Swartland Municipality
Annual Financial Statements for the year ended 30 June 2026

Swartland Municipality
Annual Financial Statements
for the year ended 30 June 2026

General Information

Nature of business and principal activities	Swartland Municipality (the municipality) is a category B, medium capacity, local government institution in Malmesbury, Western Cape. The addresses of its registered office and principal place of business are disclosed hereunder and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Constitution. Swartland Municipality's mandate: The Municipality is a medium-capacity, category B local authority established in terms of section 151 of the Constitution of the Republic of South Africa. The principal activities of the Municipality are to: * provide democratic and accountable government to the local communities; * ensure sustainable service delivery to communities; * promote social and economic development; * promote a safe and healthy environment; and * encourage the involvement of communities and community organisations in the matters of local government. The Municipality's operations are governed by the Local Government: Municipal Finance Management Act (MFMA) (Act 56 of 2003), Municipal Structures Act (Act 117 of 1998), Municipal Systems Act (Act 32 of 2000) and various other acts and regulations.	
Executive Mayor		Alderman J H Cleophas
Deputy Executive Mayor		Alderlady J M De Beer
Speaker		Alderman M Rangasamy
Members of Executive Mayoral Committee	Executive Mayor	Alderman J H Cleophas
	Deputy Executive Mayor	Alderlady J M De Beer
	Member	Councillor N Smit
	Member	Alderman T van Essen
	Member	Councillor A K Warnick
	Member	Councillor D G Bess
Chairperson of Portfolio Committees	Office of the Municipal Manager	Councillor I S le Minnie
	Civil and Electrical Services	Councillor R J Jooste
	Development Services	Councillor G Vermeulen
	Protection Services	Alderlady M Nel
Members of the Performance Risk and Audit Committee	Chairperson	R Gani
	Member	S Jones (resigned, last meeting 25 November 2025)
	Member	M Mdludlu
	Member	B Gouws
Auditors	Auditor-General of South Africa	
Bankers	Standard Bank of South Africa	
Registered office	1 Church Street MALMESBURY 7300	

General Information

Business address	1 Church Street MALMESBURY 7300	
Postal address	Private Bag X 52 Malmesbury 7299	
Accounting Officer	J J Scholtz	
Chief Financial Officer	M A C Bolton	
Council members of the Swartland Municipality	Bess D G	Pieters C
	Booysen A M	Pypers D C
	Cleophas J H	Rangasamy M A
	De Beer J M	Smit N
	Gaika M	Soldaka P E
	Jooste R J	Mains R R (effective, 11 June 2026)
	Le Minnie I S	Van Essen T
	Ngozi M	Nel M
	O'Kennedy E C	Vermeulen G
	Papier J R	Williams A N
	Fortuin C	Warnick A K
	Penxa B J	White G E (ending, 26 March 2026)

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant

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 must be given unrestricted access to all financial records and related data.

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

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on 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.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records 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.

The accounting officer has reviewed the municipality’s cash flow forecast for the year to 30 June 2027 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

In terms of Section 13G of the Broad-Based Black Economic Empowerment Amendment Act (Act 46 of 2013), read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their audited annual financial statements and annual reports. Compliance is disclosed in the annual report.

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

The annual financial statements are set out on pages 5 to 120, which have been prepared on the going concern basis, were approved by the accounting officer on 28 August 2026 and signed:

J J Scholtz
Accounting Officer

Statement of Financial Position as at 30 June 2026

Figures in Rand	Note(s)	2026	2025 Restated*
Assets			
Current Assets			
Cash and cash equivalents	5	1 100 391 642	677 019 944
Receivables from exchange transactions	6 and 8	151 733 301	121 756 132
Receivables from non-exchange transactions	7 and 8	51 273 572	43 848 232
Inventories	10	23 007 478	20 100 710
Other financial assets	15	-	366 329 014
VAT accrual receivables	11.1	32 858 653	24 482 884
VAT control	11.2	17 319 908	11 903 400
		1 376 584 554	**1 265 440 316**
Non-Current Assets			
Property, plant and equipment	13	2 664 951 601	2 517 760 668
Investment property	14	27 881 440	23 402 204
Intangible assets		731 897	847 751
Heritage assets		4 120 691	4 120 691
		2 697 685 629	**2 546 131 314**
Total Assets		**4 074 270 183**	**3 811 571 630**
Liabilities			
Current Liabilities			
Operating lease liability		309 341	319 033
Payables from exchange transactions	16	121 375 013	111 422 974
Consumer deposits	17	22 233 747	20 857 367
Construction contracts payables	9	-	7 342 180
Unspent conditional grants and receipts	18	738 105	21 703 995
Other financial liabilities	19	-	6 044 339
Long-term employee benefits	20	8 312 000	6 748 000
Provisions	21	-	9 197 492
VAT accrual payables	11.3	16 451 718	11 730 567
		169 419 924	**195 365 947**
Non-Current Liabilities			
Other financial liabilities	19	-	27 291 962
Long-term employee benefits	20	138 498 000	104 234 000
Provisions	21	89 745 628	67 892 552
		228 243 628	**199 418 514**
Total Liabilities		**397 663 552**	**394 784 461**
Net Assets		**3 676 606 631**	**3 416 787 169**
Reserves	22	524 788 999	359 394 889
Accumulated surplus	23	3 151 817 632	3 057 392 280
Total Net Assets		**3 676 606 631**	**3 416 787 169**

Statement of Financial Performance

Figures in Rand	Note(s)	2026	2025 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	24	818 175 973	714 148 497
Agency services	52	6 062 795	5 658 345
Construction contracts	9	257 359 715	-
Interest received	25	102 081 800	99 536 450
Operational revenue	26	30 402 098	29 323 924
Rental of facilities and equipment		2 084 669	1 883 457
Development charges	27	3 820 250	10 208 941
Total revenue from exchange transactions		**1 219 987 300**	**860 759 614**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	28	216 058 066	200 765 307
Interest received on receivables		2 286 713	2 223 748
Transfer revenue			
Government grants and subsidies	29	336 034 364	378 826 841
Donated property, plant and equipment		43 242	-
Fines, Penalties and Forfeits		47 691 442	36 325 543
Licences and permits		4 958 049	4 837 753
Public contributions and donations		527 798	22 878 547
Vesting of properties and equipment		974 199	176 324
Availability charges	30	12 223 797	11 580 603
Total revenue from non-exchange transactions		**620 797 670**	**657 614 666**
Total revenue		**1 840 784 970**	**1 518 374 280**
Expenditure			
Employee related costs	31	397 961 133	346 367 896
Remuneration of councillors	32	12 674 805	12 597 587
Bad debts written off	7	23 918 802	19 366 692
Bulk purchases - Electricity		507 509 163	410 594 639
Contracted services	33	349 501 625	64 955 958
Depreciation and amortisation		113 725 764	103 052 099
Finance costs	34	10 129 814	10 464 303
Grants and subsidies paid	35	3 232 874	3 786 341
Operational cost	36	50 769 926	46 350 681
Other materials	37	61 466 578	57 874 190
Total expenditure		**1 530 890 484**	**1 075 410 386**
Operating surplus		**309 894 486**	**442 963 894**
Gains on sale of fixed assets		1 229 725	1 213 620
Gains on sale of land		1 319 977	312 434
Reversal / (impairment) of assets and receivables	38	(36 991 259)	(23 006 595)
Inventory losses: Water losses	10	(8 119 522)	(7 431 649)
Loss on disposal of assets	39	(18 819 137)	(3 360 063)
		(61 380 216)	**(32 272 253)**
Surplus for the year		**248 514 270**	**410 691 641**

Statement of Changes in Net Assets

Figures in Rand	Capital Replacement	Accumulated surplus	Total net assets
Balance at 01 July 2024	**299 421 237**	**2 706 674 291**	**3 006 095 528**
Changes in net assets			
Transfer to Capital Replacement Reserve	139 738 646	(139 738 646)	-
Property, plant and equipment purchased	(79 764 994)	79 764 994	-
Net income (losses) recognised directly in net assets	59 973 652	(59 973 652)	-
Surplus for the year	-	410 691 641	410 691 641
Total recognised income and expenses for the year	59 973 652	350 717 989	410 691 641
Total changes	59 973 652	350 717 989	410 691 641
Restated* Balance at 01 July 2025	**359 394 889**	**3 057 392 280**	**3 416 787 169**
Changes in net assets			
Restatement in terms of Transitional Provisions for GRAP 104	-	11 305 192	11 305 192
Transfer to Capital Replacement Reserve	302 109 488	(302 109 488)	-
Property, plant and equipment purchased	(136 715 378)	136 715 378	-
Net income (losses) recognised directly in net assets	165 394 110	(154 088 918)	11 305 192
Surplus for the year	-	248 514 270	248 514 270
Total recognised income and expenses for the year	165 394 110	94 425 352	259 819 462
Total changes	165 394 110	94 425 352	259 819 462
Balance at 30 June 2026	**524 788 999**	**3 151 817 632**	**3 676 606 631**
Note(s)	22	23	

For the restatement to the opening balance impairment in terms of the transitional provisions of the revised GRAP 104, Refer to Note 56 for more details of the restatement.

Cash flow statement

Figures in Rand	Note(s)	2026	2025 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from government grants and other grants		564 095 933	388 841 838
Interest income		69 971 023	67 107 181
Cash receipts from services and rate payers		1 049 294 499	966 671 926
		1 683 361 455	1 422 620 945
Payments			
Finance costs		(2 156 060)	(3 871 447)
Transfers and subsidies paid		(3 232 874)	(3 786 341)
Cash paid to suppliers and employees		(1 348 743 960)	(933 445 876)
		(1 354 132 894)	(941 103 664)
Net cash flows from operating activities	40	**329 228 561**	**481 517 281**
Cash flows from investing activities			
Purchase of property, plant and equipment	40	(264 609 109)	(270 274 617)
Proceeds from sale of property, plant and equipment		1 229 725	1 213 622
Purchase of investment property	40	(8 498 219)	-
Purchase of other intangible assets		-	(450 000)
Long-term Investment	40	399 357 041	-
Net cash flows from investing activities		**127 479 438**	**(269 510 995)**
Cash flows from financing activities			
Repayment of other financial liabilities		(33 336 301)	(5 477 653)
Net cash flows from financing activities		**(33 336 301)**	**(5 477 653)**
Net increase/(decrease) in cash and cash equivalents		**423 371 698**	**206 528 633**
Cash and cash equivalents at the beginning of the year		677 019 944	470 491 311
Cash and cash equivalents at the end of the year	5	**1 100 391 642**	**677 019 944**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges - electricity revenue	572 557 277	-	**572 557 277**	592 591 172	**20 033 895**	
Service charges - water revenue	107 754 913	-	**107 754 913**	111 333 166	**3 578 253**	
Service charges - Waste Water	63 517 747	-	**63 517 747**	69 016 990	**5 499 243**	
Service charges - Waste Management	44 665 137	-	**44 665 137**	45 234 645	**569 508**	
Sale of goods and rendering of services	186 080 068	-	**186 080 068**	276 787 706	**90 707 638**	38.1
Agency services	7 194 301	-	**7 194 301**	6 062 795	**(1 131 506)**	38.2
Interest earned from receivables	3 748 640	-	**3 748 640**	3 853 940	**105 300**	
Interest earned from Current and Non-current Assets	104 458 581	-	**104 458 581**	98 227 861	**(6 230 720)**	
Rental from Fixed Assets	1 921 036	-	**1 921 036**	2 084 669	**163 633**	
Operational Revenue	5 346 997	-	**5 346 997**	13 781 229	**8 434 232**	38.3
Total revenue	**1 097 244 697**	**-**	**1 097 244 697**	**1 218 974 173**	**121 729 476**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	215 089 909	-	**215 089 909**	216 058 065	**968 156**	
Licenses and permits	5 668 999	-	**5 668 999**	4 958 050	**(710 949)**	38.2
Interest	2 193 271	-	**2 193 271**	2 286 713	**93 442**	
Transfer revenue						
Transfers & subsidies - Operational	208 818 166	-	**208 818 166**	204 269 692	**(4 548 474)**	
Transfers & Subsidies - Capital Monetary allocations (National/Provincial and District	141 797 238	-	**141 797 238**	132 292 471	**(9 504 767)**	
Fines Penalties & Forfeits	39 146 483	-	**39 146 483**	47 691 442	**8 544 959**	38.4
Transfers and Subsidies capital (in-kind)	41 200	-	**41 200**	43 242	**2 042**	
Operational revenue/Availiability	12 394 198	-	**12 394 198**	12 223 797	**(170 401)**	
Gain on disposal of assets	3 144 725	-	**3 144 725**	4 537 031	**1 392 306**	38.5
Total revenue from non-exchange transactions	**628 294 189**	**-**	**628 294 189**	**624 360 503**	**(3 933 686)**	
Total revenue	**1 725 538 886**	**-**	**1 725 538 886**	**1 843 334 676**	**117 795 790**	
Expenditure						
Employee related costs	(375 844 339)	(107 315)	**(375 951 654)**	(372 084 524)	**3 867 130**	
Remuneration of councillors	(12 849 762)	(1 500)	**(12 851 262)**	(12 674 804)	**176 458**	
Depreciation and asset impairment	(125 306 340)	2 947 030	**(122 359 310)**	(113 725 764)	**8 633 546**	
Finance charges	(8 835 844)	-	**(8 835 844)**	(9 472 381)	**(636 537)**	
Irrecoverable debts written off	(22 796 884)	-	**(22 796 884)**	(23 918 802)	**(1 121 918)**	
Debt impairment	(35 581 120)	-	**(35 581 120)**	(36 176 810)	**(595 690)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Bulk purchases - electricity	(495 451 373)	(4 900 000)	**(500 351 373)**	(507 509 163)	**(7 157 790)**	
Contracted services	(262 960 035)	(1 266 686)	**(264 226 721)**	(350 301 113)	**(86 074 392)**	38.1
Transfers and subsidies	(3 666 007)	5 293	**(3 660 714)**	(2 932 874)	**727 840**	38.6
Inventory consumed	(71 122 667)	333 944	**(70 788 723)**	(61 438 801)	**9 349 922**	38.7
Operational costs	(71 227 701)	5 936 264	**(65 291 437)**	(53 280 822)	**12 010 615**	38.8
Losses on Disposal of Assets	(12 839 841)	(2 620 060)	**(15 459 901)**	(19 633 586)	**(4 173 685)**	38.9
Losses	(16 902 947)	(326 970)	**(17 229 917)**	(31 670 956)	**(14 441 039)**	38.10
Total expenditure	**(1 515 384 860)**	**-**	**(1 515 384 860)**	**(1 594 820 400)**	**(79 435 540)**	
Actual Amount on Comparable Basis	**210 154 026**	**-**	**210 154 026**	**248 514 276**	**38 360 250**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Cash	1 065 073 924	-	**1 065 073 924**	1 100 391 640	**35 317 716**	
Trade and other receivables from exchange transactions	127 475 781	-	**127 475 781**	182 547 869	**55 072 088**	38.11
Receivables from non-exchange	44 132 709	-	**44 132 709**	49 531 701	**5 398 992**	38.12
Inventory	22 475 826	-	**22 475 826**	23 007 474	**531 648**	
Other current assets	1 614 683	-	**1 614 683**	2 314 380	**699 697**	38.13
VAT	48 820 625	-	**48 820 625**	17 319 910	**(31 500 715)**	38.14
	1 309 593 548	**-**	**1 309 593 548**	**1 375 112 974**	**65 519 426**	
Non-Current Assets						
Investment property	22 891 330	-	**22 891 330**	27 881 440	**4 990 110**	38.15
Property, plant and equipment	2 660 366 738	-	**2 660 366 738**	2 664 951 604	**4 584 866**	
Intangible	697 715	-	**697 715**	731 897	**34 182**	
Heritage assets	4 120 691	-	**4 120 691**	4 120 691	**-**	
	2 688 076 474	**-**	**2 688 076 474**	**2 697 685 632**	**9 609 158**	
Total Assets	**3 997 670 022**	**-**	**3 997 670 022**	**4 072 798 606**	**75 128 584**	
Liabilities						
Current Liabilities						
Financial liabilities	268 134	-	**268 134**	309 341	**41 207**	
Consumer deposits	21 482 766	-	**21 482 766**	22 233 747	**750 981**	
Trade payables from exchange transactions	117 477 692	-	**117 477 692**	127 275 286	**9 797 594**	
Trade and other payables from (non-exchange)	7 728 184	-	**7 728 184**	738 106	**(6 990 078)**	38.16
VAT	23 183 575	-	**23 183 575**	-	**(23 183 575)**	38.17
Provisions	15 519 843	-	**15 519 843**	17 391 866	**1 872 023**	38.18
	185 660 194	**-**	**185 660 194**	**167 948 346**	**(17 711 848)**	
Non-Current Liabilities						
Provisions	89 475 590	-	**89 475 590**	89 745 628	**270 038**	
Other non-current liabilities	95 593 047	-	**95 593 047**	138 498 000	**42 904 953**	38.18
	185 068 637	**-**	**185 068 637**	**228 243 628**	**43 174 991**	
Total Liabilities	**370 728 831**	**-**	**370 728 831**	**396 191 974**	**25 463 143**	
Net Assets	**3 626 941 191**	**-**	**3 626 941 191**	**3 676 606 632**	**49 665 441**	
Net Assets						
Reserves						
Reserves	505 948 978	-	**505 948 978**	524 789 000	**18 840 022**	
Accumulated surplus	3 120 992 213	-	**3 120 992 213**	3 151 817 632	**30 825 419**	
Total Net Assets	**3 626 941 191**	**-**	**3 626 941 191**	**3 676 606 632**	**49 665 441**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Cash receipts from rate payers, government and other	1 509 640 731	-	**1 509 640 731**	1 049 294 499	**(460 346 232)**	38.19
Grants	329 320 465	-	**329 320 465**	564 095 933	**234 775 468**	38.19
Interest	104 458 581	-	**104 458 581**	69 971 023	**(34 487 558)**	38.20
	1 943 419 777	**-**	**1 943 419 777**	**1 683 361 455**	**(260 058 322)**	
Payments						
Finance charges	(2 156 064)	-	**(2 156 064)**	(2 156 060)	**4**	
Cash paid to suppliers and employee	(1 567 905 648)	-	**(1 567 905 648)**	(1 353 353 214)	**214 552 434**	38.21
	(1 570 061 712)	**-**	**(1 570 061 712)**	**(1 355 509 274)**	**214 552 438**	
Net cash flows from operating activities	**373 358 065**	**-**	**373 358 065**	**327 852 181**	**(45 505 884)**	
Cash flows from investing activities						
Proceeds on disposal of property, plant and equipment	3 144 725	-	**3 144 725**	1 229 725	**(1 915 000)**	38.22
Capital assets (Payments)	(322 066 921)	-	**(322 066 921)**	(273 107 327)	**48 959 594**	38.23
Decrease (increase) in non-current investments	366 329 014	-	**366 329 014**	399 357 041	**33 028 027**	
Net cash flows from investing activities	**47 406 818**	**-**	**47 406 818**	**127 479 439**	**80 072 621**	
Cash flows from financing activities						
Repayment of borrowing	(33 336 301)	-	**(33 336 301)**	(33 336 301)	**-**	
Increase (decrease) in consumer deposits	625 399	-	**625 399**	1 376 380	**750 981**	38.24
Net cash flows from financing activities	**(32 710 902)**	**-**	**(32 710 902)**	**(31 959 921)**	**750 981**	
Net increase/(decrease) in cash and cash equivalents	388 053 981	-	**388 053 981**	423 371 699	**35 317 718**	
Cash and cash equivalents at the beginning of the year	677 019 943	-	**677 019 943**	677 019 943	**-**	
Cash and cash equivalents at the end of the year	**1 065 073 924**	**-**	**1 065 073 924**	**1 100 391 642**	**35 317 718**	

Budget variances are discussed in Note 41.

1. Presentation of Annual Financial Statements

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Changes in accounting policies, changes in estimates and errors

Accounting Policies have been consistently applied, except where otherwise indicated. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

Standards that are not yet effective are included in policy 1.2 below.

GRAP 104 is implemented retrospectively from the effective date in terms of the transitional provisions. This means that the municipality did not restate the comparative information for the implementation of the revised standard. There were no reclassifications of financial instruments, but the impairment was remeasured on 1 July 2025.

In terms of the transitional provisions, the previous version of the standard is applied to the comparative figures, whereas the revised GRAP 104 is applied for the current period. The revised standard only affected the impairment of receivables. The accounting policy for Financial instruments (Policy: 1.6 Impairment and uncollectibility of financial assets) will therefore describe the impairment under both the previous and revised version of the standard. Similarly, the significant judgements (Policy 1.5, Financial instruments and Statutory Receivables) will also reflect the application of judgement under both the previous and revised version of the standard.

1.2 Standards, amendments to standards and interpretations issued but not yet effective

The ASB Directive 5, paragraph 8, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors. The following standards were considered:

- Guideline on the Application of Materiality to Financial Statements (no effective date)
- GRAP 1: Presentation of Financial Statements (amendments related to going concern) (effective date: 1 April 2027)
- Improvements to standard of GRAP (2023) (no effective date)

GRAP standards that were issued but are not yet effective, have not been early adopted by the municipality.

The amendments to GRAP 1: Presentation of Financial Statements will not have any impact on Swartland municipality given the municipal assessment of going concern.

The improvements to the Standards of GRAP (2023) focused on better clarity and brought in the concept of materiality and other qualitative aspects of financial reporting more clearly. The standards being amended is not expected to influence the recognition, measurement and disclosure of the AFS.

As such, no new standards, interpretation or other pronouncements were introduced during the period under review having a significant impact on the financial statements.

1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

In assessing whether the going concern assumption is appropriate, management considered a wide range of factors including the current and expected performance of the municipality, the likelihood of continued government funding and the preliminary budget for the ensuing years.

1.4 Materiality

Management has applied its judgement in terms of assessing all matters in the annual financial statements with reference to materiality. Items are reported based on aggregation and in some instances, the aggregation would result in some standards of GRAP not being applied as the items affected by these standards were assessed as not being material. Items of dissimilar nature may be aggregated provided that these items are not material and that the aggregation is based on management's procedures to allow the discharge of accountability (when the same manager is responsible for items that meets the requirement of more than one accounting standard).

Both the qualitative and quantitative characteristics of an item are considered when applying materiality. Care is taken to ensure that these annual financial statements provide users with the most suitable information in order to evaluate the performance of the municipality.

Management has applied its judgement in terms of materiality and has determined a trivial threshold of R100 000. This threshold will be used to evaluate variances such as differences in the budget comparison and movements on the impairment of Statutory Receivables. This threshold does not imply that all totals of R100 000 or less would automatically be excluded from the annual financial statements. It merely determines a cut-off value where no further disclosures or corrections would be made. Items where the balance is less than R100 000 would first need to be evaluated in terms of the origin of such an amount. If a balance is less than R100 000, but significant debits and credits are set-off in order to arrive at such a net balance, such balance should still be disclosed due to the significance of the individual items that comprise such a balance.

Prior period errors are only corrected when these are found to be material. All immaterial prior period errors are corrected in the current year and the previously reported figures will not be corrected.

Materiality is reviewed annually and only when an error in prior year's judgement is identified based on information that existed at the time of publication of the annual financial statements, would prior period immaterial errors be rolled forward and reassessed in the current year based on the revised materiality considerations.

1.5 Significant judgements and sources of estimation uncertainty

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

The following are the critical judgements, apart from those involving estimations, that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the annual financial statements.

1.5 Significant judgements and sources of estimation uncertainty (continued)

Financial Instruments and Statutory Receivables

The classification of Financial Assets and Liabilities as well as Statutory Receivables require judgement. The accounting policy 1.6 on Financial Instruments: Classification as well as the accounting policy 1.7 on Statutory Receivables: Definitions describes the factors considered in applying management's judgement.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial Instruments and GRAP 108: Statutory Receivables.

Receivables are considered past due when payment is not received by the due date. If a debtor receives a statement, all amounts in the 30 days and older columns are those considered past due in terms of the municipal by-laws.

A detailed assessment was done in order to determine whether grant related items: Unspent Grants and Construction Contracts, should be classified as a Financial Instrument or not. The facts and circumstances for municipalities may differ, resulting in different conclusions as to whether unspent grants and construction contracts should be considered a financial instrument. For Swartland Municipality, the majority of revenue is recognised based on the terms agreed rather than the underlying legislation which supports the grant. The majority of grant related funds are firstly based on a contract/arrangement falling within GRAP 104 and in these arrangements reference would be made to the relevant legislated requirements.

Impairment of Trade Receivables

For the comparative figures (previous version of GRAP 104):

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. The recoverability of receivables is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The impairment allowance is calculated using the effective interest rate (prime +1%). The total increase in estimation of the impairment of Receivables from Exchange Transactions and that of Receivables from Non-exchange Transactions are disclosed in Notes 6, 7 and 8 to the Annual Financial Statements.

As of 1 July 2025, the revised GRAP 104 has resulted in the following judgement pertaining to the impairment of receivables:

Receivables can be measured for impairment using a general approach or the simplified approach. The simplified approach was selected for all receivables. Significantly, all receivable balances as per the classification of Financial Instruments (Refer policy 1.6) are regarded as receivables apart from year-end accruals. Year-end accruals are generally accepted as not yet due, as the municipality has not yet invoiced the debtor. Credit risk for receivables is only measured from invoice date. Year-end accruals will therefore not be subject to any expected credit loss as the receivable is not yet due in terms of the municipal billing cycle.

The impairment of the receivables is informed by an expected credit loss rather than the previous version of the standard's, incurred loss model. The municipality evaluated its customers with reference to effectiveness of credit control measures such as restricting the electricity supply. Through this analysis, customer segments were identified evidenced by the variance in the customer segments actual loss rates. For example, an indigent household registered in an Eskom electricity supplied area was found to have a higher proportion of its current outstanding balance written off than a non-indigent household registered in a town where the electricity is supplied by the municipality. The historic loss rates were determined with reference to actual losses incurred from 1 July 2022 to 30 June 2026.

The historic loss rate was thereafter compared to macro-economic factors in order to determine a forward looking rate. The process of determining a forward looking rate comprises determining a correlation between the macro-economic factors and a level of co-efficiency. Through the use of the historic loss rates and the level of inter-related changes in macro-economic data, the municipality forecasts the impact of the historic losses onto the lifespan of the debtor.

In order to provide a more realistic forecast, the debtors were arranged in ageing cohorts. This means that debtor ageing data was used to determine a reliable estimate of how long the debt has been active in the municipal records. Critically, the municipal accounting system only carries debtors ageing in separate monthly ageing categories until 270 days. Thereafter, the age of the debtor is calculated in groups. As such, the municipal data structure only allowed the ageing per month to be recalculated until 270 days. At this age (270 days), the debtor, if found eligible for a write-off would have been written off. All debt older than 270 days would therefore be impaired at a similar rate than those of debt that is 270 days old as the historic loss would have been determined by the value of the debt as at the age of 270 days.

1.5 Significant judgements and sources of estimation uncertainty (continued)

All debt older than the 270 days are still considered active debt (implying that the municipality still has a degree of certainty that the debt could be recovered, regardless of age). The primary reason for this is that a debtor with active debt would need to apply for a rates clearance certificate from the municipality before the property can be transferred and as such, at the date the property will be transferred to a new owner, the full amount due is expected to be settled. The standard has an implied assumption that all debt more than 90 days past due is in default and therefore must be impaired. Given the credit history and the municipality's strong credit controls, the assumption was rebutted based on evidence that long outstanding debts is actively being collected on a monthly basis.

The municipalty writes off debt in two separate instances each year, namely in quarter three (usually in February) and in June. Whilst the write-off is based on the credit control policy, the estimated credit losses aims to reflect a realistic forecast of the bad debts expected for the year. Accordingly, the impairment allowance is adjusted to match the write-off amount. The actual write-off is debited against the allowance acount.

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 a receivable. Debtors are grouped into appropriate aggregated grouping levels when insufficient information is available to assess individual debtors. Aggregation is based on best practice and receivables are assessed on historic information available. Thereafter the past due (accounts in arrears, i.e. not current), but not impaired debtors are subjected to a further impairment test taking into account the effect of time resulting in a discounting of debtors being included as a further factor for impairment of statutory receivables. Outstanding receivables that are past due are charged interest at prime +1%. This is considered the appropriate discount rate as it is market based.

Significant movements on impairments are defined as those movements that exceeds 10% of the gross balance of the relevant statutory receivable type at year end or R100 000, whichever is the greatest. Qualitative factors are considered with reference to exceptions to the normal process for identification of impairment losses. This implies disclosing losses incurred due to circumstances that are unique to the specified period or unique to the municipality in comparison to other municipalities with a similar capacity.

Impairment and useful lives: Write down of Property, Plant and Equipment, Investment property, Intangible assets, Heritage assets and Inventories

As described in the accounting policies 1.12 and 1.13 for these asset types the municipality depreciates / amortises its property, plant and equipment, intangible assets and investment property over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements, the type of asset and required return on assets in order to determine the optimum useful life expectation, where appropriate.

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

The accounting policies 1.15 and 1.16 on Impairment of assets and accounting policy 1.9 on Inventory - Subsequent measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lower of Cost and Net Realisable Value.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of Non-cash generating assets. In particular, the calculation of the recoverable service amount for Property, plant and equipment, intangible assets and the Net Realisable Value (NRV) for inventories (in terms of GRAP 12) involves significant judgment by management.

Estimated impairments during the year to Inventory, Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets are disclosed in Note 38 to the annual financial statements, as applicable.

The municipality reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

1.5 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Management judgement is required when recognising and measuring provisions and when measuring provision, contingent liabilities and contingent assets as set out in notes 21 and 44. Accounting policies pertaining to contingent assets and liabilities are disclosed under policy 1.19.

Staff leave and bonuses

The liability for leave pay is based on the total accrued leave days at year-end and is shown as a Payable from exchange transactions in the Statement of Financial Position. The municipality recognises the accrual of a guaranteed 13th cheque benefit only when the municipality has a present legal or contractual obligation to make such payment and a reliable estimate can be made. The estimation is based on the current expected cost at the time of meeting the recognition criteria.

Leave and the guaranteed 13th cheque liabilities are estimates. However the nature of the balance is an accrual of unused benefits arising from past service and therefore this is classified as a payable from exchange transactions (excluded from the financial instruments).

Environmental Rehabilitation Provision

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality’s accounting policy (1.18), taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises.

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 national bonds were used to calculate the effect of the time value of money.

In terms of the Minimum Requirements for Waste Disposal by Landfill a period of up to 30 years post-closure monitoring is recommended. This 30 year period is a recommendation and the Minister of the Department of Water and Sanitation needs to instruct the municipality as to what the exact period of post-closure monitoring would be. This instruction would be communicated in terms of each site's license conditions. The period could be shortened or prolonged, depending on specific conditions that will only become known while the actual rehabilitation activities are planned and undertaken. The extent of the monitoring (frequency of monitoring) and the costs involved (whether external experts are required or whether the monitoring be done in-house) can also not yet be determined. No communication has been received from the Department of Water Affairs and Sanitation defining the responsibilities of the municipality regarding the post-closure of any landfill site on the licenses of each site. Therefore, the post closure monitoring and inspection costs of landfill sites are regarded to not exist at the reporting date.

Long-term employee benefits

As described in the accounting policy on Employee Benefits (1.17), the municipality obtains actuarial valuations of its defined benefit plan liabilities. The long-term nature of these benefits results in significant judgements regarding the timing and value of the outflow of economic benefits. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 20 to the annual financial statements.

Management regards the total movement on the liability as the increase/decrease in expenditure for the current year. A detailed explanation of the individual expense drivers is provided in Note 20 to the annual financial statements. Where an actuarial gain is realised, the nature of the gain will be assessed with reference to the market conditions. If the gain arises from a change in estimate (i.e. key underlying assumptions are being applied in a significantly different manner than the previous reporting period), the change in estimate will be isolated from the change in market conditions and recorded separately as a gain/(loss) rather than to reduce the expense by the movement of the liability.

Revenue recognition

The Accounting Policy 1.21 on Revenue from Exchange Transactions and Accounting Policy 1.22 on Revenue from Non-exchange Transactions describe the conditions under which revenue will be recorded by the management of the municipality.

1.5 Significant judgements and sources of estimation uncertainty (continued)

Water inventory

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

1.6 Financial instruments

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

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Effective interest rate method

Outstanding receivables that are past due are charged interest at prime +1% in terms of the municipal by-laws. This is considered the appropriate effective interest rate as it is market based. For all other instruments, the contractual rate is compared to the market rate. If the rate is considered reasonable in comparison to the prevailing market rates (i.e. the rate is linked to a market rate such as the prime or repo rate), the contractual rate is considered an appropriate effective interest rate. Where a contractual rate deviates significantly from the market rate, the debtors' rate (prime + 1%) will be used as an effective interest rate.

Fair value method and assumptions

The revised standard of GRAP 104: Financial instruments did not have any significant changes in the valuation method and assumptions for the municipality.

The valuation of instruments are determined at the face value of a market quoted instrument (such as cash consumer deposits) or using amortised cost by discounting the instrument using the effective interest rate where applicable.

Classification

A Financial Asset is any asset that is cash, a contractual right to receive cash or another financial asset from another entity.

No financial instruments were reclassified as a result of the revision of GRAP 104.

A Financial Asset shall be be measured at amortised cost if both of the following conditions are met:
(a) the finanancial asset is held within management model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In accordance with GRAP 104 the Financial Assets and Financial Liabilities of the municipality are classified as follows into the three categories allowed by this standard:

- *Financial assets (or financial liabilities) at amortised cost* are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. Financial assets (or financial liabilities) at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. No discounting is required where the initial credit period is consistent with the public sector, based on established practices or legislation (credit period of 30 days).

After initial recognition financial assets and liabilites and measured at amortised cost, using the effective interest rate method less an allowance for impairment.

Included under the major classes of financial instruments below, are line items that are separately disclosed in the notes that do not meet the definition of a financial instrument (such as Prepaid expenses, Payments made in advance etc.). The balances are clearly identifiable by the naming of the line items. Such items are excluded from the balances disclose in Notes 49 and 50.

1.6 Financial instruments (continued)

In rare instances, aggregation within a line item of a note might contain both financial instruments and balances that do not meet the definition of a financial instrument. In these cases the individual line items would be assessed with reference to its materiality. Where immaterial, non-financial instruments would be included in the aggregated line items that would normally meet the definition of a financial instrument. This disclosure aggregation was specifically selected to ensure comprehensive classification.

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The municipality has the following types of financial instruments as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Cash and cash equivalents (see exception below)	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Construction contracts and payables	Financial asset or liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at fair value

The Financial Assets of the municipality are all classified as financial assets at amortised cost, except for cash floats and petty cash, which are classified as financial assets at fair value. Similarly, the Financial Liabilities of the municipality are all classified as financial liabilities at amortised cost, except for Consumer deposits, which are classified as financial liabilities at fair value.

Cash and cash equivalents include cash on hand (including petty cash) and cash with banks. Cash equivalents are both short-term highly liquid investments, readily convertible into known amounts of cash, and fixed term deposits that are held with registered banking institutions that are not subject to any significant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash with banks and call deposits held with banks.

Other financial assets are the investments of the municipality similar to cash and cash equivalents, but which are not highly liquid. The municipality may only invest with banks registered with the South African Reserve Bank.

Receivables from non-exchange transactions comprise Statutory receivables and Financial instruments. Refer to Note 7 for the classification of the balances. Availability charges are regarded as a financial instrument as the consumer has the option to select whether it would like to utilise the municipal service or to rather pay an availability charge in lieu of not using the municipal services.

Impairment and uncollectibility of financial assets

For the comparative figures under the previous version of GRAP 104: Financial Instruments:

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date (also refer to 1.5). Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

An allowance for impairment of receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the financial asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as recoverable.

1.6 Financial instruments (continued)

Annual impairment testing is conducted on all receivable balances. The effects of the annual impairment testing are accounted for against the Provision for Bad Debts Allowance. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance against the Reversal of Impairment Loss/(Impairment Loss) on Receivables. Accounts identified and written-off during the year is recognised against Bad Debts Written Off in the Statement of Financial Performance.

As of 1 July 2025, the impairment is assessed based on the revised version of GRAP 104: Financial Instruments:

All financial assets are evaluated to determine a potential likely impairment loss. For bank accounts and investments (cash and cash equivalents and other financial assets), the risks was assessed as extremely unlikely as the banks holding the instruments are all banks registered with the South African Reserve Bank with high credit scores (banks commonly provide a Moody's rating) and since the lifespan of the bank account is 5 years for the primary bank account and the term of the investment (1 year or 3 years). The latest Moodys rating for Standard Bank (the primary municipal bank) is positive.

For receivables, the credit control policy is executed without prejudice and with due care. The systematic process of good governance resolved that debtors would be categorised into customer segments. The traditional customer segments were commercial, government and residential consumers. The residential consumers were further broken down into customers serviced by Eskom and those serviced by the municipality. Through this analysis, a clear trend of historic losses were identified. The annual write-offs were then compared to the annual growth in inflation and the movement in the prime lending rate as well as the gross domestic product growth and the movement in the unemployment rate. As correlation and co-efficiency between the write-offs and market indicators were noted, the municipality determined based on professional judgement a forward looking estimated credit loss rate for each unique customer segment broken down into each ageing bucket.

During the analysis, it was found that over a period of 5 years, no government debt was written off and that all accounts were recovered. For this reason, Governments debts estimated credit loss was set at 0%.

The analysis of customer data between various ageing buckets over a significant period of time is a costly exercise. The municipality reviewed the datasets and determined the most appropriate period for historic data to be periods commencing on or after 1 July 2022 until 30 June 2026.

As discussed under Policy 1.5 for Significant Judgements, the ageing buckets up to 270 days were considered due to the accounting system only displaying monthly ageing data until 270 days and since the debt would have been assessed for write-offs in terms of the municipal credit control measures by the age of 270 days.

The municipality writes off debt in two separate instances each year, namely in quarter three (usually in February) and in June. Whilst the write-off is based on the credit control policy, the estimated credit losses aims to reflect a realistic forecast of the bad debts expected for the year. Accordingly, the impairment allowance is adjusted to match the write-off amount. The actual write-off is debited against the allowance account.

Derecognition

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

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

1.7 Statutory receivables

Definitions and measurement principles

Statutory Receivables are those receivables (settlement in cash or another financial asset) that arise from legislation as opposed to contractual deliverables. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments (1.6).

Statutory receivables are classified and recognised as exchange or non-exchange in accordance with the relevant standards on revenue and essentially based on whether there is a supply of goods and services in exchange for economic benefits of similar value.

1.7 Statutory receivables (continued)

Initial Measurement

Statutory receivables are measured at their transaction amount in accordance with the relevant standards on revenue based on the classification between exchange and non-exchange (refer accounting policies 1.21 and 1.22 respectively).

Subsequent measurement

Statutory Receivables are measured at cost, plus accrued interest, less any impairment recognised and amounts derecognised.

Interest is calculated using the nominal interest rate as stipulated in legislation and municipal by-laws.

Impairment losses

Impairment is assessed on an annual basis based on objective evidence regarding expected recoverability.

Consumers are assessed based on groupings, risk profiles and payment history profiles.

Government accounts are not provided for as such accounts are regarded as recoverable.

If there is an indication that a statutory receivable may be impaired, the entity 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 shall be reduced directly or through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

Refer to the Significant Judgements (refer accounting policy 1.5) for the calculation in respect of the impairment of Statutory Receivables.

Derecognition

Statutory receivables are derecognised when the asset is extinguished, settled or through transferring of all significant risks and rewards to a third party.

Extinguishing the asset would usually be in terms of legislation or other similar means.

The difference between the consideration received and amount derecognised shall be recognised in the surplus or deficit of the period of transfer.

1.8 Construction contracts and payables

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

Revenue from such contracts shall comprise the agreed value in terms of the contract plus any agreed variations to such contract on the conditions that these variations will result in an inflow of economic resources that can be measured reliably (refer accounting policy 1.21). If variations does not result in cash flow & revenue.

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

Attributable costs are only assigned to the contract costs if these can be assigned on a systematic and rational basis.

All of these contracts of the municipality are fixed price contracts. Revenue and costs are therefore recognised with reference to the stage of completion provided that the conditions for contract revenue and contract costs will flow to the entity and the contract costs can clearly be identified and measured reliably.

1.8 Construction contracts and payables (continued)

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

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

Classification of Transactions

Various transactions arise from the Housing Arrangements. Some fall within the ambit of GRAP 11: Construction Contracts, others with GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-exchange Transactions. The information below briefly outlines how transactions are recognised:

- Expenditure pertaining to the planning and civil services of a project is considered to be Grants and subsidies in terms of GRAP 23: Revenue from Non-exchange transactions.
- Expenditure on the stand (also known as top structure expenditure) include the physical building, NHRBC fees and other expenses that are directly related to construction of houses that will be transferred to the beneficiary is accounted for as construction contract revenue and construction of low cost housing (contracted service expenses).
- Receipts directly attributable to the administration of beneficiaries are accounted for under Operational Revenue as Housing services rendered in terms of GRAP 9: Revenue from Exchange Transactions.
- Receipts that are received to register the title deed in the name of the beneficiary are regarded as receipts and payments on behalf of the beneficiaries in terms of GRAP 109: Principal Agent Arrangements.
- Land parcels purchased by means of receipts from the Provincial Department are assessed in terms of IGRAP 18: Recognition and Derecognition of Land. The portions of the expenditure that will remain under the control of the municipality is capitalised as Property, Plant and Equipment when the future use is determinable. When such future use cannot be determined, such land will be accounted for as Investment Property based on the municipal policy pertaining to such land. The portion of land expenditure that will be transferred to the beneficiaries are expensed once the contract is signed. The expense and receipts pertaining to land transactions are included under either Operational cost, Loss on disposal of assets and Sale of land or Gains on sale of fixed assets respectively.

The municipality is licensed to supply medium voltage electricity to its consumers. When receipts in terms of the Integrated National Electrification Programme are received for the expansion or construction of medium voltage electricity, these assets become the property of the municipality and therefore the receipts are accounted for in terms of GRAP 23: Revenue from non-exchange transactions as a grant. When such receipts are allocated to the municipality for the construction of High Voltage network upgrades, those assets may not be used by the municipality and will need to be transferred to the national energy provider Eskom. As such, the receipts allocated to the municipality for the construction of assets on behalf of Eskom will be accounted for in terms of GRAP 11 Construction Contracts.

1.9 Inventories

Inventories comprise of current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is 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.

The term ordinary course of operations refers to activities that occur on a frequent basis on terms that are comparable to those of other municipalities. Once-off or occasional transactions are therefore not considered in the ordinary course of operations (such as the sale of a financial instrument).

Subsequent measurement

Consumable stores, raw materials, work-in-progress

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge or for consumption in the production process of goods to be distributed at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost.

1.9 Inventories (continued)

Water inventory

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

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water and purified effluent are therefore valued at purified cost insofar as it is stored and controlled in reservoirs at year-end.

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

Unsold properties

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis.

Other arrangements

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Most inventories are distributed at no charge or for a nominal charge rather than sold. Net realisable value is therefore measured in terms of Current Replacement Cost. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

1.10 Leases

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Any contingent rents are expensed in the period in which they are incurred.

The Municipality as Lessee

Operating leases are those leases that do not fall within the scope of a finance lease receivable. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Leases (continued)

The Municipality as Lessor

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as revenue and the contractual payments received are recognised as an operating lease asset or liability.

Determining whether an Arrangement contains a Lease

At inception of an arrangement, the municipality determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the municipality the right to control the use of the underlying asset.

1.11 Value-added Tax (VAT)

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

VAT in the records of the municipality comprises main categories of VAT, namely the VAT Control (VAT declared at year-end to SARS and not yet paid or received), a VAT input accrual (VAT on expenditure incurred, but not yet paid) and VAT output accrual (VAT revenue accrued or invoiced, but not yet paid as well as the VAT on impairment of receivables).

As each VAT transaction is individually exclusive, management has elected to not offset the separate VAT categories. As all VAT transactions will eventually fall due to or by the same juristic person, all balances are presented in the same note to the AFS to permit comparison of our total VAT balance with that of the private sector. The VAT classification is as follows:

VAT Type	Description	Classification
VAT Control	Balance due by/(to) SARS	Statutory receivable or Payable (GRAP 19)
VAT Output Accrual	VAT accrued on outstanding debtors (only payable once the debtor pays its outstanding amounts)	Payable
VAT Input Accrual	VAT on Trade Payables not yet paid (only claimable once payment is made to the creditors (i.e. will move to Control account within 30 days from year-end)	Receivable (GRAP 19)
VAT on provision for impairment of bad debt (accrual)	VAT that could potentially be claimed if the debt is written off	Receivable (GRAP 19)

VAT accruals are estimated values of amounts that could fall due to SARS when debt is paid or written off. As the municipality does not have control over the timing and value of inflows, the accruals pertaining to debtors are subject to variability. Accruals pertaining to trade payables are likely to be converted to a statutory receivable (VAT Control) within 30 days of statement in terms of the municipal policies.

VAT accruals were assessed as material and therefore disclosed separately on the face of the AFS. In order to allow both private and public sector to understand the scope of the VAT consequences for the municipality, the VAT was organised in a single note.

1.12 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for service delivery in terms of the mandated functions of the municipality and are expected to be used during more than one period.

Property, plant and equipment is recognised and measured in terms of GRAP 17: Property, plant and equipment at cost less accumulated depreciation and accumulated impairments.

Repairs and maintenance

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 42).

Depreciation

1.12 Property, plant and equipment (continued)

Depreciation only commences when the asset is available for use, unless stated otherwise.

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost up to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are initially based on the following originally estimated useful lives and thereafter on the estimated remaining useful lives as at year-end:

Item	Depreciation method	Average useful life
Buildings	Straight-line	10 - 60 years
Infrastructure	Straight-line	
• Electricity		10 - 50 years
• Landfill sites		10 - 50 years
• Sewerage		10 - 100 years
• Stormwater		50 years
• Roads and paving		10 - 100 years
• Water		10 - 100 years
Community	Straight-line	10 - 60 years
Movable assets	Straight-line	
• Furniture and fittings		5 - 20 years
• Machinery and equipment		5 - 15 years
• Machinery and equipment exception: Large Skip Bins		30 years
• Office equipment		3 - 10 years
• Specialised vehicles		5 - 20 years
• Vehicles		5 - 10 years

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate. The residual values and useful lives is deemed to be appropriate unless an event has occurred or conditions of use have changed, which may have an effect on the residual values and remaining useful lives of these assets.

Incomplete Construction Work

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.

Infrastructure Assets

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.

Land

The municipality assesses at each reporting date if there is an indication of impairment.

Land is recognised and derecognised based on evidence of control. Control over land is evidenced by legal ownership and/or the ability to direct access to the land and to restrict or deny the access of others to land.

In assessing the control criteria, any binding arrangements over properties will be considered. Binding agreements can be in written form, a verbal agreement or the result of best practice.

The loss of control will result in the derecognition of the property, despite legal title, while assets over which the municipality does not hold the legal title may be recognised as an asset if control over the property has been established.

1.12 Property, plant and equipment (continued)

Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. Disposals can be voluntary or involuntary of nature.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

1.13 Investment property

Initial recognition

Investment property comprises fixed property (land or a building, or part of a building, or both land and buildings) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

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

- Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations which council intends to sell at a beneficial time in the future.
- Land held for a currently undetermined future use.
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases (market rental does not need to be charged).
- A building that is currently vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.
- Property that is being constructed or developed for future use as investment property.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment or Inventory as appropriate:

- Property held for sale in the ordinary course of operations or in the process of construction or development for such sale. This property is treated as inventory.
- Property being constructed or developed on behalf of the Provincial Government: Housing Department.
- Owner-occupied property which is defined as property which is held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes as per definition criteria of GRAP 17 which includes all council buildings used for administration purposes
- Property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) are also regarded to be owner–occupied property.
- Property that is leased to another entity under a finance lease.
- Property held by council for strategic purposes or to meet service delivery objectives rather than to earn rental or for capital appreciation.
- Where council has properties that are used both for administrative and commercial purposes and part of the properties cannot be sold separately these properties will not be classified as investment properties.

Repairs and maintenance

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the financial statements (see note 42).

1.13 Investment property (continued)

Subsequent measurement - Cost model

Investment property is measured using the cost model. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Land is not depreciated. The municipality assesses at each reporting date if there is an indication of impairment or whether the residual values and useful lives needs to be adjusted as a change in estimate.

Derecognition

Investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Transfers

Transfers to, or from, investment property shall be made when, and only when, there is evidence of a change in use.

1.14 Living and non-living resources

Living resources are defined as any living animal or plant that undergoes biological changes naturally. The municipality has evidenced control over the living resource by means of one or more of the following:

- Our ability to intervene in the physical condition of the resource;
- Our ability to restrict the movement of the resource through fences and other security measures; and
- Our ability to decide how the resource is used.

Only those resources where management implements actions in order to use and protect the use of the living resource will such be recognised.

Management considers its intervention in physical condition of living resources as critical for the recognition as an asset. In this regard, detailed plans should be in place in order to stimulate the growth and monitor the ageing of the resource. Ad hoc, unplanned activities such as the occassional (non-routine) watering of plants and trimming of trees do not constitute intervention and as such town beautification would not meet the recognition criteria. No living resources were identified as controlled by the municipality. Therefore the considerations as to recognition and measurement is not considered relevant.

As an eventuality, management will acquire city beautification from time to time. In order to fulfil the municipality's mandate (for example maintenance of community parks, supply electricity) it would be required from time to time to do maintenance of trees and plants. The purpose however is not the manage or extent the physical condition, in order to obtain future economic benefits or services from the trees, but to preserve the area (for e.g. to prevent veld fires) or promote the area for tourism. Therefore, management does not control the trees and plants as a living resource, that requires separate recognition.

Non-living resources are those resources that occur naturally and have not been extracted. Minerals, oil, water and land are examples hereof. Non-Living resources are only disclosed when:

- Management intervenes in the processes as part of the municipal mandate in order to deliver goods or services. This intervention must be before the point before extraction while the resource is still in its natural state.
- Intervention must be proceeded by either extraction or utilisation of the resource.

Management only identified water resources as no other natural resources are prevalent within our jurisdiction.

Water contained in reservoirs and pipes are considered to be extracted and is therefore accounted for as Inventory in terms of GRAP 12.

1.15 Impairment of cash-generating assets

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

It is expected that some assets may have a dual-purpose. A dual-purpose asset is only classified as cash-generating (profit assets) if the purpose to create a profit clearly stands out and the service delivery aspect is incidental. If the purpose is not clear, the assets are presumed to be non-cash-generating (service assets).

1.15 Impairment of cash-generating assets (continued)

The designation may be done on an asset or group of assets, where a group of assets is a unit of assets operating together. In the designation process assets are first designated using a group of assets and any remaining assets are then designated on an individual asset basis. An asset could comprise a group of assets that are part of a system or network.

Assets are reviewed annually for indicators that these needs to be impaired. Only once an impairment indicator for assets is identified will the recoverable service amount be measured. Therefore, if no adverse indicators are prevalent, management would not assess the recoverable service amount.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

The recoverable service amount is the higher of the asset's value in use or its fair value less cost to sell.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

The following are examples of impairment indicators used by management:
- During routine physical inspection of the asset there was evidence of permanent physical damage (or obsolescence).
- The asset is not being used, or access to the asset is restricted, due to structural damage.
- The asset is not able to perform at the planned or required level and as a result is not meeting service delivery targets.
- During routine physical inspection of the asset it was identified that the asset deteriorated faster than expected, or was subject to damage, which will result in replacement or non-routine maintenance earlier than expected.
- Due to technological advances or environmental requirement, the asset may need to be taken out of service.

Physical damage would trigger an impairment test when it results in a permanent or significant decline in the service potential of the asset. Judgement is needed to determine whether the decline is permanent or significant. In certain circumstances evidence may be available to demonstrate that the impairment will be temporary. In such circumstances, no impairment loss will be recognised.

Where the recoverable amount is less than the carrying amount, the carrying amount will be reduced to the recoverable service amount by way of an impairment loss. The impairment loss will be recognised as an expense as part of the gains and losses disclosed in the Statement of Financial Performance.

1.16 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets. Refer to the policy 1.15 for the impairment indicators.

The recoverable value is the higher of the asset's value in use or its fair value less cost to sell.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. A temporary decline does not have to be accounted for as an impairment, but only if it is probable that the decline is temporary in nature.

The recoverable amount is assessed by either the Depreciated Replacement Cost, Restoration Cost or Service units approach. The selection of the approach is based on the circumstances as per management judgement of each impairment indicator of each asset.

Assets are reviewed annually for indicators that these needs to be impaired. Only once an impairment indicator for an asset or group of assets is identified will the recoverable service amount be measured. Therefore, if no adverse indicators are prevalent, management would not assess the recoverable service amount.

Where the recoverable amount is less than the carrying amount, the carrying amount will be reduced to the recoverable service amount by way of an impairment loss. The impairment loss will be recognised as an expense as part of the gains and losses disclosed in the Statement of Financial Performance.

1.17 Employee benefits

Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay and for the 13th Cheque as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days on the total remuneration package of the employee at year end and is shown as an accrual in the Statement of Financial Position.

Long-term employee

Long-term employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Long-term employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees. The municipality has no such informal arrangements.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Long Service Awards

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service) is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality’s liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance (also refer significant judgements 1.5).

As of 1 July 2026: In the event that an employee retires at the age of 65 and does not meet the long service threshold indicated in Section 11.1 of the collective wage agreement, a pro-rata long service benefit will be applicable.

Post-retirement benefits

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

Defined Contribution plans

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

Defined Benefit plans

A defined benefit plan is a post- employment benefit plan other than a defined contribution plan.

1.17 Employee benefits (continued)

Post-retirement Health Care Benefits

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

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses, reduced by past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance (also refer significant judgements 1.5) as an expense.

1.18 Provisions

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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

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.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money.

When the outflow of economic benefits or service potential is no longer probable the provision will be derecognised.

Decommissioning, restoration and similar liability

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

The related asset is measured using the cost model:

- Changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.15 and 1.16.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.19 Contingent assets, contingent liabilities and commitments

Contingencies are only disclosed in the notes to the Annual Financial Statements.

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

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

Commitments are future expenditure to which the municipality has committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure notes. A distinction is made between capital and current commitments.

Lease commitments as defined per GRAP 13: Leases are disclosed in note 9. Operating commitments are not disclosed as the municipal annual budget is available on the municipal website.

Commitments are disclosed for:
- Items are classified as capital commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources;
- Approved and contracted capital commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP; and
- Contracts to purchase, construct or develop assets or for repairs, maintenance or enhancements to assets, that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the Notes to the Annual Financial Statements.

Understanding the classification of amounts due

Payables, provisions and contingencies are distinguished with relation to the certainty of the amount or the likelihood of payment. Payables from exchange are those amounts factually payable within the immediate future. Provisions are those amounts where either the timing of payment or the value of payment is uncertain, but the fact that an amount is due is fairly certain. Provisions are therefore subject to management estimates whereas payables are factual amounts due.

In contrast thereto, contingencies are those amounts due which are fairly uncertain. Uncertainty is determined by management’s estimate of the likelihood of the potential payment or with reference to the uncertainty as to the actual amount that cannot be reliably estimated at reporting date. Where an amount can be estimated reliably, but the likelihood of payment or receipt is assessed as remote by management, the matter will be reported as a contingency.

1.20 Net Assets

The accumulated surplus/deficit represent the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

Included in the net assets of the municipality, are the following statutory funds and reserves, apart from the Accumulated Surplus, that are maintained in terms of specific requirements:

Reserve: Capital Replacement (CRR)

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers. The following provisions are set for the creation and utilisation of the CRR:
- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Municipality.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR to the accumulated surplus.

1.21 Revenue from exchange transactions

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date, and the transaction costs can be measured reliably.

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

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.

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

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Service Charges

Service Charges are levied in terms of approved tariffs.

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

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

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property and are levied monthly in arrears.

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

Pre-paid electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. In respect of consumption between the last point of sale and the reporting date, an accrual is made based on the average daily consumption (for the period 1 July to 30 June) of consumers as per an internal system estimation report.

Finance income

Interest earned on investments and outstanding debtors is recognised in the Statement of Financial Performance when the interest is earned.

1.21 Revenue from exchange transactions (continued)

Tariff Charges

Revenue arising from the application of the approved tariff policy is recognised when the relevant service is rendered by applying the relevant authorised tariff (e.g. Operational revenue and Development charges).

Income from Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of the principal has been quantified. The income recognised is in terms of the agency agreement.

Sale of goods (including houses)

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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- 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 stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is recognised and measured in terms of GRAP 11: Construction Contracts rather than GRAP 9: Revenue from Exchange Transactions.

1.22 Revenue from non-exchange transactions

An inflow of resources from a non-exchange transaction that meets the definition of an asset, is recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a non-exchange transaction that meets the definition of a liability is recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

Property rates

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

Tariff charges

Transferred assets are measured at their fair value as at the date of acquisition.

These charges are recognised in terms of the tariffs determined by legislation (e.g. license fees, etc.) or tariffs approved by council (e.g. availability charges, etc.).

1.22 Revenue from non-exchange transactions (continued)

Debt forgiveness

All unclaimed deposits are initially recognised as a liability until 36 months expires, where after all unclaimed deposits, which were deposited into the Municipality's bank account, will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the Prescription of Debt Act. Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are embedded in the fine issued, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by receivables.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting municipality.

Public contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

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

Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

Other Donations and Contributions

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

Services in-kind

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality discloses the nature and type of services in-kind received during the reporting period. No services in-kind were noted that is significant to the operations of the municipality.

1.23 Government grants and receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transfer or, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transfer or has never been enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue. Often these unspent grant liabilities are cash backed.

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

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, as the qualifying expenditure is incurred.

1.24 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred.

1.25 Grants and subsidies paid

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

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

These transfers are recognised in the statement of financial performance as expenses in the period that the events give rise to the transfer occurred.

1.26 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted or is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense.

The definition of “vote” for Swartland Municipality is set at the Functional area within the respective department based on the operating and capital budget as a combined total as per the MFMA. Functional areas can be identified based on the top level organogram of the municipality (available on the municipal website).

1.27 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred and is classified in accordance with the nature of the expense.

1.28 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality’s supply chain management policy.

Irregular expenditure excludes unauthorised expenditure.

1.29 Internal reserves

1.30 Losses

The MFMA requires the disclosure of losses incurred during the year under review. The disclosure is provided in order to comply with the legislative requirements governing Municipalities and Municipal Entities. Disclosure of losses is based on units as required by the MFMA (eg. Audit fees that are disclosed inclusive of VAT).

Accounting for water losses is discussed in the accounting policy for Inventory (1.9).

1.31 Service concession arrangements

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 of time, for which the operator is compensated for its services over the period of the service concession arrangement.

Initial recognition and measurement

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 and derecognition

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.

The municipality accounts for the liability as a financial liability when 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 allocates the payments to the operator and account 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 revenues

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.

Refer to Note 53 for the disclosure of the service concession arrangement assets, liabilities, revenue and expenditure.

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

1.31 Service concession arrangements (continued)

Where 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 in the condition expected at the end of the service concession arrangement.

1.32 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).

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

- Does the third party determine significant terms
- Does the third party receive 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.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement. Substance over form is applied. Therefore the exact wording over contracts where the terms agent or acting on behalf are used are considered, but only to the extent that rights and obligations are substantially transferred. Where rights and obligations are not transferred, the transaction is considered a normal supplier/customer relationship and accounted for as such.

Administrative rights, such as those resulting from a collection agency agreement are not considered sufficient grounds for a principal agent relationship. The agent or principal arrangement needs to confer rights and obligations that give the counter party the ability to execute transactions as if it is acting on the other party's behalf. A collection agency only collects revenue and pays such revenue over to the municipality. It has no authority to deviate or alter on any significant terms and therefore is not considered an agent per the definition of the standard.

1.33 Segment reporting

The segments reported is the functional segments as per the Monthly Section 71 Management Reports. The information that will be reported is aligned to the monthly section 71 reports which are reviewed by the executive management. The key factor considered is therefore the manner in which management has chosen to organise the entity around differences in goods and/or services to the public.

None of management's segments were aggregated as each segment contains material goods or services. Activities are already aggregated for purposes of strategic review as outline in the table below.

1.33 Segment reporting (continued)

The level of aggregation is summarised in the table below:

Segment	Functions	Revenue	Unique expenditure
Vote 1 - Corporate Services	Property management (rentals, sales), Legal services, Human Resources, Record Management, Public Relations, Communication, Tourism and Libraries	Grants (Library and Other), Sale of Land, Libraries, Rental income	Communication (Operational Costs), Ward Committees
Vote 2 - Civil Services	Roads, Waste Management, Waste Water Management, Water Management, Management of facilities (buildings, parks etc.)	Trading Services (except electricity), various grants (e.g. MIG, Roads etc.)	Water consumed and water losses, Solid Waste
Vote 3 - Council	Councillors, Speakers, Mayor	Allocated	Remuneration of councillors, Grants and subsidies paid
Vote 4 - Electricity Services	Electricity, Information Technology	Electricity, Grants	Electricity bulk purchases
Vote 5 - Financial Services	Budgeting, Credit Control, Supply Chain, Financial Systems and Reporting, Revenue administration, Expenditure Management, Asset Management	Interest received, Property rates, Gains on vesting of properties and equipment, Land Sales	Bad debts, Finance Costs, Impairments for receivables
Vote 6 - Development Services	Community Development (Social services), Human Settlements, Health and Safety, Town Planning, Valuations, Building Inspections	Grants (Housing and other), Construction Contracts, Majority of Operational Revenue (Building Plans, Camping)	Low Cost Housing, Health and Safety
Vote 7 - Municipal Manager	Executive Management, Strategic Services and Internal Audit	Allocated	Majority of expenditure pertains to salaries and depreciation
Vote 8 - Protection Services	Traffic and Law Enforcement, Fire and Emergency Services	Grants, Fines, Licences and Permits	Traffic Fine Management, Bad debts and debt impairment for traffic fines.

Grant revenue is shared by all departments as these are applied for. Certain grants are directly contributable to specific votes, such as Electricity or Library (Corporate) and Housing (Development). Equitable share is however allocated to each department based on the approved budget.

All other expenditure is generic and shared by all departments: Employee Costs, Contracted Services, Operational costs, Other Materials (consumables). The administration of assets occur within Financial Services, but the losses are allocated to each department.

Details of each activity of the municipality is disclosed in the annual performance report.

The municipality manages its operational revenue and expenditure, assets and liabilities geographically as a whole. Only capital expenditure is reviewed based on the location. All other asset and liability management techniques are focused on the asset base as a whole rather than the asset and liability management for a specific area. Service delivery staff are organised in such a manner that service delivery takes place timeously in each town, but it’s not a strategic principle to organise assets and liabilities in such a manner that each town is its own small economic/service delivery unit that can operate separately from the rest of the organisation. Segment reporting per geographic area is therefore not deemed relevant.

The segmental report surplus or deficit reviewed by management does not comprise all of the details as required by the standard. Management reviews the performance on an aggregated basis of total revenue and total expenditure. Management’s focus is service delivery and ensuring sufficient revenue is available to ensure such. Only overall (municipal total) surplus is considered when allocating resources. The segment surplus, assets and liabilities are not reviewed on a segregated basis and therefore will not be disclosed as it is not considered relevant for purposes of measuring performance.

1.33 Segment reporting (continued)

The reporting measurement basis for the management reports is the same as that of the annual financial statements (i.e. SA GRAP). Interdepartmental services charges are already eliminated in the management reports reviewed by executive management and will therefore not be separately disclosed (deemed to not be relevant for decision making).

National Treasury has issued an instruction to municipalities to disclose the segment report in terms of the Government Finance Statistics embedded in MSCOA per the Municipal Budget and Reporting Regulations (MBRR). The disclosure has been provided in the notes as per NT's instruction. However, this information is not the primary information used by management to evaluate the performance of the municipality. The information is however useful to compare municipalities where a different organogram is in place.

1.34 Related parties

A related party is a person or an entity with the ability to control or jointly control the municipality, or exercise significant influence over the municipality, or vice versa, or an entity that is subject to common control.

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

An entity is related to the reporting entity where they are members of the same economic entity or controlled by the same group of individuals or related individuals who exercise significant influence over their operational and financial decision making (such as group, associate or Joint venture).

Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other persons designated by the Municipal Manager as persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality.

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

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties.

Only transactions with related parties not at arm’s length or not in the ordinary course of business are disclosed.

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 such as:

- A person married to or live together in a relationship similar to a marriage.
- People who are separated by no more than two degrees of natural or legal consanguinity or affinity.

1.35 Events after reporting date

Events after the reporting date that are classified as adjusting events are accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date are disclosed in the notes to the Annual Financial Statements.

When events provide evidence of conditions that existed at year-end and these conditions have an impact on the values presented, the event is considered an adjusting event. All other events are considered non-adjusting events.

1.36 Budget information

The annual budget figures are those approved by Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis and needs to comply with the classification as prescribed in the Municipal Budget and Reporting Regulations. Such classification is reconciled to classification in terms of financial reporting framework. The original approved budget covers the period from 1 July 2025 to 30 June 2026. During January each year, following a review of the mid-year performance, the adjustment budget is approved by council. Such adjustment budget or similar subsequent adjustment budget is considered the final budget.

Accounting Policies

1.36 Budget information (continued)

Explanatory comments are provided for overall growth or decline in the budget and motivations for over or under spending on line items. 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 R100 000. All variances less than R100 000 is considered immaterial.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts. This is based on paragraph 2 and 30 of GRAP 24. The presentation is a mirror image of the National Treasury Budget Submission Template and therefore classification of items differ slightly from the face of the Statement of Financial Position and Statement of Financial Performance (for example service consumers and other debtors compared to Receivables from Exchange and Non-Exchange).

2. Fruitless and wasteful expenditure

Due to the fiscal governance control environment of the municipality, paired with our commitment to pay creditors within 30-days from statement or invoice, no fruitless expenditure was incurred during the year.

3. Irregular expenditure

	2026	2025
Opening balance as previously reported	-	13 347 526
Opening balance as restated	**-**	**13 347 526**
Add: Irregular Expenditure - current	30 835 623	5 004 946
Add: Irregular Expenditure - prior period	27 982 069	4 843 603
Less: Amount written off - current	(28 618 750)	(5 004 946)
Less: Amount written off - prior period	(27 982 069)	(18 191 129)
Closing balance	**2 216 873**	**-**

Current year irregular expenditure

A break-in occurred at the Moorreesburg Wastewater Treatment Works resulting in emergency repairs to be undertaken to the value of R 228 473 prior tot the deviation being approved. Council approved the write-off of the full amount after consideration by the Municipacl Public Accounts Committee (hereafter: MPAC).

The directorate responsible for housing delivery made a decision not to halt service delivery by continuing with the servicing of the De Hoop serviced sites. The timing of this decision resulted in expenditure being incurred against a budget appropriaton with insufficient funds, prior to the request for a virement. Expenditure to the value of R 11 670 967 was incurred prior to the virement approval. Council approved the write-off of the full-amounting to R 9 454 094, after consideration by the MPAC. The remaining balancce of R2 216 873 was identified subsequent to Council approval.

Lastly, provision of professional civil services amounting to R 18 936 182 (2025: R 27 982 069) was incurred contrary to the provisions of the municipality's SCM Policy whereby all appointments for projects above R 10 million, must be approved by the CFO before the award can be made. The expenditure was deemed irregular because of non-compliance with section 20(2) of the SCM Policy. Council approved the write-off of the full amount pertaining to 2024/2025 and 2025/2026, after consideration by the MPAC.

In all three cases, the officials acted in good faith and no financial losses were suffered.

Prior year expenditure

In the prior year audit the Auditor General identified Telkom services as irregular expenditure due to a lack of a formal procurement process. after a thourough analysis council wrote off R 4 803 759 pertaining to 2023/24 R 4 259 578 and R 544 181 in the current year. The reason for the write-off was that officials acted in good faith and the municipality received value for money for the services rendered despite procedural shortcomings. The Auditor General also identified fuel purchases as irregular citing fuel filled outside the duly appointed contracted provider, council wrote off R 1 056 354 pertaining to 2023/24 R 711 425 and R 344 929 in the current year.

The municipality also identified potential irregular expenditure via its own controls, this include purchases from SPAR during the Riverlands disaster R 35 221 and fuel purchases in Yzerfontein R 5 346, these purchases were written off by council during June 2025.

Lastly, following guidance from National Treasury, all payments in lieu of grants in aid since the inception of the MFMA towards the SPCA was reconsidered to be in breach of the supply chain management regulations. Following an investigation , Council wrote off the R 3 947 869 in irregular expenditure during June 2025.

4. Unauthorised expenditure

Add: Expenditure identified - current	104 026 441	-

Current year Unauthorised Expenditure

The Directorate of Development Service's budget was overspent by an amount of R 89 382 085 (2025: R Nil). Housing projects are by nature, multi-year projects. The municipality is required to award these multi-year projects in line with the grant appropriations applicable to the municipality's financial year/s. The Provincial Department's budget commences on 1 April and the municipality's budget on 1 July. The resultant difference in year-ends is the period from 1 April until 30 June where the municipality can finalise expenditure for grant receipts received from 1 July to 31 March. In the case of the multi-year housing projects for Moorreesburg (Sibanye) and Malmesbury (De Hoop), all of the deliverables for the department's budget were met much earlier than 30 June 2026. The directorate responsible for housing delivery decided to ensure continuous service delivery, based on their analysis of risks and entered into an agreement with the Provincial Department who agreed to pay the municipality's contractor between April and June. The resultant claims submitted to and the Provincial Departmental payments were therefore made to bridge the gap between the two parties year-end, paid out of the allocation for 2026/27. As the budget is designated for the 2026/27 municipal financial year, the payments made by the Provincial Department were unauthorised payments for the municipality for the year ended 30 June 2026, even though there was no outflow of cash from the municipal bank account.

The Directorate of Financial Services budget was overspend by an amount of R 12 260 595 (2025: R Nil) due to the unexpected large actuarial loss as per Note 17, which could not reasonably have been forseen at the time of budget approval. The municipality budgeted for a smaller loss based on the market indicators prevalent during the budget processes. The full value of the loss is however, unforeseen and unavoidable as the loss can only be determined based on market indicators (bond yields) as at 30 June each year. Given the upgrade in the National Credit Rating in May 2026, which is the primary driver of the movement in the actuarial loss, the municipality was unable to incorporate the loss in its adjustment's budget in January 2026. This is a non-cash accounting actuarial loss transaction.

The Directorate of Electrical Services overspent by an amount of R 2 383 761 (2025: R Nil). The municipality is in the process of expanding the network capacity for Yzerfontein and Darling to provide for ongoing development. After more than a year of delays by Eskom and subsequent negotiations, an initial connection fee was negotiated in order to secure that network capacity is upgraded as soon as possible. The municipality proceeded to settle the initial fee despite the fees only being included in the following year's budget allocation, this to ensure that Eskom prioritizes the required increased connection . The payment was done in June 2026, resolving that the budget could not be revised to take into account the excellent momentum/progress made in terms of the municipal plan to improve the network capacity. This was not as a result of a breakdown in controls or oversight in the directorate, but necessitated to ensure prioritisation by Eskom.

Prior year Unauthorised Expenditure

Due to the fiscal governance control environment of the municipality, no unauthorised expenditure was identified during the 2024/25 financial year.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash advances	18 776	18 776
Bank balances	1 100 372 866	677 001 168
	1 100 391 642	**677 019 944**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

5. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2026	30 June 2025	30 June 2024	30 June 2026	30 June 2025	30 June 2024
Standard Bank of South Africa Limited 372865100	1 097 356 545	673 703 697	466 445 064	1 100 372 866	677 001 168	470 471 553
Municipal Traffic Account 372865178	286 214	146 467	(17)	-	-	-
OTM Account 372865119	27 208	32 129	4 873	-	-	-
TMT Fines Account 372865127	1 195	11 345	196 939	-	-	-
ACB 372865143	-	-	(38)	-	-	-
Sundries 372865143	(122)	-	3 584	-	-	-
Total	**1 097 671 040**	**673 893 638**	**466 650 405**	**1 100 372 866**	**677 001 168**	**470 471 553**

The Unspent Grants are cash-backed.

The municipality also have the following bank account with Standard Bank South Africa Limited which had a zero balance at year end except as indicated below. All accounts balances are cleared to the main account on a daily basis except on weekends.

1) Web Fines Account Number 372865135

For the purposes of the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments.

The increase in Cash and cash equivalents is due to the long-term investment that matured at year end.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period.

Deposits of R 524 788 999 (2025: R 359 394 889) are attributable to the capital replacement reserve (Refer to Note 22).

Figures in Rand	2026	2025

6. Receivables from exchange transactions

	2026	2025
Prepaid expenses	4 156 724	4 054 345
Electricity	88 335 935	70 076 108
Water	26 730 645	19 928 364
Sewerage	12 382 237	8 485 295
Refuse Removal	9 735 215	6 804 025
Housing rentals / instalments	71 148	117 534
Other	10 321 397	12 290 461
	151 733 301	**121 756 132**

30 June 2026	**Gross Balances**	**Collective Allowance for Impairment**	**Net Balances**
Service Receivables			
Electricity	88 791 379	(455 444)	88 335 935
Water	32 474 948	(5 744 303)	26 730 645
Sewerage	14 441 285	(2 059 048)	12 382 237
Refuse Removal	11 586 225	(1 851 010)	9 735 215
Subtotal	147 293 837	(10 109 805)	137 184 032
Other Receivables			
Housing rentals / instalments	82 797	(11 649)	71 148
Other	12 796 395	(2 474 998)	10 321 397
Prepaid expenses	4 156 724	-	4 156 724
	164 329 753	**(12 596 452)**	**151 733 301**

30 June 2025	**Gross Balances**	**Collective Allowance for Impairment**	**Net Balances**
Service Receivables			
Electricity	71 034 590	(958 482)	70 076 108
Water	29 157 693	(9 229 329)	19 928 364
Sewerage	12 321 895	(3 836 600)	8 485 295
Refuse Removal	10 396 956	(3 592 931)	6 804 025
Subtotal	122 911 134	(17 617 342)	105 293 792
Other Receivables			
Housing rentals / instalments	133 055	(15 521)	117 534
Other	13 781 470	(1 491 009)	12 290 461
Prepaid expenses	4 054 345	-	4 054 345
	140 880 004	**(19 123 872)**	**121 756 132**

Receivables from Exchange Transactions are billed monthly, at the end of the month.

The average credit period for receivables from exchange transactions is 30 days. No interest is charged on receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus 1 % per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of receivables from exchange transactions.

The norm for debtors days, due to billing in arreas and 30 day payment terms, is therefore 60 days or less.

Other Receivables include outstanding debtors for various other services, e.g. Chemical Oxygen Demand, Treated Waste Water, Bulk Dumping and Sundry Services like Escorting of heavy vehicles, Advertisement costs, Cleaning of stands, etc. The surplus (where applicable) recorded on the water service concession arrangement is also included under this debtor type (refer to Note 53). For 30 June 2026, there was a surplus of R 4 273 050 (2025: R 7 170 886) this is a debtor which needs to be paid by WCDM. Furthermore, a deposit of R5 500 000 to purchase land is held at an attorney as at 30 June 2025 (2026: R -).

6. Receivables from exchange transactions (continued)

Other Receivables include a likely payment due to a supplier as disclosed in Note 44. The balance of R 1 693 110 is fully impaired.

Of the exchange receivables balance at the end of the year, R 5 031 043 (2025: R 4 768 151) (VAT exclusive) is due from Sasko (Pty) Ltd, the municipality's largest customer. There are no other receivables that represent more than 3% of the total balance of Receivables from exchange.

The municipality receives applications for services that it provides. Deposits are required for all electricity and water accounts opened.

Management of the municipality is of the opinion that the carrying value of receivables approximate their amortised values.

No receivables from exchange transactions were pledged as security.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade and other receivables past due but not impaired

Receivables are due within 30 days after statement date. As such, all receivables other than the ageing category of current are considered past due. At 30 June 2026, R 36 487 134 (2025: R 21 671 079) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2026	2025
31 - 60 Days	11 984 901	10 675 801
61 - 90 Days	2 612 353	2 287 298
91 - 120 Days	1 615 329	1 816 917
120+ days	20 274 551	6 891 063
	36 487 134	**21 671 079**

Bad debts written- off: Exchange Transactions

	2026	2025
Electricity	262 317	376 780
Refuse Removal	2 078 361	1 239 653
Sewerage	2 564 765	1 612 713
Water	11 638 320	8 765 803
Housing	69 110	45 124
Other Debtors	159 134	306 765
	16 772 007	**12 346 838**

Under the revised GRAP 104, the bad debts for financial instruments is recognised against the impairment allowance. For the comparative period, the bad debts was recognised against the bad debts expense in terms of the previous version of the standard.

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers.

Refer to Note 56 for details of the restatement of the opening balance impairment. The details of how the municipality calculated the impairment for the year is described in accounting policy 1.6.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable.

The details of the ageing of receivables are disclosed in Note 8.

6. Receivables from exchange transactions (continued)

Derecognition of financial assets

No Financial Assets have been transferred to other parties during the year.

All Exchange receivables were reviewed and no terms were identified whereby receivable types would meet the definitions of a statutory instrument as defined by this standard.

Most levies charged are based on the municipal tariff by-laws. The origin of the transactions is based on contractual deliverables rather than legislation. The legislation in place therefore supports the value of recognition rather than giving rise to the occurrence of these transactions.

Reconciliation of changes in Allowance Account	2026 Expense	2026 VAT	2026 Total Changes	2025 Expense	2025 VAT	2025 Total Changes
Opening Balance	-	-	19 123 869	-	-	15 969 127
GRAP 104 restatement	-	-	(11 034 728)	-	-	-
Electricity	103 131	18 061	121 192	74 440	11 166	85 606
Refuse Removal	254 157	110 559	364 716	466 425	69 966	536 391
Sewerage	302 814	115 171	417 985	239 787	35 968	275 755
Water	1 321 684	379 482	1 701 166	1 727 781	259 169	1 986 950
Subtotal	1 981 786	623 273	10 694 200	2 508 433	376 269	18 853 829
Housing	(10 418)	8 804	(1 614)	7 339	1 101	8 440
Other Debtors	1 875 905	27 961	1 903 866	228 457	33 143	261 600
	3 847 273	**660 038**	**12 596 452**	**2 744 229**	**410 513**	**19 123 869**

7. Receivables from non-exchange transactions

	2026	2025
Availability charges	4 909 177	2 941 577
Property Rates	29 581 578	27 080 720
Sundry debtors	267 345	468 979
Traffic fines - TMT	16 515 472	13 356 956
	51 273 572	**43 848 232**

30 June 2026	**Gross Balances**	**Collective Allowance for Impairment**	**Net Balances**
Property Rates	39 144 456	(9 562 878)	29 581 578
Sundry Debtors	267 345	-	267 345
Traffic Fines	80 918 529	(64 403 057)	16 515 472
Availability charges	5 921 047	(1 011 870)	4 909 177
	126 251 377	**(74 977 805)**	**51 273 572**

30 June 2025	**Gross Balances**	**Collective Allowance for Impairment**	**Net Balances**
Property Rates	34 591 464	(7 510 744)	27 080 720
Sundry Debtors	468 979	-	468 979
Traffic Fines	65 155 885	(51 798 929)	13 356 956
Availability charges	5 707 788	(2 766 211)	2 941 577
	105 924 116	**(62 075 884)**	**43 848 232**

Sundry Debtors include sundry deposits, unclaimed wages, accruals cash deposits made to Eskom for the supply of electricity and debits outstanding at year-end on normal business transactions entered into by the municipality, in respect of uncleared bank reconciliation items. Grant debtors (ad-hoc balances for multi-year grants) are also included under this debtor type.

7. Receivables from non-exchange transactions (continued)

Management of the municipality is of the opinion that the carrying value of receivables approximate their amortised values.

In contrast to prior years, management has increased efforts to minimise fines being written off. Consequently, the gross balance and impairment at year-end increased as the payment ratio for fines remained stable from prior years.

	2026	2025
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Property Rates	29 581 578	27 080 720
Sundry debtors	267 345	468 979
Traffic Fines - TMT	16 515 472	13 356 956
	46 364 395	**40 906 655**
Financial instruments from Receivables from non-exchange transactions above (Availability charges)	**4 909 177**	**2 941 577**
Total receivables from non-exchange transactions	**51 273 572**	**43 848 232**

Statutory receivables general information

Receivable type	Revenue type	Legislation that give rise to the transactions	Rates and Interest charges	Impairment considerations
Property Rates	Non-exchange	Municipal Property Rates Act 6 of 2004	Municipal Tariff Policy, Interest Charged	Individual collection rates, interest charged at discount rate
Traffic Fines	Non-exchange	Administrative Adjudication of Road Traffic Offences Act, 1998	The Act determines rates, no interest is charge	Collection rate of the balance as a whole, thereafter discounting is considered in terms of materiality
Sundry Debtors	Exchange and Non-exchange	Various different acts (aggregate amounts)	Municipal Tariff Policy, Interest Charged	Individual collection rates, interest charged at discount rate
VAT Contol	Not applicable	Value Added Tax Act 89 of 1991	The Act determines rates and interest is charge	No impairment, balance expected to be fully recoverable

Interest or other charges levied/charged

Interest was only charged on outstanding rates accounts. All other statutory receivables were within normal credit terms and therefore no other receivables generated interest income. No other levies were charged.

	2026	2025
Outstanding debtors: Rates and Availability Charges	2 286 713	2 223 748

Discount rate applied to the estimated future cash flows

Interest is calculated using the nominal interest rate as authorised by a council decision (Currently, Prime plus 1%). This rate is also considered an appropriate discount rate.

7. Receivables from non-exchange transactions (continued)

Non-exchange receivables past due but not impaired

Receivables are due within 30 days after statement date. As such, all receivables other than the ageing category of current are considered past due. At 30 June 2026, R32 411 855 (2025: R26 170 305) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2026 Past Due	2025 Past Due	2026 Impaired	2025 Impaired	2026 Past due not impaired	2025 Past due not impaired
31 - 60 Days	6 236 785	5 214 877	-	-	6 236 785	5 214 877
61 - 90 Days	2 955 982	2 924 388	-	-	2 955 982	2 924 388
91 - 120 Days	4 174 108	3 694 568	-	-	4 174 108	3 694 568
121 - 365 days	94 022 785	76 412 356	(74 977 805)	(62 075 884)	19 044 980	14 336 472
	107 389 660	**88 246 189**	**(74 977 805)**	**(62 075 884)**	**32 411 855**	**26 170 305**

Factors the entity considered in assessing statutory receivables past due but not impaired

Receivables are assessed in terms of their respective overall payment percentages. Some debtors are therefore past due, but the balances are still expected to be recoverable based on the payment percentages.

Reconciliation of bad debts written-off: Non-Exchange Transactions

	2026	2025
Rates	2 107 676	2 062 953
Traffic Fines	21 811 126	4 728 921
Availability charges	425 008	227 980
	24 343 810	**7 019 854**

Reconciliation of changes in Allowance Account	**2026 Expense**	**2026 VAT**	**2026 Total Changes**	**2025 Expense**	**2025 VAT**	**2024 Total Changes**
Opening Balance	-	-	62 075 884	-	-	42 214 241
GRAP 104 Restatement	-	-	(1 965 130)	-	-	-
Rates	2 052 134	-	2 052 134	1 042 521	-	1 042 521
Traffic Fines	12 604 129	-	12 604 129	18 482 412	-	18 482 412
Availability charges	172 719	38 069	210 788	292 792	43 918	336 710
	14 828 982	38 069	74 977 805	19 817 725	43 918	62 075 884
	14 828 982	**38 069**	**74 977 805**	**19 817 725**	**43 918**	**62 075 884**

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables

Significant impairment losses recognised or reversed

Property Rates: Impairment Recognised: No significant movement from the prior year. In the prior year the estimate was revised to take into account the macro-economic impact of the National Lockdown.

Traffic Fines: Impairment Recognised: Annually the outstanding receivables are assessed in terms of the value of fines issued in comparison to the receipts generated from such fines. The remaining balance is considered recoverable based on this payment percentage. The impairment loss is similar to our expectation, but quantitatively the impairment is significant and therefore disclosed separately.

7. Receivables from non-exchange transactions (continued)

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed to historical information about counterparty default rates. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's 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 a receivable. Debtors are grouped into appropriate aggregated grouping levels when insufficient information is available to assess individual debtors. Aggregation is based on best practice and receivables are assessed on historic information available. Thereafter the past due (accounts in arrears, i.e. not current), but not impaired debtors are subjected to a further impairment test taking into account the effect of time resulting in a discounting of debtors being included as a further factor for impairment of statutory receivables.

The allowance for impairment on Other Debtors (eg. loans and receivables and availability charges) exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were grouped together in the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed to historical information about counterparty default rates. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables.

Classification of Bad Debts

Exchange receivables	**-**	**12 346 838**
Consumer debtors	-	12 346 838
Non-exchange receivables	**23 918 802**	**7 019 854**
Property rates	2 107 676	2 062 953
Availability charges	-	227 980
Traffic fines	21 811 126	4 728 921
Total bad debts for the year	**23 918 802**	**19 366 692**

In terms of the revised standard for Financial Instruments (GRAP 104 (Revised)), the bad debts for financial instruments (For Swartland: Receivables from exchange transactions and Availability Charges) are accounted for against the impairment allowance rather than through the surplus or deficit. The standard is implemented as of 1 July 2025 and therefore the comparative figures have not been restated in terms of the transitional provisions.

The traffic fines write-off is similar to previous years with the exception of 2025 where the write-off was much lower than expected.

Figures in Rand	2026	2025

8. Consumer debtors disclosure

Gross balances		
Property Rates	39 144 456	34 591 464
Electricity	88 791 379	71 034 590
Water	32 474 948	29 157 693
Sewerage	14 441 285	12 321 895
Refuse Removal	11 586 225	10 396 956
Housing rentals / instalments	82 797	133 055
Other	12 796 395	13 781 470
Prepaid expenses	4 156 724	4 054 345
Sundry Debtors *	267 345	468 979
Traffic Fines - TMT *	80 918 529	65 155 885
Availability charges *	5 921 047	5 707 788
	290 581 130	**246 804 120**
Less: Allowance for impairment		
Property Rates	(9 562 878)	(7 510 744)
Electricity	(455 444)	(958 482)
Water	(5 744 303)	(9 229 329)
Sewerage	(2 059 048)	(3 836 600)
Refuse Removal	(1 851 010)	(3 592 931)
Housing rentals / instalments	(11 649)	(15 521)
Other	(2 474 998)	(1 491 009)
Traffic Fines - TMT *	(64 403 057)	(51 798 929)
Availability charges *	(1 011 870)	(2 766 211)
	(87 574 257)	**(81 199 756)**
Net balance		
Property Rates	29 581 578	27 080 720
Electricity	88 335 935	70 076 108
Water	26 730 645	19 928 364
Sewerage	12 382 237	8 485 295
Refuse Removal	9 735 215	6 804 025
Housing rentals / instalments	71 148	117 534
Other	10 321 397	12 290 461
Prepaid expenses	4 156 724	4 054 345
Sundry Debtors *	267 345	468 979
Traffic Fines - TMT *	16 515 472	13 356 956
Availability charges *	4 909 177	2 941 577
	203 006 873	**165 604 364**

Rates		
Current (0 -30 days)	16 149 342	16 151 454
31 - 60 days	3 398 717	2 480 684
61 - 90 days	713 551	397 947
91 - 120 days	200 964	181 459
120+ days	18 681 882	15 379 920
Less: Allowance for impairment	(9 562 878)	(7 510 744)
	29 581 578	**27 080 720**

Figures in Rand	2026	2025

8. Consumer debtors disclosure (continued)

Electricity		
Current (0 -30 days)	77 836 604	64 755 340
31 - 60 days	4 207 798	4 244 052
61 - 90 days	607 973	177 767
91 - 120 days	64 401	65 923
120+ days	6 074 603	1 791 508
Less: Allowance for impairment	(455 444)	(958 482)
	88 335 935	**70 076 108**

Water		
Current (0 -30 days)	14 389 740	12 620 100
31 - 60 days	4 244 988	3 259 638
61 - 90 days	995 339	1 194 400
91 - 120 days	786 780	990 861
120+ days	12 058 101	11 092 694
Less: Allowance for impairment	(5 744 303)	(9 229 329)
	26 730 645	**19 928 364**

Sewerage		
Current (0 -30 days)	5 222 878	4 353 282
31 - 60 days	1 947 941	1 605 464
61 - 90 days	458 605	450 015
91 - 120 days	391 517	367 824
120+ days	6 420 344	5 545 310
Less: Allowance for impairment	(2 059 048)	(3 836 600)
	12 382 237	**8 485 295**

Refuse		
Current (0 -30 days)	4 075 825	3 517 670
31 - 60 days	1 400 786	1 236 343
61 - 90 days	381 869	370 328
91 - 120 days	318 821	317 337
120+ days	5 408 924	4 955 278
Less: Allowance for impairment	(1 851 010)	(3 592 931)
	9 735 215	**6 804 025**

Housing		
Current (0 -30 days)	37 464	60 777
31 - 60 days	25 421	23 550
61 - 90 days	2 665	3 473
91 - 120 days	1 309	2 276
120+ days	15 938	42 979
Less: Allowance for impairment	(11 649)	(15 521)
	71 148	**117 534**

Other Exchange Debtors (including Prepaid expenses)		
Current (0 -30 days)	13 683 655	14 777 886
31 - 60 days	157 937	306 755
61 - 90 days	165 902	91 314
91 - 120 days	52 500	72 696
120+ days	2 893 123	2 587 164
Less: Allowance for impairment	(2 474 998)	(1 491 009)
	14 478 119	**16 344 806**

Figures in Rand	2026	2025

8. Consumer debtors disclosure (continued)

Other (Sundry, Debtors, Fines and Availability charges)

Current (0 -30 days)	2 712 376	1 526 472
31 - 60 days	2 838 068	2 734 192
61 - 90 days	2 242 431	2 526 442
91 - 120 days	3 973 143	3 513 109
120+ days	75 340 903	61 032 437
Less: Allowance for impairment	(65 414 927)	(54 565 140)
	21 691 994	**16 767 512**

Summary of debtors by customer classification

Consumers

Current (0 -30 days)	87 065 709	72 361 518
31 - 60 days	14 829 919	12 952 245
61 - 90 days	4 557 919	4 859 755
91 - 120 days	5 651 032	5 409 282
120+ days	120 752 565	97 827 333
Subtotal	232 857 144	193 410 133
Less: Allowance for impairment	(87 150 265)	(80 442 975)
	145 706 879	**112 967 158**

Industrial/ commercial

Current (0 -30 days)	40 225 564	36 173 476
31 - 60 days	1 475 917	2 534 838
61 - 90 days	190 702	229 880
91 - 120 days	85 913	56 734
120+ days	2 688 587	1 722 979
Subtotal	44 666 683	40 717 907
Less: Allowance for impairment	(423 991)	(756 781)
	44 242 692	**39 961 126**

National and provincial government

Current (0 -30 days)	6 816 611	9 227 985
31 - 60 days	1 915 850	403 594
61 - 90 days	819 714	122 051
91 - 120 days	52 491	45 470
120+ days	3 452 635	2 876 977
	13 057 301	**12 676 077**

Total

Current (0 -30 days)	134 107 884	117 762 979
31 - 60 days	18 221 686	15 890 677
61 - 90 days	5 568 334	5 211 686
91 - 120 days	5 789 436	5 511 486
120+ days	126 893 788	102 427 290
Subtotal	290 581 128	246 804 118
Less: Allowance for impairment	(87 574 256)	(81 199 756)
	203 006 872	**165 604 362**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

9. Construction contracts and payables

Contracts in progress at statement of financial position date

Construction contracts and receivables/(payables) balance at year-end	-	(7 342 180)

Reconciliation of contracts for the year		
Contract revenue for the year	257 359 715	-
Contract costs for the year	(257 359 715)	-
Balance at year end	**-**	**-**

Amounts due from/(prepaid by) customers		
Opening balance of Advances Receivable	(7 342 180)	-
Progress billings for the period (with reference to stage of completion)	257 359 715	-
Advances received during the period	(250 017 535)	(7 342 180)
Amounts due from/(prepaid by) customers	-	(7 342 180)
Less Retentions held	-	-
Total due from/(prepaid by) customers	**-**	**(7 342 180)**

Reconciliation of construction contracts balance		
Opening Balance	(7 342 180)	-
Receipts for the year	(250 017 536)	(7 342 180)
Deliverables met (Revenue recognised)	257 359 716	-
	-	**(7 342 180)**

Housing Arrangements

Construction contract revenue is dependent on the infrastructure installation and needs to be reviewed with reference to each housing project's grant revenue as disclosed in Note 29.

Housing projects are by nature, multi-year projects. The municipality is required to award these multi-year projects in line with the grant appropriations applicable to the municipality's financial year/s. The Provincial Department's budget commences on 1 April and the municipality's budget on 1 July. The resultant difference in year-ends is the period from 1 April until 30 June where the municipality can finalise expenditure for grant receipts received from 1 July to 31 March. In the case of the multi-year housing projects for Moorreesburg (Sibanye) and Malmesbury (De Hoop), all of the deliverables for the department's budget were met much earlier than 30 June 2026. The directorate responsible for housing delivery decided to ensure continuous service delivery, based on their analysis of risks and entered into an agreement with the Provincial Department who agreed to pay the municipality's contractor between April and June. The resultant claims submitted to and the Provincial Departmental payments were therefore made to bridge the gap between the two parties year-end, paid out of the allocation for 2026/27. As the budget is designated for the 2026/27 municipal financial year, the payments made by the Provincial Department were unauthorised payments for the municipality for the year ended 30 June 2026, even though there was no outflow of cash from the municipal bank account. Also refer Note 4 as a portion of these claims resulted in Unauthorised Expenditure.

The municipality is licensed to distribute Medium Voltage and Low Voltage electricity (MV and LV). For the construction of the De Hoop Subtation, a portion of the construction project pertains to High Voltage infrastructure which must be handed over to Eskom at the completion on the project. In terms of the NT Guideline: Accounting for Integrated National Electrification Programme (INEP) Grant allocations, the grant received for the construction of the assets to be transferred to Eskom is accounted for as construction contracts (GRAP 11).

Contract revenue is fixed based on the arrangement with the Provincial Department of Housing. Revenue is recognised with reference to the stage of completion of the contract at reporting date. The stage of completion is determined with reference to certified progress claims for work performed to date. Contracts with the Provincial Department and its beneficiaries are not subject to any retention.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

9. Construction contracts and payables (continued)

30 June 2026	INEP	Moorreesburg	Darling	De Hoop
Opening Balance (due to)/from customers	-	(4 832 285)	(2 509 895)	-
Transfer from Assets	18 540 870	74 248 485	33 603 656	37 153 890
Claims submitted to the Department on behalf of Swartland	-	41 174 450	-	52 638 365
Department payments on behalf of Swartland	-	(41 174 450)	-	(52 638 365)
Collections	(18 540 870)	(69 416 200)	(31 093 761)	(37 153 890)
	-	**-**	**-**	**-**

30 June 2025	INEP	Moorreesburg	Darling	De Hoop
Collections	-	(4 832 285)	(2 509 895)	-
	-	**(4 832 285)**	**(2 509 895)**	**-**

10. Inventories

	2026	2025
Consumable stores	13 438 818	12 784 421
Stationery	456 602	362 851
Unsold properties held for resale	8 623 078	6 644 180
Water	488 980	309 258
	23 007 478	**20 100 710**

The cost of water purchases is subject to the water service concession arrangement (refer to Note 53). The adjusted cost per kilolitre for the year amounted to R 6.78 (2025: R 6.19).

No Inventories have been pledged as collateral for liabilities of the municipality.

The cost of inventories recognised as expense and included in Other Materials (refer to Note 37).

Water for distribution

	2026	2025
Opening balance	309 258	359 803
System input volume	42 659 654	37 798 824
Authorised consumption	(34 360 410)	(30 417 720)
Water losses	(8 119 522)	(7 431 649)
Closing balance	**488 980**	**309 258**

11. VAT

VAT balances per classification

	2026	2025
VAT Control (11.2)	**17 319 908**	**11 903 400**
VAT accrual receivables - VAT input (11.1)	**32 858 653**	**24 482 884**
VAT accrual payables (11.3)	**(16 451 718)**	**(11 730 567)**
Vat Output	(18 005 876)	(14 635 694)
VAT on provision for bad debts	1 554 158	2 905 127
Total for VAT balances (Indirect taxes)	**33 726 843**	**24 655 717**

For statutory receivable information regarding VAT refer to Note 7.

The VAT control represents balances currently due by/(to) SARS.

11. VAT (continued)

VAT input represents accrued expenditure not yet paid. As such, the VAT will be claimed in the following month.

VAT output represents VAT on outstanding debtors. VAT on outstanding debtors will only be declared once the debt is recovered. Given the municipal recovery of debt, most of the balance due will be declared to SARS in the following month.

VAT on provision for bad debts represents the VAT that can be claimed once the debt is written off.

12. Non-living resources

Management only identified water resources as no other natural resources are prevalent within our jurisdiction.

The supply from Paardenberg Dam is to supplement the supply to Malmesbury, Abbotsdale, Kalbaskraal, Riverlands and Chatsworth from the Municipality's own local source. Three boreholes at Riverlands are also used as supplementary sources as needed.

No liabilities or contingent liabilities arise due to the custodianship of the Perdeberg Dam. No resources were given up that resulted in compensation from third parties. The service concession arrangement is disclosed in note 53.

13. Property, plant and equipment

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	92 208 438	(14 765 205)	77 443 233	95 101 873	(14 375 756)	80 726 117
Movable assets	168 209 283	(81 314 505)	86 894 778	162 951 985	(75 623 591)	87 328 394
Infrastructure	4 482 624 988	(2 149 581 306)	2 333 043 682	4 255 548 488	(2 072 961 674)	2 182 586 814
Community	305 820 307	(172 109 262)	133 711 045	295 157 425	(164 138 685)	131 018 740
Other assets	158 499 863	(124 641 000)	33 858 863	158 840 602	(122 739 999)	36 100 603
Total	**5 207 362 879**	**(2 542 411 278)**	**2 664 951 601**	**4 967 600 373**	**(2 449 839 705)**	**2 517 760 668**

Reconciliation of property, plant and equipment - 2026

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	80 726 117	31 889	(2 500 324)	-	(814 449)	77 443 233
Movable assets	87 328 394	10 777 140	(1 491 008)	(9 719 748)	-	86 894 778
Infrastructure	2 182 586 814	256 452 546	(12 542 804)	(93 452 874)	-	2 333 043 682
Community	131 018 740	11 008 196	(36 740)	(8 279 151)	-	133 711 045
Other assets	36 100 603	227 656	(568 395)	(1 901 001)	-	33 858 863
	2 517 760 668	**278 497 427**	**(17 139 271)**	**(113 352 774)**	**(814 449)**	**2 664 951 601**

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers received	Depreciation	Impairment loss	Total
Land	81 201 309	31 000	(4 627)	(382 565)	-	(119 000)	80 726 117
Movable assets	80 853 353	16 105 744	(841 681)	-	(8 789 022)	-	87 328 394
Infrastructure	2 004 988 421	265 731 896	(2 587 174)	(40 813)	(85 179 874)	(325 642)	2 182 586 814
Community	116 693 839	19 560 017	(14 278)	1 656 011	(6 876 849)	-	131 018 740
Other assets	37 103 874	838 904	-	-	(1 842 175)	-	36 100 603
	2 320 840 796	**302 267 561**	**(3 447 760)**	**1 232 633**	**(102 687 920)**	**(444 642)**	**2 517 760 668**

Reconciliation of Work-in-Progress 2026

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	122 891 422	1 402 453	594 145	124 888 020
Additions/capital expenditure	241 808 790	10 652 699	11 603 180	264 064 669
Transferred to completed items	(322 700 714)	(1 467 121)	(11 971 873)	(336 139 708)
	41 999 498	**10 588 031**	**225 452**	**52 812 981**

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	120 714 502	17 979 137	3 869 031	142 562 670
Additions/capital expenditure	258 943 410	20 324 255	18 900 401	298 168 066
Transferred to completed items	(256 766 490)	(36 900 939)	(22 175 287)	(315 842 716)
	122 891 422	**1 402 453**	**594 145**	**124 888 020**

The description: Other Assets relates to the traditional line for Buildings.

13. Property, plant and equipment (continued)

No Property, Plant and Equipment were retired from active use and held for disposal during the financial year. Compensation in the amount of R 532 148 (2025: R 356 732), included in Operating Surplus, was received from the municipality's insurers for Property, Plant and Equipment lost during the year. None of the above assets are pledged as security.

As per Note 38, Impairment losses on Property, Plant and Equipment to the amount of R 814 449 (2025: R 444 642) have been recognised in the operating surplus and are included in Impairment Losses in the Statement of Financial Performance.

The estimation of the useful lives of assets is a matter of judgement based on the municipality’s experience with similar assets.

Expenditure to repair and maintain assets is disclosed in Note 42.

No projects with expenditure have been halted or delayed significantly.

Included in the total for Property, Plant and Equipment are assets that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the water distribution on behalf of the municipality. For details of the service concession arrangement refer to Note 53.

Contractual commitments for the acquisition of Property, plant and equipment are disclosed in Note 43.

For more detail on property, plant and equipment refer to the table below for movable assets as well as Appendix B.

Reconciliation of Movable Assets	**Computer Equipment**	**Furniture and Office Equipment**	**Machinery and Equipment**	**Transport Assets**	**Total**
Opening balance cost	18 064 551	12 080 612	41 062 913	91 743 909	162 951 985
Additions	1 266 869	1 056 813	2 776 611	5 676 847	10 777 140
Cost disposals	(508 202)	(386 438)	(1 284 500)	(3 340 702)	(5 519 842)
Accumulated depreciation and impairment opening balance	(12 965 726)	(8 132 018)	(23 515 757)	(31 010 089)	(75 623 590)
Depreciation	(1 606 377)	(877 731)	(2 842 131)	(4 393 510)	(9 719 749)
Accumulated depreciation disposal	487 584	337 635	1 253 461	1 950 154	4 028 834
	4 738 699	**4 078 873**	**17 450 597**	**60 626 609**	**86 894 778**

14. Investment property

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	53 808 256	(25 926 816)	27 881 440	49 072 201	(25 669 997)	23 402 204

Reconciliation of investment property - 2026

	Opening balance	Additions	Disposals	Depreciation	Total
Investment property	23 402 204	8 498 218	(3 761 539)	(257 443)	27 881 440

Reconciliation of investment property - 2025

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Investment property	24 940 643	56 472	(62 675)	(1 273 447)	(258 789)	23 402 204

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

As per Note 38, impairment losses to the value of R - (2025: R -) have been recognised on Investment Property of the municipality at the reporting date. No construction projects were entered into for Investment Property during the year.

Expenditure to repair and maintain assets is disclosed in Note 42.

All of the municipality’s Investment Properties are held under freehold interests and none had been pledged as security for any liabilities of the municipality. There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal. There are no contractual obligations on Investment Property.

Figures in Rand	2026	2025

15. Other financial assets

At amortised cost		
Long term investment The investment held with ABSA Bank will mature on 29 June 2026 and accumulates interest at an effective rate of 11.07%. Interest is payable at maturity.	-	366 329 014
Current assets		
At amortised cost	-	366 329 014

16. Payables from exchange transactions

Trade payables	41 926 543	46 388 408
Payments received in advanced	3 098 287	2 860 371
Retentions	25 497 580	16 591 141
Other payables	17 729 730	16 815 970
Staff leave	22 608 683	19 019 582
Other deposits	1 434 324	1 313 038
13th cheque accrual	9 079 866	8 434 464
	121 375 013	**111 422 974**

No interest is charged for the first 30 days from the date of receipt of the statement. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe. The carrying value of trade and other payables approximates its fair value. Retentions are usually payable after a period of 12 months.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality. Discounting of trade and other payables on initial recognition is not deemed necessary.

Included under Trade Payables is a balance due to a supplier as disclosed in Note 44.

17. Consumer deposits

Electricity and Water	22 233 747	20 857 367

Guarantees amounting to R 5 121 321 (2025: R 2 485 074) are held in lieu of Electricity and Water Deposits. Wayleave guarantees to the value or R 4 000 000 (2025: R Nil) are held while construction is being completed by third party developers.

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the Council can utilise the deposit as payment for the outstanding account. No interest is paid on consumer deposits held.

The carrying value of consumer deposits approximates their fair value.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Community Development Workers	1 904	4 012
Thusong Centre: Refurbishment	-	15 437
Emergency Fire Kits	3 066	2 037
Fire Damaged Houses	-	760 922
WC Department of Education - Schools Allocation	-	308 354
Municipal Fire Service Capacity Support Grant	391	-
Municipal Disaster Response Grant: Riverlands	-	7 443 610
Education, Training and Development Practices (Seta)	111 364	399 067
Municipal Accreditation and Capacity Building	19	83 096
Sport Development	-	1 566
Swartland Business Hive (Entrepreneurial Hub)	82 154	9 500
International Youth Camp	-	187 098
Housing Project - Silvertown	539 207	12 489 296
	738 105	**21 703 995**

The Unspent Grants are cash-backed. The municipality complied with the conditions applicable to all grants received to the extent of revenue recognised. No grants were withheld.

Included above are funds received from private institutions such as, WC Department of Education, which are not unspent grants, but rather unspent in terms of the agreement with such funder.

See Note 29 for reconciliation of grants by other spheres of government and for Public Contributions (Other Receipts).

19. Other financial liabilities

At amortised cost		
Annuity loans	-	33 336 301

Summary of arrangements

Annuity Loans are repaid over periods varying from ten to twenty years (2025: ten to twenty years), and at interest rates varying from 8.61% to 10.96% (2025: 8.61% to 10.96%). Annuity Loans are not secured.

During the current financial year the municipality repaid all outstanding long term debt obligations.

Non-current liabilities		
At amortised cost	-	27 291 962
Current liabilities		
At amortised cost	-	6 044 339

Figures in Rand	2026	2025

20. Long-term Employee Benefits

The amounts recognised in the statement of financial position are as follows:

Carrying value

	127 125 000	95 054 000
Long Term: Post-Employment Health Care Benefit Liability	121 711 000	90 153 000
Current Portion: Post-Employment Health Care Benefit Liability	5 414 000	4 901 000
	19 685 000	15 928 000
Long Term: Long Service Awards	16 787 000	14 081 000
Current portion: Long Service Awards	2 898 000	1 847 000
	146 810 000	**110 982 000**

Non-current liabilities	138 498 000	104 234 000
Current liabilities	8 312 000	6 748 000
	146 810 000	**110 982 000**

Post-Employment Health Care Benefit Liability

The Municipality provides certain post-retirement medical benefits by funding the medical aid contributions of qualifying retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of the present value of the unfunded defined benefit obligation were carried out as at 30 June 2026 by ARCH Actuarial Consulting, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement or long service benefits are provided by the municipality.

In-service members	343	337
In-service (non)-members	271	305
Continuation members	80	80
	694	**722**

The municipality estimates that 10% (2025: 10%) of employees currently not in a position to afford medical aid, may be able to join a scheme before retirement. The potential joining rate was determined based on municipal history in conjunction with national data reviewed by the actuaries.

Employees appointed before 1 April 2025 will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement, subject to at least ten years of service.

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

In-service members	55 756 000	37 829 000
In-service (non)-members	5 432 000	3 943 000
Continuation members	65 937 000	53 282 000
	127 125 000	**95 054 000**

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

- Bonitas
- Keyhealth
- LA Health
- Samwumed
- Sizwe Hosmed

The future service cost for the ensuing year is established to be R 4 477 000, whereas the interest-cost for the next year is estimated to be R 11 317 000 (2025: R 3 247 000 and R 10 272 000 respectively).

20. Long-term Employee Benefits (continued)

Key risks pertaining to the defined benefit plan:

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

Changes in the present value of the defined benefit obligation are as follows:

	2026	2025
Opening balance	95 054 000	81 423 000
Benefits paid	(4 999 433)	(4 428 510)
Net expense recognised in the statement of financial performance	37 070 433	18 059 510
	127 125 000	**95 054 000**

Net expense recognised in the statement of financial performance

	2026	2025
Current service cost	3 247 000	2 753 000
Interest cost	10 272 000	9 667 000
Actuarial (gains) losses	23 551 433	5 639 510
	37 070 433	**18 059 510**

Calculation of actuarial gains and losses

	2026	2025
Financial assumptions		
Basis changes: Decrease/ (increase in net discount rate)	19 254 000	1 959 000
Demographic assumptions		
Subsidy inflationary increases higher than assumed	2 130 000	2 034 000
Changes to membership profile different from assumed	2 335 000	1 713 000
Actual benefits vested, lower/greater than expected	(167 567)	(66 490)
	23 551 433	**5 639 510**

Key assumptions used

Assumptions used at the reporting date:

	2026	2025
Discount rates used	9,1 %	11,1 %
Expected rate of of health care cost inflation rate	6,1 %	6,8 %
Net effective discount rate	2,8 %	4,0 %
Expected CPI inflation rate	4,3 %	5,0 %
Average retirement age	62	62

Reasons for the Movement in the Liability:

The average in-service member liability has increased by 45% since the last valuation due to:

- an increase in the average age which means members are closer to retirement(less discounting) and less likely to leave before retirement
- an increase in the average past service
- an increase in the average post-employment subsidy and
- a decrease in the net discount rate

20. Long-term Employee Benefits (continued)

The total in-service non-member liability has increased by 38% due to similar reasons as those described for in-service members, and because there was virtually no change to the number of in-service non-members since the last valuation.

The total continuation member liability has increased by 24% due an increase in the average subsidy, a decrease in the average age and discount rate, combined with an increase in the number of continuation members.

Sensitivity analysis and movements for the year

The below table summarises significant sensitivity effects on the amounts recognised in surplus or deficit.

	Changes in overall assumptions	One percentage point increase	One percentage point decrease
30 June 2026			
Key assumptions			
Effect on the aggregate of the service cost and interest cost	13 519 000	-	-
Effect on defined benefit obligation	127 125 000	-	-
Health care inflation rate			
Effect on the aggregate of the service cost and interest cost	-	15 724 000	11 730 000
Effect on defined benefit obligation	-	146 940 000	111 034 000
Discount rate			
Effect on the aggregate of the service cost and interest cost	-	12 650 000	14 560 000
Effect on defined benefit obligation	-	111 565 000	146 535 000
Post-employment mortality			
Effect on the aggregate of the service cost and interest cost	-	13 138 000	13 895 000
Effect on defined benefit obligation	-	123 169 000	131 084 000
Average retirement age (1 year later)			
Effect on the aggregate of the service cost and interest cost	14 224 000	-	-
Effect on defined benefit obligation	130 995 000	-	-
Membership continuation (10% longer)			
Effect on the aggregate of the service cost and interest cost	12 469 000	-	-
Effect on defined benefit obligation	118 967 000	-	-

Maturity analysis of the Post-employment medical aid subsidy:

	2026
Within 1 year	5 656 000
Within 2-5 years	27 989 000
Within 6-10 years	52 423 000
Within 11-20 years	189 958 000
Within 21-40 years	724 436 000
Beyond 40 years	700 353 000

The municipality expects to make a contribution of R 5 656 000 (2025: R 5 167 000) to the defined benefit plans during the next financial year.

Refer to Note 54 "Multi-Employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that are Provincially and Nationally administered.

Long Service Awards

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000 to become Swartland Municipality). The said award comprises a certain number of vacation leave days which, in accordance with the option exercised by the beneficiary employee, can be converted into a cash amount based on his/her basic salary applicable at the time the award becomes due or, alternatively, credited to his/her vacation leave accrual. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2026 may become entitled to in future, based on an actuarial valuation performed at that date.

20. Long-term Employee Benefits (continued)

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2026 by JC Weiss from ARCH Actuarial Consulting, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end 75, (2025: 95) employees received Long-service Awards.

	2026	2025
Eligible employees at the beginning of the year	652	647
New entrants	7	9
Members that exited	-	(4)
Eligible employees at the end of the year	**659**	**652**

The future service cost for the ensuing year is established to be R 1 484 000 whereas the interest-cost for the next year is estimated to be R 1 545 000 (2025: R 1 257 000 and R 1 496 000 respectively).

Changes in the present value of the defined benefit obligation are as follows:

	2026	2025
Opening balance	15 928 000	14 857 000
Benefits paid	(2 421 417)	(2 440 969)
Net expense recognised in the statement of financial performance	6 178 417	3 511 969
	19 685 000	**15 928 000**

Net expense recognised in the statement of financial performance

	2026	2025
Current service cost	1 949 000	1 183 000
Interest cost	1 496 000	1 561 000
Actuarial (gains) losses	2 733 417	767 969
	6 178 417	**3 511 969**

	2026	2025
Calculation of actuarial gains and losses		
Financial assumptions		
Basis changes: Increase in net discount rate	1 274 000	(85 000)
Experience:		
Earnings increases higher than assumed	324 000	84 000
Changes to employee profile different from assumed	691 000	438 000
Actual benefits vesting, greater than expected	444 417	330 969
	2 733 417	**767 969**

Key assumptions used

Assumptions used at the reporting date:

	2026	2025
Discount rates used	8,5 %	10,0 %
Expected rate of salary increases	4,7 %	5,0 %
Net effective discount rate	3,6 %	4,8 %
Average retirement age	62	62

20. Long-term Employee Benefits (continued)

Sensitivity analysis and movement for the year

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed general earnings inflation rates would have the following effects:

	One percentage point decrease	One percentage point increase	One percentage point decrease
30 June 2026	-		
Key Assumptions	-		
Effect on the aggregate of the service cost and interest cost	2 753 000	-	-
Effect on defined benefit obligation	19 685 000	-	-
General earnings Inflation rate			
Effect on the aggregate of the service cost and interest cost	-	2 947 000	2 579 000
Effect on defined benefit obligation	-	20 909 000	18 578 000
Discount rate	-		
Effect on the aggregate of the service cost and interest cost	-	2 728 000	2 780 000
Effect on defined benefit obligation	-	18 550 000	20 960 000
Average retirement age (2 years later)	-		
Effect on the aggregate of the service cost and interest cost	-	3 120 000	2 338 000
Effect on defined benefit obligation	-	22 049 000	16 767 000
Rates of termination of service (x two)	-		
Effect on the aggregate of the service cost and interest cost	-	2 182 000	3 166 000
Effect on defined benefit obligation	-	16 455 000	21 924 000
Effect on defined benefit obligation	-		
Effect on defined benefit obligation	-		
Effect on defined benefit obligation	-		
Effect on defined benefit obligation	-		
Effect on defined benefit obligation	-		

Maturity analysis of the Long service award (expected benefits vesting):

	2026
Within 1 year	3 078 000
Within 2-5 years	10 192 000
Within 6-10 years	16 081 000
Within 11-20 years	30 426 000
Within 21-40 years	24 818 000

The municipality expects the benefits to vest in the ensuing year of R 3 078 000 (2025: R 1 977 000).

21. Provisions

Reconciliation of provisions - 2026

	Opening Balance	Unused Amounts	Payment	Change in discount factor	Additions (Reversal) during the year	Total
Landfill Site	67 892 552	-	-	6 884 429	14 968 647	89 745 628
SARS Library Grant	9 197 492	(1 013 131)	(9 273 686)	1 089 325	-	-
	77 090 044	**(1 013 131)**	**(9 273 686)**	**7 973 754**	**14 968 647**	**89 745 628**

Reconciliation of provisions - 2025

	Opening Balance	Additions (Reversal) during the year	Change in discount factor	Total
Landfill Site	57 311 777	4 549 496	6 031 279	67 892 552
SARS Library Grant	8 780 333	(144 419)	561 578	9 197 492
	66 092 110	**4 405 077**	**6 592 857**	**77 090 044**

	2026	2025
Non-current liabilities	89 745 628	67 892 552
Current liabilities	-	9 197 492
	89 745 628	**77 090 044**

Legal Proceedings:

SARS Library Grant

For more information on the matter refer to Note 44. Payment was made during the year.

Environmental rehabilitation provision

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R89 745 628 (2025: R67 892 552) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using rates below as per similar Government Bond periods and the average Consumer Price Index from June to May.

Sites 2026	Proposed Rehabilitation Date	Size (Square Meters)	Current Costs per Square	2026 Provision	2025 Provision
Darling	2040/2041	32 717	1 174	21 615 357	15 237 560
Highlands	2036/2037	96 456	250	16 125 486	10 757 623
Koringberg	2028/2029	4 500	2 023	8 444 119	7 646 194
Moorreesburg	2034/2035	28 100	925	19 102 670	14 351 486
Riebeek Kasteel	2031/2032	22 118	1 068	19 594 199	15 945 876
Yzerfontein	2033/2034	27 400	230	4 863 796	3 953 813
				89 745 627	**67 892 552**

21. Provisions (continued)

Each year, the landfill sites are reviewed in terms of size, available capacity and other environmental factors. Each of the factors have an impact on the valuation at year-end. The following key factors were considered:

Sites	Years until rehabilitation 2026	Years until rehabilitation 2025	Discount rate 2026	Discount rate 2025
Darling	15	15	8,78 %	10,72 %
Highlands	11	12	8,58 %	10,46 %
Koringberg	3	4	7,35 %	8,17 %
Moorreesburg	9	10	8,34 %	9,95 %
Riebeek Kasteel	6	7	8,01 %	9,05 %
Yzerfontein	8	8	8,12 %	9,35 %

Sites	Size 2026 (Square Meters)	Size 2025 (Square Meters)	Rate per Square Meter 2026	Rate per Square Meter 2025	% Change in rate/square meter
Darling	32 717	32 717	1 174	1 054	11,31 %
Highlands	96 456	96 456	250	208	19,83 %
Koringberg	4 500	4 500	2 023	1 925	5,10 %
Moorreesburg	28 100	28 100	925	821	12,65 %
Riebeek Kasteel	22 118	22 118	1 068	949	12,57 %
Yzerfontein	27 400	27 400	230	202	13,74 %
	-	-	-	-	-

Sites	Opening Balance	Interest Expense	Market related adjustments (capitalised)	Total
Darling	15 237 560	1 744 192	4 633 605	21 615 357
Highlands	10 757 624	1 273 895	4 093 969	16 125 488
Koringberg	7 646 194	578 342	219 583	8 444 119
Moorreesburg	14 351 485	1 469 870	3 281 315	19 102 670
Riebeek Kasteel	15 945 876	1 452 934	2 195 389	19 594 199
Yzerfontein	3 953 813	365 196	544 786	4 863 795
	67 892 552	**6 884 429**	**14 968 647**	**89 745 628**

22. Reserves: Capital Replacement

The Capital Replacement Reserve is a reserve to finance future capital expenditure, is fully funded and invested in Financial Instruments.

	2026	2025
Balance at the beginning of the year	359 394 889	299 421 237
Contribution from accumulated surplus	298 289 238	134 593 980
Capital contributions received	3 820 250	5 144 665
Funding capital projects	(136 715 378)	(79 764 993)
	524 788 999	**359 394 889**

23. Accumulated surplus

	2026	2025
Accumulated surplus at year-end	3 151 817 632	3 057 392 280

For the restatement to the opening balance impairment in terms of the transitional provisions of the revised GRAP 104, Refer to Note 56 for more details of the restatement.

Figures in Rand	2026	2025

24. Service charges

Sale of electricity	592 591 172	516 000 743
Sale of water	111 333 166	95 517 854
Sewerage and sanitation charges	69 016 990	63 838 863
Refuse removal	45 234 645	38 791 037
	818 175 973	**714 148 497**

25. Interest received

Interest revenue		
Interest earned - Investments	53 165 650	50 522 671
Bank account	11 989 557	12 116 649
Outstanding debtors: Exchange receivables	3 853 940	3 637 529
Other financial assets	33 028 027	33 210 000
Interest earned - Land sales	44 626	49 601
	102 081 800	**99 536 450**

26. Operational revenue

Sale of goods and rendering of services		
Advertisements	537 839	418 118
Application Fees for Land Usage	353 313	208 222
Building Plan Approval	5 261 829	3 854 765
Bulk Waste Dumping	2 297 421	1 432 231
Camping Fees	4 719 694	4 112 063
Cemetery and Burial	1 013 399	1 011 690
Cleaning and Removal	880 048	698 818
Clearance Certificates (Rates)	467 600	547 886
Library Services Rendered	7 208 696	12 152 941
Encroachment Fees	720	700
Entrance Fees	821 526	678 217
Escort Fees	87 942	166 182
Housing (Boarding Services) - Staff	140 938	128 887
Occupation Certificates	527 366	438 387
Photocopies and Faxes	115 675	145 839
Removal of Restrictions	467 934	355 495
Sewerage Blockages	494 737	491 996
Rendering of Fire Services	1 642	4 846
Sub-division and Consolidation Fees	192 387	153 682
Tender Documents	133 516	63 441
Town Planning and Servitudes	44 513	24 422
Valuation Services	210 365	175 114
Housing Sales or Services Rendered	507 280	-
Other operational revenue		
Administrative Handling Fees	57 744	61 538
Application: Service Connections	609 328	480 179
Breakages and Losses Recovered	65 664	67 437
Bad debts recovered	247 241	239 128
Housing Selling Schemes	707	707
Sundry income and cash surpluses	4 967	86 690
Insurance Refund	1 206 400	199 556
Merchandising, Jobbing and Contracts	85 432	94 745
Other Fees	4 361	3 800
Registration Fees - Road and Transport	241 087	281 752
Transaction Handling Fees	383 687	305 842
Debt Forgiveness	1 009 100	238 608
	30 402 098	**29 323 924**

26. Operational revenue (continued)

Refer to Note 29 Library service for the full year's revenue on the library grant and library services rendered. Similarly, kindly refer to the Housing projects for the breakdown of the Housing Sales or services rendered.

27. Development charges

	2026	2025
Development charges received (cash)		
Parking Areas	167 370	112 772
Water	1 082 431	1 521 843
Sanitation	879 396	1 612 908
Stormwater	596 172	850 236
Electricity	1 094 881	1 046 907
Assets received in lieu of development charge (non-cash)		
Electricity	-	5 064 275
	3 820 250	**10 208 941**

28. Property rates

Rates received

	2026	2025
Residential	132 951 699	122 644 255
Commercial	19 856 930	18 150 499
State	12 834 193	11 331 251
Vacant land	14 776 529	14 503 358
Farm Properties: Agricultural Purposes	25 670 093	24 668 174
Industrial	11 668 909	10 836 871
Rural: Business	1 737 233	1 626 053
Less: Revenue forgone	(3 437 520)	(2 995 154)
	216 058 066	**200 765 307**

Valuation of properties

Rates Category	Rate 2026	Rate 2025	Valuation 2026 (R'000)	Valuation 2025 (R'000)
Residential	0,005623	0,005360	26 227 684	24 393 470
Commercial	0,009374	0,008769	2 862 216	2 228 020
State	0,009374	0,008769	1 556 009	1 999 904
Vacant land	0,008415	0,008022	2 225 756	2 134 911
Farm properties: Agricultural purposes	0,001406	0,001340	14 479 780	15 016 053
Industrial	0,009374	0,008769	308 892	1 138 400
	-	**-**	**47 660 337**	**46 910 758**

A statutory rebate of 75% was granted on agricultural land. A statutory rebate of R 15 000 on the value of the property is granted to residential property owners. A further R 300 000 discount on the market value of the property, over and above the aforementioned R 15 000 is granted on the value of the property for residents 60 years and older on condition that they occupy the premises. Some additional relief was provided to qualifying consumers in order to assist families in need.

Figures in Rand	2026	2025

29. Government grants and subsidies

Operating grants		
Equitable Share	165 310 000	153 764 000
Conditional grants		
Community Development: Workers	57 096	33 988
Community Safety: K9 Unit	4 350 000	4 172 000
Education, Training and Development Practices (Seta)	2 498 395	1 115 668
Emergency Fire Kit	569 802	414 554
Municipal Disaster Response Grant: Riverlands	7 443 610	1 797 390
Extended Public Works Programme	1 969 000	1 593 000
Municipal Water Resilience Grant	1 500 000	-
Title Deed Restoration	20 000	-
Municipal Disaster Response Grant - General	-	350 000
Municipal Fire Service Capacity Support Grant	549 609	-
Housing Project: Darling	256 865	18 831 284
Housing Project: Malmesbury De Hoop	57 521 969	76 604 508
Housing Project: Kalbaskraal - Socio Economic Facility	9 363 036	744 891
Housing Project: Sibanye-Moorreesburg	204 459	56 661 434
Housing Project: Kalbaskraal-Land	-	2 050 231
Integrated National Electrification Programme	-	22 818 000
Library service	4 144 000	43 478
Municipal Accredation and Capacity Building Grant	83 077	165 904
Local Government Financial Management Grant	1 700 000	1 600 000
Regional Socio-Economic Project RSEP	90 000	-
Law Enforcement Reaction Unit Grant	5 838 000	5 712 000
Municipal Infrastructure Grant	25 405 000	29 302 000
Fire Damaged Houses	760 922	-
Housing Project: Silvertown	11 950 089	249 514
Proclaimed Roads Subsidies	11 900 000	170 000
Municipal Service Delivery and Capacity Building Grant	709 600	-
Housing Project: Dalsig	4 795 835	-
Sports Development Grant	-	498 434
Thusong Centre: Refurbishment	-	134 563
Water Services Infrastructure Grant	17 044 000	-
	170 724 364	**225 062 841**
	336 034 364	**378 826 841**

No funds destined for the municipality in terms of the annual Division of Revenue Act were delayed, withheld or withdrawn.

The municipality complied with the grant terms including the requirements of section 214(1) of the Constitution.

Equitable Share

In terms of the Constitution, this grant is used amongst other to subsidise the provision of basic services to indigent community members.

Figures in Rand	2026	2025

29. Government grants and subsidies (continued)

Community Development: Workers

	2026	2025
Balance unspent at beginning of year	4 012	1 311
Current-year receipts	59 000	38 000
Conditions met - transferred to revenue	(57 096)	(33 988)
Repaid to funder	(4 012)	(1 311)
	1 904	**4 012**

Conditions still to be met - remain liabilities (see note 18).

Funds made available for sundry expenditure and stationery for workers, under the control of the Municipality but remunerated by PAWC.

Community Safety: K9 Units

	2026	2025
Current-year receipts	4 350 000	4 172 000
Conditions met - transferred to revenue	(4 350 000)	(4 172 000)
	-	-

Funds are for the establishment of a dog unit for detecting drugs.

COVID 19 - Food Parcels and Financial Support (Public contribution)

	2026	2025
Balance unspent at beginning of year	-	75 000
Conditions met - transferred to revenue	-	(15 000)
Repaid to funder	-	(60 000)
	-	-

Water Services Infrastructure

	2026	2025
Current-year receipts	17 044 000	-
Conditions met - transferred to revenue	(17 044 000)	-
	-	-

Funds are utilised to build and improve the municipal water network.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

29. Government grants and subsidies (continued)

Education, Training and Development Practices (Seta)

Balance unspent at beginning of year	399 067	-
Current-year receipts	2 210 693	1 722 510
Conditions met - transferred to revenue	(2 498 396)	(1 115 668)
Transfer from receivables from non-exchange	-	(207 775)
	111 364	**399 067**

Conditions still to be met - remain liabilities (see note 18).

Training of officials as well as unemployed persons utilised on projects under control of the Municipality.

Municipal Water Resilience

Current-year receipts	1 500 000	-
Conditions met - transferred to revenue	(1 500 000)	-
	-	**-**

The grant funded the expenditure on the municipal water network.

Extended Public Works Programme

Current-year receipts	1 969 000	1 593 000
Conditions met - transferred to revenue	(1 969 000)	(1 593 000)
	-	**-**

The grant is to enable the Municipality to create jobs.

Thusong Centre: Refurbishment

Balance unspent at beginning of year	15 437	-
Current-year receipts	-	150 000
Conditions met - transferred to revenue	-	(134 563)
Repaid to funder	(15 437)	-
	-	**15 437**

Conditions still to be met - remain liabilities (see note 18).

The grant is to enable the Municipality to create jobs.

Municipal Disaster Relief Grant - Riverlands

Balance unspent at beginning of year	7 443 610	-
Current-year receipts	-	9 241 000
Conditions met - transferred to revenue	(7 443 610)	(1 797 390)
	-	**7 443 610**

Conditions still to be met - remain liabilities (see note 18).

The funds are for maintenance and replacement of roads and storm-water infrastructure following severe floods.

Figures in Rand	2026	2025

29. Government grants and subsidies (continued)

Title Deed Restoration

Current-year receipts	20 000	-
Conditions met - transferred to revenue	(20 000)	-
	-	-

The grant is for the Municipality to restore the title deeds of housing beneficiaries.

WC Financial Management Capability Grant: Student Bursaries

Balance unspent at beginning of year	-	176 807
Repaid to funder	-	(176 807)
	-	-

Municipal bursary programme that enable municipalities to attract top performing learners and learners with potential to succeed in Higher Education Institutions (HEI) in the areas such as finance, economics, accounting, supply chain management, internal audit, risk management, infrastructure, etc.

WC Financial Management Capability Grant: Internal Audit

Balance unspent at beginning of year	-	418 031
Repaid to funder	-	(418 031)
	-	-

The purpose of the grant is to implement a systematic and formalised process to identify, assess, manage and monitor risks by acquiring, configuring and utilising a Risk Management electronic system.

Municipal Disaster Response: General

Current-year receipts	-	(350 000)
Conditions met - transferred to revenue	-	350 000
	-	-

Funding was received for infrastructure damages due to the impact of floods that occurred in December 2023 to January 2024 (Washed away Gravel Roads in Chatsworth, Kalbaskraal, Riebeek Wes/Kasteel and Moorresburg).

Housing Project: Kalbaskraal -Socio Economic Facility

Current-year receipts	9 363 036	744 891
Conditions met - transferred to revenue	(9 363 036)	(744 891)
	-	-

Funds provided to enable the establish an economic hub in the area.

Figures in Rand	2026	2025

29. Government grants and subsidies (continued)

Emergency Fire Kits

	2026	2025
Balance unspent at beginning of year	2 037	2 120
Current-year receipts	572 868	416 591
Conditions met - transferred to revenue	(569 802)	(414 554)
Repaid to funder	(2 037)	(2 120)
	3 066	**2 037**

Conditions still to be met - remain liabilities (see note 18).

Financial assistance from the Department of Infrastructure for the provision of enhanced emergency kits and relocation costs.

Housing Project: Darling

	2026	2025
Balance unspent at beginning of year	-	447 179
Construction contracts - opening balance	2 509 895	-
Current-year receipts	256 865	18 384 105
Conditions met - operational grant (GRAP 23)	(256 865)	(18 831 284)
Construction contracts - collections	31 093 761	2 509 895
Services rendered receipts	94 420	-
Construction contracts - transfer of asset	(33 603 656)	-
Conditions met - Services rendered (GRAP 9)	(94 420)	-
Conditions met - Transfer payments (income) (GRAP 109)	(169 681)	-
Conditions met - Transfer payments (expenses) (GRAP 109)	169 681	-
Construction contracts balance at year end	-	(2 509 895)
	-	**-**

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Construction contracts, Operational Revenue and disclosure pertaining to Agents are disclosed in Notes 9, 26 and 52.

Housing Project: Malmesbury De Hoop

	2026	2025
Balance unspent at beginning of year	-	363 379
Current-year receipts	57 333 000	76 604 508
Construction contracts - collections	37 153 890	-
Services rendered receipts	163 860	-
Conditions met - Capital Grant (GRAP 23)	(57 333 000)	(76 604 508)
Conditions met - Operational grant (GRAP 23)	-	(363 379)
Construction contracts - transfer of asset	(37 153 890)	-
Conditions met - Services rendered (GRAP 9)	(163 860)	-
Conditions met - Transfer payments (income) (GRAP 109)	(182 250)	-
Conditions met - Transfer payments (expense) (GRAP 109)	182 250	-
Construction contracts - Departmental claims	(52 638 365)	-
Construction contracts - Departmental payments due	52 638 365	-
Capital grants - Departmental claims	(188 969)	-
Capital grants - Departmental payments due	188 969	-
	-	**-**

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Construction contracts, Operational Revenue and disclosure pertaining to Agents are disclosed in Notes 9, 26 and 52.

The Department of Infrastructure paid the municipal supplier from the municipal grant allocation of 2026/2027 between April and June as the municipality delivered all services as per the grant plan by 31 March 2026.

Figures in Rand	2026	2025

29. Government grants and subsidies (continued)

Fire Damaged Houses

Balance unspent at beginning of year	760 922	-
Current-year receipts	-	760 922
Conditions met - transferred to revenue	(760 922)	-
	-	**760 922**

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Housing Project: Sibanye-Moorreesburg

Construction contracts - opening balance	4 832 285	-
Current-year receipts	-	56 661 434
Construction contracts - collections	69 416 200	4 832 285
Services rendered receipts	249 000	-
Conditions met - Capital Grant (GRAP 23)	-	(56 661 434)
Construction contracts - transfer of asset	(74 248 485)	-
Conditions met - Services rendered (GRAP 9)	(249 000)	-
Conditions met - Transfer payments (income) (GRAP 109)	(334 800)	-
Conditions met - Transfer payments (expenses) (GRAP 109)	334 800	-
Construction contracts - Departmental claims	(41 174 450)	-
Construction contracts - Departmental payments due	41 174 450	-
Capital grants - Departmental claims	(204 459)	-
Capital grants - Departmental payments due	204 459	-
Construction contracts balance at year end	-	(4 832 285)
	-	**-**

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Construction contracts, Operational Revenue and disclosure pertaining to Agents are disclosed in Notes 9, 26 and 52.

The Department of Infrastructure paid the municipal supplier from the municipal grant allocation of 2026/2027 between April and June as the municipality delivered all services as per the grant plan by 31 March 2026.

Integrated National Electrification Programme

Current-year receipts	-	22 818 000
Construction contracts - collections	21 322 000	-
VAT on receipts	(2 781 130)	-
Conditions met - Capital Grant (GRAP 23)	-	(22 401 642)
Conditions met - Operational grant (GRAP 23)	-	(416 358)
Construction contracts - transfer of asset	(18 540 870)	-
	-	**-**

Funds made available for the electrical network to the proposed area where low cost houses are build and the electrification of these houses.

Construction contracts are disclosed in Note 9.

Figures in Rand	2026	2025

29. Government grants and subsidies (continued)

Library service

Current-year receipts	12 434 000	12 052 000
Provision for VAT	(1 081 304)	144 419
Exchange services: Library Services Rendered	(7 208 695)	(12 152 941)
Conditions met - Operating grant	(4 102 406)	-
Conditions met - Capital grant	(41 595)	(43 478)
	-	-

Grant provided for the partial funding of the operational and capital costs of libraries in the area under the jurisdiction of the Swartland Municipality.

Refer to Note 26 for the Operational Revenue.

Local Government Financial Management Grant

Current-year receipts	1 700 000	1 600 000
Conditions met - transferred to revenue	(1 700 000)	(1 600 000)
	-	-

The purpose of the grant is to enable the Municipality to modernise and improve its financial management activities entailing, among others, capacity building, the implementation of municipal finance management legislation and regulating policies and compliance with generally accepted municipal accounting practices.

Municipal Accreditation and Capacity Building

Balance unspent at beginning of year	83 096	89 089
Current-year receipts	-	249 000
Conditions met - transferred to revenue	(83 077)	(165 904)
Repaid to funder	-	(89 089)
	19	**83 096**

Conditions still to be met - remain liabilities (see note 18).

Funds received for the remuneration of an intern for the Department of Community Services.

Municipal Infrastructure Grant

Current-year receipts	25 405 000	29 302 000
Conditions met - transferred to revenue	(25 405 000)	(29 302 000)
	-	-

Funds utilised for the upgrading of existing infrastructure in its area of jurisdiction and/or the erection / construction of new amenities required for service delivery and the development of sport.

Proclaimed Roads Subsidies

Current-year receipts	11 900 000	170 000
Conditions met - transferred to revenue	(11 900 000)	(170 000)
	-	-

Expenditure incurred by the Municipality in connection with the maintenance of proclaimed main roads falling under the jurisdiction of the Municipality, in accordance with a budget approved by the PAWC, which costs are partly recoverable from the Administration.

Figures in Rand	2026	2025

29. Government grants and subsidies (continued)

Regional Socio-Economic Project (RSEP)

Current-year receipts	90 000	-
Conditions met - transferred to revenue	(90 000)	-
	-	-

Funds received from PAWC for the social upliftment in lower income areas to improve living conditions and combat crime.

Law Enforcement Reaction Unit Grant

Current-year receipts	5 838 000	5 712 000
Conditions met - transferred to revenue	(5 838 000)	(5 712 000)
	-	-

Funds received from PAWC for establishment of a law enforcement reaction unit.

Sports Development Grant

Balance unspent at beginning of year	1 566	-
Current-year receipts	-	500 000
Conditions met - transferred to revenue	-	(498 434)
Repaid to funder	(1 566)	-
	-	**1 566**

Conditions still to be met - remain liabilities (see note 18).

Funds received for the enhancement of existing sports grounds.

Housing Project: Kalbaskraal - Land

Current-year receipts	-	2 050 231
Conditions met - transferred to revenue	-	(2 050 231)
	-	-

Funds utilised for the purchase of land for a housing project.

Municipal Fire service Capacity Support

Current-year receipts	550 000	-
Conditions met - transferred to revenue	(549 609)	-
	391	-

Conditions still to be met - remain liabilities (see note 18).

Funding received in order to build a new fire truck.

Municipal Service Delivery and Capacity Building

Current-year receipts	709 600	-
Conditions met - transferred to revenue	(709 600)	-
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

29. Government grants and subsidies (continued)

Housing Project - Silvertown

Opening balance	12 489 296	5 500 000
Current-year receipts	-	7 238 810
Conditions met - transferred to revenue	(11 950 089)	(249 514)
	539 207	**12 489 296**

Conditions still to be met - remain liabilities (see note 18).

Funds provided to enable the Municipality to finance the purchase of land and spatial development of the land.

Swartland Business Hive Entrepreneurial Hub: (Public contribution)

Balance unspent at beginning of year	9 500	40 000
Current-year receipts	80 000	40 000
Conditions met - transferred to revenue	(7 346)	(70 500)
	82 154	**9 500**

Conditions still to be met - remain liabilities (see note 18).

Public and provincial contributions (donations) for the establishment and enhancement of entrepreneurs.

This is considered a public contribution rather than a grant as the funding source is not the Division of Revenue Act.

Standard Contribution: Top Achievers Award (Public Contribution)

Current-year receipts	-	60 000
Conditions met - transferred to revenue	-	(60 000)
	-	**-**

Funds received Standard Bank to recognise Top Academic Achievers at local schools.

Housing Project: Dalsig

Current-year receipts	9 363 036	-
Conditions met - transferred to revenue	(9 363 036)	-
	-	**-**

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

International Youth Camp: (Public contribution)

Balance unspent at beginning of year	187 098	-
Current-year receipts	25 000	200 000
Conditions met - transferred to revenue	(212 098)	(12 902)
	-	**187 098**

Conditions still to be met - remain liabilities (see note 18).

Funding was received for the sponsorship of a youth event.

This is considered a public contribution rather than a grant.

Figures in Rand	2026	2025

29. Government grants and subsidies (continued)

SANRAL (Public contribution)

Current-year receipts	-	558 393
Conditions met - transferred to revenue	-	(558 393)
	-	**-**

SANRAL made a contribution to the upgrading of sidewalks within the municipal jurisdiction.

This is considered a public contribution rather than a grant as the funding source is not the Division of Revenue Act.

Grade 1 Project (Public contribution)

Balance unspent at beginning of year	-	31 000
Conditions met - transferred to revenue	-	(31 000)
	-	**-**

Funds received in lieu of Social development for grade 1 learners.

WC Department of Education - School Allocation (Public Contribution)

Balance unspent at beginning of year	308 354	23 000 000
Conditions met - transferred to revenue	(308 354)	(22 691 646)
	-	**308 354**

Conditions still to be met - remain liabilities (see note 18).

Funds made available for the development costs associated with municipal services to enable the building of a new school in Malmesbury.

Reconciliation of grant allocation expenditure (conditions met - transferred to revenue) per vote (MFMA s123(c))

Vote 1 - Corporate Services	6 642 395	1 171 248
Vote 2 - Civil Services	65 261 610	32 662 724
Vote 3 - Electricity Services	-	23 846 858
Vote 5 - Financial Services	2 409 600	1 620 259
Vote 6 - Development Services	342 463 063	155 463 198
Vote 7 - Protection Services	11 307 411	10 298 554
	428 084 079	**225 062 841**

The above revenue were recognised as follows:		
Construction contracts	257 359 715	-
Government grants and subsidies	170 724 364	225 062 841
	428 084 079	**225 062 841**

30. Availability charges

Electricity	4 274 121	3 988 314
Water	1 793 454	1 724 032
Refuse	3 588 064	3 364 061
Sewerage and sanitation charges	2 568 158	2 504 196
	12 223 797	**11 580 603**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

31. Employee related costs

Employee related costs - Salaries and Wages	216 374 204	201 023 605
Employee related costs - Contributions for UIF, pensions, medical aids and other contributions	63 104 652	57 529 595
Bonuses: 13th cheque	16 780 518	15 535 755
Contribution to leave gratuity	4 810 046	1 397 460
Housing benefits and allowances	1 265 019	1 319 035
Overtime payments	22 943 530	20 621 056
Performance bonus	1 782 107	1 790 628
Travel, motor car, accommodation and other allowances	27 652 207	25 579 283
Contribution to provision for post-retirement medical aid benefits	37 070 433	18 059 510
Contribution to long-service provision	6 178 417	3 511 969
	397 961 133	**346 367 896**

Remuneration of Municipal Manager

Annual Remuneration	1 749 630	1 634 283
Car Allowance	177 612	177 612
Cellphone Allowance	43 200	43 200
Contributions to UIF, Medical and Pension Funds	453 927	417 793
Performance Bonus	316 145	301 679
	2 740 514	**2 574 567**

Remuneration of Chief Finance Officer

Annual Remuneration	1 545 725	1 475 822
Car Allowance	72 000	72 000
Cellphone allowance	43 200	43 200
Contributions to UIF, Medical and Pension Funds	417 953	392 638
Leave pay	78 285	73 448
Performance Bonus	271 453	254 774
	2 428 616	**2 311 882**

Remuneration of Director: Corporate Services

Annual Remuneration	1 563 902	1 509 693
Car Allowance	60 180	60 180
Cellphone Allowance	43 200	43 200
Contributions to UIF, Medical and Pension Funds	393 874	366 792
Long service Bonus	-	261 256
Performance Bonus	261 472	247 692
Leave Pay	78 285	-
	2 400 913	**2 488 813**

Remuneration of Director: Civil Engineering Services

Annual Remuneration	1 526 083	1 455 564
Car Allowance	96 000	96 000
Cellphone Allowance	43 200	43 200
Contributions to UIF, Medical and Pension Funds	395 974	372 042
Leave Pay	78 285	74 550
Performance Bonus	255 404	245 642
	2 394 946	**2 286 998**

31. Employee related costs (continued)

Remuneration of Director: Protection Services

	2026	2025
Annual Remuneration	1 048 719	-
Car Allowance	55 000	-
Cellphone Allowance	39 600	-
Contributions to UIF, Medical and Pension Funds	272 651	-
	1 415 970	**-**

Remuneration of Director: Electrical Engineering Services

	2026	2025
Annual Remuneration	1 587 550	1 953 954
Car Allowance	60 000	60 000
Cellphone Allowance	43 200	43 200
Contributions to UIF, Medical and Pension Funds	350 189	438 285
Performance Bonus	264 016	251 606
	2 304 955	**2 747 045**

Prior year disclosure only:
During the financial period a consultative request for a waiver from the Minister of Cooperative Governance and Traditional Affairs in respect of the total annual remuneration package payable to the Director: Electrical Engineering Services in terms of the Upper Limits Notice, subject to first seeking concurrence by the Western Cape MEC for local government was concluded. The request was approved and in February 2025 the Director received back pay from inception of his contract in August 2022. Had the new salary agreement been in place since the commencement of employment, the emoluments disclosed would have been R 2 183 492 (2024: R 2 008 955) all inclusive. The back pay amounted to R 802 512.

Remuneration of Director: Development Services

	2026	2025
Annual Remuneration	1 494 404	1 424 460
Car Allowance	120 000	120 000
Cellphone allowance	43 200	43 200
Contributions to UIF, Medical and Pension Funds	408 529	382 646
Performance Bonus	255 013	249 370
Leave Pay	78 285	-
	2 399 431	**2 219 676**

Remuneration of Director: Protection Services (Retired Director)

	2026	2025
Annual Remuneration	-	1 321 036
Bonuses: 13th cheque	-	74 796
Car Allowance	-	228 000
Cellphone allowance	-	43 200
Contributions to UIF, Medical and Pension Funds	-	347 365
Leave Pay	-	256 097
Long service bonus	-	151 477
Performance Bonus	158 604	239 865
	158 604	**2 661 836**

The performance bonus was paid out to the former Director of Protection Services Mr P Humphreys.

Figures in Rand	2026	2025

31. Employee related costs (continued)

Aggregate remuneration to management

Annual Remuneration	10 516 014	10 774 811
Bonuses: 13th cheque	-	74 796
Car Allowance	640 792	813 792
Cellphone allowance	298 800	302 400
Contributions to UIF, Medical and Pension Funds	2 693 096	2 717 562
Leave Pay	313 140	404 094
Long service bonus	-	412 732
Performance Bonus	1 782 107	1 790 628
	16 243 949	**17 290 815**

Directors have the option to apportion their package by structuring a non-pensionable 13th cheque from the annual remuneration to receive a 13th cheque.

32. Remuneration of councillors

Executive Mayor	902 684	889 987
Deputy Executive Mayor	761 993	762 953
Mayoral Committee Members	2 469 405	2 436 970
Speaker	554 215	548 886
Councillors	4 887 867	4 872 708
Councillors' - travelling allowances	811 103	810 603
Councillors' - cellular and telephone	1 071 321	1 081 092
Councillors' - pension contribution	983 237	976 327
Councillors' - medical aid contribution	232 980	218 061
	12 674 805	**12 597 587**

In-kind benefits

The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties.

33. Contracted services

Outsourced Services		
Actuaries	-	14 700
Alien Vegetation Control	87 460	128 700
Animal Care	41 000	-
Burial services	16 500	21 740
Business and financial management	320 011	196 949
Catering services	801 793	751 739
Cleaning Services	358 519	63 731
Clearing and Grass cutting services	34 080	63 600
Commissions and committees	-	17 800
Drivers Licence Cards	152 909	-
Dumping site	6 905 426	6 527 715
Electrical	505 761	493 414
Human resources	-	216 264
Hygiene services	25 535	31 703
Litter picking and street cleaning	6 267 018	6 899 055
Sewerage	1 142 061	1 193 716
Meter management	3 687	29 938
Mini dumping sites	96 489	124 188
Shredding	61 673	-
Quality control	247 709	196 128

Figures in Rand	2026	2025
33. Contracted services (continued)		
Professional staff	72 800	38 877
Refuse removal	2 271 400	2 433 053
Research and advisory	2 756 705	2 592 012
Security services	2 606 066	2 695 483
Stage and sound crew	16 200	14 200
Swimming supervision	51 000	48 000
Traffic fine management	4 254 383	3 847 236
Translators, scribes and editors	90 457	85 592
Transport services	440 245	315 885
Consultants and Professional Services		
Business and advisory	1 494 945	330 638
Infrastructure and Planning	1 191 358	-
Audit committee	122 895	114 240
Business and financial management	2 681 101	3 046 607
Civil engineering	2 160 385	1 040 850
Electrical engineering	514 689	371 440
Geodetic, control and surveys	670 911	660 315
Human resources	37 405	108 386
Laboratory services	212 973	194 446
Town planner	602 970	1 101 656
Valuer and assessors	429 871	540 631
Contractors		
Artists and performers	3 500	5 000
Building	782 093	9 900
Construction of Low Cost Housing	244 518 517	929 403
Employee wellness	69 899	92 243
Engineering - Electrcal	20 305 598	-
Fire Protection	71 080	301 210
Forestry	250 159	268 545
Gardening Services	34 454	57 249
Gas	2 361	-
Harbour services	326 400	312 000
Legal costs	1 144 600	1 511 070
Maintenance of Assets	31 760 970	15 485 503
Maintenance of Buildings and Facilities	4 636 607	3 611 298
Maintenance of Equipment	5 001 370	5 116 937
Medical Services	13 750	35 351
Organic and Building Refuse Removal	478 100	451 400
Pest control and fumigation	179 558	-
Removal of Sludge	-	70 742
Qualification verification	11 297	19 412
Town Beautification	14 800	15 000
Traffic and Street Lights	145 112	113 068
Transportation for asset break-downs	5 010	-
	349 501 625	**64 955 958**

Included under the Construction of low cost housing is an amount of R 3 309 760 pertaining to the extension of time and construction down-time penalties claimable in terms of the general conditions of contract relating to a labour dispute between the municipal contractor and its employees.

34. Finance costs

Unwinding of interest for provisions	6 884 429	6 031 279
Other financial liabilities	2 156 060	3 871 446
Interest on provision for VAT	1 089 325	561 578
	10 129 814	**10 464 303**

Figures in Rand	2026	2025

35. Grants and subsidies paid

Non-profit institution		
Bergrivier Canoe Marathon	30 000	30 000
Darling Wildflower Society	105 420	57 881
National Sea Rescue Institute	40 087	38 434
SPCA	-	359 872
Yzerfontein Conservancy	91 371	87 604
Museums		
Darling	103 689	99 414
Malmesbury	70 077	67 188
Oude Kerk	-	67 188
Wheat Industry	-	11 198
Tourism		
Social uplifment		
Darling Focus	56 228	53 910
Elkana Childcare	63 258	273 894
HUB R27	-	7 680
Huis van Heerde	482 824	477 348
Jo Dolphin	70 285	67 387
Multi-Purpose Centre: Moorreesburg	84 342	80 865
Night Shelter	35 144	53 695
Old Age Homes	1 700 149	1 630 058
Student Bursaries	300 000	300 000
Top Achievers Award: Grade 12	-	22 725
	3 232 874	**3 786 341**

Due to the need in the Swartland Municipal area for expert services and resources to support effective domestic animal management initiatives and controls, for which the Municipality does not have the resources, it is deemed necessary, from a perspective of serving the community, for the Municipality to contribute financially towards the operational costs of the SPCA (From 1 July 2025 this is Contracted Services - Animal Care).

The National Sea Recue Institute (NSRI) is a non-profit organisation dedicated to the preservation of all persons at sea. Their members provide their services on a voluntary basis and the organisation is dependent on donations and sponsorship from the public. The NSRI operates a base from Yzerfontein providing a rescue service to the commercial and recreational fishing boats as well as bathers in the vicinity. Financial assistance by the Municipality is intended to enable the organisation to fund some of its operations.

Museums generally do not generate sufficient income from own resources, and are therefore dependent on financial aid from the public and organisations to meet their financial needs and obligations. The Municipality, consequently regards it appropriate to contribute financially to this end.

A contribution is made annually to the Bergriver Canoe Marathon.

The aim of Social Upliftment organisations entails the social upliftment of the poor and disadvantaged section of the community. Financial aid by the Municipality to these organisations, as well as assistance in counselling and advisory services, is intended to enable them to fulfil the said aim.

36. Operational cost

Advertising, publicity and marketing	3 122 173	3 230 757
Assets less than the capitalisation threshold	343 670	365 858
Bank charges, facility and card fees	1 197 981	598 782
Bank charges, fleet card services	1 525 100	1 384 655
Cleaning services: Car valet and washing services	1 770	1 950
Cleaning services: Laundry services	4 811	2 637
Commission: Prepaid electricity	2 499 468	2 087 004
Commission: Third party vendors	1 195 220	667 198
Communication: Bulk message service	124 223	90 443
Communication: Cellular contract (Subscription and calls)	12 752	15 214

Notes to the Annual Financial Statements

Figures in Rand	2026	2025
36. Operational cost (continued)		
Communication: Licences (Radio and television)	19 832	9 146
Communication: Postage/stamps/franking machines	1 309 074	1 161 172
Communication: Telephone, fax, telegraph and telex	571 427	614 775
Community development and training	-	701
Conferences and seminars	-	4 815
Deeds	47 095	471 747
Entertainment: Mayor	14 637	24 818
Entrance fees	51 674	66 161
External audit fees	4 456 214	3 993 952
External computer service	8 883 823	9 466 738
Full time union representative	147 615	170 306
Indigent relief	2 730 015	2 216 476
Insurance	3 914 508	3 323 239
Levies paid - Water resource management charges	467	-
Licences: Motor vehicle licence and registrations	973 365	899 303
Licences: Performing arts	70 589	67 228
Operating leases - Machinery, equipment and other	3 415 687	3 018 085
Other	13 796	4 393
Parking fees	50 239	91 142
Printing, publications and books	547 134	507 422
Professional bodies, membership and subscription	3 618 645	3 394 190
Registration fees	69 923	118 624
Remuneration to ward committees	433 964	392 394
Resettlement cost	5 700	38 155
Servitudes and land surveys	1 016 668	313 142
Signage	108 322	110 636
Skills development fund levy	2 994 576	2 803 510
Travel - overseas	282 912	12 902
Travel and subsistence	744 601	926 469
Uniform and protective clothing	4 016 668	3 445 704
Vehicle tracking	233 588	238 838
	50 769 926	**46 350 681**

37. Other materials

Consumables	7 798 998	8 242 088
Consumables: Zero rated	14 101 766	13 505 063
Inventory consumed: Water	34 360 409	30 417 720
Materials and supplies	5 205 405	5 709 319
	61 466 578	**57 874 190**

38. Reversal / (impairment) of assets and receivables

Impairments		
Property, plant and equipment	(814 449)	(444 642)
Reversal of impairments		
Impairment recognised	(38 854 226)	(25 971 917)
Impairment reversed	2 677 416	3 409 964
	36 176 810	**22 561 953**
Total impairment losses recognised (reversed)	**(36 991 259)**	**(23 006 595)**

Refer to notes 13 and 14 for the impairment on Property, Plant and Equipment. Impairments are identified by comparing assets in their current condition to external sources (e.g. the valuation roll for land) and replacement costs. The impairments reflect the instances where the replacement cost for assets in a similar condition is lower than the carrying value at year-end.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

38. Reversal / (impairment) of assets and receivables (continued)

Refer to notes 6 and 7 for the gross movements on Receivables from Exchange and Non-exchange. Impairment of debt arise due to, amongst other factors, the time value of money.

39. Loss on disposal of assets

Property, plant and equipment	17 139 271	3 447 760
Investment property	3 761 539	62 675
Intangible assets	307	-
Disposed to land inventory	(2 081 978)	(150 372)
	18 819 139	**3 360 063**

Figures in Rand	2026	2025

40. Cash generated from operations

Surplus	248 514 270	410 691 641
Adjustments for:		
Depreciation and amortisation	113 725 764	103 052 099
Loss on sale of property, plant and equipment	18 819 137	3 360 062
Gain on sale of assets and liabilities	(1 229 725)	(1 213 620)
Unwinding of interest on landfill site provision	6 884 429	6 031 278
Vesting of properties	(974 199)	(176 324)
Donated property, plant and equipment	(43 242)	(5 064 275)
Water losses	8 119 522	7 431 647
Impairment losses on non-current assets	814 449	444 642
Accrued interest	(34 397 491)	(34 653 017)
Movement on current provision	(9 197 492)	417 159
Changes in working capital:		
Inventories	(8 841 232)	(5 758 864)
Receivables from exchange transactions	(17 428 646)	(1 732 788)
Receivables from non-exchange transactions	(7 425 341)	(9 555 952)
Payables from exchange transactions	47 877 813	9 856 260
VAT control and accruals (receivable and payable)	(9 071 126)	(801 123)
Unspent conditional grants and receipts	(20 942 838)	(9 335 705)
Consumer deposits	1 376 380	1 197 679
Operating leases	(9 691)	(15 698)
Construction contracts and receivables	(7 342 180)	7 342 180
	329 228 561	**481 517 281**

Property, plant and equipment purchased		
Additions as per note (including transfers)	278 497 427	302 267 562
Non-cash transactins included in profit or loss (e.g. gains on vesting of properties and equipment)	(1 017 440)	(5 240 599)
Movement on accruals of Property plant and equipment	2 097 769	(22 218 510)
Non-cash movement in Provision for landfill sites (changes in market values)	(14 968 647)	(4 533 836)
	264 609 109	**270 274 617**

Investment property purchased		
Additions as per note	8 498 219	-

Payables from exchange transactions		
Movement on balance from the prior year	9 952 036	16 322 033
Payment of employee benefits	35 828 008	14 702 000
Unspent Grants repaid	-	1 050 737
Movement on accruals of Property, Plant and equipment	2 097 769	(22 218 510)
	47 877 813	**9 856 260**

Receivables from exchange transactions		
Movement on balance from the prior year	(29 977 168)	(2 650 354)
GRAP 104 restatement	11 305 192	-
Public contributions received	(23 053)	(504 952)
Profit on sale of land (cost is netted against gain)	(103 081)	(20 500)
Accrued interest	1 369 464	1 443 017
	(17 428 646)	**(1 732 789)**

Receivables from non-exchange		
Movement on balance from prior year	(7 425 341)	(9 555 952)

Figures in Rand	2026	2025

40. Cash generated from operations (continued)

Inventories		
Movement on balance from the prior year	(2 906 769)	1 501 913
Water losses	(8 119 522)	(7 431 649)
Additions of land (non-cash)	2 185 059	170 872
	(8 841 232)	**(5 758 864)**

Unspent conditional grants and receipts		
Movement on balance from the prior year	(20 965 890)	(8 789 920)
Public contributions received	23 052	504 952
Unspent Grants repaid	-	(1 050 737)
	(20 942 838)	**(9 335 705)**

Movement on operating leases		
Movement on operating lease liability	18 544	(15 698)

Long-term Investment		
Movement on Other Financial Assets	366 329 014	33 210 000
Interest accrued	33 028 027	(33 210 000)
	399 357 041	**-**

Notes to the Annual Financial Statements

41. Budget differences

Material differences between budget and actual amounts

Explanation of material variances:

Revenue:
41.1 **Sales of goods and Rendering of services and Contracted Services (expense):** The construction contracts exceeded its budgetary expectation as the department decided not to halt the construction of low cost housing when all budget deliverables were met.
41.2 **Agency services and Licences and permits:** Less licenses issued than expected resolving that both revenues were lower than expected.
41.3 **Operational revenue (exchange):** After the tabling of the adjustment's budget, the municipality determined that a portion of the library service would still be regarded as services rendered. The R7.2 million for the library service was therefore budgeted as grant income.
41.4 **Fines, penalties and forfeits:** Fines income from Provincial Fines were more than budgeted.
41.5 **Gains on disposal of assets:** More land vested in the name of the municipality than expected.

Expenditure:
41.6 **Transfers and subsidies:** Some of the municipal planned transfers did not occur.
41.7 **Inventory consumed:** The municipality had a saving on its fuel budget of approximately R5m.
41.8 **Operational costs:** Various savings noted on planned projects for the year.
41.9 **Losses on Disposal of Assets:** The renewal and upgrade (replacement) of assets during the construction of assets were more than expected during the adjustment's budget.
41.10 **Losses:** The actuarial loss on PEMA was higher than initially expected.

Assets
41.11 **Trade and other receivables from exchange transactions**: The impairment under revised GRAP 104 was R10m less than the budgeted impairment. The VAT accrual was budgeted for under VAT assets whilst the actual is reported under receivables (R26m budgeted, R32.8m actual).
41.12 **Receivables from non-exchange:** The traffic fines was more than the budgeted full-year forecast during the adjustment's budget.
41.13 **Other current assets:** The increase in the accrued interest was not expected during the adjustment's budget.
41.14 **VAT:** The VAT accrual was budgeted for under this line (R26m budget), but the actual is included under trade receivables for purposes of MSCOA.
41.15 **Investment property:** After the purchase of land was evaluated at year-end, it was determined that the land must be classified as Investment Property, which was not foreseen during the budget phase.

Liabilities:
41.16 **Trade and other payables from non-exchange**: The municipality budgeted for a similar unspent balance as the previous year.
41.17 **VAT**: No VAT is due to SARS at year-end. The budgeted amount is for the VAT Input accrual which is included under trade payables.
41.18 **Provisions and Other non-current liabilities:** The PEMA and LSA actuarial losses was more than expected during the adjustments budget.

Cash flow from operating activities
41.19 **Cash receipts from rate payers, government and other and Grants:** Construction contracts revenue budgeted was allocated to receipts from rate payers, but for purposes of clarity was disclosed as grant income as it is the closest match (all construction contract revenue is derived from grant funding). .
41.20 **Interest:** The accrued interest R33m on the long-term investment was classified as investment activities for purposes of GRAP.
41.21 **Cash paid to suppliers and employee:** Significant savings noted on operational expenditure for the year.

Cash flow from investing activities
41.22 **Proceeds on disposal of PPE**: The budget includes the sale of Land (Actual R1 319 977) which is operational per the prescipts of GRAP 2 read with GRAP 12.
41.23 **Capital assets:** The municipal budget estimates that all capital projects will be completed by year-end whereas the full budget was not spent at year-end.

Cash flow from financing activities
41.24 **Increase (decrease) in consumer deposits:** Consumer deposits increased more than expected.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

41. Budget differences (continued)

Differences between budget and actual amounts basis of preparation and presentation

The National Treasury Budget Prescripts classifies items differently from the prescripts of GRAP. Significant classifications are shown below. For example,the municipality regards the uniquely identifiable VAT classifications as material and therefore it is disclosed separately on the Statement of Financial Position, whereas MSCOA prescribed that the balances must be included in the Receivables from Exchange transactions and Payables from Exchange Transactions for reporting on the actuals.

For ease of reference, the electricity charges were reconciled below. The same principle would apply for all service charges.

	2026	2025
Statement of Financial Performance		
Sale of Goods and Rendering of Services		
Operational revenue	19 427 991	
Construction contract revenue	257 359 715	
	276 787 706	
Operational revenue (exchange)		
Operational revenue	30 402 101	
Sale of goods and rendering of services	(19 427 991)	
Gains	(1 013 130)	
Development charges	3 820 249	
	13 781 229	
Gains		
Gains on Fixed Assets	1 229 725	
Gains on Sale of land	1 319 977	
Vesting of properties	974 199	
Operational revenue	1 013 130	
	4 537 031	
Transfers and subsidies - operational		
Transfers and subsidies per note	336 034 364	
Transfers and subsidies - capital	(131 976 771)	
Public contributions	212 098	
Rounding	1	
	204 269 692	
Transfers and subsidies - capital		
Transfers and subsidies - operational	131 976 771	
Public contributions	315 700	
	132 292 471	
Employee related costs		
Employee related costs	397 961 133	
Workman's conmpensation	(2 325 175)	
Actuarial loss	(23 551 433)	
	372 084 525	
Interest		
Finance costs	10 129 814	
Operational costs	(657 433)	
	9 472 381	

Figures in Rand	2026	2025

41. Budget differences (continued)

Inventory consumed		
Other materials	61 466 578	
Operational costs	(27 777)	
	61 438 801	
Contracted services		
Contracted services	349 501 623	
Operational costs	799 490	
	350 301 113	
Transfers and subsidies		
Transfers and subsidies	3 232 874	
Operational costs	(300 000)	
	2 932 874	
Other expenditure		
Operational costs	50 769 926	
Transfers and subsidies	300 000	
Workmans compensation	2 325 175	
Interest	657 433	
Ohter Materials	27 777	
Contracted services	(799 490)	
Rounding	1	
	53 280 822	
Losses		
Water losses	8 119 522	
Actuarial loss	23 551 433	
	31 670 955	
Loss on disposal of assets		
Loss on disposal of assets	18 819 137	
Impairment of property, plant and equipment	814 449	
	19 633 586	

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

41. Budget differences (continued)

Statement of Financial Position

	2026	2025
Trade and other receivables from exchange transactions		
Balance per AFS	151 733 300	
Other current assets	(2 314 380)	
Reallocation of control accounts and credit balances	270 297	
VAT Accrual Receivables	32 858 653	
Rounding	(1)	
Actual on a comparative basis	**182 547 869**	
Trade and other payables from exchange transactions		
Payables from exchange as per AFS	121 375 013	
Reallocation of control accounts and credit balances	(1 471 576)	
13th cheque accrual	(9 079 866)	
VAT Accrual payables	16 451 718	
Rounding	(3)	
Actual on a comparative basis	**127 275 286**	
Receivables from non-exchange transactions		
Balance per AFS	51 273 573	
Reallocation of control accounts and credit balances	(1 741 872)	
Actual on a comparative basis	**49 531 701**	
Current provisions		
Current portion of long-term employee benefits	8 312 000	
13th cheque accrual	9 079 866	
Actual on a comparative basis	**17 391 866**	
Other non-current liabilities		
Non-current portion of long-term employee benefits	13 849 800	
	(1)	
Actual on comparative basis	**13 849 799**	

Changes from the approved budget to the final budget

Changes between the original and final adjustments budget are due to budget adjustments that are approved by council. Furthermore, for operational and capital expenditure, some virements were approved based on the municipal delegation of authority. No material budget or significant virements were noted.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

42. Repairs and maintenance expenditure

Movable Assets	**12 187 668**	**10 751 086**
Furniture and office Equipment	**35 048**	**24 812**
Contracted Services	35 048	24 812
Machinery and Equipment	**1 143 053**	**1 309 256**
Contracted Services	936 820	1 060 392
Other materials	206 233	248 864
Transport Assets	**10 653 756**	**9 090 199**
Contracted Services	10 653 756	9 011 873
Other materials	-	78 326
Computer Equipment	**355 811**	**326 819**
Contracted Services	227 027	260 283
Operational costs	128 784	66 536
Community Assets	**3 512 920**	**3 587 415**
Contracted Services	3 466 153	3 338 946
Other materials	46 767	248 469
Other Assets	**2 237 539**	**1 729 136**
Contracted Services	1 832 109	1 383 596
Other materials	405 430	345 540
Intangible assets	**-**	**5 024 967**
Operational costs	-	5 024 967
Infrastructure Assets	**64 866 588**	**49 848 469**
Electrical Infrastructure	**3 990 690**	**3 530 922**
Contracted Services	511 947	329 829
Other materials	2 135 186	1 714 859
Employee Related Costs	1 343 557	1 486 234
Road Infrastructure	**20 411 432**	**6 192 398**
Contracted Services	18 929 624	4 666 452
Other materials	1 481 808	1 525 947
Sanitation Infrastructure	**5 982 303**	**5 557 044**
Contracted Services	5 868 627	5 461 469
Other materials	113 676	95 575
Solid Waste Disposal Infrastructure	**10 055 084**	**9 538 347**
Contracted Services	7 990 590	7 507 880
Employee Related Costs	2 042 558	2 006 211
Operational costs	21 936	24 256
Storm water Infrastructure	**22 522 080**	**23 320 294**
Contracted Services	385 082	668 383
Other materials	44 726	58 536
Employee Related Costs	21 048 487	21 697 690
Other lease expenditure	399 434	302 473
Operational costs	644 351	593 212
Water Supply Infrastructure	**1 904 999**	**1 709 463**
Contracted Services	1 277 448	1 011 921
Other materials	627 551	697 542
	82 804 715	**70 941 073**

43. Capital commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment - Infrastructure	73 972 251	132 036 393
• Property, plant and equipment - Other assets	664 859	-
	74 637 110	**132 036 393**

Total capital commitments		
Already contracted for but not provided for	74 637 110	132 036 393

Amounts are exclusive of VAT and the amount for infrastructure includes escalation cost.

Total commitments

Total commitments		
Authorised capital expenditure	74 637 110	132 036 393

44. Contingencies

Guarantees in favour of Eskom	30 070 900	30 070 900
Guarantees in favour of South African Post Office Limited	200 000	200 000
	30 270 900	**30 270 900**

Paulus Smit N.O and others	1 283 000	1 283 000
VAT library grant receipts	-	758 713
Wastegrow (Pty) Ltd	-	-
	1 283 000	**2 041 713**

Paulus Smit N.O. and others v Swartland Municipality: The case relates to a previous judgment by the High Court (Case No. 11127/2018) delivered on 23 August 2019. The applicant failed to erect the wall, and also to claim payment from the Municipality, but instead issued a summons in the High Court on 22 August 2022, following a notice given on 28 July 2022 i.t.o. section 3 of the Institution of Legal Proceedings against Certain Organs of State Act 4 of 2002 of further legal action contemplated herein, claiming payment by the Municipality of R1 283 000.

Included in Note 18 Provisions, was an estimated amount for the resolution of a long-outstanding matter pertaining to the Library Grant which SARS deemed to be services rendered instead of a zero-rated grant. During the current year, all historic VAT declarations were reopened and the matter was resolved. As at publishing of these Annual Financial Statements, no indication as to the likelihood or the amount of the remission has been provided by SARS.

Jocastro (Pty) Ltd initiated legal action against the municipality after a payment request from them (Jocastro) was intercepted from their internal email server/domain by way of an IT breach (hacking). The supplier failed to inform the municipality of the IT-breach, resulting in the intercepted payment into a "wrong bank account"'. This matter is still ongoing pending a court result. Given the evidence that the municipality has paid the funds into a "wrong bank account", a payable has been recognised which will only be confirmed once the legal matter is resolved. Included under Trade payables Note 13 Payables from exchange transactions, is the value of the intercepted payment request of R 1 693 110. As the municipality has been advised by its legal representative that the funds are likely to be recoverable, whether through negotiations with the supplier or the banks, a corresponding receivable was recognised and impaired under the classification of Other in Note 3 Receivables from exchange transactions. All legal fees to date have been settled.

Wastegro (Pty) Ltd initiated legal proceedings against Swartland Municipality. The application is challenging the municipality's decision to terminate the agreement between Wastegro and Swartland Municipality. Wastegro has not at this stage instituted a claim for damages against the municipality. As such at the date of issue of these financial statements, no reliable estimate of the value of the legal matter can be made.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

44. Contingencies (continued)

Bank guarantees provided to Eskom for the supply of electricity to the Municipality for distribution amongst consumers.

A bank guarantee has been obtained from Standard Bank and issued to the SA Post Office which serves as security in respect of the payment for the monthly delivery of the municipal accounts.

Contingent asset

Swartland Municipality vs The National Energy Regulator of South Africa: Application in the high court of South Africa (Gauteng Division) for the judicial review of 2023/24 tariff approvals by the electricity regulator. The matter was still ongoing at 30 June 2026.

The municipality is also involved in various individual building & land use matters, eviction applications, etc.

45. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	-	33 336 301
Used to finance property, plant and equipment	-	(33 336 301)
Cash set aside for the repayment of long-term liabilities	-	6 044 339
	-	**6 044 339**

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act (Act 56 of 2003). Sufficient cash is available for the annual repayment of capital and interest until the redemption date.

46. Non-cash investing and financing activities

The Municipality was engaged in exchange transactions of non-monetary assets during the year. Various municipal properties were exchanged for similar assets acquired from the registered owners.

47. In-kind donations and assistance

The municipality received services in-kind under voluntary or non-voluntary schemes which included free training, workshops and technical assistance from government departments and entities. These services in-kind have not been recognised as they were assessed not to be significant to the municipality's operations and/or basic service delivery objectives and are not measurable.

48. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note
Other spheres of government and municipalities	
Councillors	Refer general information
Members of key management	Refer to note 31

Municipal services rendered to related parties

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

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel (managers directly accountable to the Municipal Manager). No expense has been recognised in the period for the provision for doubtful debts in respect of the amounts owed by related parties.

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

No councillor was in arrears for more than 90 days.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

48. Related parties (continued)

Related Party Loans

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004.

Purchases from Related Parties

No purchases were made from related parties that are considered to not be at arms-length. In terms of the municipal accounting policy, transactions and balances that are at arms-length will not be separately disclosed.

The water service concession arrangement would not have been entered into with any party other than a related party. The details of the water service concession arrangement are included in Note 53.

Compensation of key personnel

The compensation of key management personnel is set out in Notes 31 and 32.

49. Financial instruments disclosure

Categories of financial instruments

2026

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	147 576 576	147 576 576
Receivables from non-exchange transactions	-	4 909 178	4 909 178
Cash and cash equivalents	18 776	1 100 372 866	1 100 391 642
	18 776	**1 252 858 620**	**1 252 877 396**

Financial liabilities

	At fair value	At amortised cost	Total
Payables from exchange transactions	-	86 588 177	86 588 177
Consumer deposits	22 233 747	-	22 233 747
Unspent conditional grants and receipts	-	738 105	738 105
	22 233 747	**87 326 282**	**109 560 029**

2025

Financial assets

	At fair value	At amortised cost	Total
Cash and cash equivalents	18 776	677 001 168	677 019 944
Receivables from exchange transactions	-	117 701 787	117 701 787
Receivables fron non-exchange transactions	-	2 941 577	2 941 577
Other Financial Assets	-	366 329 014	366 329 014
	18 776	**1 163 973 546**	**1 163 992 322**

49. Financial instruments disclosure (continued)

Financial liabilities

	At fair value	At amortised cost	Total
Payables from exchange transactions	-	81 108 559	81 108 559
Consumer deposits	20 857 367	-	20 857 367
Unspent conditional grants	-	21 703 995	21 703 995
Other financial liabilities	-	33 336 301	33 336 301
Construction Contracts	-	7 342 180	7 342 180
	20 857 367	**143 491 035**	**164 348 402**

50. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks. The main categories of risk that the municipality is exposed to is credit risk (pertaining to debtors), interest rate risks for investments and liquidity risk as it pertains to the long-term cashflow of the municipality.

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits, implement controls and monitor adherence.

Due to the large non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's Performance, Risk and Audit Committee, an independent body that monitors the effectiveness of the internal audit function.

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed below.

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

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

50. Risk management (continued)

At 30 June 2026	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	86 588 177	-	-	-
Consumer deposits	22 233 747	-	-	-
Unspent conditional grants and receipts	738 105	-	-	-

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	81 108 559	-	-	-
Consumer deposits	20 857 367	-	-	-
Unspent conditional grants and receipts	21 703 995	-	-	-
Other financial liabilities	9 349 099	9 349 099	20 551 601	4 351 969
Construction contracts	7 342 180	-	-	-

Credit risk

Credit risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality’s receivables from customers and investment securities. Maximum exposure to credit risk is not covered by collateral unless otherwise specified. Each class of financial instrument is disclosed separately.

Potential concentrations of credit risk consist mainly of fixed deposit investments, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The municipality exposure to the credit risk is wide-spread, but a single significant debtor, Sasko (Pty) Ltd can be noted as disclosed in Note 6.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2026	2025
Cash and cash equivalents	1 100 372 866	677 001 168
Receivables from exchange transactions	147 576 576	117 701 787
Receivables from non-exchange transactions	4 909 178	2 941 577
Other Financial Assets	-	366 329 014

The municipality is exposed to a number of guarantees issued in favour of the creditors of the municipality. Refer to note 44 for additional details.

The gross balance from receivables has been grouped into risk groupings (Group 1-3). Group 1 are those debtors with a high certainty of timely payment. Risk of non-payment is considered to be low as these receivables maintained a payment rate of more than 70 %. Group 2 are those debtors with a reasonable certainty of timely payment. The risk of non-payment is considered to be moderate as these receivables maintained a payment rate of 50 - 70 % during the year. Group 3 are those debtors for which the risk factors of non- payment are larger as these receivables had a payment rate of below 50 % during the year.

50. Risk management (continued)

Grouping include property rates debtors (Statutory Receivables) due to council's policy to allocate payments on a hierarchical basis which includes property rates. The debtor as a whole is only presented fairly by including the property rates balances in the grouping as per the table below. Kindly note that the municipality utilised the transitional provision in terms of Directive 13 for the implementation of GRAP 104 revised, resolving that the comparative figures will not be restated. The table below describes the prior year audited figures.

Gross balances of Consumer debtors		2025
Group 1		77 679 678
Group 2		2 741 937
Group 3		47 549 936
		127 971 551
Property rates included above		
Group 1	-	16 838 056
Group 2	-	980 816
Group 3	-	15 846 318
	-	**33 665 190**
Financial instruments included above		
Group 1	-	60 841 622
Group 2	-	1 761 121
Group 3	-	31 703 618
	-	**94 306 361**

The municipality utilised the transitional provision in terms of Directive 4 for the implementation of GRAP 104 revised, resolving that the comparative figures will not be restated. The table below describes the figures in terms of the newly implemented standard.

The municipality has decided to apply the credit risk rating as follows:
Grade 1 - Performing 0-30% Estimated Credit Loss
Grade 2 - Underperforming 31-50% Estimated Credit Loss
Grade 3 - Default >50% Estimated Credit Loss
The gradings are the same as those of the prior year (70% recoverable is the same as 30% estimated loss).

The municipality has identified significant customer segments which show unique credit risk categoristics. These are, Business customers, Government Customers, Residential customers and Indigent Residential customers. For the residential customers, the expected credit losses was further broken down into those areas supplied electricity by Eskom and the municipality.

Business: This group consistently shows the lowest impairment probabilities, reflecting stronger historical payment behavior.

Government: Over the period 1 July 2022 to 30 June 2026, no government debt has been written off, resolving that no impairment losses are expected.

Residential: This group has shown some impairment probabilities, especially in areas where Eskom supplies the electricity (Eskom supplies the smaller towns while the municipality provides electricity to the major towns (namely Darling, Malmesbury, Moorreesburg and Yzerfontein).

Residential Indigents: These households are the most vulnerable households in the municipality and is subject to a high degree of likelihood for losses.

All of the municipal bank accounts are held at Standard Bank (2025: Standard Bank and ABSA (Other Assets). The credit ratings of these banks improved during the year and is currently rated as Ba2 (Positive) by Moody's International (2025: Ba2 (Stable) for both banks).

50. Risk management (continued)

Grade	Business	Government	Residential	Residential - Indigent
Grade 1 – Performing	40 971 062	3 950 994	45 554 208	-
Grade 2 – Underperforming	-	-	23 153 071	891 593
Grade 3 – Default	-	-	-	2 404 338
	40 971 062	**3 950 994**	**68 707 279**	**3 295 931**
Average ECL rate	**0,47%**	**0,00%**	**14,03%**	**63,16%**
Loss allowance	**191 765**	**-**	**9 641 609**	**2 081 837**

Market risk

Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, consumer debtors, other debtors, and bank and cash balances.

The municipality is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates.

At 30 June 2026, if interest rates on Rand-denominated borrowings and investments had been 2% higher (200 basis points) with all other variables held constant, surplus for the year would have been R 28 183 513 (2025: R 20 534 605) higher, mainly as a result of higher interest income. The municipality uses the average of the current and comparative year-end balance to calculate the interest rate sensitivity as the balance at year-end is not representative of the balance throughout the year. The prior year interest sensitivity was restated due to an error in the prior year calculation.

51. Segment information

General information

The municipal management accounts that are used to review the performance of the municipality are based on National Treasury's Budget schedules as published in the Municipal Budget Reporting Regulations. The management accounts therefore comprise the actual consolidated GRAP results which are presented two different segmental reports: 1) MSCOA's Function Segment and the Municipal Standard Classification (Votes 1-8). Monthly management accounts are however only reviewed for purposes of measuring performance in terms of the municipal organogram (Municipal Votes). Therefore only this report has been presented. The monthly municipal management accounts are available on the municipal website. Details of each municipal service has been reported in the annual performance report.

All figures reported in the management accounts are based on the measurement principles of GRAP. Interdepartmental transactions are already eliminated in the published figures order to present the GRAP accounting to management when reviewing performance.

Management does not review segmented profit or loss as segments are reviewed based on the budget expectations for revenue and expenditure rather than the overall net-profit result. As segmented profit is not reviewed, this has not been presented. For the segment report, only total revenue and total expenditure is reviewed. The detailed breakdown of revenue and expenditure per AFS classification is not reviewed on a segment report level in the monthly management meetings. The detailed analysis is reviewed by each individual manager, but these detailed results are not presented as part of the senior management discussions.

Management does not review restated financial performance or capital expenditure. As such the comparative figures were not updated for the restatements of the prior year.

National Treasury has issued an instruction to municipalities to disclose the segment report in terms of the Government Finance Statistics embedded in MSCOA per the Municipal Budget and Reporting Regulations (MBRR). The disclosure has been provided in the notes as per NT's instruction. However, this information is not the primary information used by management to evaluate the performance of the municipality. The information is however useful to compare municipalities where a different organogram is in place.

51. Segment information (continued)

Segment surplus or deficit, assets

2026

	Vote 1 - Corporate Services	Vote 2 - Civil Services	Vote 3 - Council	Vote 4 - Electricity Services	Vote 5 - Financial Services	Vote 6 - Development Services	Vote 7 - Municipal Manager	Vote 8 - Protection services	Reclassification to correct GRAP line items	Total
Revenue										
Service charges and rates	-	(225 584 801)	-	(592 608 399)	(216 058 065)	-	-	-	17 226	(1 034 234 039)
Agency services	-	-	-	-	-	-	-	(6 062 796)	-	(6 062 796)
Construction contracts	-	-	-	(18 540 870)	-	(239 326 125)	-	-	507 280	(257 359 715)
Interest Received	-	-	-	-	(104 368 514)	-	-	-	-	(104 368 514)
Sale of Goods and Rendering of services, Rental income, licence and permits and operational revenue	(8 999 189)	(9 724 494)	(1 242 499)	(1 125 838)	(1 568 430)	(12 792 750)	-	(5 304 588)	(507 280)	(41 265 068)
Fines, penalties and forfeits	(16 758)	-	-	(55 674)	-	(228 396)	-	(47 390 614)	-	(47 691 442)
Transfers and subsidies - Operational	(6 812 899)	(85 658 951)	-	(11 513 667)	(84 415 982)	(5 110 391)	-	(10 757 802)	(132 292 471)	(336 562 163)
Non-exchange operational revenue	-	(7 949 676)	-	(4 274 121)	17 226	-	-	-	(17 226)	(12 223 797)
Gains on disposal of Assets	-	(767 992)	-	(206 207)	(2 549 702)	-	-	-	-	(3 523 901)
Transfers and subsidies - capital (monetary allocations)	(41 594)	(51 700 964)	-	-	-	(79 992 958)	(7 346)	(549 609)	132 292 471	-
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	(43 242)	-	(43 242)
Total segment revenue	**(15 870 440)**	**(381 386 878)**	**(1 242 499)**	**(628 324 776)**	**(408 943 467)**	**(337 450 620)**	**(7 346)**	**(70 108 651)**	**-**	**(1 843 334 677)**

51. Segment information (continued)

	Vote 1 - Corporate Services	Vote 2 - Civil Services	Vote 3 - Council	Vote 4 - Electricity Services	Vote 5 - Financial Services	Vote 6 - Development Services	Vote 7 - Municipal Manager	Vote 8 - Protection services	Reclassification to correct GRAP line items	Total
Expenditure										
Employee related costs	35 384 905	129 395 218	1 815 553	34 613 408	56 326 540	27 780 265	9 895 753	76 872 882	25 876 608	397 961 132
Remuneration of councillors	-	-	12 674 804	-	-	-	-	-	-	12 674 804
Bulk purchases - electricity	-	-	-	507 509 163	-	-	-	-	-	507 509 163
Inventory consumed	668 781	51 543 250	501 901	3 609 382	1 307 312	296 607	47 153	3 464 415	27 777	61 466 578
Debt impairment	-	18 939 619	-	477 716	4 087 640	67 707	-	12 604 129	-	36 176 811
Depreciation and amortisation	1 014 361	89 728 142	251 752	19 969 338	658 350	333 199	13 871	1 756 751	-	113 725 764
Interest	431 892	8 822 300	-	215 888	-	-	-	2 301	657 433	10 129 814
Contracted services	5 027 973	61 080 492	502 452	24 627 375	4 507 176	247 498 644	377 137	6 679 863	(799 490)	349 501 622
Transfers and subsidies	30 000	-	2 879 874	-	-	23 000	-	-	300 000	3 232 874
Irrecoverable debts written off	-	-	-	-	2 107 676	-	-	21 811 126	-	23 918 802
Operational costs	5 515 432	9 358 952	5 212 627	17 283 328	9 648 740	1 921 150	448 723	3 891 871	(2 510 895)	50 769 928
Losses on Disposal of Assets	4 570 578	10 514 249	-	3 391 569	3 318	217 681	75	121 667	-	18 819 137
Other Losses	997 720	12 491 945	-	950 688	15 201 314	654 190	403 970	1 785 577	(23 551 433)	8 933 971
Total segment expenditure	**53 641 642**	**391 874 167**	**23 838 963**	**612 647 855**	**93 848 066**	**278 792 443**	**11 186 682**	**128 990 582**	**-**	**1 594 820 400**
Total surplus/(deficit)										**(248 514 277)**
Assets										
Property, plant and equipment, Investment property and Intangible assets	505 279	148 817 606	12 775	35 739 032	839 124	84 357 735	39 963	1 715 484		272 026 998
Total additions as per Statement of financial Position										**272 026 998**

51. Segment information (continued)

	Governance & administration	Community & Public Safety	Economic& Environmental Services	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Reclassification to correct GRAP line items	Total
Revenue										
Service charges and rates	(216 058 065)	-	-	(592 608 399)	(45 234 645)	(69 016 990)	(111 333 166)	-	17 226	(1 034 234 039)
Agency services	-	-	(6 062 795)	-	-	-	-	-	-	(6 062 795)
Construction contracts	-	(239 326 126)	-	(18 540 870)	-	-	-	-	507 280	(257 359 716)
Interest Received	(104 368 514)	-	-	-	-	-	-	-	-	(104 368 514)
Sale of Goods and Rendering of services, rental income, licence and permits and operational revenue	(4 171 229)	(16 199 258)	(13 433 698)	(1 125 838)	(3 202 507)	(1 401 774)	(1 223 484)	-	(507 280)	(41 265 068)
Fines, penalties and forfeits	-	(47 417 072)	(218 696)	(55 673)	-	-	-	-	-	(47 691 441)
Transfers and subsidies - Operational	(87 126 476)	(21 014 598)	(12 156 258)	(11 513 667)	(21 235 710)	(34 060 230)	(17 162 754)	-	(132 292 471)	(336 562 164)
Non-exchange operational revenue	-	-	-	(4 256 895)	(3 588 064)	(2 568 158)	(1 793 454)	-	(17 226)	(12 223 797)
Gains on disposal of Assets	(3 307 202)	-	-	(206 207)	-	-	(10 492)	-	-	(3 523 901)
Transfers and subsidies - capital (monetary allocations)	-	(80 584 161)	(9 868 927)	-	(17 315 595)	(12 979 788)	(11 544 000)	-	132 292 471	-
Transfers and subsidies - capital (in-kind)	-	(43 242)	-	-	-	-	-	-	-	(43 242)
Total segment revenue	**(415 031 486)**	**(404 584 457)**	**(41 740 374)**	**(628 307 549)**	**(90 576 521)**	**(120 026 940)**	**(143 067 350)**	**-**	**-**	**(1 843 334 677)**
Entity's revenue										**(1 843 334 677)**

51. Segment information (continued)

	Governance & administration	Community & Public Safety	Economic& Environmental Services	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Reclassification to correct GRAP line items	Total
Expenditure										
Employee related costs	106 790 067	121 078 841	26 624 574	26 891 953	25 470 413	38 016 397	26 858 654	353 625	25 876 608	397 961 132
Remuneration of councillors	12 674 804	-	-	-	-	-	-	-	-	12 674 804
Bulk purchases - electricity	-	-	-	507 509 163	-	-	-	-	-	507 509 163
Inventory consumed	2 414 351	5 512 788	3 866 683	3 565 468	4 705 280	4 675 789	36 698 442	-	27 777	61 466 578
Debt impairment	4 087 640	12 671 835	-	477 716	2 651 082	3 038 713	13 249 824	-	-	36 176 810
Depreciation and amortisation	7 750 395	7 773 410	31 487 945	18 064 954	4 546 627	26 217 264	17 883 265	1 904	-	113 725 764
Interest	222 583	467 884	200 271	215 888	6 884 429	1 453 868	27 458	-	657 433	10 129 814
Contracted services	15 519 253	256 163 722	22 525 510	23 280 456	20 804 247	9 397 227	2 544 221	66 477	(799 490)	349 501 623
Transfers and subsidies	2 879 874	23 000	-	-	-	-	-	30 000	300 000	3 232 874
Irrecoverable debts written off	2 107 676	21 811 126	-	-	-	-	-	-	-	23 918 802
Operational costs	28 952 247	6 551 478	2 385 115	7 859 418	2 162 765	2 576 057	1 408 871	1 384 871	(2 510 895)	50 769 927
Losses on Disposal of Assets	4 558 175	1 244 430	6 969 324	3 371 692	824 740	1 100 092	750 676	8	-	18 819 137
Other Losses	17 522 979	2 567 161	707 712	821 451	328 816	741 984	9 757 061	38 241	(23 551 433)	8 933 972
Total segment expenditure	**205 480 044**	**435 865 675**	**94 767 134**	**592 058 159**	**68 378 399**	**87 217 391**	**109 178 472**	**1 875 126**	**-**	**1 594 820 400**
Total segmental surplus/(deficit)										**(248 514 277)**
Assets										
Property, plant and equipment and Intangible assets		3 072 133	13 150 363	133 025 839	34 618 813	38 204 450	21 604 004	28 351 397	-	272 026 999
Total additions as per Statement of Financial Position										**272 026 999**

51. Segment information (continued)

2025

	Vote 1 - Corporate Services	Vote 2 - Civil Services	Vote 3 - Council	Vote 4 - Electricity Services	Vote 5 - Financial Services	Vote 6 - Development Services	Vote 7 - Municipal Manager	Vote 8 - Protection services	Reclassification to correct GRAP line items	Total
Revenue										
Service charges and rates	-	198 147 754	-	516 017 434	200 765 307	-	-	-	(16 691)	914 913 804
Sale of Goods and Rendering of Services	12 297 702	4 346 773	63 441	-	470 751	9 905 057	-	363 989	(27 447 713)	-
Agency services	-	-	-	-	-	-	-	5 658 345	-	5 658 345
Interest Received	-	-	-	-	101 760 198	-	-	-	-	101 760 198
Rental income, licence and permits and operational revenue	572 674	5 407 757	199 556	6 112 273	1 162 267	435 528	-	4 916 304	27 447 714	46 254 073
Fines, penalties and forfeits	19 603	2 791	1 000	58 396	-	173 852	-	36 069 901	-	36 325 543
Transfers and subsidies - Operational	1 128 570	70 395 824	31 000	8 855 406	78 642 128	336 455	-	10 293 789	209 143 668	378 826 840
Non-exchange operational revenue	-	7 592 289	-	3 988 314	16 691	-	-	-	(16 691)	11 580 603
Gains on disposal of Assets	-	97 626	-	78 699	1 526 054	-	-	-	-	1 702 379
Transfers and subsidies - capital (monetary allocations)	43 478	52 711 550	-	23 979 562	-	155 141 862	130 500	15 264	(209 143 669)	22 878 547
Total segment revenue	**14 062 027**	**338 702 364**	**294 997**	**559 090 084**	**384 343 396**	**165 992 754**	**130 500**	**57 317 592**	**(33 382)**	**1 519 900 332**
Entity's revenue										**1 519 900 332**

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51. Segment information (continued)

	Vote 1 - Corporate Services	Vote 2 - Civil Services	Vote 3 - Council	Vote 4 - Electricity Services	Vote 5 - Financial Services	Vote 6 - Development Services	Vote 7 - Municipal Manager	Vote 8 - Protection services	Reclassification to correct GRAP line items	Total
Expenditure										
Employee related costs	31 945 326	120 139 578	1 302 437	31 964 282	50 030 242	25 698 148	8 725 265	69 216 146	7 346 472	346 367 896
Remuneration of councillors	-	-	12 597 587	-	-	-	-	-	-	12 597 587
Bulk purchases - electricity	-	-	-	410 594 639	-	-	-	-	-	410 594 639
Inventory consumed	592 821	47 795 354	719 516	3 328 791	1 328 688	275 914	42 060	3 743 074	47 971	57 874 189
Debt impairment	-	2 707 702	-	93 523	1 270 978	7 339	-	18 482 412	-	22 561 954
Depreciation and amortisation	995 867	81 865 981	212 741	17 567 809	616 407	309 755	8 567	1 474 974	-	103 052 101
Interest	-	9 540 092	-	358 809	-	-	-	3 825	561 578	10 464 304
Contracted services	4 718 896	43 732 558	365 000	2 496 479	5 038 933	3 477 523	233 064	6 291 343	(1 397 839)	64 955 957
Transfers and subsidies	37 680	-	3 448 661	-	-	-	-	-	300 000	3 786 341
Irrecoverable debts written off	-	11 795 194	-	427 735	2 369 718	45 124	-	4 728 921	-	19 366 692
Operational costs	5 727 487	23 981 960	4 939 121	(4 629 779)	10 890 358	2 112 963	604 699	3 942 545	(1 218 673)	46 350 681
Losses on Disposal of Assets	101 625	2 304 713	-	881 391	13 930	38 629	20	19 755	-	3 360 063
Other Losses	223 474	8 735 614	-	192 718	3 689 495	154 545	92 182	427 773	(5 639 510)	7 876 291
Total segment expenditure	**44 343 176**	**352 598 746**	**23 585 063**	**463 276 397**	**75 248 749**	**32 119 940**	**9 705 857**	**108 330 768**	**(1)**	**1 109 208 695**
Total segmental surplus/(deficit)										**410 691 637**
Assets										
Property, plant and equipment	454 543	106 750 083	1 327 647	44 284 236	601 466	146 206 657	89 560	3 003 370	-	302 717 562
Total additions as per Statement of Financial Position										**302 717 562**

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51. Segment information (continued)

	Governance & Administration	Community & Public Safety	Economic & Environmental Services	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Reclassification to correct GRAP line items	Total
Revenue										
Service charges and rates	200 765 307	-	-	516 017 434	38 791 037	62 456 383	96 900 334	-	(16 691)	914 913 804
Sale of Goods and Rendering of Services	686 091	18 431 184	5 707 394	-	2 131 049	491 996	-	-	(27 447 714)	-
Agency services	-	-	5 658 345	-	-	-	-	-	-	5 658 345
Interest Received	101 760 198	-	-	-	-	-	-	-	-	101 760 198
Rental income, licence and permits and operational revenue	2 383 072	968 031	5 157 862	6 112 273	18 282	2 493 070	1 669 113	4 657	27 447 714	46 254 074
Fines, penalties and forfeits	1 000	36 100 504	162 852	58 396	-	-	2 791	-	-	36 325 543
Transfers and subsidies - Operational	79 801 698	11 229 644	851 200	8 855 406	19 662 694	33 101 100	16 181 430	-	209 143 669	378 826 841
Non-exchange operational revenue	-	-	-	3 971 622	3 364 061	2 504 196	1 724 032	-	16 691	11 580 602
Gains on disposal of Assets	1 613 526	-	-	78 699	-	-	10 153	-	-	1 702 378
Transfers and subsidies - capital (monetary allocations)	-	160 699 038	18 324 568	23 979 562	15 500 000	5 906 238	7 612 810	-	(209 143 669)	22 878 547
Total segment revenue	**387 010 892**	**227 428 401**	**35 862 221**	**559 073 392**	**79 467 123**	**106 952 983**	**124 100 663**	**4 657**	**-**	**1 519 900 332**
Entity's revenue										**1 519 900 332**

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51. Segment information (continued)

	Governance & Administration	Community & Public Safety	Economic & Environmental Services	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Reclassification to correct GRAP line items	Total
Expenditure										
Employee related costs	96 854 655	108 050 692	24 726 777	24 228 390	23 168 248	36 112 428	25 341 755	538 480	7 346 472	346 367 897
Remuneration of councillors	12 597 587	-	-	-	-	-	-	-	-	12 597 587
Bulk purchases - electricity	-	-	-	410 594 639	-	-	-	-	-	410 594 639
Inventory consumed	2 754 908	5 675 946	4 500 511	3 288 309	4 334 414	4 392 588	32 879 542	-	47 971	57 874 189
Debt impairment	1 270 978	18 489 750	-	93 523	567 091	360 705	1 779 906	-	-	22 561 953
Depreciation and amortisation	7 297 708	6 201 229	26 729 383	15 658 203	3 888 355	26 048 216	17 227 074	1 932	-	103 052 100
Interest	369 936	59 819	332 854	358 809	6 031 279	2 713 792	36 237	-	561 578	10 464 304
Contracted services	14 772 123	11 443 621	8 345 646	1 136 930	20 442 893	8 335 842	1 828 742	48 000	(1 397 839)	64 955 958
Transfers and subsidies	3 448 661	-	-	-	-	-	-	37 680	300 000	3 786 341
Irrecoverable debts written off	2 369 718	4 774 045	-	427 735	1 329 171	1 646 279	8 819 744	-	-	19 366 692
Operational costs	28 647 273	5 672 362	1 918 950	4 692 657	1 726 576	2 115 486	1 166 106	1 629 943	(1 218 673)	46 350 680
Losses on Disposal of Assets	90 501	202 182	608 393	876 037	3 425	429 911	1 149 599	15	-	3 360 063
Other Losses	4 134 923	623 481	199 257	161 330	377 104	180 204	7 830 214	9 288	(5 639 509)	7 876 292
Total segment expenditure	**174 608 971**	**161 193 127**	**67 361 771**	**461 516 562**	**61 868 556**	**82 335 451**	**98 058 919**	**2 265 338**	**-**	**1 109 208 695**
Total segmental surplus/(deficit)										**410 691 637**
Assets										
Property, plant and equipment		3 914 764	24 804 295	123 691 941	43 060 831	31 564 773	33 490 415	42 190 543	-	302 717 562
Total additions as per Statement of Financial Position										**302 717 562**

52. Accounting by principals and agents

The entity is a party to principal-agent arrangements.

Details of the arrangements are as follows:

Licensing fees collected on behalf of the Provincial Department

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

The municipality does not incur any additional expenses on behalf of the Provincial Department as the collection of fees are within the normal operations of the municipality. No significant risks are noted to arise from the arrangement as the municipality merely collects monies on behalf of the department as part of its existing service offering at the traffic department and municipal cashier collection points. No resources are held on behalf of the Provincial Department (other than the receipts). Monies are paid to the department every 5 days (or first business day thereafter).

Prepaid electricity

The municipality has contracted an external service provider to sell prepaid electricity tokens on behalf of the municipality. The outsourced service was necessary in order to allow municipal prepaid electricity customers to purchase electricity using internet banking solutions as the service providers already has the information technology intergration hardware and software with the various banks that offer this solution. The service provider will receive the full payment whereafter the payment is paid over to the municipality (full receipts). Commission is determined on a monthly basis which is paid over to the service provider by the municipality.

Transfer fees on behalf of Housing Banaficiaries

The Department of Housing has the mandate to provide basic housing to all citizens. The Provincial Department of Housing has entered into arrangements with the municipality in order to provide housing to those in need. In terms of the Guideline: Accounting for Arrangements in respect of the National Housing Programme, each individual transaction and arrangement is carefully considered in order to ensure the correct accounting treatment. Some deliverables meet the requirements of Construction Contracts (as we are considered the principal in these deliverables) whilst other deliverables are for the benefit of the municipality in the form of funding to install civil services. Furthermore, other deliverables are for the benefit of the beneficiaries of the housing. The installation of civil services is accounted for in terms of GRAP 23: Revenue from Non-exchange transactions, as conditional grants. Other deliverables for the benefit of the municipality results in the acquisition of land which is accounted for in terms of GRAP 9: Revenue from Exchange Transactions. Certain transactions meets the definition of services rendered and are accounted for as Other Revenue. The sale of land forms part of gains and losses disclosed. Other deliverables are not for the benefit of the municipality, but rather directly received and paid for the benefit of the beneficiaries of the housing project. These expenses are not accounted for by the municipality as per the principles of GRAP 109.

Other Arrangements

The municipality has entered into arrangements with service providers where they provide services to the public on behalf of the municipality. The nature of these arrangements was assessed and since the municipality collects all revenues in full, the transactions are not considered to be those within the scope of GRAP 109. The types of arrangements considered for this purpose are:

- Traffic fines are issued on our behalf by a service provider. Some collections are also collected via their service level agreements with e-payment service providers.
- Various vendors collect payments of customers' municipal accounts on our behalf. The software used results in all transactions being recorded in our sub-system. We collect the cash receipts from the vendors daily. Prepaid vendors earn commission on the value of each transaction with a maximum limit in place. As the receipts are captured directly in the municipal accounting system and cash registers, this arrangement is regarded as a service provider rather than an agent (the service provider has to cash-up the municipal cash register and the receipts are directly accounted for in our records, separate from the service provider's own sales for the day).

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

52. Accounting by principals and agents (continued)

For conditional grant receipts, kindly refer to Note 29.

Commission to Prepaid vendors and expenditure relating to services rendered by the traffic services vendor are disclosed in Note 33.

No other resources are held by these vendors on behalf of the municipality. As no resources are held, except the daily cash-ups, no significant risks have been transferred to these vendors.

Entity as agent

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

Category(ies) of revenue received or to be received on behalf of the principal, are:

Categories	Additional details
Licencing fees	The municipality receives a commission on collection of Licencing Fees on behalf of the Provincial Department of Transport and Public Works. The municipality accounts for its portion as Income from Agency Services and the net amount due to the Provincial Department is transferred to such department.
Transfer Fees received on behalf of the Beneficiaries from Housing Projects	Fees received from the Provincial Department of Housing for registering the owner at the deeds office are considered to not be for the benefit of the municipality and is not directly accounted for as part of the construction contracts. To this extent, the municipality is regarded as the agent and expenses are accounted for on a net basis.
Prepaid Electricity	An external service provider will collect the receipts from the purchase of prepaid tokens and pay the full receipt amount to the municipality.

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of payables

Motor Vehicle Licenses		
Opening balance	647	648
Revenue that principal is entitled to	54 262 525	50 538 445
Cash repaid to the principal	(48 199 730)	(44 880 101)
Income from agency service	(6 062 795)	(5 658 345)
	647	**647**

The amount due to the Department is included under Payables from Exchange Transactions (Other payables) 16.

Transfer Fees received on behalf of the Beneficiaries from Housing Projects		
Receipts from Provincial Department	686 731	-
Payments made o.b.o. beneficiaries	(686 731)	-
	-	**-**

Details regarding transactions where the municipality is considered the principal, are disclosed in Notes 9, 18, 26 and 29.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

52. Accounting by principals and agents (continued)

Prepaid Electricity		
Revenue that principal is entitled to	166 296 574	82 178 724
Cash received as the principal	(166 296 574)	(82 179 858)
Sundry receipts	-	1 134
	-	-

53. Service Concession Arrangements

In terms of the Municipal Systems Act, Bulk Water service falls under the domain of the District Municipality which would mean that these assets would fall under West Coast District Municipality, however authority was given by way of a Government Gazette notice whereby the Local Municipalities of Bergrivier, Swartland and Saldanha Bay were given Water Service Authority Status with the responsibility for the provision of the Bulk Water Function.

This effectively meant that this function was taken over from the District Municipality. At this stage the assets should in effect have been transferred to the Local Municipalities.

In terms of the Section 78 Study dated August 2005 a decision was made to maintain the status quo, whereby West Coast District Municipality would continue to operate the water function on behalf of the three local municipalities (Swartland, Saldanha bay and Bergrivier), the agreement was for a period of 10 years and the function ultimately remains that of the Local Municipalities. Currently the agreement is cancellable by either of the parties, but it is unlikely that the agreement would be terminated in the foreseeable future. No changes to the arrangement were made during the current or previous financial periods, but minor administrative matters are constantly being addressed (e.g. procurement strategies). No breaches by either of the parties have been identified to date.

In return for operating the Bulk Water service function the District received compensation as follows:
a) Monthly Tariff Fee
b) Administrative fee equal to 6.26% (2025: 5%) of the operating costs

The Local Municipalities are thus in control of the Bulk Water assets, and as a result these assets are, measured and disclosed in our financial records.

The effect of the service concession arrangement in the financial statements of the municipality can be summarised as follows:

Property, plant and equipment		
Infrastructure (Water)	81 426 015	85 043 301
Expenditure relating to service concession arrangement		
Depreciation	3 617 286	3 649 737
Total water purchased from district	42 659 654	37 798 824
Purchased at agreed rate	46 375 350	44 034 377
Adjusted to distribution (gains)/losses	(3 715 696)	(6 235 553)

No revenue is receivable by the municipality in terms of the arrangement. The municipality's water purchases are generated through this arrangement.

The loans are registered in the name of West Coast District Municipality, but have been entered into solely to finance the purchase or upgrade of the service concession assets. For this purpose, the loans have been apportioned to each municipality within the district in relation to the approximate value of the infrastructure assets purchased by the operator (West Coast District Municipality).

Service Concession Assets

Included in the total for Property, Plant and Equipment are assets that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the water distribution on behalf of the municipality. The carrying values of these assets are disclosed below:

Infrastructure: Water	81 426 015	85 043 301

Figures in Rand	2026	2025

53. Service Concession Arrangements (continued)

Reconciliation of Carrying Amounts of Service Concession Assets		
Opening Balance (Carrying Value)	85 043 301	88 693 038
Additions	-	-
Depreciation	(3 617 286)	(3 649 737)
Total Carrying Amounts of Service Concession Assets	**81 426 015**	**85 043 301**

54. Multi-employer retirement benefit information

The personnel of the Swartland Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. The Local Authority Retirement Fund, The Consolidated Retirement Fund for Local Government, The National Municipal and Related Services Employee Retirement Fund and The National Fund for Municipal Workers are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

The assets of each fund are held in one portfolio; these assets are not nationally allocated to each of the participating employers

One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

- The rate of contributions is provided below under each fund.

Each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality in respect of the defined contribution plans is to make the specified contributions.

LOCAL AUTHORITY RETIREMENT FUND

The Local Authority Retirement Fund operates as a defined contribution scheme.

The defined contribution scheme is a multi-employer plan and the contribution rate payable is 9,00% by the members and 18,00% by Council. The last valuations performed for the year ended 30 June 2025 (30 June 2024) had an overall funding level of 104.0% (2024: 106.1%) and is in a sound financial position. The next actuarial valuation will be as at 30 June 2026.

CONSOLIDATED RETIREMENT FUND FOR LOCAL GOVERNMENT

The contribution rate paid by the members (9,00% by employees, 7,50% by section 57 employees and 12,00% by councillors) and by Council (18,00% for employees, 19,50% for section 57 employees and 15,00% for councillors) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2025 (30 June 2024) revealed that the fund had a funding level of 100.2 % (100.2%). Certified to be of a sound financial position as at 30 June 2025.

MUNICIPAL WORKERS RETIREMENT FUND

The contribution rate payable is 7,50% by the members 18% by Council. Actuarial valuation on this fund is performed every three years, and the last valuation performed for the year ended 30 June 2020 (30 June 2019) certified that the fund is in a sound financial state. The funding level was 100% at valuating date (2019: 100%). This fund does not publicly publish its valuation and therefore the municipality can only disclose the last publicly available information (30 June 2020).

NATIONAL FUND FOR MUNICIPAL WORKERS

The above mentioned fund is a Defined Contribution Fund and the contribution rate paid by the members is 9,00% and 7,50% by section 57 employees and that of council 18,00% and 19,50% respectively. The latest statutory valuation was done on 30 June 2024. As at 30 June 2025 the results state that the funding level was 100% (2024: 100%).

Employers do not have any liability for any fund's performances or deficits. None of the above mentioned plans are state plans.

55. Restatement of prior year

No material restatements of comparative information was required.

55. Restatement of prior year (continued)

Transitional provisions

No prior year comparative figures were restated.

For the impact of implementing GRAP 104R (the revised standard for Financial Instruments) refer to Note 56.

56. Transitional provisions

Transitional provision for Financial Instruments (GRAP 104 Revised)

General information

The entity took advantage of the transitional provision as per Directive 4 of the GRAP Reporting Framework.

With the implementation of GRAP 104 (Revised): Financial Instruments, the municipality may utilise the transitional provisions whereby the comparitive information does not need to be restated.

The changes to the financial statements due to the implementation of GRAP 104 (revised) was limited to the restatement of the impairment loss opening balance on 1 July 2025.

No changes to the classification or measurement due to the implementation of the standard was needed.

Accordingly, the restated measurement of the impairment was done on 1 July 2025 directly against the surplus account and VAT for the year.

The receivables from exchange opening balance impairment was reduced by R 11 034 708 and the receivables from non-exchange was reduced by R 1 965 130 (including VAT).

Debtor type	Impairment Closing Balance Previously Stated	Restated Impairment Balance for GRAP 104R	Restatement of VAT on Provision for Bad Debts	Effect on Accumulated Surplus	Total Restatement
Electricity	(958 482)	(334 252)	(81 422)	(542 809)	(624 231)
Water	(9 229 329)	(4 043 137)	(676 462)	(4 509 729)	(5 186 191)
Sewerage	(3 836 600)	(1 641 062)	(286 380)	(1 909 158)	(2 195 538)
Refuse removal	(3 592 931)	(1 486 294)	(274 780)	(1 831 857)	(2 106 637)
Housing rentals / instalments	(15 521)	(13 264)	(294)	(1 963)	(2 257)
Other	(1 491 009)	(571 136)	(119 005)	(800 868)	(919 873)
Availability charges	(2 766 211)	(801 081)	(256 322)	(1 708 808)	(1 965 130)
	(21 890 083)	**(8 890 226)**	**(1 694 665)**	**(11 305 192)**	**(12 999 857)**

57. Comparative figures

Comparative figures were not restated materially. Where immaterial changes were made, these would be clearly indicated in the narration of the relevant disclosure. These were Disclosure of awards of more than R2 000 to a person who is a family member of a person in the service of the state in terms of section 45 of the Municipal Supply Chain Regulations and Interest rate risk management (50 and 58).

58. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2026	2025
Current year subscription / fee	3 718 807	3 477 096
Amount paid - current year	(3 718 807)	(3 477 096)
Balance unpaid (included in creditors)	**-**	**-**

58. Additional disclosure in terms of Municipal Finance Management Act (continued)

Audit fees

Current year subscription / fee	5 124 646	4 593 044
Amount paid - current year	(5 124 646)	(4 593 044)
	-	-

VAT

Opening balance	11 903 400	9 006 945
Declared during the year	27 260 982	14 123 891
Payments made	11 788 037	9 323 156
Receipts	(33 632 509)	(20 550 592)
	17 319 910	**11 903 400**

All VAT returns have been submitted by the due date throughout the year.

PAYE, UIF and SDL

Current year fee	64 115 603	58 202 428
Amount paid - current year	(64 115 603)	(58 202 428)
Balance unpaid (included in creditors)	-	-

Pension and Medical Aid Deductions

Current year fee	92 951 043	86 143 069
Amount paid - current year	(92 951 043)	(86 143 069)
Balance unpaid (included in creditors)	-	-

Councillors' arrear consumer accounts

During the financial year under review no Councillor was in arrears with the settlement of their municipal accounts.

Deviations in terms of section 36 of the Municipal Supply Chain Regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and noted by Council. The incidents were reported to council.

Incident		
Deviations above R30 000 due to Emergencies (occurrences: 17 (2025:15))	1 155 429	1 096 113
Deviations above R30 000 due to Sole Supplier deviations (occurrences: 43 (2025:19)	5 070 891	1 628 131
Deviations based on section 2(6) of Supply chain policy - Impractical to obain quotes special goods/services (occurences: 121 (2025: 164))	7 695 677	6 676 469
Deviations based on section 2(6) of Supply Chain Policy -Impractical to obtain quotes for repairs and services to specialised equipment or vehicles (occurences: 722 (2025: 715))	8 793 267	7 724 509
Deviations below R30 000 (occurences: 185 (2025: 175))	1 405 373	1 214 169
	24 120 637	**18 339 391**

58. Additional disclosure in terms of Municipal Finance Management Act (continued)

Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Immaterial Electricity and Water Losses were as follows and are not recoverable:

Technical Electricity Losses		
Units purchased	202 923 920	196 359 412
Units sold	(192 064 440)	(190 079 522)
Technical electricity losses	**10 859 480**	**6 279 890**
Percentage loss	**5,35%**	**3,20%**

Electricity Losses occur due to inter alia, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing occurrence, with regular actions being taken against defaulters. Faulty meters are replaced as soon as it is reported.

Water distribution losses and non-revenue water		
Kilolitres purchased	6 288 319	6 101 996
Kilolitres sold	(4 849 827)	(4 700 913)
Kilolitres Lost in distribution (kl)	1 438 492	1 401 083
Unbilled / Unmetered Water (kl)	(241 620)	(201 366)
Actual loss in units (kl)	**1 196 872**	**1 199 717**
Percentage loss	**19,03%**	**19,66%**

Water losses occur due to inter alia evaporation, leakages, the tampering of meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing occurrence, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as it is reported.

Disclosure of awards of more than R2 000 to a person who is a family member of a person in the service of the state in terms of section 45 of the Municipal Supply Chain Regulations:

Service Provider	Relation to Service Provider	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Value of Transaction 2026 R	Value of Transaction 2025 R
WJ Cotter Electrical (J Cotter)	Father in law	T van Essen	Swartland Municipality	Councillor	457 218	373 390
WJ Cotter Electrical (R Crafford)	Father in law	T van Essen	Swartland Municipality	Councillor		
Euraf Agencies CC (P Fourie)	Spouse	R Fourie	Department of Correctional Services	Financial Manager	205 365	259 460
Golden Rewards 1873 cc t/a Futasia Caterers (S De Jager)	Spouse	R De Jager	Department of Education	Teacher	237 550	237 045
Jonathan Wayne Lawrence t/a J Lawrence (J Lawrence)	Son	B Lawrence	Swartland Municipality	Plumber	364 520	235 590
JPCE (J Minnie)	Spouse	J Minnie	City of Cape Town	Manager	4 829 644	1 876 851

58. Additional disclosure in terms of Municipal Finance Management Act (continued)

Zutari (Aurecon South Africa) (KP Nadasen)	Wife	K Nadasen	National Department of Public Works	Director: Key Account Management	10 625 371	7 468 302
Zutari (Aurecon South Africa) (RJ Ahlschlager)	Spouse	HC Ahlschlager	Special Investigating Unit	Legal Representative		
Zutari (Aurecon South Africa) (I Gasant)	Sister	S Seegers	City of Cape Town	Manager: Distributed Computing		
Zutari (Aurecon South Africa) (I Gasant)	Sister	N Allie	SARS	Operations Manager		
Zutari (Aurecon South Africa) (I Gasant)	Sister	M Gasant	SARS	Team member: Debt Collection		
Zutari (Aurecon South Africa) (E Marques)	Spouse	M Marques	Department of Internal Affairs	Director		
Zutari (Aurecon South Africa) (J Ndala)	Spouse	TJ Ndala	Gauteng Department of Education	School Principal		
Zutari (Aurecon South Africa) (S Jugwanth)	Mother	U Jugwanth	Department of Sports, Arts and Culture	Deputy Director: Head of Labour Relations for KZN		
Zutari (Aurecon South Africa) (S Jugwanth)	Sibling	N Jugwanth	Department of Water and Sanitation	Chief Engineer Grade A		
Zutari (Aurecon South Africa) (T Margo)	Brother	B Ehrenreich	Transnet	Civil Engineer		
Fonnies Enterprises (BA Adonis)	Sister	T Adonis	Statistics SA	Data Capturer	41 547	11 360
Fonnies Enterprises (BA Adonis)	Brother	A Adonis	Metro EMS	Rescue Technician		
Yolanda Petersen - Petersen Tuindienste (Y Petersen)	Spouse	R Petersen	Department of Correctional Services	Correctional Officer	209 735	260 568
Thembile Petrus Dapula t/a T P Dapula Communications (TP Dapula)	Spouse	N Dapula	Department of Higher Education	Deputy Principal	79 400	80 150
Blackbird 49 - Koos Smit (K Smit)	Spouse	M Smit	Swartland Municipality	Clerk	20 600	23 150
Amandla GCF Construction (W Frazenburg)	Sister	U Frazenburg	National Government: Deeds Office Kimberley	Registrar of Deeds	20 934 068	5 542 581
Amandla GCF Construction (W Frazenburg)	Brother	E Frazenburg	Department of Education Western Cape	Teacher		
Amandla GCF Construction (W Frazenburg)	Sister	J Frazenburg	Department of Education Western Cape	Teacher		
Amandla GCF Construction (W Frazenburg)	Brother	B Frazenburg	City of Cape Town: Traffic	Municipal Prosecutor		

58. Additional disclosure in terms of Municipal Finance Management Act (continued)

Actom (D Lubbe)	Wife	T Lubbe	Department of Education	Teacher	2 896 997	2 636 353
Actom (SV Makamu)	Spouse	CR Makamo	Department of Higher Education	Lecturer		
Swartland and West Coast Trading (Pty) Ltd (L Marcus)	Child	K Dietrich	Department of Health	Finance Clerk	124 277	88 590
IX Engineers (M Mashegana)	Spouse	R Mashegana	Department of Health	Nurse	648 420	537 260
IQ Vision (J Meyer)	Daughter	MD Norman	Department of Health	Doctor	12 122 032	4 771 541
Adapt IT (N Mbambo)	Spouse	MS Mbambo	SANRAL	Ops Maintenance Manager	120 428	145 678
Innovative Transport Solutions (L Pretorius)	Son	D Pretorius	CSIR	Engineer	554 947	250 308
Bubbles Household Chemicals (C Pieters)	Spouse	JR Pieters	Swartland Municipality	Chief Engineering Technician	682 433	489 192
Mindspring Computing (R Hendricks)	Spouse	B Hendricks	City of Cape Town	Electrician	-	78 700
Indecon (Pty) Ltd (T Barnard)	Spouse	L Barnard	Department of Education	Teacher	116 624	59 922
Ian Dickie & Co (Pty) Ltd (M Samuels)	Spouse	D Samuels	SAPS	Warrant Officer	35 879	26 478
JVZ Construction (M Matthee)	Spouse	R Matthee	Correctional Services	Security Guard	-	19 994 740
Siphakame Skills Development (N Vacu)	Spouse	NS Vacu	Drakenstein Municipality	Economic Growth Officer	330 750	325 020
F Bocks Construction (F Bocks)	Spouse	S Bocks	Department of Correctional Services	Warden	-	4 914 189
Spill Tech (GZ Goosen)	Spouse	S Goosen	Transnet	Supply Chain Manager	19 355	29 998
Spill Tech (SA Ngema)	Spouse	T Ngema	SARS	Audit Manager	-	-
Bigen (H Aartsma)	Son	R Aartsma	Department of Water and Sanitation Pretoria	Candidate Engineer	971 636	1 409 193
CVW Consulting Engineers (SG Noyakaza)	Spouse	A Noyakaza	George Municipality	Snr OHS Officer	489 754	575 000
Exeo Khokela Engineering Construction (EZ Treu)	Brother	J Treu	Western Cape Education Department	Educator	74 183 586	126 743 126
JC Architectural Design Studio (LJ Swarts)	Sister	CR Swarts	Cape Winelands District Municipality	Admin Clerk	9 511	29 613
JC Architectural Design Studio (LJ Swarts)	Sister	DH Prinse	Western Cape Education Department	Teacher		

58. Additional disclosure in terms of Municipal Finance Management Act (continued)

L and J Ability Construction and Renovations (LM Mankopan)	Spouse	J Mankopan	SAPS	Officer	83 654	1 800
Landfill Consult (SE Dube)	Spouse	M Dube	DIRCO	Director	589 030	479 895
TMT Services and Supplies (F Du Toit)	Spouse	M Du Toit	City of Cape Town	Sub Councillor	-	4 559 845
New Horizon Business Solutions (MJA Fourie)	Spouse	GV Fourie	Western Cape Education Department	Deputy Principal	32 800	10 000
Gans Tours (S Ganas)	Spouse	S Ganas	Department of Education	Teacher	-	15 400
Munsoft (Pty) Ltd (N Nondzaba)	Mother	M Nondzaba	Bojanala Platinum District Municipality	Executive Mayor	-	299 000
Zana Manzi Services (AD Luthuli)	Spouse	G Luthuli	Desmond Tutu Child and Youth Care Centre	Head of Institution	-	91 223
Agro-Smart Enterprises (Pty) Ltd (A van Stade)	Spouse	M van Stade	Stellenbosch Municipality	Councillor	-	52 302
Tjeka Training Matters (XP Ntlati)	Spouse	B Ntlati	Clinic	Director	162 330	-
Syntell (Pty) Ltd (B Adams)	Spouse	W Adams	SAPS	Sergeant	2 835 775	-
Skonto (M Klaassen)	Father	A Klaassen	Department of Transport	Official	209 139	-
LFM Management Services (Pty) Ltd (LF Martin)	Spouse	KE Martin	Western Cape Education Department	Educator	53 000	-
Inhle Cleaners (G Buziek)	Daughter	L Buziek	Correctional Services	Teacher	176 265	-
Ducharme Asset Management and Accounting (Pty) Ltd (L Mbekeni)	Spouse	L Mbekeni	Department of Rural Development	Senior Legal Officer	114 713	143 750
DDD Electrical (Pty) Ltd (M du Plessis)	Spouse	D du Plessis	City of Cape Town	Superintendent	707 394	-
DDD Electrical (Pty) Ltd (D du Plessis)	Father	D du Plessis	City of Cape Town	Superintendent		
CFAO Mobility (Pty) Ltd - Action Ford (K Govender)	Spouse	S Govender	Gauteng Department of Education	Teacher	2 354	-
Lukhozi Consulting Engineers (Pty) Ltd (T Pather)	Sister	S Naidoo	Gauteng Department of Education	District Assessment Official	1 588 294	-
Malmesbury Funeral Services (MP Meyer)	Spouse	CC Meyer	Western Cape Education Department	Educator	5 400	-
West Industries Holdings (Pty) Ltd (L Andries)	Brother	M Humphreys	Swartland Municicpality	Law Enforcement	123 105	-
Mariswe (Pty) Ltd (J van Wyk)	Spouse	N van Wyk	Department of Education	Teacher	565 327	-

Notes to the Annual Financial Statements

58. Additional disclosure in terms of Municipal Finance Management Act (continued)

Mariswe (Pty) Ltd (S Munnik)	Spouse	G Munnik	Department of Rural Development	Project Manager		
Mariswe (Pty) Ltd (P Pillay)	Spouse	K Singh	City of Cape Town	Principal Professional Officer: Network System Design		
Mariswe (Pty) Ltd (MR Msomi)	Spouse	APN Msomi	Department of Agriculture-KZN	CFO		
Mariswe (Pty) Ltd (T Watkins)	Spouse	WW Hill	Harry Gwala Regional Hospital	Fitter & Turner		
AC Auto Trimmers (A Parenzee)	Spouse	M Parenzee	DHET	Finance	26 940	-
Marce Projects (Pty) Ltd	Spouse	N Seale	ESKOM	Offices FBE Vending Machine	39 643	-
					138 626 810	**185 126 563**

The prior year amount for Ducharme Asset Management and Accounting (Pty) Ltd was restated given the latest declaration and a review of the relationship for the prior year.

59. Events after the reporting date

No material events having financial implications requiring disclosure occurred subsequent to 30 June 2026.

60. Going concern

We draw attention to the fact that at 30 June 2026, the municipality had an accumulated surplus of R 3 151 817 632 (2025: R 3 057 392 280) and that the municipality's total assets exceed its liabilities.

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

In assessing whether the going concern assumption is appropriate under the current economic climate, management considered a wide range of factors including the current and expected performance of the municipality, the likelihood of continued government funding and, if necessary, potential sources of replacement funding.

61. BBBEE Performance

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