KAMIESBERG MUNICIPALITY

"gems galore from mountains to shore"

REAL GEMS
REAL EXPERIENCES
REAL ART

Annual Financial Statements

for the year ended 30 June 2025

KAMIESBERG LOCAL MUNICIPALITY

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General Information

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 Kamiesberg Local Municipality includes the towns of Garies, Hondeklipbaai, Kamassies, Kheis, Kharkams, Kamieskroon, Klipfontein, Koiingnaas, Leliefontein, Nourivier, Paulshoek, Rooifontein, Soebatsfontein, Spoegrivier, Lepelfontein and Tweerivier.
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 of 6 2004)
	:	Division of Revenue Act (Act 1 of 2007)
Political leadership	:	**Councillor** Name
Mayor	:	S.C. Nero
Speaker	:	M.W. Cloete
Chief WIP	:	B.C. Brandt

Other Council Members

Nr	Surname	Initials
1	Petersen	L.E.
2	Hanekom	M.J.B.
3	Kordom	C.C.
4	Cloete	R.G.
5	Coetzee	C.C.C.
6	Cloete	S.S.
7	Markus	D.J.
8	Smit	P.A.

General Information (continue)

Executive Management

Position	Surname	Initials
Municipal Manager (MM)	Beukes	R.C.
Chief Financial Officer (CFO)	Straus	F.
Manager Corporate Services	Vacant	
Manager Technical services	Vacant	

Members of the Audit Committee

Position	Surname	Initials
Chairperson	Van der Heever	F
Member	Van Wyk	J
Member	Datadin	R
Member	Roesch	H

Grading of local authority	:	Category B Local Municipality
Demarcation Code	:	NC064
Registered office	:	Garies
Physical address	:	22 Main Street, Garies, 8220
Postal address	:	Private Bag X200, Garies, 8220
Telephone Number	:	+27 652 8000
E-mail address	:	barendd@kamiesberg.gov.za
Municipal Website	:	www.kamiesberg.gov.za
Bankers	:	First National Bank
Auditors	:	Auditor-General of South Africa (AGSA) Private Bag X5013 KIMBERLEY 8300
Preparer	:	F. Straus
Legal representative	:	Van der Wall & Partners TNK Attorneys Wessels & Smith Inc. Godwin Bossr & Ass Mattheews & Partners

Abbreviations

ASB	Accounting Standards Board
CIGFARO	Chartered Institute of Government, Finance, Audit and Risk Officers
COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DSACR	Department of Sport, Arts, Culture and Recreation
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
LGSETA	Local Government Services Sector Education and Training Authority
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPAC	Municipal Public Accounts Committee
MPRA	Municipal Property Rates Act
MSIG	Municipal System Improvement grant
*m*SCOA	Municipal Standard Chart of Accounts
SALGA	South African Local Government Association
COGTA	Cooperative Governance and Traditional Affairs
SAPS	South African Police Services
SCM	Supply Chain Management
MSA	Municipal Structures Act
MSA	Municipal System Act
NDPG	Neighbourhood Development and Partnership Grant
SRAC	Sports, Recreation, Arts and Culture

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/are 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.

In terms of Section 13G, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black empowerment in their audited annual financial statements and annual reports. Please refer to Note 62.

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.

Although, I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's external auditors.

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

I certify that the salaries, allowances and benefits of councillors as disclosed in note 36 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

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

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 8 to 131, which have been prepared on the going concern basis, were approved on 31 August 2025

Municipal Manager : R.C. Beukes

Date: 31 August 2025

Accounting Officer's Report

1. **Review of activities**
   Main business and operations

   The municipality is engaged in local government activities, which include planning and promotion of integrated development plan and supplying of the services to the community which are water, sanitation, fire and environmental health services.

   Net Deficit of the municipality was R 20 620 000 (2024: Deficit R 27 415 000).

2. **Going concern**
   We draw attention to the fact that at 30 June 2025, the municipality had an accumulated Surplus of R 92 716 000 and that the municipality's total assets exceed its liabilities by R 92 716 000.

   The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. All impairments were measured and judged in line with past performances.

3. **Subsequent events**
   The accounting officer is not aware of any matter or circumstance arising since the end of the financial year that may need to be adjusted for or disclosed in the Financial Statements.

4. **Accounting Officers' interest in contracts**
   The accounting officer has no interest in contracts awarded, either direct or indirect.

5. **Accounting policies**
   The annual financial statements prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

   Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2024) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

6. **Accounting Officer**
   The accounting officer of the municipality during the year and to the date of this report is mr R Beukes.

7. **Corporate governance**
   General
   The accounting officer are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

   The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report IV on Corporate Governance for South Africa of September 2009. The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the municipality's compliance with the Code on a quarterly basis. The salient features of the municipality's adoption of the Code is outlined below:

8. **Non-compliance with applicable legislation**
   In terms of section 65 (2) (e) of the Municipal Finance Act (No. 56 of 2003), all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality, could not settle all money owing within the prescribed period.

   In terms of section 126 (1) (a) of the Municipal Finance Act (No. 56 of 2003), the accounting officer of a municipality must prepare the annual financial statements within 2 months after the end of the financial year.

The financial statements set out on pages 8 to 131, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:

Municipal Manager : R.C. Beukes

Date: 31 August 2025

Statement of Financial Position as at 30 June 2025

	Note	2025 (R'000s)	2024 (R'000s)
ASSETS			
Current Assets			
Cash and cash equivalents	3	905	839
Trade and other receivables from exchange transactions	4	11 023	10 583
Receivables from non-exchange Transactions	5	23 492	7 580
Inventory	6	1 293	2 768
VAT Receivable	7	39 443	19 081
Other Current Assets	8	5	-
Total Current Assets		**76 161**	**40 851**
Non-Current Assets			
Trade and other receivables from exchange transactions	9.1	-	-
Investment property	10	30 553	30 951
Property, plant and equipment	11	207 648	233 699
Heritage assets	12	5	5
Intangible assets	13	224	224
Non-current receivables from non-exchange transactions	9.2	-	-
Total Non-current Assets		**238 431**	**264 880**
TOTAL ASSETS		314 592	**305 731**
LIABILITIES			
Current Liabilities			
Bank Overdraft	3	-	-
Financial Liabilities	14	891	-
Consumer deposits	15	1 598	1 575
Trade and other payables from exchange transactions	16	158 849	123 044
Trade and other payables from non-exchange transactions	17	234	1 309
Provisions	18	3 631	3 169
VAT payable	19	277	-
Other current liabilities	20	-	-
Total Current Liabilities		**165 480**	**129 097**
Non-current Liabilities			
Financial liabilities	14	5 432	355
Provision	18	46 862	40 770
Long term trade and other payables	22	-	-
Other non-current liabilities	21	4 101	3 832
Total Non-Current Liabilities		**56 396**	**44 958**
Total Liabilities		**221 876**	**174 054**
Net Assets		**92 716**	**131 677**
Net assets represented by:			
Accumulated Surplus / (Deficit)		(92 716)	(131 677)
Total Net Assets		**(92 716)**	**(131 677)**

Statement of Financial Performance for the year ended 30 June 2025

	Note	2025 (R'000s)	2024 (R'000s)
Revenue			
Exchange Revenue			
Service charges – Electricity	23	(11 070)	(10 926)
Service charges – Water	23	(3 013)	(3 072)
Service charges – Waste Water Management	23	(2 035)	(1 779)
Service charges – Waste Management	23	(1 863)	(1 851)
Sale of Goods and Rendering of Services	24	(36)	(43)
Agency services	25	-	(579)
Interest earned from receivables	26.1	(2 920)	(5 836)
Interest earned from current and non-current assets	27	(359)	(489)
Licences and permits	28	(4)	(150)
Rental from fixed assets	29	(365)	(213)
Operational revenue	30	(3 718)	(2 987)
Non-Exchange Revenue			
Property rates	31	(10 482)	(10 242)
Fines, penalties and forfeits	32	(19)	(1)
Transfers and Subsidies – Operational	33.1	(39 254)	(32 727)
Transfers and subsidies – Capital (monetary allocations)	33.2	(8 199)	(7 122)
Interest earned from receivables	26.2	(1 844)	(5 021)
Gains on disposal of Assets	34	(366)	(562)
Other Gains		-	-
Total Revenue		**(85 546)**	**(83 600)**
Expenditure			
Employee related costs	35	32 374	29 687
Remuneration of councillors	36	5 192	4 960
Bulk Purchases	37	19 816	16 701
Inventory consumed	38	4 234	1 510
Debt impairment	39	(19 350)	11 278
Depreciation and amortisation	40	22 908	13 423
Impairment losses	41	705	-
Interest	42	20 825	15 571
Contracted services	43	2 322	3 757
Irrecoverable debts written off	44	-	2 375
Operational costs	45	17 139	10 308
Gains/(Loss) on Sale of Fixed Assets		-	1 445
Total Expenditure		**106 165**	**111 015**
(Surplus)/Deficit for the year		**20 620**	**27 415**

Statement of Changes in Net Assets at 30 June 2025

	Accumulated Surplus / (Deficit)	TOTAL
Balance as at 30 June 24 as previously reported	(131 106)	(131 106)
Change in accounting policy **[note 56]**	-	-
Correction of error **[note 55]**	571	571
Balance as at 30 June 24 as restated	**(131 677)**	**(131 106)**
Surplus / Deficit for the period	20 620	20 620
Depreciation / Impairment Offsets	18 341	18 341
Transfers to/from Reserves	-	-
Capital Contributed by Other Government Institutions	-	-
Share of net assets of associates/joint ventures	-	-
Balance as at 30 June 25	**(92 716)**	**(92 716)**

Cash Flow Statement for the year ended 30 June 2025

	Note	2025 (R'000s)	2024 (R'000s)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates by Usage		5 202	1 093
Service Charges		12 054	9 613
Operational Revenue		822	2 469
Transfers and Subsidies – Capital		8 199	3 324
Transfers and Subsidies – Operational		39 254	32 799
Interest		606	11 346
Dividends		-	-
Payments		-	-
Suppliers and Employees		(56 364)	(37 065)
Finance Charges		(11)	(11 862)
Transfers and Subsidies		-	-
Taxes		-	-
NET CASH FROM(USED) OPERATING ACTIVITIES		**9 762**	**11 718**
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on Disposal of Fixed and Intangible Assets		-	372
Decrease (Increase) in Non-current Receivables		-	(61)
Decrease (Increase) in Investments		-	-
Payments			
Capital Assets		(7 256)	(7 596)
NET CASH FROM(USED) INVESTING ACTIVITIES		**(7 256)**	**(7 285)**
CASH FROM FINANCING ACTIVITIES			
Receipts			
Short-term Loans		-	-
Borrowing Long-term		-	-
Increase (Decrease) in Consumer Deposits		23	-
Payments		-	
Repayment of Borrowing		(2 465)	(1 958)
NET CASH FROM FINANCING ACTIVITIES		(2 442)	**(1 958)**
NET INCREASE (DECREASE) IN CASH		**64**	**2 475**
Cash and Cash Equivalents at year begin		839	851
Cash and Cash Equivalents at year end	46	**905**	**839**

Comparison of Budget and Actual Amounts for the year ended 30 June 2025

	2025 (R'000s)							
	Original Budget [ORGB]	Budget adjustments [ADJS]	Final adjustments budget [ADJB]	Shifting of funds [SOF]	Virements [VIR]	Final Budget [FBUDG]	Actual Outcome [ACTOUT]	Variance
Financial Performance								
Revenue								
Property rates	(12 450)	-	(12 450)		-	(12 450)	(10 482)	(1 968)
Service charges	(16 441)	1 345	(15 096)		-	(15 096)	(18 018)	2 922
Investment revenue	(450)	-	(450)		-	(450)	(359)	(91)
Transfer and subsidies – Operational	(39 254)	-	(39 254)		-	(39 254)	(39 254)	-
Other own revenue	(23 982)	(1 345)	(25 328)		-	(25 328)	(9 236)	(16 092)
Total Revenue (excluding capital transfers and contributions)	**(92 578)**	**-**	**(92 578)**		**-**	**(92 578)**	**(77 349)**	**(15 229)**
Expenditure								
Employee costs	31 109	1 693	32 803		-	32 803	32 374	429
Remuneration of councillors	4 996	(477)	4 519		-	4 519	5 192	(673)
Depreciation and amortisation	20 349	(1 090)	19 259		-	19 259	22 908	(3 649)
Interest	2 895	(2 436)	459		-	459	20 825	(20 366)
Inventory consumed and bulk purchases	17 258	(190)	17 068		-	17 068	24 050	(6 982)
Transfers and subsidies	-	-	-		-	-	-	-
Other expenditure	33 695	2 499	36 194		-	36 194	2 816	33 378
Total Expenditure	**110 302**	**(1)**	**110 302**		**-**	**110 302**	**108 165**	**(2 137)**

Comparison of Budget and Actual Amounts for the year ended 30 June 2025 (Continued)

	2025 (R'000s)							
	Original Budget	Budget adjustments	Final adjustments budget	Shifting of funds	Virements	Final Budget	Actual Outcome	Variance
Capital expenditure and fund sources								
Capital expenditure	8 129	423	8 552	-	-	8 552	15 689	(7 136)
Transfers recognised – capital	8 017	423	8 440	-	-	8 440	7 164	1 276
Public contributions & households	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Internally generated funds	112	-	112	-	-	112	8 525	(8 413)
Total sources of capital funds	8 129	423	8 552	-	-	8 552	**15 689**	(7 136)
Financial position								
Total current assets	10 859	32 438	43 297	-	-	43 297	76 161	(32 864)
Total non-current assets	218 033	31 548	249 581	-	-	249 581	238 431	11 150
Total current liabilities	116 639	32 872	149 510	-	-	149 510	165 480	(15 970)
Total non-current liabilities	39 755	(2 482)	37 273	-	-	37 273	56 396	(19 122)
Community wealth/equity	72 498	33 597	106 095	-	-	106 095	92 716	13 379

Comparison of Budget and Actual Amounts for the year ended 30 June 2025 (Continued)

	2025 (R'000s)							
	Original Budget	Budget adjustments	Final adjustments budget	Shifting of funds	Virements	Final Budget	Actual Outcome	Variance
Cash Flows								
Net cash from (used) operating	21 754	(4 704)	17 051			17 051	(10 805)	27 856
Net cash from (used) investing	(8 129)	(423)	(8 552)			(8 552)	(3 450)	(5 102)
Net cash from (used) financing	-	-	-			-	-	-
Cash/cash equivalents at year end	**13 625**	**(5 127)**	**8 499**			**8 499**	**905**	**22 754**

Comment:

*budget adjustments done in terms of section 28 and section 31 of the MFMA

**shifting of funds done in terms of section 31 of the MFMA

***virement in terms of Council Approve Policy, virements must offset each other so that virements in Total Expenditure column equals zero

[3] = sum of column **[1]** and **[2]**

[2] Represents movements in original budget to get to final adjustments budget (including shifting of funds)

[6] = sum of column **[3]**, **[4]** and **[5]**

[8] = **[7]** minus **[6] (the municipality can also express this variance as a %).** Note that GRAP 24 requires an explanation of material differences (by way of note disclosures) and acknowledges that it can also be presented in the financial statements. An explanation of the material difference will assist users in understanding the reasons for material departures from the approved budget.

Reportable Segments for the year ended 30 June 2025

Segment Reporting

For management purposes, the municipality is organised and operates in three key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

The key business units comprise of:

- Energy Sources;
- Water Management;
- Waste Water Management;
- Waste Management;
- Community and public safety;
- Economic and environmental services;
- Executive; Administration and Other.

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Reportable Segments for the year ended 30 June 2025 (continued)

	2025 (R'000s)									
	Energy Sources	Water Management	Waste Water Management	Waste Management	Community and public safety	Economic and environmental services	Executive; Admin and Other	Total Cost Allocated to Other Functions	Total Cost Recovered from Other Functions	Total
Revenue										
Exchange Revenue										
Service charges - Electricity	(11 070)									(11 070)
Service charges - Water		(3 013)								(3 013)
Service charges – Waste Water Management			(2 035)							(2 035)
Service charges – Waste Management				(1 863)						(1 863)
Sale of Goods and Rendering of Services							(36)			(36)
Agency services										
Interest other										
Interest earned from receivables	(1 573)		(518)	(828)						(2 920)
Interest earned from current and non-current assets	-						(359)			(359)
Dividends	-									
Rent on land	-									
Licences and permits	-						(4)			(4)
Rental from fixed assets	-						(365)			(365)
Operational revenue							(3 718)			(3 718)
Total Exchange Revenue	**(12 644)**	**(3 013)**	**(2 553)**	**(2 692)**			**(4 481)**			**(25 383)**
Non-Exchange Revenue										
Property rates by Usage							(10 482)			(10 482)
Surcharges and taxes										
Fines, penalties and forfeits							(19)			(19)
Licences and permits										
Transfers and Subsidies – Operational					(1 090)	(1 200)	(36 964)			(39 254)
Transfers and subsidies – Capital (monetary)							(8 199)			(8 199)

Transfers and subsidies – Capital (in-kind)										
Interest earned from receivables							(1 844)			(1 844)
Fuel levy										
Operational revenue										
Gains on disposal of Assets		811			2		(107)			705
Other Gains							(366)			(366)
Discontinued operations										
Total Non-Exchange Revenue		**811**			**(1 089)**	**(1 200)**	**(58 930)**			**(60 163)**
Total Segment Revenue	**(12 644)**	**(2 203)**	**(2 553)**	**(2 692)**	**(1 089)**	**(1 200)**	**(63 410)**			**(85 546)**
Expenditure										
Employee related costs	1 621	4 149		4 544	1 197	1 294	19 569			32 374
Remuneration of councillors							5 192			5 192
Bulk Purchases	19 816									19 816
Inventory consumed	362	1 931	381	474		689	396			4 234
Debt impairment	(88 926)	34 344	8 813	15 235			11 182			(19 350)
Depreciation and amortisation	3 267	6 634	1 127				11 880			22 908
Interest				3 807			17 018			20 825
Contracted services		78	19	7		679	1 539			2 322
Transfers and subsidies										
Irrecoverable debts written off										
Operational costs	413	48		2 047	26	91	16 513			19 139
Losses on disposal of Assets										
Other Losses										
Total Segment Expenditure	**(63 446)**	**47 185**	**10 340**	**26 509**	**1 223**	**2 754**	**81 871**			106 105
Surplus/(Deficit)	**(76 089)**	**44 982**	**7 787**	**23 818**	**135**	**1 554**	**18 461**			**22 620**
Income Tax										
Surplus/(deficit) after Income Tax	**(76 089)**	**44 982**	**7 787**	**23 818**	**135**	**1 554**	**18 461**			**22 620**
Share of Surplus/(Deficit) attributable to Joint Ventures										
Share of Surplus/(Deficit) attributable to Minorities										

Surplus/(deficit) attributable to municipality	**(76 089)**	**44 982**	**7 787**	**23 818**	**135**	**1 554**	**18 461**			**22 620**
Share of Surplus/Deficit attributable to Associates										
Intercompany/Parent subsidiary transactions										
Surplus/(Deficit) for the year	**(76 089)**	**44 982**	**7 787**	**23 818**	**135**	**1 554**	**18 461**			**22 620**
Total Capital Expenditure		**7 256**	**271**				**8 162**			15 689
Other Information										
Segment assets	99 955	140 876	20 881	16 053		(62)	37 912			314 592
Segment liabilities	(31 172)	8 120				226	(199 393)			(221 876)
Additions to non-current assets		7 256	271				8 162			15 689
Non-cash revenue (included above)		811			2		(473)			(366)
Non-cash expenses (included above)	(85 658)	40 978	9 940	15 235			21 643			4 263
Cash flows from operating activities	2 920	4 370	922	67		(238)	(18 846)			(10 805)
Cash flows from investing activities		(3 402)					(49)			(3 450)
Cash flows from financing activities										

Reportable Segments for the year ended 30 June 2025 (continued)

	2024 (R'000s)									
	Energy Sources	Water Management	Waste Water Management	Waste Management	Community and public safety	Economic and environmental services	Executive; Admin and Other	Total Cost Allocated to Other Functions	Total Cost Recovered from Other Functions	Total
Revenue										
Exchange Revenue										
Service charges - Electricity	(10 923)									(10 923)
Service charges - Water		(3 072)								(3 072)
Service charges – Waste Water Management			(1 779)							(1 779)
Service charges – Waste Management				(1 851)						(1 851)
Sale of Goods and Rendering of Services							(43)			(43)
Agency services										
Interest other										
Interest earned from receivables	(543)	(3 047)	(528)	(931)			(787)			(5 836)
Interest earned from current and non-current assets							(15)			(15)
Dividends										
Rent on land										
Licences and permits							(1)			(1)
Rental from fixed assets							(213)			(213)
Operational revenue										
Total Exchange Revenue	**(11 466)**	**(6 120)**	**(2 307)**	**(2 781)**			**(1 059)**			**(23 733)**
Non-Exchange Revenue										
Property rates by Usage							(10 862)			(10 862)
Surcharges and taxes										
Fines, penalties and forfeits							(150)			(150)
Licences and permits										
Transfers and Subsidies – Operational							(31 111)			(31 111)
Transfers and subsidies – Capital (monetary)										

Transfers and subsidies – Capital (in-kind)										
Interest earned from receivables							(5 021)			(5 021)
Fuel levy										
Operational revenue										
Gains on disposal of Assets							(89)			(89)
Other Gains										
Discontinued operations										
Total Non-Exchange Revenue							**(47 233)**			**(47 233)**
Total Segment Revenue	**(11 466)**	**(6 120)**	**(2 307)**	**(2 781)**	**-**	**-**	**(48 291)**			**(70 966)**
Expenditure										
Employee related costs	1 423	3 274		4 291	110	1 682	18 122			28 901
Remuneration of councillors							4 745			4 745
Bulk Purchases	18 682									18 682
Inventory consumed	164	595	1 687	739			111			3 297
Debt impairment							10 079			10 079
Depreciation and amortisation	1 613	3 273	511	544			3 758			9 699
Interest							10 131			10 131
Contracted services		60			260		2 289			2 609
Transfers and subsidies										
Irrecoverable debts written off										
Operational costs	59	28		49	19	36	4 645			4 836
Losses on disposal of Assets										
Other Losses										
Total Segment Expenditure	**21 942**	**7 229**	**2 198**	**5 624**	**389**	**1 718**	**53 881**			**92 980**
Surplus/(Deficit)	**10 476**	**1 109**	**(109)**	**2 842**	**389**	**1 718**	**5 589**			**22 014**
Income Tax										
Surplus/(deficit) after Income Tax	**10 476**	**1 109**	**(109)**	**2 842**	**389**	**1 718**	**5 589**			**22 014**
Share of Surplus/(Deficit) attributable to Joint Ventures										
Share of Surplus/(Deficit) attributable to Minorities										

Surplus/(deficit) attributable to municipality	**10 476**	**1 109**	**(109)**	**2 842**	**389**	**1 718**	**5 589**			**22 014**
Share of Surplus/Deficit attributable to Associates	-	-	-	-	-	-	-			-
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-			-
Surplus/(Deficit) for the year	**10 476**	**1 109**	**(109)**	**2 842**	**389**	**1 718**	**5 589**			**22 014**
Total Capital Expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**			**-**
Other Information										
Segment assets	(3 794)	94 844	12 933	-	-	-	214 081			318 064
Segment liabilities	-	-	-	-	-	-	(187 111)			(187 111)
Additions to non-current assets	-	-	-	-	-	-	-			-
Non-cash revenue (included above)							(89)			(89)
Non-cash expenses (included above)	1 613	3 273	511	544			13 837			19 778
Cash flows from operating activities	-	-	-	-	-	-	(11 718)			(11 718)
Cash flows from investing activities	-	-	-	-	-	-	(7 281)			(7 281)
Cash flows from financing activities	-	-	-	-	-	-	(1 958)			(1 958)

Notes to the Annual Financial Statements

1. Accounting Policies

The financial statements of Kamiesberg Local Municipality for the year ended 30 June 2025 were authorised for issue by the Accounting Officer on 31 August 2025.

1.1 Basis of Preparation

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

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

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

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

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

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2 Presentation Currency

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

1.3 Going Concern Assumption

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

1.4 Comparative Information

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

1.5 Consistent and new Accounting Policies

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

1.6 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

Management has determined materiality for the purposes of explaining variances between the final budget amounts and actual results included in the annual financial statements, as R905 000 and a variance of more than 10%.

1.7 Presentation of Budget Information

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

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

The comparable information includes the following:

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

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

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the notes to the annual financial statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the notes to the annual financial statements. The municipality considers a variance between the actual and budget of more than 10% of the budgeted value as material, provided that such variance exceeds R905 000. All variances less than R905 000 are considered immaterial.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8 Standards, Amendments to Standards and Interpretations Issued but not yet effective

Refer to note 2 for a detailed disclosure.

1.8 Reserves

1.8.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) is credited by a corresponding amount when the amounts in the CRR are utilized.

1.9 Leases

1.9.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset’s fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

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

1.9.2 Municipality as Lessor

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

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

1.10 Unspent Conditional Government Grants and Receipts

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

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

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.

1.11 Unspent Public Contributions

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

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

- Unspent public contributions 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 as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.12 Provisions

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at the reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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

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.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

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

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

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

1.13 Employee Benefits

(a) Post-Retirement Medical Obligations

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

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as a finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated using the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

(b) Long Service Awards

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

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

(c) Staff Leave

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

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

Accumulated leave is vesting.

(d) Staff Bonuses

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

(e) Other Short-term Employee Benefits

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

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

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

1.14 Consumer Deposits

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

1.15 Property, Plant and Equipment

1.15.1 Initial Recognition

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

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

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period.

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

1.15.2 Subsequent Measurement – Cost Model

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

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

1.15.3 Depreciation and Impairment

Land is not depreciated as it is regarded as having an indefinite useful life. Depreciation on assets other than land is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances

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

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

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

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

Asset Category	***Years***
Land and Buildings	
Land	Indefinite
Buildings	2-100
Infrastructure	
Roads and Streets	1-70
Storm Water	1-50
Electricity	1-40
Water	1-70
Sanitation	1-30
Waste Management	1-50
Other	30
Community	
Recreation Grounds	4-40
Housing	5-40
Community Halls	2-40
Libraries	2-40
Parks and Gardens	2-40
Clinics	2-40
Security and Policing	2-40
Other	2-40
Finance lease assets	
Office equipment	2-5
Other assets	2-5
Other	
Vehicles	5-10
Furniture and other Office equipment	3-10
Furniture and fittings	2-32
Plant and Equipment	2-15
Computer equipment	3-5

1.15.4 De-recognition

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

1.15.5 Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used to determine the deemed cost as on 1 July 2007. For Other Assets, the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.16 Intangible Assets

1.16.1 Initial Recognition

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

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

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

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

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- the municipality has the ability to use or sell the intangible asset;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

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

1.16.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.16.3 Amortisation and Impairment

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

Intangible Assets	**Years**
Computer Software	2-5
Computer Software Licenses	2-5

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

1.16.4 De-recognition

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

1.16.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.17 Investment Property

1.17.1 *Initial Recognition*

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

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

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

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

Transfers are made to or from investment property only when there is a change in use.

For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of use change.

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

For a transfer from owner-occupied property becomes an investment property measured at fair value, the difference between the carrying value and fair value at the reporting date shall be treated as a revaluation.

For a transfer from inventory to investment property (operating lease), the municipality shall apply an accounting policy for operating leases.

1.17.2 *Subsequent Measurement – Cost Model*

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

1.17.3 *Depreciation and Impairment – Cost Model*

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year's end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	Years
Buildings	30

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

1.17.4 *De-recognition*

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

1.17.5 *Application of deemed cost (Directive 7)*

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used to determine the deemed cost as on 1 July 2007.

1.18 Heritage Assets

1.18.1 Initial Recognition

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

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

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

1.18.2 Subsequent Measurement – Cost Model

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

1.18.3 Depreciation and Impairment

Heritage assets are not depreciated

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

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

1.18.4 De-recognition

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

1.18.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used to determine the deemed cost as on 1 July 2011.

1.19 Impairment of Non-Financial Assets

1.19.1 *Cash-generating assets*

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

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

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

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;

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

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

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

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

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

1.19.2 *Non-cash-generating assets*

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

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

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

(a) External sources of information

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

(b) Internal sources of information

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

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

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

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

An impairment loss is recognised immediately in surplus or deficit unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.
An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the

carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.20 Inventories

1.20.1 *Initial Recognition*

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

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

1.20.2 *Subsequent Measurement*

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

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

In general, the basis of allocating cost to inventory items is the first-in-first-out method.

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

Land held for sale is measured as the lower of cost and current replacement cost. The cost of land held for sale is assigned by using specific identification of their individual costs. Land is transferred from Investment Property to Inventory at carrying value when it is available for sale in the ordinary course of operations or the process of development for sale.

1.21 Financial Instruments

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as a financial instrument.

1.21.1 *Initial Recognition*

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

1.21.2 Subsequent Measurement

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

1.21.2.1 *Receivables*

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

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

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

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

1.21.2.2 *Payables and Annuity Loans*

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

1.21.2.3 *Cash and Cash Equivalents*

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

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.21.3 *De-recognition*

1.21.3.1 *Financial Assets*

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

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

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

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

1.21.3.2 *Financial Liabilities*

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

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

1.21.4 *Offsetting of Financial Instruments*

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

1.22 Statutory Receivables

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

1.22.1 *Initial Recognition*

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

1.22.2 Subsequent Measurement

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

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

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

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

1.22.3 Derecognition

The Municipality derecognises a statutory receivable when:

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

1.23 Revenue

1.23.1 Revenue from Non-Exchange Transactions

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

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

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

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

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

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

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

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

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

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

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

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

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

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

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

Revenue arising from the legislation is recognised in accordance with the approved tariff.

1.23.2 Revenue from Exchange Transactions

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

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

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

Revenue from the services rendered is recognised when:

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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

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

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

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

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

Interest revenue is recognised using the effective interest rate method.

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

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

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

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

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

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

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

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

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

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

1.24 Accounting By Principals and Agents

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

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

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

Where the municipality is the agent of the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or money due being recorded in terms of GRAP 104: Financial Instruments.

Identification

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

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

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

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement. In the assessment reference is made to substance over form. Therefore the exact wording of the contract is not the only indicator (for example if reference is made to "agent"). If rights and obligations are substantially transferred this could indicate a principal/agent arrangement. If not the arrangement is accounted for as a normal supplier/customer relationship.

1.25 Service Concession Arrangements: (Municipality as Grantor)

Identification

Service concession arrangements of the municipality include the provision of mandated functions on behalf of the municipality by the operator for a specified period, for which the operator is compensated for its services over the period of the service concession arrangement.

Initial Recognition

Service concession assets are measured initially at fair value except where the assets are existing assets of the municipality in which case the assets are reclassified at their carrying amounts. Service concession assets will be identified separately.

The service concession liability is recognised and initially measured at:

- The same amount as the service concession asset,
- Adjusted by the amount of any other consideration (e.g., cash) from the municipality to the operator, or from the operator to the municipality.

Subsequent Measurement

The municipality initially measures the service concession asset at fair value if it Is not an existing asset of the municipality.

After initial recognition, the municipality applies the measurement (including impairment) and derecognition principles to the service concession asset applicable to similar items of Property, Plant and Equipment, Intangible Assets or Heritage Assets.

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

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

Other Liabilities, Contingent Liabilities, Contingent Assets and Revenue

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

The municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the principles of Revenue from Exchange Transactions.

Dividing the arrangement

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

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

Were the municipality controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the municipality recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement. The value of the receivable at the end of the service concession arrangement reflects the value of the service concession asset as if it were already in the age and the condition expected at the end of the service concession arrangement.

1.26 Transfer of Functions (Municipality as Acquirer)

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

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

An asset is identifiable if it either:

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

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

(a) identifying the acquirer (Municipality);
(b) determining the acquisition date;
(c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
(d) recognising the difference between (c) and the consideration transferred to the seller.

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

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

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

1.27 Related Parties

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

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

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

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

- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).
- the entity, or any member of a group of which it is part, provides management services to the reporting entity or to the controlling entity of the reporting entity.

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

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived from 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 reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

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

1.28 Unauthorised Expenditure

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

1.29 Irregular Expenditure

Irregular expenditure is an expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 Fruitless and Wasteful Expenditure

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

1.31 Contingent Liabilities and Contingent Assets

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

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

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

1.32 Significant Accounting Judgements and Estimates

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

The following are the critical judgements, apart from those involving estimations, that management has 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:

Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 12 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

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

Impairment of Statutory Receivables

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

Property, Plant and Equipment

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

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

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

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

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

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

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

Intangible Assets

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

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

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

Investment Property

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

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

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

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

Provisions, Contingent Liabilities and Contingent Assets

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

Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

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

Provision for Staff leave

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

Componentisation of Infrastructure assets

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

Revenue Recognition

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

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

1.33 Taxes – Value-added Tax

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

1.34 Material Losses

Material Losses represent distribution losses of electricity and water. The electricity and water units lost are calculated by taking into account the units purchased and sold during the year. Thereafter, the lost units are quantified by using the acquisition price.

Distribution losses for electricity are only disclosed in the financial statements in terms of the Municipal Finance Management Act (Act 56 of 2003).

Distribution losses for water are recognised and disclosed in the financial statements in terms of the Water Services Act (Act 108 of 1997) and the Municipal Finance Management Act (56 of 2003).

1.35 Capital Commitments

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

1.36 Segment Reporting

A segment is an activity of an entity:

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

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

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

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

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

1.37 Events after Reporting Date

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

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

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

2. Standards and interpretations issued, but not yet effective

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 3 : Accounting Policies, Changes in Accounting Estimates and Errors	01 April 2025	May require restatement of comparative figures, depending on the nature of the policy change.
GRAP 104 : Financial Instruments	01 April 2025	Medium to High Impact – *Significant change in financial asset recognition and measurement, with added disclosure complexity.*
iGRAP 22 : Foreign Currency Transactions and Advance Consideration	01 April 2025	Low Impact – *Mostly affects entities with foreign currency transactions (e.g., grant payments or procurement).*
GRAP 103 : Heritage Assets,	01 April 2025	Medium Impact – Only affects entities with significant heritage asset holdings (e.g., museums, cultural sites).
GRAP 105/106 : Transfer of Functions	01 April 2025	Medium Impact – Relevant where transfers of functions take place (e.g., water services transfer from district to local municipality).

3. Cash and cash equivalents

	2025 (R'000s)	2024 (R'000s)
Cash and cash equivalents consist of the following:		
Cash at Bank		
Bank account	15	18
Savings account	-	-
Call deposits and investments		
Deposit taking Institutions	890	821
Cash on hand		
Cashier Floats	-	-
Cash in Transit	-	-
Petty Cash	-	-
Overdraft facilities approved and used	-	-
Total cash and cash equivalents	**905**	**839**

Cash at banks earns interest at floating rates based on daily bank deposit rates.
Short-term deposits are made for varying periods, depending on the immediate cash requirements earn interest at the respective short-term deposit rate.

3.1 Bank accounts

Displaying full amounts	2025	2024
The municipality has the following bank accounts with Bank Statement Balances as at 30 June :		
Primary Account :		
First National Bank : Account Number 620 2250 1440	(18 613)	17 938
Other saving and Call accounts :		
First National Bank : Account Number : 61282751729	4 461	-
First National Bank : Account Number : 62012466018	4 420	46
First National Bank : Account Number : 62117682791	7 628	7 729
First National Bank : Account Number : 74282299369	439 876	379 115
First National Bank : Account Number : 71053360915	218 962	203 218
First National Bank : Account Number : 71059354764	242 961	225 222
First National Bank : Account Number : 63059298092	5 498	5 255
Total	**905 193**	**838 523**

Difference between Cash Book and Bank Statement

	2025		
	Cash book	Bank Statement	Difference
First National Bank : Account Number 620 2250 1440	15 242	(18 613)	33 855
First National Bank : Account Number : 62182751729	4 461	4 461	-
First National Bank : Account Number : 62012466018	4 420	4 420	-
First National Bank : Account Number : 62117682791	7 628	7 628	-
First National Bank : Account Number : 74282299369	439 876	439 876	-
First National Bank : Account Number : 71053360915	218 962	218 962	-
First National Bank : Account Number : 71059354764	242 961	242 961	-
First National Bank : Account Number : 63059298092	5 498	5 498	-
Total	**904 993**	**905 193**	**33 855**

	2024		
	Cash book	Bank Statement	Difference
First National Bank : Account Number : 620 2250 1440	17 938	318 659	300 722
First National Bank : Account Number : 61282751729	0	0	0
First National Bank : Account Number : 62012466018	45	45	0
First National Bank : Account Number : 62117682791	7 729	7 729	0
First National Bank : Account Number : 74282299369	379 115	407 479	28 365
First National Bank : Account Number : 71053360915	203 218	203 218	0
First National Bank : Account Number : 71059354764	225 222	225 222	0
Total	**838 521**	**1 152 672**	**329 087**

Note:
The reason for the difference between the Cashbook- and Bank Statement- balance is due to outstanding bank reconciling items.

Note:
The municipality has the following collateral, contingent balances and guarantees on bank accounts:
Collateral legal entity - Kamiesberg Local Municipality Date signed : 2010/09/20:

Type		Face value
Cession & Pledge of Credit Balances	R	151 734
Cession & Pledge of Credit Balances	R	32 678
	R	**184 412**

4. Trade and other receivables from exchange transactions

		2025 (R'000s)	2024 (R'000s)
Trading Service and Consumer Service Debtors	**4.1**		
Electricity		495	(78 929)
Waste Management		3 574	18 919
Wastewater Management		424	8 812
Water		3 335	37 519
Merchandising, Jobbing and Contracts		2 445	23 486
Other Trade Receivables		749	777
Total Trade and other receivables from Exchange Transactions		**11 023**	**10 583**

Note:
The amount disclosed in this note is **net** of impairment. Refer to note 4.1 for the amount before the provision (gross) and the actual value of the provision.

4.1 Trading Service and Consumer Service Debtors

A policy exists which grants consumer debtors an opportunity to make arrangements to pay off their arrear debt over a period to the maximum of one year (12 months) with a deposit payable.

	2025 (R'000s)			2024 (R'000s)		
	Gross	Impairment	Total	Gross	Impairment	Total
Consumer receivables from exchange transactions						
Electricity	9 669	(9 174)	**495**	9 996	(88 926)	**(78 929)**
Waste Management	20 434	(16 860)	**3 574**	18 344	575	**18 919**
Waste Water Management	10 253	(9 829)	**424**	8 546	266	**8 812**
Water	40 053	(36 718)	**3 335**	36 207	1 311	**37 519**
Merchandising, Jobbing and Contracts	23 145	(20 700)	**2 445**	23 145	341	**23 486**
Other Trade Receivables	749	-	**749**	777	-	**777**
Total consumer receivables from exchange transactions	**104 303**	**(93 280)**	**11 023**	**97 015**	**(86 432)**	**10 583**

4.1.1 Impairment Reconciliation of Trading Service and Consumer Service Debtors

	2025 (R'000s)				2024 (R'000s)			
	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
Consumer receivables from exchange transactions								
Electricity	(84 985)	(9 174)	84 985	**(9 174)**	(88 926)			**(88 926)**
Waste Management	-	(16 860)		**(16 860)**	575			**575**
Waste Water Management	-	(9 829)		**(9 829)**	266			**266**
Water	-	(36 718)		**(36 718)**	1 419	(107)		**1 311**
Merchandising, Jobbing and Contracts	-	(20 700)		**(20 700)**	341			**341**
Other Trade Receivables								
Total consumer receivables	**(84 985)**	**(93 280)**	**84 985**	**(93 280)**	**(86 325)**	**(107)**		**(86 432)**

4.1.2 Trading Service and Consumer Services Debtors Past Due Excluding Impairment

	2025 (R'000s)				
	Total	**Current**	**30 days**	**60 days**	**90+ days**
Trading Service and Consumer Services Debtors from exchange transactions *Ageing by debt type*					
Electricity	9 669	-	28	54	9 587
Waste Management	20 434	-	59	81	20 294
Waste Water Management	10 253	-	59	81	10 113
Water	40 053	-	158	224	39 671
Merchandising, Jobbing and Contracts	23 145	-	14	21	23 110
Other Trade Receivables	749	-	-	-	749
Total by debt type	**104 303**	**-**	**319**	**461**	**103 524**

4.1.2 Trading Service and Consumer Services Debtors Past Due Excluding Impairment (Continued)

	2024 (R'000s)				
	Total	**Current**	**30 days**	**60 days**	**90 + days**
Trading Service and Consumer Services Debtors from exchange transactions *Ageing by debt type*					
Electricity	9 996	381	450	282	8 883
Waste Management	18 344	252	242	234	17 616
Waste Water Management	8 546	200	179	166	8001
Water	36 207	495	662	448	34 602
Other Trade Receivables	23 922	175	210	173	23 364
Total by debt type	**97 015**	**1 503**	**1 743**	**1 303**	**92 466**

4.1.3 Credit Quality of Trading Service and Consumer Services Debtors

Note:

The municipality's consumer receivables primarily comprises of amounts due from residents and commercial entities for services rendered, including water, electricity, and sanitation. The credit quality of these receivables is influenced by the payment behaviour of consumers, prevailing economic conditions, and the effectiveness of revenue management processes.

To assess the credit quality, the municipality reviews the age profile of outstanding receivables, historical payment patterns, and categories of customers (e.g., indigent households, government departments, businesses). Receivables are stratified by age (e.g., current, 30–60 days, 60–90 days, 90+ days), and provisions are made accordingly.

The municipality applies an expected credit loss (ECL) model in accordance with GRAP 104 / IFRS 9 principles. This involves estimating potential losses based on historical data, adjusted for forward-looking information such as unemployment rates, inflation, and economic growth forecasts. A provision for impairment is raised against receivables deemed at risk of non-collection.

Consumer receivables are reviewed on a regular basis, and enforcement actions (such as service disconnections or legal recovery processes) are undertaken where appropriate to manage credit risk.

4.1.4 Collection Rate of Trading Service and Consumer Services Debtors

	2025 %	2024 %
Electricity	67%	54% est.
Waste Management	67%	54% est.
Waste Water Management	67%	54% est.
Water	67%	54% est.
Merchandising, Jobbing and Contracts	4%	54% est.
Overall collection rate	**54%**	**54% est.**

5. Receivables from non-exchange transactions

	2025 (R'000s)	2024 (R'000s)
Property Rates by Usage	23 492	7 580
Unauthorised Expenditure	-	-
Irregular Expenditure	-	-
Fruitless and Wasteful Expenditure	-	-
Total Receivables	**23 492**	**7 580**

Note:
The amount disclosed in this note is **net** of impairment

5.1 Receivables from Non-Exchange Transactions

	2025 (R'000s)			2024 (R'000s)		
	Gross	Impairment	Total	Gross	Impairment	Total
Property Rates by Usage	78 470	(54 979)	23 492	72 994	(67 417)	7 580
Unauthorised Expenditure	-		-	-		-
Irregular Expenditure	-		-	-		-
Fruitless and Wasteful Expenditure	-		-	-		-
Total	**78 470**	**(54 979)**	**23 492**	**72 994**	**(67 417)**	**7 580**

5.1.1 Impairment Reconciliation of Receivables from Non-Exchange Transactions

	2025 (R'000s)				2024 (R'000s)			
	Opening balance	Impairment raised	Impairment reversed / debt w/off	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt w/off	Closing balance
Property Rates by Usage	(67 417)	-	12 438	(54 979)	(59 868)	(7 549)	-	(67 417)
Total	**(67 417**	**-**	**12 438**	**(54 979)**	**(59 868)**	**(7 549)**	**-**	**(67 417)**

5.1.2 Ageing of Receivables from Non-Exchange Transactions Past Due Excluding Impairment

	2025 (R'000s)						
	Total	Current	30 days	60 days	90 days	91+ days	
Property Rates by Usage	78 470	286	1 116	1 037	1 004	804	74 223
Unauthorised Expenditure	-	-	-	-	-	-	-
Irregular Expenditure	-	-	-	-	-	-	-
Fruitless and Wasteful Expenditure	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-
Total	**78 470**	**286**	**1 116**	**1 037**	**1 004**	**804**	**74 223**

5.1.3 Ageing from Receivables Non-Exchange Transactions Past Due Excluding Impairment

	2024 (R'000s)						
	Total	Current	30 days	60 days	90 days	91+ days	
Property Rates by Usage	72 994	-	1 098	999	941	69 956	-
Unauthorised Expenditure	-	-	-	-	-	-	-
Irregular Expenditure	-	-	-	-	-	-	-
Fruitless and Wasteful Expenditure	-	-	-	-	-	-	-
Total	**72 994**	**-**	**1 098**	**999**	**941**	**69 956**	**-**

Note:

In determining impairment losses, the municipality considers a range of qualitative and quantitative factors, including:

- **Age of the receivable** – older debts are more likely to be impaired.
- **Payment history of the debtor** – frequent defaults or irregular payments increase the likelihood of impairment.
- **Nature and type of the receivable** – e.g., fines are more difficult to collect than service charges.
- **Socio-economic conditions** – such as unemployment rates and economic hardship in the community.
- **Effectiveness of debt recovery procedures** – including availability of enforcement mechanisms.
- **Presence of disputes or legal challenges** – which may delay or prevent collection.
- **Classification of debtors** – for example, indigent households may be excluded from disconnection, affecting recoverability.

The municipality applies a historical impairment trend adjusted for current and forward-looking information to determine the expected recoverability of receivables. Where collection is deemed unlikely, a full impairment is recognised.

5.1.6 Credit Quality of Receivables from Non-Exchange Transactions

Note:

The municipality's Property Rates receivables primarily comprises of amounts due from residents and commercial entities for assessment rates charged based on the valuation of properties. The credit quality of these receivables is influenced by the payment behaviour of consumers, prevailing economic conditions, and the effectiveness of revenue management processes. Other Non-exchange receivables are based on actual transactional amounts.

To assess the credit quality, the municipality reviews the age profile of outstanding receivables, historical payment patterns, and categories of customers (e.g., indigent households, government departments, businesses). Receivables are stratified by age (e.g., current, 30–60 days, 60–90 days, 90+ days), and provisions are made accordingly.

The municipality applies an expected credit loss (ECL) model in accordance with GRAP 104 / IFRS 9 principles. This involves estimating potential losses based on historical data, adjusted for forward-looking information such as unemployment rates, inflation, and economic growth forecasts. A provision for impairment is raised against receivables deemed at risk of non-collection.

Consumer receivables are reviewed on a regular basis, and enforcement actions (such as service disconnections or legal recovery processes) are undertaken where appropriate to manage credit risk.

6. Inventory

		2025 (R'000s)	2024 (R'000s)
Consumables		-	434
Materials and Supplies		-	-
Water	**6.1**	1 293	2 334
Work-in -progress		-	-
Total Inventories		**1 293**	**2 768**

R **1 293** million (2024: R **2 768** million) of total inventory was carried at fair value less cost to sell.

The amount of inventories been written off and recognized as an expense is R 0,434 million (2024: R 0 million).

6.1 Water

6.1.1 Water Losses

	2025 (R'000s)	2024 (R'000s)
Water Losses:		
Apparent Losses: Unauthorised Consumption	-	-
Apparent Losses: Customer Meter Inaccuracies	-	-
Real Losses: Leakage on Transmission and Distribution Mains	-	-
Real Losses: Leakage and Overflows at Storage Tanks/Reservoirs	-	-
Real Losses: Leakage on Service Connections up to the point of Customer Meter	-	-
Data Transfer and Management Errors	2 766	2 711
Unavoidable Annual Real Losses	-	-
Total Water Losses	**2 766**	**2 711**

Note:

1. Aging Infrastructure
   - Leaking or burst pipes due to old or poorly maintained water infrastructure.
   - Corroded, cracked, or brittle pipes and joints causing physical losses.
2. Illegal Connections and Theft
   - Unauthorized use of water without billing.
   - Bypassing meters or connecting directly to mains.
3. Metering Issues
   - Faulty or broken water meters (under-recording consumption).
   - Inaccurate readings.
   - Estimated billing due to inaccessible meters.

	2025		2024	
	ML	**(R'000s)**	**ML**	**(R'000s)**
Units Purchased	(81)	(247)	(194)	(241)
Units sold	80	3 013	93	2 952
Total Loss	(1)	(2 766)	(101)	(2 711)
Comprising of				
Technical losses	(1)	(2 766)	(101)	(1 569)
Non-technical losses		-	-	(1 142)
Total	(1)	(2 766)	**(101)**	**(2 711)**
Percentage Loss:				
Technical losses	21%		52%	
Non-technical losses			-	
Total percentage loss	21%		52%	

7. Value Added Tax Receivable

	2025 (R'000s)	2024 (R'000s)
VAT Input Tax Accrual	35 845	27 239
VAT Receivable from SARS	3 598	4 065
Total Value Added Tax Receivable	**39 443**	**31 304**
VAT Payable (Refer to Note 19 to set off net VAT Receivable in the 2024AFS)		**(12 223)**
Net VAT Receivable as being disclosed in the Audited 2024 AFS		**19 081**

8. Other Current Receivables

	2025 (R'000s)	2024 (R'000s)
Cost Redistribution	(165)	(165)
Employee Net Pay and Bond Payment	157	157
Over/Under Banking	13	8
Total	**5**	**-**

9. Non-Current receivables from exchange and non-exchange transactions

		2025 (R'000s)	2024 (R'000s)
Receivables from exchange transactions	**9.1**		
Electricity		-	-
Waste Management		-	-
Waste Water Management		-	-
Water		-	-
Service Charges		-	-
Total Receivables from exchange transactions		**-**	**-**
Receivables from non-exchange transactions	**9.2**		
Property Rates		-	-
Total Receivables from non-exchange transactions		**-**	**-**
Total Non-Current Receivables		**-**	**-**

Note:

Non-Current receivables from exchange and non-exchange transactions, could not be classified yet as agreements / arrangements should be formulised to settle accounts.

10. Investment Property

10.1 Reconciliation of Carrying Value [Cost Model]

	2025 (R'000s)	[Y0_21] (R'000s)
Opening Carrying Value:		
Cost	30 951	30 951
Accumulated Depreciation and Impairment Losses	(157)	(157)
Additions from Acquisitions	-	-
Additions from Transfer of Functions and/or Mergers	-	-
Capitalised Costs (including WIP)	-	-
Depreciation **Note 40**	-	-
Carrying Value of Disposals / Transfers:		
Cost	(398)	-
Accumulated Depreciation and Impairment Losses	-	-
Impairment Loss / Reversal of Impairment Loss **Note 41**	157	157
Other Changes	-	-
Closing Carrying Value		
Cost	**30 553**	**30 951**
Accumulated Depreciation and Impairment Losses	**-**	**-**

10.2 Investment Property Under Construction [Cost]

	2025 (R'000s)	2024 (R'000s)
Accumulated expenditure included in carrying value of investment property	-	-
Of which:		
Accumulated borrowing costs included in the carrying amount of investment property	-	-
Borrowing costs capitalised during the period	-	-
Carrying value of investment property taking significantly longer than expected	-	-
Carrying value of investment property halted	-	-

10.3 Maintenance of Investment Property

	2025 (R'000s)	2024 (R'000s)
The following maintenance costs were incurred:		
Preventative Maintenance *incurred on*		
Revenue generating investment property	-	-
Non-revenue generating investment property	-	-
Corrective Maintenance *incurred on*		
Revenue generating investment property	-	-
Non-revenue generating investment property	-	-
Total	**-**	**-**

10.4 Funding of Investment Property Acquisitions

	2025 (R'000s)	2024 (R'000s)
Additions to investment property was funded from the following sources:		
Funded by National Government	-	-
Funded by Provincial Government	-	-
Funded by District Municipality	-	-
Funded by Transfers and subsidies - All others	-	-
Funded by Borrowing	-	-
Funded by Internally generated funds	-	-
Total	**-**	**-**

11 Property, Plant and Equipment

11.1 Reconciliation Summary

	2025 (R'000s)			2024 (R'000s)		
	Cost / Revaluation	Accumulated Depreciation and Accumulated Impairment	Carrying Value	Cost / Revaluation	Accumulated Depreciation and Accumulated Impairment	Carrying Value
Land	7 318	(478)	6 840	7 318	(478)	6 840
Transport Assets	11 352	(1 222)	10 130	2 569	(1 038)	1 531
Electrical Infrastructure	62 339	(45 108)	17 231	62 344	(40 336)	22 008
Water Supply Infrastructure	164 364	(85 754)	78 610	160 803	(68 293)	92 510
Sanitation Infrastructure	23 255	(12 649)	10 606	23 111	(10 178)	12 933
Solid Waste Infrastructure	37 491	(23 656)	13 835	34 626	(19 996)	14 630
Rails Infrastructure	-	-	-	-	-	-
Machinery and Equipment	1 866	(1 831)	35	2 107	(1 561)	546
Furniture and Office Equipment	5068	(3 376)	1 692	6 551	(2 718)	3 832
Computer Equipment	570	(433)	137	523	(287)	235
Information and Communication Infrastructure	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-
Roads Infrastructure	149 171	(105 231)	43 940	149 180	(96 257)	52 923
Storm water Infrastructure	-	-	-	-	-	-
Community Assets	15 663	(2 320)	13 343	14 649	(1 165)	13 484
Other assets	24 195	(12 948)	11 247	25 174	(12 948)	12 226
Total Property, Plant and Equipment	**502 652**	**(295 401)**	**207 648**	**488 955**	**(255 255)**	**233 699**

11.2.1 Reconciliation of Carrying Value

	2025 (R'000s)						
	Opening balance	**Additions**	**Disposals and other changes**	**Transfers**	**Depreciation**	**Impairment loss**	**Total**
Land	7 318	-	-	-		(478)	6 840
Transport Assets	2 569	8 107	(26)	702	(1 222)	-	10 130
Electrical Infrastructure	62 344	-	-	(6)	(45 108)	-	17 230
Water Supply Infrastructure	160 803	7 256	(811)	(2 884)	(85 754)	-	78 610
Sanitation Infrastructure	23 111	-	-	145	(12 649)	-	10 607
Solid Waste Infrastructure	34 626	-	-	2864	(23 656)	-	13 834
Rails Infrastructure	-	-	-	-	-	-	-
Machinery and Equipment	2 107	271	1	(513)	(1 831)	-	35
Furniture and Office Equipment	6 551	-	(24)	(1 458)	(3 376)	-	1 693
Computer Equipment	523	55	(7)	-	(433)	-	138
Information and Communication Infrastructure	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-
Roads Infrastructure	149 180	-	(10)	1	(105 231)	-	43 940
Storm water Infrastructure	-	-	-	-	-	-	-
Community Assets	14 649	-	-	1 014	(2 320)	-	13 343
Other Assets	25 174	-	(2)	-	(12 948)	-	12 224
Total PPE Carrying Value	**488 955**	**15 689**	**(879)**	**(135)**	**(294 528)**	**(478)**	**207 648**

11.2.2 Reconciliation of Carrying Value (Continued)

	2024 (R'000s)						
	Opening balance	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Impairment loss**	**Total**
Land	7 318	-	-	-		(478)	6 840
Transport Assets	2 569	-	-	-	(1 038)	-	1 531
Electrical Infrastructure	62 344	-	-	-	(40 336)	-	22 008
Water Supply Infrastructure	160 803	-	-	-	(68 293)	-	92 510
Sanitation Infrastructure	23 111	-	-	-	(10 178)	-	12 933
Solid Waste Infrastructure	34 626	-	-	-	(19 996)	-	14 630
Rails Infrastructure	-	-	-	-	-	-	-
Machinery and Equipment	2 107	-	-	-	(1 561)	-	546
Furniture and Office Equipment	6 551	-	-	-	(2 718)	-	3 832
Computer Equipment	523	-	-	-	(287)	-	235
Information and Communication Infrastructure	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-
Roads Infrastructure	149 180	-	-	-	(96 257)	-	52 923
Storm water Infrastructure	-	-	-	-	-	-	-
Community Assets	14 649	-	-	-	(1 165)	-	13 484
Other Assets	25 174	-	-	-	(12 948)	-	12 226
Total PPE Carrying Value	**488 955**	**-**	**-**	**-**	**(254 777)**	**(478)**	**233 699**

11.3 Construction work in progress

	2025 (R'000s)		2024 (R'000s)	
	Cost / Valuation	**Carrying Value**	**Cost / Valuation**	**Carrying Value**
Land	-	-	-	-
Transport Assets	-	-	-	-
Electrical Infrastructure	-	-	-	-
Water Supply Infrastructure	453	453	-	-
Sanitation Infrastructure	-	-	-	-
Solid Waste Infrastructure	-	-	-	-
Rails Infrastructure	-	-	-	-
Machinery and Equipment	-	-	-	-
Furniture and Office Equipment	-	-	-	-
Computer Equipment	-	-	-	-
Information and Communication Infrastructure	-	-	-	-
Coastal Infrastructure	-	-	-	-
Roads Infrastructure	-	-	-	-
Storm water Infrastructure	-	-	-	-
Community Assets	-	-	-	-
Other Assets	-	-	-	-
Total **Construction work in progress**	**453**	**453**	**-**	**-**

The useful lives of assets were not adjusted during 2025. All changes in accounting estimates are applied prospectively, accordingly no prior year adjustments were made.

11.4.1 Maintenance of Property, Plant and Equipment by Condition

	2025 (R'000s)				
	Preventative Maintenance		Corrective Maintenance		Total
	Interval Based	Condition Based	Planned	Emergency	
Transport Assets				(392)	(392)
Electrical Infrastructure				16	16
Water Supply Infrastructure				1 011	1 011
Sanitation Infrastructure					
Solid Waste Infrastructure					
Rails Infrastructure	-	-	-	-	-
Machinery and Equipment					
Furniture and Office Equipment				616	616
Computer Equipment					
Information and Communication Infrastructure	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-
Roads Infrastructure				(15)	(15)
Storm water Infrastructure	-	-	-	-	-
Community Assets					
Other Assets					
Total Maintenance of Property, Plant and Equipment by Condition	**-**	**-**	**-**	**1 236**	**1 236**

11.4.2 Maintenance of Property, Plant and Equipment by Condition (Continued)

	2024 (R'000s)				
	Preventative Maintenance		Corrective Maintenance		Total
	Interval Based	Condition Based	Planned	Emergency	
Transport Assets					
Electrical Infrastructure				164	164
Water Supply Infrastructure				35	35
Sanitation Infrastructure					
Solid Waste Infrastructure					
Rails Infrastructure	-	-	-	-	-
Machinery and Equipment				16	16
Furniture and Office Equipment				2	2
Computer Equipment					
Information and Communication Infrastructure	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-
Roads Infrastructure					
Storm water Infrastructure	-	-	-	-	-
Community Assets					
Other Assets					
Total Maintenance of Property, Plant and Equipment by Condition	**-**	**-**	**-**	**217**	**217**

11.5 Funding of Property, Plant and Equipment Acquisitions

	2025 (R'000s)	2024 (R'000s)
Additions to Property, Plant and Equipment was funded from the following sources:		
Funded by National Government	7 256	7 122
Funded by Provincial Government	-	-
Funded by District Municipality	-	-
Funded by Transfers and subsidies - All others	-	-
Funded by Borrowing	8 107	3 326
Funded by Internally generated funds	327	-
Total	**15 690**	**10 448**

11.6 Change in estimate

Depreciation	2025 (R'000s)		
	Depreciation before change in estimate	Less: Depreciation after change in estimate	Change in depreciation per annum
Land	-	-	-
Transport Assets	-	-	-
Electrical Infrastructure	-	-	-
Water Supply Infrastructure	-	-	-
Sanitation Infrastructure	-	-	-
Solid Waste Infrastructure	-	-	-
Machinery and Equipment	-	-	-
Furniture and Office Equipment	-	-	-
Computer Equipment	-	-	-
Roads Infrastructure	-	-	-
Community Assets	-	-	-

12 Heritage Assets

12.1.1 Reconciliation of Carrying Value [Cost Mode]

	2025 (R'000s)					
	Historic Buildings	Monuments and Parks	Works of Art	Conservation Areas	Other Heritage Assets	Total
Opening Carrying Value at 1 July 2024						
Cost	-	-	-	-	5	**5**
Accumulated Impairment Losses	-	-	-	-	-	**-**
Additions from Acquisitions	-	-	-	-	-	-
Additions from Transfer of Functions / Mergers	-	-	-	-	-	-
Capitalised Costs (including WIP)	-	-	-	-	-	-
Carrying Value of Disposals / Transfers						
Cost	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Impairment Loss / Reversal of Impairment Losses **[note 41]**	-	-	-	-	-	-
Other Changes	-	-	-	-	-	-
Closing Carrying Value at 30 June 2025						
Cost	**-**	**-**	**-**	**-**	**5**	**5**
Accumulated Impairment Losses	**-**	**-**	**-**	**-**	**-**	**-**

12.1.2 Reconciliation of Carrying Value [Cost Model] (Continued)

	2024 (R'000s)					
	Historic Buildings	**Monuments and Parks**	**Works of Art**	**Conservation Areas**	**Other Heritage Assets**	**Total**
Opening Carrying Value at 1 July 2023						
Cost	-	-	-	-	5	**5**
Accumulated Impairment Losses	-	-	-	-	-	**-**
	-	-	-	-		
Additions from Acquisitions	-	-	-	-	-	-
Additions from Transfer of Functions / Mergers	-	-	-	-	-	-
Capitalised Costs (including WIP)	-	-	-	-	-	-
	-	-	-	-		
Carrying Value of Disposals / Transfers	-	-	-	-		
Cost	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
	-	-	-	-		
Impairment Loss / Reversal of Impairment Losses **note 41**	-	-	-	-	-	-
Other Changes	-	-	-	-	-	-
	-	-	-	-		
Closing Carrying Value at 30 June 2024	-	-	-	-		
Cost	-	-	-	-	**5**	**5**
Accumulated Impairment Losses	-	-	-	-	-	-

Note:

In above disclosure of Heritage Assets is described as:

- ✓ Heritage assets consists of 3 x short magazine Lee Enfield (SMLE) MK3 Rifles.

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

12.3 Heritage Assets Retired from Use

	2025 (R'000s)				
	Historic Buildings	**Monuments and Parks**	**Works of Art**	**Other Heritage Assets**	**Total**
There were no Heritage assets retired from active use and held for disposal	-	-	-	-	-

	2024 (R'000s)				
	Historic Buildings	**Monuments and Parks**	**Works for Art**	**Other Heritage Assets**	**Total**
Carrying value of heritage assets retired from active use and held for disposal	-	-	-	-	-

12.4 Heritage Assets Not Recognised

Note:
The Municipality do recognise all Heritage assets as disclosed in this note and are measured reliably at cost.

12.5.1 Heritage Assets Under Construction

	2025 (R'000s)					
	Historic Buildings	Monuments and Parks	Works of Art	Conservation Areas	Other Heritage Assets	Total
Accumulated expenditure included in carrying value of heritage assets	-	-	-	-	-	-
Of which:						
Accumulated borrowing costs included in the carrying amount of heritage assets	-	-	-	-	-	-
Borrowing costs capitalised during the period						
Carrying value of heritage assets taking significantly longer than expected	-	-	-	-	-	-
Carrying value of heritage assets halted	-	-	-	-	-	-

12.5.2 Heritage Assets Under Construction (Continued)

	2024 (R'000s)					
	Historic Buildings	Monuments and Parks	Works of Art	Conservation Areas	Other Heritage Assets	Total
Accumulated expenditure included in carrying value of heritage assets	-	-	-	-	-	-
Of which:						
Accumulated borrowing costs included in the carrying amount of heritage assets	-	-	-	-	-	-
Borrowing costs capitalised during the period	-	-	-	-	-	-
Carrying value of heritage assets taking significantly longer than expected	-	-	-	-	-	-
Carrying value of heritage assets halted	-	-	-	-	-	-

Note:
There were no development / construction activities taken place either in 2025 or 2024.

12.6.1 Heritage Asset Contractual Commitments

	2025 (R'000s)				
	Historic Buildings	Monuments and Parks	Works of Art	Other Heritage Assets	Total
There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.	-	-	-	-	-
Total	-	-	-	-	-

12.6.2 Heritage Asset Contractual Commitments (continued)

	2024 (R'000s)				
	Historic Buildings	Monuments and Parks	Work of Art	Other Heritage Assets	Total
There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.	-	-	-	-	-
Total	-	-	-	-	-

12.7.1 Restrictions on Heritage Assets

	2025 (R'000s)				
	Historic Buildings	Monuments and Parks	Works of Art	Other Heritage Assets	Total
There are no restrictions on the title, use, or disposal of the municipality's heritage assets as at 30 June. All heritage assets are fully accessible and under the control of the municipality.	-	-	-	-	-
Total	-	-	-	-	-

12.7.2 Restrictions on Heritage Assets (continued)

	2024 (R'000s)				
	Historic Buildings	Monuments and Parks	Works of Art	Other Heritage Assets	Total
There are no restrictions on the title, use, or disposal of the municipality's heritage assets as at 30 June. All heritage assets are fully accessible and under the control of the municipality.	-	-	-	-	-
Total	-	-	-	-	-

12.8.1 Maintenance of Heritage Assets

	2025 (R'000s)					
	Historic Buildings	**Monuments and Parks**	**Works of Art**	**Conservation Areas**	**Other Heritage Assets**	**Total**
Preventative Maintenance						
Interval Based	-	-	-	-	-	-
Condition Based	-	-	-	-	-	-
Corrective Maintenance						
Planned	-	-	-	-	-	-
Emergency	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

12.8.2 Maintenance of Heritage Assets (continued)

	2024 (R'000s)					
	Historic Buildings	**Monuments and Parks**	**Works of Art**	**Conservation Areas**	**Other Heritage Assets**	**Total**
Preventative Maintenance						
Interval Based	-	-	-	-	-	-
Condition Based	-	-	-	-	-	-
Corrective Maintenance						
Planned	-	-	-	-	-	-
Emergency	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

12.9 Funding of Heritage Asset Acquisitions

	2025 (R'000s)	2024 (R'000s)
Additions to heritage assets were funded from the following sources:		
Funded by National Government	-	-
Funded by Provincial Government	-	-
Funded by District Municipality	-	-
Funded by Transfers and subsidies - All others	-	-
Funded by Borrowing	-	-
Funded by Internally generated funds	-	-
Total	**-**	**-**

13 Intangible Assets

13.1.1 Reconciliation of Carrying Value

	2025 (R'000s)		
	Internally Generated	**Other**	**Total**
Opening Carrying Value at 1 July 2024			
Cost	-	**531**	**531**
Accumulated Depreciation and Impairment	-	**(307)**	**(307)**
Additions from Acquisitions		-	-
Additions from Internal Developments			
Additions from Transfer of Functions / Mergers		-	-
Revaluation Adjustments**			
Capitalised Costs (including WIP)		-	-
Amortisation **Note 40**		-	-
Carrying Value of Disposals / Transfers		-	-
Accumulated Amortisation and Impairment			
Impairment Loss / Reversal of Impairment **Note 41**			
Other Changes			
Closing Carrying Value at 30 June 2025		224	**224**

*****Applies only if the Revaluation Model is used.***

13.1.2 Reconciliation of Carrying Value (Continued)

	2024 (R'000s)		
	Internally Generated	**Other**	**Total**
Opening Carrying Value at 1 July 2023			
Cost		470	**470**
Accumulated Depreciation and Impairment		(251)	**(251)**
Additions from Acquisitions		-	**-**
Additions from Internal Developments		-	**-**
Additions from Transfer of Functions / Mergers		61	**61**
Revaluation Adjustments**		-	**-**
Capitalised Costs (including WIP)		(55)	**(55)**
Amortisation **Note 40**		-	**-**
Carrying Value of Disposals / Transfers			
Accumulated Amortisation and Impairment		-	**-**
Impairment Loss / Reversal of Impairment **Note 41**		-	**-**
Other Changes			
Closing Carrying Value at 30 June 2024		**224**	**224**

Applies only if the Revaluation Model is used.

13.2 Intangible Assets with Indefinite Useful Lives

	2025 (R'000s)	2024 (R'000s)
None of the intangible assets is having an indefinite useful live	-	-

Note:
The amount disclosed per intangible asset is the carrying value at the reporting date.

13.2 Intangible Assets Under Development

	2025 (R'000s) Internally Generated	2024 (R'000s) Internally Generated
Accumulated expenditure included in carrying value of intangible assets	-	-
Internally generated intangible assets		
Of which:		
Accumulated borrowing costs included in the carrying amount	-	-
Borrowing costs capitalised during the period	-	-
Carrying value of intangible assets taking significantly longer than expected	-	-
Carrying value of intangible assets halted	-	-

Note:
There were no development / construction activities taken place either in 2025 or 2024.

13.3 Intangible Asset Contractual Commitments

	2025 (R'000s)		
	Internally Generated	Other	Total
There are no contractual commitments as at the reporting date	-	-	-
Total	-	-	-

	2024 (R'000s)		
	Internally Generated	Other	Total
There were no contractual commitments for the acquisition or maintenance of intangible assets.	-	-	-
Total	-	-	-

13.4 Restrictions on Intangible Assets

	2025 (R'000s)		
	Internally Generated	**Other**	**Total**
There are no restrictions on the title, use, or disposal of the municipality's intangible assets as at 30 June. All heritage assets are fully accessible and under the control of the municipality.	-	-	-
Total	-	-	-

	2024 (R'000s)		
	Internally Generated	**Other**	**Total**
There are no restrictions on the title, use, or disposal of the municipality's intangible assets as at 30 June. All heritage assets are fully accessible and under the control of the municipality.	-	-	-
Total	-	-	-

13.5 Funding of Intangible Asset Additions

	2025 (R'000s)	2024 (R'000s)
Additions to heritage assets were funded from the following sources:		
Funded by National Government	-	-
Funded by Provincial Government	-	-
Funded by District Municipality	-	-
Funded by Transfers and subsidies - All others	-	-
Funded by Borrowing	-	-
Funded by Internally generated funds	-	-
Total	**-**	**-**

14 Financial Liabilities

14.1 Carrying Value of Current Financial Liabilities

	Opening Balance (R'000s)	Deposits (R'000s)	Withdrawals (R'000s)	Total (R'000s)
Carrying value as at 30 June 2025				
Finance Lease Liabilities	-	(891)	-	**(891)**
Total	**-**	**(891)**	**-**	**(891)**

Note:
In addition to the above, the municipality also disclose:
- ✓ There are no significant or extra-ordinary terms and conditions on any of the reported financial liabilities;
- ✓ There were also no breaches or defaults during the period of relating to interest, redemption terms of loans payable (including whether the default was remedied or whether the terms were renegotiated before the financial statements were authorised for issue);
- ✓ There were also no reclassifications of financial liabilities;

14.2 Carrying Value of Non-Current Financial Liabilities

	Opening Balance (R'000s)	Advances and Interest Capitalised (R'000s)	Repayments (R'000s)	Transferred to Current Liabilities (R'000s)	Other Changes and Re-classifications (R'000s)	Total (R'000s)
Carrying value as at 30 June 2025 :						
Finance Lease Liability	(355)	(9 323)	-	-	4 246	**(5 432)**
Total	**(355)**	**(9 323)**	**-**	**-**	**4 246**	**(5 432)**

15 Consumer Deposits

	2025 (R'000s)	2024 (R'000s)
Electricity	(1 598)	(1 575)
Water	-	-
Total	**(1 598)**	**(1 575)**

Note:
Deposits are released on termination of the contract or when the contractual services are delivered.

16 Trade and Other Payables from Exchange Transactions

		2025 (R'000s)	2024 (R'000s)
Bulk Purchases	**16.1**	(126 690)	-
Contractors Retention	**16.2**	(1 186)	(1 186)
Control, Clearing and Interface Accounts	**16.3**	(4 264)	(3 694)
Employee Benefits	**16.4**	(83)	-
Other Payables	**16.5**	(26 626)	(118 164)
Statutory Payables	**16.6**	-	-
Total		**(158 849)**	**(123 044)**

16.1 Bulk Purchases

	2025 (R'000s)	2024 (R'000s)
Bulk Electricity	(126 690)	(94 934)
Bulk Water	-	-
Total	**(126 690)**	**(94 934**

16.2 Contractors

	2025 (R'000s)	2024 (R'000s)
Retentions	(1 186)	(1 186)
Total	**(1 186)**	**(1 186)**

16.3 Control, Clearing and Interface Accounts

	2025 (R'000s)	2024 (R'000s)
Employee Related Costs	-	(23 632)
Travel Control	-	205
Leave Control	-	-
Tax Control	(1 729)	22 764
UIF Control	(149)	-
Skills Control	(129)	-
Pension Control	(1 797)	(1 427)
Medical Aid Control	(164)	(152)
Group Life Control	-	-
Unions Control	(210)	(36)
Employee Deductions FICS	-	-
Employee Net pay and Bond payment	-	-
Garnishee Payments	(1)	-
Remuneration of Councillors	-	-
Disposal Clearing	-	-
Goods Received/Invoice Received	71	-
Prepaid Electricity	-	-
Cash and Bank	(678)	(645)
Licensing and Registration	522	522
Inventory Stores	-	-
Total	**(4 264)**	**(2 401)**

16.4 Employee Benefits

	2025 (R'000s)	2024 (R'000s)
Leave Accrual	-	-
Long Service Award	(113)	-
Pension and Retirement Contributions	-	-
Bonus	-	-
Overtime	(64)	(79)
Standby	(94)	88
Total	**(83)**	**9**

16.5 Other Payables

	2025 (R'000s)	2024 (R'000s)
Accrued Interest		
Advance Payments	(2 263)	(1 777)
Dividends or Similar Distributions Declared and Not Paid	-	-
Auditor-General of South Africa	(10 186)	(7 054)
Payables and Accruals : General	(14 157)	(14 398)
Unallocated Deposits	20	(9)
Intercompany/Parent-subsidiary Transactions	-	-
Agency Fees	-	-
Fair Value Adjustment	-	-
Payables and Accruals : Inventory	-	-
Payables and Accruals : Contractors	-	-
Tender documentation	-	-
Municipal Debt Relief	-	-
Deferred Revenue	-	-
Total	**(26 626)**	**(23 239)**

16.6 Statutory Payables

	2025 (R'000s)	2024 (R'000s)
PAYE Deductions	-	-
Total	**-**	**-**

17 Trade and Other Payables from Non-Exchange Transactions – Transfers and Subsidies Unspent

		2025 (R'000s)					2024 (R'000s)				
		Opening Balance	Funds Received	Transfer to Revenue	Repayment Unspent Grants	Closing Balance	Opening Balance	Funds Received	Transfer to Revenue	Repayment Unspent Grants	Closing Balance
Capital Unspent											
Allocations In-kind		-	-	-	-	**-**	-	-	-	-	**-**
Monetary Allocations	**17.1**	(11 635)	(8 009)	18 902	510	**(233)**	(11 635)		10 703	510	**(423)**
Operational Unspent		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Allocations In-kind	**17.2**	(692)	-	691	-	**(0)**	(692)	-	30	-	**(722)**
Monetary Allocations	**17.3**	(1 943)	(5 290)	7 133	100	**(0)**	(1 943)	-	1 779	-	**(163)**
Total		**(14 270)**	**(13 299)**	**26 725**	**610**	**(234)**	**(14 270)**	**-**	**12 452**	**510**	**(1 309)**

17.1 Unspent Capital Monetary Allocations

	2025 (R'000s)					2024 (R'000s)				
	Opening Balance	Funds Received	Transfer to Revenue	Repayment Unspent Grants	Closing Balance	Opening Balance	Funds Received	Transfer to Revenue	Repayment Unspent Grants	Closing Balance
National Government										
Municipal Infrastructure Grant	(11 126)	(8 009)	18 90)	-	**(233)**	(11 126)	-	10 703	-	(423)
Water Services Infrastructure Grant	(510)	-	-	510	**(0)**	(510)	-	-	510	(0)
Total Unspent Capital Monetary Allocations	**(11 635)**	**(8 009)**	**18 902**	**510**	**(233)**	**(11 635)**	**-**	**10 70)**	**510**	**(423)**

17.2 Unspent Operational Allocations In-kind

	(2025) (R'000s)					(2024) (R'000s)				
	Opening Balance	Funds Received	Transfer to Revenue	Repayment Unspent Grants	Closing Balance	Opening Balance	Funds Received	Transfer to Revenue	Repayment Unspent Grants	Closing Balance
National Government										
Departmental Agencies Northern Cape	(692)	-	691	-	**(0)**	(692)	(30)	-	-	**(722)**
Total Unspent Capital Monetary Allocations	**(692)**	**-**	**691**	**-**	**(0)**	**(692)**	**(30)**	**-**	**-**	**(722)**

17.3 Unspent Operational Monetary Allocations

	(2025) (R'000s)					(2024) (R'000s)				
	Opening Balance	Funds Received	Transfer to Revenue	Repayment Unspent Grants	Closing Balance	Opening Balance	Funds Received	Transfer to Revenue	Repayment Unspent Grants	Closing Balance
National Government										
Municipal Disaster Response Grant	-	-	-	-	-	(806)	-	706	-	(100)
Expanded Public Works Programme	(806)	(4 200)	4 906	100	(0)	-	-	-	-	-
Total	**(806)**	**(4 200)**	**4 906**	**100**	**-**	**(806)**	**-**	**706**	**-**	**(100)**
Departmental Agencies and Accounts										
Culture, Arts, Tourism and Sport SETA	(6)	-	6	-	-	(6)	**-**	**-**	-	**-**
Total	**(6)**	**-**	**6**	**-**	**-**	**(6)**	**-**	**-**	**-**	**(6)**
Provincial Government										
Northern Cape	(1 130)	(1 090)	2 220	-	**(0)**	(1 130)	-	1 073	-	(57)
Total	**(1 130)**	**(1 090)**	**2 220**	**-**	**(0)**	**(1 130)**	**-**	**1 073**	**-**	**(57)**
Total Unspent Operational Monetary Allocations	**(1 943)**	**(5 290)**	**7 133**	**100**	**(0)**	**(1 936)**	**-**	**1 779**	**-**	**(163)**

18 Current and Non-Current Provisions

		2025		2024	
		Current Liabilities (R'000s)	Non-current Liabilities (R'000s)	Current Liabilities (R'000s)	Non-current Liabilities (R'000s)
Bonus		(1 015)		(720)	
Decommissioning, Restoration and Similar Liabilities Landfill Sites	**18.1**		(45 733)		(39 531)
Long service Awards		-	(1 129)	(254)	(1 251)
Decommissioning, Restoration and Similar Liabilities Non-specific		-	-	-	-
Leave		(2 644)		(2 134)	
Total		**(3 659)**	**(46 862)**	**(3 108)**	**(40 782)**

18.1 Decommissioning, Restoration and Similar Liabilities Landfill Sites

	2025		2024	
	Current Liabilities (R'000s)	Non-current Liabilities (R'000s)	Current Liabilities (R'000s)	Non-current Liabilities (R'000s)
Opening Balance	**-**	**(40 770)**		**(34 133)**
Increases	-	(3 807)		(3 556)
Reductions (Outflow of Economic Benefits)	-	-		-
Reductions (without Outflow of Economic Benefits)	-	-		-
Reversals	-	-		-
Increases (Passage of Time/Discounted Rate)		(2 395)		(3 082
Prior period corrections				
Transfers	-	-		-
Closing Balance	**-**	**(46 972)**		**(40 770)**

19 Vat Payable

	2025 (R'000s)	2024 (R'000s)
Output Vat Accrual	(14 893)	(11 744)
Provision for doubtful debt impairment	14 893	-
Vat Control (Payable) due to SARS	(277)	(479)
Total	**(277)**	**(12 223)**

Note:
Refer to Note 7 where Value Added Tax Receivable was disclosed in the 2024 comparatives as a Net amount in the Statement of Financial Position as being R19 081M in order to be consistent with the actual audited 2024 AFS.

20 Other Current Liabilities

	2025 (R'000s)	2024 (R'000s)
Defined Benefit Obligations Medical	-	-
Defined Benefit Obligations Pension	-	-
Total	**-**	**-**

21. Other Non – current Liabilities

21.1 Defined Benefit Obligations

	2025 (R'000s)	2024 (R'000s)
Defined Benefit Obligations Medical	2 700	2 581
Defined Benefit Obligations Long Service Awards	1 401	1 251
Total	**4 101**	**3 832**

The entity makes provision for medical post-retirement benefits to eligible councillors and employees towards LA Health

21.1.1 Reconciliation of Present Value of the Defined Benefit Obligations

	Defined Benefit Plan – Pension	Post-Employment Medical Benefits	Total
Defined benefit obligation at 1 July 2023	-	2 715	2 715
Interest cost	-	339	339
Current service cost	-	165	165
Actual employer benefit payments	-	(38)	(38)
Actuarial loss/ (gain) recognised in the year	-	(539)	(539)
Less: Transferred to Current Portion of Provision	**-**	**(61)**	**(61)**

Defined benefit obligation at 30 June 2024	**-**	**2 581**	**2 581**
Interest cost	-	323	323
Current service cost	-	188	188
Actual employer benefit payments	-	(61)	(61)
Actuarial loss/ (gain) recognised in the year	-	(331)	(331)
Less: Transferred to Current Portion of Provision		**-**	**-**
Defined benefit obligation at 30 June 2025	**-**	**2 700**	**2 700**

Note:
The Post-Retirement Health Care Benefit Plan is a defined benefit plan, whereto the municipality makes monthly contributions for health care arrangements to the LA Health medical aid scheme.

21.1.2 Analysis of Funding

	2025 (R'000s)	2024 (R'000s)
The post-employment health care benefit is not a funded arrangement There is **no plan asset** in place to meet this **defined benefit obligation (DBO)**	-	-

21.1.3 Net Benefit Expense

	Defined Benefit Plan - Pension	Post-Employment Medical Benefits	Total
For the year ended 30 June 2024			
Current Service Cost	-	165	165
Interest Cost	-	339	339
Past Service Cost	-	-	-
Effect of "asset recognition ceiling"	-	-	-
Expected return on Plan Assets/Reimbursement Rights	-	-	-
Curtailment and Settlement	-	-	-
Defined Contribution Fund Expenses	-	(38)	(38)
Actuarial (Gains) / Losses	-	(539)	(539)
Total expense recognised in the statement of financial performance	-	**(73)**	**(73)**
For the year ended 30 June 2025			
Current Service Cost	-	323	323
Interest Cost	-	188	188
Past Service Cost	-	-	-
Effect of "asset recognition ceiling"	-	-	-

Expected return on Plan Assets/Reimbursement Rights	-	-	-
Curtailment and Settlement	-	-	-
Defined Contribution Fund Expenses	-	(54)	(54)
Actuarial (Gains) / Losses	-	(331)	(331)
Total expense recognised in the statement of financial performance	**-**	**126**	**126**

21.1.4 Reconciliation of Fair value of Plan Assets

	Defined Benefit Plan Pension	Post-Employment Medical Benefits	Total
There is no value of plan assets	-	-	-

21.1.5 Composition of Plan Assets

	Defined Benefit Plan - Pension	Post-Employment Medical Benefits
There is no value of plan assets	-	-

21.1.6 Key actuarial assumptions

The principal actuarial assumptions used in determining the present value of the defined benefit obligation for the pension and post-employment medical benefits include:

	2025 %	2024 %
Discount rate	11.4%	12.35%
General Salary Inflation (long-term)	5.2%	5.28%
Health Care Cost Inflation Rate	7.2%	6.32%
Net effect on discount rate	3.9%	4.2%

21.1.7 Sensitivity analysis

A sensitivity analysis on the defined benefit obligation (R Millions) for 2025

Assumption	Change	Eligible Employees	Continuation Members	Total DBO	% Change
Central assumptions		2.506	0.255	2.761	
Medical aid contribution inflation rate	+1%	2.636	0.266	2.902	5%
	-1%	2.314	0.243	2.557	-7%
Discount rate	+1%	2.132	0.244	2.376	-14%
	-1%	2.974	0.266	3.240	17%
Post-employment mortality	+1 yr	2.445	0.242	2.687	-3%
	-1 yr	2.564	0.268	2.832	3%
Average retirement age	-1 yr	2.808	0.255	3.063	11%
Membership continuation	-10%	2.170	0.255	2.425	-12%

A sensitivity analysis on the defined benefit obligation (R Millions) for 2024

Assumption	Change	Eligible Employees	Continuation Members	Total DBO	% Change
Central assumptions		2.399	0.243	2.642	
Medical aid contribution inflation rate	+1%	2.547	0.255	2.802	6%
	-1%	2.192	0.232	2.424	-8%
Discount rate	+1%	2.051	0.233	2.284	-14%
	-1%	2.835	0.254	3.089	17%
Post-employment mortality	+1 yr	2.342	0.231	2.573	-3%
	-1 yr	2.456	0.255	2.711	3%
Average retirement age	-1 yr	2.707	0.243	2.950	12%
Membership continuation	-10%	2.080	0.243	2.323	-12%

21.1.7 Sensitivity analysis (Continued)

A sensitivity analysis on current service and interest costs for 2025

Assumption	Change	Current Svc. Cost	Interest Cost	Total Cost	% Change
Central assumptions		188,000	323,000	511,000	
Medical aid contribution inflation rate	+1%	199,000	342,000	541,000	6%
	-1%	173,000	296,000	469,000	-8%
Discount rate	+1%	161,000	301,000	462,000	-10%
	-1%	223,000	347,000	570,000	12%
Post-employment mortality	+1 yr	184,000	314,000	498,000	-3%
	-1 yr	193,000	331,000	524,000	3%
Average retirement age	-1 yr	172,000	361,000	533,000	4%
Membership continuation	-10%	163,000	283,000	446,000	-13%

A sensitivity analysis on current service and interest costs for 2025

Assumption	Change	Current Svc. Cost	Interest Cost	Total Cost	% Change
Central assumptions		165,000	339,000	504,000	
Medical aid contribution inflation rate	+1%	176,000	360,000	536,000	6%
	-1%	150,000	310,000	460,000	-9%
Discount rate	+1%	141,000	318,000	459,000	-9%
	-1%	197,000	363,000	560,000	11%
Post-employment mortality	+1 yr	161,000	330,000	491,000	-3%
	-1 yr	170,000	348,000	518,000	3%
Average retirement age	-1 yr	181,000	376,000	557,000	11%
Membership continuation	-10%	143,000	297,000	440,000	-13%

21.1.8 Historical analysis

	2021 R'000	2022 R'000	2023 R'000	2024 R'000	2025 R'000
Post-employment medical benefits					
Defined benefit obligation	2 647	2 505	2 715	2 642	2 761

22. Long Term Trade and other payables

	2025 (R'000s)	2024 (R'000s)
Electricity Bulk Purchases		
Opening Balance	-	-
Transfer to/from current liabilities	-	-
	-	**-**
Payables and accruals - General		
Opening Balance	-	-
Transfer to/from current liabilities	-	-
	-	**-**
Bulk Water		
Opening Balance	-	-
Transfer to/from current liabilities	-	-
	-	**-**
Municipal Debt Relief		
Opening Balance	-	-
Transfer to/from Electricity Bulk Purchases	-	-
Transfer to/from current liabilities	-	-
Total	**-**	**-**

23 Services Charges

	2025 (R'000s)	2024 (R'000s)
Electricity		
Consumption – Electricity	(10 512)	(10 910)
Other – Electricity	(558)	(14)
Total	**(11 070)**	**(10 923)**
Waste Management		
Consumption – Waste Management	(1 863)	1 186
Other – Waste Management	0	(3 036)
Total	**(1 863)**	**(1 851)**
Waste Water Management		
Consumption – Waste Water Management	(1 802)	(1 644)
Other – Waste Water Management	(233)	(135)
Total	**(2 035)**	**(1 779)**
Water Management		
Consumption – Water Management	(3 013)	(2 952)
Other – Water Management	(1)	(120)
Total	**(3 013)**	**(3 072)**
Total Service Charges	**(17 982)**	**(17 625)**

24. Sales of Goods and Rendering of Services

	2025 (R'000s)	2024 (R'000s)
Camping Fees	(1)	(2)
Photo copies, Faxes and Telephone charges	(7)	(6)
Application Fees for Land Usage	(22)	-
Building Plan Approval	(4)	(14)
Sale of Goods	(3)	(20)
Total	**(36)**	**(43)**

25. Agency Services

	2025 (R'000s)	2024 (R'000s)
District municipalities	-	(579)
National	-	-
Provincial	-	-
Total	**-**	**(579)**

26. Interest Earned from Receivables

	2025 (R'000s)	2024 (R'000s)
Exchange Receivables	(2 920)	(5 836)
Non-exchange Receivables	(1 844)	(5 021)
Total	**(4 763)**	**(10 857)**

26.1 Interest Earned from Exchange Receivables

	2025 (R'000s)	2024 (R'000s)
Consumer Receivables		
Electricity	(1 573)	(543)
Waste Management	(828)	(931)
Waste Water Management	(518)	(528)
Water	0	(3 047)
Other Receivables		
Housing	0	(787)
Total	**(2 920)**	**(5 836)**

26.2 Interest Earned from Non-Exchange Receivables

	2025 (R'000s)	2024 (R'000s)
Consumer Receivables		
Property Rates	(1 844)	(5 021)
Total	**(1 844)**	**(5 021)**

27 Interests on current and non-current assets

	2025 (R'000s)	2024 (R'000s)
Short-term Investments and Call Accounts	(359)	(489)
Total	**(359)**	**(489)**

28 Licence and Permits

		2025 (R'000s)	2024 (R'000s)
Exchange Revenue	**28.1**	(4)	(150)
Non-exchange Revenue	**28.2**	-	-
Total		**(4)**	**(150)**

28.1 Licenses and Permits – Exchange Revenue

	2 025 (R'000s)	2 024 (R'000s)
Trading	(4)	(150)
Total	**(4)**	**(150)**

29 Rent from Fixed Assets

	2025 (R'000s)	2024 (R'000s)
Market Related	(25)	(27)
Non-market Related	(340)	(185)
Total	**(365)**	**(213)**
Total amount earned from investment property (included above)	(340)	(185)

29.1 Rental by Asset Class

	2025 (R'000s)	2024 (R'000s)
Market Related		
Property, Plant and Equipment	(25)	(27)
Total	**(25)**	**(27)**
Non-market Related		
Investment Property	(340)	(185)
Total	**(340)**	**(185)**

29.2 Rental by Type

	2025 (R'000s)	2024 (R'000s)
Market Related		
Property, Plant and Equipment		
Ad-hoc rentals	(25)	(27)
Total	**(25)**	**(27)**
Non-market Related		
Investment Property		
Straight-lined Operating	(360)	(185)
Ad-hoc rentals	20	-
Total	**(340)**	**(185)**

30 Operational Revenue

	2025 (R'000s)	2024 (R'000s)
Exchange Revenue		
Discounts and Early Settlements	(3 716)	(2 987)
Incidental Cash Surpluses	(2)	-
Total	**(3 718)**	**(2 987)**

31 Property Rates by Usage

	2025 (R'000s)	2024 (R'000s)
Business and Commercial Properties	(2 124)	(1 769)
Mining Properties	(1 063)	(2 060)
Residential Properties	(4 471)	(4 092)
Agricultural Properties	(838)	(474)
Public Benefit Organisations	283	13
Public Service Purposes Properties	(2 268)	(1 859)
Total	**(10 482)**	**(10 242)**

Note:

The municipality's Property Rates are billed to each property owner in terms of an approved tariff structure per Rates category and based on the valuation of properties in terms of the Property Rates Act, Act 6 of 2004.

Interest is charged on outstanding amounts and the rate used along with any rebates granted, in terms of the Council's approved Rates and Tariff Policies.

The Municipality's valuation roll was updated and approved with effect from the 1 July 2018. Extension was approved for the use of the same Valuation Roll beyond the maximum period of 4 years in terms of section 32 (1) (b) of the Property Rates Act, Act 6 of 2004.

Supplementary valuations are periodically requested as and when there are material changes in the valuation of a property.

The basic rate levied for the different consumer types; the date that rates are levied and the regularity of billing (monthly or annually).

32 Fines, Penalties and Forfeits

	2025 (R'000s)	2024 (R'000s)
Fines	-	(1)
Forfeits	(19)	-
Total	**(19)**	**(1)**

32.1 Fines

	2025 (R'000s)	2024 (R'000s)
Traffic Fines		
Court Fines	-	(1)
Other Fines		
Overdue Books	-	-
Total	**-**	**(1)**

32.2 Forfeits

	2025 (R'000s)	2024 (R'000s)
Unclaimed Money	(19)	-
Total	**(19)**	**-**

33 Transfers and Subsidies

		2025 (R'000s)	2024 (R'000s)
Operational			
Monetary Allocations	**33.1**	(39 254)	(32 727)
Total Transfers and Subsidies: Operational		**(39 254)**	**(32 727)**
Capital			
Monetary Allocations	**33.2**	(8 199)	(7 122)
Total Transfers and Subsidies: Capital		**(8 199)**	**(7 122)**
Total		**(47 453)**	**(39 849)**

Note:

The municipality has complied with the conditions of all the allocations made to the municipality in terms of section 214(1)(c) of the Constitution as well as any other allocations made to the municipality. An amount of 2025 R 0.239M (2024 R1.3M) was not spent as at 30 June. Application was submitted for the roll over to be approved.

33.1 Monetary Allocations: Operational

	2025 (R'000s)	2024 (R'000s)
National Government	(36 964)	(31 684)
Provincial Government	(2 290)	(1 043)
Total	**(39 254)**	**(32 727)**

33.2 Monetary Allocations: Capital

	2025 (R'000s)	2024 (R'000s)
National Government	(8 199)	(7 122)
Total	**(8 199)**	**(7 122)**

34 Gains/Losses on Disposal of Assets

	2025 (R'000s)	2024 (R'000s)
Property Plant and Equipment	(366)	(562)
Total	**(366)**	**(562)**

35 Employee Related Costs

		2025 (R'000s)	2024 (R'000s)
Senior Management	**35.1**	3 252	2 578
Municipal Staff	**35.2**	29 122	27 109
Total		**32 374**	**29 687**

35.1 Senior Management Costs

	2025 (R'000s)			
	Municipal Manager R.C Beukes	**Chief Financial Officer F.S. Straus**	**Manager Technical Services H.T Cloete**	**Total**
Basic Salary	684	623	551	**1 858**
Bonuses	150	118		**268**
Allowances	410	343	173	**927**
Service Related Benefits			46	**46**
Pension	114	2	2	**118**
Medical	35	-	-	**35**
Less: Costs Capitalised			-	**-**
Total	**1 393**	**1 087**	**770**	**3 252**

35.1 Senior Management Costs (Continued)

	2024 (R'000s)			
	Municipal Manager R.C Beukes	**Chief Financial Officer F.S. Straus**	**Manager Technical Services H.T Cloete**	**Total**
Basic Salary	713	624	196	**1 534**
Bonuses	-	-	-	
Allowances	399	321	88	**809**
Service Related Benefits				
Pension	110	2	1	**113**
Medical	33			**33**
Less: Costs Capitalised				**-**
Total	**1 256**	**948**	**285**	**2 578**

35.2 Municipal Staff Costs

	2025 (R'000s)	2024 (R'000s)
Basic Salary	20 624	19 510
Bonuses	-	-
Allowances	889	604
Service-Related Benefits	3 655	2 851
Bargaining Council	126	13
Group Life Insurance	-	-
Pension	2 748	2 694
Medical	906	911
Unemployment Insurance	174	177
Less: Costs Capitalised	-	-
Total	**29 122**	**27 109**

35.3 Post-retirement Benefits (Included in Note 35.2)

	2025			2024		
	Senior Management (R'000s)	Municipal Staff (R'000s)	Total (R'000s)	Senior Management (R'000s)	Municipal Staff (R'000s)	Total (R'000s)
Post-retirement Benefit: Medical	-	511	**511**	-	-	**-**
Post-retirement Benefit: Pension	-			-	-	**-**
Post-retirement Benefit: Other Benefits	-	154	**154**	-	-	**-**
Less: Costs Capitalised	-	-	**-**	-	-	**-**
Total	**-**	**665**	**665**	**-**	**-**	**-**

36 Remuneration of Councillors

		2025 (R'000s)	2024 (R'000s)
Mayor	**36.1**	979	942
Speaker	**36.2**	792	763
Chief Whip	**36.3**	0	422
Executive Committee	**36.4**	0	845
All Other Councillors	**36.5**	3 422	1 988
Total		**5 192**	**4 960**

36.1 Mayor

	2025 (R'000s)	2024 (R'000s)
Allowances and Service Related Benefits		
Basic Salary	603	576
Cell phone Allowance	43	105
Motor Vehicle Allowance	222	214
Social Contributions		
Medical Aid Benefits	27	-
Pension Fund Contributions	84	46
Total	**979**	**941**

36.2 Speaker

	2025 (R'000s)	2024 (R'000s)
Allowances and Service Related Benefits		
Basic Salary	444	424
Cell phone Allowance	43	122
Motor Vehicle Allowance	178	171
Social Contributions		
Medical Aid Benefits	65	-
Pension Fund Contributions	61	46
Total	**791**	**763**

36.3 Chief Whip

	2025 (R'000s)	2024 (R'000s)
Allowances and Service Related Benefits		
Basic Salary	-	287
Cell phone Allowance	-	-
Motor Vehicle Allowance	-	90
Social Contributions		
Medical Aid Benefits	-	-
Pension Fund Contributions	-	46
Total	**-**	**423**

36.4 Executive Committee

	2025 (R'000s)	2024 (R'000s)
Allowances and Service Related Benefits		
Basic Salary	-	539
Cell phone Allowance	-	35
Motor Vehicle Allowance	-	179
Social Contributions		
Medical Aid Benefits	-	-
Pension Fund Contributions	-	91
Total	**-**	**844**

36.5 All Other Councillors

	2025 (R'000s)	2024 (R'000s)
Allowances and Service Related Benefits		
Basic Salary	2 252	1 281
Cell phone Allowance	389	27
Motor Vehicle Allowance	717	407
Social Contributions		
Medical Aid Benefits	-	-
Pension Fund Contributions	64	274
Total	**3 422**	**1 989**

Note:
In terms of section 124(1) (b) of the MFMA, any arrears owed by individual councillors to the municipality for rates or services — where such amounts were outstanding for more than 90 days at any time during the relevant financial year — are disclosed by name in the list below.

	Amount outstanding for more than 90 days	Total
Rachael Cloete	2 891	3 799
Leonard Petersen	1125	1 125
Charlton Kordom	-	(36)
M Hanekom	448	464
Sabina Cloete	1 721	3 169
CCC Coetzee	2 867	9 910
Melvin Cloete	54 276	57 738
Susarah Nero	564	1182
Total	**63 892**	**77 351**

37 Bulk Purchases

	2025 (R'000s)	2024 (R'000s)
Electricity: Eskom	19 816	16 701
Total	**19 816**	**16 701**

37.1 Electricity Losses

	2025		2024	
	KHW	(R'000s)	KWH	(R'000s)
Units Purchased	(8 205)	**(19 816)**	(6 923)	**(18 682)**
Units sold	10 046	10 512	7 521	10 910
Total Loss	**(1 841)**	**(9 304)**	**(598)**	**(7 772)**
Comprising of				
Technical losses	-	-	-	(1 446)
Non-technical losses	(1 841)	(9 304)	(598)	(6 326)
Total	**(1 841)**	**(9 304)**	**(598)**	**(7 772)**
Percentage Loss:				
Technical losses	-		-	
Non-technical losses	22.4%		8.63%	
Total	**22.4%**		**8.63%**	

Note:

1. **Technical Losses (Physical Losses)**
   - Losses during transmission and distribution.
   - Transformer inefficiencies.
   - Long distances between substations and end-users.

2. **Non-Technical Losses (Commercial Losses)**
   - Electricity Theft / Illegal Connections
   - Faulty or Tampered Meters
   - Unmetered Supplies at Municipal facilities

3. **Unaccounted-for Consumption**
   - Energy used during maintenance, testing, or commissioning not tracked.

38 Inventory Consumed

	2025 (R'000s)	2024 (R'000s)
Consumables	3 987	1 510
Water	247	-
Total	**4 234**	**1 510**

38.1 Inventory adjustments

	2025 (R'000s)	2024 (R'000s)
Inventory - Reversal of write down to net-realisable Value	-	-
Inventory - Write-down to net-realisable Value	434	-
Inventory - Fair value assessment: Water stock	-	-
Total	**434**	**-**

Note:
The amount of inventories been written off and recognized as an expense in 2025 was R 434 000

39 Debt Impairment

		2025 (R'000s)	2024 (R'000s)
Other Receivables from non-exchange revenue	**39.1**	(8 049)	3 729
Trade and Other Receivables from Exchange Transactions	**39.2**	(11 302)	7 549
Total		**(19 350)**	**11 278**

39.1 Other Receivables from non-exchange revenue

	2025 (R'000s)	2024 (R'000s)
Property Rates	(6 246)	-
Non Specific Accounts	(1 803)	3 729
Total (Include Reversals)	**(8 049)**	**3 729**

39.2 Trade and Other Receivables from Exchange Transactions

	2025 (R'000s)	2024 (R'000s)
Electricity	(87 729)	0
Non-Specific Accounts	18 034	7 549
Waste Management	15 235	0
Waste Water Management	8 813	0
Water	34 344	0
Total (Include Reversals)	**(11 302)**	**7 549**

40 Depreciation and Amortisation

	2025 (R'000s)	2024 (R'000s)
Amortisation		
Intangible Assets	-	55
Depreciation	-	-
Property, Plant and Equipment	22 908	13 368
Total	**22 908**	**13 423**

41 Impairment losses

		2025 (R'000s)	2024 (R'000s)
Impairment Loss / Reversal Of Impairment			
Intangible Assets	**13.1.1**	-	-
Investment Property**	**10.1**	-	-
Property, Plant and Equipment	**11.1**	705	-
Heritage Assets**	**0**	-	-
Total		**705**	**-**
Compensation from third parties for items of property, plant and equipment (PPE) and heritage assets that were impaired, lost, or disposed of is included in the municipality's surplus or deficit.			

Note :
No Asset Impairments were recognised in the 2024 Financial year.

In general, the main reasons for the 2025 Impairment recognition were due to:
- **Physical Damage** reduced the asset's value or made it unusable;
- **Poor Economic Performance of the Asset** in cases where the maintenance of the assets became more expensive than the value of such assets.

42 Interest Cost

	2025 (R'000s)	2024 (R'000s)
Financial Liabilities		
Interest costs non-current Provisions	3 807	3 556
Long Term Borrowings	-	158
Overdue Accounts	16 880	11 705
Long Service Awards	138	153
Total	**20 825**	**15 571**

43 Contracted Services

		2025 (R'000s)	2024 (R'000s)
Consultants and Professional Services	**43.1**	514	2 484
Contractors	**43.2**	1 056	1 121
Outsourced Services	**43.3**	753	152
Total		**2 322**	**3 757**

43.1 Consultants and Professional Services

	2025 (R'000s)	2024 (R'000s)
Business Advisory Services		
Accounting and Auditing	-	25
Audit Committee	75	75
Medical Examinations	5	-
Valuer and Assessors	-	1 478
Total Business and Advisory Services	**80**	**1 578**
Laboratory Services		
Water	68	83
Total Laboratory Services	**68**	**83**
Legal Costs		
Legal Advice and Litigation	365	649
Total Legal Services	**365**	**649**
Infrastructure and Planning Services		
Land and Quantity Surveyors	-	174
Total Infrastructure and Planning Services	**-**	**174**
Total Consultants and Professional Services	**514**	**2 484**

42.2 Contractors

	2025 (R'000s)	2024 (R'000s)
General Services		
Catering Services	5	75
Employee Wellness	50	112
Transportation	216	-
Safeguard and Security	-	28
Total General Services	**270**	**215**
Maintenance Services		
Maintenance of Equipment	626	-
Maintenance of Unspecified Assets	160	261
Total Maintenance Services	**786**	**261**
Trading Services		
Prepaid Electricity Vendors	-	645
Total Trading Services	**-**	**645**
Total Contractor	**1 056**	**1 121**

43.3 Outsourced Services

	2025 (R'000s)	2024 (R'000s)
Business and Advisory Services		
Accounting and Auditing	-	-
Qualification Verification	13	-
Total Business and Advisory Services	**13**	**-**
General Services		
Personnel and Labour	679	-
Security Services	42	17
Sewerage Services	19	-
Transport Services	-	135
Total General Services	**740**	**152**
Total Outsourced Services	**753**	**152**

44 Irrecoverable Debt Written Off

	2025 (R'000s)	2024 (R'000s)
Electricity	-	-
Non-Specific Accounts from exchange transactions	-	2 375
Waste Management	-	-
Waste Water Management	-	-
Water	-	-
Property Rates	-	-
Non-Specific Accounts from non-exchange transactions	-	-
Non-Exchange transactions related to Service Charges	-	-
Total	**-**	**2 375**

45 Operational Costs

	2025 (R'000s)	2024 (R'000s)
Advertising, Publicity and Marketing	169	133
Bank Charges, Facility and Card Fees	161	160
Communication	318	355
Contribution to Provisions	-	-
Entertainment	83	-
External Audit Fees	5 799	4 750
External Computer Service	1 669	667
Hire Charges	334	167
Insurance Underwriting	682	543
Indigent Relief	288	-
Licences	102	125
Own Transport	-	145
Printing, Publications and Books	7	19
Professional Bodies, Membership and Subscription	505	513
Registration Fees	-	33
Ward Committees	181	212
Skills Development Fund Levy	310	5
Transport Provided as Part of Departmental Activities	4	-
Travel and Subsistence	6 507	2 440
Uniform and Protective Clothing	13	41
Total	**17 139**	**10 308**

46 Detailed Net Cash from Receipts by Source and Payments by Type

	2025 (R'000s)	2024 (R'000s)
Cash Receipts By Source		
Property rates	5 202	1 093
Service charges - electricity revenue	9 480	9 614
Service charges - water revenue	946	-
Service charges - sanitation revenue	922	-
Service charges - refuse revenue	706	-
Rental of facilities and equipment	249	-
Interest earned - external investments	226	11 346
Interest earned - outstanding debtors	380	-
Dividends received	-	-
Fines, penalties and forfeits	-	-
Licences and permits	68	-
Agency services	-	-
Transfers and Subsidies - Operational	39 254	32 799
Other revenue	505	2 469
Cash Receipts by Source	**57 938**	**54 851**
Other Cash Flows by Source		
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	8 199	3 324
Proceeds on Disposal of Fixed and Intangible Assets		372
Borrowing long term/refinancing		-
Increase (decrease) in consumer deposits	23	61
VAT Control (receipts)		-
Decrease (increase) in non-current receivables		-
Decrease (increase) in non-current investments		-
Total Cash Receipts by Source	**66 160**	**58 487**
Cash Payments by Type		
Employee and Councillors related costs	(26 134)	(37 065)
Interest	(11)	(11 862)
Bulk purchases - electricity	(4 210)	-
Acquisitions - water & other inventory	(83)	-
Contracted services	(432)	-
Other expenditure	(25 505)	-
Other Cash Flows/Payments by Type		
Capital assets	(7 256)	(7 596)
Repayment of borrowing	(2 465)	(1 958)
Other Cash Flows/Payments		
Total Cash Payments by Type	**(66 096)**	**(58 480)**
NET INCREASE/(DECREASE) IN CASH HELD	**64**	**6**
Cash/cash equivalents at the month/year begin:	839	833
Cash/cash equivalents at the month/year end:	**905**	**839**

47 Contingent Liabilities

	2025 (R'000s)	2024 (R'000s)
Kammiesberg Municipality v PA Schreuder (Garies Magistrates Court Case no: 19/2018): Kamiesberg Municipality has lodged an appeal to the High Court of South Africa Northern Cape Division, against the court judgement on 01 April 2021. The Case has been registered, with case no. CAxR39/2021. The contingent financial exposure remains :	250	250
Audit-General of South Africa (against entity) Case Number 226/23.	10	10
Audit-General of South Africa (against entity) Case Number 384/24	40	40
Koiingnaas Belastingbetalers Vereniginging (against and by the entity) Case 384/24 R100 000.00 in Respect of Legal Cost Action for Recovery of outstanding municipal rates and levies with financial exposure of R80 000.00	100	100

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

48 Contingent Assets

	2025 (R'000s)	2024 (R'000s)
There were no Contingent Asset as at 30 June	-	-

49 Goods and/or Services Received in Kind

	2025 (R'000s)	2024 (R'000s)
No donations and gifts had been received in Kind for the reporting period	-	-
No services were received in-kind by Kamiesberg LM during the year	-	-

50 Related Party Disclosures

50.1 Nature of Related Party Relationships

Related Party	Nature of Relationship
Key Management and Councillors	Mentioned Parties receive and pay for services on the same terms and conditions as other ratepayers / residents. Councillors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.

50.2 Related Party Transactions

Entity	Nature of Transaction	2025 Full amount disclosed	2024 Full amount disclosed
Revenue	Billing and Paying for Consumer Services and Property Rates		
Clr SC Nero		1 182	393
Clr LE Petersen		1 124	640
Clr MJB Hanekom		464	-
Clr CC Kordom		(36)	635
Clr RG Cloete		3 799	16 721
Clr MW Cloete		57 738	1 332
Clr CCC Coetzee		9 910	2 208
Clr SS Cloete		3 169	2 764
RC Beukes (Municipal Manager)		3 169	1 782
Total		**77 350**	**26 475**

50.3 Related Party Balances Outstanding

	2025 Full amount is disclosed	2024 Full amount is disclosed
Receivables	**77 350**	**26 475**
Of which the provision for impairment included above:		
Debt written off during the year	-	-
Commitments	-	-

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

51. Contributions to organised local government

	2025 (R'000s)	2024 (R'000s)
Amount paid to organised local government		
SALGA	-	(50)
Amounts due at reporting date		
SALGA	**6 171**	**5 666**

52. Adjusting / Non-Events after the Reporting Date

	2025 (R'000s)
Nature of event : No events after the reporting date were identified by management that will affect the operations of the municipality or the results of those operations significantly.	-

53. Principal-agent Arrangements

53.1 Municipality acting as the principal

	2025 (R'000s)	2024 (R'000s)
Resources (assets and liabilities) of the municipality that are under the custodianship of the agent:	-	-
Fee paid as commission to the agent	-	-

53.2 Municipality acting as the agent

	2025 (R'000s)	2024 (R'000s)
Resources (assets / liabilities) recognise by the municipality that are held / incurred on behalf of a principal	-	-
Revenue recognised as compensation for the transactions carried out on behalf of the principal	-	-
Revenue received or to be received on behalf of the principal	-	-
Expenditure paid or incurred on behalf of the principal	-	-
Receivables held on behalf of the principal		
Opening balance	-	-
Revenue receivable	-	-
Amounts written-off, settlements or waivers of amounts due	-	-
Amounts received	-	-
Closing balance	-	-
Payables held on behalf of the principal		
Opening balance	-	-
Expenses incurred	-	-
Cash paid	-	-
Closing balance	-	-

54. Change in Accounting Policy

There were no change in Accounting Policies.

55 Correction of Error

The effect of the error on the individual line items in the financial statements is as follows:

	2025 (R'000s)
Statement of Financial Position	
Current Assets VAT	(721)
Change in Trade and Other Payables	1 292
Statement of Financial Performance	
None	-
Statement of Change in Net Assets	
Change in Net Assets	571
(Increase) / Decrease in Accumulated Surplus	**(571)**

	(R'000s)
Description	
Disclosure in 2024 AFS for prior year adjustments:	-
Amount as reported on audited AFS – 30 June 2024	-
Prior Period Adjustments restating the opening balance as at 1 July 2023	-
Prior Period Adjustments restating the 2023/24 movement:	(571)
Amount as reported on restated AFS – 30 June 2025	**(571)**

56 Change in Estimate

There were no changes made to estimated useful lives of any asset classes.

57 Unauthorised, Irregular, Fruitless and Wasteful Expenditure

57.1 Unauthorised Expenditure

	2025 (R'000s)	2024 (R'000s)
Opening balance as previously reported	137 646	368 525
Add: Expenditure identified - prior period	-	62 653
Less: Approved by Council	(309 822)	-
Opening balance as restated	**119 176**	**412 708**
Add: Expenditure identified - current	78 138	16 290
Less: Approved by Council	(119 176)	(309 822)
Closing balance	**96 608**	**137 646**
Unauthorised expenditure: Operational Budget overspending – per municipal department		
Executive and Council	1 741	-
Finance and Administration	11 178	-
Waste Management	19 307	3 093
Water	33 450	4 642
Electricity	-	-
Planning and Development	1 234	-
Waste Water Management		1 448
Road Transport	2 641	-
Technical and Roads	-	-
Waste Water Management	8 587	-
Unauthorised expenditure: Capital Budget overspending – per municipal department		
Water	-	6 451
Economic and Social Development	-	656
Waste Water	-	-
Total	**78 138**	**16 290**

Note:

Incident	Disciplinary steps/criminal proceedings	Amount
Over expenditure of approved budget - 2025	Under investigation	96 608
Total remaining Unauthorised Expenditure		**96 608**

57.2 Irregular Expenditure

	2025 (R'000s)	2024 (R'000s)
All amounts are reported Inclusive of VAT		
Opening balance as previously reported	143 888	120 325
Add: Irregular Expenditure - prior period	567	11 722
Less: Amount recoverable - prior period	-	-
Less: Amount written off - prior period	-	-
Opening balance as restated	**144 455**	**132 047**
Add: Irregular Expenditure - current	6 437	11 840
Less: Amount recoverable - current	-	-
Less: Amount written off - current	(105 888)	-
Closing balance	**45 004**	**143 888**
Cases under investigations		
Cases related to non-compliance with procurement process requirements	-	-
Cases related to other non-compliance with legislation, regulations, council policies and by-laws.	45 004	143 888

57.3 Fruitless and Wasteful Expenditure

	2025 (R'000s)	2024 (R'000s)
All amounts are reported Inclusive of VAT		
Opening balance as previously reported	**36 916**	26 803
Add: Fruitless Expenditure - prior period	-	-
Less: Amount recoverable - prior period	-	-
Less: Amount written off - prior period	-	-
Opening balance as restated	**36 916**	**26 803**
Add: Fruitless and Wastefull Expenditure - current	16 880	10 113
Less: Amount recoverable - current	-	-
Less: Amount written off - current	-	-
Closing balance	**53 796**	**36 916**

Note:
The amount disclosed as Fruitless and Wasteful are due to :

Legal Cost (Hondeklipbaai Stands) - 2011	Under investigation	199 191
Interest on late Creditors payments - 2011	Under investigation	417 306
Interest on late Creditors payments - 2012	Under investigation	172 301
Interest on late Creditors payments - 2014	Under investigation	255 946
Interest on late Creditors payments - 2015	Under investigation	537 535
Salary payment to J Links after dismissal	Under investigation	8 417
Interest and penalties paid to SARS - 2014	Under investigation	204 546
Interest and penalties paid to SARS - 2015	Under investigation	353 136
Interest and penalties paid to SARS - 2017	Under investigation	286 069
Interest paid to various suppliers - 2016	Under investigation	2 444 160
Interest paid to various suppliers - 2017	Under investigation	1 718 792
Interest paid to various suppliers 2018	Under investigation	1 626 031
Legal Cost (LJ Swart case) - 2018	Under investigation	872 243
Interest and penalties paid to SARS - 2018	Under investigation	211 589
Interest paid to various suppliers 2019	Under investigation	2 204 875
Interest paid to various suppliers 2020	Under investigation	2 743 843
Interest paid to various suppliers 2021	Under investigation	751 299
Interest paid to various suppliers 2022	Under investigation	4 509 354
Interest paid to various suppliers 2023	Under investigation	7 286 541
Interest paid to various suppliers 2024	Under investigation	10 112 822
Interest paid to various suppliers 2025	Under investigation	16 879 698
Total Fruitless and Wastefull expenditure still under investigation		**53 795 695**

58 Deviations from SCM Regulations

In terms of section 36 of the municipal SCM regulations, any deviations from SCM policy needs to be approved by the accounting officer and noted by Council. The awards listed below have been approved by the Accounting Officer and noted by Council.

	2025 (R'000s)	2024 (R'000s)
Nature and value of deviations from SCM Regulations granted during the reporting period*:*		
Upgrading of infrastructure	296	-
Fuel and Material	883	955
Repairs and Maintenance	115	77
Deviations less than R300,000	1 858	1 722
Total amount approved by the Accounting Officer and noted by Council	**3 152**	**2 754**

All deviations considered by the Accounting Officer are processed in terms of the SCM regulations and the municipality's SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria for emergency procurements and circumstances where it is impractical or not possible to follow the official procedure.

59 Awards to close family members

	2025 (R'000s)
There were no rewards to close family members of official or councillors made in 2025	-

60 Other Compulsory Disclosures

	SALGA Contributions (R'000s)	Audit fees (R'000s)	PAYE and UIF (R'000s)	Pension and Medical Aid (R'000s)
As at 30 June 2025				
Opening balance	5 666	7 517	1 171	1 621
Subscription/fees	505	7 068	1 083	6 532
Amount paid – current year	0	(680)	-	(4 801)
Amount paid – previous years	0	(3 720)	(843)	(1 621)
Balance unpaid (included in payables)	**6 171**	**10 186**	**1 411**	**1 731**
Total amount approved for payment by the Accounting Officer and noted by Council	**0**	**4 400**	**843**	**6 422**
As at 30 June 2024				
Opening balance	5 211	4 920	700	1 543
Subscription/fees	505	6 034	4 829	6 205
Amount paid – current year	-	(450)	(3 666)	(4 585)
Amount paid – previous years	(50)	(2 987)	(692)	(1 542)
Balance unpaid (included in payables)	**6 418**	**7 517**	**1 171**	**1 621**
Total amount approved for payment the Accounting Officer and noted by Council	**50**	**3 437**	**4 358**	**6 127**

61 Financial Instruments

61.1 Classifications

A financial asset is any asset that is a cash or contractual right to receive cash. In accordance with GRAP 104, the municipality classifies financial assets at amortised cost. Financial assets at amortised cost relates to a non-derivative financial asset with fixed or determinable payments that are not quoted in an active market, There is no Financial Risk covering, Credit- ;Liquidity- and Market Risk

	2025 (R'000s)	2024 (R'000s)
Financial Assets at Amortised Cost		
Trade and other receivables from exchange transactions (except Statutory Receivables)	11 023	10 583
Deposits	-	-
Cash and cash equivalents	905	839
Financial Liabilities at Amortised Cost		
Consumer deposits	(1 598)	(1 575)
Trade and other payables from exchange transactions	(153 553)	(119 553)
Financial Liabilities	-	-
Total Financial Instruments	**(143 223)**	**(109 706)**

62. Section 13G Reporting: B-BBEE Compliance Report

In terms of Section 13G of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003), read with Regulation 12 of the B-BBEE Regulations, 2016.

Report Date: 30 June 2025

62.1 1. B-BBEE Compliance Status

Element	Status / Compliance Level
B-BBEE Status Level :	Level 4 Contributor
B-BBEE Procurement Recognition :	100%
Empowering Supplier Status :	Yes
Sector Code Applied :	Generic Codes of Good Practice
B-BBEE Verification Agency :	B-BBEE verified by an accredited agency or a Sworn Affidavit

62.2 Compliance with Section 10 of the B-BBEE ACT

The municipality confirms that it has **aligned its procurement and supply chain practices** with the requirements of the B-BBEE Act and the applicable Codes of Good Practice. As per Section 10, preference is given to service providers and suppliers who demonstrate a verified B-BBEE status and support transformation objectives.

62.3 **Measures taken to promote B-BBEE**

The following steps were taken during the reporting period to promote broad-based black economic empowerment:

Implemented targeted procurement strategies to support **black-owned, and women-owned enterprises**.

Ensured that tender evaluations included B-BBEE scoring in accordance with the **Preferential Procurement Policy Framework Act (PPPFA)** and the **Municipal Supply Chain Management Regulations**.

Partnered with local black-owned SMMEs through sub-contracting, mentorship, and capacity-building programs.

Maintained compliance with the **Local Economic Development (LED)** strategies, focusing on transformation and inclusion.

62.4 **B-BBEE Procurement spend**

Description	**Amount (R)**	**% of Total Procurement Spend**
Total Procurement Spend	R13 266 million	100%
Spend on ≥51% Black-Owned Suppliers	R9 315 million	70%
Spend on ≥30% Black Women-Owned	R2 196 million	17%

62.5 Procurement per B-BBEE compliant level

BBBEE Status Level	**Invoice amount**
5	710
4	3 281 464
3	220 084
2	611 064
1	5 687 410
0	3 465 182
Total	**13 265 914**

62.6 **5. MONITORING & REPORTING**

According to National Treasury reporting requirements, the Municipality Municipalities submit quarterly and annually procurement data to the **Office of the Chief Procurement Officer** at National Treasury, which evaluates national compliance trends.

The Municipality use internal systems to monitor:

- Supplier B-BBEE status via **CSD (Central Supplier Database)**.
- Compliance of tenders with B-BBEE requirements.
- Flagging of tenders awarded to non-compliant entities for justification or correction.

63. Going Concern

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators:

The extremely high cost associated with the Delivery of Basic Services and Infrastructure needs to communities due to the vast distances between several settlements coupled with the socio-economic profile (high unemployment rate) of Kamiesberg communities resulted in a serious risk for Kamiesberg Municipality's going concern.

Unless sustainable job creation is achieved, Kamiesberg Municipality will not be able to function as a going concern without Government Grants and Subsidies.

The average creditor’s payment period is 1 340 days (2024: 1 248 days).

The municipality is experiencing difficultly to settle its current liabilities as its net current asset position is insufficient. The current liabilities exceed the current assets with R111 737 000 (2024: R88 247 000). The municipality has started discussions with Eskom regarding the settlement of the Eskom account with the assistance of Utility Consulting Solutions and also to procure cheaper electricity as the current electricity model is making the municipality unsustainable.

The municipality has budgeted for an operating deficit (before Capital Transfers), of R23 403 000 for the 2025/2026 financial year, and R21 221 000 and R25 542 000 for the 2026/2027 and 2027/2028 years respectively. The municipality has also budgeted for negative cash flows of R4 821 000; R21 545 000 and R39 646 000 for 2025/2026; 2026/2027 and 2027/2028 respectively.

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

64. Events After Reporting Period

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