Subsistence, Software Licence fees, registration fees, communication, Workmen's Compensation Fund and Skills Development Levies.

Losses on Disposal of Assets:

The municipality did not budget for losses as it normally has a net surplus. Accounting treatment is changed to recognise gains and losses separately.

Other Losses:

The municipality did not budget for losses as it normally has a net surplus. Accounting treatment is changed to recognise gains and losses separately.

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

The difference between the budget and outcome is due to upgrades to the swimming pool at Dibiki-takkieskloof resort. The final expenditure was less than the quoted amounts and this lead to the deviation in the budget and capitalized amounts.

HESSEQUA LOCAL MUNICIPALITY

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

30 June 2025

Description	Original Budget (accrual basis)	Final Budget (accrual basis)	Actual Outcome	Variance	Variance as % of Final Budget	Variance as % of Original Budget
	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION						
Executive and Council	50,800	58,800	50,836	(7,964)	-13.54%	0.07%
Finance and Administration	2,399,500	2,124,099	1,993,656	(130,443)	-6.14%	-16.91%
Community and Social Services	409,000	564,125	479,409	(84,716)	-15.02%	17.21%
Sport and Recreation	1,292,500	3,076,795	2,926,234	(150,561)	-4.89%	126.40%
Public Safety	3,305,700	3,524,366	2,931,604	(592,762)	-16.82%	-11.32%
Housing	11,370,000	3,921,625	3,694,405	(227,220)	-5.79%	-67.51%
Planning and Development	67,500	66,013	65,644	(369)	-0.56%	-2.75%
Road Transport	46,043,528	47,676,621	47,423,951	(252,670)	-0.53%	3.00%
Environmental Protection	230,000	209,421	205,957	(3,464)	-1.65%	-10.45%
Energy Sources	100,246,000	150,969,306	150,471,761	(497,545)	-0.33%	50.10%
Water Management	13,400,000	14,215,687	13,678,506	(537,181)	-3.78%	2.08%
Waste Water Management	10,470,000	10,077,681	8,245,940	(1,831,741)	-18.18%	-21.24%
Waste Management	5,488,172	4,634,600	4,513,796	(120,804)	-2.61%	-17.75%
Other	-	500,000	457,218	(42,782)	-8.56%	0.00%
Total Capital Expenditure	**194,772,700**	**241,619,139**	**237,138,917**	**(4,480,222)**	**-1.85%**	**21.75%**

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

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Executive and Council:

Savings realised on the purchases of 2 laptops and furniture and office equipment

Community and Social Services:

R51 576 of the unspent amount can be attributed to a delay in delivery and installation of airconditioners at the Thusong Centre caused by internal challenges faced by the supplier. It was requested that the amount be rolled over. The rest of the unspent amount are savings on the purchases of computer equipment, airconditioners, and fridges for the community halls.

Public Safety:

An order amounting to R200 000 for 2 Fire Fighting Trailers was cancelled due to the supplier not delivering ; A delay in the procurement of an extention ladder (R56 850) led to a request for rollover to 2025/2026;Two projects i.r.t new motor vehicle registration service points in Albertinia and Still Bay could not be completed and unspent amounts of R43 878 and R100 000 will be requested for rollovers; Savings of R110 400 realised on a Traffic Line Ride-On Machine; The balance of the unspent amounts is attributed to savings realised on various projects.

Housing:

The projects for housing were found to be operating in nature instead of capital. The budget on capital remained unspent.

Waste Water Management:

The variance are mainly attributed to the unspending of an amount for the procurement of generators and there were savings on various line items.
Projects were completed, with savings realised on Water security measures (R277 344.63, Replacement of water infrastructure (R105 000.11), Pumps Hessequa (R11 509) and the Refurbishment at WTW Stilbaal (R143 280)

Other:

An amount of R6964.2 was journalised to materials & supplies on the operating budget owing to the nature of the procured items. The rest of the projects was completed with savings. The unspent balance is attributed to savings realised.

HESSEQUA LOCAL MUNICIPALITY

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

30 June 2025

Description	Original Budget	Final Budget	Actual Outcome	Variance	Variance as % of Final Budget	Variance as % of Original Budget
	R	R	R	R	R	R
CASH FLOW						
Cash Flow from Operating Activities						
Receipts						
Property Rates	134,463,113	135,963,113	142,933,426	6,970,313	5.13%	6.30%
Service Charges	375,481,133	375,481,133	367,899,827	(7,581,306)	-2.02%	-2.02%
Other Revenue	66,596,961	95,913,473	59,857,316	(36,056,157)	-37.59%	-10.12%
Transfers and Subsidies - Operational	80,886,310	69,463,310	19,451,762	(50,011,548)	-72.00%	-75.95%
Transfers and Subsidies - Capital	109,188,700	161,306,636	161,687,671	381,035	0.24%	48.08%
Interest	5,730,240	41,730,240	46,305,136	4,574,896	10.96%	708.08%
Payments						
Suppliers and Employees	(621,770,736)	(683,968,467)	(573,282,851)	110,685,616	-16.18%	-7.80%
Finance Charges	(13,538,067)	(13,538,067)	(13,604,241)	(66,174)	0.49%	0.49%
Transfers and Subsidies	(2,004,461)	(3,065,554)	(2,612,716)	452,838	-14.77%	30.35%
Net Cash from/(used) Operating Activities	**135,033,193**	**179,285,817**	**208,635,329**	**29,349,512**	**16.37%**	**54.51%**
Cash Flows from Investing Activities						
Receipts						
Proceeds on Disposal of Property, Plant and Equipment	15,000,000	15,000,000	1,257,831	(13,742,169)	-91.61%	-91.61%
Payments						
Capital Assets	(194,772,700)	(241,619,139)	(236,551,877)	5,067,262	-2.10%	21.45%
Net Cash from/(used) Investing Activities	**(179,772,700)**	**(226,619,139)**	**(235,294,046)**	**(8,674,907)**	**3.83%**	**30.88%**
Cash Flows from Financing Activities						
Receipts						
Borrowing Long-term/Refinancing	-	-	-	-	0.00%	0.00%
Increase/(Decrease) in Consumer Deposits	1,504,195	1,504,195	-	(1,504,195)	-100.00%	-100.00%
Payments						
Repayment of Borrowing	(21,944,607)	(21,944,607)	(21,905,757)	38,850	-0.18%	-0.18%
Net Cash from/(used) Financing Activities	**(20,440,412)**	**(20,440,412)**	**(21,905,757)**	**(1,465,345)**	**7.17%**	**7.17%**
Net Increase/(Decrease) in Cash Held	**(65,179,919)**	**(67,773,734)**	**(48,564,473)**	**(19,209,261)**	**-28.34%**	**-25.49%**
Cash/Cash Equivalents at the Year Begin:	448,107,052	487,521,251	487,521,251	0	0.00%	8.80%
Cash/Cash Equivalents at the Year End:	382,927,133	419,747,517	438,956,778	19,209,261	4.58%	14.63%

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

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Property Rates:

Due to strenghened credit control measures, the collection of outstanding property rates improved and a supplementatry valuation was done in May 2025 that boosted property rates.

Other Revenue:

Items such as fines, penalties and forfeits are included. The collection from fines are low due to the process of collecting these revenues are tedious and a large portion of fines were written off.

Transfers and Subsidies - Operational:

Less housing grants received than expected.

Interest:

The positive variance can be attributed to persisting favourable interest rates and more funds being available for investment throughout the financial year.

Suppliers and Employees:

Savings on various categories including bulk electrical services, contracted services, inventory and operational costs. Vacancies also contribute towards the savings.

Transfers and Subsidies:

Savings on disaster grant-in aid, due to less fire incidents being recorded in the financial year.

Proceeds on Disposal of Property, Plant and Equipment:

Transactions are still in process and did not materialized before year-end as anticipated. The income is subject to fulfillment of obligations culminating in these transfers and the municipality does not have direct control over the processes.

Increase/(Decrease) in Consumer Deposits:

Consumer deposits increases included in Other Receivables from exchange transactions

Net Increase/(Decrease) in Cash Held:

All line items that contributed to this variance is explained above.

1. BASIS OF PRESENTATION

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

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

The Statement of Financial Performance has been prepared to classify expenses by nature, whilst revenue is classified in a manner appropriate to the municipality's operations. The Cash Flow Statement has been prepared using the Direct Method.

1.1 Presentation Currency

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

1.2 Critical Judgements, Estimations and Assumptions

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

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

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

1.2.1 Revenue Recognition

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

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

- Estimation of unused Prepaid Metered Services:
  Estimates of unused consumption of prepaid metered services, based on the consumption history, are made at year-end. Sales for prepaid metered services are recognised as revenue upon receipt of payment for these services, except at year-end when estimates for unused consumption up to reporting date are reversed from revenue and accrued as payment for services received in advance. These accruals are reversed in the new financial year to revenue again, deemed to be consumed after 30 June. In respect of estimates of consumption between the last date of purchase and the reporting date, an accrual for payments received in advance is made based on the average monthly consumption of consumers. At the reporting date, an accrual is made based on the average monthly consumption of consumers.

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

1.2.2 Water Inventory

The estimation of the Water Inventory in reservoirs is based on the measurement of water after the depth of water in the reservoirs has been determined, which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Note 3 of the accounting policy notes to the Annual Financial Statements.

1.2.3 Impairment of Financial Assets

Accounting Policy 4.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

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

- Impairment of Traffic Fines:
  Assessing and recognising impairment of Receivables for Traffic Fines is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not to be made at the time of initial recognition.

  The total increase in estimation of the impairment of Receivables from Exchange Transactions, Receivables from Non-exchange Transactions and that of Long-term Receivables are disclosed in Notes 3 and 4 to the Annual Financial Statements.

1.2.4 Impairment of Statutory Receivables

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

1.2.5 Capitalisation of Capital Assets

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

1.2.6 Recognition and Derecognition of Land

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

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

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

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

- Another entity acts as the custodian of the land in terms of a binding arrangement with the municipality and that entity has the right to direct access to the land, and to restrict or deny the access of others to the land.
- Another entity is required / granted a right to use the land in terms of a binding arrangement with the municipality and that entity has the right to direct access to the land, and to restrict or deny the access of others to the land to meet its service delivery objectives. There are various housing scheme land where the municipality is still the legal owner per the deeds office, but control and substantive rights were transferred. This land is not recognised by the municipality.

1.2.7 Fair Value Estimations

As described in Accounting Policy 9.2, the municipality subsequently measures its Investment Property in terms of the Fair Value Model.

The valuation of assets are based on management's estimation. Management considered the impact of valuation techniques and market information in order to determine the current valuations, and more specific as follows:

- **Investment Property** is measured at fair value amounts based on valuation techniques and market information. The actual value of these items could differ from those estimated.

1.2.8 Useful lives of Property, Plant and Equipment and Intangible Assets

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

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time. The municipality assesses at each reporting date whether there is any indication that the useful live of an asset has changed. If any such indication exists the useful live is changed.

1.2.9 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, Heritage Assets, and Inventories

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

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

1.2.10 Service Concession Arrangements

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

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

1.2.11 Defined Benefit Plan Liabilities

As described in Accounting Policy 17.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 17 to the Annual Financial Statements.

1.2.12 Provisions and Contingent Liabilities

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

The provision for rehabilitation of landfill sites is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate or net present value of the expected future cash flows to rehabilitate landfill sites 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 refer 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 (investment rate) linked to prime was used to calculate the effect of time value of money.

1.2.13 Principals and Agent Arrangements

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

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

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

Municipality's assessment outcomes

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

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

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

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

1.2.14 Housing Arrangements

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

1.2.15 Budget Information

Municipalities are typically subject to budgetary limits in the form of budget authorisations, which is given effect through authorising legislation, appropriation or similar. General purpose financial reporting by the municipality provides information on whether resources were obtained and used in accordance with the legally adopted budget.

The financial statements and the budget are on the same basis of accounting, therefore a comparison with the budgeted amounts for the reporting period are disclosed separately in the Statement of comparison of budget and actual amounts.

Deviations between budget and actual amounts are regarded as material differences when a 5% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.2.16 Segment Reporting

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

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

1.3 Materiality

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

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a Going Concern Assumption.

1.5 Standards, Amendments to Standards and Interpretations published but not yet Effective

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

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

Standard of GRAP / Nature of Impending Changes / Expected Impact	Effective Date	Planned Date for Application by Municipality
• **GRAP 1** **Presentation of Financial Statements** Nature of Changes: Revised requirements on the presentation of financial statements, focusing on materiality and going concern considerations. Expected Impact: Enhances clarity in financial reporting by requiring entities to tailor disclosures based on materiality, ensuring relevant information is highlighted. It also strengthens the assessment and disclosure of going concern uncertainties. Management will continue to assess the municipality's ability to continue as a going concern as assess the relevance thereof at each reporting date.	Not yet determined	Not yet determined
• **GRAP 103** **Heritage Assets** Nature of Changes: Revised guidance on accounting for and disclosure of heritage assets, including recognition, measurement, and disclosure. Expected Impact: Promotes consistent and accurate valuation of heritage assets, reflecting their cultural, historical, or environmental significance. Improved disclosure requirements enhance transparency regarding these assets' value and management. This standard is expected to be relevant to the municipality and will replace the current adopted version of GRAP 103.	Not yet determined	Not yet determined
• **GRAP 104** **Financial Instruments** Nature of Changes: Updates the classification, measurement, and impairment requirements of financial instruments to align with international standards like IFRS 9. The revised GRAP 104 aligns more closely with international standards, particularly concerning the classification and measurement of financial instruments. Expected Impact: Changes in classification (amortized cost, fair value) and a shift to an expected credit loss model for impairment will impact how financial assets and liabilities are recognized and measured, potentially leading to more timely recognition of credit losses. The shift to an expected credit loss model for impairment will require the municipality to make forward-looking assessments of credit risk, potentially leading to earlier recognition of credit losses and may require the development of new models and assumptions for estimating expected credit losses.	01/04/2025	01/07/2025

• **GRAP 105, 106 & 107** **Transfers and Mergers** Nature of Changes: Provides guidance on accounting for transfers of functions between entities and mergers, both under common and not under common control. Expected Impact: Affects the recognition, measurement, and disclosure of assets and liabilities transferred during organizational changes, ensuring that the financial statements accurately reflect the impact of such transfers and mergers. This standard is not expected to be relevant to the municipality.	Not yet determined	Not yet determined
• **iGRAP 22** **Foreign Currency Transactions** Nature of Changes: Clarifies accounting for foreign currency transactions involving advance consideration, ensuring alignment with IFRS standards. This interpretation provides guidance on how to determine the exchange rate to use on the date of a foreign currency transaction when consideration is paid or received in advance. Expected Impact: This standard impacts how exchange rate differences are recognized for transactions where payment is received or made in advance, potentially leading to changes in revenue and expense recognition timing based on exchange rate movements. This standard is not expected to be relevant to the municipality as it does not trade in foreign currency.	01/04/2025	01/07/2025
Improvements to Standards of GRAP, 2023 Nature of Changes: Minor amendments made to align with international best practices and address stakeholder feedback. Expected Impact: Aims to improve consistency and clarity in financial reporting by incorporating minor changes across various standards, ensuring alignment with global accounting practices and stakeholder expectations. Specific impacts vary depending on the nature of the amendments. The municipality will assess the impact of these improvements as they become available.	Not yet determined	Not yet determined

2. BUDGET INFORMATION

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

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

3. INVENTORIES

3.1 Recognition and Initial Measurement

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

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

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

3.2 Subsequent Measurement

3.2.1 Consumable Stores

Subsequently, Inventories held for sale are measured at the lower of cost and net realisable value. The cost is determined using the First-in-First-out Method.

Consumable stores distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and current replacement cost . The cost is determined using the FIFO Method. 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.

3.2.2 Water Inventory

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

3.2.3 Unsold Properties

Unsold properties are valued at the lower of cost and net realisable value on a Weighted Average Method. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

3.2.4 Other Arrangements

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost, if applicable.

Differences arising on the measurement of such Inventory at the lower of cost and current replacement cost or net realisable value, are recognised in Surplus or Deficit in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in current replacement cost or net realisable value 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.

4. FINANCIAL INSTRUMENTS

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

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

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

4.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Investment Deposits	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents	Financial Assets at Amortised Cost

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

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

4.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Borrowings	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost

4.3 Initial and Subsequent Measurement

4.3.1 Financial Assets:

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

4.3.2 Financial Liabilities:

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

4.4 Impairment of Financial Assets

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

4.4.1 Financial Assets at Amortised Cost

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

Government accounts are not impaired, as such accounts are regarded as receivable.

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

4.5 Derecognition of Financial Assets

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

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

4.6 Derecognition of Financial Liabilities

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

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

5. STATUTORY RECEIVABLES

Statutory Receivables are receivables that arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset.

The municipality has the following Statutory Receivables from Exchange Transactions:

- VAT Receivable

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

- Assessment Rates
- Fines

5.1 Recognition and Initial Measurement

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

The municipality recognises Statutory Receivables when they arise.

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

The transaction amounts of the Statutory Receivables of the municipality are determined as follows:

- VAT is levied and recovered in terms of the stipulations contained in the Value-Added Tax Act, 1991 (Act No. 89 of 1991) at rates determined by the Department of Finance and published in the Government Gazette.
- Assessment Rates are levied in terms of the stipulations contained in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) at rates determined each year by Council.
- Fines are serviced in terms of the stipulations contained in the Criminal Procedures Act, 1977 (Act No. 51 of 1977) at rates published in the Government Gazette from time to time.

5.2 Subsequent Measurement

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- Interest or other charges that may have accrued on the receivable, where applicable;
- Impairment losses; and
- Amounts derecognised.

5.3 Impairment

Statutory Receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables, such as the probability of insolvency or significant financial difficulties of the debtor.

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

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

- Assessment Rates
- Fines

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

5.4 Derecognition

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

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

6. CONSTRUCTION CONTRACTS

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

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

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

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

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

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

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

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Initial Recognition and Measurement

Property, plant and equipment are 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 for more than one year.

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

Property, plant and equipment is initially recognised at cost on its acquisition date or in the case of assets acquired by grants or donations, deemed cost, being the fair value of the asset on initial recognition. 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.

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.

The cost of an item of property, plant and equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

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.

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

7.2 Subsequent Measurement

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

Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

7.3 Depreciation

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

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

	Asset Class	Years		Asset Class	Years
	Buildings			**Community**	
	Improvements	5 - 50		Community Facilities	6 - 135
				Recreational Facilities	6 - 135
	Infrastructure				
	Electricity	8 - 57		**Other**	
	Roads and Paving	10 - 100		Emergency Equipment	2 - 30
	Sanitation	10 - 36		Motor Vehicles	4 - 23
	Solid Waste	7 - 100		Office Equipment	1 - 23
	Water	8 - 100		Plant and Equipment	1 - 20
				Security Equipment	5

The municipality reviews the estimates of the useful lives and residual values in accordance with Accounting Policy Estimation of Useful Lives.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

7.4 Specific Arrangements

7.4.1 Land

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

7.4.2 Incomplete Construction Work

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

7.4.3 Infrastructure Assets

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

7.4.4 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

7.4.5 Housing Development Fund Assets

The Housing Development Fund contains letting schemes that are included in Council's Property, Plant and Equipment. All surpluses generated from the letting schemes are transferred to the Housing Development Fund.

7.5 Derecognition

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

8. INTANGIBLE ASSETS

8.1 Initial Recognition and Measurement

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

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

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

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

8.2 Subsequent Measurement, Amortisation and Impairment

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

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

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

	Asset Class	Years		Asset Class	Years
	Computer Software	7 - 20		Water Rights	30

Intangible assets are tested annually for impairment, including intangible assets not yet available for use. Intangible assets with an indefinite useful life are tested for impairment whenever there are indications of impairment. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable amount.

The municipality reviews the estimates of the useful lives, residual values and amortisation method at each year-end.

8.3 Derecognition

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

9. INVESTMENT PROPERTY

9.1 Initial Recognition and Measurement

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease in the capacity as lessee and where it is being sublet) 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.

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

The cost of self-constructed investment property is the cost at date of completion.

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

If the Municipality determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value to be reliably measurable when construction is completed, it measures that investment property at cost until the fair value can be reliably determined or construction has been completed.

Where the Municipality has determined that the fair value of an investment property (other than investment property under construction) is not determinable on a continuing basis, the municipality measures that investment property using the cost model (as per the accounting policy for property, plant and equipment).

9.2 Subsequent Measurement

Investment Property is measured using the Fair Value Model. Investment Property is carried at fair value, representing open market value determined by external valuers at the date of the last general valuation. Fair value is based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset, if necessary. A gain or loss arising from a change in the fair value of Investment Property is included in Surplus or Deficit for the period in which it arises.

If the municipality determines that the fair value of an Investment Property under construction is not reliably measurable but expects the fair value to be reliably measurable when construction is completed, it measures that Investment Property at cost until the fair value can be reliably determined or construction has been completed.

9.3 Derecognition

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

10. HERITAGE ASSETS

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.

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

10.1 Initial Recognition and Measurement

Heritage Assets are initially recognised at cost.

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

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

10.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

Heritage assets are tested annually for impairment. Where items of heritage assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable amount.

10.3 Derecognition

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

11. IMPAIRMENT OF ASSETS

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

11.1 Impairment of Cash Generating Assets

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

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

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

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

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

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

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

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

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

11.2 Impairment of Non-cash Generating Assets

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

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit. Any impairment loss of a revalued asset reduces the Revaluation Surplus for that asset. The decrease shall be debited directly to a Revaluation Surplus to the extent of any credit balance existing in the Revaluation Surplus in respect of that asset.

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

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

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

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

12. CONSUMER DEPOSITS

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

13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

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

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

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

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

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

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

14. PROVISIONS

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

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

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

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

14.1 Provision for Environmental Rehabilitation

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

15. LEASES

15.1 The Municipality as Lessee

15.1.1 Finance Leases

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

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

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

15.1.2 Operating Leases

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

15.2 The Municipality as Lessor

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

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

16. BORROWING COSTS

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

17. EMPLOYEE BENEFIT LIABILITIES

17.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service, except for non-accumulating benefits which are only recognised when the specific event occurs. The liability for short-term employee benefits ar shown as employee benefit liabilities in the Statement of Financial Position.

17.1.1 Provision for Staff Leave

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

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

Accumulated leave is vesting.

17.1.2 Staff Bonuses Accrued

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

17.1.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipalities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

17.1.4 Paid Absences

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

17.2 Post-employment Benefits

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

17.2.1 Defined Contribution Plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

17.2.2 Defined Benefit Plans

Defined Benefit Cost is made up of the following components:

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

(b) Net Interest Revenue / Expense

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

Post-retirement Health Care Benefits
The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

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

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

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

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

Provincially-administered Defined Benefit Plans
The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans
The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised 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 or losses are recognised immediately in Surplus or Deficit.

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

17.3 Termination Benefits

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

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

18. NET ASSETS

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

18.1 Accumulated Surplus

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

18.1.1 Capital Replacement Reserve (CRR)

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

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

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

18.1.2 Housing Development Fund (HDF):

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

The Housing Development Fund was established in terms of the Housing Act. 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 the 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. 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.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The HDF is backed by cash, receivables and assets. The cash funds in the HDF are invested in accordance with the Investment Policy of the municipality.
- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy and also for housing development projects approved by the MEC for Human Settlements.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance.

18.1.3 Non-current Provisions Fund:

The following Trust Funds are accumulated in the Non-current Provisions Fund:

18.1.3.1 Development Fund for the Maintenance and Operation of Nature Areas in Still Bay:

The Development Fund for the Maintenance and Operation of Nature Areas in Still Bay was established in terms of section 76.2 of the Municipal Ordinance, 1974 (Ordinance 20 of 1974) with the sanction of the Premier on 14 August 1998.

18.1.3.2 Elsje Koorts Tuberculosis Fund:

The Elsje Koorts Tuberculosis Fund was established in terms of clause 4 of the last will and testament of the late Elsje Koorts, and states inter alia that "the remainder of my estate will be used for the treatment of tuberculosis cases in Riversdale…".

Subsequent interest earned on the invested funds are accounted for using the accrual basis and are added to the carrying amount of trust funds. The accrued interest is utilised as per the trust funds conditions as set out above.

These funds are invested in a ring-fenced investment account.

19. REVENUE RECOGNITION

19.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality, and these benefits can be measured reliably, except when specifically stated otherwise.

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

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

19.2 Revenue from Non-exchange Transactions

19.2.1 Rates and Taxes

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

19.2.2 Fines

Fines constitute both spot fines and summonses. Revenue from the issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably.

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

Subsequently the municipality assesses the probability of collecting revenue when accounts fall into arrears, and an impairment loss is recognised where appropriate.

An estimate is made for revenue from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue is recognised when the public prosecutor pays the cash collected over to the municipality.

19.2.3 Government Grants and Receipts

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

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

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

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

19.2.4 Public Contributions

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

19.2.5 Other Donations and Contributions

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

19.2.6 Interest Earned

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

19.2.7 Tariff Charges

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

19.2.8 Unclaimed Deposits

All unclaimed deposits are initially recognised as a liability until thirty six 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 thirty six months. This assessment is performed annually at 30 June.

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

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

19.3 Revenue from Exchange Transactions

19.3.1 Service Charges

Service Charges are levied in terms of approved tariffs.

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

Service Charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service Charges relating to sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, applying the tariffs approved by Council and are levied monthly.

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

19.3.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

19.3.3 Rentals Received

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

19.3.4 Income from Agency Services

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

19.3.5 Interest Earned

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

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

Interest earned on the following investments is not recognised in Surplus or Deficit:

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

19.3.6 Tariff Charges

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

19.3.7 Sale of Goods (including Houses)

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

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

20. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

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

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

21. MATERIAL LOSSES

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

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

22. UNAUTHORISED EXPENDITURE

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

All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

23. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure.

Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

24. FRUITLESS AND WASTEFUL EXPENDITURE

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

All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

25. COMMITMENTS

Commitments are disclosed for:

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

26. RELATED PARTIES

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

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.

27. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured 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 wholly within the control of the municipality.

Management judgement is required when recognising and measuring contingent liabilities.

28. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements.

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

29. SEGMENT REPORTING

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

The following services are considered significant to the municipality and are accordingly managed separately:

- Executive and Council.
- Finance and Administration.
- Community and Social Services.
- Road Transport.
- Energy Sources.
- Waste Management.
- Wastewater Management.
- Water Management.

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

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

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

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

No changes were made from prior periods measurement methods used to determine reported segment surplus or deficit.

30. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section15(2)(a) of the Value-Added Tax Act (Act No. 89 of 1991).

31. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

The Municipality has exposure to the following risks from its use of financial instruments:

- Credit Risk.
- Liquidity Risk.
- Market Risk.

32. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Details of Changes in Accounting Policies are disclosed in the Notes to the Annual Financial Statements where applicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Details of Correction of Errors are disclosed in the Notes to the Annual Financial Statements where applicable.

	2025	2024
	R	R

1. GENERAL INFORMATION

Hessequa Municipality (the municipality) is a local municipality in Riversdale, Western Cape, and is one of seven local municipalities under the jurisdiction of the Garden Route District Municipality. The municipal area includes the towns of Albertinia, Gouritsmond, Heidelberg, Riversdale, Slangrivier, Still Bay, Jongensfontein, Melkhoutfontein,Witsand as well as rural areas. The address of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

2. INVENTORIES

	2025	2024
Consumables	3,401,593	3,450,192
Land	841,077	841,077
Water	532,737	481,690
Total Inventories	4,775,407	4,772,960

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

Land Inventory relates to property for future development. The council has approved a housing pipeline. The identified land on which this future housing development will be constructed, had been transfered from PPE to inventory. A calculation was made per square meter to determine the value of the actual inventory.

Water is held for distribution and measured at the lower of Cost and Net Realisable Value. No write down of Inventory to Net Realisable Value was required. The municipality recognises purification as well as employee cost in respect of non-purchased purified water inventory. The Municipality also has raw, untreated water in stock in the Olive Grove Dam of about 250 000 cubic meters. In its present form, this water stock cannot be sold and needs to be purified and therefore, it's fair value has been estimated at the direct cost of the department less cost of chemicals, divided by the kiloliters sold.

The cost of Inventories recognised as an expense includes R40,367,537 (2024: R42,737,368), made up as follows:

	2025	2024
Consumables	13,002,372	17,162,309
Materials and Supplies	19,531,227	18,332,813
Water	7,833,938	7,242,247
Total Inventories Expensed	40,367,537	42,737,368

	2025	2024
	R	R

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2025			
Service Debtors:	75,451,413	33,951,628	41,499,785
Electricity	27,083,936	3,247,234	23,836,702
Refuse	12,529,820	9,671,143	2,858,677
Sewerage	11,072,627	8,665,110	2,407,518
Merchandising, Jobbing and Contracts	4,209,925	-	4,209,925
Water	20,555,105	12,368,142	8,186,962
Other Receivables	4,285,379	3,478,996	806,383
Prepayments and Advances	4,366,462	-	4,366,462
Deposits	244,767	-	244,767
Total Receivables from Exchange Transactions	84,348,021	37,430,624	46,917,397

Restated	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Service Debtors:	61,195,536	30,663,936	30,531,600
Electricity	20,147,017	2,979,442	17,167,575
Refuse	11,616,210	8,212,883	3,403,327
Sewerage	10,234,652	7,351,037	2,883,614
Merchandising, Jobbing and Contracts	1,065,540	-	1,065,540
Water	18,132,118	12,120,573	6,011,544
Other Receivables	4,320,531	3,594,679	725,852
Prepayments and Advances	3,769,963	-	3,769,963
Deposits	226,782	-	226,782
Total Receivables from Exchange Transactions	69,512,812	34,258,615	35,254,197

Other Receivables include outstanding debtors for various other services, Deposits, Interest, Rentals and Sundry Services etc.

Receivables from Exchange Transactions are billed monthly at the beginning of the month. Interest on arrear debt will be charged from the first day of the month following the month in which the account becomes payable. Thereafter interest is charged at the prime rate by the bank which holds the municipality's primary bank account, plus one percent. Exchange receivables are not secured.

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

	2025	2024
	R	R

At 30 June 2025, the municipality is owed R1,450,993 (30 June 2024: R1,984,412) by National and Provincial Government (Refer Notes 3.2, 4.1.2 and 4.2.2).

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2025

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	10,347,680	365,532	198,385	16,172,339	27,083,936
Less: Provision for Impairment	1,252,731	254,588	129,036	1,610,879	3,247,234
Net Balances	**9,094,949**	**110,944**	**69,349**	**14,561,460**	**23,836,702**
Refuse:					
Gross Balances	3,578,511	562,142	490,777	7,898,390	12,529,820
Less: Provision for Impairment	1,207,992	449,289	413,957	7,599,905	9,671,143
Net Balances	**2,370,519**	**112,853**	**76,820**	**298,485**	**2,858,677**
Sewerage:					
Gross Balances	3,042,353	503,347	439,410	7,087,517	11,072,627
Less: Provision for Impairment	1,121,265	401,680	371,602	6,770,563	8,665,110
Net Balances	**1,921,088**	**101,668**	**67,808**	**316,954**	**2,407,518**
Merchandising, Jobbing and Contracts:					
Gross Balances	-	-	-	4,209,925	4,209,925
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**4,209,925**	**4,209,925**
Water:					
Gross Balances	5,001,164	758,503	599,164	14,196,274	20,555,105
Less: Provision for Impairment	1,833,652	627,542	518,735	9,388,213	12,368,142
Net Balances	**3,167,511**	**130,961**	**80,429**	**4,808,061**	**8,186,962**
Other Receivables:					
Gross Balances	978,857	70,969	98,027	3,137,526	4,285,379
Less: Provision for Impairment	408,363	36,566	60,930	2,973,137	3,478,996
Net Balances	**570,494**	**34,403**	**37,097**	**164,389**	**806,383**
Prepayments and Advances:					
Gross Balances	4,366,462	-	-	-	4,366,462
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**4,366,462**	**-**	**-**	**-**	**4,366,462**
Deposits for Land					
Gross Balances	244,767	-	-	-	244,767
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**244,767**	**-**	**-**	**-**	**244,767**

As at 30 June Receivables of R25,181,607 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	27,559,794	2,260,493	1,825,763	52,701,971	84,348,021

				2025 R	2024 R
Less: Provision for Impairment	5,824,003	1,769,664	1,494,260	28,342,696	37,430,624
Net Balances	**21,735,790**	**490,829**	**331,503**	**24,359,275**	**46,917,397**

As at 30 June 2024

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	17,944,505	404,737	416,246	1,381,529	20,147,017
Less: Provision for Impairment	1,517,558	148,699	250,056	1,063,129	2,979,442
Net Balances	**16,426,947**	**256,039**	**166,190**	**318,399**	**17,167,575**
Refuse:					
Gross Balances	4,013,457	562,506	469,488	6,570,758	11,616,210
Less: Provision for Impairment	1,186,642	412,146	380,000	6,234,096	8,212,883
Net Balances	**2,826,815**	**150,361**	**89,488**	**336,663**	**3,403,327**
Sewerage:					
Gross Balances	3,389,985	500,552	418,429	5,925,686	10,234,652
Less: Provision for Impairment	1,037,928	369,171	337,506	5,606,433	7,351,037
Net Balances	**2,352,057**	**131,381**	**80,923**	**319,253**	**2,883,614**
Merchandising, Jobbing and Contracts:					
Gross Balances	-	-	-	1,065,540	1,065,540
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**1,065,540**	**1,065,540**
Water:					
Gross Balances	7,155,452	845,626	718,303	9,412,737	18,132,118
Less: Provision for Impairment	1,860,585	656,400	605,431	8,998,158	12,120,573
Net Balances	**5,294,867**	**189,227**	**112,872**	**414,579**	**6,011,544**
Other Receivables:					
Gross Balances	1,110,232	231,754	106,988	2,871,558	4,320,531
Less: Provision for Impairment	569,305	156,596	67,158	2,801,620	3,594,679
Net Balances	**540,927**	**75,158**	**39,829**	**69,938**	**725,852**
Prepayments and Advances:					
Gross Balances	3,769,963	-	-	-	3,769,963
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**3,769,963**	**-**	**-**	**-**	**3,769,963**
Deposits for Land					
Gross Balances	226,782	-	-	-	226,782
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**226,782**	**-**	**-**	**-**	**226,782**

As at 30 June Receivables of R3,815,838 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	37,610,376	2,545,176	2,129,454	27,227,807	69,512,812

				2025 R	2024 R
Less: Provision for Impairment	6,172,017	1,743,011	1,640,151	24,703,436	34,258,615
Net Balances	**31,438,359**	**802,165**	**489,302**	**2,524,371**	**35,254,197**

3.2 Summary of Receivables from Exchange Transactions by Customer Classification

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2025				
Current:				
0 - 30 days	20,503,784	5,718,662	743,993	593,355
Past Due:				
31 - 60 Days	1,939,687	227,988	7,228	85,590
61 - 90 Days	1,601,543	107,221	33,433	83,566
+ 90 Days	50,147,493	1,285,984	210,158	1,058,336
Sub-total	74,192,507	7,339,855	994,812	1,820,847
Less: Provision for Impairment	34,072,646	2,020,670	1,871	1,335,437
Total Trade Receivables by Customer Classification	40,119,861	5,319,185	992,941	485,410

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2024				
Current:				
0 - 30 days	27,725,123	8,519,423	1,332,532	33,298
Past Due:				
31 - 60 Days	2,050,584	388,292	105,494	805
61 - 90 Days	1,762,024	308,460	58,783	186
+ 90 Days	24,378,980	2,677,576	97,995	73,255
Sub-total	55,916,712	11,893,752	1,594,805	107,544
Less: Provision for Impairment	30,258,173	3,786,660	113,299	100,484
Total Trade Receivables by Customer Classification	25,658,538	8,107,092	1,481,506	7,060

3.3 Reconciliation of the Provision for Impairment

	2025 R	2024 R
Balance at beginning of year	34,258,615	25,047,193
Impairment Losses recognised	3,287,692	14,798,890
Impairment Losses reversed	(115,684)	(5,587,467)
Balance at end of year	37,430,624	34,258,615

Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. Receivables were assessed individually and grouped together at the year end date as financial assets with similar credit risk characteristics and collectively assessed for impairment. No further credit provision is required in excess of the Provision for Impairment.

	2025 R	2024 R

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2025 R	2024 R
Receivables from Non-exchange Transactions	839,395	1,241,355
Statutory Receivables from Non-exchange Transactions	27,725,713	33,205,532
	28,565,108	34,446,886

4.1 Receivables from Non-exchange Transactions

As at 30 June 2025	Gross Balances R	Provision for Impairment R	Net Balances R
Service Charges:	7,574,115	6,734,720	839,395
- Electricity	3,013,362	2,572,836	440,526
- Waste Water	2,708,729	2,475,990	232,739
- Water	1,852,024	1,685,895	166,129
Total Receivables from Non-exchange Transactions	**7,574,115**	**6,734,720**	**839,395**

As at 30 June 2024	Gross Balances R	Provision for Impairment R	Net Balances R
Service Charges:	7,469,514	6,228,160	1,241,355
- Electricity	3,016,139	2,364,318	651,821
- Waste Water	2,611,376	2,270,717	340,659
- Water	1,841,999	1,593,125	248,875
Total Receivables from Non-exchange Transactions	**7,469,514**	**6,228,160**	**1,241,355**

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

4.1.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2025

As at 30 June Receivables of R282,061 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Service Charges / All Receivables:					
Gross Balances	810,368	1,256,961	108,256	5,398,530	7,574,115

				2025 R	2024 R
Less: Provision for Impairment	253,034	81,212	75,882	6,324,592	6,734,720
Net Balances	**557,334**	**1,175,749**	**32,374**	**(926,062)**	**839,395**

As at 30 June 2024

As at 30 June Receivables of R490,982 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Service Charges / All Receivables:					
Gross Balances	1,043,810	157,831	116,130	6,151,742	7,469,514
Less: Provision for Impairment	293,437	96,819	79,530	5,758,373	6,228,160
Net Balances	**750,373**	**61,012**	**36,600**	**393,369**	**1,241,355**

4.1.2 Summary of Assessment Rates Debtors by Customer Classification

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2025				
Current:				
0 - 30 days	771,442	33,524	-	5,402
Past Due:				
31 - 60 Days	1,251,089	3,171	-	2,701
61 - 90 Days	102,920	2,635	-	2,701
+ 90 Days	5,072,526	101,422	30,461	194,122
Sub-total	7,197,977	140,752	30,461	204,925
Less: Provision for Impairment	6,425,788	104,007	-	204,925
Total Non-exchange Debtors by Customer Classification	**772,189**	**36,745**	**30,461**	**0**

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2024				
Current:				
0 - 30 days	993,053	50,757	-	-
Past Due:				
31 - 60 Days	155,356	2,475	-	-
61 - 90 Days	115,506	624	-	-
+ 90 Days	5,782,767	275,729	93,247	-
Sub-total	7,046,683	329,585	93,247	-
Less: Provision for Impairment	6,102,215	125,945	-	-
Total Non-exchange Debtors by Customer Classification	**944,468**	**203,640**	**93,247**	**-**

4.1.3 Reconciliation of Provision for Impairment

	2025 R	2024 R
Balance at Beginning of year	6,228,160	5,587,467
Impairment Losses recognised	506,561	640,692
Impairment Losses reversed	-	-
Balance at end of year	**6,734,720**	**6,228,160**

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

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.

4.2 Statutory Receivables from Non-Exchange Transactions

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2025			
Property Rates	15,120,747	7,333,641	7,787,106
Fines	110,770,039	90,831,432	19,938,607
Total Statutory Receivables from Non-Exchange Transactions	**125,890,786**	**98,165,073**	**27,725,713**

Restated	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Property Rates	17,849,308	7,439,159	10,410,149
Fines	84,918,685	62,123,302	22,795,383
Total Statutory Receivables from Non-Exchange Transactions	**102,767,993**	**69,562,461**	**33,205,532**

The prior year amount for Statutory Receivables from Exchange Transactions has been adjusted. Refer to Note 45.3 on "Correction of Error" for details of the restatement.

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

Traffic Fines arise from fines issued by the municipality's traffic officials. These fines are issued according the National Road Traffic Act 93 of 1996. The fines issued are divided into Radar Fines and Section 56 Fines.

Radar Fines are speed control fines issued when a motorist is caught speeding on a radar camera device. The device takes a picture of the vehicle and takes a speed reading. The speeding fine is then delivered to the registered owner of the vehicle by post.

The Section 56 Fine is imposed when a motorist is stopped by the traffic officer and his or her identity therefore is known and a Traffic Offence occurred.

The municipality has arrangements with regards to the payment of outstanding fines. Although fines with arrangements might be paid over more than 12 months, due to the uncertainty regarding the recoverability thereof, fines will not be reclassified as long-term.

	2025	2024
	R	R

4.2.1 Ageing of Statutory Receivables from Non-Exchange Transactions

As at 30 June 2025

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	8,144,933	382,744	282,242	6,310,829	15,120,747
Less: Provision for Impairment	1,296,696	217,760	192,773	5,626,411	7,333,641
Net Balances	**6,848,236**	**164,984**	**89,468**	**684,418**	**7,787,106**
Fines:					
Gross Balances	6,213,250	9,027,550	10,078,150	85,451,089	110,770,039
Less: Provision for Impairment	5,094,865	7,402,591	8,264,083	70,069,893	90,831,432
Net Balances	**1,118,385**	**1,624,959**	**1,814,067**	**15,381,196**	**19,938,607**

As at 30 June Receivables of R19,759,092 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	14,358,183	9,410,294	10,360,392	91,761,918	125,890,786
Less: Provision for Impairment	6,391,561	7,620,351	8,456,856	75,696,304	98,165,073
Net Balances	**7,966,621**	**1,789,943**	**1,903,535**	**16,065,614**	**27,725,713**

As at 30 June 2024

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	11,023,731	672,142	403,346	5,750,089	17,849,308
Less: Provision for Impairment	1,861,444	343,257	241,104	4,993,354	7,439,159
Net Balances	**9,162,287**	**328,884**	**162,242**	**756,735**	**10,410,149**
Fines:					
Gross Balances	1,270,050	1,582,200	817,800	81,248,635	84,918,685
Less: Provision for Impairment	1,057,317	1,317,182	680,819	59,067,985	62,123,302
Net Balances	**212,733**	**265,019**	**136,982**	**22,180,650**	**22,795,383**

As at 30 June Receivables of R23,830,512 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	12,293,781	2,254,342	1,221,146	86,998,724	102,767,993

				2025 R	2024 R
Less: Provision for Impairment	2,918,761	1,660,439	921,922	64,061,339	69,562,461
Net Balances	**9,375,020**	**593,903**	**299,224**	**22,937,385**	**33,205,532**

4.2.2 Summary of Assessment Rates Debtors by Customer Classification

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2025				
Current:				
0 - 30 days	7,680,773	445,072	13,336	5,752
Past Due:				
31 - 60 Days	358,137	19,568	4,002	1,037
61 - 90 Days	262,171	15,010	4,025	1,036
+ 90 Days	5,697,456	171,305	404,357	37,711
Sub-total	13,998,536	650,955	425,720	45,536
Less: Provision for Impairment	7,015,045	228,370	50,818	39,408
Total Rates Debtors by Customer Classification	**6,983,491**	**422,585**	**374,902**	**6,128**

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2024				
Current:				
0 - 30 days	9,384,442	1,630,923	8,366	-
Past Due:				
31 - 60 Days	524,537	144,942	2,662	-
61 - 90 Days	307,693	92,971	2,682	-
+ 90 Days	3,557,529	1,901,738	282,650	8,172
Sub-total	13,774,201	3,770,575	296,360	8,172
Less: Provision for Impairment	5,103,001	2,266,426	61,560	8,172
Total Rates Debtors by Customer Classification	**8,671,200**	**1,504,149**	**234,800**	**-**

	2025 R	2024 R
4.2.3 Reconciliation of Provision for Impairment		
Balance at Beginning of year	69,562,461	68,366,122
Impairment Losses Recognised	28,708,130	1,422,904
Impairment Losses Reversed	(105,518)	(226,565)
Balance at end of year	**98,165,073**	**69,562,461**

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

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.

5. CASH AND CASH EQUIVALENTS

	2025	2024
Current Investments	432,578,444	483,671,681
Bank Accounts	6,265,874	3,742,110
Cash on Hand	112,460	107,460
Total Bank, Cash and Cash Equivalents	**438,956,778**	**487,521,251**

	2025 R	2024 R

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

5.1 Current Investment Deposits

	2025 R	2024 R
Call Deposits	432,578,444	483,671,681
Total Current Investment Deposits	**432,578,444**	**483,671,681**

The Municipality has the following investment accounts:

	Bank Balances 30 June 2025	30 June 2024
ABSA Bank	134,210,638	226,103,460
Standard Bank	207,374,409	80,649,461
FNB - Call Account	26,571,694	6,568,101
Nedbank	64,421,702	170,350,658
	432,578,444	483,671,681
Deposits attributable to Unspent Conditional Grants	3,642,666	74,780,373
Deposits attributable to Capital Replacement Reserve	60,005,166	60,461,136
Deposits attributable to Current Provisions	-	(0)
Deposits attributable to Consumer Deposits	15,600,054	13,965,404
Deposits attributable to Rehabilitation of Landfill Site - 40% of provision	38,286,650	35,407,194
Deposits attributable to Current Portion of Long Term Liabilities	24,207,337	21,950,521
Deposits attributale to Reserves	3,519,752	3,318,160
Deposits available for Operations	287,316,818	273,788,893
Total Deposits attributable to Commitments of the Municipality	**432,578,444**	**483,671,681**

5.2 Cash at Bank

	2025 R	2024 R
Bank Accounts	6,265,874	3,742,110
Total Bank Accounts	**6,265,874**	**3,742,110**
5.2.1 Bank Accounts	**6,265,874**	**3,742,110**

The Municipality has the following operational bank accounts:

	2025 R	2024 R
Primary Bank Account		
Cash book balance at beginning of year	3,701,236	5,962,780
Cash book balance at end of year	6,223,812	3,701,236
First National Bank - Riversdal Branch - Cheque Account Number: 53571024174		
Bank statement balance at beginning of year	3,322,456	5,778,276
Bank statement balance at end of year	5,298,896	3,322,456
Secondary Account		
Cash book balance at beginning of year	40,874	106,992
Cash book balance at end of year	42,062	40,874
First National Bank - Riversdal Branch - Cheque Account Number: 62225917543		
Bank statement balance at beginning of year	40,874	106,992
Bank statement balance at end of year	42,062	40,874

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

5.3 Cash and Cash Equivalents

	2025 R	2024 R
Cash Floats and Advances	112,460	107,460
Total Cash on hand in Cash Floats, Advances and Equivalents	**112,460**	**107,460**

6. PROPERTY, PLANT AND EQUIPMENT

30 June 2025

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Transport Assets	Total
	R	R		R	R	R	R
Carrying values at 01 July 2024	**134,983,932**	**19,767,680**	**836,416,605**	**68,232,639**	**38,668,118**	**38,434,322**	**1,136,503,296**
Cost	163,217,698	36,767,250	1,115,540,285	111,994,579	63,422,632	61,927,124	1,552,869,568
- Completed Assets	163,217,698	35,699,549	1,109,108,957	111,874,739	63,422,632	61,927,124	1,545,250,699
- Under Construction		1,067,701	6,431,328	119,840			7,618,869
Accumulated Impairment Losses	(28,233,766)	(421)					(28,234,187)
Accumulated Depreciation		(16,999,149)	(279,123,680)	(43,761,940)	(24,754,514)	(23,492,802)	(388,132,084)
Acquisition of Assets							
- Cost					6,135,264	9,391,841	15,527,105
- Capital Under Construction		1,829,287	217,216,023	2,493,016	73,488		221,611,814
Decommisioning and other Liabilities			445,296				445,296
Depreciation		(1,084,357)	(33,884,364)	(3,054,893)	(3,176,648)	(3,101,610)	(44,301,871)
Carrying value of Disposals:			(96,404)		(390,888)	(124,110)	(611,401)
- Cost			(140,474)		(1,077,327)	(347,478)	(1,565,279)
- Accumulated Depreciation			44,070		686,439	223,368	953,877
Impairment Losses	67,000						67,000
Capital under Construction - Completed		(2,877,867)	(78,044,899)	(2,212,856)	(73,488)		(83,209,110)
Other Movements	(1,195,860)	352,535	78,018,234	4,667,181	201,823		82,043,912
- Cost	(1,128,860)	352,535	78,018,060	4,667,181	201,635		82,110,550
- Accumulated Impairment Losses	(67,000)	421					(66,579)
- Accumulated Depreciation		(421)	174		188		(59)
Carrying values at 30 June 2025	**133,855,072**	**17,987,278**	**1,020,070,491**	**70,125,086**	**41,437,670**	**44,600,443**	**1,328,076,041**
Cost	162,088,838	36,071,205	1,333,034,290	116,941,920	68,682,203	70,971,487	1,787,789,944
- Completed Assets	162,088,838	36,052,084	1,187,431,839	116,541,920	68,682,203	70,971,487	1,641,768,371
- Under Construction		19,122	145,602,451	400,000			146,021,573
Accumulated Impairment Losses	(28,233,766)						(28,233,766)
Accumulated Depreciation		(18,083,927)	(312,963,799)	(46,816,833)	(27,244,533)	(26,371,044)	(431,480,137)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2024 **Restated**

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Transport Assets	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2023	**134,915,403**	**10,395,846**	**742,129,200**	**75,152,606**	**40,755,181**	**37,322,460**	**1,040,670,697**
Cost	163,215,748	26,656,436	1,032,720,936	116,247,081	63,596,947	58,688,744	1,461,125,892
- Completed Assets	163,215,748	26,656,436	1,038,540,398	98,590,877	63,571,051	58,688,744	1,449,263,253
- Under Construction			(5,819,461)	17,656,204	25,896		11,862,639
Accumulated Impairment Losses	(28,300,345)						(28,300,345)
Accumulated Depreciation		(16,260,590)	(290,591,736)	(41,094,474)	(22,841,766)	(21,366,284)	(392,154,850)
Acquisition of Assets							
- Cost		-	-		9,725,919	6,367,511	16,093,430
- Capital Under Construction		1,067,701	67,247,010				68,314,711
Decommisioning and other Liabilities			15,955,994				15,955,994
Depreciation	(421)	(756,766)	(33,209,077)	(2,806,122)	(3,045,156)	(2,737,399)	(42,554,540)
Carrying value of Disposals:		(6,417)	(801,324)		(488,330)	(56,053)	(1,352,125)
- Cost		(7,763)	(1,604,012)		(1,493,617)	(556,205)	(3,661,597)
- Accumulated Depreciation		1,346	802,688		1,005,287	500,152	2,309,473
Capital under Construction - Completed	-	-	(54,996,221)	(17,536,364)	(25,896)	-	(72,558,481)
Other Movements	68,529	9,067,337	100,091,023	13,422,518	(8,253,599)	(2,462,198)	111,933,610
- Cost	1,950	9,050,877	56,216,578	13,283,862	(8,380,720)	(2,572,927)	67,599,619
- Accumulated Impairment Losses	66,579	(421)					66,157
- Accumulated Depreciation		16,882	43,874,445	138,656	127,121	110,729	44,267,833
Carrying values at 30 June 2024	**134,983,932**	**19,767,680**	**836,416,605**	**68,232,639**	**38,668,118**	**38,434,322**	**1,136,503,298**
Cost	163,217,698	36,767,250	1,115,540,285	111,994,579	63,422,632	61,927,124	1,552,869,568
- Completed Assets	163,217,698	35,699,549	1,109,108,957	111,874,739	63,422,632	61,927,124	1,545,250,699
- Under Construction		1,067,701	6,431,328	119,840			7,618,869
Accumulated Impairment Losses	(28,233,766)	(421)					(28,234,187)
Accumulated Depreciation		(16,999,149)	(279,123,680)	(43,761,940)	(24,754,514)	(23,492,802)	(388,132,084)

The prior year amount for Property, Plant and Equipment has been adjusted. Refer to Note 43.4 on "Correction of Error" for details of the restatement.

		2025 R	2024 R

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

		2025 R	2024 R
Carrying Value at year-end:			
Land	Public Open Spaces & Roads	1,039,000	1,039,000
		1,039,000	1,039,000

Key Judgements and Assumptions applied

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are disclosed in Accounting Policy 1.2.6. The land of the municipality is under the control of the municipality due to a vesting substantive right over the land. This land represents mainly public open spaces and roads vesting in the municipality.

6.2 Work-in-Progress

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

	2025 R	2024 R
Buildings	19,122	1,067,701
Community Assets	400,000	119,840
Infrastructure	145,602,451	6,431,328
Total Carrying Amounts of Work-in-Progress	146,021,573	7,618,869

6.3 Expenditure incurred for Repairs and Maintenance

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

	2025 R	2024 R
Electrical Infrastructure	20,564,240	18,429,401
- Contracted Services	1,659,279	1,170,615
- Inventory Consumed	2,314,867	1,998,145
- Labour	16,361,785	15,056,763
- Other Operational Costs	228,309	203,877
Roads Infrastructure	27,220,984	26,050,157
- Contracted Services	-	696,860
- Inventory Consumed	4,785,731	4,321,476
- Labour	21,809,487	20,755,034
- Other Operational Costs	625,766	276,787
Sanitation Infrastructure	17,022,165	14,678,461
- Contracted Services	3,854,421	2,138,617
- Inventory Consumed	254,674	316,855
- Labour	12,738,102	12,054,427
- Other Operational Costs	174,968	168,562
Solid Waste Disposal	3,019,346	3,212,695
- Contracted Services	-	56,675
- Inventory Consumed	9,280	58,328
- Labour	2,912,832	3,018,945
- Other Operational Costs	97,234	78,747
Storm Water Infrastructure	302,970	158,222
- Contracted Services	302,970	158,222
- Inventory Consumed	-	-
- Labour	-	-
- Other Operational Costs	-	-

	2025 R	2024 R
Water Supply Infrastructure	18,886,938	17,204,210
- Contracted Services	2,335,316	2,774,029
- Inventory Consumed	1,387,569	891,193
- Labour	14,973,387	13,360,959
- Other Operational Costs	190,667	178,030
Community Assets	12,587,380	11,481,789
- Contracted Services	1,537,015	2,117,633
- Inventory Consumed	1,187,085	827,411
- Labour	9,667,708	8,374,806
- Other Operational Costs	195,572	161,938
Computer Equipment	2,874,791	2,767,196
- Contracted Services	244,967	84,519
- Inventory Consumed	156,385	161,039
- Labour	2,438,698	2,489,401
- Other Operational Costs	34,740	32,237
Furniture and Office Equipment	220,007	213,325
- Contracted Services	216,319	209,789
- Inventory Consumed	3,688	3,536
- Labour	-	-
- Other Operational Costs	-	-
Machinery and Equipment	5,102,157	2,397,793
- Contracted Services	4,776,992	2,193,845
- Inventory Consumed	325,165	203,948
- Labour	-	-
- Other Operational Costs	-	-
Other Assets - Buildings	3,740,155	3,310,153
- Contracted Services	1,058,708	828,740
- Inventory Consumed	877,268	783,373
- Labour	1,779,407	1,674,729
- Other Operational Costs	24,772	23,310
Transport Assets	8,095,436	7,697,137
- Contracted Services	7,620,134	7,618,968
- Inventory Consumed	475,302	78,169
- Labour	-	-
- Other Operational Costs	-	-
Total Expenditure related to Repairs and Maintenance Projects	119,636,569	107,600,540
Expenditure related to Repairs and Maintenance Projects per Expense Classification		
- Contracted Services	23,606,120	20,048,513
- Inventory Consumed	11,777,013	9,643,473
- Labour	82,681,407	76,785,065
- Other Operational Costs	1,572,028	1,123,489
Total Expenditure related to Repairs and Maintenance Projects per Expense Classification	119,636,569	107,600,540

	2025 R	2024 R

7. INTANGIBLE ASSETS

	2025 R	2024 R
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	178,890	192,223

The movement in Intangible Assets is reconciled as follows:

Software Purchased:

	2025 R	2024 R
Carrying values at 01 July	**192,223**	**207,014**
Cost	400,000	404,605
Accumulated Amortisation	(207,777)	(197,592)
Acquisitions:	-	-
Purchased	-	-
Amortisation:	(13,333)	(13,456)
Purchased	(13,333)	(13,456)
Disposals:	-	(1,335)
At Cost	-	(4,605)
At Accumulated Amortisation	-	3,270
Carrying values at 30 June	**178,890**	**192,223**
Cost	400,000	400,000
Accumulated Amortisation	(221,110)	(207,777)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 33).

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

7.1 Significant Intangible Assets

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

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

7.2 Intangible Assets with Indefinite Useful Lives

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

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

	2025 R	2024 R

8. INVESTMENT PROPERTY

	2025	2024
At Fair Value	123,788,855	105,082,106
The movement in Investment Property is reconciled as follows:	2025	2024
Carrying values at 1 July	**105,082,106**	**92,199,290**
Cost	-	-
Fair Value	105,082,106	92,199,290
Acquisitions during the Year	4,413	-
Cost	-	-
Fair Value	4,413	-
Fair Value Adjustments	17,959,476	12,920,816
Disposals during the Year:	(454,000)	(38,000)
At Fair Value	(454,000)	(38,000)
Other Changes during the Year:	1,196,860	-
At Cost	1,196,860	-
Carrying values at 30 June	**123,788,855**	**105,082,106**
Cost	1,196,860	-
Fair Value	122,591,995	105,082,106

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

	2025	2024
Rental Revenue earned from Investment Property	3,915,669	3,288,064

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

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

Carrying Value at year-end:		2025	2024
Land	Vesting Substantive Right	608,000	591,000
		608,000	**591,000**

Key Judgements and Assumptions applied

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are disclosed in Accounting Policy 1.2.6. The land of the municipality is under the control of the municipality due to a vesting substantive right over the land.

8.2 Investment Property carried at Fair Value

The municipality's Investment Property is valued annually at 30 June at fair value by an independent, professionally qualified, valuer. The valuation, which conforms to International Valuation Standards, is arrived at by reference to market evidence of transaction prices for similar properties.

For the year under review, the valuations were performed by Mr. G.L Pool (Professional valuer) of Suid-Kaap Waardeerders.

9. HERITAGE ASSETS

30 June 2025

Reconciliation of Carrying Value

Description	Works of Art, Antiques and Collections	Total
	R	R
Carrying values at 01 July 2024	**8,451,512**	**8,451,512**
Cost	8,451,599	8,451,599
Accumulated Impairment Losses	(87)	(87)
Acquisitions	-	-
Carrying values at 30 June 2025	**8,451,512**	**8,451,512**
Cost	8,451,599	8,451,599
Accumulated Impairment Losses	(87)	(87)

30 June 2024

Reconciliation of Carrying Value

Description	Works of Art, Antiques and Collections	Total
	R	R
Carrying values at 01 July 2023	**8,451,512**	**8,451,512**
Cost	8,451,599	8,451,599
Accumulated Impairment Losses	(87)	(87)
Acquisitions	-	-
Carrying values at 30 June 2024	**8,451,512**	**8,451,512**
Cost	8,451,599	8,451,599
Accumulated Impairment Losses	(87)	(87)

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

	2025 R	2024 R
10. LEASE RECEIVABLES		
Current Lease Receivables	819,422	700,365
Non-current Lease Receivables	-	-
Total Lease Receivables	**819,422**	**700,365**

10.1 Operating Lease Receivables

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

	2025	2024
Balance at beginning of year	700,365	709,015
Operating Lease - Straight lining	286,596	143,322
Operating Lease Revenue effected	(167,539)	(151,973)
Total Operating Lease Receivables	**819,422**	**700,365**

10.1.1 Leasing Arrangements

The Municipality as Lessor:
Operating Leases relate to Property owned by the municipality with lease terms of between 1 to 30 years, with an option to extend.

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

The lease amounts are escalated annually between 8% and 10% as per the agreements entered into.

10.1.2 Amounts receivable under Operating Leases

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

	2025	2024
Up to 1 year	2,979,951	1,834,008
2 to 5 years	9,015,344	3,729,709
More than 5 years	8,516,178	3,552,947
Total Operating Lease Arrangements	**20,511,473**	**9,116,664**

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has resulted in a increase of R119,057 (2024: decrease of R8,651) in current year income.

		2025 R		2024 R

11. CONSUMER DEPOSITS

		2025 R		2024 R
Electricity and Water		12,479,552		11,290,628
Other Deposits:-		3,120,502		2,674,776
- Building Plans	2,135,971		1,997,306	
- Posters	46,594		46,594	
- Rental Properties	937,938		630,877	
Total Consumer Deposits		**15,600,054**		**13,965,404**

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

Consumer Deposits - Building Plans
Deposits are paid for building plans submitted for approval.

Consumer Deposits - Posters
Deposits are paid for posters displayed. Deposits are forfeited when posters are not removed.

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

No interest is paid on Consumer Deposits held.

12. TRADE AND OTHER PAYABLES

		2025 R		2024 R
Other Payables:		6,114,830		8,403,728
Unallocated Deposits	6,114,830		8,403,728	
Retentions		16,914,066		8,524,244
Salary Related Payables		-		2,483,858
PAYE Deductions	-		2,483,858	
Trade Creditors		33,543,410		37,901,360
Bulk Water	302,955		117,219	
Electricity Bulk Purchase	16,874,085		11,566,659	
Payables and Accruals	16,366,370		26,217,481	
Advance Payments		8,217,673		7,420,133
Total Trade and Other Payables		**64,789,979**		**64,733,323**

The average credit period on purchases is 21 (2024: 36) days, as opposed to 30 days from the receipt of the invoice as determined by the MFMA.

The fair value of trade and other payables approximates their carrying amounts. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality transact with.

	2025 R	2024 R

13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	2025	2024
Departmental Agencies and Accounts	863,747	863,747
National Government	30,906	635,165
Private Enterprises	162,141	917,141
Provincial Government	2,585,871	72,364,319
Total Unspent Conditional Grants and Receipts	**3,642,666**	**74,780,373**

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

Unspent Grants and Receipts can mainly be attributed to projects that are work in progress at year-end.

See Note 24 for the reconciliation of Grants from Government and other sources. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

R3 951 543 revert back to National/Provincial Treasury. Refer to Appendix "F" for more detail on Conditional Grants.

14. TAXES

	2025	2024
VAT Payable:	26,229,056	20,301,409
VAT Payable Control	23,692,264	17,713,460
Output VAT	2,536,792	2,587,949
VAT Receivable	9,773,638	10,224,504
Net VAT Accruals	16,455,418	10,076,905
Output VAT: Provision for Bad Debt	(1,764,872)	(1,285,058)
Taxes Payable / (Receivable)	**14,690,546**	**8,791,846**

The Net VAT position above is the VAT Accrual as at 30 June each year.

The prior year amount for Taxes has been adjusted. Refer to Note 45.3 on "Correction of Error" for details of the restatement.

As at 30 June 2025	Gross Balances R	Provision for Impairment R	Net Balances R
VAT Receivable	-	-	-
VAT Payable	(16,455,418)	1,764,872	(14,690,546)
Net Taxes Receivable / (Payable)	**(16,455,418)**	**1,764,872**	**(14,690,546)**

As at 30 June 2024	Gross Balances R	Provision for Impairment R	Net Balances R
VAT Receivable	-	-	-
VAT Payable	(10,076,905)	1,285,058	(8,791,846)
Net Taxes Receivable / (Payable)	**(10,076,905)**	**1,285,058**	**(8,791,846)**

	2025 R	2024 R

VAT Payable / (Receivable) is the Net Payable / (Receivable) from all VAT Control Accounts and agree to the VAT201 Returns.

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

Furthermore, VAT is claimable on the payment basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

VAT Receivable arise where the municipality has a claim from the South African Revenue Service where the VAT inputs exceeded the VAT outputs as per the Value-Added Tax Act 89 of 1991.

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

VAT Receivable is the totals from the VAT Input and VAT Control (Due from//to SARS) Accounts.

14.1 Reconciliation of the Provision for Impairment

	2025	2024
Balance at beginning of year	1,285,058	-
Impairment Losses recognised	494,903	1,285,058
Impairment Losses transferred	(15,089)	-
Balance at end of year	**1,764,872**	**1,285,058**

15. LEASE PAYABLES

	2025	2024
Current Lease Payables:	20,174	46,190
Operating Lease Payables	20,174	46,190
Non-current Lease Payables	-	-
Operating Lease Payables	-	-
Total Lease Payables	**20,174**	**46,190**

15.1 Operating Lease Payables

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13.

	2025	2024
Balance at beginning of year	46,190	22,597
Operating Lease Expenses recorded	(2,388,407)	(2,165,693)
Operating Lease Payments effected	2,362,391	2,189,287
Total Operating Lease Liabilities	**20,174**	**46,190**

15.1.1 Leasing Arrangements

The Municipality as Lessee:

Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period. The operating lease payments escalate between 0 and 8% annually. The municipality did not pay any contingent rent during the year

	2025 R	2024 R

15.1.2 Amounts Payable under Operating Leases

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

	2025	2024
Buildings:	1,079,785	1,256,304
Up to 1 year	703,575	755,555
2 to 5 years	376,210	500,749
Office Equipment:	305,993	1,040,376
Up to 1 year	305,993	734,383
2 to 5 years	-	305,993
Other Assets:	3,325,147	1,912,267
Up to 1 year	1,422,519	1,296,653
2 to 5 years	1,902,628	615,614
Total Operating Lease Arrangements	**4,710,925**	**4,208,947**

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

	2025	2024
Furniture and Office Equipment	797,987	748,135
Investment Properties	1,039,975	974,819
Machinery and Equipment	-	100,041
	1,837,962	**1,822,995**

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

- Buildings
- Office Equipment
- Macinery and Equipment
- Other assets

16. BORROWINGS

	2025	2024
Long-Term Borrowings	122,461,670	144,372,004
Annuity Loans	122,461,670	144,372,004
Less: Current Portion transferred to Current Borrowings:-	24,207,337	21,950,521
Annuity Loans	24,207,337	21,950,521
Non-Current Portion of Borrowings	**98,254,333**	**122,421,483**

16.1 Summary of Arrangements

Annuity Loans are repaid over periods not exceeding 10 years and at interest rates varying from 7.78% to 11.54% per annum. Annuity loans are not secured.

Borrowings have been utilised in accordance with the MFMA. The current portion of borrowings is fully invested in ring-fenced financial instruments. See Note 5.1 for more detail.

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

	2025	2024
Up to 1 year	35,509,742	35,509,998
2 to 5 years	98,551,091	113,725,789
More than 5 years	29,736,218	50,072,041
	163,797,051	199,307,828
Less: Future Finance Obligations	(41,335,381)	(54,935,824)
Present value of Annuity Loan Obligations	**122,461,670**	**144,372,004**

Refer to Appendix "A" for more detail on Borrowings.

17. EMPLOYEE BENEFIT LIABILITIES

	2025 R	2024 R
Employee Benefit Liabilities	91,262,888	86,403,126
Performance Bonus	1,102,744	1,214,298
Leave	13,399,466	13,431,938
Bonus	6,327,678	5,950,890
Post-retirement Health Care Benefits Liability	57,729,000	54,211,000
Post-retirement Pension Benefits Liability	19,000	55,000
Long Service Awards Liability	12,685,000	11,540,000
Less: Current Portion of Employee Benefit Liabilities	25,576,252	25,292,426
Performance Bonus	1,102,744	1,214,298
Leave	13,399,466	13,431,938
Bonus	6,327,676	5,950,890
Post-retirement Health Care Benefits Liability	3,554,000	3,355,000
Post-retirement Pension Benefits Liability	364	300
Long Service Awards Liability	1,192,000	1,340,000
Non-Current Portion of Employee Benefit Liabilities	**65,686,636**	**61,110,700**

17.1 Current Portion of Employee Benefit Liabilities

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

	Bonus Provision R	Leave Provision R	Performance Bonus Provision R
30 June 2025			
Opening Balance	5,950,890	13,431,938	1,214,298
Increases	376,789	1,397,248	1,102,744
Payments Made	-	(1,429,721)	(1,156,957)
Reversals	-	-	(57,342)
Balance at end of year	**6,327,678**	**13,399,466**	**1,102,744**

	Bonus Provision R	Leave Provision R	Performance Bonus Provision R
30 June 2024			
Opening Balance	5,635,935	12,793,153	1,182,598
Increases	314,955	1,708,579	1,214,298
Payments Made	-	(1,069,793)	(1,139,004)
Reversals	-	-	(43,594)
Balance at end of year	**5,950,890**	**13,431,938**	**1,214,298**

The prior year amounts for Bonus Provision and Performance Bonus Provision have been restated to segregate Staff Bonuses and Performance Bonuses.

Bonus Provision: Staff bonuses accrued to employees according to the standard contract of employment and is limited to a maximum of 48 days. Provision is made for the full cost of accrued bonusses at reporting date. This provision will be realised when bonusses are paid during November of the next year.

Leave Provision: 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.

Performance Bonuses: Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

		2025 R	2024 R
	Medical Aid	**Pension Fund**	**Long-term Service**
	R	**R**	**R**
30 June 2025			
Opening Balance	3,355,000	300	1,340,000
Increases	-	-	769,478
Actual employer benefit payments	(3,372,723)	(36,093)	(917,478)
Actuarial loss/ (gain) recognised in the year	3,571,723	36,157	-
Balance at end of year	**3,554,000**	**364**	**1,192,000**

	Medical Aid	Pension Fund	Long-term Service
	R	**R**	**R**
30 June 2024			
Opening Balance	3,101,000	5,000	1,454,000
Increases	-	-	1,218,527
Actual employer benefit payments	(3,067,006)	(9,073)	(1,332,527)
Actuarial loss/ (gain) recognised in the year	3,321,006	4,373	-
Balance at end of year	**3,355,000**	**300**	**1,340,000**

	2025	2024
	R	R

17.2 Non-current Portion of Employee Benefit Liabilities

17.2.1 Post-retirement Benefit Liabilities

Present Value of the Defined Benefit Obligations		
Current Liabilities	4,746,364	4,695,300
Non-current Liabilities	65,686,636	61,110,700
Defined Benefit Liability recognised in Statement of Financial Position (wholly unfunded)	**70,433,000**	**65,806,000**

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

17.2.1.1 Health Care Benefits Liability

Opening Balance	54,211,000	54,904,000
Interest Cost	7,210,000	7,130,000
Current Service Cost	994,000	1,062,000
Actual Employer Benefit Payments	(3,372,723)	(3,067,006)
Actuarial Loss / (Gain) recognised in the year	(1,313,277)	(5,817,994)
Balance at end of Year	57,729,000	54,211,000
Transfer to Current Provisions	3,554,000	3,355,000
Total Post-retirement Health Care Benefits Liability	**54,175,000**	**50,856,000**

	2025 R	2024 R

Characteristics of the Defined Benefit Plan

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

Upon retirement, an employee may continue membership of the medical aid scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical aid scheme.

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income.

In-service members will receive a post-employment subsidy of 70% of the contribution payable. All continuation members receive a 70% subsidy. Upon a member's death-in-retirement, the surviving dependants will continue to receive the same 70% subsidy.

Risks of the Defined Benefit Plan

Longevity Risk: There is a risk that participants live longer than expected, potentially increasing the liability of the plan.

Interest Rate Risk: Changes in interest rates affect the discount rate used to calculate the plan's liabilities. A decrease in interest rates increases the present value of future benefit obligations.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by Mr Julian van der Spuy, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

	2025	2024
In-service Members (Employees)	105	117
Continuation Members (Retirees, widowers and orphans)	58	58
Total Members	163	175

During the current year, the municipality did not adjust its estimates to account for an increased percentage of in-service non-members who might be able to afford medical aid in the future. This comes from the fact that after retirement employees' income decreases in retirement, and thus if the employee is unable to afford to contribution in employment, they will be unable to afford it in retirement.

The municipality anticipates that 0% of these employees, consistent with the previous year's estimate, might join a medical aid scheme before retirement. This projected joining rate of 0% was established by examining the municipality's historical data in combination with national statistics, as analysed by actuaries.

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

	2025	2024
In-service Members	26,613,000	23,090,000
Continuation Members	31,116,000	31,121,000
Total Liability	57,729,000	54,211,000

Maturity Profile

The defined benefit obligation of the municipality's health care plan has a weighted average duration of approximately 12.16 years. This duration reflects the estimated time period over which the accrued benefits are expected to be settled.

The following is a maturity analysis of the benefit payments expected to be made under the plan:

	2025	2024
Within 1 year	3,294,383	3,355,000
2 to 5 years	10,868,401	14,313,000
6 to 10 years	9,860,255	23,121,000
More than 10 years	43,961,980	22,814,000
Total Benefit Payments	67,985,019	63,603,000

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

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

- Bonitas
- Discovery
- Hosmed
- LA Health
- Keyhealth
- Samwumed

The Current-service Cost for the year ending 30 June 2025 is estimated to be R994,000, whereas the cost for the ensuing year is estimated to be R 1 036 000 (30 June 2024: R1,062,000 and R994,000 respectively).

	2025 R	2024 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate - In-service Members	11.88%	13.59%
Health Care Cost Inflation Rate - In-service Members	7.28%	8.78%
Net Effective Discount Rate - In-service Members	4.29%	4.42%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

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

Discount Rate:
Assumption: 11.88%
GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, the nominal and real zero curves as at 7 June 2025 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period was used. In the event that the valuation is performed prior to the effective valuation date, the prevailing yield at the time of performing the calculations was used.

Medical Aid contribution Inflation
Assumption: 7.28%
Medical Aid contribution inflation rate was set with reference to the past relationship between the discount rate for each relevant time period and medical aid contribution inflation rate for each relevant time period.

Mortality Rate
Assumption: SA 85-90 Mortality Tables
This mortality table is used to estimate the life expectancy of plan participants, based on current trends and historical data within the industry.Mortality for post employement has been based on PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs.

Continuation of Membership:
This valuation assumes 100% continuation of membership at retirement.

Family Profile:
It has been assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa.

		2025 R	2024 R
Movements in the present value of the Defined Benefit Obligation were as follows:			
Opening Balance		54,211,000	54,904,000
Service Cost:			
Current Service Cost	Refer Note 31	994,000	1,062,000
Interest Expense	Refer Note 31	7,210,000	7,130,000
Payments from the Defined Benefit:			
Payment of Benefits		(3,372,723)	(3,067,006)
Remeasurement of Defined Benefit:			
Actuarial Gains / (Losses) from Changes In Financial Assumptions	Refer Note 31	(1,313,277)	(5,817,994)
Total Recognised Benefit Liability		**57,729,000**	**54,211,000**
The amounts recognised in the Statement of Financial Position are as follows:			
Present Value of Fund Obligations		57,729,000	54,211,000
Total Benefit Liability		**57,729,000**	**54,211,000**
The amounts recognised in the Statement of Financial Performance are as follows:			
Current service cost		994,000	1,062,000
Interest cost		7,210,000	7,130,000
Actuarial losses / (gains)		(1,313,277)	(5,817,994)
Total Post-retirement Benefit included in Employee Related Costs (Note 31.)		**6,890,723**	**2,374,006**

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

	2025	2024
Increase:		
Effect on the aggregate of the current service cost and the interest cost	1,581,000	2,149,000
Effect on the defined benefit obligation	6,896,000	6,411,000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(328,000)	173,000
Effect on the defined benefit obligation	(5,815,000)	(5,417,000)
Medical Aid inflation Rate Sensitivity Range	±1%	±1%

Assumed rates for Mortality trends significantly impact the figures recorded in surplus or deficit. The effect of a 20% movement in the assumed rate of mortality is as follows:

	2025	2024
Increase:		
Effect on the aggregate of the current service cost and the interest cost	(535,000)	(542,000)
Effect on the defined benefit obligation	(443,000)	(3,522,000)
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(367,000)	682,000
Effect on the defined benefit obligation	757,000	4,275,000
Mortality Rate Sensitivity Range	±20%	±20%

	2025 R	2024 R

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

The municipality expects to make a contribution of R 1 038 000 (2024: R994,000) to the Defined Benefit Plans during the next financial year. This estimated contribution takes into account current salary levels, the number of participating employees, and actuarial assumptions regarding demographic and financial factors. These contributions are designed to secure sufficient assets to meet the plan's future benefits obligations as they become due.

Refer to Note 52, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

17.2.1.2 Ex-gratia Pension Benefits Liability

	2025 R	2024 R
Opening Balance	55,000	99,316
Interest Cost	4,000	7,657
Actual Employer Benefit Payments	(36,093)	(9,073)
Actuarial Loss/ (Gain) recognised in the year	(3,907)	(42,900)
Balance at end of Year	19,000	55,000
Transfer to Current Provisions	364	300
Total Post-retirement Pension Benefits Liability	18,636	54,700

Characteristics of the Defined Benefit Plan

Members who entered service prior to 31 December 1994 are entitled to a once-off benefit under the following circumstances:

- Normal Retirement (65 for males and 60 for females)
- Ill-health retirement
- Retrenchment
- Death

Only members who were still in-service after 1 July 1998 are entitled to the benefit.

The benefit is calculated as follows:

- Annual salary as at 31 December 1994
- Multiplied by Years of Service up to 31 December 1994
- Multiplied by 10%

Risks of the Defined Benefit Plan

Longevity Risk: There is a risk that participants live longer than expected, potentially increasing the liability of the plan.

Interest Rate Risk: Changes in interest rates affect the discount rate used to calculate the plan's liabilities. A decrease in interest rates increases the present value of future benefit obligations.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 ZAQ Consultants and Actuaries a fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

	2025 R	2024 R
The members entitled to receive Retirement Gratuities are made up as follows:		
In-service Members (Employees)	19	23
Total Members	**19**	**23**
The liability in respect of past service has been estimated as follows:		
In-service Members	19,000	55,000
Total Liability	**19,000**	**55,000**

Maturity Profile

The defined benefit obligation of the municipality's Ex-gratia pension benefits has a weighted average duration of approximately 5.15 years. This duration reflects the estimated time period over which the accrued benefits are expected to be settled.

The following is a maturity analysis of the benefit payments expected to be made under the plan:		
Within 1 year	337	35,958
2 to 5 years	2,378	3,219
6 to 10 years	2,392	5,299
More than 10 years	14,165	10,524
Total Benefit Payments	**19,272**	**55,000**

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

The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate - In-service Members	9.08%	9.91%
Expected Retirement Age - Females	60	60
Expected Retirement Age - Males	65	65

General:
It is assumed that the municipality's ex gratia arrangements and policy would remain as outlined in the accounting policy, and that the level of benefits receivable would remain unchanged, with the exception of allowing for inflationary adjustments.

Discount Rate:
Assumption: 9.08%
GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Mortality Rate
Assumption: SA 85-90 Mortality tables
This mortality table is used to estimate the life expectancy of plan participants, based on current trends and historical data within the industry.

Movements in the present value of the Defined Benefit Obligation were as follows:			
Opening Balance		55,000	99,316
Interest Expense	Refer Note 35	4,000	7,657
Payments from the Defined Benefit:			
Payment of Benefits	Refer Note 31	(36,093)	(36,000)
Remeasurement of Defined Benefit:			
Actuarial Gains / (Losses) from Changes in Financial Assumptions	Refer Note 42	(3,907)	(15,973)
Total Recognised Benefit Liability		**19,000**	**55,000**

	2025 R	2024 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	19,000	55,000
Total Benefit Liability	19,000	55,000
The amounts recognised in the Statement of Financial Performance are as follows:		
Interest cost	4,000	7,657
Total Post-retirement Benefit included in Employee Related Costs (Note)	4,000	7,657

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

	2025	2024
Increase:		
Effect on the aggregate of the current service cost and the interest cost	(2,000)	(3,657)
Effect on the defined benefit obligation	-	(1,000)
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(2,000)	(4,657)
Effect on the defined benefit obligation	-	1,000
Discount Rate Sensitivity Range	±1%	±1%

Assumed rates for withdrawal rates trends significantly impact the figures recorded in surplus or deficit. The effect of a 20% movement in the assumed rate of withdrawal inflation is as follows:

	2025	2024
Increase:		
Effect on the aggregate of the current service cost and the interest cost	(2,000)	(3,657)
Effect on the defined benefit obligation	-	(1,000)
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(2,000)	(3,657)
Effect on the defined benefit obligation	-	-
Withdrawal Rate Sensitivity Range	±20%	±20%

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

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

17.2.1.3 Long Service Awards Liability

	2025	2024
Opening Balance	11,540,000	11,048,000
Increases	1,886,956	1,824,527
Payments Made	(917,478)	(1,332,527)
Increases (Passage of Time/Discounted Rate)	175,522	-
Balance at end of Year	12,685,000	11,540,000
Transfer to Current Provisions	1,192,000	1,340,000
Total Long Service Awards Liability	11,493,000	10,200,000

	2025 R	2024 R

Characteristics of the Long-service Awards

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

Long Service Awards are awarded in the form of leave days and a 14th cheque (equivalent to one month's additional salary that is equal to one month's salary at the date of the accrual of the long service award).

Risks of the Long service awards liability

Longevity Risk: There is a risk that participants live longer than expected, potentially increasing the liability of the plan.

Interest Rate Risk: Changes in interest rates affect the discount rate used to calculate the plan's liabilities. A decrease in interest rates increases the present value of future benefit obligations.

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

At year end, 569 (2024: 545) employees were eligible for Long-service Awards.

Maturity Profile

The defined benefit obligation of the municipality's long service awards has a weighted average duration of approximately 6.65 years. This duration reflects the estimated time period over which the accrued benefits are expected to be settled.

The following is a maturity analysis of the benefit payments expected to be made under the plan:

	2025	2024
Within 1 year	1,104,925	1,340,000
2 to 5 years	4,462,103	6,022,000
6 to 10 years	3,569,360	9,156,000
More than 10 years	11,561,163	1,482,000
Total Benefit Payments	**20,717,551**	**18,000,000**

The benefits payments are scheduled based on the expected long service terms of current employees and the provisions of the plan that determine the timing of benefits payments. The distribution of these payments is subject to changes in demographic factors such as normal salary cost inflation and withdrawal rates.

The Current-service Cost for the year ending 30 June 2025 is estimated to be R872,000, whereas the cost for the ensuing year is estimated to be R939 000 (30 June 2024: R842,000 and R872,000 respectively).

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

	2025	2024
Discount Rate	9.70%	11.88%
Cost Inflation Rate	5.46%	7.46%
Net Effective Discount Rate	4.01%	4.12%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

Discount Rate:

Assumption: 9.70%

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in

Consequently, the nominal and real zero curves as at 7 June 2025 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period have been used.

Salary Growth Rate

Assumption: 5.46%

This rate reflects the municipality's expectations of annual salary increases due to inflation, seniority, and other relevant factors.

Inflation Rate

Assumption: 4.46%

Inflation is considered in the projection of salary increases and the adjustment of long service awards.

		2025 R	2024 R

Mortality Rate

Assumption: SA 85-90 Mortality Tables

This mortality table is used to estimate the life expectancy of plan participants, based on current trends and historical data within the industry..

		2025 R	2024 R
Movements in the present value of the Long Service Award Liability were as follows:			
Opening Balance		11,540,000	11,048,000
Service Cost:			
Current Service Cost	Refer Note 31	872,000	842,000
Interest Expense	Refer Note 35	1,336,000	1,275,000
Payments from the Defined Benefit:			
Payment of Benefits		(917,478)	(1,332,527)
Remeasurement of Defined Benefit:			
Actuarial Gains / (Losses) from Changes in Financial Assumptions	Refer Note 42	(145,522)	(292,473)
Total Recognised Benefit Liability		**12,685,000**	**11,540,000**
The amounts recognised in the Statement of Financial Position are as follows:			
Present value of fund obligations		12,685,000	11,540,000
Total Benefit Liability		**12,685,000**	**11,540,000**
The amounts recognised in the Statement of Financial Performance are as follows:			
Current service cost		872,000	842,000
Interest cost		1,336,000	1,275,000
Actuarial losses / (gains)		(145,522)	(292,473)
Total Long Service Award Liability included in Employee Related Costs (Note 31.)		**2,062,478**	**1,824,527**

Assumed rates for normal salary inflation cost trends significantly impact the figures recorded in surplus or deficit. The effect of a 1% movement in the assumed rate of normal salary inflation is as follows:

	2025 R	2024 R
Increase:		
Effect on the aggregate of the current service cost and the interest cost	985,000	1,105,000
Effect on the Long service award liability	822,000	793,000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(190,000)	(63,000)
Effect on the Long service award liability	(744,000)	(719,000)

Assumed rates for withdrawals trends significantly impact the figures recorded in surplus or deficit. The effect of a 20% movement in the assumed rate of withdrawals is as follows:

	2025 R	2024 R
Increase:		
Effect on the aggregate of the current service cost and the interest cost	(166,000)	(34,000)
Effect on the Long service award liability	(542,000)	(519,000)
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	88,000	234,000
Effect on the Long service award liability	(571,000)	574,000
Withdrawal rate Sensitivity Range	±20%	±20%

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

The municipality expects to make a contribution of R939 000 (2024: R872,000) to the long service award liability during the next financial year. This estimated contribution takes into account current salary levels, the number of participating employees, and actuarial assumptions regarding demographic and financial factors. These contributions are designed to secure sufficient assets to meet the plan's future benefits obligations as they become due.

	2025 R	2024 R

18. PROVISIONS

	2025 R	2024 R
Current Provisions	-	(0)
Non-current Provisions	95,716,626	87,945,266
Total Provisions	**95,716,626**	**87,945,266**

18.1 Current Provisions

The prior year amount for Current Provisions has been adjusted. Refer to Note 45.3 on "Correction of Error" for details of the restatement.

18.2 Non-current Provisions

	2025 R	2024 R
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	95,716,626	87,945,266
Total Non-current Provisions	**95,716,626**	**87,945,266**

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

Decommissioning of Landfill Sites:

	2025 R	2024 R
Opening Balance as previously stated	87,945,266	65,556,034
Change in Estimates	(310,417)	16,711,782
Other Reductions	-	-
Reversals	-	(572,718)
Finance Charges	8,081,776	6,250,168
Closing balance as restated	**95,716,626**	**87,945,266**

Decommissioning, Restoration and Similar Liabilities: Landfill Sites
Landfill site decomissioning is estimated by means of a valuation performed by a professional valuator to determine the future cost of dismantling the landfill site. The cost is then reduced to take into account the time value of money at interest rates linked to the Consumer Price Index.

18.3 Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse site, the Municipality will incur licensing and rehabilitation costs of R152,297,228 (2024: R146,158,533) to restore the site at the end of its useful live. Provision has been made for the net present value of the future cost, using the average cost of borrowing interest rate.

Major assumptions concerning future events
The analysis by the specialists allowed calculations of the projected date when the airspace is expected to be fully consumed based on the following assumptions:

(a) The disposal tonnages and landfill lifespans estimated in the 2024 Delta Built Environment Consultants desktop airspace study are unchanged.

(b) No landfill closures over the past year.

(c) A population growth rate of 3.3% was calculated according to Statistics South Africa according to the 2022 Census; and

(d) The incoming estimated tonnage growth rate will remain the same until landfill closure.

	Proposed Date of Rehabilitation	2025 R	2024 R
Albertina	2030/06/30	15,654,437	15,089,472
Droëkloof	2037/06/30	24,358,977	23,411,880
Gouritsmond	2031/06/30	9,998,950	9,633,992
Jongensfontein	2025/06/30	4,260,366	4,082,481
Melkhoutfontein	2043/06/30	42,328,747	40,560,476
Slangrivier	2033/06/30	7,383,272	7,074,665
Steynskloof	2047/06/30	40,297,623	38,624,966
Witsand (Uitsig)	2029/06/30	8,014,856	7,680,601
		152,297,228	**146,158,533**

AUDITOR-GENERAL SOUTH AFRICA

	2025 R	2024 R
19. RESERVES		
Capital Replacement Reserve	60,005,166	52,473,943
Housing Development Fund	543,103	543,103
Non-current Provisions Reserve	2,976,649	2,775,057
Total Reserves	**63,524,918**	**55,792,103**

The prior year amount for Reserves has been adjusted. Refer to Note 45.3 on "Correction of Error" for details of the restatement.

19.1 Capital Replacement Reserve

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

Reconciliation of the Capital Replacement Reserve:

	2025 R	2024 R
Opening Balance	52,473,943	-
Purchases	(93,729,039)	-
Transfers to / (from) Accumulated Surplus	101,260,262	52,473,943
Balance at end of year	**60,005,166**	**52,473,943**

19.2 Housing Development Fund Reserve

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.

Reconciliation of Housing Development Fund Reserve:

	2025 R	2024 R
Housing Operating Fund	543,103	543,103
Opening Balance	543,103	543,103
Utilisation	-	-
Balance at end of year	**543,103**	**543,103**

	2025 R	2024 R

19.3 Non-current Provisions Reserve

The Nature Reserve Fund is for the maintenance and operation of Nature Areas in Still Bay. The Elsje Koorts Tuberculosis Fund is for the treatment of tuberculosis cases in Riversdale.

Reconciliation of Non-current Provisions Reserve

	2025 R	2024 R
Opening Balance	2,775,057	2,535,688
Transfers to/from Accumulated Surplus	201,592	239,369
Balance at end of year	**2,976,649**	**2,775,057**

19.3.1 Elsje Koorts Trust Fund

This fund was established in terms of clause 4 of the last will and testament of the late Elsje Koorts, and stated inter alia that "the remainder of my estate will be used for the treatment of tuberculosis cases in Riversdale ...."

	2025 R	2024 R
Opening Balance	373,179	340,990
Interest Earned	32,387	32,189
Expenditure Incurred	(16,500)	-
Balance at end of year	**389,066**	**373,179**

19.3.2 Nature Reserve Trust Fund

This fund was established in terms of section 76.2 of the Municipal Ordinance, 1974 (Ordinance 20 of 1974) with the sanction of the Premier on 14 August 1998. The fund must be used for the maintenance and operation of nature areas in Still Bay.

	2025 R	2024 R
Opening Balance	2,401,878	2,194,699
Interest Earned	215,395	207,180
Expenditure Incurred	(29,690)	-
Balance at end of year	**2,587,583**	**2,401,878**

20. ACCUMULATED SURPLUS

	2025 R	2024 R
Accumulated Surplus / (Deficit) due to the results of Operations	1,508,819,888	1,276,095,160
Total Accumulated Surplus	**1,508,819,888**	**1,276,095,160**

The prior year amount for Accumulated Surplus has been adjusted. Refer to Note 44.1 on "Correction of Error" for details of the restatement.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

	2025 R	2024 R

21. PROPERTY RATES

	Actual Levies July 2025	 July 2024
Property Rates Levies:	140,196,508	130,038,262
Agricultural Properties	14,398,376	13,452,666
Business and Commercial Properties	7,528,232	6,351,737
Industrial Properties	1,266,451	1,387,917
Public Benefit Organisations	2,397	4,470
Public Service Infrastructure Properties	-	2,009,799
Public Service Purposes Properties	1,979,817	-
Residential Properties	103,455,384	95,855,059
Vacant Land	11,565,851	10,976,614
Property Rates Levies	149,539,106	139,227,408
Less: Rates Rebates	(9,342,598)	(9,189,146)
Total Property Rates	**140,196,508**	**130,038,262**

	Actual Valuations July 2025	 July 2024
Domestic	14,953,897,600	14,846,476,600
Commercial	988,988,000	854,513,500
Church/Public Benefit	181,828,000	177,081,500
Agricultural/Rural	10,742,135,358	10,727,845,858
State	285,549,000	285,549,000
Municipal	468,490,500	466,593,000
Total Property Valuations	**27,620,888,458**	**27,358,059,458**

Assessment Rates are levied on the market value of land and improvements, of which the valuation is performed every 5 years. The last valuation came into effect on 1 July 2021.

Interim valuations are processed on an annual/bi-annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions.

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

Residential	0.007639c/R	0.007213c/R
Vacant Land	0.015276c/R	0.014425c/R
Agriculture	0.001455c/R	0.001374c/R
State	0.007829c/R	0.007393c/R
Business	0.007829c/R	0.007393c/R

Rates are levied annually and monthly. Monthly rates are payable by the 20th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding amounts. Account balances which remain unpaid 30 days after the first day of the month when the account becomes payable shall attract interest irrespective of the reason for non-payment.

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.

Rebates of 10% - 40% were applied to pensioners, based on the annual income of the ratepayer. A discount of 10% was granted to agricultural properties used for residential and/or business purposes.

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

- Residential Properties: The first R50 000 on the valuation is exempted.

	2025 R	2024 R

22. FINES, PENALTIES AND FORFEITS

	2025 R	2024 R
Traffic Fines:	41,193,246	64,814,288
Municipal	-	3,017,666
Service Provider	41,193,246	61,796,622
Other Fines:	35,104	30,932
Illegal Connections	1,478	8,645
Law Enforcement	1,406	-
Overdue Books Fine	26,548	21,473
Pound Fees	5,672	814
Forfeits	3,670,631	358,341
Deposits	402,621	358,341
Unclaimed Money	3,268,010	-
Total Fines, Penalties and Forfeits	**44,898,981**	**65,203,561**

The prior year amount for Fines, Penalties and Forfeits has been adjusted. Refer to Note 45.1 on "Correction of Error" for details of the restatement.

23. LICENCES AND PERMITS

	Exchange Transactions 2025 R	Exchange Transactions 2024 R	Non-Exchange Transactions 2025 R	Non-Exchange Transactions 2024 R
Boat	-	-	359,728	298,174
Dog	-	-	63,581	5,048
Road and Transport:	1,538	-	1,897,442	1,748,812
Activities on Public Roads	1,251	-	-	-
Drivers Licence Application/Duplicate Drivers Licences	-	-	73,305	67,295
Drivers Licence Certificate	-	-	173,155	180,320
Instructor Certificate	287	-	-	-
Learner Licence Application	-	-	134,912	160,647
Learners Certificate	-	-	29,766	-
Motor Vehicle Licence	-	-	1,426,605	1,268,313
Operators and Public Drivers Permits	-	-	59,699	72,237
Trading	-	-	22,936	18,235
Total Licences and Permits	**1,538**	**-**	**2,343,686**	**2,070,269**

24. TRANSFERS AND SUBSIDIES RECEIVED

	2025 R	2024 R
Capital Grants	161,687,671	45,732,542
Allocations In-kind	591,455	437,519
Monetary Allocations	161,096,216	45,295,022
Operational Grants	68,052,814	63,784,924
Allocations In-kind	-	-
Monetary Allocations	68,052,814	63,784,924
Total Transfers and Subsidies Received	**229,740,485**	**109,517,466**

24.1 Summary of Grants:

24.1.1 Capital Grants

	Allocations In-kind 2025	Allocations In-kind 2024	Monetary Allocations 2025	Monetary Allocations 2024
National Governments	-	-	19,191,352	37,899,333
Private Enterprises	591,455	137,519	1,953,667	18,250
Provincial Government	-	-	139,951,197	7,377,439
Public Corporations	-	300,000	-	-
Total Capital Grants Received	**591,455**	**437,519**	**161,096,216**	**45,295,022**

			2025 R	2024 R

24.1.2 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2025	2024	2025	2024
Departmental Agencies and Accounts	-	-	78,442	346,386
National Governments	-	-	3,698,300	3,625,409
National Revenue Fund	-	-	63,158,000	59,164,000
Private Enterprises	-	-	301,333	-
Provincial Government	-	-	816,739	649,130
Total Operational Grants Received	-	-	68,052,814	63,784,924
Total Transfers and Subsidies Received	591,455	437,519	229,149,030	109,079,947

24.2 Detailed Summaries

24.2.1 Equitable Share

	2025	2024
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	63,158,000	59,164,000
Conditions Met - Transferred to Revenue (Operating)	(63,158,000)	(59,164,000)
Unspent Balance at the End of the Year	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury. This grant is used to subsidise the provision of basic services to indigent community members and to subsidise income. All registered indigents receive a monthly subsidy equal to the basic monthly charges for water supply, refuse removal and sanitation based on the monthly billing towards the consumer account. The subsidy is determined annually by Council.

Level of Income	Subsidy
R0 - amount equal 2 x State Pension p.m	- 100% Basic Service Charges - 6 Kl Water - 50 kWh Electricity - 100% Property Rates up to a market value of R850 000
2 x State Pension - R4 600.00 p.m	- 50% Basic Service Charges - 6 Kl Water - 50 kWh Electricity - 50% Property Rates up to a market value of R850 000

24.2.2 Local Government Financial Management Grant (FMG)

	2025	2024
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1,700,000	1,550,000
Conditions Met - Transferred to Revenue (Operating)	(1,700,000)	(1,550,000)
Unspent Balance at the End of the Year	-	-

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

24.2.3 Expanded Public Works Programme (EPWP)

	2025	2024
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1,236,000	1,174,000
Conditions Met - Transferred to Revenue (Operating)	(1,236,000)	(1,174,000)
Unspent Balance at the End of the Year	-	-

The EPWP is to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

24.2.4 Municipal Infrastructure Grant (MIG)

	2025	2024
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	15,228,000	16,625,000
Conditions Met - Transferred to Revenue (Operating)	(762,300)	(772,951)
Conditions Met - Transferred to Revenue (Capital)	(14,465,700)	(15,852,049)
Unspent Balance at the End of the Year	-	-

The Municipal Infrastructure Grant to be used to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

	2025 R	2024 R
24.2.5 Integrated National Electrification Programme (Municipal) Grant		
Unspent Balance at the Beginning of the Year	385	-
Current Year Receipts	4,162,000	5,300,000
Conditions Met - Transferred to Revenue (Capital)	(4,162,000)	(5,299,615)
Adjustments / Refunds	(385)	-
Unspent Balance at the End of the Year	**-**	**385**

The Integrated National Electrification Programme Grant to be used to reduce backlogs through funding of household connections and bulk infrastructure to ensure constant supply of electricity..

	2025 R	2024 R
24.2.6 Human Settlements Development Grant		
Unspent Balance at the Beginning of the Year	3,127,525	3,218,629
Conditions Met - Transferred to Revenue (Operating)	(142,325)	(91,104)
Adjustments / Refunds	(3,127,525)	-
Unspent Balance at the End of the Year	**(142,325)**	**3,127,525**

This grant from the Departement of Local Government and Housing is used for transfer costs.

	2025 R	2024 R
24.2.7 Municipal Capacity Building Grant		
Unspent Balance at the Beginning of the Year	165,360	87,703
Current Year Receipts	363,200	200,000
Conditions Met - Transferred to Revenue (Operating)	(284,450)	(34,640)
Adjustments / Refunds	(165,360)	(87,703)
Unspent Balance at the End of the Year	**78,750**	**165,360**

The grant to be used for external bursaries to enable municipalities to attract top performing learners within the municipal area to succeed in Higher Education Institutions.

	2025 R	2024 R
24.2.8 Community Development Workers		
Unspent Balance at the Beginning of the Year	384	-
Current Year Receipts	38,000	38,000
Conditions Met - Transferred to Revenue (Operating)	(38,000)	(37,616)
Adjustments / Refunds	(384)	-
Unspent Balance at the End of the Year	**-**	**384**
24.2.9 Department Economic Development & Tourism - SMME Booster Fund		
Unspent Balance at the Beginning of the Year	-	89,855
Adjustments / Refunds	-	(89,855)
Unspent Balance at the End of the Year	**-**	**-**

The grant is used to support the development of infrastructure projects which promote medium to long-term economic gains and to increase the sustainability and growth of SMME's.

	2025 R	2024 R
24.2.10 Local Economic Development - Capacity Building		
Unspent Balance at the Beginning of the Year	203,086	299,164
Conditions Met - Transferred to Revenue (Operating)	-	(46,914)
Adjustments / Refunds	(203,086)	(49,164)
Unspent Balance at the End of the Year	**-**	**203,086**
24.2.11 Fire Service Capacity Building		
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	558,000	-
Conditions Met - Transferred to Revenue (Capital)	(558,000)	-
Unspent Balance at the End of the Year	**-**	**-**

A grant was received from the Western Cape Provincial Government to procure a vehicle for fire fighting.

	2025 R	2024 R
24.2.12 Accelerated Community Infrastructure Programme		
Balance unspent at the beginning of the year	30,907	30,907
Conditions Met - Transferred to Revenue	-	-
Unspent Balance at the End of the Year	**30,907**	**30,907**

	2025 R	2024 R
24.2.13 Human Settlement Asset Finance Reserves		
Balance unspent at the beginning of the year	-	-
Current year receipts	14,508,367	-
Conditions Met - Transferred to Revenue (Operating)	(12,080,935)	-
Unspent Balance at the End of the Year	**2,427,432**	**-**

To fund housing within municipalities that demonstrated capacity to plan and deliver housing rapidly.

	2025 R	2024 R
24.2.14 Informal Settlements Grant		
Balance unspent at the beginning of the year	-	-
Current year receipts	2,049,974	109,000
Conditions Met - Transferred to Revenue (Operating)	-	(109,000)
Conditions Met - Transferred to Revenue (Capital)	(2,049,974)	-
Unspent Balance at the End of the Year	**-**	**-**

	2025 R	2024 R
24.2.15 Human Settlement Development Grant Beneficiaries		
Balance unspent at the beginning of the year	260,926	-
Current year receipts	10,939,350	22,556,401
Conditions Met - Transferred to Revenue (Operating)	(11,047,175)	(22,295,475)
Adjustments / Refunds	(260,926)	-
Unspent Balance at the End of the Year	**(107,825)**	**260,926**

To provide funding for the creation of sustainable human settlements

	2025 R	2024 R
24.2.16 Energy Effieciency and Demand Side Management Grant		
Balance unspent at the beginning of the year	40,000	-
Current year receipts	-	4,000,000
Conditions Met - Transferred to Revenue (Operating)	-	(128,458)
Conditions Met - Transferred to Revenue (Capital)	-	(3,831,542)
Adjustments / Refunds	(40,000)	-
Unspent Balance at the End of the Year	**-**	**40,000**

Funds to be used to implement electricity saving projects in municipal infrastructure

	2025 R	2024 R
24.2.17 Africana Centre Grant		
Balance unspent at the beginning of the year	103,037	103,037
Conditions Met - Transferred to Revenue (Operating)	-	-
Unspent Balance at the End of the Year	**103,037**	**103,037**

This grant was utilised for maintenance and general expenditure.

	2025 R	2024 R
24.2.18 Development Contractors		
Balance unspent at the beginning of the year	-	-
Current year receipts	1,500,000	-
Conditions Met - Transferred to Revenue (Operating)	(285,408)	-
Conditions Met - Transferred to Revenue (Capital)	(1,214,592)	
Unspent Balance at the End of the Year	**-**	**-**

This grant is used for the acquisition and installation of water meters in housing schemes.

	2025 R	2024 R
24.2.19 Tourism Grant		
Balance unspent at the beginning of the year	-	-
Current year receipts	480,000	-
Conditions Met - Transferred to Revenue (Operating)	(6,964)	-
Conditions Met - Transferred to Revenue (Capital)	(473,036)	
Unspent Balance at the End of the Year	**-**	**-**

This grant is earmarked for projects in previously disadvantaged areas.

	2025 R	2024 R
24.2.20 Public Participation Strategy Grant		
Balance unspent at the beginning of the year	57,086	57,086
Conditions Met - Transferred to Revenue (Operating)	-	-
Unspent Balance at the End of the Year	**57,086**	**57,086**

This grant is used for public participation initiatives.

	2025 R	2024 R
24.2.21 SETA Grant		
Balance unspent at the beginning of the year	886,919	863,747
Current year receipts	406,666	369,558
Conditions Met - Transferred to Revenue (Operating)	(78,442)	(346,386)
Adjustments / Refunds	(21,558)	-
Unspent Balance at the End of the Year	**1,193,585**	**886,919**

This grant is utilised for various staff skills development programmes

	2025 R	2024 R
24.2.22 Emergency Loadshedding Relief		
Balance unspent at the beginning of the year	5,220	3,800,000
Conditions Met - Transferred to Revenue (Capital)	-	(3,794,780)
Adjustments / Refunds	(5,220)	-
Unspent Balance at the End of the Year	**-**	**5,220**

Contribution towards the purchase and installation of back-up energy supply.

	2025 R	2024 R
24.2.23 Municipal Water Resilience Grant		
Balance unspent at the beginning of the year	239,325	309,771
Conditions Met - Transferred to Revenue (Operating)	-	(70,446)
Adjustments / Refunds	(239,325)	-
Unspent Balance at the End of the Year	**-**	**239,325**

Financial assistance to municipalities to enhance water resilience.

	2025 R	2024 R
24.2.24 Water Service Infrastructure Grant		
Balance unspent at the beginning of the year	222	-
Current year receipts	257,000	8,300,000
Conditions Met - Transferred to Revenue (Capital)	(257,000)	(8,299,778)
Adjustments / Refunds	(222)	-
Unspent Balance at the End of the Year	**-**	**222**
24.2.25 Transport Infrastructure		
Balance unspent at the beginning of the year	105,548	-
Current year receipts	195,000	931,389
Conditions Met - Transferred to Revenue (Operating)	(195,000)	(128,981)
Conditions Met - Transferred to Revenue (Capital)		(696,860)
Adjustments / Refunds	(105,548)	-
Unspent Balance at the End of the Year	**-**	**105,548**
24.2.26 Municipal Energy Resillience Grant		
Balance unspent at the beginning of the year	68,213,186	-
Current year receipts	67,700,000	69,000,000
Conditions Met - Transferred to Revenue (Capital)	(135,913,186)	(786,814)
Unspent Balance at the End of the Year	**-**	**68,213,186**
24.2.27 Regional Socio-Economic Project (RSEP) Grant		
Balance unspent at the beginning of the year	1,014	-
Current year receipts	700,000	2,100,000
Conditions Met - Transferred to Revenue (Capital)	(700,000)	(2,098,986)
Adjustments / Refunds	(1,014)	-
Unspent Balance at the End of the Year	**-**	**1,014**
24.2.28 Thusong Service Centre Grant		
Balance unspent at the beginning of the year	19,571	-
Current year receipts	150,000	150,000
Conditions Met - Transferred to Revenue (Operating)	(150,000)	(130,429)
Adjustments / Refunds	(19,571)	-
Unspent Balance at the End of the Year	**-**	**19,571**

	2025 R	2024 R
24.2.29 Municipal Disaster Relief		
Balance unspent at the beginning of the year	563,652	-
Current year receipts		5,180,000
Conditions Met - Transferred to Revenue (Capital)	(563,652)	(4,616,348)
Unspent Balance at the End of the Year	-	563,652
24.2.30 Syntell		
Balance unspent at the beginning of the year	757,018	-
Current year receipts		775,268
Conditions Met - Transferred to Revenue (Capital)	(755,000)	(18,250)
Unspent Balance at the End of the Year	2,018	757,018
24.2.31 Total Grants		
Balance unspent at the beginning of the year	74,780,373	8,859,901
Current year receipts	185,329,557	197,522,616
Conditions Met - Transferred to Revenue (Operating)	(91,164,999)	(86,080,400)
Conditions Met - Transferred to Revenue (Capital)	(161,112,140)	(45,295,022)
Adjustments / Refunds	(4,190,125)	(226,722)
Unspent Balance at the End of the Year	3,642,666	74,780,373

24.2.32 Changes in levels of Government Grants

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

25. SERVICE CHARGES

	Exchange Transactions 2025 R	Exchange Transactions 2024 R	Non-Exchange Transactions 2025 R	Non-Exchange Transactions 2024 R
Sale of Electricity;	236,043,645	204,276,607	5,794,713	5,671,621
- Service Charges	241,488,133	209,641,086	5,794,713	5,671,621
- Revenue Foregone	(5,444,489)	(5,364,479)	-	-
Sale of Water:	59,596,191	53,166,681	2,407,631	2,351,459
- Service Charges	72,662,744	66,636,149	2,407,631	2,351,459
- Revenue Foregone	(13,066,552)	(13,469,468)	-	-
Refuse Removal:	37,892,418	34,191,835	-	-
- Service Charges	50,740,759	47,252,346	-	-
- Revenue Foregone	(12,848,342)	(13,060,511)	-	-
Sewerage and Sanitation Charges:	31,841,798	28,865,299	3,171,419	3,118,630
- Service Charges	44,893,051	40,679,987	3,171,419	3,118,630
- Revenue Foregone	(13,051,252)	(11,814,688)	-	-
Total Service Charges	**365,374,052**	**320,500,422**	**11,373,763**	**11,141,710**
- Service Charges	409,784,687	364,209,568	11,373,763	11,141,710
- Revenue Foregone	(44,410,635)	(43,709,146)	-	-

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

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.

26. SALES OF GOODS AND RENDERING OF SERVICES

	2025 R	2024 R
Advertisements	38,071	28,894
Application Fees for Land Usage	14,973	2,054
Building Plan Approval	2,487,767	2,330,013
Camping Fees	14,851,387	14,833,255
Cemetery and Burial	255,753	160,026
Cleaning and Removal	18,113	9,380
Construction Contract Revenue	23,128,110	22,295,475
Encroachment Fees	5,229	6,076
Entrance Fees	30,722	34,054
Photocopies and Faxes	125,343	144,293
Removal of Restrictions	526,945	467,064
Sale of Goods	2,174	-
Scrap, Waste & Other Goods	4,850	-
Shared Services	9,729,556	9,749,350
Valuation Services	681,223	450,456
Total Sales of Goods and Rendering of Services	**51,900,214**	**50,510,390**

27. INCOME FROM AGENCY SERVICES

	2025 R	2024 R
Commission on Driver's Licenses	247,782	249,734
Commission on Vehicle Registration	2,965,384	2,747,279
Total Income from Agency Services	**3,213,166**	**2,997,013**

Refer to Note 55.2 for more detail on Agency Services rendered.

28. RENTAL FROM FIXED ASSETS

	2025 R	2024 R
Straight-lined Operating Lease Revenue		
Investment Property	3,915,669	3,288,064
Other Fixed Assets:	4,165	(24,061)
Property Plant and Equipment	4,165	(24,061)
Other Rental income		
Contingent Rental Income from Other Fixed Assets:	85	501
Property Plant and Equipment	85	501
Ad-hoc Rental Income from Other Fixed Assets:	511,212	497,977
Property Plant and Equipment	511,212	497,977
Total Rental of Facilities and Equipment	**4,431,129**	**3,762,481**

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

	2025 R	2024 R

29. INTEREST, DIVIDENDS AND RENT ON LAND EARNED

	2025 R	2024 R
Non-exchange Receivables:		
Outstanding Billing Debtors	837,080	819,760
Total Non-exchange Interest, Dividends and Rent on Land Earned	**837,080**	**819,760**
External Investments:		
Bank Account	1,118,621	1,059,087
Investments	45,186,515	42,327,320
	46,305,136	**43,386,407**
Outstanding Exchange Receivables:		
Housing Debtors:	2,184	-
Land Sales	2,184	-
Outstanding Billing Debtors:	3,438,232	2,840,266
Electricity	471,566	399,884
Service Charges	166,821	127,526
Sporting and Other Bodies	11,063	107,588
Waste Management	789,574	619,292
Waste Water Management	806,175	621,445
Water	1,193,032	964,531
	3,440,417	**2,840,266**
Total Exchange Interest, Dividends and Rent on Land Earned	**49,745,553**	**46,226,673**
Total Interest, Dividends and Rent on Land Earned	**50,582,632**	**47,046,433**

30. OPERATIONAL REVENUE

	2025 R	2024 R
Exchange Transactions		
Bursary Repayment	6,168	3,918
Collection Charges	127,229	517,932
Commission	103,765	99,247
Development Charges	4,139,006	5,600,057
Incidental Cash Surpluses	7,170	3,772
Registration Fees	554,062	506,714
Request for Information	98,272	178,024
Staff Recoveries	(43,643)	5,358
	4,992,028	**6,915,022**
Non-exchange Transactions		
Insurance Refund	36,119	405,052
	36,119	**405,052**
Total Operational Revenue	**5,028,147**	**7,320,075**

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 21 to 29, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

31. EMPLOYEE RELATED COSTS

		2025 R	2024 R
Salaries, Wages and Service Related Benefits:		160,995,842	151,758,945
Basic		150,178,764	140,247,698
In-kind Benefits		160	1,020
Bonusses		1,045,403	1,170,705
Leave Payments		1,397,248	1,567,472
Overtime		8,374,248	8,772,050
Allowances:		23,997,081	21,478,958
Accommodation, Travel and Incidental		4,960,808	4,597,296
Bonus Allowance		11,421,353	10,901,403
Cellular and Telephone		917,173	420,163
Housing Benefits		1,380,375	771,276
Non-pensionable		199,891	44,947
Standby Allowance		4,319,194	4,025,905
Travel or Motor Vehicle		798,288	717,967
Social Contributions:		36,586,230	34,788,354
Bargaining Council		84,355	80,570
Group Life Insurance		253,125	298,441
Medical		7,639,826	7,130,248
Pension		26,043,349	24,797,968
Unemployment Insurance		1,231,882	1,183,369
Workmen's Compensation Fund		1,333,693	1,297,758
Post-retirement Benefits:		10,416,000	10,316,657
Service Cost:	Refer Note 17.2.1.1	994,000	1,062,000
Interest Cost	Refer Note 17.2.1.1	7,214,000	7,137,657
Long Term Service Awards	Refer Note 17.2.1.3	2,208,000	2,117,000
Total Employee Related Costs		**231,995,154**	**218,342,914**

31.1 Remuneration of Key Management Personnel:

Remuneration of the Municipal Manager

Annual Remuneration	1,185,901	1,214,683
Performance Bonus	209,648	209,650
Car Allowance	155,900	155,835
Other Allowances (Acting, Housing, Remote, etc)	14,543	14,537
Company Contributions to UIF, Medical and Pension Funds	215,588	208,900
Total	**1,781,580**	**1,803,604**

Remuneration of the Chief Financial Officer - L. Viljoen (1 July 2023 - 31 December 2023)

Annual Remuneration	-	546,081
Performance Bonus	107,211	180,244
Car Allowance	-	107,500
Leave Payout	-	74,292
Other Remuneration (Telephone, Bargaining Council, etc)	-	3,668
Company Contributions to UIF, Medical and Pension Funds	-	112,215
Total	**107,211**	**1,023,999**

Remuneration of the Chief Financial Officer - G. Goliath (1 February 2024 - 30 June 2024)

Annual Remuneration	734,450	324,607
Performance Bonus	71,405	-
Car Allowance	288,963	119,880
Other Allowances (Acting, Housing, Remote,Long Service etc)	-	19,880
Other Remuneration (Telephone, Bargaining Council, etc)	122,650	48,004
Company Contributions to UIF, Medical and Pension Funds	134,326	58,419
Total	**1,351,795**	**570,790**

The CFO was on leave for the period 16 August 2023 to 8 September 2023 and the post was vacant after the CFO retired 1 January 2024 to 31 January 2024, for which periods an Acting Allowance of R 4 976.78 was paid for Allison Carelse for acting as the Chief Financial Officer.

	2025 R	2024 R
Remuneration of Director: Community Services - D Lewis Micheals (1 December 2024 - 30 June 2025)		
Annual Remuneration	467,727	-
Car Allowance	98,619	-
Other Allowances (Acting, Housing, Remote, etc)	-	-
Other Remuneration (Telephone, Bargaining Council, etc)	88,868	-
Company Contributions to UIF, Medical and Pension Funds	102,651	-
	757,865	-

The Director: Community Services became vacant as from 1 July 2024 to 30 November 2024. Acting allowance of R 17 007,75 was paid to D Lewis- Michaels for acting during this period.

	2025 R	2024 R
Remuneration of Director: Community Services - C Onrust (1 July 2023 - 30 June 2024)		
Annual Remuneration	-	1,138,685
Performance Bonus	168,475	174,084
Car Allowance	-	80,000
Other Remuneration (Telephone, Bargaining Council, etc)	-	7,337
Company Contributions to UIF, Medical and Pension Funds	-	312,906
Total	168,475	1,713,011
Remuneration of Director: Corporate Services - Griesel		
Annual Remuneration	1,320,170	1,265,862
Performance Bonus	214,423	217,678
Other Remuneration (Telephone, Bargaining Council, etc)	7,343	7,337
Company Contributions to UIF, Medical and Pension Funds	288,345	270,667
Total	1,830,281	1,761,543

The post was vacant for the period 18 December 2023 to 29 January 2024, for which period an Acting Allowance was paid out of R 4 939.02 to Deon Lewis Michaels for acting as the Director: Corporate Services.

	2025 R	2024 R
Remuneration of Director: Planning Services		
Annual Remuneration	1,205,697	1,217,678
Performance Bonus	214,423	217,678
Car Allowance	60,000	60,000
Other Remuneration (Telephone, Bargaining Council, etc)	7,337	7,337
Company Contributions to UIF, Medical and Pension Funds	271,056	253,913
Total	1,758,512	1,756,606
Remuneration of Director: Technical Services		
Annual Remuneration	855,902	887,196
Performance Bonus	171,372	171,372
Car Allowance	194,805	194,752
Other Allowances (Acting, Housing, Remote, etc)	13,373	12,797
Other Remuneration (Telephone, Bargaining Council, etc)	7,343	7,337
Company Contributions to UIF, Medical and Pension Funds	211,717	210,393
Total	1,454,512	1,483,847

The following compensation was payable to key management personnel in terms of GRAP 25 as at 30 June:

	2025 R	2024 R
Post-employment Benefits:-		
Director: Community Services	-	255,824
Director: Corporate Services	908,565	839,791
Director: Planning Services	376,910	318,925
Director: Technical Services	122,177	84,383
Total	1,407,652	1,498,923
Staff Leave Benefits:-		
Municipal Manager	84,490	100,587
Chief Financial Officer	47,754	24,305
Director: Community Services	61,669	213,219
Director: Corporate Services	38,578	63,584
Director: Planning Services	45,323	49,728
Director: Technical Services	159,307	158,463
Total	437,119	609,886

	2025 R	2024 R
Other Long-term Benefits:-		
Director: Community Services	-	366,623
Director: Corporate Services	77,634	-
Director: Planning Services	148,206	81,947
Total	**225,840**	**448,570**

32. REMUNERATION OF COUNCILLORS

	2025	2024
Executive Mayor	1,049,659	969,731
Deputy Executive Mayor	843,615	782,708
Speaker	868,446	785,066
Executive Committee Members	2,372,214	2,212,281
Total for All Other Councillors	3,994,180	3,720,902
Total Councillors' Remuneration	**9,128,113**	**8,470,688**

Remuneration Disclosure - Related Parties:

Designation	Basic Salary	Allowances	Contributions	Total	Total
Executive Mayor	649,601	285,651	114,407	1,049,659	969,731
Deputy Executive Mayor	743,331	47,004	53,279	843,615	782,708
Speaker	809,442	59,004	-	868,446	785,066
Executive Committee Members	2,026,373	197,412	148,429	2,372,214	2,212,281
Councillors	2,738,884	933,498	321,798	3,994,180	3,720,902
				9,128,113	**8,470,688**

In-kind Benefits

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

The Executive Mayor may utilise official Council transportation when engaged in official duties.

Councilors' allowances and benefits are within the upper limits of the framework envisaged in section 219 of the Constitution.

33. DEPRECIATION AND AMORTISATION

	2025	2024
Depreciation: Property, Plant and Equipment	44,301,871	42,554,540
Amortisation: Intangible Assets	13,333	13,456
Total Depreciation and Amortisation	**44,315,205**	**42,567,996**

The prior year amount for Depreciation and Amortisation has been adjusted. Refer to Note 45.2 on "Correction of Error" for details of the restatement.

	2025 R	2024 R

34. IMPAIRMENT LOSSES

	2025 R	2024 R
Impairment Losses on Fixed Assets	(67,000)	-
Impairment Losses on Financial Assets	40,013,147	58,171,578
Total Impairment Losses	**39,946,147**	**58,171,578**

34.1 Impairment Losses on Fixed Assets

	2025 R	2024 R
Impairment Losses	-	-
Investment Property	-	-
Reversal of Impairment Losses	(67,000)	-
Investment Property	-	-
	(67,000)	**-**

34.2 Impairment Losses on Financial Assets

	2025 R	2024 R
Impairment Losses	32,007,480	9,763,395
Receivables from Exchange Transactions	3,299,350	8,567,056
Statutory Receivables from Non-exchange Revenue	28,708,130	1,196,339
Bad Debts Written Off	8,211,779	48,408,183
Reversal of Impairment Losses	(206,112)	-
Receivables from Exchange Transactions	(100,594)	-
Statutory Receivables from Non-exchange Revenue	(105,518)	-
	40,013,147	**58,171,578**

35. INTEREST, DIVIDENDS AND RENT ON LAND PAID

	2025 R	2024 R
Interest Paid:	21,681,441	22,035,450
Borrowings	13,599,664	15,785,282
Interest costs non-current Provisions	8,081,776	6,250,168
Total Interest, Dividends and Rent on Land Paid	**21,681,441**	**22,035,450**

36. BULK PURCHASES

	2025 R	2024 R
Electricity	187,076,907	157,153,258
Total Bulk Purchases	**187,076,907**	**157,153,258**

Bulk Purchases are the cost of commodities not generated by the municipality which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.

37. CONTRACTED SERVICES

	2025 R	2024 R
Outsourced Services	9,333,185	9,094,232
Consultants and Professional Services	7,606,144	8,391,701
Contractors	54,980,515	49,236,921
Total Contracted Services	**71,919,845**	**66,722,855**

The prior year amount for Contracted Services has been adjusted. Refer to Note 45.2 on "Correction of Error" for details of the restatement.

	2025 R	2024 R
37.1 Outsourced Services		
Administrative and Support Staff	-	231,108
Animal Care	123,130	117,950
Burial Services	328,819	58,342
Business and Advisory	-	95,482
Cleaning Services	1,181,339	1,043,707
Clearing and Grass Cutting Services	632,985	11,105
Meter Management	-	251,160
Security Services	502,588	502,465
Swimming Supervision	1,223,217	1,023,715
Traffic Fines Management	5,112,157	5,510,418
Translators, Scribes and Editors	10,568	10,903
Veterinary Services	218,381	237,877
	9,333,185	9,094,232
37.2 Consultants and Professional Services		
Business and Advisory	3,998,775	2,723,025
Infrastructure and Planning	851,472	1,263,023
Laboratory Services	574,158	557,650
Legal Cost	2,181,738	3,848,004
	7,606,144	8,391,701
37.3 Contractors		
Aerial Surveillance	355,829	238,754
Artists and Performers	30,000	38,000
Building	23,149,754	22,295,475
Catering Services	271,889	244,065
Electrical	256,563	-
Event Promoters	-	180,197
Fire Protection	222,957	297,872
Fire Services	3,714,600	3,672,580
Gas	19,525	7,146
Graphic Designers	18,870	18,635
Haulage	1,518,209	1,494,000
Maintenance of Buildings and Facilities	2,728,811	2,925,846
Maintenance of Equipment	5,142,378	2,570,513
Maintenance of Computer Software	15,775,080	13,978,825
Prepaid Electricity Vendors	784,122	383,491
Safeguard and Security	967,278	862,072
Stage and Sound Crew	24,650	29,450
	54,980,515	49,236,921

	2025 R	2024 R

38. INVENTORY CONSUMED

	2025	2024
Agricultural	-	-
Capitalisation of inventory consumed	-	-
Consumables	13,002,372	17,162,309
Finished Goods	-	-
Housing Stock	-	-
Land	-	-
Materials and Supplies	19,531,227	18,332,813
Water	7,833,938	7,242,247
Total Inventory Consumed	**40,367,537**	**42,737,368**

Water Consumed is the cost of commodities not generated by the municipality which the municipality distributes in the municipal area for resale to the consumers. Water is purchased from Overberg Water and Korente Vetterrivier Irrigation Board.

39. TRANSFERS AND SUBSIDIES PAID

	2025	2024
Operational Grants	2,612,716	1,835,047
Allocations In-kind	223,874	242,487
Monetary Allocations	2,388,842	1,592,560
Total Transfers and Subsidies Paid	**2,612,716**	**1,835,047**

39.1 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2025	2024	2025	2024
Households	53,037	82,449	126,661	-
Non-profit Institutions	-	-	2,015,159	1,592,560
Private Enterprises	170,836	160,039	247,022	-
Total Operational Grants Paid	**223,874**	**242,487**	**2,388,842**	**1,592,560**

40. OPERATING LEASES

	2025	2024
Furniture and Office Equipment	797,987	748,135
Investment Properties	1,039,975	974,819
Machinery and Equipment	-	100,041
Total Operating Leases	**1,837,962**	**1,822,995**

41. OPERATIONAL COSTS

Included in General Expenses are the following:

	2025 R	2024 R
Achievements and Awards	43,319	45,019
Advertising, Publicity and Marketing	671,643	817,146
Bank Charges, Facility and Card Fees	1,373,069	832,527
Bursaries (Employees)	150,208	202,824
Cash Discount	202,689	217,072
Cleaning Services	2,600	2,001
Commission	773,101	846,195
Communication	3,244,641	2,843,854
Courier and Delivery Services	56,592	19,569
Deeds	89,571	61,238
Drivers Licences and Permits	53,490	50,629
Entertainment	79,913	83,445
External Audit Fees	5,024,666	5,620,610
External Computer Service	6,494,031	7,012,272
Fines and Penalties	889,897	790,420
Full Time Union Representative	155,341	144,833
Hire Charges	563,603	422,271
Honoraria (Voluntarily Workers)	214,987	104,030
Insurance Underwriting	3,953,839	3,331,650
Learnerships and Internships	78,513	665,294
Levies Paid - Water Resource Management Charges	529,813	491,656
Licences	632,004	541,431
Municipal Services	1,500	-
Printing, Publications and Books	124,269	126,606
Professional Bodies, Membership and Subscription	2,194,755	2,128,780
Registration Fees	644,600	774,798
Remuneration to Ward Committees	284,710	271,976
Resettlement Cost	34,540	35,400
Servitudes and Land Surveys	3,250	23,719
Signage	329,045	63,646
Skills Development Fund Levy	1,863,383	1,745,131
Transport Provided as Part of Departmental Activities	232,399	190,809
Travel Agency and Visa's	-	230
Travel and Subsistence	2,151,189	1,642,625
Uniform and Protective Clothing	1,955,913	1,685,559
Vehicle Tracking	401,436	361,923
Total Operational Costs	**35,498,516**	**34,197,187**

The prior year amount for Operational Costs has been adjusted. Refer to Note 45.2 on "Correction of Error" for details of the restatement.

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense.

41.1 Travel and Subsistence

	2025	2024
Domestic	**2,090,732**	**1,550,012**
Accommodation	334,840	234,138
Daily Allowance	8,470	11,170
Food and Beverage (Served)	19,388	17,818
Incidental Cost	18,663	20,546
Transport without Operator	1,645,199	1,176,153
Transport with Operator	64,171	90,187
Non-employees	60,457	92,612
	2,151,189	1,642,625

	2025 R	2024 R
41.2 Material Losses	**20,286,521**	**12,698,995**
Distribution Losses:		
Electricity Losses	17,631,831	11,484,806
Water Losses	2,654,690	1,214,189

The amounts disclosed above for **Electricity and Water Losses** are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense (See Note 52.1.09).

No other extra-ordinary expenses were incurred.

42. GAINS AND LOSSES ON OTHER OPERATIONS

	2025	2024
Gains on Other Operations		
Fair Value Gains on Actuarial Assessments	1,462,707	6,153,368
Fair Value Gains on Investment Property	18,212,976	12,920,816
Fair Value Gains on Landfill Sites	755,713	-
Total Gains on Other Operations	**20,431,396**	**19,074,184**
Losses on Other Operations		
Fair Value Losses on Investment Property	253,500	-
Fair Value Losses on Landfill Sites	-	183,070
Water Losses	2,654,690	1,214,189
Total Losses on Other Operations	**2,908,190**	**1,397,259**
Net Gains and Losses on Other Operations	**17,523,206**	**17,676,925**

The prior year amount for Gains and Losses has been adjusted. Refer to Notes 45.1 and 45.2 on "Correction of Error" for details of the restatement.

No other gains or losses have been recognised in respect of Loans and Receivables or Held-to-Maturity Investments, and Impairment Losses recognised/reversed in respect of Trade Receivables (see Notes 4, 5 and 34).

43. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

	2025	2024
Gains on Disposal of Capital Assets		
Intangible Assets	-	-
Investment Property	563,101	852,597
Property, Plant and Equipment	694,730	-
Total Gains on Disposal of Capital Assets	**1,257,831**	**852,597**
Losses on Disposal of Capital Assets		
Intangible Assets	-	1,335
Investment Property	454,000	38,000
Property, Plant and Equipment	611,401	1,352,125
Total Loss on Disposal of Capital Assets	**1,065,401**	**1,391,460**
Net Gains / (Losses) on Disposal of Capital Assets	**192,429**	**(538,862)**

44. RECLASSIFICATION OF ANNUAL FINANCIAL STATEMENTS

44.1 Reclassification and correction of prior period error in Accumulated Surplus

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

The effect of the changes are as follows:

		Accumulated Surplus
Balance published as at 30 June 2023		1,216,821,017
Correction of Error:-		
Adjustment for Feasibilty Cost capitalised	(50,000)	
Adjustment for Output VAT on Library Grants	(1,567,159)	
Adjustment for Rounding Errors	-	(1,617,159)
Restated Balance as at 30 June 2023		**1,215,203,857**
Transactions incurred for the Year 2023/24		43,220,520
Correction of Error:-		
Adjustment for Capital Assets as per Revised Asset Register	868,535	
Adjustment for Feasibilty Cost capitalised	(696,860)	
Adjustment for Traffic Fines	10,296,100	
Adjustment for Output VAT on Library Grants	(784,186)	
Adjustment for Capital Funding from CRR	7,987,193	
Adjustment for Rounding Errors	-	17,670,782
Restated Balances as at 30 June 2024		**1,276,095,160**

44.2 Reclassification of Revenue

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

The effect of the Correction of Error is as follows:

	Prior Year 2023/24 Audited	Change in Accounting Policy	Restatements	Restated Amount 2023/24
Property Rates	130,038,262	-	(0)	130,038,262
Fines, Penalties and Forfeits	54,907,461	-	10,296,100	65,203,561
Licences and Permits - Non-exchange	2,070,269	-	-	2,070,269
Transfers and Subsidies - Non-exchange	109,517,466	-	0	109,517,466
Service Charges - Non-exchange	11,141,710	-	-	11,141,710
Interest, Dividends & Rent on Land - Non-Exchange	819,760	-	-	819,760
Service Charges - Exchange	320,500,422	-	(0)	320,500,422
Sales of Goods and Rendering of Services	50,510,390	-	-	50,510,390
Income from Agency Services	2,997,013	-		2,997,013
Rental from Fixed Assets	3,762,481	-	-	3,762,481
Interest, Dividends & Rent on Land - Exchange	46,226,673	-	-	46,226,673
Operational Revenue	7,320,075	-	-	7,320,075
Gains on Disposal of PPE	852,597	-	-	852,597
Gains on Other Operations	19,031,283	-	42,900	19,074,184
	759,695,861		10,339,000	770,034,862

44.3 Reclassification of Expenditure

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

The effect of the Correction of Error is as follows:

	Prior Year 2023/24 Audited	Change in Accounting Policy	Restatements	Restated Amount 2023/24
Employee Related Costs	218,342,914	-	(0)	218,342,914
Remuneration of Councillors	8,470,688	-	-	8,470,688
Depreciation and Amortisation	42,605,142	-	(37,147)	42,567,996
Impairment Losses	58,171,578	-	-	58,171,578
Interest, Dividends and Rent on Land	22,035,450	-	-	22,035,450
Bulk Purchases	157,153,258	-	(0)	157,153,258
Contracted Services	66,857,383	-	(134,528)	66,722,855
Inventory Consumed	42,737,368	-	-	42,737,368
Transfers and Subsidies Paid	1,835,047	-	-	1,835,047
Operating Leases	1,822,995	-	-	1,822,995
Operational Costs	33,413,001	-	784,186	34,197,187
Loss on Disposal of PPE	1,391,460	-	-	1,391,460
Losses on Other Operations	1,354,359	-	42,900	1,397,259
	656,190,644	-	655,411	656,846,055

44.4 Reclassification of Statement of Financial Position

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

The effect of the Correction of Error is as follows:

	Prior Year 2023/24 Audited	Change in Accounting Policy	Restatements	Restated Amount 2023/24
Current Assets				
Inventories	4,772,960	-	-	4,772,960
Receivables from Exchange Transactions	35,254,197	-	-	35,254,197
Receivables from Non-exchange Transactions	24,150,786	-	10,296,100	34,446,886
VAT Receivable	1,014,368	-	(1,014,368)	-
Cash and Cash Equivalents	3,849,570	-	-	3,849,570
Call Investment Deposits	483,671,681	-	(0)	483,671,681
Lease Receivables	700,365	-	-	700,365
Non-Current Assets				
Property, Plant and Equipment	1,136,381,621	-	121,675	1,136,503,296
Intangible Assets	192,223	-	-	192,223
Investment Property	105,082,106	-	-	105,082,106
Heritage Assets	8,451,512	-	-	8,451,512
Current Liabilities				
Consumer Deposits	(13,965,404)	-	-	(13,965,404)
Trade and Other Payables	(64,733,323)	-	-	(64,733,323)
Unspent Conditional Grants and Receipts	(74,780,373)	-	-	(74,780,373)
Lease Payables	(46,190)	-	-	(46,190)
Borrowings	(21,950,521)	-	-	(21,950,521)
Employee Benefit Liabilities	(25,292,426)	-	-	(25,292,426)
Provisions	(7,454,870)	-	7,454,870	0
Non-Current Liabilities				
Borrowings	(122,421,483)	-	0	(122,421,483)
Employee Benefit Liabilities	(61,110,700)	-	-	(61,110,700)
Provisions	(87,945,266)	-	-	(87,945,266)
Net Assets				
Reserves	(63,779,296)	-	7,987,193	(55,792,103)
Accumulated Surplus / (Deficit)	(1,260,041,537)	-	(16,053,623)	(1,276,095,160)
	-	-	-	-

44.5 Reclassification of Cash Flow Statement

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

The effect of the Correction of Error is as follows:

	Prior Year 2023/24 Audited	Change in Accounting Policy	Restatements	Restated Amount 2023/24
Receipts				
Property Rates	128,763,409	-	0	128,763,409
Fines, Penalties and Forfeits	11,618,462	-	-	11,618,462
Transfers and Subsidies	198,789,893	-	(1,494,000)	197,295,894
Service Charges	322,274,270	-	(0)	322,274,270
External Interest and Dividends Received	43,386,407	-	-	43,386,407
Other Receipts	44,753,617	-	-	44,753,617
VAT Received	-	-	1,206,199	1,206,199
Payments				
Employee Related Costs	(208,965,563)	-	0	(208,965,563)
Remuneration of Councillors	(8,470,688)	-	-	(8,470,688)
External Interest and Dividends Paid	(15,818,645)	-	-	(15,818,645)
Suppliers Paid	(297,005,931)	-	(39,607,029)	(336,612,960)
VAT Paid	(1,071,986)	-	1,071,986	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	**218,253,245**	**-**	**(38,822,844)**	**179,430,401**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(122,793,465)	-	38,822,844	(83,970,622)
Proceeds on Disposal of Investment Property	852,597	-	-	852,597
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(121,940,868)**	**-**	**38,822,844**	**(83,118,025)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in Borrowings (Loans Taken-on)	-	-	-	-
Decrease in Borrowings (Loans Redeemed)	(23,704,728)	-	-	(23,704,728)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(23,704,728)**	**-**	**-**	**(23,704,728)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**72,607,648**	**-**	**-**	**72,607,648**
Cash and Cash Equivalents at Beginning of Period	414,913,603	-	(0)	414,913,603
Cash and Cash Equivalents at End of Period	487,521,251	-	(0)	487,521,251

45. CORRECTION OF ERROR

Corrections were made on disclosures of the previous financial year. These disclosures are limited to re-classification of line items within the different categories of the financial statements. Details of the corrections are described below:

45.1 Reclassification of Revenue

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

	Fines, Penalties and Forfeits	Gains on Other Operations
Balance previously reported	**54,907,461**	**19,031,283**
Correction of Errors:-		
Adjust Traffic Fines as per Working Papers	10,296,100	-
Adjust Actuarial Gains	-	42,900
	65,203,561	19,074,184

Fines, Penalties and Forfeits:
The **prior year amounts** for Fines, Penalties & Forfeits and Receivables from Non-xchange Transactions have been restated to correctly disclose the revenue for Traffic Fines, adjusted to agree to Provincial Listings.

Gains on Other Operations:
The **prior year amounts** for Gains on Other Operations and Losses on Other Operations have been restated to correctly disclose the gains for Actuarial Changes on Pension Fund in terms of actuarial report, previously recorded as losses.

45.2 Reclassification of Expenditure

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

	Depreciation and Amortisation	Contracted Services	Operational Costs	Losses on Other Operations
Balance previously reported	**42,605,142**	**66,857,383**	**33,413,001**	**1,354,359**
Correction of Errors:-				
Adjust Depreciation recalculated on PPE	(37,147)	-	-	-
Adjust Asset Purchases as per Revised Asset Register	-	(831,388)	-	-
Adjust Feasibility Costs as per COMAF 09	-	696,860	-	-
Adjust SARS Penalties as per COMAF 10	-	-	784,186	-
Adjust Actuarial Gains	-	-	-	42,900
	42,567,996	66,722,855	34,197,187	1,397,259

Depreciation and Amortisation:
The **prior year amounts** for Depreciation & Amortisation and Property, Plant & Equipment have been restated to correctly disclose depreciation, recalculated for Remaing Useful Lives of assets amended to avoid the carrying value running out.

Contracted Services:
The **prior year amounts** for Contracted Services and Property, Plant & Equipment have been restated to correctly disclose the expenditure for Contracted Services in terms of the Asset Register compiled.

Furthermore, the **prior year amounts** for Contracted Services have been restated to correctly disclose the expenditure for Feasibility Costs, previously capitalised to WIP and restated in terms of COMAF 09/2025.

Operational Costs:
The **prior year amounts** for Operational Costs have been restated to correctly disclose the expenditure for Interest & Penalties accrued on Library VAT Liability in terms of COMAF 10/2025.

Losses on Other Operations:
The **prior year amounts** for Losses on Other Operations and Gains on Other Operations have been restated to correctly disclose the gains for Actuarial Changes on Pension Fund in terms of actuarial report, previously recorded as losses.

45.3 Reclassification of Statement of Financial Position

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

	Receivables from Non-exchange Transactions	Property, Plant and Equipment	Reserves
Balances previously published per AFS as at 30 June 2023	**24,674,678**	**1,040,720,697**	**(3,078,791)**
Correction of Errors:-			
Adjust Feasibility Costs as per COMAF 09	-	(50,000)	-
	24,674,678	1,040,670,697	(3,078,791)
Transactions incurred for the Year 2023/24	(523,892)	95,660,924	(60,700,505)
Correction of Errors:-			
Adjust Receivables for Traffic Fines	10,296,100	-	-
Cost			
Adjust Acquisition of Vehicles	-	831,388	-
Adjust Feasibility Costs as per COMAF 09	-	(696,860)	-
Depreciation			
Depreciation on Adjusted Remaining Useful Lives	-	37,147	-
Adjustment for Capital Funding from CRR	-	-	7,987,193
Balances now published per AFS as at 30 June 2024	34,446,886	1,136,503,296	(55,792,103)

Receivables from Non-exchange Transactions:
The **prior year amounts** of Receivables from Non-exchange Transactions and Fines, Penalties & Forfeits have been restated to correctly disclose the receivables for Traffic Fines, adjusted to agree to P{rovincila Listings.

Property, Plant and Equipment:
The **opening balances** for Property, Plant & Equipment have been restated to correctly disclose the expenditure for Feasibility Costs, previously capitalised to WIP and restated in terms of COMAF 09/2025.

The **prior year amounts** of Property, Plant and Equipment and Contracted Services have been restated to correctly disclose the value of Vehicles, the cost thereof previously expensed and not capitalised.

Furthermore, the **prior year amounts** for Property, Plant & Equipment have been restated to correctly disclose the expenditure for Feasibility Costs, previously capitalised to WIP and restated in terms of COMAF 09/2025.

Furthermore, the **prior year amounts** for Property, Plant & Equipment and Deprciation have been restated to correctly disclose the value od Assets, depreciation recalculated for Remaing Useful Lives of assets amended to avoid the carrying value running out.

Reserves:
The **prior year amounts** of Reserves and Accumulated Surplus have been restated to correctly disclose the Liability for the Capital Replacement Reserve, Capital Expense funded from the CRR not previously appropriated.

	VAT Receivable	VAT Payable	Provisions
Balances previously published per AFS as at 30 June 2023	**-**	**(1,342,677)**	**(5,960,870)**
Correction of Errors:-			
Adjust Provisions VAT on Library Grants	-	(5,960,870)	5,960,870
Adjust Penalties on Library VAT	-	(1,567,159)	-
	-	(8,870,706)	-
Transactions incurred for the Year	1,014,368	1,342,677	(1,494,000)
Correction of Errors:-			
Adjust VAT Receivable as per COMAF 10/2025	(1,014,368)	1,014,368	-
Adjust Provisions VAT on Library Grants	-	(1,494,000)	1,494,000
Adjust Penalties on Library VAT	-	(784,186)	-
Balances now published per AFS as at 30 June 2024	-	(8,791,846)	0

VAT Receivable:
The prior year amounts of VAT Receivable have been restated to correctly disclose the value of VAT Receivable, restated in terms of COMAF 10/2025 for Library VAT Liability.

VAT Payable:
The **opening balances** of VAT Payable have been restated in terms of COMAF 10/2025 to transfer Provision for VAT on Library Grants to the VAT Liability Account.

Furthermore, the **opening balances** of VAT Payable have been restated in terms of COMAF 10/2025 to accrue for Interest & Penalties on the Library VAT Liability.

The **prior year amounts** of VAT Payable have been restated to correctly disclose the value of VAT Payable, restated in terms of COMAF 10/2025 for Library VAT Liability.

Furthermore, the **prior year amounts** of VAT Payable have been restated in terms of COMAF 10/2025 to transfer Provision for VAT on Library Grants to the VAT Liability Account.

Furthermore, the **prior year amounts** of VAT Payable have been restated in terms of COMAF 10/2025 to accrue for Interest & Penalties on the Library VAT Liability.

Provisions:
The **opening balances** of Provisions have been restated in terms of COMAF 10/2025 to transfer Provision for VAT on Library Grants to the VAT Liability Account.

Furthermore, the **prior year amounts** of Provisions have been restated in terms of COMAF 10/2025 to transfer Provision for VAT on Library Grants to the VAT Liability Account.

45.4 Reclassification of Cash Flow Statement

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

	Transfers & Subsidies	VAT Received	VAT Paid
Balance previously reported	**198,789,894**	**-**	**(1,071,986)**
Correction of Errors:-			
Adjust Library Funding	(1,494,000)	1,206,199	287,801
Adjust Interest Liability on Library VAT Payable	-	-	784,186
	197,295,894	1,206,199	(0)

Transfers & Subsidies:
The prior year amounts of Transfers & Subsidies have been restated to correctly disclose the cash inflow from Library Grants, restated in terms of COMAF 10/2025.

VAT Received:
The prior year amounts of VAT Received have been restated to correctly disclose the cash inflow from VAT on Library Grants, restated in terms of COMAF 10/2025.

VAT Paid:
The prior year amounts of VAT Paid have been restated to correctly disclose the cash outflow from VAT on Library Grants, restated in terms of COMAF 10/2025.

Furthermore, the **prior year amounts** of VAT Paid have been restated to correctly disclose the cash outflow from VAT on Library Grants, restated for Interest & Penalties accrued on the Library VAT Liability.

	Suppliers Paid	Purchase of PPE
Balance previously reported	**(297,005,931)**	**(122,793,465)**
Correction of Errors:-		
Adjust Capitalisation of Work-in-Progress	(38,125,984)	38,125,984
Adjust Feasibility Cost as per COMAF 09/2025	(696,860)	696,860
Adjust Interest Liability on Library VAT Payable	(784,186)	-
	(336,612,960)	**(83,970,622)**

Suppliers Paid:
The prior year amounts of Suppliers Paid have been restated to correctly disclose the cash outflow from Suppliers Paid, restated for additions to Work-in-Progress previously recognised as Transfers to PPE.

Furthermore, the **prior year amounts** of Suppliers Paid have been restated to correctly disclose the cash outflow from Suppliers Paid, restated for Feasibility Costs previously capitalised to WIP.

Furthermore, the **prior year amounts** of Suppliers Paid have been restated to correctly disclose the cash outflow from Suppliers Paid, restated for Interest & Penalties accrued on the Library VAT Liability.

Purchase of Property, Plant and Equipment:
The **prior year amounts** for Purchase of Property, Plant and Equipment have been restated to correctly disclose expenditure for the acquisition of assets, restated for additions to Work-in-Progress previously recognised as Transfers to PPE.

	2025 R	2024 R
46. CHANGE IN ACCOUNTING ESTIMATES		
46.1 Provision for the Rehabilitation of Landfill Site:	(310,415)	16,528,712

As per note 18.2 a GRAP 3 adjustment was made, due to changes in the estimated closure cost and remaining useful lives of landfill sites as a result of more accurate estimations made in the current year, that resulted from more accurate data that was gathered in 2025. Significant lifespan changes have occurred due to the incorporation of respective town population growth rates when compared to the 2024 analysis. Which used a flat population growth rate for all towns.

There was also an adjustment of the discount rate from 11,55% in 2023 to 10,08% in 2024.

The change in estimate has resulted in a increase of R16 528 712 of the provision.

The detailed adjustments per site are as follows:

	2025	2024
Albertinia:	1,194,245	1,069,998
The expected date for the rehabilitation of the landfill site was adjusted from 2032 to 2030 decreasing the remaining useful life by 2 years.		
Droëkloof:	1,542,892	2,662,151
The expected date for the rehabilitation of the landfill site was adjusted from 2038 to 2037 decreasing the remaining useful life by 1 year.		
Gouritsmond:	(513,770)	84,688
The expected date for the rehabilitation of the landfill site was adjusted from 2029 to 2031 increasing the remaining useful life by 2 years.		

Jongensfontein: The landfill site has reached its capacity and is to be closed.	195,885	183,069
Melkhoutfontein: The expected date for the rehabilitation of the landfill site was adjusted from 2050 to 2043 decreasing the remaining useful life by 7 years.	7,204,059	8,904,041
Slangrivier: The expected date for the rehabilitation of the landfill site was adjusted from 2027 to 2033 increasing the remaining useful life by 6 years.	(1,238,986)	52,771
Steynskloof: The expected date for the rehabilitation of the landfill site was adjusted from 2034 to 2047 increasing the remaining useful life by 13 years.	(9,039,248)	3,037,468
Uitsig: The expected date for the rehabilitation of the landfill site was adjusted from 2030 to 2029 decreasing the remaining useful life by 1 year.	344,508	144,878
Total Decrease:	(310,415)	16,139,064

47. CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	240,420,397	113,188,807
Unresolved Correction of Prior Year Errors	37,147	415,807
Adjustment for Non-cash Transactions included in Surplus / (Deficit):		
Transfers and Subsidies Received	(591,455)	(437,519)
Employee Related Costs	13,235,439	13,510,895
Depreciation and Amortisation	44,315,205	42,567,996
Impairment Losses	31,734,368	9,763,395
Interest, Dividends and Rent on Land	8,077,199	6,216,805
Gains on Other Operations	(20,431,396)	(19,074,184)
Losses on Other Operations	2,908,190	1,397,259
Gains / Losses on Disposal of Assets	1,065,401	1,391,460
Adjustment for Cash Transactions not included in Surplus / (Deficit):		
Transfer of Property, Plant and Equipment	1,165,198	(39,375,129)
Transfer of Investment Property	(1,196,860)	-
Expenditure from Current Employee Benefit Liabilities	(6,912,971)	(6,617,403)
Adjustment for Non-cash Transactions included in Working Capital:		
Inventories	(2,654,690)	(1,214,189)
Decrease/(Increase) in Impairment of Exchange Receivables	(3,172,009)	(9,211,423)
Decrease/(Increase) in Impairment of Non-exchange Receivables	(506,561)	(640,692)
Decrease/(Increase) in Impairment of Statutory Non-exchange Receivables	(28,602,612)	(1,196,339)
Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow:		
Gains / (Losses) on Disposal of Capital Assets	(1,257,831)	(852,597)
Operating Surplus before Working Capital Changes	**277,632,160**	**109,832,949**
Decrease/(Increase) in Inventories	(2,448)	(744,621)
Decrease/(Increase) in Receivables from Exchange Transactions	(11,663,200)	(249,592)
Decrease/(Increase) in Receivables from Non-exchange Transactions	401,960	194,774
Decrease/(Increase) in Statutory Receivables from Non-exchange Transactions	5,479,819	(9,966,982)
Decrease/(Increase) in Operating Lease Receivables	(119,057)	8,651
Increase/(Decrease) in Consumer Deposits	1,634,650	970,714
Increase/(Decrease) in Payables from Exchange Transactions	56,656	12,234,244
Increase/(Decrease) in Unspent Conditional Grants and Receipts	(71,137,707)	65,920,471
Increase/(Decrease) in Taxes	6,378,513	1,206,199
Increase/(Decrease) in Operating Lease Payables	(26,016)	23,594
Cash Generated by / (Utilised in) Operations	**208,635,329**	**179,430,401**

AUDITOR-GENERAL SOUTH AFRICA

48. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

48.1 Unauthorised Expenditure

Opening Balance:	5,604,018	5,985,966
- As previously stated	5,604,018	5,985,966
Unauthorised Expenditure Current Year:	-	5,471,718
- Current Year	-	5,471,718
Approved/Condoned by Council:	(5,604,018)	(5,853,667)
- Prior Year	(5,604,018)	(5,853,667)
	(0)	5,604,018

The current year over-expenditure incurred by municipal departments during the year is attributable to the following categories:

- Non-cash	-	-
- Cash	-	5,471,718
	-	5,471,718

Incident	Disciplinary Steps / Criminal Proceedings
Operating Budgeted Votes Exceeded:-	
- Waste Management - R0 (2024: R5,471,718)	To be condoned by Council

48.2 Fruitless and Wasteful Expenditure

Opening Balance	-	-
- As previously stated	-	-
Fruitless and Wasteful Expenditure	12,253	11,366
- Current Year	12,253	11,366
Expenditure investigated and approved by Council	(12,253)	(11,366)
- Current Year	(12,253)	(11,366)
Fruitless and Wasteful Expenditure awaiting condonement	-	-

The fruitless and wasteful expenditure relates to the following:

- Official did not attend the seminar. This is currently being investigated.

48.3 Irregular Expenditure

Opening Balance:	13,021	5,322,679
- As previously stated	13,021	5,322,679
Irregular Expenditure Current Year:	105,732	13,454
- Current Year	105,732	13,454
Condoned/Written-off by Council:	(118,753)	(5,322,679)
- Current Year	(118,753)	-
- Prior Year	-	(5,322,679)
Recovered	-	(433)
- Current Year	-	(433)
Irregular Expenditure awaiting condonation	(0)	13,021

The amounts disclosed for Irregular Expenditure are inclusive of VAT.

Attention is directed to the fact that with the improvement of own controls due to the increase in its maturity the Municipality identified potential irregular expenditure with regards to the payment of invoices within 30 days as contemplated by section 65(2)(e) of the MFMA. The full population could only be considered after the closure of the financial year, and its veracity is currently being investigated. Once concluded, treated as prescribed and consequence management affected, the data would be included in the AFS notes for 2024/2025, and where necessary the required augmentations will be made.

Current Year:

Incident	Deviation	Disciplinary Steps / Criminal Proceedings
Non–compliance with Municipal SCM Regulations:		
- Deviations from SCM Procedures - R0 (2024: R0)	Irregular Payment without following SCM processes	Condoned and Written off by Council
- Preferential Procurement Regulations - R0 (2024: R0)	Supplier not registered on CSD / Accredited Supplier Database	Condoned and Written off by Council
- Preferential Procurement Regulations - R105,732 (2024: R13,021)	Incorrect Preference Points system applied (2023/24 and 2024/25)	Condoned and Written off by Council
- Regulation 11 Preferential Procurement Policy Framework Act, 2000 - R0 (2024: R0)	The contract not awarded to the tenderer who scores the highest points	Condoned and Written off by Council
Non–compliance with Municipal Finance Management		
- Section 65 - R0 (2024: R0)	Creditor Payment in excess of 30 days	Condoned and Written off by Council
Other Non–compliance Issues:		
- Irregular salary payment - R0 (2024: R433)	Irregular salary payment	Recovered

49. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION

49.1 MUNICIPAL FINANCE MANAGEMENT ACT

49.1.1 Contributions to Organised Local Government - SALGA

Opening Balance	-	-
Council Subscriptions	2,151,218	2,091,007
Amount Paid - current year	(2,151,218)	(2,091,007)
Balance Unpaid (included in Creditors)	-	-

49.1.2 Pension and Medical Aid Deductions

Opening Balance	-	-
Current Year Contributions	56,717,582	53,614,171
Amount Paid - current year	(56,717,582)	(53,614,171)
Balance Unpaid (included in Creditors)	-	-

49.1.3 Audit Fees

Opening Balance	-	-
Current year Audit Fees	5,106,252	5,707,592
External Audit - Auditor-General	5,024,666	5,620,610
Audit Committee	81,586	86,982
Amount Paid - current year	(5,106,252)	(5,707,592)
Balance Unpaid (included in Creditors)	-	-

49.1.4 PAYE, Skills Development Levy and UIF

Opening Balance	-	-
Current year Payroll Deductions	33,840,318	30,607,068
Amount Paid - current year	(33,840,318)	(30,607,068)
Balance Unpaid (included in Creditors)	-	-

49.1.5 VAT

The amount of VAT input receivables is shown in Note 4. All VAT returns have been submitted by the due date throughout the year.

The amount of VAT output payable is shown in Note 14. All VAT returns have been submitted by the due date throughout the year.

49.1.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

Interest charged on outstanding debtors - [MFMA 64 (2)(g)]

In terms of section 64 (2)(g) of the MFMA the municipality must charge interest on arrears, except where the council has granted exemptions in accordance with its budget related policies and within a prescribed framework. The municipality charges interest on long outstanding debtors.

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

30 June 2025

Commodity	Tenderer	Reason	Amount (R)
Goods / Services	Various (10)	Exceptional case where it is impractical or impossible to follow the official procurement processes.	9,467,752
Goods / Services	Various (4)	Emergency (*)	350,621
Goods / Services	Directech (Pty) Ltd	Goods or services are produced or available from a sole supplier.	377,760

30 June 2025

	Total	Amount (R)	Type of Deviation Sole Supplier	Emergency	Exceptional Circumstances
July	10	556,131	-	-	556,131
August	11	1,160,195	-	-	1,160,195
September	16	681,640	6,155	-	675,485
October	12	1,743,959	108,473	-	1,635,486
November	14	1,893,619	29,808	-	1,863,811
December	9	701,745	185,535	-	516,210
January	4	9,960	-	-	9,960
February	18	533,754	-	190,139	343,615
March	15	1,210,282	19,320	144,485	1,046,477
April	11	274,420	28,469	-	245,951
May	19	1,041,025	-	15,997	1,025,028
June	11	389,403	-	-	389,403
	150	**10,196,133**	**377,760**	**350,621**	**9,467,752**

A complete list, including reasons for deviation per transaction, is available. Below are details of a selection of the larger deviations.

30 June 2025

Department	Tenderer	Reason	Amount (R)
Corporate Services	Business Engineering	EXCEPTIONAL CASE: Hessequa Municipality is part of the Garden Route District Municipality, and makes use of the contract concluded between Garden Route District Municipality (on behalf of municipalities) and Business Engineering. GRDM has not indicated that the current contract will be renewed and therefor the reason for the deviation, should the agreement not be renewed. Following a new procurement process would be impractical as be developed the administrative system for Hessequa Municipality, with specific modules to satisfy the needs of the Municipality. following a procurement process would cause delays and the risk of the Municipality paying more for the service than what is currently paid.	2,407,348
Technical Services	Coastal Armature Winders	EXCEPTIONAL CASE: it would be impractical to follow a procurement process, as the municipality has conducted two prior unsuccessful competitive bidding processes and require a contract to be in place for emergencies & risk mitigation while a third competitive bidding process is researched and conducted.	2,280,016
Corporate Services	Microsoft Ireland Operations Limited	SOLE SUPPLIER: Microsoft Ireland is the sole provider of the standardised software platform used by Hessequa Municipality	1 816 611
Financial Services	Advisory cost for 2024/2025	EXCEPTIONAL CASE: it would be impractical to follow a procurement process as business connexion is the current service provider of the financial system.	600,001

Technical Services	Saltech (Pty) Ltd	EXCEPTIONAL CASE: It would be impractical to follow a procurement process, because Saltech discovered the problem when they stripped the pump and determined it was beyond repair. Following a procurement process would lead to delays and possible higher cost and the plant would have to stand still under the process is finalised.	566,046
Technical Services	Vodacom (Pty) Ltd	EXCEPTIONAL CASE: Vodacom (Pty) Ltd was appointed via Contract RFB 1183/2022. Contract with the supplier. Approved by the BAC on 03-05-2024.	313,512
Technical Services	Saltech (Pty) Ltd	EXCEPTIONAL CASE: It would be impractical to follow a procurement process, as municipalities are not allowed to advertise project according to the Instruction Note from NT. Also, following a procurement process would case delays and the possibility that the Municipality would not be able to supply water to residents during this time, where the demand is high.	271,182
Technical Services	Coastal Armature Winders	EXCEPTIONAL CASE: During routine inspection, it was found that one of the two pumps that rotate was not functionaing and did not pump any sewerage. The two pumps rotate to prevent overheating. Coastal Armature Winders was appointed by the BAC on 30 August 2024 till 30 June 2025 to repair pumps in such situations.	265,857
Technical Services	M Briers Landboudienste (Pty) Ltd	EXCEPTIONAL CASE: It would be impractical to follow a procurement process as the machine must be stripped to ascertain the comprehensive scope of the damage, thereby enabling the suppliers to provide accurate quotes.	191,459
Technical Services	Kishugu Aviation (Pty) Ltd	EMERGENCY: The services were needed immediately from the supplier, to assist during the fire on 25 December 2025.	190,139
Technical Services	The Wildlife and Enviroment Society of South Africa	EXCEPTIONAL CASE: It would be impractical to follow a procurement process, as the Municipality must pay the registration fee to WESSA to be part of the Blue Flag Beach Program.	185,535

30 June 2024

Commodity	Tenderer	Reason	Amount (R)
Goods / Services	Various (10)	Exceptional case where it is impractical or impossible to follow the official procurement processes.	11,847,665
Goods / Services	Various (4)	Emergency (*)	23,868
Goods / Services	Directech (Pty) Ltd	Goods or services are produced or available from a sole supplier.	39,330

30 June 2024

			Type of Deviation		
	Total	Amount R	Sole Supplier	Emergency	Exceptional Circumstances
July	25	348,899	-	-	348,899
August	23	574,949	-	-	574,949
September	18	455,046	-	-	455,046
October	18	608,387	-	3,385	605,002
November	13	4,364,389	-	2,522	4,361,867
December	17	579,840	-	1,499	578,341
January	25	385,520	-	-	385,520
February	8	1,566,800	12,880	-	1,553,920
March	13	956,278	26,450	-	929,828
April	18	702,418	-	-	702,418
May	5	65,122	-	-	65,122
June	42	1,303,215	-	16,462	1,286,753
	225	**11,910,863**	**39,330**	**23,868**	**11,847,665**

A complete list, including reasons for deviation per transaction, is available. Below are details of a selection of the larger deviations.

30 June 2024

Department	Tenderer	Reason	Amount (R)
Technical Services	National Sea Rescue Institute of South Africa CC	Exceptional Case: A recruitment and selection process was followed to appoint lifeguards. However successful appointments could not be made due to insufficient time to follow another process, three qoutations were obtained from the suppliers who have rendered this service before. NSRI was the cheapest supplier and was appointed by the BAC.	3 407 233 (estimate)
Corporate Services	Collaborative It Services	Exceptional case: Hessequa Municipality standardised on Nutanix. They are the developer of the software. Following a procurement process at this stage would lead to downtime and possibly higher cost, as the entire system will have to be rebuild as only Nutanix software can be used on the current infrastructure. The resellers, as provided by the developer were approached to provide quotations and collaborative it provided the cheapest quote.	1,282,294.60
Technical Services	Saltech (Pty) Ltd	Exceptional case: During the start-up of the desalination plant and alarm was encountered. The alarm warning was due to the HP pump not providing sufficient pressure. Due to the low pressure, the plant was unable to operate and produce water and the plant would switch off automatically.Failure to inspect the HP pump and program settings and resolve the alarm warning, would result in the residents of Witsand being without water during the summer season, as consumption during this time is also very high. Suppliers were contacted, but only Saltech, who is a local supplier and specialises in desalination plants could assist immediately to avoid a water crisis in Witsand.	1,165,222.50
Corporate Services	Eden FM	Exceptional case:The South African Constitution has identified communications with communities as a fundamental duty of every municipality. Hessequa Municipality takes its directive for communication from the constitutional imperative of freedom of information and the objectives of building a truly democratic state. Coupled to that and deeply enshrined in the Bill of Rights, is the right of people to participate in and be informed about the processes of government. in adherence to the Constitution (Section 152 (1) (e) and the Municipal Systems Act (Section 18). Hessequa Municipality utilises radio bradcasts as one of the communication channels. Eden FM is the only radion station in the Garden Route area whose broadcast range covers the entire Hessequa region.	316 607.16 (estimate)
Technical Services	Saltech (Pty) Ltd	Exceptional case: To avoid a water crisis in Witsand just before the Easter holiday season, the user department instructed Saltech (Pty) Ltd, who was on site for repairs and servicing of the enire desallination plant, to repair the fault that was detechted on the I-save pump. It would be impractical to follow a procurement process for the repairs of the I-save pump, because doing this would cause delays and potential extra costs if another supplier is appointed and would have to familiarise themselves with the fault before repairing the I-save pump.	258,900.00
Technical Services	Vikings Pony Africa Pumps (Pty) Ltd T/A Tricom	Exceptional case: 'Viking Pony Africa Pumps (Pty) Ltd T/A Tricom was appointed to a panel of service providers for the repairs of pumps in the Hessequa Area. Appointment was made by the BAC in July 2024. Due to the smell around the pumpstation an investigation was done and it found that the pumpstation was overflowing on the inside. This was due to the wiring of the motor that became faulty. This short circuting led to the gearbox burning and caused damage to the pump as well.	211,872.24
Eletrical Services	WS Forestry Equipment Repairs CC	Exceptional case: The TLB was faulty, as it did not want to start and had an oil leak on the engine as well. Other problems with the TLB were faulty lights, faulty driving shaft, faulty boom-log, faulty drivers seat and wipers. It would be impractical to follow a procurement process, as the vehicle must be stripped for a supplier to provide a accurate quotation. It would also impact service delivery as the TLB is used for removal of rubbish at dumping sites, pipe breaks, digging of ditches to lay electrical calbes and digging of holes in the cemetary.	180,461.00

Corporate Services	Ayakhawuzela Agencies (Pty) Ltd	Exceptional case: Morpho is a brandname and the software used by Hessequa Municipality, only works on Morpho devices. It would be impractical to follow a procurement process, because according to legislation, brandnames must be followed by the wording 'or equivalent'. Three quotations were obtained from suppliers and Ayakhawuleza Agencies (Pty) Ltd was the cheapest supplier.	177,600.00
Community Services	Working on Fire/Kushugu Training (Pty) Ltd	Exceptional case: Working on Fire/Kishugu avails there resources when the Municipality is in need during a fire or needs other related resources. A condition to the contract is that the Municipality is responsible for fuel cost for the kilometres travelled during such an event. It would be impractical to follow a procurement process for fuel for kilometres travelled as a contract has already been entered into.	162,646.80
Technical Services	Coastal Armature Winders	Exceptional case: Coastal Armature Winders was appointed to a panel of service providers for the repairs of pumps in the Hessequa Area. Appointment was made by the BAC in July 2024. during inspection it was found that the only pump operating at Olive Grove needed repairs as it was not pumping any water, which meant that it was not producing any water. Coastal Armature was the only supplier who could supply the Municipality with a pump, for the pumpstation to still produce water and repair the faulty pump.	159,380.00

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

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

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

Company Name	Employee Name	Relationship Capacity	Organ of State Capacity	2025 R Purchases for the Year	2024 R Purchases for the Year
HAH Motors T/A Pro Motors	A. Stroebel	Owner	Councillor: Hessequa Mun	1,344,384	2,023,272
Henna's Catering	E du Preez	Owner	Clerk		
	J. du Preez		Teacher:WCED	299,150	205,510
	G. du Preez		Kannaland Municipality		
Story Team	BJ Loristou	Director	Western Cape Department of Education	30,000	38,000
Conlog	N Moodley	Director	Director: Department of Health	68,845	-
SA Hofmeyer en Seun	Monique Hofmeyr	Owner	Dietician: Department of Health and Safety:	917,518	630,784
Willvest Twenty Three (Pty) Ltd T/A Urhwebo e Transand	Craig Mostert	Owner	Mosselbay Municipality	1,084,883	48,935,428
Aurecon/Zutari	HC Ahlschlager	Owner	Legal Representative		
	S. Seegers		Head: Security Architecture - City of Cape Town		
	K. Nadasen		Director: National Dept of Public Works	-	687,281
	T. Mncube		Specialist Category - Manager SCM: ACSA		
DC an AC Transport	Cynrol Saayman	Owner	Teacher: Molenrivier Primary	22,460	8,850
Stephens Transport	Ms. D. Stevens	Owner	Staff Member:WCED	28,000	9,720
Crawford and Pheiffers Uyathembeka Services	Nignon Crawford	Owner	Contract worker - Mossel Bay Municipality	47,677	57,163
Neil Lyners	H. Lyners	Owner	Engineer: Western Cape Government	-	2,137,061
Hendrik Johannes Cronje	Charlene Cronje	Owner	Secretary: Langenhoven High school	-	120,042
National Validation Services	Reginald Cox	Owner	State Security Agency	39,344	67,550
Jaco Arendse	Petronella Arendse	Owner	Teacher: Voorwaarts Primary	-	500
Seasons Find 982 CC	YJ Daniels	Owner	Admin Clerk: Hessequa Municipality	-	12,189
CRR Enterprise	CJ Riddels	Owner	Handyman: Hessequa Municipality	809,356	597,999

N Cronje t/a WG Pompe	M Cronje	Owner	Head: Employee relations - Hessequa Municipality	18,795	3,478
Silverstar Construction	J Michaels	Owner	Clerk: Hessequa Mun	427,414	394,397
Paulsen Maintenance and General Dealers/Carl Paulsen	E Snyers	Owner	Staff Member - Hessequa Municipality	-	250
NSRI	SR Modack-Robertson	Owner	District Manager: Provinsial Government (WC)	1,735,350	1,032,938
Polyrub Linnings	A Groenwald	Owner	Staff Member - Hessequa Municipality	-	11,755
Jordaan Hardware	A Jordaan	Owner	Chemist - Riversdale Provincial Hospital	10,060	36,121
Virgo Goods And Services (Pty) Ltd	R Rossouw	Owner	Staff Member - Hessequa Municipality	17,454	46,914
DPI Truck	H Pienaar	Owner	Staff Member - Hessequa Municipality	-	65,401
Ducharme Assets Management and Accounting (Pty) Ltd	L Mbekeni	Owner	Department of Rural Development and Land Reform	122,303	647,134
Hessequa Tactical First Responders	HM Gunter / A Stroebel	Owner	Senior Clerk: Hessequa Municipality / Mayor: George Municipality	28,417	-
G and M Chemicals	G Hoogbaard	Owner	Driver: Hessequa Municipality	44,292	-
Labour Guide	I Bekker-Senekal	Owner	Department of Correctional Services	4,981	-
Ian Dickie	Ian Dickie	Owner	South African Police Service	571,424	-
Total Purchases				7,672,107	57,769,737

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

49.1.8 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA
Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

		Lost Units	Tariff	Value R
30 June 2025	Unaccounted Electricity Losses	8,338,877	2.1144	17,631,831
30 June 2024	Unaccounted Electricity Losses	6,020,553	1.9076	11,484,806

Technical losses are the losses within the distribution network caused by the resistance to the flow of electricity forming part of items such as overhead lines, cables and transformers. Since Hessequa Municipality provides power to a number of towns (holiday destinations), with a very low load factor, which is also developed along the coast in long narrow sections resulting in long radial electrical feeders, the technical losses are higher than that of the other towns. Faulty meters are replaced as soon as they are reported. Losses increased from 7.47% in 2022/2023 to 7.52% in 2023/2024. Generators are used generate power during load shedding and the units generated are not measured. This has a significant influence on the reduction of line losses and mechanisms will need to be put in place to measure these losses.

	2025	2024
Volumes in kWh/year:		
System Input Volume	86,519,396	80,063,935
Billed Consumption	78,180,519	74,043,383
Unaccounted	8,338,877	6,020,553
Normal distribution losses - 8% of electricity purchases	-	-
	8,338,877	6,020,553
Percentage Distribution Loss	9.64%	7.52%

Water:

		Lost Units	Tariff	Value R
30 June 2025	Unaccounted Water Losses: Stilbaai	514,356	1.9047	979,679
	Unaccounted Water Losses: Albertinia	54,115	8.2166	444,641
	Unaccounted Water Losses: Gouritzmond	12,296	7.3630	90,531
	Unaccounted Water Losses: Slangriver	35,762	14.2400	509,245
	Unaccounted Water Losses: Heidelberg and Witsand	29,363	16.9800	498,591
	Unaccounted Water Losses: Riversdal	145,440	0.9076	132,004
				2,654,690
30 June 2024	Unaccounted Water Losses: Riversdal	119,123	0.9077	108,128
	Unaccounted Water Losses: Heidelberg and Witsand	45,850	13.7300	629,521
	Unaccounted Water Losses: Slangrivier	44,872	10.6200	476,541
				1,214,189

Water Losses occur due to inter alia, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as they are reported. The loss of water is further indicative of ageing infrastructure assets requiring improved maintenance and upgrading. Council is however currently investigating further possibilities to reduce the loss. The water infrastructure is very old, and millions of rands is required to finance the backlog.

	2025	2024
Volumes in Kl/year:		
System Input Volume	3,937,694	1,479,563
Billed Consumption	3,146,362	1,269,718
Distribution Loss	791,332	209,845
Percentage Distribution Loss	20.10%	14.18%

49.2 BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

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

50. COMMITMENTS FOR EXPENDITURE

	2025 R	2024 R
50.1 Capital Commitments		
- Approved and Contracted for:-	**60,332,531**	**2,455,898**
Infrastructure	60,332,531	2,455,898
Total Capital Commitments	**60,332,531**	**2,455,898**
This expenditure will be financed from:		
Government Grants, internal and external finance	60,332,531	2,455,898
	60,332,531	2,455,898

The Capital Commitments are VAT inclusive.

50.2 Lease Commitments

Non-cancellable Operating Lease Commitments are disclosed in Note 15.1.

51. FINANCIAL INSTRUMENTS

51.1 Classification

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

Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Electricity	23,836,702	17,167,575
Receivables from Exchange Transactions	Refuse	2,858,677	3,403,327
Receivables from Exchange Transactions	Sewerage	2,407,518	2,883,614
Receivables from Exchange Transactions	Merchandising, Jobbing and Contracts	4,209,925	1,065,540
Receivables from Exchange Transactions	Water	8,186,962	6,011,544
Receivables from Exchange Transactions	Other Service Charges	561,410	537,461
Receivables from Exchange Transactions	Property Rental Debtors	244,973	188,391
Receivables from Exchange Transactions	Deposits for Land	244,767	226,782
Receivables from Non-exchange Transactions	Availability Charges	839,395	1,241,355
Cash and Cash Equivalents	Call Deposits	432,578,444	483,671,681
Cash and Cash Equivalents	Bank Balances	6,265,874	3,742,110
Cash and Cash Equivalents	Cash Floats and Advances	112,460	107,460
Total Financial Assets		482,347,108	520,246,839

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

Financial Liabilities at Amortised Cost:			
Non-current Borrowings	Annuity Loan	98,254,333	122,421,483
Consumer Deposits	Electricity	12,479,552	11,290,628
Consumer Deposits	Other Deposits	3,120,502	2,674,776
Trade and Other Payables	Other Payables	6,114,830	8,403,728
Trade and Other Payables	Retentions	16,914,066	8,524,244
Trade and Other Payables	Trade Creditors	33,543,410	37,901,360
Current Borrowings	Development Bank of South Africa	24,207,337	21,950,521
Total Financial Liabilities		194,634,031	213,166,741

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

51.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	30 June 2025		30 June 2024	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Measured at Amortised Cost:	482,347,108	482,347,108	520,246,839	520,246,839
Receivables from Exchange Transactions	42,550,935	42,550,935	31,484,234	31,484,234
Receivables from Non-exchange Transactions	839,395	839,395	1,241,355	1,241,355
Call Deposits	432,578,444	432,578,444	483,671,681	483,671,681
Bank Balances	6,265,874	6,265,874	3,742,110	3,742,110
Cash and Cash Equivalents	112,460	112,460	107,460	107,460

Total Financial Assets	482,347,108	482,347,108	520,246,839	520,246,839
FINANCIAL LIABILITIES				
Measured at Amortised Cost:	194,634,031	194,634,031	213,166,741	213,166,741
Annuity Loan	98,254,333	98,254,333	122,421,483	122,421,483
Consumer Deposits	15,600,054	15,600,054	13,965,404	13,965,404
Trade and Other Payables:				-
- Payables from Exchange Transactions	56,572,306	56,572,306	54,829,332	54,829,332
Current Borrowings	24,207,337	24,207,337	21,950,521	21,950,521
Total Financial Liabilities	194,634,031	194,634,031	213,166,741	213,166,741
Net Financial Instruments	287,713,077	287,713,077	307,080,099	307,080,099

51.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2024.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 16, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 20 and the Statement of Changes in Net Assets.

Gearing Ratio

	2025 R	2024 R
The gearing ratio at the year-end was as follows:		
Debt	122,461,670	144,372,004
Cash and Cash Equivalents	(432,690,904)	(483,779,141)
Net Debt	(310,229,234)	(339,407,137)
Equity	1,572,344,805	1,331,887,262
Net debt to equity ratio	-19.73%	-25.48%

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

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

51.4 Financial Risk Management Objectives

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

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

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the municipality's activities, and compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

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

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

Further quantitative disclosures are included throughout these Annual Financial Statements.

51.5 Significant Risks

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

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk
Market Risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Refer to Note 51.6 below for more detail

Credit Risk
Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investments held with registered financial institutions. Refer to Note 51.8 below for more detail.

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

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

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 51.9 to the Annual Financial Statements.

51.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 51.6 below). No formal policy exists to hedge volatilities in the interest rate market.

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

51.6.1 Foreign Currency Risk Management

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

51.6.2 Interest Rate Risk Management

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

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

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured 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. Consumer Deposits are increased accordingly.

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

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

Interest Rate Sensitivity Analysis
The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 25 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 51.9 below:

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

- Surplus for the year ended 30 June 2025 would have increased / decreased by R1,157,823 (30 June 2024: R1,127,775). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

The municipality's sensitivity to interest rates has increased during the current period mainly due to the increase in variable rate debt instruments.

Finance Lease Liabilities:
If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2025 would have decreased / increased by R0 (30 June 2024: decreased / increased by R0). This is mainly attributable to the municipality's exposure to interest rates on its variable rate borrowings; and

The municipality's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate debt instruments.

Sensitivity analysis - Interest rate

Financial Assets:

30 June 2025

Actual average interest rate for the year	**10.00%**

Input variables	**Values**	**Values**	**Values**	**Values**
Floating Rate Financial Assets Balance (Average)	R 463,129,055	R 463,129,055	R 463,129,055	R 463,129,055
Finance Income - Variable Rates	R 46,305,136	R 47,462,959	R 48,620,781	R 50,936,427
Average Interest Rate for the year - Floating Rate Investments	10.00%	10.25%	10.50%	11.00%
Change in Interest Rate		0.25%	0.50%	1.00%
Intermediate Calculations				
Total Revenue excluding Finance Income	R 862,779,167	R 862,779,167	R 862,779,167	R 862,779,167
Finance Income - Fixed Rates	R -	R -	R -	R -
Total Revenue	R 909,084,303	R 910,242,126	R 911,399,948	R 913,715,594
Total Expenditure	R 686,379,542	R 686,379,542	R 686,379,542	R 686,379,542
Performance Measure				
Annual Profit	R 222,704,762	R 223,862,584	R 225,020,407	R 227,336,052
Increase / (Decrease in Profit	R -	R 1,157,823	R 2,315,645	R 4,631,291

30 June 2024

Actual average interest rate for the year	**9.62%**

Input variables	**Values**	**Values**	**Values**	**Values**
Floating Rate Financial Assets Balance (Average)	R 451,109,967	R 451,109,967	R 451,109,967	R 451,109,967
Finance Income - Variable Rates	R 43,386,407	R 44,514,182	R 45,641,956	R 47,897,506
Average Interest Rate for the year - Floating Rate Investments	9.62%	9.87%	10.12%	10.62%
Change in Interest Rate		0.25%	0.50%	1.00%
Intermediate Calculations				
Total Revenue excluding Finance Income	R 706,721,674	R 706,721,674	R 706,721,674	R 706,721,674
Finance Income - Fixed Rates	R -	R -	R -	R -
Total Revenue	R 750,108,081	R 751,235,856	R 752,363,631	R 754,619,180
Total Expenditure	R 654,057,336	R 654,057,336	R 654,057,336	R 654,057,336
Performance Measure				
Annual Profit	R 96,050,745	R 97,178,520	R 98,306,295	R 100,561,845
Increase / (Decrease in Profit	R -	R 1,127,775	R 2,255,550	R 4,511,100

Sensitivity analysis - Interest rate

Financial Liabilities:

30 June 2025

Actual average interest rate for the year	**0.00%**

Input variables	**Values**	**Values**	**Values**	**Values**
Floating Rate Loans Balance (Average)	R 33,182	R 33,182	R 33,182	R 33,182
Finance Cost - Variable Rates	R -	R -	R -	R -
Average Interest Rate for the year - Floating Rate Loans	0.00%	0.25%	0.50%	1.00%
Change in Interest Rate		0.25%	0.50%	1.00%
Intermediate Calculations				
Total Revenue	R 909,084,303	R 909,084,303	R 909,084,303	R 909,084,303
Total Expenditure excluding Finance Cost	R 680,922,771	R 680,922,771	R 680,922,771	R 680,922,771
Finance Cost - Fixed Rates	R 5,456,771	R 5,456,771	R 5,456,771	R 5,456,771
Total Expenditure	R 686,379,542	R 686,379,542	R 686,379,542	R 686,379,542
Performance Measure				
Annual Profit	R 222,704,762	R 222,704,762	R 222,704,762	R 222,704,762

Increase / (Decrease in Profit	R -17,715,635	R -	R -	R -

30 June 2024

Actual average interest rate for the year	0.00%

Input variables	Values	Values	Values	Values
Floating Rate Loans Balance (Average)	R 34,394	R 34,394	R 34,394	R 34,394
Finance Cost - Variable Rates	R -	R -	R -	R -
Average Interest Rate for the year - Floating Rate Loans	0.00%	0.25%	0.50%	1.00%
Change in Interest Rate		0.25%	0.50%	1.00%
Intermediate Calculations				
Total Revenue	R 750,108,081	R 750,108,081	R 750,108,081	R 750,108,081
Total Expenditure excluding Finance Cost	R 648,600,565	R 648,600,565	R 648,600,565	R 648,600,565
Finance Cost - Fixed Rates	R 5,456,771	R 5,456,771	R 5,456,771	R 5,456,771
Total Expenditure	R 654,057,336	R 654,057,336	R 654,057,336	R 654,057,336
Performance Measure				
Annual Profit	R 96,050,745	R 96,050,745	R 96,050,745	R 96,050,745
Increase / (Decrease in Profit	R -17,138,062	R -	R -	R -

51.7 Liquidity Risk Management

The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Entity's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market. The municipality's risk to liquidity is a result of the funds necessary to cover future commitments. The municipality manages liquidity risk through an on-going review of future commitments and available funds. Cash flow forecasts are prepared to ensure adequate utilisation and optimisation of funds.

51.8 Credit Risk Management

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

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

<u>Investments/Bank, Cash and Cash Equivalents</u>

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Trade and Other Receivables

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

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

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

	2025	2024
	R	R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Receivables from Exchange Transactions	79,981,559	65,742,849
Receivables from Non-exchange Transactions	7,574,115	7,469,514
Bank, Cash and Cash Equivalents	438,956,778	487,521,251
Maximum Credit and Interest Risk Exposure	**526,512,452**	**560,733,614**

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

	%	%
Exchange Debtors:		
- Service Debtors	90.32	89.20
- Other Receivables	4.66	5.61
- Prepayments and Advances	4.75	4.90
- Other Minor Classes	0.27	0.29
Total Credit Risk	**100.00**	**100.00**

The municipality holds deposits to the amount of R15,600,054 (2024: R13,965,404) as security for oustanding debt of its receivables.

Refer to Note 3.1 for the analysis of the age of financial assets that are past due as at the end of the reporting period but not impaired.

Bank and Cash Balances		
Call investments and current account	438,844,318	487,413,791
Cash Equivalents	112,460	107,460
Total Bank and Cash Balances	**438,956,778**	**487,521,251**

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

51. FINANCIAL INSTRUMENTS (Continued)

51.9 Liquidity Risk Management

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

Liquidity and Interest Risk Tables

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

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

Description	Note ref in AFS	Average effective Interest Rate	Total	12 Months or less	Between 2 and 5 Years	Between 6 and 10 Years	More than 10 Years
		%	R	R	R	R	R
30 June 2025							
Non-interest Bearing			72,172,360	72,172,360	-	-	-
- Consumer Deposits			15,600,054	15,600,054	-	-	-
- Payables from Exchange transactions			56,572,306	56,572,306	-	-	-
Fixed Interest Rate Instruments			163,797,051	35,509,742	98,551,091	29,736,218	-
- Annuity Loan		10.90%	163,797,051	35,509,742	98,551,091	29,736,218	-
			235,969,412	**107,682,102**	**98,551,091**	**29,736,218**	**-**
30 June 2024							
Non-interest Bearing			68,794,737	68,794,737	-	-	-
- Consumer Deposits			13,965,404	13,965,404	-	-	-
- Payables from Exchange transactions			54,829,332	54,829,332	-	-	-
Fixed Interest Rate Instruments			199,307,828	35,509,998	113,725,789	50,072,041	-
- Annuity Loan		10.90%	199,307,828	35,509,998	113,725,789	50,072,041	-
			268,102,565	**104,304,735**	**113,725,789**	**50,072,041**	**-**

52. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

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

Council contributes to the LA Retirement Fund, a defined contribution scheme, and the National Fund for Municipal Workers and SAMWU National Provident Fund, which is a defined contribution fund. In terms of the schemes' rules, pension is being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

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

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-
(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.
It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

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

The total expense recognised in the Statement of Financial Performance of R26,043,349 (2024: R24,797,968) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

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

52.1 DEFINED BENEFIT SCHEMES

LA Retirement Fund, previously Cape Joint Pension Fund (Defined Benefit Scheme):
The last statutory valuation was performed as at 30 June 2022.

The actuarial valuation report at 30 June 2023 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R2 163 627 000 (30 June 2022 : R1 976 184 000), net investment reserve of R0 (30 June 2022 : R0) and with a funding level of 100% (2022 : 100%).

Consolidated Retirement Fund, previously Cape Joint Retirement Fund:
The most recent valuation for the Consolidated Retirement Fund was perfomed for the year ended 30 June 2023. As at the valuation date, the total value of net assets of the Fund was R42.710 billion (2022: R36.503 billion).

An effective investment return of 15% (2022: 5.9%) per annum was awarded for the Growth Portfolio.

A pension increase of 8% (2022: 9%) was granted to pensioners effective 01 March 2023. A Pensioner bonus of 200% of monthly pension was payable in December 2022. A special pensioner bonus of 300% of annual pension was payable June 2023.

The funding level for the Member Share Account, Preservation Account and Living Annuity Account were 100.2% as at valuation date. The Processing Reserve Account represents -0.1% of the sum of the Members' shares and Living Annuity Accounts.

SALA Pension Fund
The SALA Pension Fund operates both as a defined benefit and defined contribution scheme. It is a multi-employer plan and the contribution rate payable is 9% by the members and 18% by Council. The most recent valuation satement was the monthly report as at 30 June 2023.

The total market value of the investments held by the Fund on the valuation date was R14.4 billion.

53. RELATED PARTY TRANSACTIONS

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

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

Councilors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.
The remuneration of councillors is set out in note 33 of the Annual Financial Statements.

53.1 Current Employee Benefits

The Municipality has current employee benefit obligations and made other non-Employee Related Cost payments towards senior management.
The details have been disclosed in note 32.

53.2 Loans granted to Related Parties

In terms of the MFMA section 164 (1) (c), the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by the municipality.

53.3 Compensation of Related Parties

The compensation of key management personnel is set out in note 32 to the Annual Financial Statements.

53.4 Purchases from Related Parties

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

Company Name	Related Person	Municipal Capacity	Nature of relationship	2025 R Purchases for the Year	2024 R Restated Purchases for the Year
HAH Motors T/A Pro Motors	A Stroebel	Councillor: Hessequa Mun	Owner	1,344,384	2,023,272
DPI TRUCK	H Pienaar	Staff Member - Hessequa Municipality	Owner	-	65,401
Polyrub Linnings	A Groenwald	Staff Member - Hessequa Municipality	Owner	-	11,755
Virgo Goods And Services (Pty) Ltd	R Rossouw	Staff Member - Hessequa Municipality	Owner	17,454	46,914
Paulsen Maintenance and General Dealers/Carl Paulsen	E Snyers	Staff Member - Hessequa Municipality	Owner	-	250
Seasons Find 982 CC	YJ Daniels	Admin Clerk: Hessequa Municipality	Owner	-	12,189
CRR Enterprise	CJ Riddels	Handyman: Hessequa Municipality	Owner	809,356	597,999
N Cronje t/a WG Pompe	M Cronje	Manager: Employee relations - Hessequa Municipality	Owner	18,795	3,478
Silverstar Construction	J Michaels	Clerk: Hessequa Mun	Owner	427,414	394,397
Henna's Catering	E du Preez	Clerk: Hessequa Mun / Senior clerk: Hessequa municipality	Owner	299,150	205,510
Hessequa tactical first responders	HM Gunter/ A Stroebel	Driver: Hessequa municipality	Owner	28,417	-
G and M chemicals	G Hoogbaard	municipality	Owner	44,292	-
Total Purchases				**2,989,261**	**3,361,165**

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

54. CONTINGENT LIABILITIES

54.1 Court Proceedings:	**8,080,206**	**8,180,206**
DB Joubert V HM: Applicant claimed damages from the Municipality regarding flood damage suffered a number of years ago. The matter is still ongoing and the Municipality has appointed Attorneys in this regard. R14 708 has already been paid but further costs will be incurred.	40,000	40,000
T. Lots - Labour Court Application - Unfair Labour Practice	100,000	150,000
J Pieters / HM: High Court Application - Injury on Duty - Matter is moot		30,000
Minister of Water & Sanitation / HM: Litigation regarding water sources used and charges relating to water sources. Summons from the High Court was received on 30 November 2020. There have been delays in the matters and correspondence from the Minister was not always clear. The initial conclusion was that the matter would not go ahead.	2,541,904	2,541,904
Laser Quiz cc//Trustees in their capacity of the Johannes van Waart Familytrust and other - Dispute regarding approval of building plans. This matter was settled between the parties. The Applicant believe that the municipality must pay part of the legal costs incurred.	372,499	372,499
Eric Petersen v Albertinia Rangers Rugby Club / HM : Applicant alleges that he entered into an oral agreement with the Municipality for the development of municipal land. Applicant claims damages from the Municipality.	4,595,803	4,595,803
C. Michiel - Labour Court Application - Unfair Labour Practice - The appeal has been dismissed and no costs was ordered.	-	50,000
Amelia Punt/ Hessequa Municipality and Western Cape Dept. of Transport and Public Works - Claim for damages (Plaintiff fell on a section of a sidewalk and mis-stepped into a hole in the pavement and consequently broken her shoulder)	50,000	50,000
A. Voss - Labour Court Application - Unfair Labour Practice	50,000	50,000
B Hendriks - Labour Court Application - Unfair Labour Practice	-	150,000
E Jackson - Labour Court Application - Unfair Labour Practice	-	150,000
Amelda & Jacobus Kleinhans - Equality Court matter - Rental Housing - Erf 3889 RD)	10,000	-
Martin Matunsi - Equality Court matter - Housing subsidy matter)	10,000	-
E Mokoena - Equality Court matter - Request for information	10,000	-
Marbestel Trust / Hessequa Municipality - fire damage claim	300,000	-

55. ANALYSIS OF PRINCIPAL / AGENCY ACCOUNTING

55.1 Municipality acting as the Principal

55.1.1 Prepaid Electricity Vendor

Hessequa Municipality requires a prepayment vending and management system. The system must provide for all types of payment methods. System must be operational on a 24 hour per day, 7 days a week, 365 days in a year basis.

The municipality entered into binding agreements with different vendors to distribute pre-paid electricity to third parties and the vendors pay the revenue received over to the municipality.

Compensation paid for Agency Activities:

Commission to various	773,101	846,195
Compensation to Ontec	784,122	634,651
Total Compensation Paid	**1,557,224**	**1,480,846**

The municipality paid between 0% and 2% commission to vendors for acting as agents on its behalf during the financial year.

In the event that the arrangement is terminated and the municipality decides to provide the service and not make use of a contractor, the municipality will as a minimum have to procure an operating vending and management system for prepaid electricity, related licences and possibly employ additional staff to manage the system and network. Commission will still be payable to the various retail outlets where our hardware will be based.

55.2 Municipality acting as the Agent

55.2.1 Motor Vehicle Licensing and Registration

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

As per Circular R12, 1994 the executive committee at the provincial administration of the Cape of Good Hope and the Department of State expenditure granted authority that an agency fee be paid to local authorities who have been appointed as registering authorities in the Western Cape province for the registration and licensing of motor vehicles in terms of the National Road Traffic Act 93 of 1996.

Hessequa municipality is the agent in this binding agreement and uses its own resources in performing the service delivery and capturing the information on the ENATIS (Electronic National Administration Traffic Information System).

Agency Fee Circular R5.2005 further states that all municipalities must perform weekly pay-overs in terms of MFMA 56 of 2003 section 64(4).

The municipality was paid 12% commission by the Western Cape province for acting as an agent for acting on its behalf during the financial year.

The services are rendered in Riversdale, Still Bay, Heidelberg and Albertinia in the municipality's district. The costing system does not have the functionality to account for the principal-agent expense transactions separately. Therefore no principal-agent specific costs could be disclosed.

	2025 R	2024 R
Drivers licenses		
Revenue received from third parties	568,680	573,160
Payment to provincial traffic department	(320,898)	(323,426)
	247,782	249,734
Vehicle Registrations		
Revenue received from third parties	25,989,540	26,115,086
Payment to provincial traffic department	(23,024,156)	(23,367,808)
	2,965,384	2,747,279

55.2.2 Western Cape Provincial Department of Human Settlements

The municipality acts as agent for the Western Cape's Provincial Department of Human Settlements where it provides housing services on behalf of the department.

The municipality undertakes transactions on behalf of the Department in relation to beneficiaries of the housing programme whereby the municipality:

(i) Receives application forms from potential beneficiaries and submits them to the Department or processes the application forms on the HSS.

(ii) Communicates the approved list of beneficiaries to the applicants after approval has been received from the Department.
(iii) Hands the completed houses over to the beneficiaries based on the approved list received from the Department.

The municipality has assessed the criteria set out in GRAP 109.25 against the arrangement entered into and concluded that the municipality is an agent in terms of the arrangement.

The municipality does not generate any revenue from this arrangement.

56. EVENTS AFTER THE REPORTING DATE

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

57. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 45.).

58. GOING CONCERN ASSESSMENT

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

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

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

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

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

59. SEGMENT REPORTING

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

- **The segment for Executive and Council Services:-**
- This segment consists of executive services and support services to the executive.

- **The segment for Finance and Administration Services:-**
- This segment consists of services such as finance & administration.

- **The segment for Community and Social Services:-**
- This segment consists of all services for community & social development, public safety, providing of health to the community and sport & recreation.

- **The segment for Road Transport Services:-**
- This segment consists of all services for providing roads & storm water in the municipal area.

- **The segment for Energy Sources:-**
- This segment consists of all services for energy supply to the community.

- **The segment for Waste Management:-**
- This segment consists of all services for the management of solid waste in the municipal area.

- **The segment for Waste Water Management:-**
- This segment consists of all services for the management of waste water, including sewage, in the municipal area.

- **The segment for Water Management:-**
- This segment consists of all services for water supply to the community.

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

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

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

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

HESSEQUA LOCAL MUNICIPALITY

59.1 Segmental Analysis of Financial Performance

Year Ended 30 June 2025

Description	Executive and Council	Finance and Administration	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Total for Municipality
	R	R	R	R	R	R	R	R	R
REVENUE									
Revenue from Non-exchange Transactions									
Property Rates	-	140,196,508	-	-	-	-	-	-	140,196,508
Fines, Penalties and Forfeits	-	402,621	44,494,882	-	1,478	-	-	-	44,898,981
Licences and Permits	-	-	2,343,686	-	-	-	-	-	2,343,686
Transfers and Subsidies	20,258,458	4,955,191	3,841,455	9,343,179	145,310,511	12,920,883	16,701,845	16,408,963	229,740,485
Service Charges	-	-	-	-	5,794,713	-	3,171,419	2,407,631	11,373,763
Interest Earned - Non-exchange Receivables	-	837,080	-	-	-	-	-	-	837,080
Operational Revenue	4,988	165	4,814	26,151	-	-	-	-	36,119
Revenue from Exchange Transactions									
Licences and Permits	-	-	1,538	-	-	-	-	-	1,538
Service Charges	-	-	-	-	236,043,645	37,892,418	31,841,798	59,596,191	365,374,052
Sales of Goods and Rendering of Services	-	26,895,005	24,976,783	11,278	-	17,148	-	-	51,900,214
Income from Agency Services	-	-	3,213,166	-	-	-	-	-	3,213,166
Rental from Fixed Assets	-	3,898,054	496,480	36,596	-	-	-	-	4,431,129
Interest, Dividends and Rent on Land Earned	-	46,485,205	-	-	471,566	789,574	806,175	1,193,032	49,745,553
Operational Revenue	127,229	4,310,737	554,062	-	-	-	-	-	4,992,028
Total Revenue	**20,390,675**	**227,980,566**	**79,926,866**	**9,417,205**	**387,621,913**	**51,620,022**	**52,521,238**	**79,605,818**	**909,084,303**
EXPENDITURE									
Employee Related Costs	18,633,016	63,045,327	57,677,607	27,578,067	17,732,907	15,022,696	14,523,851	16,447,990	230,661,461
Remuneration of Councillors	9,128,113	-	-	-	-	-	-	-	9,128,113
Depreciation and Amortisation	79,925	2,595,766	3,580,682	15,898,758	6,241,752	3,998,976	6,708,841	5,210,505	44,315,205
Bad Debts Written Off	-	828,723	1,055,000	-	429,933	1,307,635	1,252,795	3,337,694	8,211,779
Impairment Losses	-	(273,112)	28,708,130	-	414,182	1,268,052	1,321,170	295,947	31,734,368
Interest, Dividends and Rent on Land	-	242,625	609,708	2,969,907	3,381,881	8,246,645	3,959,249	2,271,425	21,681,441
Bulk Purchases	-	-	-	-	187,076,907	-	-	-	187,076,907
Contracted Services	402,767	32,843,684	15,797,747	6,413,691	3,672,124	3,545,588	6,022,785	3,221,457	71,919,845
Inventory Consumed	66,231	1,760,824	6,851,315	9,084,368	3,606,331	3,063,781	3,243,426	12,691,260	40,367,537
Transfers and Subsidies Paid	1,076,566	297,498	1,238,652	-	-	-	-	-	2,612,716
Operating Leases	-	1,572,907	206,017	-	59,037	-	-	-	1,837,962
Operational Costs	6,008,019	12,718,757	3,953,122	2,639,000	4,167,957	1,053,428	1,375,333	4,160,880	36,076,496
Total Expenditure	**35,394,638**	**115,632,999**	**119,677,980**	**64,583,792**	**226,783,010**	**37,506,800**	**38,407,449**	**47,637,159**	**685,623,829**
Gains and Losses:									
Gains on Other Operations	1,462,707	18,212,976	-	-	-	-	-	-	19,675,683
Losses on Other Operations	-	(253,500)	(0)	-	0	(0)	-	(2,654,690)	(2,908,190)
Disposal of Fixed and Intangible Assets:									
Gains on Disposal of Property, Plant and Equipment	898	572,155	104,726	226,099	287,076	-	59,009	7,866	1,257,831
Loss on Disposal of Property, Plant and Equipment	(22,924)	(699,272)	(136,084)	(126,471)	(15,071)	(982)	(64,598)	-	(1,065,401)
Surplus/(Deficit) for the Year	**(13,563,283)**	**130,179,926**	**(39,782,472)**	**(55,066,959)**	**161,110,910**	**14,112,240**	**14,108,200**	**29,321,834.52**	**240,420,397**

HESSEQUA LOCAL MUNICIPALITY

Year Ended 30 June 2024

Description	Executive and Council	Finance and Administration	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Total for Municipality
	R	R	R	R	R	R	R	R	R
REVENUE									
Revenue from Non-exchange Transactions									
Property Rates		130,038,262	-	-	-	-	-	-	130,038,262
Fines, Penalties and Forfeits	-	358,341	64,836,575	-	8,645	-	-	-	65,203,561
Licences and Permits	-	-	2,070,269	-	-	-	-	-	2,070,269
Transfers and Subsidies	16,476,054	4,668,888	653,258	19,901,672	14,985,414	13,300,695	16,251,600	23,279,885	109,517,466
Service Charges	-	-	-	-	5,671,621	-	3,118,630	2,351,459	11,141,710
Interest, Dividends and Rent on Land Earned	-	819,760	-	-	-	-	-	-	819,760
Operational Revenue	1,839	307,038	58,826	22,806	2,957	11,586	-	-	405,052
Revenue from Exchange Transactions									
Licences and Permits	-	-	-	-	-	-	-	-	-
Service Charges	-	-	-	-	204,276,607	34,191,835	28,865,299	53,166,681	320,500,422
Sales of Goods and Rendering of Services	-	25,616,304	24,885,055	-	-	9,030	-	-	50,510,390
Income from Agency Services	-	-	2,997,013	-	-	-	-	-	2,997,013
Rental from Fixed Assets	-	3,242,437	491,654	28,390	-	-	-	-	3,762,481
Interest, Dividends and Rent on Land Earned	-	43,621,520	-	-	399,884	619,292	621,445	964,531	46,226,673
Operational Revenue	517,932	5,833,512	563,578	-	-	-	-	-	6,915,022
Total Revenue	**16,995,825**	**214,506,063**	**96,556,227**	**19,952,868**	**225,345,129**	**48,132,439**	**48,858,973**	**79,762,557**	**750,108,081**
EXPENDITURE									
Employee Related Costs	17,529,058	58,607,379	55,455,255	26,172,419	16,430,353	14,455,280	13,610,970	14,784,442	217,045,156
Remuneration of Councillors	8,470,688	-	-	-	-	-	-	-	8,470,688
Depreciation and Amortisation	77,899	2,174,152	3,545,610	14,102,152	5,550,041	5,992,093	6,350,294	4,775,755	42,567,996
Bad Debts Written Off	-	844,278	43,687,310	-	127,796	1,137,862	1,105,528	1,505,410	48,408,183
Impairment Losses	-	1,927,300	(226,565)	-	1,244,660	1,911,144	1,868,017	3,038,839	9,763,395
Interest, Dividends and Rent on Land	-	270,768	698,851	3,352,852	4,222,633	6,467,417	4,435,462	2,587,467	22,035,450
Bulk Purchases	-	-	-	-	157,153,258	-	-	-	157,153,258
Contracted Services	2,016,634	30,299,057	16,318,345	4,215,370	2,935,456	3,346,836	4,121,832	3,469,325	66,722,855
Inventory Consumed	42,674	1,660,493	6,426,154	9,415,811	4,457,676	2,777,933	4,512,306	13,444,321	42,737,368
Transfers and Subsidies Paid	1,347,759	160,039	327,250	-	-	-	-	-	1,835,047
Operating Leases	-	1,389,685	325,470	52,833	20,847	-	34,160	-	1,822,995
Operational Costs	5,386,801	13,683,521	3,343,133	2,152,110	4,012,718	2,095,422	1,261,814	3,742,494	35,678,014
Total Expenditure	**34,871,514**	**111,016,673**	**129,900,813**	**59,463,546**	**196,155,437**	**38,183,985**	**37,300,384**	**47,348,053**	**654,240,406**
Gains and Losses:									
Gains on Other Operations	6,153,368	12,920,816	-	-	-	-	-	-	19,074,184
Losses on Other Operations	(0)	(0)	-	-	-	0	-	(1,214,189)	(1,214,189)
Disposal of Fixed and Intangible Assets:									
Gains on Disposal of Property, Plant and Equipment	-	852,597	-	-	-	-	-	-	852,597
Loss on Disposal of Property, Plant and Equipment	(33,524)	(193,591)	(141,126)	(353,998)	(605,614)	(924)	(49,493)	(13,190)	(1,391,460)
Surplus/(Deficit) for the Year	**(11,755,846)**	**117,069,212**	**(33,485,712)**	**(39,864,676)**	**28,584,079**	**9,947,529**	**11,507,096**	**31,187,124.57**	**113,188,807**

HESSEQUA LOCAL MUNICIPALITY

59.2 Other Segmental Analysis Disclosures

Year Ended 30 June 2025

Description	Executive and Council	Finance and Administration	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Total for Municipality
	R	R	R	R	R	R	R	R	R
Financial Position									
The main components of the Financial Position that is currently considered and managed, within the defined municipal segments have been determined as follows:									
Receivables from Exchange Transactions:									
- Deposits	-	244,767	-	-	-	-	-	-	244,767
- Electricity	-	-	-	-	23,836,702	-	-	-	23,836,702
- Refuse	-	-	-	-	-	2,858,677	-	-	2,858,677
- Sewerage	-	-	-	-	-	-	2,407,518	-	2,407,518
- Water	-	-	-	-	-	-	-	8,186,962	8,186,962
- Other Receivables	-	9,382,771	-	-	-	-	-	-	9,382,771
	-	9,627,537	-	-	23,836,702	2,858,677	2,407,518	8,186,962	46,917,397
Statutory Receivables from Non-exchange Transactions:									
- Fines	-	-	19,938,607	-	-	-	-	-	19,938,607
- Property Rates	-	7,787,106	-	-	-	-	-	-	7,787,106
- Service Charges	-	-	-	-	440,526	-	232,739	166,129	839,395
	-	7,787,106	19,938,607	-	440,526	-	232,739	166,129	28,565,108
Capital Assets:									
- Property, Plant and Equipment	-	1,328,076,041	-	-	-	-	-	-	1,328,076,041
- Intangible Assets	-	178,890	-	-	-	-	-	-	178,890
- Investment Property	-	123,788,855	-	-	-	-	-	-	123,788,855
- Heritage Assets	-	8,451,512	-	-	-	-	-	-	8,451,512
	-	1,460,495,297	-	-	-	-	-	-	1,460,495,297
Total for Financial Position	-	1,477,909,941	19,938,607	-	24,277,229	2,858,677	2,640,257	8,353,092	1,535,977,802
Capital Expenditure									
Property, Plant and Equipment	-	237,138,919	-	-	-	-	-	-	237,138,919
Investment Property	-	4,413	-	-	-	-	-	-	4,413
Total for Capital Expenditure	-	237,143,332	-	-	-	-	-	-	237,143,332

HESSEQUA LOCAL MUNICIPALITY

Year Ended 30 June 2024

Description	Executive and Council	Finance and Administration	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Total for Municipality
	R	R	R	R	R	R	R	R	R
Financial Position									
The main components of the Financial Position that is currently considered and managed, within the defined municipal segments have been determined as follows:									
Receivables from Exchange Transactions:									
- Deposits	-	226,782	-	-	-	-	-	-	226,782
- Electricity	-	-	-	-	17,167,575	-	-	-	17,167,575
- Refuse	-	-	-	-	-	3,403,327	-	-	3,403,327
- Sewerage	-	-	-	-	-	-	2,883,614	-	2,883,614
- Water	-	-	-	-	-	-	-	6,011,544	6,011,544
- Other Receivables	-	5,561,355	-	-	-	-	-	-	5,561,355
	-	5,788,137	-	-	17,167,575	3,403,327	2,883,614	6,011,544	35,254,197
Statutory Receivables from Non-exchange Transactions:									
- Fines	-	-	22,795,383	-	-	-	-	-	22,795,383
- Property Rates	-	10,410,149	-	-	-	-	-	-	10,410,149
- Property Rates	-	-	-	-	651,821	-	340,659	248,875	1,241,355
	-	10,410,149	22,795,383	-	651,821	-	340,659	248,875	34,446,886
Capital Assets:									
- Property, Plant and Equipment	-	1,136,503,296	-	-	-	-	-	-	1,136,503,296
- Intangible Assets	-	192,223	-	-	-	-	-	-	192,223
- Investment Property	-	105,082,106	-	-	-	-	-	-	105,082,106
- Heritage Assets	-	8,451,512	-	-	-	-	-	-	8,451,512
	-	1,250,229,137	-	-	-	-	-	-	1,250,229,137
Total for Financial Position	-	1,266,427,422	22,795,383	-	17,819,396	3,403,327	3,224,273	6,260,419	1,319,930,220
Capital Expenditure									
Property, Plant and Equipment	-	84,408,141	-	-	-	-	-	-	84,408,141
Investment Property	-	-	-	-	-	-	-	-	-
Total for Capital Expenditure	-	84,408,141	-	-	-	-	-	-	84,408,141

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

Details	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2024	Received during the Period	Interest Capitalised	Redeemed/ Written Off during Period	Balance at 30 June 2025
				R	R		R	R
ANNUITY LOANS								
ABSA Bank	10.20%	4068858722	30/06/2027	8,194,012	-	(4,577)	(2,460,134)	5,729,301
Development Bank South Africa	8.90%	61007148	30/06/2023	-	-	-	-	-
Development Bank South Africa	9.98%	61007233	30/06/2024	-	-	-	-	-
Development Bank South Africa	9.20%	61007562	30/06/2029	18,319,253	-	-	(3,028,655)	15,290,598
Standard Bank	11.26%	536633	30/06/2026	12,714,780	-	-	(6,009,530)	6,705,250
Standard Bank	7.78%	606256	30/06/2030	20,318,353	-	-	(2,767,314)	17,551,039
Standard Bank	8.75%	654745	30/06/2031	47,112,805	-	-	(5,094,280)	42,018,525
Standard Bank	11.54%	797131	30/06/2033	37,712,801	-	-	(2,545,844)	35,166,957
Total Annuity Loans				**144,372,004**	**-**	**(4,577)**	**(21,905,757)**	**122,461,670**
TOTAL EXTERNAL LOANS				**144,372,004**	**-**	**(4,577)**	**(21,905,757)**	**122,461,670**

APPENDIX D

HESSEQUA LOCAL MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

2024 Actual Income	2024 Budgeted Income	2024 Actual Expenditure	2024 Budgeted Expenditure	2024 Surplus/ (Deficit)	Description	2025 Actual Income	2025 Budgeted Income	2025 Actual Expenditure	2025 Budgeted Expenditure	2025 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
					Municipal Governance and Administration Services					
23,149,192	17,576,054	31,707,955	33,443,032	(8,558,763)	Executive and Council	21,373,981	21,008,588	32,051,305	35,445,994	(10,677,324)
196,317,326	164,137,820	62,684,170	72,161,883	133,633,157	Finance and Administration	213,507,409	185,445,246	78,089,406	88,999,367	135,418,003
-	-	1,933,826	2,341,624	(1,933,826)	Internal Audit	-	-	2,058,974	2,207,470	(2,058,974)
					Community and Public Safety Services					
10,648,063	13,006,800	24,726,098	28,118,317	(14,078,035)	Community and Social Services	10,799,901	12,603,618	22,292,451	26,343,866	(11,492,550)
70,419,773	63,838,893	76,758,322	85,525,738	(6,338,549)	Public Safety	51,626,912	42,715,729	63,303,312	70,209,742	(11,676,400)
14,940,218	16,665,674	31,810,553	34,391,318	(16,870,335)	Sport and Recreation	16,995,051	16,406,002	27,978,068	30,248,065	(10,983,016)
					Housing Services					
22,665,786	38,823,111	24,633,901	34,810,322	(1,968,115)	Housing	25,538,386	28,265,319	25,625,762	28,813,076	(87,376)
					Economic and Environmental Services					
548,174	660,341	5,720,564	6,071,648	(5,172,391)	Environmental Protection	609,728	684,551	6,240,233	6,470,033	(5,630,506)
9,296,363	7,053,990	11,336,540	13,797,601	(2,040,177)	Planning and Development	7,719,903	23,707,625	12,870,604	14,240,742	(5,150,701)
19,952,868	20,623,030	59,684,539	61,678,712	(39,731,671)	Road Transport	9,643,303	9,349,953	64,710,263	66,543,776	(55,066,959)
					Trading Services					
225,345,129	295,423,780	190,221,375	197,428,847	35,123,754	Energy Sources	387,908,991	380,358,131	226,798,082	232,214,142	161,110,910
48,132,439	46,801,608	41,733,750	36,262,032	6,398,688	Waste Management	51,620,022	48,644,353	37,507,782	43,065,200	14,112,240
48,856,973	48,537,804	45,039,461	49,929,616	3,817,513	Waste Water Management	52,580,247	51,024,201	38,472,047	39,067,183	14,108,200
79,762,557	77,822,798	47,591,743	50,654,059	32,170,813	Water Management	79,613,684	74,449,346	50,291,849	50,652,140	29,321,835
					Other Services					
-	-	1,263,257	1,291,739	(1,263,257)	Other	480,298	500,000	1,307,283	1,343,318	(826,985)
770,034,862	**810,971,703**	**656,846,055**	**707,906,488**	**113,188,807**	**Total**	**930,017,817**	**895,162,662**	**689,597,420**	**735,864,114**	**240,420,397**

APPENDIX F
HESSEQUA LOCAL MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 0F 2003

Grants and Subsidies Received

Name of Grant	Balance as at 30 June 2024	Total Receipts	Conditions Met & Transferred to Revenue		Repaid Paid back to National Revenue Fund	Balance as at 30 June 2025
			Operating Expenditure	Capital Expenditure		
	Total	Total	Total	Total	Total	Total
National Government Grants						
Equitable Share	-	63,158,000	(63,158,000)	-	-	-
Accelerated Community Infrastructure Programme	30,907	-	-	-	-	30,907
Energy Efficiency and Demand Side Management Grant	40,000	-	-	-	(40,000)	-
Skills Development	886,919	406,666	(78,442)	-	(21,558)	1,193,585
Expanded Public Works Programme	-	1,236,000	(1,236,000)	-	-	-
Integrated National Electrification Grant	385	4,162,000	-	(4,162,000)	(385)	-
Finance Management Grant	-	1,700,000	(1,700,000)	-	-	-
Municipal Infrastructure Grant	-	15,228,000	(762,300)	(14,465,700)	-	-
Water Service Infrastructure Grant	222	257,000	-	(257,000)	(222)	-
Municipal Desaster Relief Grant	563,652	-	-	(563,652)	-	-
Total National Government Grants	**1,522,086**	**86,147,666**	**(66,934,742)**	**(19,448,352)**	**(62,165)**	**1,224,493**
Provincial Government Grants						
Community Development Workers	384	38,000	(38,000)	-	(384)	-
Department Economic Development & Tourism SMME Booster Fun	0	-	-	-	-	0
Human Settlement Asset Finance Reserve	-	14,508,367	(12,080,935)	-	-	2,427,432
Human Settlement Development Grant - Beneficeries	260,926	10,939,350	(11,047,175)	-	(260,926)	(107,825)
Informal Settlements	-	2,049,974	-	(2,049,974)	-	-
Human Settlement Development Grant - Transfer Fees	3,127,525	-	(142,325)	-	(3,127,525)	(142,325)
Municipal Energy Resillience Grant	68,213,187	67,700,000	-	(135,913,187)	-	-
Library Municipal Replacement Funding		-	-		-	-
Library Conditional Grant			-		-	-
Fire Service Capacity Building	-	558,000	-	(558,000)	-	-
Municipal Service Delivery and Capacity Building Grant	203,086	-	-	-	(203,086)	0
Transport Infrastructure	105,548	195,000	(195,000)	-	(105,548)	-
Western Cape Financial Management Capability Grant	165,360	363,200	(284,450)	-	(165,360)	78,750
Municipal Water Resilience Grant	239,325	-	-	-	(239,325)	0
Emergency Loadshedding Relief	5,220	-	-	-	(5,220)	-
Tourism Growth Grant	-	480,000	-	(480,000)	-	-
Regional Socio-Economic Project (RSEP) Grant	1,014	700,000	-	(700,000)	(1,014)	-
Thusong Service Centre Grant	19,571	150,000	(150,000)	-	(19,571)	-
Total Provincial Government Grants	**72,341,147**	**97,681,891**	**(23,937,885)**	**(139,701,161)**	**(4,127,959)**	**2,256,033**
Other Grant Providers						
Africana Centre	103,037	-	-	-	-	103,037
Development Contractors	-	1,500,000	(284,075)	(1,215,925)	-	-
Public Participation Strategy	57,086	-	-	-	-	57,086
Syntell	757,017	-	-	(755,000)	-	2,017
Total Other Grant Providers	**917,141**	**1,500,000**	**(284,075)**	**(1,970,925)**	**-**	**162,141**
Total Grants and Subsidies	**74,780,373**	**185,329,557**	**(91,156,702)**	**(161,120,438)**	**(4,190,124)**	**3,642,666**