

# PRINCE ALBERT

## MUNICIPALITY



## FINANCIAL STATEMENTS

**30 JUNE 2025**



AUDITOR-GENERAL  
SOUTH AFRICA

28 November 2025

Auditing to build public confidence

# PRINCE ALBERT LOCAL MUNICIPALITY

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# PRINCE ALBERT LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### GENERAL INFORMATION

#### LEGAL FORM

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

#### NATURE OF BUSINESS

The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

#### GRADING OF MUNICIPALITY

Grade 1

#### COUNTRY OF ORIGIN AND LEGAL FORM

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

#### JURISDICTION

The Prince Albert Municipality includes the following areas:

*Prince Albert*

*Klaarstroom*

*Leeu Gamka*

#### EXECUTIVE MAYOR

*Ms LK Jaquet*

#### DEPUTY MAYOR

*Cllr SD Koonthea*

#### SPEAKER

*Ms MD Jaftha*

#### MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor

*Ms L Jaquet*

Speaker

*Ms MD Jaftha*

#### MUNICIPAL MANAGER

*Adv T Giliomee*

#### CHIEF FINANCIAL OFFICER

*BHC Metembo*

#### REGISTERED OFFICE

33 Church Street

Prince Albert

6730

Private Bag X53

PRINCE ALBERT

6730

#### AUDITORS

*Office of the Auditor-General (Western Cape)*



# PRINCE ALBERT LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### GENERAL INFORMATION

#### PRINCIPLE BANKERS

*ABSA Bank, Prince Albert*

#### ATTORNEYS

*Taleni Godi Kupiso Inc.*

*Boqwana Burns Inc.*

*Vimba and Associates Inc.*

*Stadler & Swart Inc.*

*Kuaho Attorneys Inc.*

#### RELEVANT LEGISLATION

Constitution of Republic of South Africa (Act no.108 of 1998)

Basic Conditions of Employment Act (Act no 75 of 1997)

Collective Agreements

Division of Revenue Act

Electricity Act (Act no 41 of 1987)

Employment Equity Act (Act no 55 of 1998)

Housing Act (Act no 107 of 1997)

Infrastructure Grants

Municipal Budget and Reporting Regulations

Municipal Finance Management Act (Act no 56 of 2003)

Municipal Planning and Performance Management Regulations

Municipal Property Rates Act (Act no 6 of 2004)

Municipal Regulations on Standard Chart of Accounts

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Systems Amendment Act (Act no 7 of 2011)

Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and regulations issued in terms of the Act)

SALBC Leave Regulations

Skills Development Levies Act (Act no 9 of 1999)

Supply Chain Management Regulations, 2005

The Income Tax Act

Unemployment Insurance Act (Act no 30 of 1966)

Value Added Tax Act

Water Services Act (Act no 108 of 1997)

#### MEMBERS OF THE PRINCE ALBERT LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	<i>Ms E Maans</i>
2	<i>Ms L Jaquet</i>
3	<i>Mr SD Koonthea</i>
4	<i>Ms MD Jaftha</i>
Proportional	<i>Mr. NA Classen</i>
Proportional	<i>Mr A Mackay</i>
Proportional	<i>Mr K Baaidjies</i>



# PRINCE ALBERT LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

### GENERAL INFORMATION

#### ABBREVIATIONS

ASB	Accounting Standards Board
DORA	Division of Revenue Act
HDF	Housing Development Fund
DBSA	Development Bank of South Africa
COID	Compensation for Occupational Injuries and Diseases
HDF	Housing Development Act
GRAP	Generally Recognised Accounting Practice
LGSETA	Local Government Services Sector Education & Training Authority
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPAC	Municipal Public Accounts Committee
MSIG	Municipal System Improvement grant
NDPG	Neighbourhood Development and Partnership Grant
SALGA	South African Local Government Association



# PRINCE ALBERT LOCAL MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2025, which are set out on pages 1 to 116 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

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

I/We am/are 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.

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

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

In terms of Section 13G, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black empowerment in their audited annual financial statements and annual reports. Please refer to Note 59.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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

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Adv T Giliomee  
**Municipal Manager**

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**Date**



PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Notes	2025 R	2024 R
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>237 869 248</b>	<b>215 279 486</b>
Property, Plant and Equipment	2	222 621 036	199 984 129
Investment Property	3	13 606 978	13 615 209
Intangible Assets	4	396 234	435 148
Heritage Assets	5	1 245 000	1 245 000
<b>Current Assets</b>		<b>63 776 000</b>	<b>70 316 048</b>
Inventory	7	625 499	666 050
Receivables from Exchange Transactions	8	6 816 896	7 072 837
Receivables from Non-exchange Transactions	9	2 590 364	1 254 470
Unpaid Transfers and Subsidies	20	50 000	-
Operating Lease Asset	6	34 395	1 735
VAT receivable	17	1 233 603	1 344 980
VAT input accrual	17	1 359 834	1 707 861
Cash and Cash Equivalents	10	908 205	584 103
Short-term Investments	10	50 157 204	57 684 012
<b>Total Assets</b>		<b>301 645 248</b>	<b>285 595 535</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>		<b>35 346 313</b>	<b>31 803 577</b>
Non-current Provisions	11	27 752 853	25 338 117
Non-current Employee Benefits	12	7 593 460	6 465 460
<b>Current Liabilities</b>		<b>32 538 453</b>	<b>37 965 747</b>
Consumer Deposits	13	799 350	732 320
Provisions		-	-
Current Employee Benefits	14	3 210 989	3 215 998
Trade and Other Payables from Exchange Transactions	15	19 579 369	22 738 573
Unspent Transfers and Subsidies	16	4 530 109	7 449 913
VAT Payable	17	-	-
VAT output accrual	17	4 418 636	3 828 942
<b>Total Liabilities</b>		<b>67 884 766</b>	<b>69 769 324</b>
<b>Net Assets</b>		<b>233 760 482</b>	<b>215 826 211</b>
Non-Current Provisions Reserve	18	10 500 000	10 500 000
Accumulated Surplus/(Deficit)		223 260 482	205 326 211
<b>Total Net Assets and Liabilities</b>		<b>301 645 248</b>	<b>285 595 535</b>

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 R	2024 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>78 214 682</b>	<b>71 868 116</b>
<b>Taxation Revenue</b>		<b>5 940 941</b>	<b>5 753 706</b>
Property Rates	19	5 940 941	5 753 706
<b>Transfer Revenue</b>		<b>71 816 199</b>	<b>65 523 361</b>
Government Grants and Subsidies - Operating	20	34 925 338	32 605 630
Government Grants and Subsidies - Capital	20	24 142 864	23 046 473
Fines, Penalties and Forfeits		11 206 889	8 161 929
Service in kind	21	1 541 109	1 709 329
<b>Other Revenue</b>		<b>457 542</b>	<b>591 050</b>
Actuarial Gains	12	-	370 566
Fines, Penalties and Forfeits			-
Interest Earned - Non-exchange Transactions	28	457 542	220 484
<b>Revenue from Exchange Transactions</b>		<b>49 112 423</b>	<b>49 207 025</b>
Service Charges	23	37 783 227	37 968 662
Sales of Goods and Rendering of Services	24	402 574	402 719
Rent on Land	25	60 645	60 781
Rental from Fixed Assets	26	721 372	464 738
Interest Earned - External Investments	27	5 411 891	6 182 529
Interest Earned - Exchange Transactions	28	2 218 902	1 605 228
Licences and Permits	22	111 625	89 637
Agency Services	52	323 423	286 570
Operational Revenue	29	2 078 763	2 146 161
<b>Total Revenue</b>		<b>127 327 105</b>	<b>121 075 142</b>
<b>EXPENDITURE</b>			
Employee related costs	30	36 849 107	34 791 094
Remuneration of Councillors	31	3 524 534	3 414 433
Irrecoverable Debts Written Off	8&9	57 717 082	4 078 124
Contracted Services	32	10 134 513	9 928 730
Depreciation and Amortisation	33	6 727 146	7 442 664
Actuarial Losses	12	398 731	583 791
Finance Costs	34	3 440 719	3 413 461
Bulk Purchases	35	20 106 552	17 344 520
Inventory Consumed	7	554 093	655 449
Transfers and Subsidies	36	759 964	277 216
Operational Costs	37	11 510 225	12 276 327
(Reversal of Impairment Loss)/Impairment Loss on Receivables	38	-	-
<b>Total Expenditure</b>		<b>151 722 665</b>	<b>94 205 810</b>
<b>Operating Surplus/(Deficit) for the Year</b>		<b>(24 395 561)</b>	<b>26 869 332</b>
Reversal of Impairment Loss/(Impairment Loss) on Receivables	38	40 875 056	(12 356 360)
Gains/(Loss) on Sale of Fixed Assets	39	(90 154)	(38 351)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	40	1 544 930	2 213 331
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>17 934 271</b>	<b>16 687 951</b>



PRINCE ALBERT LOCAL MUNICIPALITY

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

	Non-Current Provision Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
<b>Balance at 1 July 2023</b>	<b>10 500 000</b>	<b>189 281 864</b>	<b>199 781 864</b>
Correction of Error - 43	-	(643 604)	(643 604)
<b>Restated balance</b>	<b>10 500 000</b>	<b>188 638 260</b>	<b>199 138 260</b>
Net Surplus/(Deficit) for the year	-	16 687 951	16 687 951
Net Surplus/(Deficit) previously reported	-	17 973 883	17 973 883
Effects of Correction of Errors - 43		(1 285 932)	(1 285 932)
<b>Balance at 30 June 2024</b>	<b>10 500 000</b>	<b>205 326 211</b>	<b>215 826 211</b>
Net Surplus/(Deficit) for the year	-	17 934 271	17 934 271
<b>Balance at 30 June 2025</b>	<b>10 500 000</b>	<b>223 260 482</b>	<b>233 760 482</b>



**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025**

	Notes	2025 R	2024 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Taxation		5 600 875	5 469 700
Service Charges		33 980 629	32 057 650
Other Revenue		4 369 153	4 137 931
Government - Operating		37 198 652	32 677 228
Government - Capital		25 260 400	20 352 150
Interest		5 411 891	6 182 529
Cash payments			
Suppliers of goods and services		(51 002 070)	(29 972 411)
Employee related cost		(39 649 380)	(37 306 170)
Finance Charges		-	(754)
Transfers and Grants		(759 964)	(277 216)
<b>Net Cash from Operating Activities</b>	<b>43</b>	<b>20 410 186</b>	<b>33 320 638</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(27 572 903)	(27 447 504)
Proceeds on Disposal of Fixed Assets		-	183 991
Purchase of Investment Properties		-	(81 189)
Purchase of Intangible Assets		(39 990)	(60 202)
<b>Net Cash from Investing Activities</b>		<b>(27 612 893)</b>	<b>(27 404 904)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of Finance leases		-	(43 042)
<b>Net Cash from Financing Activities</b>		<b>-</b>	<b>(43 042)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>(7 202 707)</b>	<b>5 872 693</b>
Cash and Cash Equivalents at the beginning of the year		58 268 116	52 395 423
Cash and Cash Equivalents at the end of the year	<b>44</b>	<b>51 065 409</b>	<b>58 268 116</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(7 202 707)</b>	<b>5 872 693</b>



**PRINCE ALBERT LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025**

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Approved Budget	Adjustments	Final Budget	Actual Outcome 2025	Difference between Final Budget and Actual Outcome	Variance (Actual Outcome as % of Final Budget)	Reasons for Material variances								
<b>ASSETS</b>																
<b>Current Assets</b>																
Cash and cash equivalents																
Cash and cash equivalents		46 903 180	2 491 144	49 394 324	51 065 409	1 671 085	3.38%	Grants from National Government that were budgeted for to be spent at year-end were not completely spent, resulting in cash surplus not budgeted for.								
	Cash and Cash Equivalents				908 205											
	Short-term Investments				50 157 204											
Trade and other receivables from exchange transactions	Receivables from Exchange Transactions	6 744 297	(6 029 837)	714 460	6 816 896	6 102 436	854.13%	Collection of debt still remains a challenge, as the Revenue Management Department is still short of warm bodies to enforce the credit control debt collection processes. Collection in Eskom Electricity areas also contribute. The main contributor is that the municipality did not increase its electricity tariffs during the 2024/2025 financial year, as the municipality did not submit a COS before the start of the financial year to NERSA. The COS was only submitted at the end of September 2024, and still did municipality not increase its electricity tariffs for 2024/2025 financial year. A miss alignment to the budget also occurred.								
Receivables from non-exchange transactions	Receivables from Non-exchange Transactions	2 562 125	384 732	2 946 857	2 590 364	(356 493)	-12.10%	Collection rate on property rates was higher than expected.								
Inventory	Inventory	1 855 955	(52 945)	1 803 010	625 499	(1 177 511)	-65.31%	Less Inventory were at hand at the end of the financial year than what was budgeted for.								
VAT	VAT	1 090 072	1 445 012	2 535 084	2 593 437	58 353	2.30%									
Other current assets		1 252 039	721 480	1 973 519	84 395	(1 889 124)	-95.72%	Included in the budgeted amount was deposits and control, clearing and interface accounts. Deposits are disclosed under receivables from non-exchange transactions, while there was no interface accounts with debit balances.								
	Unpaid Transfers and Subsidies				50 000											
<b>Total Current Assets</b>		<b>60 407 668</b>	<b>(1 040 414)</b>	<b>59 367 254</b>	<b>63 776 000</b>	<b>4 408 746</b>	<b>7.43%</b>									
<b>Non-Current Assets</b>																
Investment Property																
Investment Property	Investment Property	13 606 774	936	13 607 710	13 606 978	(732)	-0.01%									
Property, Plant and Equipment	Property, Plant and Equipment	235 244 329	(10 779 075)	224 465 254	222 621 036	(1 844 218)	-0.82%	Some capital projects that were budgeted for started late in the year resulting in some projects carried forward.								
Heritage assets	Heritage assets	1 244 999	1	1 245 000	1 245 000	(0)	0.00%									
Intangible assets	Intangible Assets	379 709	(33 864)	345 845	396 234	50 389	14.57%	Software procured was included under computer equipment in the budget.								
<b>Total Non-Current Assets</b>		<b>250 475 811</b>		<b>239 663 809</b>	<b>237 869 248</b>	<b>(1 794 561)</b>	<b>-0.75%</b>									
<b>TOTAL ASSETS</b>		<b>310 883 479</b>		<b>299 031 063</b>	<b>301 645 248</b>	<b>2 614 185</b>	<b>0.87%</b>									
<b>LIABILITIES</b>																
<b>Current Liabilities</b>																
Financial liabilities		43 041	(43 041)	(0)	-	0	0.00%									
Consumer Deposits	Consumer Deposits	657 573	74 745	732 318	799 350	67 032	9.15%	Increase in activity in the property market with the sale and purchase of property.								
Trade and other payables from exchange transactions	Trade and Other Payables from Exchange Transactions	8 306 509	10 198 309	18 504 818	19 579 369	1 074 551	5.81%	The interest payable on VAT on library allocations was previously disclosed as a contingent liability. With the provision for VAT on library allocations moved from a provision to a payable, the interest on the late payment of VAT had to be included as payables.								
Trade and other payables from non-exchange transactions		11 629 862	(3 042 993)	8 586 869	4 530 109	(4 056 760)	-47.24%	Some projects that were budgeted for started late in the year resulting in some projects carried forward.								
	Unspent Transfers and Subsidies				4 530 109											
Provisions		26 008 198	(22 491 395)	3 516 803	3 210 989	(305 814)	-8.70%	Change in assumptions on actuarial valuations								
	Current Employee Benefits				3 210 989											
VAT	VAT payable	2 147 730	375 892	2 523 622	4 418 636	1 895 014	75.09%	VAT on library allocations was previously treated as a provision has now been recognised as a payable								
<b>Total Current Liabilities</b>		<b>48 792 913</b>	<b>(14 928 483)</b>	<b>33 864 430</b>	<b>32 538 453</b>	<b>(1 325 977)</b>	<b>-3.92%</b>									
<b>Non-Current Liabilities</b>																
Provisions		1 447 000	25 920 116	27 367 116	35 346 313	7 979 197	29.16%	Post employment medical aid benefit was disclosed as other non-current liabilities in the budget								
	Non-current Provisions				27 752 853											
	Non-current Employee Benefits				7 593 460											
Other non-current liabilities	Operating Lease Liability	2 554 000	2 903 000	5 457 000	-	(5 457 000)	-100.00%	Post employment medical aid benefit was disclosed as other non-current liabilities in the budget								
<b>Total Non-Current Liabilities</b>		<b>4 001 000</b>	<b>28 823 116</b>	<b>32 824 116</b>	<b>35 346 313</b>	<b>2 522 197</b>	<b>7.68%</b>									
<b>TOTAL LIABILITIES</b>		<b>52 793 913</b>	<b>13 894 633</b>	<b>66 688 546</b>	<b>67 884 766</b>	<b>1 196 220</b>	<b>1.79%</b>									
<b>NET ASSETS</b>																
Accumulated Surplus/(Deficit)		247 589 366	(25 746 849)	221 842 517	223 260 482	1 417 965	0.64%	Due to savings on expenditure budget								
Funds and reserves		10 500 000	(0)	10 500 000	10 500 000	0	0.00%									
	Non-Current Provisions Reserve				10 500 000											
<b>TOTAL NET ASSETS</b>		<b>258 089 366</b>	<b>(25 746 849)</b>	<b>232 342 517</b>	<b>233 760 482</b>	<b>1 417 965</b>	<b>0.61%</b>									
		200	11 852 216	-	0	0	(0)									



**PRINCE ALBERT LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025**

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Approved Budget	Adjustments	Final Budget	Actual Outcome 2025	Difference between Final Budget and Actual Outcome	Variance		Reasons for Material variances							
							R	R								
<b>REVENUE</b>																
<b>Exchange</b>																
Service Charges	Service Charges	37 089 114	(2 455 383)	34 633 731	37 783 227	3 149 496	9.09%	Basic charges on services was incorrectly budgeted for as availability charges. The municipality also did not increase its electricity tariffs for the 2024/2025 financial year.								
Service Charges - Electricity		19 655 081	(248 181)	19 406 900												
Service Charges - Water		6 333 008	(1 917 047)	4 415 961												
Service Charges - Waste water management		7 237 637	2 802	7 240 439												
Service Charges - Waste management		3 863 388	(292 957)	3 570 431												
Sales of Goods and Rendering of Services	Sales of Goods and Rendering of Services	568 500	(175 362)	393 138	402 574	9 436	2.40%	Municipality received more commission as more motor vehicle licenses was issued as per budgeted amount.								
Agency Services	Agency Services	220 000	-	220 000	323 423	103 423	47.01%	Collection of debt still remains a challenge, as the Revenue Management Department is still short of warm bodies to enforce the credit control debt collection processes.								
Interest earned from receivables	Interest Earned - Exchange Transactions	1 593 900	486 352	2 080 252	2 218 902	138 650	6.67%	Due to the late start of certain capital projects more interest was earned than budgeted for.								
Interest Earned from current and non-current assets	Interest Earned - External Investments	5 063 200	161 800	5 225 000	5 411 891	186 891	3.58%									
Rent on land	Rent on Land	64 600	(3 955)	60 645	60 645	-	0.00%									
Rental from Fixed Assets	Rental from Fixed Assets	564 100	207 340	771 440	721 372	(50 068)	-6.49%	Received less revenue than budgeted.								
Licences and Permits	Licences and Permits	-	-	-	111 625	111 625	100.00%	Misalignment between exchange and non-exchange								
Operational revenue	Operational revenue	115 000	1 706 683	1 821 683	2 078 763	257 080	14.11%	Misalignment between exchange and non-exchange								
<b>Non-exchange</b>																
Property Rates	Property Rates	6 250 076	(350 193)	5 899 883	5 940 941	41 058	0.70%									
Fines, penalties and forfeits	Fines, Penalties and Forfeits	546 000	7 456 800	8 002 800	11 206 889	3 204 089	40.04%	The budget for fines was calculated incorrectly.								
Licences and Permits	Licences and Permits	95 000	5 000	100 000	-	(100 000)	-100.00%	Misalignment between exchange and non-exchange								
Transfers and subsidies - operational	Government Grants and Subsidies (Operational only)	44 709 500	(7 652 572)	37 056 928	36 466 447	(590 481)	-1.59%									
Interest	Interest Earned - Non-exchange Transactions	265 800	114 200	380 000	457 542	77 542	20.41%	Collection rate on debtors was less than anticipated								
Operational revenue	Operational revenue	6 257 415	(33 423)	6 223 992	-	(6 223 992)	-100.00%	Basic charges on services was incorrectly budgeted for as availability charges								
Other gains	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	1 926 000	(926 000)	1 000 000	1 544 930	544 930	54.49%	Due to increase in remaining useful life of the landfill sites								
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>105 328 205</b>	<b>(1 458 713)</b>	<b>103 869 492</b>	<b>104 729 170</b>	<b>859 678</b>	<b>0.83%</b>									
<b>EXPENDITURE</b>																
Employee Related Costs	Employee Related Costs	39 906 088	847 367	40 753 455	36 849 107	(3 904 348)	-9.58%	Some of the position that was budgeted for, was not filled and will be filled during 2025/2026 financial year. The Director Corporate and Community services which contribute to the highest employee related cost will only be filled permanently from 01 November 2025.								
Remuneration of Councillors	Remuneration of Councillors	3 689 400	-	3 689 400	3 524 534	(164 866)	-4.47%	Saving on expenditure								
Bulk Purchases - electricity	Bulk Purchases (Electricity only)	20 906 862	43 138	20 050 000	20 106 552	(843 448)	-4.03%	Some consumers installed solar panels to its property, which contribute that the bulk purchases actual lesser than budgeted for.								
Inventory consumed	Inventory Consumed	649 312	69 050	718 362	554 093	(164 269)	-22.87%	Less Inventory were at hand at the end of the financial year than what was budgeted for.								
Debt Impairment	Reversal of Impairment Loss/(Impairment Loss) on Receivables	3 698 936	(47 785 346)	(44 086 410)	(40 875 056)	3 211 354	-7.28%	Old Traffic fines were written off by Council, hence the reversal of the impairment								
Depreciation and Amortisation	Depreciation and Amortisation	6 149 600	-	6 149 600	6 727 146	577 546	9.39%	PPE unbundled in the current financial year that were still in WIP in the previous financial year that gave rise to Depreciation not budgeted for.								
Interest	Finance Costs	373 000	2 217 500	2 590 500	3 440 719	850 219	32.82%	Interest on the provision for the rehabilitation of the landfill site was more than anticipated.								
Contracted Services	Contracted Services	9 857 921	215 733	10 073 654	10 134 513	60 859	0.60%	Expenditure incurred on external services providers is lesser than budgeted for, savings on the expenditure budget.								
Transfers and Subsidies	Transfers and Subsidies	128 400	400 000	528 400	759 964	231 564	43.82%	The municipality transfer in kind to the Tourism, PACT and Sport Clubs in conjunction with its Grant in Aid Policy. When Circular 131 was issued the remaining R200K was not transferred and did the municipality comply.								
Irrecoverable debt written off	Bad Debts Written Off	1 177 000	56 875 696	58 052 696	57 717 082	(335 614)	-0.58%									
Operational costs	Operational Costs	13 070 155	80 310	13 150 465	11 510 225	(1 640 240)	-12.47%	Savings on expenditure budget on the operational cost for the year.								
Losses on disposal of assets	Loss on Sale of Fixed Assets	-	-	-	90 154	90 154	100.00%	No loss on disposal was budgeted for.								
Other losses	Actuarial Losses	-	1 000 000	1 000 000	398 731	(601 269)	-60.13%	Savings on expenditure budget for the year.								
<b>Total Expenditure</b>		<b>99 606 674</b>	<b>13 963 448</b>	<b>113 570 122</b>	<b>110 937 763</b>	<b>(2 632 359)</b>	<b>-2.32%</b>									
<b>Surplus/(Deficit)</b>		<b>5 721 531</b>	<b>(15 422 161)</b>	<b>(9 700 630)</b>	<b>(6 208 593)</b>	<b>3 492 037</b>	<b>-36.00%</b>									
Transfers and subsidies - capital (monetary allocations)	Government Grants and Subsidies (Capital only)	17 630 000	-	24 287 400	24 142 864	(144 536)	-0.60%									
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>		<b>23 351 531</b>	<b>(15 422 161)</b>	<b>14 586 770</b>	<b>17 934 271</b>	<b>3 347 501</b>	<b>22.95%</b>									
<b>Surplus/(Deficit) for the year</b>		<b>23 351 531</b>	<b>(15 422 161)</b>	<b>14 586 770</b>	<b>17 934 271</b>	<b>3 347 501</b>	<b>22.95%</b>									



**PRINCE ALBERT LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025**

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Approved budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)		Final Budget	Actual Outcome 2025	Difference between Final Budget and Actual Outcome	Variance (Actual Outcome as % of Final Budget)	Reasons for Material variances							
			R	R												
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>																
<b>Receipts</b>																
Property rates	Taxation	5 931 879	(326 758)		5 605 121	5 600 875	(4 246)	-0.08%								
Service Charges		38 163 767	(2 039 325)		36 124 442	33 980 629	(2 143 813)	-5.93%	Collection of debt still remains a challenge, as the Revenue Management Department is still short of warm bodies to enforce the credit control debt collection processes. Collection in Eskom Electricity areas also contribute. The main contributor is that the municipality did not increase its electricity tariffs during the 2024/2025 financial year, as the municipality did not submit a COS before the start of the financial year to NERSA. The COS was only submitted at the end of September 2025, and still did not increase its electricity tariffs for 2024/2025 financial year.							
Other Revenue		1 467 450		1 087 018	2 554 468	4 369 153	1 814 685	71.04%	Basic charges on services was incorrectly budgeted for as availability charges.							
Transfers and Subsidies - Operational	Government - Operating	37 245 600		633 937	37 879 537	37 198 652	(680 885)	-1.80%								
Transfers and Subsidies - Capital	Government - Capital	25 260 400		7 000	25 267 400	25 260 400	(7 000)	-0.03%								
Interest		6 477 345		588 292	7 065 637	5 411 891	(1 653 746)	-23.41%	Due to the reduction in the prime rate, interest earned was lesser than budgeted for.							
<b>Payments</b>																
Suppliers and Employees		(87 327 732)		(131 548)	(87 459 280)	(90 651 450)	(3 192 170)	3.65%								
	Suppliers of goods and services					(51 002 070)										
	Employee related cost					(39 649 380)										
Transfers and Subsidies	Transfers and Grants	-	-	-	-	(759 964)	(759 964)	100.00%	The municipality make annual contributions to institutions in terms of its Grant in Aid Policy. In the Budget Schedules this was included under payments to suppliers and employees.							
<b>Net Cash from/(used) Operating Activities</b>																
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>																
<b>Payments</b>																
Capital Assets		(29 988 625)		(2 102 606)	(32 091 231)	(27 612 893)	4 478 338	-13.96%	Inability to completely spend and execute grant programme for the financial year.							
	Purchase of Property, Plant and Equipment					(27 572 903)										
	Purchase of Intangible Assets					(39 990)										
<b>Net Cash from/(used) Investing Activities</b>																
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>																
<b>Payments</b>																
Repayment of Borrowing		(105 500)		(0)	(105 500)	-	105 500	-100.00%	Finance leases were budgeted for the rental of copying machines. The tender was not awarded.							
Net Cash from/(used) Financing Activities		(105 500)		(0)	(105 500)	-	105 500	-100.00%								
NET INCREASE/(DECREASE) IN CASH HELD		(2 875 416)		82 093	(5 159 406)	(7 202 707)	(2 043 301)	39.60%								
Cash and Cash Equivalents at the year begin:		50 730 502		7 537 612	58 268 114	58 268 116	2	0.00%								
Cash and Cash Equivalents at the year end:		47 855 086		7 619 705	53 108 708	51 065 409	(2 043 299)	-3.85%								



PRINCE ALBERT LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2025

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

Management receives on a monthly basis a C Schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

**PRIMARY SEGMENTS**

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Executive & Council	1.1 - Municipal Manager	Aggregated	Governance and Administration	Supporting service departments
	1.2 - Council General Expenses	Aggregated	Governance and Administration	
Vote 2 - Director Finance	2.1 - Financial Services	Aggregated	Governance and Administration	Supporting service departments
	2.2 - Property Rates	Aggregated	Governance and Administration	
Vote 3 - Director Technical Services	5.1 - Electricity Services	Aggregated	Technical Services	Maintenance of infrastructure and management of services for basic service delivery
	5.2 - Water Services	Aggregated	Technical Services	
	5.3 - Sewerage	Aggregated	Technical Services	
	5.4 - Refuse	Aggregated	Technical Services	
	5.5 - Public Works	Aggregated	Technical Services	
	3.1 - IDP	Aggregated	Governance and Administration	
Vote 4 - Director Corporate and Community	3.2 - Strategic Services	Aggregated	Governance and Administration	Supporting service departments
	3.3 - Corporate Services	Aggregated	Governance and Administration	
	4.1 - Cemeteries	Aggregated	Community and Public Safety	
	4.2 - Library	Aggregated	Community and Public Safety	Cleansing Services provided as well as Library services, community hall rentals, Recreation centers, Airfield Rental
	4.3 - Disaster Management	Aggregated	Community and Public Safety	
	4.4 - Community Halls	Aggregated	Community and Public Safety	
	4.5 - Traffic Control	Aggregated	Community and Public Safety	
	4.6 - Housing	Aggregated	Community and Public Safety	
	4.7 - Sport and Recreation	Aggregated	Community and Public Safety	
	4.8 - Tourism	Aggregated	Community and Public Safety	

**SECONDARY SEGMENTS**

Mscoa Functional Segments identified	Aggregation	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
• Community and public safety	Community and social services	Aggregated	Community and public safety	Library services, Community halls rentals and recreation centers
	Sport and recreation	Aggregated	Community and public safety	
• Economic and environmental services	Public safety	Aggregated	Governance and Administration	Traffic and Fire Services
	Planning and development	Aggregated	Economic and environmental services	Building plans
• Trading services	Road transport	Aggregated	Governance and Administration	Maintenance of roads
	Energy sources	Individually Reported	Energy sources	Electricity services
	Water management	Individually Reported	Water management	Water management
	Waste water management	Individually Reported	Waste water management	Waste water management
• Other	Waste management service	Individually Reported	Waste management service	Waste management service
• Other	Tourism	Aggregated	Other	Tourism

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

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



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PRINCE ALBERT LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2025

	Executive and Council	Director Finance	Director Technical Services	Director Corporate & Community Services	Total
	R	R	R	R	R
<b>SEGMENT REVENUE</b>					
External revenue from exchange transactions		5 790 988	33 595 252	3 451 567	42 837 807
Service Charges - Electricity	-	-	17 117 725	-	17 117 725
Service Charges - Water	-	-	3 642 410	-	3 642 410
Service Charges - Waste water management	-	-	7 225 398	-	7 225 398
Service Charges - Waste management	-	-	3 523 078	-	3 523 078
Sales of Goods and Rendering of Services	-	34 055	-	368 519	402 574
Agency Services	-	-	-	323 423	323 423
Interest earned from Receivables	-	132 261	2 086 641	-	2 218 902
Interest earned from Current and Non Current Assets	-	5 411 891	-	-	5 411 891
Rent on Land	-	-	-	60 645	60 645
Rental from Fixed Assets	-	-	-	721 372	721 372
Licence and permits	-	-	-	111 625	111 625
Operational Revenue	-	212 781	-	1 865 983	2 078 763
External revenue from non-exchange transactions	30 439 261	8 622 557	11 339 855	11 489 691	61 891 364
Property rates	-	5 940 941	-	-	5 940 941
Fines, penalties and forfeits	-	133 472	-	11 073 417	11 206 889
Transfer and subsidies - Operational	30 439 261	2 090 602	3 520 310	416 275	36 466 447
Interest	-	457 542	-	-	457 542
Operational Revenue	-	-	6 274 616	-	6 274 616
Other Gains	-	-	1 544 930	-	1 544 930
<b>SEGMENT EXPENDITURE</b>					
Employee related costs	2 332 560	7 739 776	14 484 154	12 292 616	36 849 107
Remuneration of councillors	3 524 534	-	-	-	3 524 534
Bulk purchases - electricity	-	-	20 106 552	-	20 106 552
Inventory consumed	-	29 907	448 881	75 305	554 093
Debt impairment	-	(800 990)	5 105 607	(45 179 673)	(40 875 056)
Depreciation and amortisation	48 858	347 732	5 767 988	55 095 989	61 260 567
Interest	-	1 275 222	2 165 497	-	3 440 719
Contracted services	1 352 933	3 711 464	3 861 833	1 208 283	10 134 513
Transfers and subsidies	128 400	-	-	631 564	759 964
Irrecoverable debts written off	-	713 879	2 469 783	-	3 183 661
Operational costs	680 725	4 129 028	3 888 406	2 812 067	11 510 225
Losses on disposal of Assets	-	-	-	90 154	90 154
Other Losses	-	398 731	-	-	398 731
<b>Total Segment Expenditure</b>	<b>8 068 009</b>	<b>17 544 749</b>	<b>58 298 701</b>	<b>27 026 304</b>	<b>110 937 763</b>
<b>Surplus/(Deficit)</b>	<b>22 371 252</b>	<b>(3 131 205)</b>	<b>(13 363 594)</b>	<b>(12 085 046)</b>	<b>(6 208 593)</b>
Transfers and subsidies - capital (monetary allocations)	-	-	23 338 643	804 221	24 142 864
<b>Surplus/(Deficit) for the year</b>	<b>22 371 252</b>	<b>(3 131 205)</b>	<b>9 975 049</b>	<b>(11 280 825)</b>	<b>17 934 271</b>



PRINCE ALBERT LOCAL MUNICIPALITY  
SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2025

	Governance and Administration	Community and Public Safety	Economic and Environmental Services	Trading Services				Other	Total
				Energy Sources	Water Management	Waste water management	Waste management		
	R	R	R					R	R
<b>SEGMENT REVENUE</b>									
External revenue from exchange transactions	6 689 851	2 552 704	-	17 236 364	4 351 375	7 861 496	4 146 016	-	42 837 807
Service Charges - Electricity	-	-	-	17 117 725	-	-	-	-	17 117 725
Service Charges - Water	-	-	-	-	3 642 410	-	-	-	3 642 410
Service Charges - Waste water management	-	-	-	-	-	7 225 398	-	-	7 225 398
Service Charges - Waste management	-	-	-	-	-	-	3 523 078	-	3 523 078
Sales of Goods and Rendering of Services	349 795	52 779	-	-	-	-	-	-	402 574
Agency Services	-	323 423	-	-	-	-	-	-	323 423
Interest earned from Receivables	132 261	-	-	118 639	708 965	636 098	622 938	-	2 218 902
Interest earned from Current and Non Current Assets	5 411 891	-	-	-	-	-	-	-	5 411 891
Rent on Land	60 645	-	-	-	-	-	-	-	60 645
Rental from Fixed Assets	489 068	232 304	-	-	-	-	-	-	721 372
Licence and permits	-	111 625	-	-	-	-	-	-	111 625
Operational Revenue	246 191	1 832 572	-	-	-	-	-	-	2 078 763
External revenue from non-exchange transactions	39 061 817	11 424 493	3 235 558	3 796 458	2 478 159	-	1 894 880	-	61 891 364
Property rates	5 940 941	-	-	-	-	-	-	-	5 940 941
Fines, penalties and forfeits	133 472	11 073 417	-	-	-	-	-	-	11 206 889
Transfer and subsidies - Operational	32 529 862	351 076	3 235 558	-	-	-	349 950	-	36 466 447
Interest	457 542	-	-	-	-	-	-	-	457 542
Operational Revenue	-	-	-	3 796 458	2 478 159	-	-	-	6 274 616
Other Gains	-	-	-	-	-	-	1 544 930	-	1 544 930
<b>Total Segment Revenue (excluding capital transfers and contributions)</b>	<b>45 751 669</b>	<b>13 977 196</b>	<b>3 235 558</b>	<b>21 032 822</b>	<b>6 829 533</b>	<b>7 861 496</b>	<b>6 040 896</b>	<b>-</b>	<b>104 729 170</b>
<b>SEGMENT EXPENDITURE</b>									
Employee related costs	14 715 293	7 059 958	8 555 333	1 270 387	1 921 578	1 567 187	1 759 372	-	36 849 107
Remuneration of councillors	3 524 534	-	-	-	-	-	-	-	3 524 534
Bulk purchases - electricity	-	-	-	20 106 552	-	-	-	-	20 106 552
Inventory consumed	43 499	61 714	-	34 075	266 021	-	148 785	-	554 093
Debt impairment	(800 990)	(45 179 673)	-	(188 250)	2 218 773	1 703 841	1 371 243	-	(40 875 056)
Depreciation and amortisation	451 819	55 040 760	1 644 599	527 315	1 464 929	1 544 059	587 086	-	61 260 567
Interest	1 275 222	-	-	-	-	-	2 165 497	-	3 440 719
Contracted services	5 669 269	603 411	2 092 393	526 321	969 897	176 918	96 304	-	10 134 513
Transfers and subsidies	759 964	-	-	-	-	-	-	-	759 964
Irrecoverable debts written off	713 879	-	-	64 879	1 341 347	611 900	451 657	-	3 183 661
Operational costs	6 881 171	620 992	2 061 152	652 055	529 980	502 092	262 783	-	11 510 225
Losses on disposal of Assets	-	90 154	-	-	-	-	-	-	90 154
Other Losses	398 731	-	-	-	-	-	-	-	398 731
<b>Total Segment Expenditure</b>	<b>33 632 389</b>	<b>18 297 315</b>	<b>14 353 477</b>	<b>22 993 334</b>	<b>8 712 524</b>	<b>6 105 996</b>	<b>6 842 728</b>	<b>-</b>	<b>110 937 763</b>
<b>Surplus/(Deficit)</b>	<b>12 119 279</b>	<b>(4 320 119)</b>	<b>(11 117 918)</b>	<b>(1 960 513)</b>	<b>(1 882 990)</b>	<b>1 755 501</b>	<b>(801 833)</b>	<b>-</b>	<b>(6 208 593)</b>
Transfers and subsidies - capital (monetary allocations)	-	804 221	-	330 688	23 007 955	-	-	-	24 142 864
<b>Surplus/(Deficit) for the year</b>	<b>12 119 279</b>	<b>(3 515 898)</b>	<b>(11 117 918)</b>	<b>(1 629 824)</b>	<b>21 124 965</b>	<b>1 755 501</b>	<b>(801 833)</b>	<b>-</b>	<b>17 934 271</b>



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PRINCE ALBERT LOCAL MUNICIPALITY					
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024					
	Executive and Council	Director Finance	Director Technical Services	Director Corporate & Community Services	Total
	R	R	R	R	R
<b>SEGMENT REVENUE</b>					
External revenue from exchange transactions	-	6 474 302	34 919 047	3 346 089	44 739 437
Service Charges - Electricity	-	-	17 441 139	-	17 441 139
Service Charges - Water	-	-	6 531 834	-	6 531 834
Service Charges - Waste water management	-	-	6 541 288	-	6 541 288
Service Charges - Waste management	-	-	2 986 812	-	2 986 812
Sales of Goods and Rendering of Services	-	82 498	-	320 221	402 719
Agency Services	-	-	-	286 570	286 570
Interest earned from Receivables	-	187 255	1 417 973	-	1 605 228
Interest earned from Current and Non Current Assets	-	6 182 529	-	-	6 182 529
Rent on Land	-	-	-	60 781	60 781
Rental from Fixed Assets	-	-	-	464 738	464 738
Licence and permits	-	-	-	89 637	89 637
Operational Revenue	-	22 020	-	2 124 141	2 146 161
External revenue from non-exchange transactions	28 706 059	8 547 691	9 061 923	8 385 282	54 700 955
Property rates	-	5 753 706	-	-	5 753 706
Fines, penalties and forfeits	-	19 533	-	8 142 396	8 161 929
Transfer and subsidies - Operational	28 706 059	2 183 402	2 381 004	242 886	33 513 352
Interest	-	220 484	-	-	220 484
Operational Revenue	-	-	4 467 588	-	4 467 588
Other Gains	-	370 566	2 213 331	-	2 583 897
<b>Total Segment Revenue (excluding capital transfers and contributions)</b>	<b>28 706 059</b>	<b>15 021 993</b>	<b>43 980 970</b>	<b>11 731 371</b>	<b>99 440 392</b>
<b>SEGMENT EXPENDITURE</b>					
Employee related costs	2 008 829	6 645 797	13 642 194	12 494 274	34 791 094
Remuneration of councillors	3 414 433	-	-	-	3 414 433
Bulk purchases - electricity	-	-	17 344 520	-	17 344 520
Inventory consumed	-	30 253	538 808	86 388	655 449
Debt impairment	-	1 915 516	2 907 902	7 532 943	12 356 360
Depreciation and amortisation	29 958	390 692	6 200 449	821 566	7 442 664
Interest	-	1 132 438	2 280 608	415	3 413 461
Contracted services	703 960	4 096 010	4 096 666	1 032 094	9 928 730
Transfers and subsidies	-	-	-	277 216	277 216
Irrecoverable debts written off	-	820 516	3 257 608	-	4 078 124
Operational costs	620 473	4 351 073	4 218 359	3 086 422	12 276 327
Losses on disposal of Assets	-	-	-	38 351	38 351
Other Losses	-	583 791	-	-	583 791
<b>Total Segment Expenditure</b>	<b>6 777 653</b>	<b>19 966 085</b>	<b>54 487 115</b>	<b>25 369 668</b>	<b>106 600 521</b>
<b>Surplus/(Deficit)</b>	<b>21 928 406</b>	<b>(4 944 093)</b>	<b>(10 506 145)</b>	<b>(13 638 297)</b>	<b>(7 160 129)</b>
Transfers Recognised - Capital	745 365	-	22 301 108	-	23 045 473
Contributions Recognised - Capital	-	-	801 608	-	801 608
<b>Surplus/(Deficit) for the year</b>	<b>22 673 770</b>	<b>(4 944 093)</b>	<b>12 596 570</b>	<b>(13 638 297)</b>	<b>16 687 951</b>



**PRINCE ALBERT LOCAL MUNICIPALITY**  
**SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>Governance and Administration</b>	<b>Community and Public Safety</b>	<b>Economic and Environmental Services</b>	<b>Trading Services</b>				<b>Other</b>	<b>Total</b>
				<b>Energy Sources</b>	<b>Water Management</b>	<b>Waste water management</b>	<b>Waste management</b>		
	<b>R</b>	<b>R</b>	<b>R</b>					<b>R</b>	<b>R</b>
<b>SEGMENT REVENUE</b>									
<b>External revenue from exchange transactions</b>	7 238 070	2 582 320	-	17 536 153	7 102 843	6 970 516	3 309 534	-	44 739 437
Service Charges - Electricity	-	-	-	17 441 139	-	-	-	-	17 441 139
Service Charges - Water	-	-	-	-	6 531 834	-	-	-	6 531 834
Service Charges - Waste water management	-	-	-	-	-	6 541 288	-	-	6 541 288
Service Charges - Waste management	-	-	-	-	-	-	2 986 812	-	2 986 812
Sales of Goods and Rendering of Services	364 007	38 712	-	-	-	-	-	-	402 719
Agency Services	-	286 570	-	-	-	-	-	-	286 570
Interest earned from Receivables	187 255	-	-	95 014	571 008	429 228	322 723	-	1 605 228
Interest earned from Current and Non Current Assets	6 182 529	-	-	-	-	-	-	-	6 182 529
Rent on Land	60 781	-	-	-	-	-	-	-	60 781
Rental from Fixed Assets	346 851	117 887	-	-	-	-	-	-	464 738
Licence and permits	-	89 637	-	-	-	-	-	-	89 637
Operational Revenue	96 648	2 049 513	-	-	-	-	-	-	2 146 161
<b>External revenue from non-exchange transactions</b>	37 270 412	8 304 254	2 270 371	4 642 588	-	-	2 213 331	-	54 700 955
Property rates	5 753 706	-	-	-	-	-	-	-	5 753 706
Fines, penalties and forfeits	19 533	8 142 396	-	-	-	-	-	-	8 161 929
Transfer and subsidies - Operational	30 906 123	161 857	2 270 371	175 000	-	-	-	-	33 513 352
Interest	220 484	-	-	-	-	-	-	-	220 484
Operational Revenue	-	-	-	4 467 588	-	-	-	-	4 467 588
Other Gains	370 566	-	-	-	-	-	2 213 331	-	2 583 897
<b>Total Segment Revenue (excluding capital transfers and contributions)</b>	44 508 482	10 886 574	2 270 371	22 178 741	7 102 843	6 970 516	5 522 865	-	99 440 392
<b>SEGMENT EXPENDITURE</b>									
Employee related costs	14 016 997	6 599 415	9 013 812	963 868	1 851 109	1 157 895	1 187 999	-	34 791 094
Remuneration of councillors	3 414 433	-	-	-	-	-	-	-	3 414 433
Bulk purchases - electricity	-	-	-	17 344 520	-	-	-	-	17 344 520
Inventory consumed	43 159	73 482	-	49 783	328 680	9 220	151 125	-	655 449
Debt impairment	1 915 516	7 532 943	-	(21 450)	1 189 528	991 865	747 959	-	12 356 360
Depreciation and amortisation	568 203	674 013	2 011 538	411 882	1 359 459	1 472 389	945 180	-	7 442 664
Interest	1 132 752	101	197	-	-	-	2 280 411	-	3 413 461
Contracted services	5 368 153	463 911	1 969 903	570 816	1 357 052	122 894	76 001	-	9 928 730
Transfers and subsidies	137 216	-	-	-	-	-	-	140 000	277 216
Irrecoverable debts written off	820 516	-	-	61 582	1 567 472	953 104	675 451	-	4 078 124
Operational costs	7 191 787	712 867	2 217 261	968 766	652 271	369 475	163 899	-	12 276 327
Losses on disposal of Assets	-	38 351	-	-	-	-	-	-	38 351
Other Losses	583 791	-	-	-	-	-	-	-	583 791
<b>Total Segment Expenditure</b>	35 192 521	16 095 082	15 212 712	20 349 768	8 305 571	5 076 842	6 228 025	140 000	106 600 521
<b>Surplus/(Deficit)</b>	9 315 962	(5 208 508)	(12 942 341)	1 828 973	(1 202 729)	1 893 675	(705 160)	(140 000)	(7 160 129)
Transfers Recognised - Capital	745 365	-	-	399 338	21 901 771	-	-	-	23 046 473
Contributions Recognised - Capital	-	-	-	-	801 608	-	-	-	801 608
<b>Surplus/(Deficit) for the year</b>	10 061 326	(5 208 508)	(12 942 341)	2 228 311	21 500 650	1 893 675	(705 160)	(140 000)	16 687 951



**PRINCE ALBERT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

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**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

**1.1. BASIS OF PREPARATION**

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

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

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

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

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

**1.2. PRESENTATION CURRENCY**

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

**1.3. GOING CONCERN ASSUMPTION**

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

**1.4. COMPARATIVE INFORMATION**

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



**PRINCE ALBERT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**1.5. CONSISTENT AND NEW ACCOUNTING POLICIES**

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

**1.6. MATERIALITY**

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

**1.7. PRESENTATION OF BUDGET INFORMATION**

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

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

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

Comparable information includes the following:

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

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

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

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

Explanations for material differences between the final budget amounts and actual amounts are included in the budget comparison statements.

Explanatory comments are provided for variances between the actual and final budget of more than 10% of the budgeted value, provided that such variances exceed R300 000.



**PRINCE ALBERT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

All variances less than R300 000 is considered immaterial.

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

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

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



**PRINCE ALBERT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

REFERENCE	TOPIC	EFFECTIVE DATE
<b>standards (2023)</b>	<p>The Improvements are approved by the Board. The effective date is yet to be determined by the Minister of Finance. The Improvements may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the Improvements once an effective date has been determined by the Minister of Finance.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	
<b>GRAP 105, GRAP 106 and GRAP 107 (amendments)</b>	<p><b>Transfer of Functions and Mergers</b></p> <p>The amendments to the Standards are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance.</p> <p><u>No significant impact as the Standard is not applicable to the operations of the Municipality.</u></p>	Unknown
<b>Guideline</b>	<p><b><u>Application of Materiality of Financial Statements</u></b></p> <p>The guideline is not authoritative but only encourage.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	No effective date as only encouraged
<b>iGRAP 22</b>	<p><b>Foreign Currency Transactions and Advanced Consideration</b></p> <p>The interpretation is to provide guidance on determining the transaction date for purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.</p> <p>Early adoption of the Interpretation is encouraged.</p> <p>No significant impact is expected as the foreign currency transactions and advance consideration is not relevant to the operations of the Municipality.</p>	1 April 2025

## 1.9. RESERVES

### 1.9.1. *Non-current Provisions Reserve*

In terms of legislation on the management and maintenance of landfill sites, the municipality has an obligation to rehabilitate land used for waste activities. GRAP 17 requires the municipality to include an estimate of the cost of rehabilitation as part of the cost of the landfill site asset.



**PRINCE ALBERT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

The current obligation is provided for as a non-current provision. When landfill sites have reached the end of their useful lives the rehabilitation costs will result in an outflow of resources.

The Non-current Provisions Reserve was established to ensure sufficient cash resources are available for the future payment of the rehabilitation costs of the landfill sites.

The Reserve was previously treated as a Capital Replacement Reserve.

## **1.10. LEASES**

### ***1.10.1. Municipality as Lessee***

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments (including any indirect costs). The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent recognition, the leased assets are accounted for in accordance with the accounting policies on assets. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to disclosure of finance lease liability and de-recognition of financial instruments are applied to lease payables.

### ***1.10.2. Municipality as Lessor***

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

## **1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

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

**PRINCE ALBERT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. The revenue received is driven from the agreed terms of the contract rather than legislation.

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

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

#### **1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

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

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

#### **1.13. UNSPENT PUBLIC CONTRIBUTIONS**

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

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

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

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.



**PRINCE ALBERT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

#### **1.14. PROVISIONS**

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

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

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

#### **1.15. EMPLOYEE BENEFITS**

##### **(a) *Pension and Retirement Fund Obligations***

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.



**PRINCE ALBERT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

The Municipality contributes to various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The contributions are recognised as employee benefit expense when they are due.

***(b) Post-Retirement Medical Obligations***

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

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

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

These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

***(c) Long Service Awards***

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically, and the corresponding liability is raised. Payments are set-off against the net defined benefit liability, including notional interest, resulting from



**PRINCE ALBERT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

the valuation by the actuaries. Defined benefit plans are post-employment plans other than defined contribution plans.

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

**(d) Ex-Gratia Pension Benefits**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries, and the corresponding liability is raised. Payments made by the Municipality are set-off against the net defined benefit liability, including notional interest, resulting from the valuation by the actuaries. Defined benefit plans are post-employment plans other than defined contribution plans.

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

**(e) Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and the total remuneration package of the employee. In terms of the Collective Agreement for Local Government annual leave shall only be accumulated to a maximum of forty-eight (48) working days. The provision for annual leave is limited to a maximum of 48 days per employee.

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

Accumulated leave is vesting.

**(f) Staff Bonuses**

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

**(g) Other Short-term Employee Benefits**

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

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

## **1.16. PROPERTY, PLANT AND EQUIPMENT**

### **1.16.1. *Initial Recognition***

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

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

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

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on the acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

**PRINCE ALBERT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

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

**1.16.2. *Subsequent Measurement – Cost Model***

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

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

**1.16.3. *Depreciation and Impairment***

Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation on assets other than land is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

<u>Land and Buildings</u>	<u>Years</u>
Land	Indefinite
Buildings	10-100
<b><u>Infrastructure</u></b>	
Roads Infrastructure=	1-90
Electricity Infrastructure	1-60
Water Supply Infrastructure	1-80
Sanitation Infrastructure	1-100
Solid Waste Infrastructure	10-100
Storm Water Infrastructure	1-80
<b><u>Community</u></b>	
Airports	1-60
Centres/Halls	1-100
Libraries	1-100
Outdoor Facilities	1-100
Parks	1-100



**PRINCE ALBERT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

Public Ablution Facilities	1-100
Public Open Spaces	1-100

**Finance lease assets**

Office equipment	3
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**Other**

Transport Assets	1-15
Furniture and Office Equipment	1-20
Machinery and Equipment	1-15
Computer Equipment	1-10

The depreciation charge is recognised in the Statement of Financial Performance.

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

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

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

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

Additional considerations for impairment are included for policy 1.20: Impairment of non-financial assets.

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

**1.16.4. De-recognition**

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



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**1.16.5. *Land and Buildings and Other Assets – application of deemed cost (Directive 7)***

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 30 June 2021. For Other Assets, the depreciation cost method was used to establish the deemed cost as on 30 June 2021.

**1.16.6 *Decommissioning and restoration asset***

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

The related asset (under cost model) is measured as follows:

- Changes in the liability, shall be added or deducted from the asset cost;
- The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss, in accordance with its impairment policy. Refer to paragraph 1.20 of the policy.

**1.17. INTANGIBLE ASSETS**

**1.17.1. Initial Recognition**

An intangible asset is an identifiable asset without physical substance.

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

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



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

The cost of the intangible asset includes the purchase price and any cost incurred to prepare the asset for its intended use.

Intangible assets are initially recognised at cost.

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

**1.17.2. Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite.

**1.17.3. Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e., when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The annual amortisation rates are based on the following estimated useful lives:

<b><u>Intangible Assets</u></b>	<b>Years</b>
Computer Software	1-10

The amortisation charge is recognised in the Statement of Financial Performance.

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

Considerations for impairment is included for policy 1.20: Impairment of non-financial assets.

**1.17.4. De-recognition**



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

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

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets, the depreciation cost method was used to establish the deemed cost as on 30 June 2021.

**1.18. INVESTMENT PROPERTY**

**1.18.1. *Initial Recognition***

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

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

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

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

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

At initial recognition, the Municipality measures investment property at cost, including transaction costs once it meets the definition of investment property.



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

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

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

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

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

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

**1.18.2. *Subsequent Measurement – Cost Model***

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

**1.18.3. *Depreciation and Impairment – Cost Model***

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

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

<b><u>Investment Property</u></b>	<b>Years</b>
Buildings	1-100

Considerations for impairment is included for policy 1.20: Impairment of non-financial assets.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.



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**1.18.4. *De-recognition***

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

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

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used to determine the deemed cost as on 30 June 2021.

**1.19. HERITAGE ASSETS**

**1.19.1. *Initial Recognition***

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

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

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

**1.19.2. *Subsequent Measurement – Cost Model***

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

**1.19.3. *Depreciation and Impairment***

Heritage assets are not depreciated.

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



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

Considerations for impairment is included for policy 1.20: Impairment of non-financial assets.

**1.19.4. *De-recognition***

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

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

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 30 June 2021.

**1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.20.1. *Cash generating assets***

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

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

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

(a) External sources of information

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



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discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

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

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

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the assets or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions



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used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

**1.20.2. *Non-cash-generating assets***

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

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

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

(a) External sources of information

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

(b) Internal sources of information

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

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



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

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

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

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

## **1.21. INVENTORIES**

### **1.21.1. *Initial Recognition***

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

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

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.



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**1.21.2. *Subsequent Measurement***

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

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

In general, the basis of allocating cost to inventory items is the weighted average method.

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

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

**1.22. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables from exchange transactions, cash and cash equivalents, investments, finance leases, consumer deposits and payables from exchange transactions. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments. For treatment of unspent conditional grants refer to policy 1.11.

**1.22.1. *Initial Recognition***

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

**1.22.2. *Subsequent Measurement***

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

**1.22.2.1. *Receivables***

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

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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

**1.22.2.2. *Payables and Finance leases***

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

**1.22.2.3. *Cash and Cash Equivalents***

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

**1.22.2.4. *Current Investments***

Investments relate to call investment deposits invested in registered commercial banks are stated at amortised cost.



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

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

**1.22.2.5. *Consumer deposits***

Consumer deposits are regarded as a financial liability measured at amortised cost. For further detail regarding consumer deposits refer to policy 1.36.

**1.22.3. *De-recognition***

**1.22.3.1. *Financial Assets***

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

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

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

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

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



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

**1.22.3.2. *Financial Liabilities***

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

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

**1.22.4. *Offsetting of Financial Instruments***

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

**1.23. STATUTORY RECEIVABLES**

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

**1.23.1. *Initial Recognition and Measurement***

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

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

**1.23.2. *Subsequent Measurement***

The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement is adjusted with:

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



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

The municipality considers the following as indicators:

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

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

#### **1.23.3. *Derecognition***

The Municipality derecognises a statutory receivable when:

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



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ii. recognise separately any rights and obligations created or retained in the transfer.

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

## **1.24. REVENUE**

### ***1.24.1. Revenue from Non-Exchange Transactions***

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

Revenue from non-exchange transactions is recognised when:

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

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

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

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

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment when such items of property, plant and equipment qualify for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but



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the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

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

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

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

Interest revenue is recognised using the effective interest rate method.

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

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

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

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

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



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

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

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

#### **1.24.2. Revenue from Exchange Transactions**

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

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

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

Revenue from the services rendered is recognised when:

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



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

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

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

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

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

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Interest revenue is recognised using the effective interest rate method.

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

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

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services. Refer to policy 1.25.

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

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service.



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It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

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

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

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

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

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

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

### **Identification**



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

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

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

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

## **1.26. RELATED PARTIES**

A related party is a person or an entity:

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

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

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
  - has control or joint control over the Municipality.
  - has significant influence over the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.



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- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).
- The entity, or any member of a group of which it is part, provides management services to the reporting entity or to the controlling entity of the reporting entity

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

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

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

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

Management personnel include:

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

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



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consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

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

#### **1.27. UNAUTHORISED EXPENDITURE**

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

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

#### **1.29. FRUITLESS AND WASTEFUL EXPENDITURE**

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

#### **1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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



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

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

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

### **1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

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

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

***Post-retirement medical obligations, Long service awards and Ex gratia gratuities***

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

***Impairment of Receivables***

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



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***Impairment of Statutory Receivables***

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

***Property, Plant and Equipment***

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

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

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

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

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

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

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was

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based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

***Intangible Assets***

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

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

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

***Investment Property***

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

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

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

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

***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.

***Provisions and Contingent Liabilities***



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

***Provision for Landfill Sites***

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

Management referred to the following when making assumptions regarding provisions:

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

***Provision for Staff leave***

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave, to a maximum of 48 days per employee, at the reporting date. This provision will be realised as employees take leave or when employment is terminated.

***Pre-paid electricity estimation***

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end, which is still unused. The average pre-paid electricity sold per day during the year under review is used, and the estimate is calculated using the last 5 days' worth of unused electricity.

***Componentisation of Infrastructure assets***

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

***Revenue Recognition***

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



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

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

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

### **1.32. VALUE ADDED TAX**

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

### **1.33. CAPITAL COMMITMENTS**

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

Commitments are disclosed in the notes exclusive of VAT.

### **1.34. EVENTS AFTER REPORTING DATE**

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

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

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

### **1.35. SEGMENT REPORTING**

A segment is an activity of an entity:



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

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

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

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

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

#### **1.36. CONSUMER DEPOSITS**

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

#### **1.37. BORROWING COST**

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

#### **1.38. TRANSFER AND SUBSIDIES - EXPENDITURE**

The Municipality transfers money to individuals, organisations and other sectors of government from time to time. These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.



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**2. PROPERTY, PLANT AND EQUIPMENT**

**2.1 30 JUNE 2025**

	Cost										Accumulated Impairment					Accumulated Depreciation					Carrying Value												
	Opening Balance					Additions					Disposals	Closing Balance	Opening Balance			Additions		Reversals		Disposals		Opening Balance			Additions		Corrections		Disposals		Opening Balance		
	Opening Balance	Under construction	Corrections	Residual value	Opening Balance	Additions	Under construction	Disposals	Closing Balance	Opening Balance			Opening Balance	Additions	Reversals	Disposals	Closing Balance	Opening Balance	Corrections	Additions	Disposals	Closing Balance											
Infrastructure assets																																	
o Roads	31 402 707	2 413 447			33 816 154	5 337 445	2 028 791		39 153 599	(1 287 790)								(1 287 790)	(7 667 061)		(1 140 331)		(8 807 392)	29 058 417									
o Storm water	19 665 791	-			19 665 791				19 665 791	-								-	(3 069 574)	(388 374)		(3 457 948)		16 207 843									
o Electrical	16 146 493	3 041 892			19 188 385	4 483 428	2 633 598		23 671 813	-								-	(3 302 591)	(468 690)		(3 771 281)		19 900 532									
o Water supply	55 369 212	5 876 026			61 245 238	2 417 792	2 977 808		63 663 030	-								-	(11 864 542)	(1 431 146)		(13 295 688)		50 367 342									
o Sanitation	46 060 283	6 648 440			52 708 724	11 585 340	18 233 780		64 294 063	(163 500)								(163 500)	(9 428 869)	(1 001 841)		(10 430 710)		53 699 853									
o Solid waste	1 098 851	124 540			1 223 391	238 104	362 644		1 461 495	-								-	(375 306)	(20 414)		(395 721)		1 065 774									
o Landfill sites	12 497 965	-			12 497 965	1 794 168			14 292 134	(304 660)								(304 660)	(11 657 060)		(299 284)		(11 956 344)	2 031 129									
Community Assets	28 729 384	1 214 542			29 943 926	590 630	1 695 090		30 534 556	(3 469 842)								(3 469 842)	(2 228 923)	(178)	(314 366)		(2 543 467)	24 521 246									
Land	1 646 152	-			1 646 152				1 646 152	(392 300)								(392 300)	-				-	1 253 852									
Other Assets	7 131 824	3 231 101			10 362 924	504 372	3 612 644		10 867 296	(157 000)								(157 000)	(580 580)		(123 754)		(704 334)	10 005 962									
Computer Equipment	2 542 422	-			2 542 422	126 374			(81 510)	2 587 286								-	(1 176 331)	(256 074)		69 366		(1 363 040)	1 224 246								
Furniture and Office Equipment	2 304 545	-			2 304 545	75 414			(167 754)	2 212 205								-	(1 278 371)	(168 924)		129 867		(1 317 428)	894 776								
Machinery and Equipment	2 637 483	-			2 637 483	758 099			(274 556)	3 121 026								-	(1 205 696)	(233 719)		239 509		(1 199 906)	1 921 120								
Transport Assets	13 507 163	-			1 394 288	14 901 450	1 455 942			16 357 392	-							-	(5 090 277)	(798 168)				(5 888 445)	10 468 947								
Leased assets																																	
	240 740 274	22 549 987	-	1 394 288	264 684 549	29 367 107	31 544 354	(523 820)	293 527 836	(5 775 093)	-	-	-	-	-	-	(5 775 093)	(58 925 181)	(178)	(6 645 086)		438 741	(65 131 704)	222 621 040									

**2.2 30 JUNE 2024**

	Cost										Accumulated Impairment					Accumulated Depreciation					Carrying Value												
	Opening Balance					Additions					Disposals	Closing Balance	Opening Balance			Additions		Reversals		Disposals		Opening Balance			Additions		Corrections		Disposals		Opening Balance		
	Opening Balance	Under construction	Corrections	Residual value	Opening Balance	Additions	Under construction	Disposals	Closing Balance	Opening Balance			Opening Balance	Additions	Reversals	Disposals	Closing Balance	Opening Balance	Corrections	Additions	Disposals	Closing Balance											
Infrastructure assets																																	
o Roads	31 402 707	58 006			31 460 713	2 413 447	2 413 447	(58 006)	33 816 154	(1 287 790)								(1 287 790)	(6 707 854)		(695 206)		(7 667 061)	24 861 303									
o Storm water	16 065 505	416 167			16 481 672	3 184 119			19 665 791	-								-	(2 691 999)		(377 575)		(3 069 574)	16 596 217									
o Electrical	16 254 555	146 442	(108 062)		16 292 935	2 895 450	3 041 892		19 188 385	-								-	(2 908 295)		(394 296)		(3 302 591)	15 885 794									
o Water supply	55 369 251	1 035 523	(29 925)		56 374 849	4 870 389	5 876 026		61 245 238	-								-	(10 508 338)		(1 356 204)		(11 864 542)	49 380 696									
o Sanitation	46 009 218				46 009 218	6 699 505	6 648 440		52 708 724	(163 500)								(163 500)	(8 428 639)		(1 000 230)		(9 428 869)	43 116 354									
o Solid waste	1 098 851				1 098 851	124 540	124 540		1 223 391	-								-	(354 892)		(20 414)		(375 306)	848 085									
o Landfill sites	12 393 252				12 393 252	104 713	1 214 542		12 497 965	(304 660)								(304 660)	(10 732 294)		(924 766)		(11 657 060)	536 245									
Community Assets	28 538 980	1 004 132			29 543 112	400 814	1 214 542		29 943 926	(3 469 842)								(3 469 842)	(1 927 552)		(301 371)		(2 228 923)	24 245 161									
Land	1 646 152	-			1 646 152				1 646 152	(392 300)								(392 300)	-				-	1 253 852									
Other Assets	6 958 431	2 294 744			9 253 175	1 109 750	3 231 101		10 362 924	(157 000)								(157 000)	(459 600)		(120 980)		(580 580)	9 625 345									
Computer Equipment	2 305 758				2 307 826	234 596			2 304 545	-								-	(940 079)		(103)		(236 149)	(1 176 331)	1 366 091								
Furniture and Office Equipment	2 130 198				2 130 198	174 347			2 127 046									-	(1 124 693)		(155 678)		(1 278 371)	1 026 174									
Machinery and Equipment	2 249 346				2 270 946	366 537			2 267 883									-	(1 006 418)		(2 160)		(197 118)	(1 205 696)	1 431 786								
Transport Assets	8 776 691				1 394 288	10 170 979	4 973 892		(243 420)	14 901 450								-	(3 856 554)		(2 154 801)		21 078	(5 090 277)	(1 981 173)								
Leased assets	283 691				283 691													-	(243 943)		(39 747)		283 691	-	-								
	231 482 586	4 955 014	(114 319)	1 394 288	237 717 568	27 552 098	22 549 987	(585 117)	264 684 549	(5 775 093)	-	-	-	-	-	-	(5 775 093)	(51 891 150)	(2 263)	(7 336 536)		304 769	(58 925 181)	199 984 276									

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

		2025 R	2024 R
<b>2.3</b>	<b>Property, Plant and Equipment where construction or development has been halted:</b>		
Community Assets			2 952 798
<b>Total</b>		<u><u>-</u></u>	<u><u>2 952 798</u></u>
Matamela Enterprises (Pty) Ltd. was appointed as principal contractor on 09 February 2024 for execution of the works under tender 157/2023, for an approved contract amount of R 2 952 797.50 (Inclusive of VAT). The Employer's Agent (Urban Engineering) managed the project on behalf of the municipality. The contractor failed to submit contractual documentation (Clause 5.3.2) and neglected to carry out the obligations under the contract (Clause 9.2.1.3.6 ) in terms of the General Conditions of Contract. The contract has been terminated, and the municipality will evaluate whether the tender will be re-advertised.			
Roll-over for unspent funds could not be obtained and the project has been discontinued.			
<b>2.4</b>	<b>Expenditure incurred to repair and maintain Property, Plant and Equipment:</b>		
Employee related costs		12 388 556	11 077 767
Balance previously reported			10 433 730
Plus: Correction due to re-classification of projects			644 037
Other materials		450 605	541 519
Contracted Services		3 933 293	3 688 956
Balance previously reported			3 055 841
Plus: Correction due to re-classification of projects			633 115
Other Expenditure		1 398 428	1 614 622
Balance previously reported			3 573 485
Plus: Correction due to re-classification of projects			(1 958 863)
<b>Total Repairs and Maintenance</b>		<u><u>18 170 883</u></u>	<u><u>16 922 864</u></u>
<b>2.5</b>	<b>Assets pledged as security and restrictions:</b>		
No municipal assets are pledged as security.			
<b>2.6</b>	<b>Impairment losses of Property, Plant and Equipment</b>		
No impairment losses were recognised.			
<b>2.7</b>	<b>Reversal of Impairment losses of Property, Plant and Equipment</b>		
Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:			
Infrastructure		1 544 930	2 213 331
<b>Total Reversal of Impairment losses</b>		<u><u>1 544 930</u></u>	<u><u>2 213 331</u></u>
<b>2.8</b>	<b>Effect of changes in accounting estimates</b>		
		2025 R	2026 R
Effect on Property, plant and equipment		<u><u>12 962</u></u>	<u><u>(140)</u></u>
		2025 R	2024 R
<b>2.9</b>	<b>Contractual commitments for acquisition of Property, Plant and Equipment:</b>		
Approved and contracted for:		2 734 856	16 454 925
Infrastructure		2 734 856	16 454 925
<b>Total</b>		<u><u>2 734 856</u></u>	<u><u>16 454 925</u></u>
		2025 R	2024 R
This expenditure will be financed from:			
Government Grants		2 521 814	11 386 562
Internally generated funds		213 041	5 068 363
<b>Total</b>		<u><u>2 734 856</u></u>	<u><u>16 454 925</u></u>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>2. PROPERTY, PLANT AND EQUIPMENT (continued)</b>		
<b>2.10 Retention incurred on Property, Plant and Equipment:</b>		
Opening Balance	133 472	345 033
Withdrawals	-	(153 555)
Retention forfeited	(133 472)	(58 006)
<b>Total</b>	<b>-</b>	<b>133 472</b>
Kgota Holding Civils was appointed under Tender 27/2021 for the construction of a boundary wall in at the sports field in Leeu-Gamka. It was found that there was structural failures and damages to sections of the boundary wall, which left the facility vulnerable to unauthorised entry. The contractor failed to perform remedial work during the defects liability period. After final inspection on 30 May 2024, the municipality found that the structural failures and damages remain, and therefore led to the contractor forfeiting the retention withheld by the municipality on the project.		
<b>3 INVESTMENT PROPERTY</b>		
<b>3.1 Net Carrying amount at 1 July</b>	<b>13 615 209</b>	<b>13 541 294</b>
Cost	14 740 765	14 659 576
Accumulated Depreciation	(101 305)	(94 032)
Accumulated Impairment Loss	(1 024 251)	(1 024 251)
Additions	-	81 189
Depreciation for the year	(8 231)	(7 273)
<b>Net Carrying amount at 30 June</b>	<b>13 606 978</b>	<b>13 615 209</b>
Cost	14 740 765	14 740 765
Accumulated Depreciation	(109 536)	(101 305)
Accumulated Impairment Loss	(1 024 251)	(1 024 251)
<b>3.2 Revenue from Investment Property</b>		
Revenue derived from the rental of Investment Property	489 068	346 851
Balance previously reported	333 491	13 360
Plus: Correction of error	13 360	
	<b>489 068</b>	<b>346 851</b>
<b>4. INTANGIBLE ASSETS</b>		
<b>4.1 Net Carrying amount at 1 July</b>	<b>435 148</b>	<b>473 801</b>
Cost	750 839	690 637
Accumulated Amortisation	(315 691)	(216 836)
Additions	39 990	60 202
Amortisation	(73 829)	(98 855)
Disposals	(23 661)	
Amortisation written back on disposal	18 586	
<b>Net Carrying amount at 30 June</b>	<b>396 234</b>	<b>435 148</b>
Cost	790 829	750 839
Accumulated Amortisation	(389 520)	(315 691)
<b>5. HERITAGE ASSETS</b>		
<b>5.1 Net Carrying amount at 1 July</b>	<b>1 245 000</b>	<b>1 245 000</b>
Cost	1 245 000	1 245 000
<b>Net Carrying amount at 30 June</b>	<b>1 245 000</b>	<b>1 245 000</b>
Cost	1 245 000	1 245 000
Historical buildings	1 245 000	1 245 000
	<b>1 245 000</b>	<b>1 245 000</b>

There are no restrictions on the title and disposal of Heritage Assets

There are no Heritage Assets pledged as security for liabilities

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



PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>6. OPERATING LEASE ARRANGEMENTS</b>		
<b>6.1 The Municipality as Lessor</b>		
Operating Lease Asset	<u>34 395</u>	<u>1 735</u>
	2025 R	2024 R
<u>Disclosed as follows:</u>		
Current Operating Lease Asset	34 395	1 735
Balance previously reported	106 060	(104 325)
Less: Correction of error	(106 060)	(104 325)
	<u>34 395</u>	<u>1 735</u>
	2025 R	2024 R
<b>Reconciliation</b>		
Balance at the beginning of the year	1 735	21 966
Balance previously reported	139 058	(117 092)
Less: Correction of error	(139 058)	(117 092)
Movement during the year	32 660	(20 231)
Balance previously reported	(32 998)	12 767
Less: Correction of error	(32 998)	12 767
Balance at the end of the year	<u>34 395</u>	<u>1 735</u>
	2025 R	2024 R
At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
Up to 1 Year	273 771	254 334
Balance previously reported	243 326	11 008
Plus: Correction of error	11 008	(11 008)
1 to 5 Years	637 837	911 608
Balance previously reported	491 159	420 449
Plus: Correction of error	420 449	(420 449)
More than 5 Years	-	-
<b>Total Operating Lease Arrangements</b>	<u>911 608</u>	<u>1 165 942</u>
This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.		
<b>7. INVENTORY</b>		
Consumables	358 599	399 149
Land	219 420	219 420
Water	47 481	47 481
<b>Total Inventory</b>	<u>625 499</u>	<u>666 050</u>
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
<b>7.1 Inventories recognise as an expense during the year:</b>		
Consumables	43 499	43 159
Materials and Supplies	510 595	612 290
Balance previously reported	622 637	(10 348)
Less: Correction of error - Note 43.8	(10 348)	(10 348)
<b>Total</b>	<u>554 093</u>	<u>655 449</u>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>8. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Electricity	2 706 139	3 956 007
Water	10 640 538	9 784 144
Property Rentals	1 012 705	921 136
Waste Management	5 626 037	4 295 984
Waste Water Management	8 308 624	6 580 314
Trading Service and Customer Service Debtors - Abeyance	1 556 225	1 399 944
Other Arrears	2 521 033	2 194 850
Prepayments and Advances	368 106	-
Annual Licence Fees	368 106	-
<b>Total: Receivables from exchange transactions (before provision)</b>	<b>32 739 405</b>	<b>29 132 378</b>
<b>Less:</b> Provision for Debt Impairment	<b>(25 922 510)</b>	<b>(22 059 541)</b>
<b>Total: Receivables from exchange transactions (after provision)</b>	<b>6 816 896</b>	<b>7 072 837</b>
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.		
<b>(Electricity): Ageing</b>		
Current (0 - 30 days)	936 518	2 095 404
31 - 60 Days	391 773	300 128
61 - 90 Days	108 293	216 782
+ 90 Days	619 189	988 078
<b>Sub-total</b>	<b>2 055 773</b>	<b>3 600 390</b>
Plus: Correction of ampere charges iro 2022/23 (levied during 2025/26)	165 328	165 328
Plus: Correction of ampere charges iro 2023/24 (levied during 2025/26)	190 288	190 288
Plus: Correction of ampere charges iro 2024/25 (levied during 2025/26)	190 288	104 461
Plus: Unbilled revenue	104 461	104 461
<b>Total</b>	<b>2 706 139</b>	<b>3 956 007</b>
<b>(Water): Ageing</b>		
Current (0 - 30 days)	502 538	1 219 979
31 - 60 Days	522 281	544 856
61 - 90 Days	542 452	580 704
+ 90 Days	9 073 267	7 438 605
<b>Total</b>	<b>10 640 538</b>	<b>9 784 144</b>
<b>(Property Rentals): Ageing</b>		
Current (0 - 30 days)	34 613	73 723
31 - 60 Days	20 548	18 973
61 - 90 Days	18 174	18 319
+ 90 Days	939 369	810 121
<b>Total</b>	<b>1 012 705</b>	<b>921 136</b>
<b>(Waste Management): Ageing</b>		
Current (0 - 30 days)	300 591	241 688
31 - 60 Days	236 519	230 507
61 - 90 Days	200 724	225 867
+ 90 Days	4 888 202	3 597 922
<b>Total</b>	<b>5 626 037</b>	<b>4 295 984</b>
<b>(Waste Water Management): Ageing</b>		
Current (0 - 30 days)	566 501	442 545
31 - 60 Days	360 090	376 847
61 - 90 Days	312 127	326 760
+ 90 Days	7 069 906	5 434 162
<b>Total</b>	<b>8 308 624</b>	<b>6 580 314</b>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

		2025 R	2024 R		
<b>8. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)</b>					
<b><u>Trading Service and Customer Service Debtors - Abeyance</u></b>					
+ 90 Days		1 556 225	1 399 944		
<b>Total</b>		<b>1 556 225</b>	<b>1 399 944</b>		
<b><u>(Other): Ageing</u></b>					
Current (0 - 30 days)		12 439	11 858		
31 - 60 Days		8 619	7 020		
61 - 90 Days		8 978	6 684		
+ 90 Days		2 490 998	2 169 288		
<b>Total</b>		<b>2 521 033</b>	<b>2 194 850</b>		
<b><u>Prepayments and Advances</u></b>					
+ 90 Days		368 106	-		
		<b>368 106</b>	<b>-</b>		
<b><u>(Total): Ageing</u></b>					
Current (0 - 30 days)		2 353 200	4 085 196		
31 - 60 Days		1 539 830	1 478 331		
61 - 90 Days		1 190 748	1 375 115		
+ 90 Days		27 005 262	21 838 119		
<b>Sub-total</b>		<b>32 089 040</b>	<b>28 776 762</b>		
Plus: Correction of ampere charges iro 2022/23 (levied during 2025/26)		165 328	165 328		
Plus: Correction of ampere charges iro 2023/24 (levied during 2025/26)		190 288	190 288		
Plus: Correction of ampere charges iro 2024/25 (levied during 2025/26)		190 288	190 288		
Plus: Unbilled revenue		104 461			
<b>Total</b>		<b>32 739 405</b>	<b>29 132 378</b>		
<b><u>Summary of Debtors by Customer Classification</u></b>					
		Residential	Industrial/ Commercial	National and Provincial Government	Total
<b>30 June 2025</b>					
Current (0 - 30 days)		1 700 502	377 085	275 612	2 353 200
31 - 60 Days		1 341 873	102 843	95 115	1 539 830
61 - 90 Days		1 132 238	15 051	43 459	1 190 748
+ 90 Days		25 876 545	787 156	341 561	27 005 262
Sub-total		30 051 157	1 282 135	755 747	32 089 040
<b>Plus:</b> Ampere charges iro 2022/23 (levied during 2025/26)		202 471	(37 143)		165 328
Ampere charges iro 2023/24 (levied during 2025/26)		233 043	(42 755)		190 288
Ampere charges iro 2024/25 (levied during 2025/26)		233 043	(42 755)		190 288
Unbilled revenue			104 461		104 461
		30 719 715	1 263 943	755 747	32 739 405
<b>Less:</b> Provision for Debt Impairment		(25 419 753)	(502 757)		(25 922 510)
<b>Total debtors by customer classification</b>		<b>5 299 962</b>	<b>761 186</b>	<b>755 747</b>	<b>6 816 895.51</b>
<b><u>Summary of Debtors by Customer Classification</u></b>					
		Residential	Industrial/ Commercial	National and Provincial Government	Total
<b>30 June 2024</b>					
Current (0 - 30 days)		3 224 318	477 143	383 736	4 085 196
31 - 60 Days		1 390 941	56 280	31 110	1 478 331
61 - 90 Days		1 292 398	60 888	21 829	1 375 115
+ 90 Days		20 330 775	436 103	1 071 242	21 838 119
Sub-total		26 238 431	1 030 413	1 507 917	28 776 762
<b>Plus:</b> Ampere charges iro 2022/23 (levied during 2025/26)		202 471	(37 143)		165 328
Ampere charges iro 2023/24 (levied during 2025/26)		233 043	(42 755)		190 288
		26 673 946	950 516	1 507 917	29 132 378
<b>Less:</b> Provision for Debt Impairment		(21 447 413)	(612 128)	-	(22 059 541)
<b>Total debtors by customer classification</b>		<b>5 226 532</b>	<b>338 388</b>	<b>1 507 917</b>	<b>7 072 837</b>



PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
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8. RECEIVABLES FROM EXCHANGE TRANSACTIONS (*continued*)

**Reconciliation of Provision for Debt Impairment**

Balance at beginning of year	22 059 541	17 456 568
Contribution to provision	5 445 193	4 624 423
Reversal of provision	(1 582 225)	(21 450)
Balance at end of year	<b><u>25 922 510</u></b>	<b><u>22 059 541</u></b>

The total amount of this provision consist of:

Services	24 046 244	18 940 637
Other Debtors	1 876 266	3 118 905
Balance previously reported		3 118 929
Less: Correction of error		(24)
<b>Total Provision for Debt Impairment on Receivables from exchange transactions</b>	<b><u>25 922 510</u></b>	<b><u>22 059 541</u></b>

**Ageing of amounts past due but not impaired:**

1 month past due	525 290	392 512
Balance previously reported		1 478 331
Less: Correction of error		(1 085 820)
2+ months past due	2 549 855	1 847 532
Balance previously reported		5 238 864
Less: Correction of error		(3 391 333)
	<b><u>3 075 144</u></b>	<b><u>2 240 043</u></b>

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

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

**Reconciliation of bad debts written off**

Consumer debtors	2 948 693	3 872 527
Other debtors	65 173	158 691
	<b><u>3 013 865</u></b>	<b><u>4 031 218</u></b>

9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	3 885 786	3 257 975
Fines	18 010 151	62 040 092
Other Receivables	46 700	46 700
	<b><u>21 942 638</u></b>	<b><u>65 344 768</u></b>
<b>Less:</b> Provision for Debt Impairment	<b><u>(19 352 274)</u></b>	<b><u>(64 090 298)</u></b>
<b>Total Receivables from non-exchange transactions</b>	<b><u>2 590 364</u></b>	<b><u>1 254 470</u></b>

The fair value of other receivables approximate their carrying value.

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



PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (continued)</b>		
<b>(Rates): Ageing</b>		
Current (0 - 30 days)	303 101	236 045
31 - 60 Days	130 498	107 719
61 - 90 Days	96 900	102 914
+ 90 Days	3 355 288	2 811 298
<b>Total</b>	<b>3 885 786</b>	<b>3 257 975</b>

**Summary of Debtors by Customer Classification**

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
<b>30 June 2025</b>				
Current (0 - 30 days)	294 462	8 830	(191)	303 101
31 - 60 Days	123 408	3 466	3 624	130 498
61 - 90 Days	78 115	14 853	3 932	96 900
+ 90 Days	1 164 373	1 430 238	760 677	3 355 288
Sub-total	1 660 357	1 457 387	768 042	3 885 786
<b>Less:</b> Provision for Debt Impairment	<b>(1 293 268)</b>	<b>(1 448 390)</b>		<b>(2 741 658)</b>
<b>Total debtors by customer classification</b>	<b>367 089</b>	<b>8 997</b>	<b>768 042</b>	<b>1 144 128</b>

**Summary of Debtors by Customer Classification**

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
<b>30 June 2024</b>				
Current (0 - 30 days)	207 765	22 254	6 027	236 045
31 - 60 Days	95 150	8 010	4 558	107 719
61 - 90 Days	92 707	5 673	4 535	102 914
+ 90 Days	931 871	1 250 590	628 836	2 811 298
Sub-total	1 327 492	1 286 527	643 956	3 257 975
<b>Less:</b> Provision for Debt Impairment	<b>(1 029 763)</b>	<b>(1 270 247)</b>	<b>-</b>	<b>(2 300 009)</b>
<b>Total debtors by customer classification</b>	<b>297 729</b>	<b>16 281</b>	<b>643 956</b>	<b>957 966</b>

**Reconciliation of Provision for Debt Impairment**

Balance at beginning of year	64 090 298	56 336 910
Contribution to provision	441 649	7 753 388
Reversal of provision	(45 179 673)	-
Balance at end of year	<b>19 352 274</b>	<b>64 090 298</b>

The total amount of this provision is R19 352 274 and consist of:

Taxes	2 741 658	2 300 009
Fines	16 610 615	61 790 289
<b>Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions</b>	<b>19 352 274</b>	<b>64 090 298</b>

**Ageing of amounts past due but not impaired:**

1 month past due	60 290	54 664
Balance previously reported		107 719
Less: Correction of error		(53 054)
2+ months past due	740 251	650 758
Balance previously reported		850 247
Less: Correction of error		(199 490)
	<b>800 540</b>	<b>705 422</b>

**Reconciliation of bad debts written off**

Property rates debtors	169 796	46 906
Traffic fines	54 533 421	
<b>54 703 217</b>	<b>46 906</b>	



PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2025	2024
R	R

**9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (continued)**

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

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

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

**10. BANK ACCOUNTS**

**10.1 Cash and Cash Equivalents**

Current Accounts	902 158	578 116
Cash On-hand	6 047	5 987
<b>Total Cash and Cash Equivalents - Assets</b>	<b>908 205</b>	<b>584 103</b>

**10.2 Short-term Investments**

Call Deposits	50 157 204	57 684 012
<b>Total Short-term Investments</b>	<b>50 157 204</b>	<b>57 684 012</b>

**A Bank Guarantee is retained for Eskom by ABSA Bank**

The municipality has the following bank accounts:

**Current Accounts**

Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):	902 158	578 116
	<b>902 158</b>	<b>578 116</b>

**Call Deposits and Investments**

Prince Albert ABSA Bank - Account Number 9287334653 (Savings Account):	1 247 830	1 351 080
Prince Albert ABSA Bank - Account Number 9360966391 (Call Deposit Account):	48 909 374	45 151 313
Prince Albert Nedbank - Account Number 03/7881131594/000029 (Fixed Deposit Account):	-	11 181 620
	<b>50 157 204</b>	<b>57 684 012</b>

Details of current accounts are as follow:

**Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):**

Cash book balance at beginning of year	578 116	458 559
Cash book balance at end of year	<b>902 158</b>	<b>578 116</b>
Bank statement balance at beginning of year	578 116	342 011
Bank statement balance at end of year	<b>902 158</b>	<b>578 116</b>

**11. NON-CURRENT PROVISIONS**

Provision for Rehabilitation of Landfill-sites	27 752 853	25 338 117
<b>Total Non-current Provisions</b>	<b>27 752 853</b>	<b>25 338 117</b>

**11.1 Landfill Sites**

Balance 1 July	25 338 117	25 166 324
<b>Additions for the year</b>		
Increase due to discounting	2 165 497	2 280 411
Unused amounts reversed	(1 505 469)	(2 213 331)
Capitalizing increase or decrease -cost	1 794 168	60 183
Addition- post closure cost	(39 461)	44 530
<b>Balance 30 June</b>	<b>27 752 853</b>	<b>25 338 117</b>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

11. NON-CURRENT PROVISIONS (continued)

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

	Prince Albert	Leeu Gamka	Klaarstroom
Rehabilitation area (m <sup>2</sup> )	23 972	13 434	5 232
Costs for rehabilitation and closure:			
Preliminary and general	1 731 447	1 141 235	513 505
Site clearance and preparation	36 437	20 420	7 953
Storm water control measures	1 925 275	1 249 322	919 382
Capping	8 325 966	5 074 330	2 028 269
Leachate management	635 931	430 360	274 121
Fencing	14 146	434 888	14 146
Other:			
Environmental authorisation (closure license)	460 688	460 688	460 688
Technical ROD	236 794	236 794	236 794
Install groundwater monitoring boreholes with lockable caps	98 650	113 750	167 150
Landscape architects	170 010	169 672	167 180
Water use license	39 000	39 000	39 000
Topographical survey as per quotation area (minimum R6 750)	18 100	12 929	8 350
Contingencies (10% of total construction costs)	1 266 920	835 055	375 737
Engineering: Professional fees	1 746 793	1 221 701	590 139
Site supervision (Engineer's representative)	440 538	321 337	125 707
Site supervision (Environmental control officer & OHS agent)	88 907	103 873	47 043
<b>Total (Excl VAT)</b>	<b>17 235 601</b>	<b>11 865 354</b>	<b>5 975 163</b>
Cost per rehab (m <sup>2</sup> )	719	883	1 142

In terms of the licencing of the landfill-sites, the municipality will incur licensing and rehabilitation costs of R27 752 853 (2024: R25 338 117) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the Government Bond Rate of borrowing.

Location	Estimated decommission date	2025	2024
		R	R
Prince Albert	2029	15 217 436	15 499 003
Leeu Gamka	2031	9 530 539	7 534 047
Klaarstroom	2038	3 004 878	2 305 066
		<b>27 752 853</b>	<b>25 338 117</b>

12. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	5 108 000	4 407 000
Provision for Ex-Gratia Pension Benefits	51 460	29 460
Provision for Long Service Awards	2 434 000	2 029 000
<b>Total Non-current Employee Benefits</b>	<b>7 593 460</b>	<b>6 465 460</b>

**Post Retirement Health Care Benefits**

Balance 1 July	4 669 000.20	4 622 000
Contribution for the year	116 000.00	108 000
Interest cost	557 000.00	566 000
Expenditure for the year	(263 130.00)	(257 544)
Actuarial Loss/(Gain)	293 130.00	(369 456)
<b>Total provision 30 June</b>	<b>5 372 000.20</b>	<b>4 669 000</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 14	(264 000)	(262 000)
<b>Balance 30 June</b>	<b>5 108 000</b>	<b>4 407 000</b>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>12. NON-CURRENT EMPLOYEE BENEFITS (continued)</b>		
<b><u>Ex-Gratia Pensions</u></b>		
Balance 1 July	42 930.00	40 470
Interest cost	3 600.00	3 570
Actuarial Loss/(Gain)	24 370.00	(1 110)
<b>Total provision 30 June</b>	<b>70 900.00</b>	<b>42 930</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 14	<b>(19 440)</b>	<b>(13 470)</b>
<b>Balance 30 June</b>	<b>51 460</b>	<b>29 460</b>
<b><u>Long Service Awards</u></b>		
Balance 1 July	2 308 000.00	1 612 000
Contribution for the year	240 000.00	186 000
Interest cost	251 000.00	183 000
Expenditure for the year	(303 230.61)	(256 791)
Actuarial Loss/(Gain)	81 230.61	583 791
<b>Total provision 30 June</b>	<b>2 577 000.00</b>	<b>2 308 000</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 14	<b>(143 000)</b>	<b>(279 000)</b>
<b>Balance 30 June</b>	<b>2 434 000</b>	<b>2 029 000</b>

**12.1 Provision for Post Retirement Health Care Benefits**

**CHARACTERISTICS**

**Nature of the plan**

Eligible employees will receive a post-employment subsidy of 70% of the contributions payable should they be a member of a medical scheme at retirement.

Continuation members and their eligible dependants receive a 70% subsidy.

Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

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

**Regulatory framework**

GRAP 25, derived from IPSAS 39 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023.

It applies to institutions falling within the ambit of the Finance Management Act.

**Risks of the plan**

**Inflation:** The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.

**Longevity:** The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.

**Volatility of open-ended, long-term DBO:** The risk that the DBO may be volatile which is exacerbated by its long-term nature.

**Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

**Future changes in legislation:** The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the DBO for the Municipality.

There are no curtailments or settlement to reflect.

**VALUATION METHOD**

The projected unit credit method has been used i.e. the defined benefit obligation in respect of eligible employees is accrued over their expected working lifetimes. The average expected remaining working-lifetime of the employees is 20.3 years.

Post Retirement Benefits (PEMA)	5 372 000	4 669 000
<b>Total Net defined benefit liability</b>	<b>5 372 000</b>	<b>4 669 000</b>



PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>12. NON-CURRENT EMPLOYEE BENEFITS (continued)</b>		
<b><u>Post Retirement Health Care Benefits</u></b>		
Balance 1 July	4 669 000	4 622 000
Contribution for the year	673 000	674 000
Expenditure for the year	(263 130)	(257 544)
Actuarial Loss/(Gain)	293 130	(369 456)
<b>Net defined benefit liability</b>	<b>5 372 000</b>	<b>4 669 000</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 14	(264 000)	(262 000)
<b>Non-current portion: Net defined benefit liability</b>	<b>5 108 000</b>	<b>4 407 000</b>

The total Defined Benefit Obligation has increased by 15% (or R0.703 million) since the last valuation.

The main reasons for the actual movement in the DBO are listed below.

In-Service Members

The **average in-service member DBO** has increased by 36% 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.

The **total in-service member DBO** has increased by 30% due to the above, partially offset by a decrease in the number of in-service members.

In-Service Non-Members

The **average in-service non-member DBO** has increased by 21% since the last valuation due to:

- an increase in the average post-employment subsidy; and
- a decrease in the net discount rate.

These impacts were partially offset by a decrease in the average age.

The **total in-service non-member DBO** has increased by 32% due to the above, combined with an increase in the number of in-service non-members.

Continuation Members

The **average continuation member DBO** has increased by 6% since the last valuation due to an increase in the average subsidy and a decrease in the net discount rate. These impacts were partially offset by an increase in the average age.

The **total continuation member DBO** has also increased by 6% due to the above, and because there was no change in the number of continuation members.

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2025	2024
In-service (employee) members	23	24
In-service (employee) non-members	47	43
Continuation members (e.g. Retirees, widows, orphans)	7	7
<b>Total Members</b>	<b>77</b>	<b>74</b>

	2025 R	2024 R
The <b>defined benefit obligation</b> was estimated to be as follows:		
In-service members (eligible employees on medical aid)	1 627 000	1 250 000
In-service non-members (eligible employees w/o medical aid)	562 000	425 000
Continuation members (retirees and surviving dependants)	3 183 000	2 994 000
<b>Total Liability</b>	<b>5 372 000</b>	<b>4 669 000</b>

**Key actuarial assumptions used:**

<u>Financial assumptions</u>	2025	2024
i) <b>Rate of interest</b>	%	%
Discount rate	11.2%	12.26%
CPI inflation rate	5.2%	6.24%
Medical Aid Contribution Inflation Rate	7.0%	7.74%
<b>Net discount rate</b>	<b>3.9%</b>	<b>4.20%</b>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

		2025	2024
12. <b>NON-CURRENT EMPLOYEE BENEFITS (continued)</b>			
<b>Demographic assumptions</b>			
ii) <b>Average retirement age</b>		62	
iii) <b>Mortality during employment</b>		SA 85 - 90	
iv) <b>Mortality post-employment</b>		PA(90) -1 with a 1% mortality improvement p.a. from 2010	
v) <b>Continuation of membership at retirement</b>		75%	
vi) <b>Proportion with a spouse dependant at retirement</b>		60%	
<b>Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy at retirement</b>		10%	
vii) <b>Termination of service (resignation and retrenchment):</b>			
Termination rates per annum		Age	Rate
		20 - 24	9%
		25 - 29	8%
		30 - 34	6%
		35 - 39	5%
		40 - 44	5%
		45 - 49	4%
		50 - 54	3%
		55+	0%
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>			
Present value of fund obligations		5 372 000	4 669 000
		<hr/> <b>5 372 000</b>	<hr/> <b>4 669 000</b>
		 <b>2025</b>	 <b>2024</b>
		<b>R</b>	<b>R</b>
There are currently no long-term assets set aside off-balance sheet in respect of the DBO, thus plan assets is zero.			
As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation.			
<b>Reconciliation of present value of fund obligation:</b>			
Present value of fund obligation at the beginning of the year		4 669 000	4 622 000
Service cost		116 000	108 000
Interest cost		557 000	566 000
Expenditure for the year		(263 130)	(257 544)
<u>Actuarial (gains)/losses</u>		293 130	(369 456)
Financial assumptions: increase in net discount rate		203 000	(151 000)
Demographic assumptions: none		-	-
Experience:			
Subsidy inflationary increases higher than assumed		70 000	(11 000)
Changes to membership profile different from assumed		19 000	(197 000)
Actual benefits vested, greater than expected		1 130	(10 456)
<b>Present value of fund obligation at the end of the year</b>		<hr/> <b>5 372 000</b>	<hr/> <b>4 669 000</b>
<u>Less:</u> Transfer of Current Portion to Current Provisions		(264 000)	(262 000)
<b>Net defined benefit liability</b>		<hr/> <b>5 108 000</b>	<hr/> <b>4 407 000</b>

**Sensitivity Analysis**

**Sensitivity Analysis on the defined benefit obligation**

Assumption	Change	Eligible Employees	Continuation members	Total DBO	% change
Central Assumptions		2 189 000	3 183 000	5 372 000	
Medical aid contribution inflation rate	+1%	2 707 000	3 509 000	6 216 000	16%
	-1%	1 786 000	2 904 000	4 690 000	-13%
Discount rate	+1%	1 802 000	2 916 000	4 718 000	-12%
	-1%	2 690 000	3 499 000	6 189 000	15%
Post-employment mortality	+1 yr	2 135 000	3 089 000	5 224 000	-3%
	-1 yr	2 242 000	3 276 000	5 518 000	3%
Average retirement age	-1yr	2 379 000	3 183 000	5 562 000	4%
Membership continuation	-10%	1 921 000	3 183 000	5 104 000	-5%

## 12. NON-CURRENT EMPLOYEE BENEFITS (continued)

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

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		116 000	557 000	673 000	
Medical aid contribution inflation rate	+1%	150 000	644 000	794 000	18%
	-1%	92 000	487 000	579 000	-14%
Discount rate	+1%	93 000	530 000	623 000	-7%
	-1%	148 000	588 000	736 000	9%
Post-employment mortality	+1 yr	114 000	542 000	656 000	-3%
	-1 yr	119 000	572 000	691 000	3%
Average retirement age	-1yr	127 000	575 000	702 000	4%
Membership continuation	-10%	103 000	532 000	635 000	-6%

## Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2026

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		146 000	586 000	732 000	
Medical aid contribution inflation rate	+1%	187 000	681 000	868 000	19%
	-1%	115 000	510 000	625 000	-15%
Discount rate	+1%	117 000	559 000	676 000	-8%
	-1%	184 000	617 000	801 000	9%
Post-employment mortality	+1 yr	143 000	570 000	713 000	-3%
	-1 yr	149 000	603 000	752 000	3%
Average retirement age	-1yr	158 000	608 000	766 000	5%
Membership continuation	-10%	128 000	556 000	684 000	-7%

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

## Future cashflows

The Service Cost for the ensuing year is estimated to be R146 000, whereas the Interest Cost for the next year is estimated to be R586 000.

## Maturity analysis

Year	Future Year	Expected benefits payments
2026	1	279 000
2027	2	293 000
2028	3	307 000
2029	4	329 000
2030	5	361 000
2031 - 2035	6 - 10	2 392 000
2036 - 2040	11 - 15	3 701 000
2041 - 2045	16 - 20	5 946 000
2046 - 2050	21 - 25	9 249 000
2051 - 2055	26 - 30	14 096 000
2056 - 2065	31 - 40	40 849 000
2066 - 2075	41 - 50	46 421 000
2076 - 2085	51 - 60	37 582 000
2086 - 2095	61 - 70	19 344 000
2096 - 3005	71 - 80	5 129 000

## 12.2 Ex-Gratia Pensions

## CHARACTERISTICS

Nature of the plan

Ex-gratia pension was implemented to benefit previously disadvantaged individuals that were prevented from joining a pension fund while in service of the municipality.

Eligible employees are due to receive lump sum payments on normal retirement, medical disability, death in service, resignation or retrenchment.

Regulatory framework

GRAP 25, derived from IPSAS 39 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023.

It applies to institutions falling within the ambit of the Finance Management Act.



12. NON-CURRENT EMPLOYEE BENEFITS (*continued*)Risks of the plan

**Inflation:** The risk that future CPI inflation is higher than assumed and presents in an uncontrolled manner.

**Termination of service:** The risk that fewer eligible employees terminate their service at the Municipality i.e. more benefits will be payable than expected.

**Volatility of open-ended, long-term DBO:** The risk that the DBO may be volatile which is exacerbated by its long-term nature.

**Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

**Future changes in legislation:** The risk that changes to legislation with respect to the ex-gratia benefits, including tax legislation, may increase the DBO for the Municipality.

The **administration** of this DBO poses a burden on the Municipality.

There are no curtailments or settlements to reflect.

**VALUATION METHOD**

The Projected Unit Credit Method has been used to value the defined benefit obligation.

	2025 R	2024 R
Ex-Gratia Pensions	70 900	42 930
<b>Total Net defined benefit liability</b>	<b>70 900</b>	<b>42 930</b>

There are currently no long-term assets set aside off-balance sheet in respect of the DBO, thus plan assets is zero.

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation.

There are no current service costs as the benefit is fully accrued for all eligible individuals.

**Ex-Gratia Pensions**

Balance 1 July	42 930	40 470
Interest cost	3 600	3 570
Expenditure for the year	-	-
Actuarial Loss/(Gain)	24 370	(1 110)
<b>Net defined benefit liability</b>	<b>70 900</b>	<b>42 930</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 14	<b>(19 440)</b>	<b>(13 470)</b>
<b>Non-current portion: Net defined benefit liability</b>	<b>51 460</b>	<b>29 460</b>

**Key actuarial assumptions used:**Financial assumptions

<b>Rate of interest</b>	%	%
Discount rate	8.6%	9.91%
CPI inflation rate	3.1%	4.45%
General earnings inflation rate	4.1%	5.45%
<b>Net discount rate</b>	<b>4.3%</b>	<b>4.23%</b>

Demographic assumptions

Average retirement age	62
Mortality during employment	SA 85 - 90
Termination rates per annum	
	Age
	50
	55+
	%
	3%
	0%

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

Present value of fund obligation at the beginning of the year	42 930	40 470
Interest cost	3 600	3 570
Expenditure for the year	-	-
<b>Actuarial (gains)/losses</b>	<b>24 370</b>	<b>(1 110)</b>
Financial assumptions: increase in net discount rate	(150)	(470)
Demographic assumptions: none		
Experience:		
Changes to lump sums different from assumed	24 420	(500)
Addition of resignation component	13 570	12 720
Changes to eligible employees' profile different from assumed	(13 470)	(12 860)
Actual benefits vested, lower than expected		
<b>Present value of fund obligation at the end of the year</b>	<b>70 900</b>	<b>42 930</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 15	<b>(19 440)</b>	<b>(13 470)</b>
<b>Net defined benefit liability</b>	<b>51 460</b>	<b>29 460</b>



12. NON-CURRENT EMPLOYEE BENEFITS (*continued*)**Sensitivity Analysis****Sensitivity Analysis on the defined benefit obligation**

Assumption	Change	Total DBO	% Change
Central assumptions		70 900	
Inflation rate	+1%	73 660	4%
	-1%	68 310	-4%
Discount rate	+1%	68 130	-4%
	-1%	73 910	4%
Average retirement age	+1 yr	68 980	-3%
	-1 yr	72 960	3%

**Sensitivity analysis on interest cost for year ending 30/06/2025**

Assumption	Change	Interest cost	% Change
Central assumptions		3 600	
Inflation rate	+1%	3 790	5%
	-1%	3 430	-5%
Discount rate	+1%	3 760	4%
	-1%	3 420	-5%
Average retirement age	+1 yr	3 490	-3%
	-1 yr	3 720	3%

**Sensitivity analysis on interest cost for year ending 30/06/2026**

Assumption	Change	Interest cost	% Change
Central assumptions		5 230	
Inflation rate	+1%	5 470	5%
	-1%	5 010	-4%
Discount rate	+1%	5 580	7%
	-1%	4 850	-7%
Average retirement age	+1 yr	5 070	-3%
	-1 yr	5 410	3%

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

**Future cashflows**

The Interest Cost for the next year is estimated to be R5 230.

**Maturity analysis of the DBO**

Year	Future Year	Expected benefits vesting
2026	1	20 580
2027	2	1 110
2028	3	21 440
2029	4	640
2030	5	720
2031 - 2035	6 - 10	49 490
2036 - 2040	11 - 15	11 990
2041 - 2045	16 - 20	-
2046 - 2055	21 - 30	-
2056 - 2065	31 - 40	-

## 12.3 Provision for Long Service Bonuses

**CHARACTERISTICS**Nature of the plan

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

In the month that each "completed service" milestone is reached, the employee is granted an LSA. Working days awarded are valued at 1/250th of annual earnings per day.

Employees' basic salaries are used to determine the Rand value of LSA.

The Municipality does not pay any pro-rata LSA.

Regulatory framework

GRAP 25, derived from IPSAS 39 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023.

It applies to institutions falling within the ambit of the Finance Management Act.



12. NON-CURRENT EMPLOYEE BENEFITS (*continued*)Risks of the plan

**Inflation:** The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.

**Termination of service:** The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.

**Volatility of open-ended, long-term DBO:** The risk that the DBO may be volatile which is exacerbated by its long-term nature.

**Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

**Future changes in legislation:** The risk that changes to legislation with respect to long service awards may increase the DBO for the Municipality.

The **administration** of this DBO poses a burden on the Municipality.

There are no curtailments or settlements to reflect.

**VALUATION METHOD**

The Projected Unit Credit Method has been used to value the defined benefit obligation.

	2025 R	2024 R
Long Service Awards (LSA)	2 577 000	2 308 000
<b>Total Net defined benefit liability</b>	<b>2 577 000</b>	<b>2 308 000</b>

There are currently no long-term assets set aside off-balance sheet in respect of the DBO, thus plan assets is zero.

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation.

Long Service Awards

Balance 1 July	2 308 000	1 612 000
Contribution for the year	240 000	186 000
Interest cost	251 000	183 000
Expenditure for the year	(303 231)	(256 791)
Actuarial Loss/(Gain)	81 231	583 791
<b>Net defined benefit liability</b>	<b>2 577 000</b>	<b>2 308 000</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 14	<b>(143 000)</b>	<b>(279 000)</b>
<b>Non-current portion: Net defined benefit liability</b>	<b>2 434 000</b>	<b>2 029 000</b>

The **average** DBO has increased by 10% since the last valuation due to:

- an increase in the average earnings
- an increase in the average past service.

These impacts were partially offset by an increase in the net discount rate.

The **total** DBO has increased by 12% (or R 269,000) due to the above, combined with an increase in the number of eligible employees since the last valuation.

**Key actuarial assumptions used:**Financial assumptions

	%	%
<b>Rate of interest</b>		
Discount rate	10.2%	11.56%
CPI inflation rate	4.2%	5.65%
General earnings inflation rate	6.7%	6.65%
<b>Net discount rate</b>	<b>4.6%</b>	<b>4.61%</b>

Demographic assumptions

Average retirement age	62
Mortality during employment	SA 85 - 90
Termination rates per annum	

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

	2025 R	2024 R
<b>12. NON-CURRENT EMPLOYEE BENEFITS (continued)</b>		
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	2 308 000	1 612 000
Contribution for the year	240 000	186 000
Interest cost	251 000	183 000
Expenditure for the year	(303 231)	(256 791)
<b>Actuarial (gains)/losses</b>	<b>81 231</b>	<b>583 791</b>
Financial assumptions: increase in net discount rate	(13 000)	(12 000)
Demographic assumptions: none	-	-
Experience:		
Earnings increases higher than assumed	69 000	144 000
Changes to employee profile different from assumed	1 000	131 000
Actual benefits vesting, greater than expected	24 231	91 791
Changes to a number of employees' dates of employment	-	229 000
<b>Present value of fund obligation at the end of the year</b>	<b>2 577 000</b>	<b>2 308 000</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 15	<b>(143 000)</b>	<b>(279 000)</b>
<b>Net defined benefit liability</b>	<b>2 434 000</b>	<b>2 029 000</b>

**Sensitivity Analysis****Sensitivity Analysis on the defined benefit obligation**

Assumption	Change	DBO	% Change
Central assumptions		2 577 000	
General earnings inflation rate	+1%	2 752 000	7%
	-1%	2 418 000	-6%
Discount rate	+1%	2 419 000	-6%
	-1%	2 754 000	7%
Average retirement age	+2 yrs	2 840 000	10%
	-2 yrs	2 466 000	-4%
Rates of termination of service	x2	1 987 000	-23%
	x0.5	2 995 000	16%

**Sensitivity analysis on current service and interest costs for year ending 30/06/2025**

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central assumptions		240 000	251 000	491 000	
General earnings inflation rate	+1%	260 000	269 000	529 000	8%
	-1%	221 000	235 000	456 000	-7%
Discount rate	+1%	223 000	255 000	478 000	-3%
	-1%	258 000	246 000	504 000	3%
Average retirement age	+2 yrs	259 000	276 000	535 000	9%
	-2 yrs	229 000	241 000	470 000	-4%
Rates of termination of service	x2	166 000	190 000	356 000	-27%
	X0.5	295 000	296 000	591 000	20%

**Sensitivity analysis on current service and interest costs for year ending 30/06/2026**

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central assumptions		261 000	255 000	516 000	
General earnings inflation rate	+1%	283 000	273 000	556 000	8%
	-1%	242 000	239 000	481 000	-7%
Discount rate	+1%	244 000	263 000	507 000	-2%
	-1%	281 000	247 000	528 000	2%
Average retirement age	+2 yrs	283 000	282 000	565 000	9%
	-2 yrs	249 000	244 000	493 000	-4%
Rates of termination of service	x2	185 000	195 000	380 000	-26%
	X0.5	318 000	298 000	616 000	19%

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

**Future cashflows**

The Service Cost for the ensuing year is estimated to be R261 000, whereas the Interest Cost for the next year is estimated to be R255 000.



12. NON-CURRENT EMPLOYEE BENEFITS (*continued*)**Maturity analysis**

Year	Future Year	Expected benefits vesting
2026	1	151 000
2027	2	254 000
2028	3	643 000
2029	4	447 000
2030	5	413 000
2031 - 2035	6 - 10	2 619 000
2036 - 2040	11 - 15	3 043 000
2041 - 2045	16 - 20	3 253 000
2046 - 2055	21 - 30	4 957 000
2056 - 2065	31 - 40	285 000

## 12.4 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

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

Therefore, although the Consolidated retirement fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

**LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)**

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

**CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)**

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2024 revealed that the fund is in a sound financial position with a funding level of 117.3% (30 June 2023 - 120.1%).

**DEFINED CONTRIBUTION FUNDS**

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	2025 R	2024 R
Contributions paid recognised in the Statement of Financial Performance		
Council's contributions paid to all pension funds recognised in the Statement of Financial Performance	<u>3 375 886</u>	<u>3 018 921</u>

## 13. CONSUMER DEPOSITS

Electricity	88 909	88 909
Street Closure	(15 650)	850
Rental Properties	7 488	7 488
Water	705 475	621 605
Posters	4 100	4 400
Hall rentals	9 028	9 068
<b>Total Consumer Deposits</b>	<b><u>799 350</u></b>	<b><u>732 320</u></b>

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

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>14. CURRENT EMPLOYEE BENEFITS</b>		
Staff Bonuses	1 042 148	1 005 167
Staff Leave	1 742 401	1 656 361
Current Portion of Non-Current Provisions	426 440	554 470
Current Portion of Post Retirement Benefits - Note 12.1	264 000	262 000
Current Portion of Ex-Gratia Pension Provisions - Note 12.2	19 440	13 470
Current Portion of Long-Service Provisions - Note 12.3	143 000	279 000
<b>Total Provisions</b>	<b><u>3 210 989</u></b>	<b><u>3 215 998</u></b>

The movement in current provisions are reconciled as follows:

**14.1 Staff Bonuses**

Balance at beginning of year	1 005 167	836 937
Contribution to current portion	2 008 191	1 876 512
Expenditure incurred	(1 971 209)	(1 708 283)
Balance at end of year	<b><u>1 042 148</u></b>	<b><u>1 005 167</u></b>

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represents the portion of the bonus that has already vested for the current salary cycle.

**14.2 Staff Leave**

Balance at beginning of year	1 656 361	1 457 468
Contribution to current portion	426 188	534 522
Expenditure incurred	(340 148)	(335 629)
Balance at end of year	<b><u>1 742 401</u></b>	<b><u>1 656 361</u></b>

Staff leave accrue to employees according to Collective Agreement for Local Government. Provision is made for the full cost of accrued leave at reporting date to a maximum of 48 working days as per the Collective Agreement for Local Government. This provision will be realised as employees take leave. Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's term.

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	18 069 421	21 285 203
Balance previously reported		17 069 276
Plus: Payments iro 2023/2024 made during 2024/25 - Note 43.5		4 215 927
Salary control accounts	(42)	124 858
Balance previously reported		(1 028)
Plus: Payments iro 2023/2024 made during 2024/25 - Note 43.5		125 886
Accrued Interest	-	-
Advance Payments	1 025 357	1 115 880
Balance previously reported		1 127 717
Less: Outstanding balance transferred to revenue - Note 43.5		(11 837)
Retentions	-	133 472
Housing	-	-
Balance previously reported		372 001
Less: Transferred to unspent grants - Note 43.5		(372 001)
Licencing and registration	1 638	5 222
Unallocated Deposits	471 568	69 721
Unidentified deposits	11 429	4 216
Goods Received/Invoice Received	0	(0)
Balance previously reported		108 062
Less: Duplicated asset de-recognised - Note 43.5		(108 062)
<b>Total Trade Payables</b>	<b>19 579 369</b>	<b>22 738 573</b>
Payables are being recognised net of any discounts.		
Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.		
The carrying value of trade and other payables approximates its fair value.		
All payables are unsecured.		
<b>16. UNSPENT TRANSFERS AND SUBSIDIES</b>		
Unspent Transfers and Subsidies		
National Government Grants	4 530 109	7 449 913
Provincial Government Grants		4 424 803
Balance previously reported		2 860 697
Plus: Correction of error		2 488 696
District Municipality	20	372 001
<b>Less:</b> Unpaid Transfers and Subsidies	<b>50 000</b>	164 414
Provincial Government Grants	50 000	-
<b>Total Unspent Transfers and Subsidies</b>	<b>4 480 109</b>	<b>7 449 913</b>
See appendix "E" for reconciliation of grants from other spheres of government.		
The Unspent Grants are cash-backed by short-term deposits.		
<b>17. VAT Receivable/(Payable)</b>		
<b>17.1 VAT Receivable/(Payable)</b>		
VAT Control (Receivable)	1 209 329	1 311 007
VAT Control (Payable)	24 274	33 973
<b>Total VAT Receivable/(Payable)</b>	<b>1 233 603</b>	<b>1 344 980</b>
<b>17.2 VAT Input Accrual</b>		
VAT Receivable - Input Tax General	376 699	268 109
VAT Receivable - Input Tax Capital	909 107	974 509
VAT Receivable - Input Tax Accrual	74 028	465 243
<b>Total Input VAT Accrual</b>	<b>1 359 834</b>	<b>1 707 861</b>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

		2025 R	2024 R
<b>17. VAT Receivable/(Payable) (continued)</b>			
<b>17.3 VAT Output Accrual</b>			
VAT Payable: Output Tax Accrual		(4 593 701)	(3 945 548)
VAT Payable: Output Tax Accrual		175 065	116 605
<b>Total Output VAT Accrual</b>		<b>(4 418 636)</b>	<b>(3 828 942)</b>
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.			
<b>18. NET ASSET RESERVES</b>			
RESERVES		10 500 000	10 500 000
Non-Current Provisions Reserve		10 500 000	10 500 000
<b>Total Net Asset Reserve and Liabilities</b>		<b>10 500 000</b>	<b>10 500 000</b>
The Non-current Provisions Reserve is currently earmarked to cover the rehabilitation costs of the landfill sites.			
<b>19. PROPERTY RATES</b>			
<b><i>Actual</i></b>			
<b>Rateable Land and Buildings</b>		5 942 162	5 767 888
Business and Commercial Property		1 069 823	915 099
Public Benefit Organisations		2 866	-
Public Service Infrastructure Properties (PSI)		2 797	553
Residential Properties		3 347 250	3 068 986
Agricultural Properties		872 617	1 053 871
Public Service Purposes Properties		177 204	276 916
Vacant land		469 604	452 464
<b><i>Less: Revenue Forgone</i></b>		<b>(1 221)</b>	<b>(14 182)</b>
<b>Total Property Rates</b>		<b>5 940 941</b>	<b>5 753 706</b>
<b><i>Valuations - 1 July 2024</i></b>			
<b>Rateable Land and Buildings</b>		3 372 859 000	2 090 837 700
Residential Properties		1 197 287 000	626 537 000
Residential Vacant		79 756 000	67 796 000
Business/Industrial		280 141 000	150 486 000
Business/Industrial Vacant		2 770 000	
Agricultural		1 711 307 000	1 188 431 700
Public Service Infrastructure (PSI)		3 883 000	721 000
Public Service Infrastructure - Exemption Act 93(a) MPRA		355 000	
Public Service Properties (PSP)		93 265 000	43 476 000
Public Benefit Organization (PBO)		4 095 000	13 390 000
<b>Total Rateable Valuation</b>		<b>3 372 859 000</b>	<b>2 090 837 700</b>
A new general valuation was implemented from 1 July 2024, that resulted in the huge increase in rateable valuations.			
<b><i>Valuations - 1 July 2024</i></b>			
<b>Per Area: Land and Buildings</b>			
Prince Albert		1 716 031 000	842 761 000
Leeu-Gamka		94 720 000	35 481 000
Klaarstroom		33 070 000	14 997 000
Welgemoed		34 233 000	9 167 000
Rural		1 494 805 000	1 188 431 700
<b>Total Property Valuations</b>		<b>3 372 859 000</b>	<b>2 090 837 700</b>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2024. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

19. PROPERTY RATES (*continued*)

Basic Rate	2025	2024
Residential Properties	0.290c/R1	0.527c/R1
Residential Vacant	0.580c/R1	0.714c/R1
Business/Industrial	0.377c/R1	0.661c/R1
Business/Industrial Vacant	0.754c/R1	0.807c/R1
Agricultural	0.073c/R1	0.092c/R1
Public Service Infrastructure (PSI)	0.070c/R1	0.132c/R1
Public Service Infrastructure - Exemption Act 93(a) MPRA	0.010c/R1	0.013c/R1
Public Service Properties (PSP)	0.190c/R1	0.638c/R1
Public Benefit Organization (PBO)	0.070c/R1	0.132c/R1
Mining Properties	0.360c/R1	0.661c/R1

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

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

Residential - The first R15 000 on the valuation is exempted.

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

20. GOVERNMENT GRANTS AND SUBSIDIES

	2025	2024
	R	R
Government Grants and Subsidies - Operating	34 925 338	32 605 630
Equitable Share	30 299 000	28 653 000
Local Government Financial Management Grant	1 800 000	1 700 000
Municipal Infrastructure Grant	401 600	404 850
Expanded Public Works Programme	1 177 651	769 000
Thusong service centre	-	82 933
Community Development Workers	65 199	64 366
Additional WC Drought relief for backup Generators	-	175 000
Municipal Interventions Grant	-	346 187
PT - Financial Management Capability Grant	40 602	137 216
Western Cape - Maintenance of Roads	50 000	45 862
PT - Community Library Services Grant	250 000	-
CKDM Community Safety Grant	101 076	78 924
CKDM War on Leaks Grant	-	78 571
CKDM HR Internship Grant	83 318	16 662
CKDM Internal Audit Support Grant	250 000	-
Local Government SETA	56 943	53 059
PT - Service Delivery & Capacity Building Grant	349 950	-
Government Grants and Subsidies - Capital	24 142 864	23 046 473
Municipal Infrastructure Grant	7 120 105	8 331 180
Water Services Infrastructure Grant	13 323 141	11 399 824
Regional Socio-economic Project (RSEP)	-	745 365
PT - Municipal Water Resilience Grant	2 308 014	2 170 766
PT - Municipal Energy Resilience Grant	330 688	399 338
PT - Groundwater Monitoring Borehole Grant	256 695	-
PT - Fire Services Capacity Building Grant	804 221	-
<b>Total Government Grants and Subsidies</b>	<b>59 068 201</b>	<b>55 652 103</b>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>20. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
Included in above are the following grants and subsidies received:		
<b><u>Unconditional</u></b>	30 299 000	28 653 000
Equitable Share	30 299 000	28 653 000
<b><u>Conditional</u></b>		
Local Government Financial Management Grant	1 800 000	1 700 000
Municipal Infrastructure Grant	7 521 705	8 736 030
Expanded Public Works Programme	1 177 651	769 000
Thusong service centre	-	82 933
Community Development Workers	65 199	64 366
Additional WC Drought relief for backup Generators	-	175 000
Municipal Interventions Grant	-	346 187
PT - Financial Management Capability Grant	40 602	137 216
Western Cape - Maintenance of Roads	50 000	45 862
PT - Community Library Services Grant	250 000	-
CKDM Community Safety Grant	101 076	78 924
CKDM War on Leaks Grant	-	78 571
CKDM HR Internship Grant	83 318	16 662
CKDM Internal Audit Support Grant	250 000	-
Local Government SETA	56 943	53 059
PT - Service Delivery & Capacity Building Grant	349 950	-
Water Services Infrastructure Grant	13 323 141	11 399 824
Regional Socio-economic Project (RSEP)	-	745 365
PT - Municipal Water Resilience Grant	2 308 014	2 170 766
PT - Municipal Energy Resilience Grant	330 688	399 338
PT - Groundwater Monitoring Borehole Grant	256 695	-
PT - Fire Services Capacity Building Grant	804 221	
<b>Total Government Grants and Subsidies</b>	<b>59 068 201</b>	<b>55 652 103</b>

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

Equitable share	30 299 000	28 653 000
Executive & Council	56 943	798 423
Finance and Administration	2 624 945	2 262 326
Community & Social Services	1 054 221	82 933
Planning & Development	65 199	81 029
Road Transport	1 629 251	1 219 712
Energy Sources	330 688	574 338
Water Management	23 007 955	21 980 342
<b>Total Government Grants and Subsidies</b>	<b>59 068 201</b>	<b>55 652 103</b>

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

Indicate if grants conditions where met, if not reason to be included with the specific grant

Indicate if any grants where withheld or delayed, if not reason to be included with the specific grant

<b>20.1 <u>Equitable Share</u></b>		
Grants received	30 299 000	28 653 000
Conditions met - Operating	(30 299 000)	(28 653 000)
Conditions still to be met	-	-

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

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

		2025 R	2024 R
<b>20. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>			
<b>20.2 Local Government Financial Management Grant (FMG)</b>			
Grants received		1 800 000	1 700 000
Conditions met - Operating		(1 800 000)	(1 700 000)
Conditions still to be met		-	-
		<hr/>	<hr/>
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).			
<b>20.3 Municipal Infrastructure Grant (MIG)</b>			
Opening balance		2 770 552	3 951 582
Grants received		8 025 000	7 555 000
Repaid to National Revenue Fund		(2 770 552)	
Conditions met - Operating		(401 600)	(404 850)
Conditions met - Capital		(7 120 105)	(8 331 180)
Conditions still to be met		<hr/> 503 295	<hr/> 2 770 552
		<hr/>	<hr/>
To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities.			
To provide specific funding for the development of asset management plans for infrastructure servicing the poor.			
<b>20.4 Integrated National Electrification Grant</b>			
Opening balance		490 000	-
Grants received		-	490 000
Repaid to National Revenue Fund		(490 000)	
Conditions still to be met		<hr/> -	<hr/> 490 000
		<hr/>	<hr/>
To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to Eskom to increase access to electricity, existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure in Eskom licenced areas			
<b>20.5 Expanded Public Works Programme</b>			
Grants received		1 200 000	769 000
Conditions met - Operating		(1 177 651)	(769 000)
Conditions still to be met		<hr/> 22 349	<hr/> -
		<hr/>	<hr/>
To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme guidelines: road maintenance and the maintenance of buildings; low traffic volume roads and rural roads basic services infrastructure, including water and sanitation reticulation (excluding bulk infrastructure); other economic and social infrastructure, tourism and cultural industries; waste management; parks and beautification; sustainable land-based livelihoods; social services programmes; community safety programmes.			
<b>20.6 Water Services Infrastructure Grant</b>			
Opening balance		1 164 251	4 564 075
Grants received		15 000 000	8 000 000
Repaid to National Revenue Fund		(411 532)	-
Conditions met - Capital		(13 323 141)	(11 399 824)
Conditions still to be met		<hr/> 2 429 578	<hr/> 1 164 251
		<hr/>	<hr/>

The Water Services Infrastructure Grant is paid by National Treasury to facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities.

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

		2025 R	2024 R
<b>20. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>			
<b>20.7 <u>Thusong Service Centre</u></b>			
Opening balance		67 067	-
Grants received		150 000	150 000
Repaid to National Revenue Fund		(67 067)	-
Conditions met - Operating		-	(82 933)
Conditions still to be met		<u>150 000</u>	<u>67 067</u>
To uphold maintenance of the Thusong centre.			
<b>20.8 <u>Community Development Workers</u></b>			
Opening balance		11 634	-
Grants received		76 000	76 000
Repaid to National Revenue Fund		(11 634)	-
Conditions met - Operating		(65 199)	(64 366)
Conditions still to be met		<u>10 801</u>	<u>11 634</u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.			
<b>20.9 <u>Additional WC Drought relief for backup Generators</u></b>			
Opening balance		-	175 000
Conditions met - Operating		-	(175 000)
Conditions still to be met		<u>-</u>	<u>-</u>
To ensure that there is electricity at the water treatment plant when loadshedding is being implemented.			
<b>20.10 <u>Municipal Interventions Grant</u></b>			
Opening balance		853 813	1 200 000
Grants received		500 000	-
Repaid to National Revenue Fund		(853 813)	
Conditions met - Operating		-	(346 187)
Conditions met - Capital		-	
Conditions still to be met		<u>500 000</u>	<u>853 813</u>
To ensure that the shortcomings of the ICT environment are being addressed as well as promote local economic development by means of a Beehive concept.			
<b>20.11 <u>PT - Financial Management Capability Grant</u></b>			
Opening balance		62 784	-
Grants received		200 000	200 000
Repaid to National Revenue Fund		(62 784)	
Conditions met - Operating		(40 602)	(137 216)
Conditions still to be met		<u>159 398</u>	<u>62 784</u>
To assist the municipality with the compilation of financial reports as legislated by National Treasury.			
<b>20.12 <u>Western Cape - Maintenance of Roads</u></b>			
Grants received		-	45 862
Conditions met - Operating		(50 000)	(45 862)
Conditions still to be met		<u>(50 000)</u>	<u>-</u>
Grant received to work on roads on behalf of SANRAL.			
<b>20.13 <u>PT - Fire Services Capacity Building Grant</u></b>			
Grants received		980 000	
Conditions met - Capital		(804 221)	
Conditions still to be met		<u>175 779</u>	<u>-</u>
To provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and effective fire rescue services.			

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

		2025 R	2024 R
<b>20. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>			
<b>20.14 PT - Community Library Services Grant</b>			
Grants received		250 000	
Conditions met - Operating		(250 000)	
Conditions still to be met		-	-
		<u><u>250 000</u></u>	<u><u>-</u></u>
To transform urban and rural public library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.			
<b>20.15 PT - Informal Settlements Upgrading Grant</b>			
Opening balance		88 373	
Grants received			88 373
Repaid to National Revenue Fund		(88 373)	
Conditions still to be met		-	88 373
		<u><u>88 373</u></u>	<u><u>88 373</u></u>
To provide funding to facilitate a programmatic and inclusive approach to upgrading informal settlements.			
<b>20.16 CKDM Community Safety Grant</b>			
Opening balance		81 076	
Grants received		20 000	160 000
Conditions met - Operating		(101 076)	(78 924)
Conditions met - Capital			
Conditions still to be met		-	81 076
		<u><u>81 076</u></u>	<u><u>81 076</u></u>
To provide support to local community safety forums and initiatives to promote a safe environment, through a collaborative approach that fights crime, promotes security and stimulates economic stability.			
<b>20.17 CKDM War on Leaks Grant</b>			
Opening balance		-	
Grants received			78 571
Conditions met - Operating			(78 571)
Conditions still to be met		-	-
		<u><u>78 571</u></u>	<u><u>78 571</u></u>
To train water agents equipped to visit communities where water leaks could be investigated and to educate community members on the importance of saving water.			
<b>20.18 CKDM HR Internship Grant</b>			
Opening balance		83 338	
Grants received			100 000
Conditions met - Operating		(83 318)	(16 662)
Conditions still to be met		20	83 338
		<u><u>20</u></u>	<u><u>83 338</u></u>
To provide young graduates with local government experience in all aspects of the functions of the Human Resources Division.			
<b>20.19 CKDM Internal Audit Support Grant</b>			
Grants received		250 000	
Conditions met - Operating		(250 000)	
Conditions still to be met		-	-
		<u><u>250 000</u></u>	<u><u>-</u></u>
To assist the Internal Audit unit in the implementation of section 165 of the Municipal Finance Management Act			
<b>20.20 Local Government SETA</b>			
Grants received		56 943	53 059
Conditions met - Operating		(56 943)	(53 059)
Conditions still to be met		-	-
		<u><u>56 943</u></u>	<u><u>-</u></u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.			

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

		2025 R	2024 R
<b>20. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>			
<b>20.21 <u>Regional Socio-economic Project (RSEP)</u></b>			
Opening balance		54 635	
Grants received			800 000
Repaid to National Revenue Fund		(54 635)	
Conditions met - Capital			(745 365)
Conditions still to be met		-	54 635
		<hr/>	<hr/>
	To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
<b>20.22 <u>PT - Municipal Water Resilience Grant</u></b>			
Opening balance		1 341 234	
Grants received		1 000 000	3 512 000
Conditions met - Capital		(2 308 014)	(2 170 766)
Conditions still to be met		<hr/>	<hr/>
		33 220	1 341 234
		<hr/>	<hr/>
	To provide financial assistance to municipalities to enhance water resilience through water supply augmentation, infrastructure capacity upgrades, water source management and water demand management across the Province.		
<b>20.23 <u>PT - Municipal Energy Resilience Grant</u></b>			
Opening balance		663	
Grants received		400 000	400 000
Repaid to National Revenue Fund		(663)	
Conditions met - Capital		(330 688)	(399 338)
Conditions still to be met		<hr/>	<hr/>
		69 312	663
		<hr/>	<hr/>
	To improve energy resilience (energy security, energy affordability, and low carbon levels) in municipalities across the Western Cape through facilitating, supporting and positioning for the implementation of energy infrastructure development (public and private) that supports economic growth, municipal financial		
<b>20.24 <u>PT - Borehole Installation and Groundwater Quality Monitoring</u></b>			
Grants received		257 000	
Conditions met - Capital		<hr/>	(256 695)
Conditions still to be met		<hr/>	305
		<hr/>	-
	To improve compliance with waste management disposal facilities and to alleviate further impacts to the environment.		
<b>20.25 <u>Municipal Drought Relief Grant</u></b>			
Opening balance		8 493	8 493
Repaid to National Revenue Fund		<hr/>	(8 493)
Conditions still to be met		<hr/>	-
		<hr/>	8 493
	To ensure that consumers have sufficient water for basic needs during draughts.		
<b>20.26 <u>WC Capacity building (Bursaries)</u></b>			
Opening balance		-	101 750
Repaid to National Revenue Fund		<hr/>	(101 750)
Conditions still to be met		<hr/>	-
		<hr/>	<hr/>
	To encourage local scholars to further their education.		
<b>20.27 <u>WC Sport and Recreation Facilities (DCAS)</u></b>			
Opening balance		-	300 000
Repaid to National Revenue Fund		<hr/>	(300 000)
Conditions still to be met		<hr/>	-
		<hr/>	<hr/>
	DCAS made funds available to build new cloakrooms in Prince Albert.		

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

		2025 R	2024 R
<b>20. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>			
<b>20.28 PT - Human Settlements Development Grant</b>			
Opening balance		-	(198 513)
Grants received		<u>198 513</u>	
Conditions still to be met		<u>-</u>	<u>-</u>
To assist in erecting a house for a family that lost their house in a fire.			
<b>20.29 PT - Service Delivery &amp; Capacity Building Grant</b>			
Grants received		454 000	
Conditions met - Operating		<u>(349 950)</u>	
Conditions still to be met		<u>104 050</u>	<u>-</u>
To provide financial assistance to municipalities to improve infrastructure, systems, structures, corporate governance and service delivery.			
<b>20.30 PT - Title Deeds Restoration Grant</b>			
Opening balance		372 001	372 001
Balance previously reported		<u>-</u>	<u>372 001</u>
Plus: Correction of error previously disclosed as pyables and accruals - Note 43.6			
Conditions still to be met		<u>372 001</u>	<u>372 001</u>
To provide funding for the eradication of the pre-2014 title-deeds registration backlog and the professional fees associated with it, including beneficiary verification.			
<b>20.31 Total Grants</b>			
Opening balance		7 449 913	10 474 388
Balance previously reported		<u>10 102 388</u>	<u>372 001</u>
Plus: Correction of error previously disclosed as pyables and accruals - Note 43.6			
Grants received		60 917 943	53 029 378
Repaid to National Revenue Fund		<u>(4 819 546)</u>	<u>(401 750)</u>
Conditions met - Operating		<u>(34 925 338)</u>	<u>(32 605 630)</u>
Conditions met - Capital		<u>(24 142 864)</u>	<u>(23 046 473)</u>
Conditions still to be met/(Grant expenditure to be recovered)		<u>4 480 109</u>	<u>7 449 913</u>
<b>Disclosed as follows:</b>			
Unspent Conditional Government Grants and Receipts		4 530 109	7 449 913
Unpaid Conditional Government Grants and Receipts		<u>(50 000)</u>	<u>-</u>
<b>Total</b>		<b><u>4 480 109</u></b>	<b><u>7 449 913</u></b>
<b>21. SERVICE-IN-KIND</b>			
Public Contributions - Conditional		1 541 109	1 709 329
<b>Total Public Contributions and Donations</b>		<b><u>1 541 109</u></b>	<b><u>1 709 329</u></b>
<b>Reconciliation of conditional contributions:</b>			
<b>21.1 Allocations in kind - MISA - Engineering services</b>			
Grants received		1 541 109	886 021
Conditions met - Operating		<u>(1 541 109)</u>	<u>(886 021)</u>
Conditions still to be met		<u>-</u>	<u>-</u>

The municipality received technical assistance from MISA (Municipal Infrastructure Support Agency). The applicable amount is provided by MISA calculated on the services they rendered to the municipality.



PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

		2025 R	2024 R
<b>21. SERVICE-IN-KIND (continued)</b>			
<b>21.2 Allocations in kind - DBSA - Upgrading and development of Water Services Master Plan</b>			
Grants received		801 608	
Conditions met - Operating		(801 608)	
Conditions still to be met		-	-
		<hr/>	<hr/>
Upgrading and development of Water Services Master Plan (WSMP) and Water Services Development Plan (WSDP) by the Development Bank of South Africa.			
<b>21.3 Allocations in kind - Afriforum - Paying for fuel during power outage</b>			
Grants received		21 700	
Conditions met - Operating		(21 700)	
Conditions still to be met		-	-
		<hr/>	<hr/>
During February 2024 power lines supplying the Central Karoo District were damaged due to severe storms. This resulted in power outages in Prince Albert for an extended period. Pumps to supply water and service waste water treatment works were kept going with generators. Afriforum paid a fuel supplier on behalf of the Municipality to support water stability.			
<b>21.4 Total Conditional Contributions</b>			
Grants received		1 541 109	1 709 329
Conditions met - Operating		(1 541 109)	(1 709 329)
Conditions still to be met		-	-
		<hr/>	<hr/>
<b>22. LICENCES AND PERMITS</b>			
Road and Transport		111 625	89 637
<b>Total Licences and Permits</b>		<b>111 625</b>	<b>89 637</b>
		<hr/>	<hr/>
<u>Disclosed as follows:</u>			
Revenue from Exchange Transactions		111 625	89 637
<b>Total Licences and Permits</b>		<b>111 625</b>	<b>89 637</b>
		<hr/>	<hr/>
<b>23. SERVICE CHARGES</b>			
<b>Electricity</b>		<b>20 914 182</b>	<b>21 908 727</b>
Service Charges		22 364 998	23 265 614
<u>Less:</u> Revenue Forgone		(1 450 816)	(1 356 886)
<b>Water</b>		<b>6 120 568</b>	<b>6 531 834</b>
Service Charges		8 702 743	8 191 150
<u>Less:</u> Revenue Forgone		(2 582 174)	(1 659 315)
<b>Waste Management</b>		<b>7 225 398</b>	<b>6 541 288</b>
Service Charges		10 042 888	8 991 460
<u>Less:</u> Revenue Forgone		(2 817 489)	(2 450 172)
<b>Waste Water Management</b>		<b>3 523 078</b>	<b>2 986 812</b>
Service Charges		5 657 161	4 703 358
<u>Less:</u> Revenue Forgone		(2 134 083)	(1 716 546)
<b>Total Service Charges</b>		<b>37 783 227</b>	<b>37 968 662</b>
		<hr/>	<hr/>

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

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>24. SALES OF GOODS AND RENDERING OF SERVICES</b>		
Building Plan Approval	256 582	238 714
Cemetery and Burial	22 297	20 406
Entrance Fees	27 344	11 581
Photocopies and Faxes	1 498	1 703
Publications - Charts/Posters	-	15 790
Tender Documents	8 806	23 652
Traffic Control	3 138	6 725
Town Planning and Servitudes	57 660	41 092
Valuation Services	25 250	43 056
<b>Total Sales of Goods and Rendering of Services</b>	<b>402 574</b>	<b>402 719</b>
<b>25. RENT ON LAND</b>		
Land	60 645	60 781
Grazing Fees	60 645	60 781
<b>Total Rent on Land</b>	<b>60 645</b>	<b>60 781</b>
<b>26. RENTAL FROM FIXED ASSETS</b>		
Investment Property	489 068	346 851
Property, Plant and Equipment	232 304	117 887
<b>Total Rental from Fixed Assets</b>	<b>721 372</b>	<b>464 738</b>
<b>27. INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank accounts	77 620	68 236
Financial assets	5 334 271	6 114 293
<b>Total Interest Earned - External Investments</b>	<b>5 411 891</b>	<b>6 182 529</b>
<b>28. INTEREST EARNED - RECEIVABLES</b>		
Trade Receivables - exchange	2 218 902	1 605 228
Trade Receivables - non-exchange	457 542	220 484
<b>Total Interest Earned - Outstanding Receivables</b>	<b>2 676 444</b>	<b>1 825 712</b>
<b>29. OPERATIONAL REVENUE</b>		
Administrative Handling Fees	29 963	86 905
Commission	4 687	11 272
Development Charges	33 411	74 628
Insurance Refund	199 984	-
Library Service Allocation - DCAS	1 802 609	1 962 609
Staff and Councillors Recoveries	8 110	10 748
<b>Total Operational Revenue</b>	<b>2 078 763</b>	<b>2 146 161</b>
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	2 078 763	2 146 161
<b>Total Operational Revenue</b>	<b>2 078 763</b>	<b>2 146 161</b>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>30. EMPLOYEE RELATED COSTS</b>		
Basic Salaries and Wages	23 831 082	23 029 578
Pension and UIF Contributions	3 564 816	3 207 913
Medical Aid Contributions	1 025 096	984 683
Overtime	2 192 585	1 885 719
Bonuses	2 008 191	1 876 512
Motor Vehicle Allowance	289 664	446 096
Cell Phone Allowance	292 895	308 440
Housing Allowances	161 610	84 912
Other benefits and allowances	1 889 379	1 386 149
Standby allowance	1 847 056	1 350 241
Group life insurance	28 664	23 037
Bargaining council	13 659	12 871
Payments in lieu of leave	426 188	534 522
Post-retirement Benefit Obligations	1 167 600	1 046 570
Medical - Note 12.1	673 000	674 000
Current Service Cost	116 000	108 000
Interest Cost	557 000	566 000
Pension- Note 12.2	3 600	3 570
Interest Cost	3 600	3 570
Long Service Awards - Note 12.3	491 000	369 000
Current service cost	240 000	186 000
Interest cost	251 000	183 000
<b>Total Employee Related Costs</b>	<b>36 849 107</b>	<b>34 791 094</b>

**KEY MANAGEMENT PERSONNEL**

Key management personnel are all appointed on permanent contracts, with the exception of the Municipal Manager. There are no post-employment or termination benefits payable to them at the end of the contract periods.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

*Remuneration of the Municipal Manager - Mr A Hendricks (01/07/2024 - 02/10/2024)*

Basic Salary	297 588	1 171 734
Performance Bonus	106 229	107 077
Motor Vehicle Allowance	45 000	180 000
Cell Phone Allowance	9 288	36 000
Payments in lieu of leave	69 049	
<b>Total</b>	<b>527 153</b>	<b>1 494 812</b>

*Remuneration of the Municipal Manager - Mr N. Van Stade (17/10/2024 - 16/04/2025)*

*The contract of above senior manager was terminated (upon mutual agreement) on 20/03/2025, but was still remunerated until contract employment date of 16/04/2025.*

Basic Salary	567 140	
Cell Phone Allowance	18 312	
Payments in lieu of leave	23 726	
	<b>609 178</b>	-

*Remuneration of the Municipal Manager - Adv. M. Giliomee (17/04/2025 - 30/06/2025)*

Basic Salary	174 038	
Pension and UIF Contributions	31 327	
Motor Vehicle Allowance	11 680	
Cell Phone Allowance	8 928	
	<b>225 972</b>	-



PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>30. EMPLOYEE RELATED COSTS (continued)</b>		
<i>Remuneration of the Chief Financial Officer - Mr PW Erasmus (01/07/2023 - 31/12/2023)</i>		
Basic Salary	486 310	
Medical Aid Contributions	27 788	
Performance Bonus	81 512	
Cell Phone Allowance	15 000	
Payments in lieu of leave	78 283	
<b>Total</b>	<b>-</b>	<b>688 895</b>
<i>Remuneration of the Chief Financial Officer (acting) - Mr JA Van Niekerk (08/01/2024 - 08/04/2024)</i>		
Basic Salary	267 168	
Cell Phone Allowance	7 880	
Payments in lieu of leave	23 632	
<b>Total</b>	<b>-</b>	<b>298 680</b>
<i>Remuneration of the Chief Financial Officer - Mr BHC Metembu (03/06/2024 - 30/06/2024)</i>		
Basic Salary	808 539	74 423
Pension and UIF Contributions	117 679	
Medical Aid Contributions	65 703	5 277
Performance Bonus	12 972	
Motor Vehicle Allowance	120 000	10 000
Cell Phone Allowance	30 000	2 500
<b>Total</b>	<b>1 154 894</b>	<b>92 200</b>
<i>Remuneration of the Acting Director: Corporate and Community Services - Adv. M. Giliomee (25/03/2025 - 16/04/2025)</i>		
Basic Salary	58 588	
<b>Total</b>	<b>58 588</b>	<b>-</b>
<i>Remuneration of Director : Technical Services - Mr Z Nongene (01/07/2024 - 29/11/2024)</i>		
Basic Salary	384 822	945 898
Medical Aid Contributions	21 240	48 456
Overtime	26 759	37 021
Performance Bonus	88 524	7 436
Motor Vehicle Allowance	55 000	132 000
Cell Phone Allowance	12 500	30 000
Payments in lieu of leave	75 245	
<b>Total</b>	<b>664 091</b>	<b>1 200 811</b>
<i>Remuneration of Director : Technical Services - Mr Z Nongene (17/03/2025 - 30/06/2025)</i>		
Basic Salary	219 417	
Medical Aid Contributions	9 262	
Motor Vehicle Allowance	33 000	
Cell Phone Allowance	8 700	
<b>Total</b>	<b>270 378</b>	<b>-</b>
<b>Total Key Management Remuneration</b>		
Basic Salary	2 510 131	2 945 534
Pension and UIF Contributions	149 006	-
Medical Aid Contributions	96 205	81 522
Overtime	26 759	37 021
Performance Bonus	207 725	196 026
Motor Vehicle Allowance	264 680	322 000
Cell Phone Allowance	87 728	91 380
Payments in lieu of leave	168 020	101 915
<b>Total</b>	<b>3 510 254</b>	<b>3 775 397</b>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>31. REMUNERATION OF COUNCILLORS</b>		
Ms E Maans	334 937	327 914
Balance previously reported		319 732
Plus: Backpay received during 2024/25		8 182
Ms MD Jaftha	774 879	757 126
Balance previously reported		736 442
Plus: Backpay received during 2024/25		20 684
Ms LK Jaquet	956 846	934 655
Balance previously reported		908 801
Plus: Backpay received during 2024/25		25 854
Mr SD Koonthea	453 061	433 834
Balance previously reported		422 296
Plus: Backpay received during 2024/25		11 538
Mr. A Mackay	334 937	327 914
Balance previously reported		319 732
Plus: Backpay received during 2024/25		8 182
Mr K Baaidjies	334 937	327 914
Balance previously reported		319 732
Plus: Backpay received during 2024/25		8 182
Mr. NA Claassen	334 937	305 076
Balance previously reported		296 894
Plus: Backpay received during 2024/25		8 182
<b>Total Councillors' Remuneration</b>	<b>3 524 534</b>	<b>3 414 433</b>

Remuneration paid to Councillors can be summarised as follow:

	Salary	Motor vehicle allowance	Other Allowances	Total
Executive Mayor / Mayor: Ms LK Jaquet	756 242	153 600	47 004	956 846
Deputy-Mayor: Mr SD Koonthea	338 257	67 800	47 004	453 061
Executive Speaker: Ms MD Jaftha	605 475	122 400	47 004	774 879
Councillors	1 009 532	142 200	188 016	1 339 748
<b>Total Councillors' Remuneration</b>	<b>2 709 506</b>	<b>486 000</b>	<b>329 028</b>	<b>3 524 534</b>

***In-kind Benefits***

The Executive Mayor and Speaker are full-time Councillors. Each is provided with an office at the cost of the Municipality.

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>32. CONTRACTED SERVICES</b>		
Outsourced Services	2 269 904	1 699 875
Business and Advisory		
Business and Financial Management	1 102 168	1 144 475
Balance previously reported	928 819	953 572
Plus: Transferred from operating expenditure	172 299	-
Organisational	1 050	953 572
Qualification Verification	190 903	-
Clearing and Grass Cutting Services	80 930	-
Internal Auditors	982 667	504 950
Security Services	58 590	50 450
Consultants and Professional Services	5 904 125	6 100 183
Business and Advisory		
Accounting and Auditing	3 656 481	4 661 697
Audit Committee	1 709 362	1 048 230
Business and Financial Management	74 931	49 587
Medical Examinations	22 955	-
Organisational	4 465	15 569
Research and Advisory	1 446 336	2 004 039
Quality Control	164 877	820 373
Valuer and Assessors	150 000	186 856
	83 555	537 043
Infrastructure and Planning	1 943 756	1 340 171
Engineering	1 541 109	886 021
Civil	1 541 109	886 021
Geoinformatics Services	304 304	-
Land and Quantity Surveyors	98 343	454 150
Laboratory Services	104 644	90 207
Water	104 644	90 207
Legal Cost	199 244	8 107
Legal Advice and Litigation	199 244	8 107
Contractors	1 960 484	2 128 673
Building	3 086	72 116
Electrical	316 956	461 271
Maintenance of Buildings and Facilities	399 195	313 769
Maintenance of Equipment	480 599	603 195
Maintenance of Unspecified Assets	689 098	670 084
Traffic and Street Lights	71 550	8 238
<b>Total Contracted Services</b>	<b>10 134 513</b>	<b>9 928 730</b>
<b>33. DEPRECIATION AND AMORTISATION</b>		
Property, Plant and Equipment	6 645 086	7 336 536
Intangible Assets	73 829	98 855
Investment Property	8 231	7 273
<b>Total Depreciation and Amortisation</b>	<b>6 727 146</b>	<b>7 442 664</b>
<b>34. FINANCE COSTS</b>		
Long-term Borrowings	-	754
Non-current Provisions	2 165 497	2 280 411
Payables	1 275 222	1 132 297
<b>Total Finance Costs</b>	<b>3 440 719</b>	<b>3 413 461</b>
<b>35. BULK PURCHASES</b>		
Electricity	20 106 552	17 344 520
<b>Total Bulk Purchases</b>	<b>20 106 552</b>	<b>17 344 520</b>



PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>36. TRANSFERS AND SUBSIDIES</b>		
Operational	759 964	277 216
Monetary Allocations	759 964	277 216
Households	631 564	137 216
Non-profit Institutions	128 400	140 000
<b>Total Transfers and Subsidies</b>	<b>759 964</b>	<b>277 216</b>
<b>37. OPERATIONAL COSTS</b>		
Advertising, Publicity and Marketing	121 226	157 703
Balance previously reported		247 703
Less: Transferred to bursaries employees - Note 43.8		(90 000)
Assets less than the Capitalisation Threshold	10 770	-
External Audit Fees	2 973 799	3 446 778
Bank Charges, Facility and Card Fees	189 243	189 930
Bursaries (Employees)	96 900	90 000
Balance previously reported		-
Plus: Transferred from advertising, publicity and marketing - Note 43.8		90 000
Cleaning Services	38 323	83 332
Commission	365 686	599 331
Balance previously reported		319 319
Plus: Payments for 2023/24 made during 2024/25 - Note 43.8		280 012
Courier and Delivery Services	2 820	-
Communication	775 028	722 756
Deeds	34 975	30 442
Drivers Licences and Permits	2 728	2 130
Entertainment	76 002	88 313
External Computer Service	155 995	129 709
Balance previously reported		1 083 281
Less: Transferred to contracted services: outsourced services - business and financial management - Note 43.8		(953 572)
Hire Charges	75 825	62 767
Insurance Underwriting	515 282	744 958
Levies Paid - Water Resource Management Charges	37 657	38 980
Licences	118 400	110 420
Management Fee	29 963	86 905
Municipal Services	1 285 795	1 047 718
Balance previously reported		1 037 370
Plus: Transferred from inventory consumed - Note 43.8		10 348
Printing, Publications and Books	151 884	165 439
Professional Bodies, Membership and Subscription	506 604	506 254
Remuneration to Ward Committees	181 148	180 800
Road Worthy Test	896	-
Skills Development Fund Levy	290 272	276 927
Travel and Subsistence	1 319 336	934 834
Uniform and Protective Clothing	187 491	180 746
Vehicle Tracking	49 665	54 180
Wet Fuel	1 672 407	2 128 975
Workmen's compensation	244 105	216 000
<b>Total Operational Costs</b>	<b>11 510 225</b>	<b>12 276 327</b>
<b>38. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES</b>		
Receivables from Exchange Transactions - Note 8	3 862 969	4 602 973
Receivables from Non-exchange Receivables - Note 9	(44 738 024)	7 753 388
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables</b>	<b>(40 875 056)</b>	<b>12 356 360</b>
<b>39. GAINS/ (LOSS) ON SALE OF FIXED ASSETS</b>		
Property, Plant and Equipment	(90 154)	(38 351)
<b>Total Gains/ (Loss) on Sale of Fixed Assets</b>	<b>(90 154)</b>	<b>(38 351)</b>



PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

		2025 R	2024 R
<b>40. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS</b>			
Allocated against Provision for Rehabilitation of Landfill-Sites - Note 11		1 544 930	2 213 331
Change in estimate on the remeasurement of the landfill site provision			
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets</b>		<b>1 544 930</b>	<b>2 213 331</b>
<b>41. WATER LOSSES</b>			
Real Losses		215 515	156 194
<b>Total Water Losses</b>		<b>215 515</b>	<b>156 194</b>
<b>42. CORRECTION OF ERROR IN TERMS OF GRAP 3</b>			
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:			
		2024 R	
<b>42.1 Property, Plant and Equipment</b>			
<b>Balance previously reported</b>		<b>198 426 826</b>	
Cost		1 559 566	
Expenditure on the upgrading of roads in respect of 2023/24 was paid during 2024/25. This expenditure was not recognised during 2023/24			1 673 847
During the verification of movable assets, assets were verified that were not on the fixed asset register, but was not procured during 2024/25:			
Computer equipment		2 068	
Machinery and equipment		21 599	
Expenditure on the 200kl reservoir in Klaarstroom that was not of a capital nature was not expensed, but recognised as an asset		(29 886)	
A mini-substation, partially funded by a business owner was incorrectly duplicated during 2022/23		(108 062)	
Accumulated Depreciation			(2 263)
Accumulated depreciation on asset recognised for the first time was calculated as follows:			
Computer equipment		(103)	
Machinery and equipment		(2 160)	
<b>Restated Balance</b>		<b>199 984 129</b>	
<b>42.2 Operating Lease Asset</b>			
<b>Balance previously reported</b>		<b>106 060</b>	
A lease agreement with MTN was incorrectly included and smoothed. The increments on this lease was calculated at 10% per annum, while the contract stipulates that the rental should increase with CPI annually, which makes it impossible to calculate future rentals accurately.			(103 732)
Annual increases on rental in a contract with the Department of Infrastructure were incorrectly calculated at 8% annually instead of 6%			(593)
<b>Restated Balance</b>		<b>1 735</b>	
<b>42.3 Receivables from Exchange Transactions</b>			
<b>Balance previously reported</b>		<b>6 717 220</b>	
Communication of Audit Finding no 12 of 2023/24 referred to incorrect ampere charges for electricity connection captured incorrectly on the financial system. The following adjustment were made in this regard:			
Arrear levies raised in respect of 2022/23		165 328	
Arrear levies raised in respect of 2023/24		190 288	
<b>Restated Balance</b>		<b>7 072 837</b>	
<b>42.4 VAT receivable</b>			
<b>Balance previously reported</b>		<b>11 463</b>	
VAT on payments in respect of 2023/24 made during 2024/25 was recognised as part of sundry creditors payable		1 333 517	
<b>Restated Balance</b>		<b>1 344 980</b>	

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

		2024 R
<b>42.5 Trade and Other Payables from Exchange Transactions</b>		<b>18 888 660</b>
<b>Balance previously reported</b>		
Operational expenditure in respect of 2023/24 made during 2024/25:		
Contracted services	1 462 107	
Operational costs	322 014	
Backpay iro remuneration of councillors	90 804	
Backpay to staff members	35 082	
Capital expenditure iro upgrading of roads	1 924 924	
An unspent grant iro the restoration of title deed was previously treated as a trade payable instead of an unspent grant	(372 001)	
Unknown payments received in advance carried forward from the previous financial system were recognised as revenue	(11 837)	
A duplicated asset that were incorrectly recognised as asset and as goods received were de-recognised	(108 062)	
Bonuses paid to senior staff not recognised previously	151 716	
Interest payable on VAT on library allocations for 2023/24 previously recognised as contingent liability	162 527	
Accumulated interest payable on VAT on library allocations from 2019/20 till 2022/23 previously recognised as contingent liability	192 640	
<b>Restated Balance</b>		<b>22 738 573</b>
<b>42.6 Unspent Transfers and Subsidies</b>		<b>7 077 913</b>
<b>Balance previously reported</b>		
An unspent grant iro the restoration of title deed was previously treated as a trade payable instead of an unspent grant	372 001	
<b>Restated Balance</b>		<b>7 449 913</b>
<b>42.7 Accumulated Surplus/(Deficit)</b>		<b>207 255 747</b>
<b>Balance previously reported</b>		
During the verification of movable assets, assets were verified that were not on the fixed asset register, but was not procured during 2024/25:		
Computer equipment	2 068	
Machinery and equipment	21 599	
Accumulated depreciation on asset recognised for the first time was calculated as follows:		
Computer equipment	(103)	
Machinery and equipment	(2 160)	
Unknown payments received in advance carried forward from the previous financial system were recognised as revenue	11 837	
Communication of Audit Finding no 12 of 2023/24 referred to incorrect ampere charges for electricity connection captured incorrectly on the financial system. The following adjustment were made in this regard:		
Arrear levies raised in respect of 2022/23	165 328	
Arrear levies raised in respect of 2023/24	190 288	
Operational expenditure in respect of 2023/24 made during 2024/25:		
Contracted services	(920 562)	
Operational costs	(280 012)	
Backpay iro remuneration of councillors	(90 804)	
Backpay to staff members	(35 082)	
Expenditure on the 200kl reservoir in Klaarstroom that was not of a capital nature was not expensed, but recognised as an asset	(29 886)	
A lease agreement with MTN was incorrectly included and smoothed. The increments on this lease was calculated at 10% per annum, while the contract stipulates that the rental should increase with CPI annually, which makes it impossible to calculate future rentals accurately.	(103 732)	
Annual increases on rental in a contract with the Department of Infrastructure were incorrectly calculated at 8% annually instead of 6%	(593)	
Recognising of creditor in respect of 2023/24	(350 840)	
Bonuses paid to senior staff not recognised previously	(151 716)	
Interest payable on VAT on library allocations for 2023/24 previously recognised as contingent liability	(162 527)	
Accumulated interest payable on VAT on library allocations from 2019/20 till 2022/23 previously recognised as contingent liability	(192 640)	
<b>Restated Balance</b>		<b>205 326 211</b>

## 42.8 Changes to Statement of Financial Performance

## Changes to the Statement of Financial Performance due to correction of errors:

	Note	Balance previously reported	Adjustments	Restated Balance
<b>Revenue</b>				
Property Rates		5 753 706	-	5 753 706
Government Grants and Subsidies - Operating		32 605 630	-	32 605 630
Government Grants and Subsidies - Capital		23 046 473	-	23 046 473
Fines, Penalties and Forfeits		-	8 161 929	8 161 929
Service in kind		1 709 329	-	1 709 329
Actuarial Gains		370 566	-	370 566
Fines, Penalties and Forfeits		8 161 929	(8 161 929)	-
Interest Earned - Non-exchange Transactions		220 484	-	220 484
Service Charges		37 778 373	190 288	37 968 662
Sales of Goods and Rendering of Services		402 719	-	402 719
Rent on Land		60 781	-	60 781
Rental from Fixed Assets		451 972	12 767	464 738
Interest Earned - External Investments		6 182 529	-	6 182 529
Interest Earned - Exchange Transactions		1 605 228	-	1 605 228
Licences and Permits		89 637	-	89 637
Agency Services		286 570	-	286 570
Operational Revenue		2 146 161	-	2 146 161
<b>Total</b>		<b>120 872 087</b>	<b>203 055</b>	<b>121 075 142</b>
<b>Expenditure</b>				
Employee related costs		34 756 012	35 082	34 791 094
Remuneration of Councillors		3 323 629	90 804	3 414 433
Irrecoverable Debts Written Off		4 078 124	-	4 078 124
Contracted Services		8 054 596	1 874 134	9 928 730
Depreciation and Amortisation		7 442 664	-	7 442 664
Actuarial Losses		583 791	-	583 791
Finance Costs		3 250 934	162 527	3 413 461
Bulk Purchases		17 344 520	-	17 344 520
Inventory Consumed		665 797	(10 348)	655 449
Transfers and Subsidies		277 216	-	277 216
Operational Costs		12 939 540	(663 212)	12 276 327
(Reversal of Impairment Loss)/Impairment Loss on Receivables		12 356 360	(12 356 360)	-
<b>Total</b>		<b>105 073 183</b>	<b>(10 867 373)</b>	<b>94 205 810</b>
<b>Gains and Losses</b>				
Reversal of Impairment Loss/(Impairment Loss) on Receivables		-	(12 356 360)	(12 356 360)
Gains/(Loss) on Sale of Fixed Assets		(38 351)	-	(38 351)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		2 213 331	-	2 213 331
<b>Total</b>		<b>2 174 980</b>	<b>(12 356 360)</b>	<b>(10 181 381)</b>
<b>Net Surplus/(Deficit) for the year</b>		<b>17 973 883</b>	<b>(1 285 932)</b>	<b>16 687 951</b>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>43. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	17 934 271	16 687 951
<b><u>Adjustments for:</u></b>		
Depreciation and Amortisation	6 727 146	7 442 664
Loss/(Gain) on Sale of Fixed Assets	90 154	38 351
Impairment Loss/(Reversal of Impairment Loss)	(40 875 056)	12 356 360
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(1 544 930)	(2 213 331)
Government Grants and Subsidies received	60 917 943	53 029 378
Government Grants and Subsidies recognised as revenue	(59 068 201)	(55 652 103)
Repayment of unspent grants	(4 819 546)	(401 750)
Contribution to provisions – Non-Current Provisions	3 440 719	3 250 180
Contribution from/to provisions - Non-Current Employee Benefits	601 239	532 235
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	398 731	583 791
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	-	(370 566)
Contribution from/to - Current Employee Benefits	123 022	367 122
Bad Debts written off	57 717 082	4 078 124
Operating lease income accrued	(32 660)	20 231
Operating Surplus/(Deficit) before changes in working capital	41 609 915	39 748 638
Changes in working capital	(21 199 728)	(6 428 000)
Increase/(Decrease) in Provisions	-	-
Increase/(Decrease) in Trade and Other Payables	(4 434 426)	11 113 408
Increase/(Decrease) in Taxes	1 049 097	(1 473 843)
(Increase)/Decrease in Inventory	40 550	54 873
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(6 620 892)	(8 139 617)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	(11 301 086)	(8 058 068)
(Increase)/Decrease in Consumer Deposits	67 029	75 245
<b>Cash generated/(absorbed) by operations</b>	<b>20 410 186</b>	<b>33 320 638</b>
<b>44. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 10	902 158	578 116
Call Deposits and Investments - Note 10	50 157 204	57 684 012
Cash on hand - Note 10	6 047	5 987
<b>Total cash and cash equivalents</b>	<b>51 065 409</b>	<b>58 268 116</b>
<b>SHORT-TERM DEPOSITS</b>		
Call Deposits and Investments - Note 10	<b>50 157 204</b>	<b>57 684 012</b>
	2025 R	2024 R
<b>45. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 45	908 205	584 103
Short-term Deposits - Note 45	50 157 204	57 684 012
<b><u>Less:</u></b>		
Unspent Transfers and Subsidies - Note 21	(4 530 109)	(8 914 554)
Balance previously reported	(4 530 109)	(7 449 913)
Plus: Transferred from payables	(7 077 913)	(372 001)
VAT - Note 18	-	(732 320)
Consumer deposits	(799 350)	(732 320)
Balance previously reported	(732 320)	(732 320)
Plus: Correction of error	(732 320)	(732 320)
Net cash resources available for internal distribution	46 535 300	49 353 561
Allocated to:		
Non-Current Provisions Reserve	(10 500 000)	(10 500 000)
<b>Resources available for working capital requirements</b>	<b>36 035 300</b>	<b>38 853 561</b>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2025	2024
R	R

46. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

46.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	26 862 149	7 727 404
Unauthorised expenditure current year - operational	671 806	19 134 745
Unauthorised expenditure current year - capital	-	
Unauthorised expenditure awaiting authorisation	<u>27 533 955</u>	<u>26 862 149</u>

In terms of the definition of unauthorised expenditure in the Municipal Finance Management Act, unauthorised expenditure is the overspending of the total approved budget of the municipality and/or the overspending of the approved budget appropriated for a specific department.

During the 2024/25 financial year the approved budget consisted of only four departments, while the budget was split into five departments in prior years. The main reason being the municipality employing only four departmental heads. The former department of Corporate Services (previously vote 3) and the department of Community Services (previously vote 4) were combined to form one department, namely the department of Corporate and Community Services. For reporting purposes the department of Technical Services will in future be referred to as vote 3 and the department of Corporate and Community Services will be referred to as vote 4.

The unauthorised expenditure above iro 2023/24 was measured according to the previous organisational structure. For comparative purposes an adjusted calculation according to the new organisational structure is disclosed underneath.

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	
Over expenditure of approved budget according to the previous organisational structure for 2023/24	None	
Over expenditure of approved budget - Vote 5: Director Technical Services. The over spending is largely due to interest and depreciation on the landfill sites calculations (R2954 156), irrecoverable debt written off (R3 196 027) and expenditure recognised iro the in-kind services received from different contributors. All these items are non-cash items.	None	7 255 755
Over expenditure of approved budget - Vote 4: Director Community Services. The overspending of the budget is mainly due to the impairment losses in respect of traffic fines that amounts to R7 132 942. this is a non-cash item.	None	6 951 855
Over expenditure of approved budget - Vote 2: Financial services. The main contributors to the overspending of the budget are: Contributions to provisions due to actuarial calculations (R1 630 361), Impairment losses on receivables (R1 915 516) and write off of bead debts (R773 610). All of	None	4 927 135
Over expenditure of approved budget according to the current organisational structure for 2024/25	None	
Over expenditure of approved budget - Vote 4: Director Corporate and Community Services. The overspending of the budget is mainly due to the write-off of traffic fines and the consequent reversal of impairment losses. This is a non-cash item.	None	
	671 806	
	<u>671 806</u>	<u>19 134 745</u>

The over expenditure incurred by municipal departments on their operating budgets during the year is attributable to the following categories:

Non-cash	671 806	19 134 745
	<u>671 806</u>	<u>19 134 745</u>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

46. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (continued)

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

	2025 Actual R	2025 Final Budget R	2025 Variance R	2025 Unauthorised R
<b><u>Unauthorised expenditure current year - operating</u></b>				
Vote 1 - Executive and Council	8 068 009	9 181 926	1 113 917	-
Vote 2 - Financial Services	17 544 749	20 058 585	2 513 836	-
Vote 3 - Technical Services	56 753 771	57 851 831	1 098 060	-
Vote 4 - Corporate and Community Services	27 026 304	26 354 498	(671 806)	(671 806)
	<b>109 392 833</b>	<b>113 446 840</b>	<b>4 054 007</b>	<b>(671 806)</b>
 <b><u>Unauthorised expenditure current year - capital</u></b>				
Vote 1 - Executive and Council	-	-	-	-
Vote 2 - Financial Services	426 879	434 782	7 903	-
Vote 3 - Technical Services	24 576 471	27 953 507	3 377 036	-
Vote 4 - Corporate and Community Services	2 520 917	3 702 942	1 182 025	-
	<b>27 524 267</b>	<b>32 091 231</b>	<b>4 566 964</b>	<b>-</b>
 <b><u>Unauthorised expenditure prior year - operating</u></b> (according to new organisational structure)				
Vote 1 - Executive and Council	6 686 849	7 339 439	652 590	-
Vote 2 - Financial Services	18 889 484	13 962 349	(4 927 135)	(4 927 135)
Vote 3 - Technical Services	54 165 802	46 910 047	(7 255 755)	(7 255 755)
Vote 4 - Corporate and Community Services	25 369 399	18 433 746	(6 935 653)	(6 935 653)
	<b>105 111 534</b>	<b>86 645 581</b>	<b>(18 465 953)</b>	<b>(19 118 543)</b>
 <b><u>Unauthorised expenditure prior year - capital</u></b> (according to new organisational structure)				
Vote 1 - Executive and Council	-	-	-	-
Vote 2 - Financial Services	1 356 051	1 969 035	612 984	-
Vote 3 - Technical Services	23 718 698	30 237 074	6 518 376	-
Vote 4 - Corporate and Community Services	840 179	4 841 132	4 000 953	-
	<b>25 914 929</b>	<b>37 047 241</b>	<b>11 132 312</b>	<b>-</b>
 <b>46.2 Fruitless and wasteful expenditure</b>				
Reconciliation of fruitless and wasteful expenditure:			2025 R	2024 R
Opening balance			112 024	107 354
Fruitless and wasteful expenditure current year			593 512	4 670
Written off by Council			(112 024)	-
Fruitless and wasteful expenditure awaiting further action			<b>593 512</b>	<b>112 024</b>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2025  
R

2024  
R

46. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (continued)

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	
Cost of cancellation of accommodation for SALGA National Members Assembly	None	4 670
Library functions were allocated to provincial governments in terms of the Constitution. Municipalities perform the library function on behalf of the Provincial Government and receive compensation for it. These receipts were previously treated as grants and handled as zero-rated for VAT. This has now been deemed reimbursive allocations that are liable for output VAT. due to the VAT not paid to SARS, municipalities are liable for interest on late payments.		
Solatium compensation in respect of unfair suspension of employee after arbitration	None	82 195
Settlement cost after arbitration proceedings which was paid to employee	None	508 767
Catering cost incurred for farewell function which was cancelled	None	2 550
		593 512
		4 670

46.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	6 817 871	1 694 266
Irregular expenditure current year	842 961	5 123 605
Written off as supported by council	(6 817 871)	
Irregular expenditure awaiting further action	842 961	6 817 871

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	
Non-compliance with the Preferential Procurement Regulations of 2022 in payments made to service providers between R 2 000.00 and R 30 000.00 from 16 January 2023 to 30 June 2023.	None	443 402
Non-compliance with SCM Regulation 17(1)(c) - less than three quotations obtained without recording the reasons thereof	None	-
Non-compliance with SCM Regulations 12(1)(c) and 17(a) - three quotes were not obtained for transactions above R 2 000	None	-
Non-compliance with SCM Regulation 19(a) - payments made without following competitive	None	354 812
Non-compliance with SCM Regulation 36(1)(a)(i) - deviation from procurement process in respect of an emergency situation not justified nor emergency in nature	None	44 747
		842 961
		5 123 605

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

47. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

47.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance	-	-
Council subscriptions	500 000	500 000
Amount paid - current year	(500 000)	(500 000)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

		2025 R	2024 R
<b>47. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)</b>			
<b>47.2 Audit fees - [MFMA 125 (1)(c)]</b>			
Opening balance		7 947 580	6 204 116
Current year audit fee		4 121 974	3 977 927
External Audit - Auditor-General		3 063 635	3 008 157
Overdue charges		1 058 340	969 770
Amount paid - current year		(4 798 635)	(2 234 462)
<b>Balance unpaid (included in creditors)</b>		<b>7 270 920</b>	<b>7 947 580</b>
<b>47.3 VAT - [MFMA 125 (1)(c)]</b>			
Opening balance		27 672	1 057 656
VAT inputs		9 744 627	7 407 425
VAT outputs		(5 468 156)	(5 230 276)
Paid		354 166	429 246
Received		(3 482 710)	(3 636 379)
<b>Closing balance</b>		<b>1 175 600</b>	<b>27 672</b>
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.			
<b>47.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]</b>			
Opening balance		-	
Current year payroll deductions		6 411 442	5 867 031
Amount paid - current year		(6 411 442)	(5 867 031)
<b>Balance unpaid (included in creditors)</b>		<b>-</b>	<b>-</b>
<b>47.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>			
Opening balance		-	
Current year payroll deductions and Council Contributions		7 434 860	6 678 708
Amount paid - current year		(7 434 860)	(6 678 708)
<b>Balance unpaid (included in creditors)</b>		<b>-</b>	<b>-</b>
<b>47.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</b>			
No Councillors had arrear accounts outstanding for longer than 90 days.			
<b>47.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005</b>			
<b>47.7.1 Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b):</b>			
<b>30 June 2025</b>			
		<b>Type of Deviation</b>	
	Amount	Single Supplier	Impractical/ Impossible
			Emergency
MDL Engineering Company	163 778	-	-
Golden Dividend 536 (PTY) LTD. T/A FAW Trucks Goerge	221 560	-	221 560
Mvano Traders (PTY) LTD.	11 868	-	11 868
Mzondi Retailers	23 500	-	-
Tipper Clinic	44 238	-	44 238
Mega Auto Service (PTY) LTD.	2 867	-	2 867
RWK Electrical (PTY) LTD.	11 972	-	-
LCM Maintenance and Construction CC	58 786	-	58 786
Motus Group T/A Hyundai Motors	31 486	-	31 486
INTEG System Integrations (PTY) LTD.	40 053	-	40 053
TG Elektries(PTY) LTD.	8 561	-	-
Shorts Nissan CC	51 459	-	51 459
South Cape Travel	53 400	-	53 400
JR Towing	5 700	-	5 700
Ramcom Trucks and Load Bodies	7 669	-	7 669
Waterkop Estate Home Owners Association	5 558	-	5 558
	<b>-</b>	<b>742 455</b>	<b>534 644</b>
			<b>207 811</b>



PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

47. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (*continued*)

<u>30 June 2024</u>		<u>Type of Deviation</u>		
		<u>Amount</u>	<u>Single Supplier</u>	<u>Impractical/ Impossible</u>
				<u>Emergency</u>
MDL Engineering Company		39 458		29 980
Integral Laboratories		9 062		9 062
Golden Dividend 536		130 634		130 634
Klein Karoo Agri		17 852		17 852
Jan Abraham Nel		106 547		25 495
Mzondi Retailers		48 500		48 500
Motus Corporation		2 312		-
Klein Karoo Agri (PTY) Ltd.		6 183		6 183
Bailey & Le Roux		16 700		16 700
		<u>377 248</u>	<u>-</u>	<u>220 366</u>
				<u>156 883</u>

47.7.2 Regulation 45 - Details of Awards to close family members of persons in the service of the state:

<u>30 JUNE 2025</u>						
<u>Company Name</u>	<u>Related Person</u>	<u>Company Capacity</u>	<u>Service Capacity</u>	<u>Relationship</u>	<u>State Department</u>	<u>Amount of Award</u>
Conlog (Pty) Ltd.	Nirvasha Moodley	Director	Director	Spouse	KZN DOH	113 198
Jan Abraham Nel	M Nel	Owner	Teacher	Spouse	WCED	52 278
Neil Lyners & Ass (RF) (PTY) LTD	A du Toit	Shareholder	Professional Officer	Daughter	COCT Metro	1 300 952

<u>30 JUNE 2024</u>						
<u>Company Name</u>	<u>Related Person</u>	<u>Company Capacity</u>	<u>Service Capacity</u>	<u>Relationship</u>	<u>State Department</u>	<u>Amount of Award</u>
Jan Abraham Nel	M Nel	Owner	Teacher	Spouse	WCED	448 268
CF Wicomb	N Wicomb	Owner	Clerk PMU	Daughter	PAM	27 725
Neil Lyners & Ass (RF) (PTY) LTD	A du Toit	Shareholder	Professional Officer	Daughter	COCT Metro	413 380

<u>47.8 Material losses [MFMA 125 (2)(d)]</u>	<u>2025 R</u>	<u>2024 R</u>
<b>Electricity distribution losses</b>		
Units purchased (Kwh)	9 499 707	9 077 052
Units lost during distribution (Kwh)	569 471	1 007 719
Percentage lost during distribution	5.99%	11.10%
Distribution loss (Rand Value)	1 374 698	2 164 197
<b>Water distribution losses</b>		
Units purified (kl)	699 546	638 833
Units lost during distribution (kl)	232 462	156 494
Percentage lost during distribution	30.72%	24.50%
Distribution loss (Rand Value)	215 515	156 194

*Normal pipe bursts and field leakages are responsible for water losses.*

The municipality provides water services to indigent consumers. Consumptions used by indigent consumers are more than the free 6kl water they received. No action was taken to recover the additional consumptions from indigent consumers and based on history, outstanding amounts are not paid by indigent consumers. The cost to provide these services amounts to:



2025  
R2024  
R**48. FINANCIAL RISK MANAGEMENT**

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

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price Risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

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

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

0.25% (2024: 0.25%) Increase in interest rates	127 664	145 670
1.00% (2024: 1.00%) Decrease in interest rates	(510 654)	(582 681)

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

48. FINANCIAL RISK MANAGEMENT (*continued*)

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

All services are payable within 30 days from invoice date. Refer to note 8 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 8 for balances included in receivables that were re-negotiated for the period under review.

	2025 %	2025 R	2024 %	2024 R
<b><u>Exchange Receivables</u></b>				
Electricity	8.27%	2 706 139	13.58%	3 956 007
Water	32.50%	10 640 538	33.59%	9 784 144
Property Rentals	3.09%	1 012 705	3.16%	921 136
Waste Management	17.18%	5 626 037	14.75%	4 295 984
Waste Water Management	25.38%	8 308 624	22.59%	6 580 314
Trading Service and Customer Service Debtors - Abeyance	4.75%	1 556 225	4.81%	1 399 944
Other Arrears	7.70%	2 521 033	7.53%	2 194 850
Prepayments and Advances	1.12%	368 106	0.00%	-
	<b>100.00%</b>	<b>32 739 405</b>	<b>100.00%</b>	<b>29 132 378</b>

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 8 and 9 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 2% where applicable.

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

	2025 %	2025 R	2024 %	2024 R
<b><u>Exchange Receivables</u></b>				
Services	100.00%	25 922 510	100.00%	22 059 541
	<b>100.00%</b>	<b>25 922 510</b>	<b>100.00%</b>	<b>22 059 541</b>

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

	2025 %	2025 R	2024 %	2024 R
<b>Government</b>				
Industrial/Commercial	0.00%	-	0.00%	-
Residential	1.94%	502 757	2.77%	612 128
Indigents	98.06%	25 419 753	97.23%	21 447 413
	<b>0.00%</b>	<b>25 922 510</b>	<b>0.00%</b>	<b>22 059 541</b>
	<b>100.00%</b>	<b>25 922 510</b>	<b>100.00%</b>	<b>22 059 541</b>

2025	2024
R	R

48. FINANCIAL RISK MANAGEMENT (*continued*)

	Exchange Receivables	Non-exchange Receivables
<b>Ageing of amounts past due but not impaired are as follow:</b>		
<b>2025</b>		
1 month past due	525 290	60 290
2+ months past due	2 549 855	740 251
	3 075 144	800 540
<b>2024</b>		
1 month past due	392 512	54 664
2+ months past due	1 847 532	650 758
	2 240 043	705 422
<i>Include reason for items past due not impaired</i>		

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

(First National Bank, Standard Bank, ABSA). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

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

Non-Current Receivables from Exchange Transactions	-	-
Non-Current Receivables from Non-Exchange Transactions	-	-
Receivables from exchange transactions	32 739 405	29 132 378
Cash and Cash Equivalents	902 158	578 116
Short-term investments	50 157 204	57 684 012
	83 798 767	87 394 506

## (e) Liquidity Risk

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

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.



PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

48. FINANCIAL RISK MANAGEMENT (continued)

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2025</b>				
Trade and Other Payables from Exchange Transactions	19 579 369	-	-	-
	<u>19 579 369</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2024</b>				
Long-term Liabilities	-	-	-	-
Trade and Other Payables from Exchange Transactions	22 738 573	-	-	-
	<u>22 738 573</u>	<u>-</u>	<u>-</u>	<u>-</u>
			2025 R	2024 R

49. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

49.1 <u>Financial Assets</u>	<u>Classification</u>	2025 R	2024 R
<b>Receivables from Exchange Transactions</b>			
Electricity	Financial Instruments at amortised cost	2 706 139	3 956 007
Balance previously reported			
Plus: Correction of ampere charges iro 2022/23 (levied during 2025/26)			3 600 390
Plus: Correction of ampere charges iro 2023/24 (levied during 2025/26)			165 328
			190 288
Water	Financial Instruments at amortised cost	10 640 538	9 784 144
Property Rentals	Financial Instruments at amortised cost	1 012 705	921 136
Waste Management	Financial Instruments at amortised cost	5 626 037	4 295 984
Waste Water Management	Financial Instruments at amortised cost	8 308 624	6 580 314
Trading Service and Customer Service Debtors - Abeyance	Financial Instruments at amortised cost	1 556 225	1 399 944
Other Arrears	Financial Instruments at amortised cost	2 521 033	2 194 850
<b>Cash and Cash Equivalents</b>			
Bank Balances	Financial Instruments at amortised cost	902 158	578 116
Short term investment	Financial Instruments at amortised cost	50 157 204	57 684 012
Cash-on-hand	Financial Instruments at amortised cost	6 047	5 987
<b>Total Financial Assets</b>		<u>83 436 708</u>	<u>87 400 494</u>
		2025 R	2024 R
<b>SUMMARY OF FINANCIAL ASSETS</b>			
<b>Financial Instruments at cost:</b>			
Receivables from Exchange Transactions	Electricity	2 706 139	3 956 007
Receivables from Exchange Transactions	Water	10 640 538	9 784 144
Receivables from Exchange Transactions	Property Rentals	1 012 705	921 136
Receivables from Exchange Transactions	Waste Management	5 626 037	4 295 984
Receivables from Exchange Transactions	Waste Water Management	8 308 624	6 580 314
Receivables from Exchange Transactions	Trading Service and Customer Service Debtors - Abeyance	1 556 225	1 399 944
Receivables from Exchange Transactions	Other Arrears	2 521 033	2 194 850
Cash and Cash Equivalents	Bank Balances	902 158	578 116
Cash and Cash Equivalents	Call Deposits	50 157 204	57 684 012
Cash and Cash Equivalents	Cash-on-hand	6 047	5 987
<b>Total Financial Assets</b>		<u>83 436 708</u>	<u>87 400 494</u>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

		2025 R	2024 R
<b>49. FINANCIAL INSTRUMENTS (continued)</b>			
<b>49.2 Financial Liabilities</b>	<b>Classification</b>		
<b>Trade and Other Payables from Exchange Transactions</b>			
Trade Payables	Financial Instruments at amortised cost	18 069 421	21 285 203
Balance previously reported			17 069 276
Plus: Payments into 2023/2024 made during 2024/25			4 215 927
Salary control accounts	Financial Instruments at amortised cost	(42)	124 858
Balance previously reported			(1 028)
Plus: Payments into 2023/2024 made during 2024/25			125 886
Advance Payments	Financial Instruments at amortised cost	1 025 357	1 115 880
Balance previously reported			1 127 717
Less: Outstanding balance transferred to revenue			(11 837)
Retentions	Financial Instruments at amortised cost	-	133 472
Housing	Financial Instruments at amortised cost	-	-
Balance previously reported			372 001
Less: Correction of error			(372 001)
Licencing and registration	Financial Instruments at amortised cost	1 638	5 222
Unallocated Deposits	Financial Instruments at amortised cost	471 568	69 721
Unidentified deposits	Financial Instruments at amortised cost	11 429	4 216
Goods Received/Invoice Received	Financial Instruments at amortised cost	0	(0)
			108 062
			(108 062)
<b>Other liabilities</b>			
Consumer deposits	Financial instruments at amortised cost	799 350	732 320
		20 378 719	23 470 894

**SUMMARY OF FINANCIAL LIABILITIES**

**Financial instruments at amortised cost:**

Trade and Other Payables	Trade Payables	18 069 421	21 285 203
Trade and Other Payables	Salary control accounts	(42)	124 858
Trade and Other Payables	Advance Payments	1 025 357	1 115 880
Trade and Other Payables	Retentions	-	133 472
Trade and Other Payables	Licencing and registration	1 638	5 222
Trade and Other Payables	Unallocated Deposits	471 568	69 721
Trade and Other Payables	Unidentified deposits	11 429	4 216
Trade and Other Payables	Goods Received/Invoice Received	0	(0)
Other liabilities	Consumer deposits	799 350	732 320
Other liabilities	Unspent Transfers and Subsidies	-	-
		20 378 719	23 470 894

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>50. STATUTORY RECEIVABLES</b>		
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
<b>Taxes</b>		
VAT Receivable	1 233 603	1 344 980
VAT input accrual	1 359 834	1 707 861
VAT output accrual	(4 418 636)	(3 828 942)
<b>Net VAT (Payable)/Receivable</b>	<b>(3 058 801)</b>	<b>(2 121 081)</b>
<b>Receivables from Non-Exchange Transactions</b>		
Rates	21 895 937	65 298 068
Fines	3 885 786	3 257 975
	18 010 151	62 040 092
<b>Total Statutory Receivables (before provision)</b>	<b>23 129 540</b>	<b>66 643 048</b>
<b>Less:</b> Provision for Debt Impairment	<b>(19 352 274)</b>	<b>(64 090 298)</b>
<b>Total Statutory Receivables (after provision)</b>	<b>3 777 266</b>	<b>2 552 750</b>

Statutory Receivables arises from the following legislation:

Taxes	- Value Added Tax Act (No 89 of 1991)
Rates	- Municipal Properties Rates Act (No 6 of 2004)
Fines	- Criminal Procedures Act
Unpaid government grants	- Division of revenue act

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

**(Rates): Ageing**

Current (0 - 30 days)	303 101	236 045
31 - 60 Days	130 498	107 719
61 - 90 Days	96 900	102 914
+ 90 Days	3 355 288	2 811 298
<b>Total</b>	<b>3 885 786</b>	<b>3 257 975</b>

**Reconciliation of Provision for Debt Impairment**

Balance at beginning of year	64 090 298	56 336 910
Contribution to provision	441 649	7 753 388
Reversal of provision	(45 179 673)	-
Balance at end of year	<b>19 352 274</b>	<b>64 090 298</b>

**Ageing of amounts past due and impaired:**

1 month past due	19 352 274	64 090 298
2+ months past due	19 352 274	64 090 298
	<b>19 352 274</b>	<b>64 090 298</b>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

		2025 R	2024 R
<b>50. STATUTORY RECEIVABLES (continued)</b>			
<b><u>Ageing of amounts past due but not impaired:</u></b>			
1 month past due		60 290	54 664
Balance previously reported			107 719
Less: Correction of error			(53 054)
2+ months past due		740 251	650 758
Balance previously reported			850 247
Less: Correction of error			(199 490)
		<b>800 540</b>	<b>705 422</b>
		<b>800 540</b>	<b>705 422</b>
<b><u>Interest Received from Statutory Receivables</u></b>			
Receivables from Non-Exchange Transactions		457 542	220 484
		<b>457 542</b>	<b>220 484</b>

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

**51. IN-KIND DONATIONS AND ASSISTANCE**

The municipality received the following in-kind donations and assistance:

Organisation	Contribution towards:		
DBSA	Engineering services	-	801 608
MISA	Engineering services	1 541 109	886 021
Afriforum	Fuel	-	21 700
<b>Total In-kind Donations and Assistance</b>		<b>1 541 109</b>	<b>1 709 329</b>

**52. PRINCIPAL - AGENT ARRANGEMENTS**

**52.1 Principal in Principal-Agent Arrangement (Material)**

Prince Albert Municipality is the principle in arrangements with service providers who sell prepaid electricity on the municipality's behalf. Prepaid vendors earn commission on the value of each transaction.

**Compensation paid for agency activities**

Commission	365 686	599 331
Balance previously reported		319 319
Plus: Payments iro 2023/24 made during 2024/25 - Note 38		280 012
<b>Total Compensation paid</b>	<b>365 686</b>	<b>599 331</b>

**Resources**

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

**52.2 Agent in arrangement**

Prince Albert Municipality is the Agent in the Principle/Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport. 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 is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

The municipality does not incur any expenses on behalf of the Provincial Department. 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 the municipal cashier collection points. No resources are held on behalf of the Provincial Department, other than the receipts.



AUDITOR-GENERAL  
SOUTH AFRICA

28 November 2025

Auditing to build public confidence

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	2025 R	2024 R
<b>52. PRINCIPAL - AGENT ARRANGEMENTS (continued)</b>		
Compensation received for agency activities		

Agency fees

Agency fees

**Total Compensation received**

325 528

286 570

**325 528**

**286 570**

Prince Albert Municipality was paid 12% commission by the Provincial Department of Transport for acting as an agent on its behalf during the financial year.

**53. CONTINGENT LIABILITY AND CONTINGENT ASSET**

CONTINGENT LIABILITIES

The municipality has no contingent liabilities

\_\_\_\_\_ - \_\_\_\_\_ -

**54. CAPITAL COMMITMENTS**

**Commitments in respect of capital expenditure excluding VAT:**

Approved and contracted for:

Total commitments consist out of the following:

Infrastructure assets

Construction of borehole pipeline and associated infrastructure  
Construction of new water treatment package plant in Leeu-Gamka  
Construction of high mast lights and solar PV  
Construction of slurry seal in Prince Albert  
Upgrading of roads and stormwater in Klaarstroom  
Construction of water and sanitation infrastructure in Leeu-Gamka

2 734 856

16 454 925

1 120 672  
1 614 184

684 201  
7 032 532  
3 669 829  
5 068 363

**2 734 856**

**16 454 925**

This expenditure will be financed from:

Government grants  
Internally generated funds

2 521 814  
213 041

11 386 562  
5 068 363

**2 734 856**

**16 454 925**

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2025	2024
R	R

**55. RELATED PARTIES**

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

**55.1 Related Party Transactions**

	Ward	Rates & Service Charges	Other	Interest	Outstanding Balance	Provision for Debt Impairment
<b>Year ended 30 June 2025</b>						
Councillors						
L Jaquet	2	-	-	-	-	-
MD Jaftha	4	-	-	-	-	-
S Koonthea	3	1 187	-	-	1 187	-
K Baadjies	1	(600)	-	-	(600)	-
E Maans	Proportional	1 140	-	-	1 140	-
N Claassen	Proportional	1 257	-	-	1 257	-
AJ Mackay	Proportional	-	-	-	-	-
		<b>2 985</b>	<b>-</b>	<b>-</b>	<b>2 985</b>	<b>-</b>
<b>Municipal Manager and Section 56/57 Employees</b>						
M. Giliomee		-	-	-	-	-
B Metembo		-	-	-	-	-
Z Nongene		-	-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Year ended 30 June 2024</b>						
Councillors						
L Jaquet	2	-	-	-	-	-
MD Jaftha	4	-	-	-	-	-
S Koonthea	3	1 970	-	2	1 972	-
K Baadjies	1	35 071	-	7 987	43 058	-
E Maans	Proportional	2 065	-	0	2 066	-
N Claassen	Proportional	10 971	-	961	11 932	-
AJ Mackay	Proportional	-	-	-	-	-
		<b>50 077</b>	<b>-</b>	<b>8 951</b>	<b>59 028</b>	<b>-</b>
<b>Municipal Manager and Section 57 Employees</b>						
A Hendricks		-	-	-	-	-
PW Erasmus		-	-	-	-	-
Z Nongene		-	-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**55.2 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted. There are no outstanding amounts granted prior to this date.

**55.3 Compensation of related parties**

The compensation of key management personnel and councillors is set out in note 31 & 32 to the Annual Financial Statements.



PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

56. FINANCIAL SUSTAINABILITY	2025	2024	
The municipality's revenue base is limited and the current situation in the municipal area is not favourable to increase the revenue.			
The collection rate for debtors is below the accepted norm of 95%	80.50%	77.91%	
The accepted norm for net debtors days is less than 30 days and here we see an slight increase in days from 63 to 64 days. This indicates that the municipality's outstanding debtors have risen materially and not all account holders are not paying for the services they receive from the municipality timeously.	81.46 Days	77.69 Days	
The accepted norm for the cash/cost coverage ratio is 1 to 3 months. The municipality is well over this norm eventhough it dropped slightly from the previous financial year.	6.50 Months	7.44 Months	
The accepted norm for the current ration is between 1.5 to 2.1. The municipality is above the accepted norm and have increased considerably.	2.16	1.96	
Level of cash backed reserves. The accepted norm is that reserves should be cash backed by 100%. The municipality is well positioned, but have to bear in mind that the only reserve is the Capital Replacement Reserve. This reserve is earmarked to cover the rehabilitation costs of the landfill sites. The current balance of the CRR is R10 500 000 which is insufficient to cover the future costs of rehabilitation.	443.19%	483.98%	
Net cash inflow/(outflow)	(7 202 707)	5 872 693	
These financial statements were prepared on a going concern basis. Taking the aforementioned into consideration it is a fair assumption that the municipality will be a going concern for the foreseeable future.			
57. EVENTS AFTER REPORTING PERIOD			
No events after the reporting date were identified by management that will effect the operations of the municipality or the results of those operations significantly.			
58. ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT			
Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.			
58.1 <u>Ownership and Management Control</u>			
The municipality has no shareholding or directors. The categories are therefore excluded from the reporting below. There are also no dividends that was declared. All Managers are based in the Western Cape.			
	Senior Management	Middle Management	Junior Management
Race classification			
African	2	0	1
Coloured	0	4	0
Indian	0	0	0
White	1	0	0
Gender			
Male	3	4	0
Female	0	0	1
Age			
Youth (between the ages of 18 - 35)	0	1	1
Middle aged (between the ages of 36 - 50)	2	3	0
Senior (older than 50)	1	0	0
Disability			
Male	0	0	0
Female	0	0	0
	Target Score	Bonus Score	Actual Score

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

2024 Actual Income R	2024 Actual Expenditure R	2024 Surplus/ (Deficit) R		2025 Actual Income R	2025 Actual Expenditure R	2025 Surplus/ (Deficit) R
31 664 754	(6 914 869)	24 749 885	<b>Governance and Administration</b>	30 355 943	(8 131 667)	22 224 276
15 585 273	(19 423 014)	(3 837 741)	Executive and council	15 697 650	(17 122 138)	(1 424 488)
-	-	-	Finance and administration	-	-	-
			Internal audit			
2 156 098	(3 818 114)	(1 662 016)	<b>Community and Public Safety</b>	2 912 139	(3 899 594)	(987 454)
11 581	(1 982 413)	(1 970 832)	Community and social services	27 344	(1 972 892)	(1 945 548)
8 522 083	(10 222 707)	(1 700 624)	Sport and recreation	11 508 553	(12 368 429)	(859 876)
-	-	-	Public safety	-	-	-
-	-	-	Housing	-	-	-
			Health			
521 289	(9 612 289)	(9 091 000)	<b>Economic and Environmental Services</b>	638 379	(9 144 343)	(8 505 963)
2 127 433	(14 526 908)	(12 399 475)	Planning and development	3 170 360	(13 644 118)	(10 473 759)
-	-	-	Road transport	-	-	-
			Environmental protection			
22 578 079	(20 349 768)	2 228 311	<b>Trading Services</b>	21 363 510	(22 993 334)	(1 629 824)
29 884 792	(8 305 571)	21 579 221	Energy sources	29 837 488	(8 712 524)	21 124 965
6 970 516	(5 076 842)	1 893 675	Water management	7 861 496	(6 105 996)	1 755 501
3 266 573	(6 228 025)	(2 961 452)	Waste water management	3 954 241	(5 297 799)	(1 343 557)
-	(140 000)	(140 000)	Waste management			
123 288 472	(106 600 521)	16 687 951	<b>Other</b>	-	-	-
			Sub Total	127 327 105	(109 392 833)	17 934 271
-	-	-	Less Inter-Departmental Charges	-	-	-
123 288 472	(106 600 521)	16 687 951	<b>Total</b>	127 327 105	(109 392 833)	17 934 271

**APPENDIX C**  
**PRINCE ALBERT LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025**  
**MUNICIPAL VOTES CLASSIFICATIONS**

2024 Actual Income R	2024 Actual Expenditure R	2024 Surplus/ (Deficit) R		2025 Actual Income R	2025 Actual Expenditure R	2025 Surplus/ (Deficit) R
28 653 000 798 423	(2 632 144) (4 145 509)	26 020 856 (3 347 086)	<b>Executive and Council</b> Municipal Manager Council General Expenses	30 382 318 56 943	(3 602 607) (4 465 402)	26 779 711 (4 408 459)
9 268 287 5 753 706	(19 966 045) (40)	(10 697 759) 5 753 666	<b>Director Finance</b> Financial Services Property Rates	8 472 603 5 940 941	(17 544 749) -	(9 072 146) 5 940 941
- 64 366 780 431 20 406 2 052 759 1 787 199 034 8 522 083 - 11 581 - 78 924	(621 437) (64 366) (8 448 782) - (2 189 442) (1 210 853) (417 819) (10 222 707) - (1 982 413) (140 000) (71 848)	(621 437) - (7 668 352) 20 406 (136 683) (1 209 066) (218 785) (1 700 624) - (1 970 832) (140 000) 7 077	<b>Director: Administration and Community Services</b> IDP Strategic Services Corporate Services Cemeteries Library Disaster Management Community Halls Traffic Control Housing Sport and Recreation Tourism Security Services	- 65 199 898 864 22 297 2 085 622 808 614 227 910 11 508 553 - 27 344 - 101 076	(646 618) (62 741) (8 019 631) - (2 268 203) (1 330 149) (301 242) (12 368 429) - (1 972 892) - (56 400)	(646 618) 2 458 (7 120 767) 22 297 (182 582) (521 534) (73 332) (859 876) - (1 945 548) - 44 676
22 578 079 29 806 221 6 970 516 5 522 865 2 206 004	(20 349 768) (8 305 571) (5 076 842) (6 228 025) (14 526 908)	2 228 311 21 500 650 1 893 675 (705 160) (12 320 904)	<b>Director: Technical Services</b> Electricity Services Water Services Sewerage Refuse Public Works	21 363 510 29 837 488 7 861 496 4 495 966 3 170 360	(22 993 334) (8 712 524) (6 105 996) (5 297 799) (13 644 118)	(1 629 824) 21 124 965 1 755 501 (801 833) (10 473 759)
123 288 472	(106 600 521)	16 687 951	<b>Sub Total</b>	127 327 105	(109 392 833)	17 934 271
-	-	-	<b>Less Inter-Departmental Charges</b>	-	-	-
123 288 472	(106 600 521)	16 687 951	<b>Total</b>	127 327 105	(109 392 833)	17 934 271

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

	Cost/Revaluation					Accumulated Depreciation/Impairment				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals/Impairment	Closing Balance	Opening Balance	Depreciation/Amortisation	Disposals/Impairment	Closing Balance	
Executive and council	672 642	3 938	-	(8 023)	668 558	213 530	51 253	(7 330)	257 454	411 104
Finance and administration	28 731 879	942 116	3 612 644	(104 331)	29 569 664	3 201 528	388 882	(72 470)	3 517 941	26 051 724
Internal audit	-	-	-	-	-	-	-	-	-	-
Community and social services	15 748 458	81 215	65 397	(168 591)	15 661 082	3 150 899	245 618	(135 928)	3 260 589	12 400 493
Sport and recreation	15 056 643	873 839	1 629 693	(101 440)	15 829 041	3 175 681	132 752	(99 285)	3 209 149	12 619 893
Public safety	3 641 188	699 322	122 829	(9 888)	4 330 623	2 168 296	133 467	(9 303)	2 292 460	2 038 162
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Planning and development	-	-	-	-	-	-	-	-	-	-
Road transport	62 401 015	5 374 635	2 028 791	(147 767)	67 627 883	15 260 927	2 033 332	(126 530)	17 167 729	50 460 154
Environmental protection	-	-	-	-	-	-	-	-	-	-
Energy sources	20 203 938	5 012 544	2 333 107	(7 441)	25 209 041	3 617 747	528 075	(6 482)	4 139 340	21 069 700
Water management	61 255 408	2 801 877	3 047 408	-	64 057 285	12 073 675	1 470 996	-	13 544 671	50 512 613
Waste water management	55 447 901	11 585 340	18 233 780	-	67 033 240	10 161 211	1 155 685	-	11 316 895	55 716 345
Waste management	18 262 080	2 032 272	362 644	-	20 294 352	13 118 207	587 086	-	13 705 293	6 589 060
Electricity	-	-	-	-	-	-	-	-	-	-
	281 421 153	29 407 097	31 436 293	(547 481)	310 280 769	66 141 702	6 727 146	(457 327)	72 411 521	237 869 248

**APPENDIX E**  
**PRINCE ALBERT LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 30 June 2024	Correction of Error	Restated Balance 30 June 2024	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Vat transferred to revenue	Retention	Balance 30 June 2025	Unspent 30 June 2025 (Creditor)	Unpaid 30 June 2025 (Debtor)
<b>National Government Grants</b>													
Equitable Share	-	-	-	30 299 000	-	-	(30 299 000)	-	-	-	-	-	-
Finance Management Grant	-	-	-	1 800 000	-	-	(1 800 000)	-	-	-	-	-	-
Water Services Infrastructure Grant	-	-	1 164 251	15 000 000	-	(411 532)	-	(13 323 141)	-	-	2 429 578	2 429 578	-
Municipal Infrastructure Grant	-	-	2 770 552	8 025 000	-	(2 770 552)	(401 600)	(7 120 105)	-	-	503 295	503 295	-
Integrated National Electrification Grant	-	-	490 000	-	-	(490 000)	-	-	-	-	-	-	-
Expanded Public Works Programme	-	-	-	1 200 000	-	-	(1 177 651)	-	-	-	22 349	22 349	-
<b>Total National Government Grants</b>	<b>-</b>	<b>-</b>	<b>4 424 803</b>	<b>56 324 000</b>	<b>-</b>	<b>(3 672 084)</b>	<b>(33 678 251)</b>	<b>(20 443 245)</b>	<b>-</b>	<b>-</b>	<b>2 955 223</b>	<b>2 955 223</b>	<b>-</b>
<b>Provincial Government Grants</b>													
Regional Socio-economic Project (RSEP)	-	-	54 635	-	-	(54 635)	-	-	-	-	-	-	-
Thusong service centre	-	-	67 067	150 000	-	(67 067)	-	-	-	-	150 000	150 000	-
Community Development Workers	-	-	11 634	76 000	-	(11 634)	(65 199)	-	-	-	10 801	10 801	-
Municipal Drought Relief Grant	-	-	8 493	-	-	(8 493)	-	-	-	-	-	-	-
Municipal Interventions Grant	-	-	853 813	500 000	-	(853 813)	-	-	-	-	500 000	500 000	-
PT - Financial Management Capability Grant	-	-	62 784	200 000	-	(62 784)	(40 602)	-	-	-	159 398	159 398	-
Western Cape - Maintenance of Roads	-	-	-	-	-	-	(50 000)	-	-	-	(50 000)	-	(50 000)
PT - Municipal Energy Resilience Grant	-	-	663	400 000	-	(663)	-	(330 688)	-	-	69 312	69 312	-
PT - Municipal Water Resilience Grant	-	-	1 341 234	1 000 000	-	-	-	(2 308 014)	-	-	33 220	33 220	-
PT - Informal Settlements Upgrading Grant	-	-	88 373	-	-	(88 373)	-	-	-	-	-	-	-
PT - Fire Services Capacity Building Grant	-	-	-	980 000	-	-	-	(804 221)	-	-	175 779	175 779	-
PT - Community Library Services Grant	-	-	-	250 000	-	-	(250 000)	-	-	-	-	-	-
PT - Borehole Installation and Groundwater Quality Monitoring	-	-	-	257 000	-	-	-	(256 695)	-	-	305	305	-
PT - Service Delivery & Capacity Building Grant	-	-	-	454 000	-	-	(349 950)	-	-	-	104 050	104 050	-
PT - Title Deeds Restoration Grant	-	-	-	372 001	-	-	-	-	-	-	372 001	372 001	-
<b>Total Provincial Government Grants</b>	<b>-</b>	<b>-</b>	<b>2 860 697</b>	<b>4 267 000</b>	<b>-</b>	<b>(1 147 462)</b>	<b>(755 750)</b>	<b>(3 699 618)</b>	<b>-</b>	<b>-</b>	<b>1 524 866</b>	<b>1 574 866</b>	<b>(50 000)</b>
<b>District Municipality</b>													
CKDM Community Safety Grant	-	-	81 076	20 000	-	-	(101 076)	-	-	-	-	-	-
CKDM War on Leaks Grant	-	-	0	-	-	-	-	-	-	-	0	0	-
CKDM HR Internship Grant	-	-	83 338	-	-	-	(83 318)	-	-	-	20	20	-
CKDM Internal Audit Support Grant	-	-	-	250 000	-	-	(250 000)	-	-	-	-	-	-
<b>Total District Municipality Grants</b>	<b>-</b>	<b>-</b>	<b>164 414</b>	<b>270 000</b>	<b>-</b>	<b>-</b>	<b>(434 394)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>20</b>	<b>-</b>
<b>Other Grant Providers</b>													
Local Government SETA	-	-	-	56 943	-	-	(56 943)	-	-	-	-	-	-
<b>Total Other Grant Providers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56 943</b>	<b>-</b>	<b>-</b>	<b>(56 943)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Allocations-in-kind</b>													
Allocations in kind - MISA - Engineering services	-	-	-	-	1 541 109	-	(1 541 109)	-	-	-	-	-	-
<b>Total Allocations-in-kind</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 541 109</b>	<b>-</b>	<b>(1 541 109)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Grants</b>	<b>-</b>	<b>-</b>	<b>7 449 913</b>	<b>62 459 052</b>	<b>-</b>	<b>(4 819 546)</b>	<b>(36 466 447)</b>	<b>(24 142 864)</b>	<b>-</b>	<b>-</b>	<b>4 480 109</b>	<b>4 530 109</b>	<b>(50 000)</b>

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

PRINCE ALBERT LOCAL MUNICIPALITY APPROPRIATION STATEMENT FOR THE YEAR ENDED 30 JUNE 2025												
National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget	Budget	Final Adjustment Budget	Shifting of Funds (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. Council approved by law)	Final Budget	Actual Outcome 2024	Unauthorised expenditure	Variance	Variance (Actual Outcome as % of Original Budget)	Variance (Actual Outcome as % of Final Budget)
			Adjustments (i.t.o. s28 and s31 of the MFMA)									
REVENUE												
Exchange		37 089 114	(2 455 383)	34 633 731	-	-	34 633 731	37 783 227	-	3 149 496	101.87%	109.09%
Service Charges - Electricity	Service Charges	19 655 081	(248 181)	19 406 900			19 406 900					
Service Charges - Water	Availability charges	6 333 008	(1 917 047)	4 415 961			4 415 961					
Service Charges - Waste water management		7 237 637	2 802	7 240 439			7 240 439					
Service Charges - Waste management		3 863 388	(292 957)	3 570 431			3 570 431					
Sales of Goods and Rendering of Services	Sales of Goods and Rendering of Services	568 500	(175 362)	393 138			393 138	402 574		9 436	70.81%	102.40%
Agency Services	Agency Services	220 000	-	220 000			220 000	323 423		103 423	147.01%	147.01%
Interest earned from receivables	Interest Earned - Exchange Transactions	1 593 900	486 352	2 080 252			2 080 252	2 218 902		138 650	139.21%	106.67%
Interest Earned from current and non-current assets	Interest Earned - External Investments	5 063 200	161 800	5 225 000			5 225 000	5 411 891		186 891	106.89%	103.58%
Rent on land	Rent on Land	64 600	(3 955)	60 645			60 645	60 645		-	93.88%	100.00%
Rental from Fixed Assets	Rental from Fixed Assets	564 100	207 340	771 440			771 440	721 372		(50 068)	127.88%	93.51%
Operational revenue	Operational revenue	115 000	1 706 683	1 821 683			1 821 683	2 078 763		257 080	1807.62%	114.11%
Non-exchange										-		
Property Rates	Property Rates	6 250 076	(350 193)	5 899 883			5 899 883	5 940 941		41 058	95.05%	100.70%
Fines, penalties and forfeits	Fines, Penalties and Forfeits	546 000	7 456 800	8 002 800			8 002 800	11 206 889		3 204 089	2052.54%	140.04%
Licences and Permits	Licences and Permits	95 000	5 000	100 000			100 000	111 625		11 625	117.50%	111.63%
Transfers and subsidies - operational	Government Grants and Subsidies (Operational only)	44 709 500	(7 652 572)	37 056 928			37 056 928	36 466 447		(590 481)	81.56%	98.41%
Interest	Interest Earned - Non-exchange Transactions	265 800	114 200	380 000			380 000	457 542		77 542	172.14%	120.41%
Operational revenue	Operational Revenue	6 257 415	(33 423)	6 223 992			6 223 992	(6 223 992)		(6 223 992)	0.00%	0.00%
Other gains		1 926 000	(926 000)	1 000 000			1 000 000	1 544 930		80 211	154.49%	
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets												
Total Revenue (excluding capital transfers and contributions)		105 328 205	(1 458 713)	103 869 492	-	-	103 869 492	104 729 170	-	314 749	99.43%	100.83%
EXPENDITURE												
Employee Related Costs		39 906 088	847 367	40 753 455			40 753 455	36 849 107		(3 904 348)	92.34%	90.42%
Remuneration of Councillors		3 689 400	-	3 689 400			3 689 400	3 524 534		(164 866)	95.53%	95.53%
Debt Impairment	Reversal of Impairment Loss/(Impairment Loss) on Receivables	3 698 936	(47 785 346)	(44 086 410)			(44 086 410)	(40 875 056)		3 211 354	-1105.05%	92.72%
Irrecoverable debt written off	Bad Debts Written Off	1 177 000	56 875 696	58 052 696			58 052 696	57 717 082		(335 614)	4903.75%	99.42%
Depreciation and Amortisation	Depreciation and Amortisation	6 149 600	-	6 149 600			6 149 600	6 727 146		577 546	109.39%	109.39%
Interest	Finance Costs	373 000	2 217 500	2 590 500			2 590 500	3 440 719		850 219	922.44%	132.82%
Bulk Purchases - electricity	Bulk Purchases	20 906 862	43 138	20 950 000			20 950 000	20 106 552		(843 448)	96.17%	95.97%
Inventory consumed	Inventory consumed	649 312	69 050	718 362			718 362	554 093		(164 269)	85.34%	77.13%
Contracted Services	Contracted Services	9 857 921	215 733	10 073 654			10 073 654	10 134 513		60 859	102.81%	100.60%
Transfers and Subsidies	Transfers and Subsidies	128 400	400 000	528 400			528 400	759 964		231 564	591.87%	143.82%
Operational costs	Operational Costs	13 070 155	80 310	13 150 465			13 150 465	11 510 225		(1 640 240)	88.06%	87.53%
Losses on disposal of assets	(Loss) on Sale of Fixed Assets	-	-	-			-	90 154		90 154	100.00%	100.00%
Other losses		-	1 000 000	1 000 000			1 000 000	398 731		(601 269)	100.00%	39.87%
Actuarial Losses												
Total Expenditure		99 606 674	13 963 448	113 570 122	-	-	113 570 122	110 937 763	1 810 341	(2 632 359)	-98.37%	
Surplus/(Deficit)		5 721 531		(9 700 630)	-	-	(9 700 630)	(6 208 593)	3 492 037	-108.51%	64.00%	
Transfers and subsidies - capital (monetary allocations)	Government Grants and Subsidies (Capital only)	17 630 000	6 657 400	24 287 400			24 287 400	24 142 864	(144 536)	136.94%	99.40%	
Transfers and subsidies - capital (in-kind - all)	Contributed Property, Plant and Equipment			-			-					
Surplus/(Deficit) after Capital Transfers & Contributions		23 351 531	14 586 770	-	-		14 586 770	17 934 271	-	3 347 501	76.80%	122.95%
Surplus/(Deficit) after Taxation		23 351 531	14 586 770	-	-		14 586 770	17 934 271	-	3 347 501	76.80%	122.95%
Surplus/(Deficit) Attributable to Municipality		23 351 531	14 586 770	-	-		14 586 770	17 934 271	-	3 347 501	76.80%	122.95%
Surplus/(Deficit) for the year		23 351 531	14 586 770	-	-		14 586 770	17 934 271	-	3 347 501	76.80%	122.95%
CAPITAL EXPENDITURE AND FUND SOURCES												
Total expenditure and funds sources		29 988 625	2 102 606	32 091 231			32 091 231	27 552 098	-	(4 539 133)	91.88%	85.86%
Total Capital expenditure		29 988 625	2 102 606	32 091 231			32 091 231	27 552 098	-	(4 539 133)	91.88%	85.86%
Sources of capital funds												
Transfers recognised - capital		23 788 042	671 737	24 459 779			24 459 779	(24 459 779)	0.00%	0.00%		
Internally generated funds		6 200 583	1 430 869	7 631 452			7 631 452	(7 631 452)	0.00%	0.00%		
Total sources of capital funds		29 988 625	2 102 606	32 091 231	-	-	32 091 231	-	-	(32 091 231)		
CASHFLOWS												
Net cash from / (used) in operating activities		27 218 709	(181 384)	27 037 325			27 037 325	20 410 186	(6 627 139)	74.99%	75.49%	
Net cash from / (used) in investing activities		(29 988 625)	(2 102 606)	(32 091 231)			(32 091 231)	(27 612 893)	4 478 338	92.08%	88.04%	
Net cash from / (used) in financing activities		(105 500)	(0)	(105 500)			(105 500)	-	105 500	0.00%	0.00%	
Net increase/(decrease) in cash and cash equivalents at year end		(2 875 416)	(2 283 990)	(5 159 406)	-	-	(5 159 406)	(7 202 707)	-	(2 043 301)	250.49%	139.60%
Cash and cash equivalents at the beginning of the year		50 730 502	7 537 612	58 268 114			58 268 114	58 268 116	2	114.86%	100.00%	
Cash and cash equivalents at the end of the year		47 855 086	5 253 622	53 108 708	-	-	53 108 708	51 065 409	(2 043 299)	106.71%	96.15%	