Nkangala District Municipality
Annual Financial Statements
for the year ended 30 June, 2025

General Information

Nature of business and principal activities	Municipal Services
Acting Accounting Officer	M L Mahlangu
Registered office	2A Walter Sisulu Street Middelburg 1050 Mpumalanga
Business address	2A Walter Sisulu Street Middelburg 1050 Mpumalanga
Postal address	P.O. Box 437 Middelburg 1050 Mpumalanga
Bankers	Standard Bank Group Limited (Primary) ABSA Limited
Auditors	Auditor General South Africa

General Information

Executive Mayor	Ngwenya TD
Speaker	Boshomane KJ
Council Whip	Nkalitshana CN
MMC Community Development Services	Mahlangu DP
MMC Corporate Services	Pookgoadi KT
MMC Development and Planning Unit	Mathebula TT (Resigned: 28/04/2025)
MMC Development and Planning Unit	Nkosi MS (Assumed: 06/05/2025)
MMC Finance	Shabangu NM (25/07/2025 - 22/04/2025)
MMC Finance	Maseko CP (Assumed: 06/05/2025)
MMC Local Economic Development	Mahlangu L
MMC Technical Services	Makwiting TJ
MPAC Chairperson	Moseri PP
Section 79 Chairpersons	Zondo LJ
	Maja SR
	Matlaila BJ
	Banda ME
	Mampuru DS
	Mahlangu NJ (Assumed: 29/07/2025)
Councillors	Bhamjee M
	Botha AA
	Buda KV
	Dikgale LJ
	Ditshego K
	Dlamini BN
	Dyason D (Assumed: 23/08/2024)
	Dzondzi L
	Koko GS
	Mabena DM
	Makola LM
	Mashabela BC
	Mashele NA
	Masilela PM
	Masombuka AB
	Masombuka NZ
	Mbonani ND
	Mhlanga KP
	Mhlapho VJ
	Moela WN
	Mogola SM
	Mokoala VD
	Mokolo ML
	Moolman L
	Morokolo ME
	Mthombeni JN

General Information

	Mtsweni SM
	Mtsweni SN
	Ngubeni PN
	Nhlapho SR
	Ntuli DS (Assumed: 09/04/2025)
	Nyalunga XC
	Phahlamoswari DM
	Rankapole MM
	Seswike SC
	Sibanyoni JM
	Skosana SI
	Smith A
	Steyn L
	Van Dyk WA
Audit Committee Chairperson	Adv. L Thubakgale (Assumed: 01/09/2024)
Members of Audit Committee	Monama L
	Mathabathe M
	Ntuli A
	Ntuli P
Risk Committee Chairperson	Boltman T (Term ended: 31/12/2025)
	Tshimomola R (Assumed: 06/01/2025)

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The following supplementary information does not form part of the annual financial statements and is unaudited:

Appendixes:

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Abbreviations used:

AC	Audit Committee
CIGFARO	Chartered Institute of Government Finance, Audit & Risk Officers
COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
DWS	The Department of Water and Sanitation
EPWP	Expanded Public Works Programme
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
MPAC	Municipal Public Accounts Committee
mSCOA	Municipal Standard Chart of Accounts
PAYE	Paye As You Earn
PPPFA	Preferential Procurement Policy Framework Act
SALGA	South African Local Government Association
UIF	Unemployment Insurance Fund
VAT	Value Added Tax

Accounting Officer's Responsibilities and Approval

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

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

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

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

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality’s cash flow forecast for the year to 30 June, 2026 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is mainly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in the note 30 except for irregular expenditure as per note 49 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Costitution, 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 external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7.

The annual financial statements set out on page 14 - 86, which have been prepared on the going concern basis, were approved by the on 30 June, 2025 and were signed on its behalf by:

M L Mahlangu

Acting Municipal Manager

Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2025

Report of the Chief Financial Officer,

1. INTRODUCTION

The financial objective of the district municipality is to secure sound and sustainable management of the financial affairs of the district municipality and to assist the six local municipalities to be financially viable.

Critical functional areas for the district municipality amongst others include improvement of audit outcomes, effective financial management, fully functional internal audit units and audit committees, high vacancy rate in key positions, declining growth in the Regional Services Council Replacement Grant, increase in operational expenditure, which negatively impacts on the allocations to local municipalities.

Issue 3 of the IDP relates to financial viability and includes projects that contributed to the financial viability of the district and local municipalities.

The District has finalised and prepared the annual financial statements for 2024/25 on version 6.8 from 6.7 of mSCOA for the 2023/2024 financial year.

2. REVIEW OF OPERATING RESULTS

The 2024/25 budget of the Nkangala District Municipality was approved by Council as follows:

MTREF 2024/25	22 May 2024	DM-ND 433/05/2024
Roll-over 2024/25	28 Aug 2024	DM-ND 115/08/2024
Special Adjustment Budget 2024/25	30 Oct 2024	DM-ND201/10/2024
Adjustment budget 2024/25	26 Feb 2025	DM-ND 334/02/2025
Special Adjustment Budget 2024/25	28 May 2025	DM-ND 479/05/2025

Herewith is commentary on the financial results.

2.1 REVENUE

The total revenue of the district decreased with 12.76% from R1,028.371 million (2023/24) to R897,109 million (2024/25) and indicate a 94.25% outcome over the R951,828 million budgeted for the 2024/25 financial year.

Revenue from exchange transactions increased with 22.72% from R59,381 (2023/24) to R45,889 million (2024/25), whilst the revenue from non-exchange transactions decreased with 12.15% from R968,989 (2023/24) to R851,220 million (2024/25) of which the major portions is from government grants and subsidies, and the increase is mainly from the increased grants received form Department of Water and Sanitation. The district is highly dependent on the RSC Replacement Grant that shows a deterioration growth rate year on year, however indicative allocations published in Division of Revenue Act (DORA) point to a very small increase in the RSC Levy Replacement Grant,

The outlook for the next financial year is that the total revenue will decrease compared to the year under review.

TRANSFERS AND SUBSIDIES

Transfers and subsidies decreased by 11.95% from R960,230 million (2023/24) to R845,516 million (2024/25). Transfers and Subsidies include conditional and non-conditional grants and subsidies to the District and amongst others include the RSC Levy Replacement grant, the Equitable Share, Municipal System Improvement Grant, Finance Management Grant, the Expanded Public Works Programme Incentive Grant and Department of Water & Sanitation grants. All conditional grants have been spent 100% and has been recognised as revenue in 2024/25. According to the accounting policies only the portion that has been expensed and meets the conditions of the conditional grant is recognized as revenue.

AGENCY FEES

The District earned Agency fees, which decreased by 28.29% from R27,728 million (2023/24) to R19,883 million (2024/25). The revenue materialised at 98.31% of the budgeted amount due to the less grant expenditure that materialised.

PUBLIC DONATION

A public donation in the form of a road compactor truck was received from Sereti Mine in the 2023/24 of R5,250 million for the financial year compared to no public donation in 2024/25.

INTEREST, DIVIDENDS AND RENT ON LAND

The District earned interest, which decreased by 20.68% from R30,744 million (2023/24) to R24,386 million (2024/25). This decrease is attributed to the increased interest rates offered by financial banks. The District realised 88.61% of budgeted amount for 2024/25 and the variance is due to that less interest revenue was received than anticipated during the budget process.

FINES, PENALTIES AND FORFEITS

Revenue from Fines, Penalties and Forfeits increase by 68.10% from R2,151 (2023/24) to R3,615 million (2024/25). 96.91% of budgeted amount realised for 2024/25 due to the adhoc nature of the imposing of fines and penalties and that fines and penalties have increased due to fines issued in the latter part of the financial year.

OPERATIONAL REVENUE

Operational revenue increased by 61.80% from R0,787 million (2023/24) to R1,273 million (2024/25). 69.98% of budgeted amount realised for 2024/25 due to increased operational revenue received than anticipate as increased insurance refund.

RENTAL FROM FIXED ASSETS

Rental from fixed assets increased by 183.53% from R0,122 million (2023/24) to R0,346 million (2024/25) and flows from the lease agreement with Vodacom. 208% realised as additional rent received due to consumption of utilities.

LICENCES AND PERMITS

Revenue from licences and permits has increased with 53.68% from R1,359 million (2023/24) to R2,089 million (2024/25) financial year. 87.66% of budgeted amount realised for 2024/25 due to the new function that are rendered by the District and various according to the number of applications received.

2.2 EXPENDITURE

The total expenditure decreased with 5.68% from R1,093,200 million (2023/24) to R1,031,074 million (2024/25) compared to the budgeted operating expenditure of R1,128.329 million 2024/25. Transfers and subsidies to local municipalities are the main driver of the expenditure of the District.

TRANSFERS & SUBSIDIES

This expenditure relates to expenditure on infrastructure and operational projects the District implements for local municipalities within the District's jurisdictional area.

Actual grants and subsidies paid for 2024/25 represent 68.31% (72.53% 2023/24) of the total expenditure of the District and decreased by 15.46% from R724,849 million (2023/24) to R612,798 million (2024/25). The actual transfers and subsidies are 89.25% of the budgeted amount of R686,638 million 2024/25 due to increased implementation of projects and the completed projects from 2023/24 work in progress. Projects that are completed from the 2023/24 financial year are transferred from Inventory – Work in progress and were duly budgeted for in the previous financial years.

EMPLOYEE RELATED COST

Actual employee related costs increased by 8.44% from R198,895 million (2023/24) to R215,681 million (2024/25) due to the drive to appoint staff in all vacancies and salary increases applied. Actual employee related costs are 96.19% of the budgeted employee related cost, which is due to the few vacancies which have not been filled in the year under review.

OPERATIONAL COST

The actual expenditure of operational costs increased by 46.52% from R59,776 million (2023/24) to R87,587million (2024/25). The increase mainly relates to the normalisation of the impact of COVID 19 on the District, which lead to increased travel and subsistence and increased advertising, further to that here was an increase in municipal rates and service cost and increase in insurance cost. Actual operational costs are 91.32% of the budgeted operational cost. Due to non-responsive tenders and operational projects that were not fully completed.

CONTRACTED SERVICES

Contracted services increased by 2.03% from R62,369 million (2023/24) to R63,637 million (2024/25). Actual contracted services are 95.52 of the budgeted contracted cost,

REMUNERATION OF COUNCILLORS

Payments made to councillors are in terms of the legislation on remuneration of public office bearers.

Actual councillor allowance costs decreased by 0.76 % from R17,127 million (2023/24) to R16,997 million (2024/25). Actual councillor allowance costs are 97.61% of the budgeted remuneration of councillors, due to the % increase that realised on the determination of upper limits and attendance of virtual instead of physical meetings..

DEPRECIATION/ AMORTISATION

Depreciation/amortisation is charged on Property, Plant & Equipment/intangibles at rates determined in the accounting policies and asset useful lives are reviewed annually.

Actual depreciation/amortisation costs increased by 7.45% from R21,202 miillion (2023/24) to R22,782 million (2024/25). The increase is mainly due to the additions to the property , plant and equipment at the District. Actual depreciation/amortisation costs are 90.73% of the budgeted depreciation/amortisation cost, and is dependent on the acquisition of new assets for the District.

INVENTORY CONSUMED

Actual inventory consumed costs increased by 83.94% from R4,211 million (2023/24) to R7,747 million (2024/25). Inventory consumed are 93.54% of the budgeted amount. The increase is mainly due to the increase in materials and supplies used during the financial year.

INTEREST, DIVIDEND AND RENT ON LAND PAID

The District only realised interest paid on the Financial leases for office equipment.

Actual interest costs decreased by 100.00% from R0,032 million (2023/24) to R0 million (2024/25), the decrease is due to repayment of the lease. Actual interest costs are 0.0% the budgeted amount due to leases that have been paid off during the financial year.

GAINS AND LOSSES

The District only realised a small loss on the disposal of fixed and intangible assets, actuarial valuations and fair value adjustment of R0,086 million loss for (2024/25) financial year from gain of R1,847 million in (2023/24).

OPERATING LEASES

Actual operating leases costs decreased with 19.58% from R4,736 million (2023/24) to R3,809 million (2024/25). Actual operating lease costs are 92.53% of the budgeted amount, due to repayment of the lease.

SURPLUS/DEFICIT

The district realised a deficit of R66,676 million for 2023/24 compared to the deficit of R133,880 million 2024/25 due to increased implementation of projects and the completed projects from 2023/24 work in progress.

3. FINANCIAL POSITION

The Statement of Financial position represents the financial strength of the district by a comparison of assets over liabilities.

The total assets of the district decreased by 4.38% from R632,856 million (2023/24) to R605,133 million (2024/25). The contributing factors of this decrease can mainly be attributed to increase in the long-term investment and trade receivables and decrease in cash and cash equivalents.

Total liabilities increased by 66.24% from R160,253 million (2023/24) to R266,409 million (2024/25), which is mainly due to the increase in post-retirement benefits, provisions for long services and payables.

4. KEY RATIOS

CURRENT RATIO

This ratio represents the ability of the district to pay short term obligations within the next 12 months.

	Current assets	Current Liabilities	
	R million	R million	Ratio
2023/24	318,293	133,050	2.39:1
2024/25	322.004	235,284	1.37:1

ACID TEST

A stringent indicator that determines whether a company/institution has enough short-term assets to cover its immediate liabilities without considering inventory. Institutions with ratios of less than 1 cannot pay their current liabilities and should be looked at with extreme caution.

	Current assets – Inventory	Current Liabilities	
	R million	R million	Ratio
2023/24	284,932	133,050	2.14:1
2024/25	310.074	235,284	1.32:1

SOLVENCY RATIO

This represents the ability of the district to pay both its long term and short term obligations.

	Total Assets	Total Liabilities	
	R million	R million	Ratio
2023/24	632,856	160,253	3.95:1
2024/25	605,133	266,409	2.27:1

OTHER RATIOS

Ratio	30 Jun 2025	30 Jun 2024
Employee related cost and Councillor remuneration / Total expenditure	22.57	19.76
Actual transfers and subsidies paid / Total expenditure	59.43	66.31
Actual transfers and subsidies paid / Total revenue	68.31	70.49

Report of the Chief Financial Officer

6. GENERALLY RECOGNISED ACCOUNTING PRACTICES

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

The following standards were applicable during the year under review:

Reference	Topic
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of non-cash generating assets
GRAP 23	Revenue from non-exchange transactions
GRAP 24	Presentation of budget
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash generating assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
IGRAP 1	Applying The Probability Test On Initial Recognition Of Revenue
IGRAP 2	Changes in Existing Decomissioning Restoration and Similar Liabilities
IGRAP 3	Determining Whether an Arrangement Contains a Lease

IGRAP 4 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IGRAP 5 Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Ecomonies

IGRAP 6 Loyalty Programmes

IGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IGRAP 8 Agreements for the Construction of Assets from Exchange Transactions

IGRAP 9 Distributions of Non-cash Assets to Owners

IGRAP 10 Assets Received from Customers

IGRAP 11 Consolidation – Special Purpose Entities

IGRAP 12 Jointly Controlled Entities -Non-Monetary Contributions

IGRAP 13 Operating Leases – Incentives

IGRAP 14 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

IGRAP 15 Revenue - Barter Transactions Involving Advertising Services

IGRAP 16 Intangible Assets - Website Costs

IGRAP 17 SCA where Grantor Controls Significant Residual Interest

IGRAP 18 Recognition and Derecogntion of Land

IGRAP 19 Liabilities to Pay Levies

IGRAP 20 Accounting for Adjustments to Revenue

7. CONCLUSION

Good governance, sound financial management and financial viability remain critical success factors for the district.

8. ACKNOWLEDGEMENT

I would like to extend my appreciation to the Honourable Executive Mayor, Mayoral Committee, Councillors, Audit Committee, Risk Committee and Municipal Public Accounts Committee for strategic direction and leadership demonstrated during the financial year.

The guidance and vision of the Municipal Manager and Heads of Departments are acknowledged with gratitude. A special word of appreciation is extended to all my colleagues for their loyalty and support.

Thank you

AL STANDER

MANAGER: FINANCE (CHIEF FINANCIAL OFFICER)

Statement of Financial Position as at 30 June, 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	4	11 929 923	33 360 980
Investments	13	81 080 881	-
Construction contracts and receivables	5	119 521 680	73 646 741
Receivables from non-exchange transactions	7	20 892 034	9 412 311
VAT receivable	9	17 822 747	7 084 496
Prepayments	6	1 989 807	1 670 484
Trade & other receivables from exchange transactions	8	55 512	84 932
Cash and cash equivalents	3	68 710 978	193 032 798
		322 003 562	**318 292 742**
Non-Current Assets			
Property, plant and equipment	10	274 205 626	224 873 017
Intangible assets	11	8 414 781	12 540 238
Heritage assets	12	508 772	508 772
Investments	13	-	76 640 876
		283 129 179	**314 562 903**
Total Assets		**605 132 741**	**632 855 645**
Liabilities			
Current Liabilities			
Operating lease liability	18	140 260	125 582
Payables from exchange transactions	15	231 203 680	130 894 748
Consumer deposits	14	14 030	14 030
Employee benefit obligation	16	738 000	792 000
Provisions	17	658 000	693 000
Insurance claims	19	2 530 409	530 409
		235 284 379	**133 049 769**
Non-Current Liabilities			
Employee benefit obligation	16	23 758 000	20 578 000
Provisions	17	7 367 000	6 625 000
		31 125 000	**27 203 000**
Total Liabilities		**266 409 379**	**160 252 769**
Net Assets		**338 723 362**	**472 602 876**
Accumulated surplus		338 723 362	472 602 869
Total Net Assets		**338 723 362**	**472 602 869**

* See Note 51

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	20	346 439	122 188
Agency services	21	19 883 067	27 728 409
Other income	22	1 273 284	786 971
Interest received - investment	23	24 386 144	30 743 872
Total revenue from exchange transactions		**45 888 934**	**59 381 440**
Revenue from non-exchange transactions			
Taxation revenue			
Licences and Permits (Non-exchange)	24	2 088 742	1 359 119
Transfer revenue			
Government grants & subsidies	25	845 515 794	960 229 924
Public contributions and donations	26	-	5 250 000
Fines, Penalties and Forfeits	27	3 615 468	2 150 801
Total revenue from non-exchange transactions		**851 220 004**	**968 989 844**
Total revenue	28	**897 108 938**	**1 028 371 284**
Expenditure			
Employee related costs	29	(215 681 223)	(198 894 903)
Remuneration of councillors	30	(16 996 783)	(17 127 602)
Depreciation and amortisation	31	(22 781 970)	(21 201 833)
Finance costs	33	-	(31 825)
Lease rentals on operating lease	36	(3 809 968)	(4 735 699)
Debt Impairment	37	(35 497)	-
Inventory consumed	34	(7 747 461)	(4 211 855)
Contracted services	35	(63 636 847)	(62 369 799)
Transfers and subsidies	32	(612 798 277)	(724 849 857)
Operational costs	38	(87 586 883)	(59 776 246)
Total expenditure		**(1 031 074 909)**	**(1 093 199 619)**
Operating deficit		**(133 965 971)**	**(64 828 335)**
Loss on disposal of assets and liabilities	10	(120 004)	(1 371 551)
Fair value adjustments	3	66 461	(131 804)
Actuarial gains/losses	16	139 998	(344 000)
		86 455	**(1 847 355)**
Deficit for the year		**(133 879 516)**	**(66 675 690)**

* See Note 51

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	524 964 079	524 964 079
Adjustments		
Retention DWS 51	14 844 888	14 844 888
Insurance claims	(530 409)	(530 409)
Balance at 1 July, 2023 as restated*	**539 278 558**	**539 278 558**
Changes in net assets		
Surplus/(deficit) for the year as previously reported	(66 675 689)	(66 675 689)
Total changes	(66 675 689)	(66 675 689)
Restated* Balance at 1 July, 2024	**472 602 878**	**472 602 878**
Changes in net assets		
Surplus/(deficit) for the year	(133 879 516)	(133 879 516)
Total changes	(133 879 516)	(133 879 516)
Balance at 30 June, 2025	**338 723 362**	**338 723 362**

* See Note 51

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Grants		799 640 855	910 062 227
Interest income		24 386 144	30 743 872
Rental from fixed assets		346 439	122 188
Other receipts		15 374 760	32 429 548
Movement of VAT		-	438 286
		839 748 198	973 796 121
Payments			
Employee costs		(226 705 008)	(212 542 505)
Suppliers		(652 672 100)	(762 339 875)
Movement of VAT		(10 738 251)	-
		(890 115 359)	(974 882 380)
Net cash flows from operating activities	39	**(50 367 161)**	**(1 086 259)**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(69 062 785)	(29 529 806)
Proceeds from sale of property, plant and equipment	10	28 359	621 884
Purchase of other intangible assets	11	(546 800)	(4 935 672)
Decrease/(Increase) of Investments		(4 440 005)	(4 452 164)
Net cash flows from investing activities		**(74 021 231)**	**(38 295 758)**
Cash flows from financing activities			
Finance lease payments		-	(755 492)
Finance costs		-	(31 827)
Net cash flows from financing activities		**-**	**(787 319)**
Net increase/(decrease) in cash and cash equivalents		**(124 388 393)**	**(40 169 336)**
Cash and cash equivalents at the beginning of the year		193 032 798	233 333 938
Fair value adjustment to cash and cash equivalents		66 461	(131 804)
Cash and cash equivalents at the end of the year	3	**68 710 866**	**193 032 798**

The accounting policies on pages 23 to 47 and the notes on page 48-86 form an integral part of the annual financial statements.

* See Note 51

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	166 133	-	**166 133**	346 439	**180 306**	*
Agency services	3 500 000	16 520 661	**20 020 661**	19 883 067	**(137 594)**	*
Operational revenue	1 819 400	-	**1 819 400**	1 273 284	**(546 116)**	*
Interest received - investment	27 520 925	-	**27 520 925**	24 386 144	**(3 134 781)**	*
Total revenue from exchange transactions	**33 006 458**	**16 520 661**	**49 527 119**	**45 888 934**	**(3 638 185)**	
Revenue from non-exchange transactions						
Taxation revenue						
Licences and permits (non-exchange)	2 382 763	-	**2 382 763**	2 088 742	**(294 021)**	*
Transfer revenue						
Government grants & subsidies	556 948 600	339 239 093	**896 187 693**	845 515 794	**(50 671 899)**	*
Fines, penalties and forfeits	1 573 035	2 157 761	**3 730 796**	3 615 468	**(115 328)**	*
Total revenue from non-exchange transactions	**560 904 398**	**341 396 854**	**902 301 252**	**851 220 004**	**(51 081 248)**	
Total revenue	**593 910 856**	**357 917 515**	**951 828 371**	**897 108 938**	**(54 719 433)**	
Expenditure						
Employee related costs	(219 703 338)	(4 524 847)	**(224 228 185)**	(215 681 226)	**8 546 959**	*
Remuneration of councillors	(19 057 582)	1 644 590	**(17 412 992)**	(16 996 781)	**416 211**	*
Depreciation and amortisation	(21 534 901)	(3 536 087)	**(25 070 988)**	(22 781 963)	**2 289 025**	*
Lease rentals on operating lease	(2 277 361)	(1 840 020)	**(4 117 381)**	(3 809 970)	**307 411**	*
Debt Impairment	-	-	**-**	(35 497)	**(35 497)**	
Inventory consumed	(4 743 509)	(3 538 840)	**(8 282 349)**	(7 747 459)	**534 890**	*
Contracted services	(86 414 223)	19 793 290	**(66 620 933)**	(63 636 847)	**2 984 086**	*
Transfers and subsidies	(369 065 083)	(317 573 732)	**(686 638 815)**	(612 798 277)	**73 840 538**	*
Operational costs	(60 273 466)	(35 643 828)	**(95 917 294)**	(87 586 876)	**8 330 418**	*
Interest dividends and rent on land	(192 275)	192 275	**-**	-	**-**	
Total expenditure	**(783 261 738)**	**(345 027 199)**	**(1 128 288 937)**	**(1 031 074 896)**	**97 214 041**	
Operating deficit	**(189 350 882)**	**12 890 316**	**(176 460 566)**	**(133 965 958)**	**42 494 608**	
Loss on disposal of assets and liabilities	-	-	**-**	(120 004)	**(120 004)**	*
Fair value adjustments	-	-	**-**	66 461	**66 461**	
Actuarial gains/losses	-	-	**-**	139 998	**139 998**	*
	-	**-**	**-**	**86 455**	**86 455**	
Deficit before taxation	**(189 350 882)**	**12 890 316**	**(176 460 566)**	**(133 879 503)**	**42 581 063**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(189 350 882)**	**12 890 316**	**(176 460 566)**	**(133 879 503)**	**42 581 063**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

*Reasons for variances marked with an asterisk (*) are given in the CFO's Report on these financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	146 738 900	-	**146 738 900**	11 929 923	**(134 808 977)**	*
Investments	-	-	**-**	81 080 881	**81 080 881**	
Construction contracts and receivables	-	-	**-**	119 521 680	**119 521 680**	*
Receivables from exchange transactions	248 711	-	**248 711**	55 512	**(193 199)**	*
Receivables from non-exchange transactions	-	-	**-**	20 892 034	**20 892 034**	*
VAT receivable	18 077 179	-	**18 077 179**	17 822 747	**(254 432)**	*
Prepayments	-	-	**-**	1 989 807	**1 989 807**	
Cash and cash equivalents	321 254 170	436 186 058	**757 440 228**	68 710 978	**(688 729 250)**	*
	486 318 960	**436 186 058**	**922 505 018**	**322 003 562**	**(600 501 456)**	
Non-Current Assets						
Property, plant and equipment	202 286 790	14 431 653	**216 718 443**	274 205 626	**57 487 183**	*
Intangible assets	14 598 874	-	**14 598 874**	8 414 781	**(6 184 093)**	*
Heritage assets	-	-	**-**	508 772	**508 772**	*
Investments	67 307 405	-	**67 307 405**	-	**(67 307 405)**	*
	284 193 069	**14 431 653**	**298 624 722**	**283 129 179**	**(15 495 543)**	
Total Assets	**770 512 029**	**450 617 711**	**1 221 129 740**	**605 132 741**	**(615 996 999)**	
Liabilities						
Current Liabilities						
Operating lease liability	-	-	**-**	140 260	**140 260**	
Payables from exchange transactions	16 305 969	467 041 743	**483 347 712**	231 203 678	**(252 144 034)**	*
Payables from non-exchange	34 125 000	11 872 093	**45 997 093**	-	**(45 997 093)**	
Consumer deposits	15 706	-	**15 706**	14 030	**(1 676)**	*
Employee benefit obligation	423 479	-	**423 479**	738 000	**314 521**	*
Provisions	829 476	-	**829 476**	658 000	**(171 476)**	*
Insurance claims	-	-	**-**	2 530 409	**2 530 409**	
	51 699 630	**478 913 836**	**530 613 466**	**235 284 377**	**(295 329 089)**	
Non-Current Liabilities						
Employee benefit obligation	13 040 555	-	**13 040 555**	23 758 000	**10 717 445**	*
Provisions	24 297 295	-	**24 297 295**	7 367 000	**(16 930 295)**	*
	37 337 850	**-**	**37 337 850**	**31 125 000**	**(6 212 850)**	
Total Liabilities	**89 037 480**	**478 913 836**	**567 951 316**	**266 409 377**	**(301 541 939)**	
Net Assets	**681 474 549**	**(28 296 125)**	**653 178 424**	**338 723 364**	**(314 455 060)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	681 474 549	(28 296 125)	**653 178 424**	338 723 364	**(314 455 060)**	*

*Reasons for variances marked with an asterisk (*) are given in the CFO's Report on these financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Operational revenue	9 275 198	18 678 422	**27 953 620**	15 374 760	**(12 578 860)**	*
Government grant	556 948 600	339 239 093	**896 187 693**	799 640 855	**(96 546 838)**	*
Interest income	27 520 925	-	**27 520 925**	24 386 144	**(3 134 781)**	*
Rental from fixed assets	166 133	-	**166 133**	346 439	**180 306**	*
	593 910 856	**357 917 515**	**951 828 371**	**839 748 198**	**(112 080 173)**	
Payments						
Employees costs	(238 760 920)	(2 880 258)	**(241 641 178)**	(226 705 008)	**14 936 170**	*
Suppliers	(522 965 917)	(338 608 159)	**(861 574 076)**	(652 672 100)	**208 901 976**	*
Movement in VAT	-	-	**-**	(10 738 251)	**(10 738 251)**	
	(761 726 837)	**(341 488 417)**	**(1 103 215 254)**	**(890 115 359)**	**213 099 895**	
Net cash flows from operating activities	**(167 815 981)**	**16 429 098**	**(151 386 883)**	**(50 367 161)**	**101 019 722**	
Cash flows from investing activities						
Purchase of property, plant and equipment	-	-	**-**	(69 062 785)	**(69 062 785)**	
Proceeds from sale of property, plant and equipment	-	-	**-**	28 359	**28 359**	
Purchase of other intangible assets	-	-	**-**	(546 800)	**(546 800)**	
Decrease(Increase) of Investments	-	-	**-**	(4 440 005)	**(4 440 005)**	
Net cash flows from investing activities	**-**	**-**	**-**	**(74 021 231)**	**(74 021 231)**	
Net increase/(decrease) in cash and cash equivalents	(167 815 981)	16 429 098	**(151 386 883)**	(124 388 392)	**26 998 491**	*
Cash and cash equivalents at the end of the year	**(167 815 981)**	**16 429 098**	**(151 386 883)**	**(124 388 392)**	**26 998 491**	

*Reasons for variances marked with an asterisk (*) are given in the CFO's Report on these financial statements.

Significant Accounting Policies

1. Presentation of Annual Financial Statements

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

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

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in the South African Rand rounded to the nearest Rand, which is the functional currency of the municipality.

1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures.The use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and/or loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and/or loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as exchange rates, inflation and interest.

Provisions

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

1.4 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property,plant and equipment, and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment, and other assets. This estimate is based on industry norms. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Defined Benefit Obligations

The municipality obtains actuarial valuations of its defined benefit plan and other long term employee benefits. The defined benefit plan and other long term employee benefits identified are post retirement health benefit obligations and long service awards. The estimated liabilities are recorded in accordance with GRAP 25.

1.5 Property, plant and equipment

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 period.

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

Property, plant and equipment is initially measured 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 management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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 asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

1.5 Property, plant and equipment (continued)

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite life
Buildings	Straight-line	15 to 30 years
Leased assets	Straight-line	3 years
Machinery and equipment	Straight-line	5 to 20 years
Furniture and office equipment	Straight-line	1 to 15 years
Transport assets	Straight-line	7 to 20 years
Computer equipment	Straight-line	1 to 10 years
Infrastructure: Electricity	Straight-line	20 years
Infrastructure: Roads, Pavements,Bridges and Stormwater	Straight-line	10 to 30 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 10).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

1.6 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

1.6 Intangible assets (continued)

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised 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 municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 to 15 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

Significant Accounting Policies

1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The municipality recognises a heritage asset as an asset 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.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

1.8 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	**Category**
Investments	Financial asset measured at amortised cost
Bank	Financial asset measured at amortised cost
Cash	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	**Category**
Other payables	Financial liability measured at amortised cost
Long term liabilities	Financial liability measured at amortised cost
Finance leases	Financial liability measured at amortised cost
Other receivables	Financial liability measured at amortised cost

The entity has the following types of residual interests (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities
The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or

- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.

- Financial instruments at amortised cost.

- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

1.8 Financial instruments (continued)

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm’s length exchange motivated by normal operating considerations. Valuation techniques include using recent arm’s length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset 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 :

- derecognise the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

1.8 Financial instruments (continued)

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

Financial liabilities
The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term except where other systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.10 Inventories

The municipality constructs infrastructure projects, which will subsequently be transferred to local municipalities in its area of jurisdiction at no cost when the project is completed. Projects still in progress and not yet completed are disclosed as inventory. Inventory is measured at the actual costs.

1.10 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.11 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The municipality assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Assets that are subject to impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

An impairment loss is recognised if the recoverable amount of an asset is less than its carrying amount. The impairment loss is recognised as an expense in the statement of financial performance immediately. The recoverable amount of the asset is the higher of the asset's fair value less cost to sell and its value in use.

The fair value represents the amount obtained obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties.

The value in use of an asset represents the expected future cash flows, from continuing use and disposal that are discounted to their present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset.

1.12 Impairment of cash-generating assets (continued)

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the assets belong. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets. An impairment loss is recognised whenever the recoverable amount of a cash-generating unit is less than its carrying amount.

The impairment loss is allocated to reduce the carrying amount of the asset. The carrying amount of individual assets are not reduced below the higher of the value in use, R1.00 or fair value less cost to sell.

A previously recognised impairment loss related to assets is reserved if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior periods.

After the recognition of an impairment loss, any depreciation charge for the asset is adjusted for future periods to allocate the assets' revised carrying amount on a systematic basis over its remaining useful life.

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.]

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Significant Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Value in use

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

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

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

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

Significant Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:
- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. 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.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

1.13 Impairment of non-cash-generating assets (continued)

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating 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 a non-cash-generating 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. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. 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.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

Significant Accounting Policies

1.14 Employee benefits

Identification

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

The Municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

Short-term Employee Benefits

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

The costs of all short-term employee benefits are recognised during the period in which the employee renders the related service.

Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end to a maximum of 48 days as per the limitation of the bargaining council agreement and is shown as an accrual in the Statement of Financial Position.

Bonus Provisions

The Municipality recognises the expected cost of bonuses as a provision only when the Municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made at reporting date.

Post-employment Benefits: Defined Contribution Plans

A defined contribution plan is a plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The Municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees.

Post-employment Benefits: Defined Benefit Plans

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.

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

Actuarial gains or losses recognised immediately in the Statement of Financial Performance.

Post-retirement Health Care Benefits

The Municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the Municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

1.14 Employee benefits (continued)

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

Past-service costs are recognised immediately, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Long-service Allowance

The Municipality has an obligation to provide Long-service Allowance Benefits to all its employees. In terms of the Bargaining council agreement, which the Municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 5, 10, 15, 20, 25 and 30 years of continued service. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee’s employment as a result of either: (a) an entity’s decision to terminate an employee’s employment before the normal retirement date; or (b) an employee’s decision to accept an offer of benefits in exchange for the termination of employment.

1.15 Remuneration of councillors

Remuneration of councillors is all forms of consideration given by the municipality in exchange for time dedicated by councillors and is paid in terms of the determination of upper limits for municipal officer bearers .

The Municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

1.16 Contracted services

Contracted services refer to services that the municipality hires an external provider or vendor to perform, typically under a formal contract. These services can be related to various functions such as consulting, maintenance, legal advice, accounting, IT support, or other specialized activities. The accrual method of accounting is used to account for these.

1.17 Transfers and subsidies

Transfers and subsidies are made in kind or monetary to local municipalities initiated through the annual budget and IDP process. These transfers are recognised in the financial statements as expenses in the period that the projects of an opperational nature occurs. Projects of a capital nature are recognised as transfers and subsidies in the statement of Financial performance when they are complete and as Inverntory - Work in progres in the Statement as Financial position. All transfer and subsidies are recognised at cost to bring the asset to use after completion.

Significant Accounting Policies

1.18 Operational costs

Operational costs refer to the expenses that a company incurs as part of its normal business activities to produce and deliver goods or services. These costs are necessary for the day-to-day functioning of the municipality.The accrual method of accounting is used to account for these.

1.19 Provisions and contingencies

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

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when a municipality:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

Significant Accounting Policies

1.19 Provisions and contingencies (continued)

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.20 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.21 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental from fixed assets

Rental of facilities arising from the use by others of entity assets yielding interest is recognised when:
- 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;

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method.

1.22 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

1.23 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.24 Finance costs

Finance costs are interest and other expenses incurred by an entity in connection with the borrowing of funds or when a finance lease are recognised and accrued in the period under review.

Finance costs are recognised as an expense in the period in which they are incurred.

Significant Accounting Policies

1.25 Payables from exchange transactions

An exchange transaction occurs when goods or services are provided or received in exchange for consideration, typically monetary payment or an equivalent value. In the case of payables, this reflects amounts owed to suppliers or vendors for goods or services received, where the payment is expected in the future.

Payables arising from exchange transactions should be recognised when the following conditions are met:

Obligation: The municipality has a present obligation to transfer resources to another party (e.g., a supplier) based on a past event (e.g., receipt of goods or services).

Measurability: The amount of the payable can be reliably measured. This is typically the agreed-upon amount for the goods or services, less any discounts, returns, or allowances.

Probable Outflow: It is probable that the settlement of the payable will require the outflow of economic resources (typically cash or cash equivalents).

1.26 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.27 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense and where recovered, it is subsequently accounted for as revenue in statement of financial performance.

1.28 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.29 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

National Treasury circular 68 guides procedures and recognition of UIF&W.

Irregular expenditure that was incurred and identified during the current financial and which was condoned/found to not be recoverable before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned/found to not be recoverable in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned/found to not be recoverable.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned/found to not be recoverable by the Council must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as not recoverable and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned/found to not be recoverable and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.30 Segment information

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.31 Budget information

The Municipality is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024-07-01 to 2025-06-30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.32 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

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

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity’s financial statements to understand the effect of related party transactions on its annual financial statements.

1.33 Events after reporting date

Events after 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).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

Significant Accounting Policies

1.33 Events after reporting date (continued)

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.34 Value Added Taxation

The municipality is registered with the South African Revenue Services as a VAT vendor in accordance with section 15(2) of the Value Added Tax (No. 89 of 1991).

The municipality accounts for Value Added Tax on payment basis as per the VAT Act.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 1 July, 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104: Financial Instruments	1 April 2025	Unlikely there will be a material impact

3. Cash and cash equivalents

3.1 Cash and cash equivalents consist of:

	2025	2024
Cash on hand	30 200	30 200
Bank balances	15 377 578	6 556 515
Short-term deposits	53 303 201	186 446 083
	68 710 979	**193 032 798**

3.2 The municipality had the following bank accounts

Account Number/Description	Bank statement balances		Cash book balances	
	30 June, 2025	30 June, 2024	30 June, 2025	30 June, 2024
ABSA CURRENT ACCOUNT-1040161836	10 852	20 834	10 852	20 834
STANDARD BANK CURRENT ACCONT-042244552	15 366 732	6 535 680	15 366 732	6 535 680
ABSA FIXED DEPOSIT-4083615135	-	6 506 894	-	6 506 894
NEDBANK FIXED DEPOSIT-03/7881531304/000188	-	1 391 492	-	1 391 492
FNB TERM DEPOSIT-62786703184	-	4 568 797	-	4 568 797
STANLIB-N001I	32 356 986	89 761 681	32 356 986	89 761 681
SANLAM-NDCKON	162 525	47 116 453	162 525	47 116 453
INTEREST ACCRUED	285 862	316 562	285 862	316 562
INVESTEC-FIXED DEPOSIT-1400-121751-500-JB5M52361	394	5 068 287	394	5 068 287
FNB RETENTION-74794690154	-	30 000 000	-	30 000 000
STANDARD BANK NOTICE DEPOSIT-038433834#081	-	1 715 918	-	1 715 918
STANDARD BANK RETENTION FUND-038433834-203	20 407 205	-	20 407 215	-
ABSA INVESTMENT TRACKER-9393769033	90 217	-	90 217	-
Total	**68 680 773**	**193 002 598**	**68 680 783**	**193 002 598**

Fair value adjustment

	2025	2024
The fair value adjustment refers to the investments held with Sanlam and Stanlib	66 461	(131 804)

4. Inventories

	2025	2024
Work in progress	11 929 923	33 360 980

Inventory pledged as security

No inventories were pledged as security for liabilities in the current financial year. (Refer to note 32 Transfers and subsidies)

Figures in Rand	2025	2024

5. Construction contracts and receivables

Receivables

Receivables due	119 521 680	73 646 741

Receivables from Department of Water and Sanitation.

6. Prepayments

Prepayments	1 989 807	1 670 484

2025 - Various prepayments on subscriptions, licenses and similar items.

7. Receivables from non-exchange transactions

Fines	450 000	1 616 666
Government grants and subsidies (LGSETA)	20 442 034	7 795 645
	20 892 034	**9 412 311**

Statutory receivables included in receivables from non-exchange transactions above are as follows:

Taxes	17 822 747	7 084 496
Fines	450 000	1 616 666
	18 272 747	**8 701 162**

Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows:

Vat Receivable (Refer to Note 9)	17 822 747	7 084 496
	-	-

7. Receivables from non-exchange transactions (continued)

Total receivables from non-exchange transactions	20 892 034	9 412 311

Other (specify)				
Current (0 -30 days)	-	-	20 442 034	8 962 311
31 - 60 days	-	-	-	-
61 - 90 days	-	-	-	-
91 - 120 days	-	-	-	-
121 - 365 days	-	-	450 000	450 000
> 365 days	-	-	-	-
	-	**-**	**20 892 034**	**9 412 311**

i) The municipality identified the following statutory receivables in terms of GRAP 108 that stem from various legislations:

Value Added Tax (VAT): Value-Added Tax Act 89 of 1991

Fines: National Environmental Management: Air Quality Act (No. 39 of 2004

ii) Transactions are determined as follows:

VAT VAT is claimed on the payment basis at 15% as per current VAT act

Fines Fines are determined as per the relevant legislation applicable to the activity

iii) Interest and other charges are not applicable.

iv) Impairment testing does not apply as all statutory receivables are paid on a short term basis.

v) All statutory receivables are paid on a short term basis and no discounted rates are applicable.

vi) The municipality did not incur any impairment losses as impairment is not applied as per iv above.

vii) No impairment losses are disclosed in a separate allowance account as no impairment is applied as per iv above.

viii) No main events lead to the recognition or reversal of impairment loss as no impairment was applied as per iv above.

ix) The municipality does not hold any collateral over any statutory receivables.

x) No analysis was done on statutory receivables past due for impairment as it was not applied as per iv above and those not impaired was assessed as ix above.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

8. Trade and other receivables from exchange transactions

	2025	2024
Gross balances		
Debtors	116 740	110 663
Less: Allowance for impairment		
Debtors	(61 228)	(25 731)
Net balance		
Debtors	55 512	84 932
Other (specify)		
Current (0 -30 days)	45 566	-
31 - 60 days	-	4 842
121 - 365 days	-	80 090
> 365 days	71 174	25 731
	116 740	**110 663**

9. VAT receivable

	2025	2024
VAT Accrual	17 822 747	7 084 496

The municipality is registered on the payment basis

10. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 713 105	-	1 713 105	1 713 105	-	1 713 105
Machinery and Equipment	70 713 670	(35 559 834)	35 153 836	56 464 874	(31 225 082)	25 239 792
Furniture and Office Equipment	24 095 780	(13 390 781)	10 704 999	19 357 751	(12 330 887)	7 026 864
Transport Assets	93 851 013	(34 775 391)	59 075 622	78 015 063	(30 947 812)	47 067 251
Computer Equipment	19 655 649	(9 340 136)	10 315 513	17 818 333	(7 901 122)	9 917 211
Community-Buildings	78 692 684	(18 176 728)	60 515 956	76 049 726	(15 606 408)	60 443 318
Other property, plant and equipment- Buildings	107 431 603	(40 415 408)	67 016 195	84 441 962	(37 811 185)	46 630 777
Sanitation Infrastructure	1 811 234	(383 278)	1 427 956	1 811 234	(292 778)	1 518 456
Water Supply Infrastructure	2 755 615	(83 675)	2 671 940	6 218 194	(37 305)	6 180 889
Roads Infrastructure	3 954 149	(2 322 072)	1 632 077	3 954 149	(2 033 758)	1 920 391
Stormwater Infrastructure	6 595 311	(3 450 538)	3 144 773	6 595 311	(3 214 604)	3 380 707
Electrical Infrastructure	18 000 497	(3 374 915)	14 625 582	13 740 611	(2 670 485)	11 070 126
ICT Infrastructure	10 539 034	(4 330 962)	6 208 072	6 282 114	(3 517 984)	2 764 130
Total	**439 809 344**	**(165 603 718)**	**274 205 626**	**372 462 427**	**(147 589 410)**	**224 873 017**

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers received	Transfers from WIP to PPE	WIP Transfer to Expenditure / Discontinued Projects	Work in Progress (Additions)	Depreciation	Total
Land	1 713 105	-	-	-	-	-	-	-	1 713 105
Machinery and Equipment	25 239 792	4 421 800	-	5 644 514	836 046	-	3 346 435	(4 334 751)	35 153 836
Furniture and Office Equipment	7 026 864	4 536 051	(6 761)	-	-	-	243 412	(1 094 567)	10 704 999
Transport Assets	47 067 251	15 070 058	-	4 956 008	(4 956 008)	-	765 891	(3 827 578)	59 075 622
Computer Equipment	9 917 211	2 039 653	(141 602)	-	-	-	-	(1 499 749)	10 315 513
Community assets for Fire Sations and Disaster	60 443 318	-	-	-	-	-	2 642 958	(2 570 320)	60 515 956
Other property, plant and equipment	46 630 777	405 000	-	2 496 925	(836 046)	(1 472 100)	22 395 862	(2 604 223)	67 016 195
Sanitation Infrastructure	1 518 456	-	-	-	-	-	-	(90 500)	1 427 956
Water Supply Infrastructure	6 180 889	-	-	2 470 649	(14 871 975)	-	8 938 746	(46 369)	2 671 940
Roads Infrastructure	1 920 391	-	-	-	-	-	-	(288 314)	1 632 077
Stormwater Infrastructure	3 380 707	-	-	-	-	-	-	(235 934)	3 144 773
Electrical Infrastructure	11 070 126	-	-	4 259 886	-	-	-	(704 430)	14 625 582
ICT Infrastructure	2 764 130	4 256 920	-	-	-	-	-	(812 978)	6 208 072
	224 873 017	**30 729 482**	**(148 363)**	**19 827 982**	**(19 827 983)**	**(1 472 100)**	**38 333 304**	**(18 109 713)**	**274 205 626**

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers received	Work in Progress (Additions)	Depreciation	Total
Land	1 713 105	-	-	-	-	-	1 713 105
Machinery and Equipment	19 547 019	9 132 275	(341)	-	-	(3 439 161)	25 239 792
Furniture and Office Equipment	6 996 879	1 086 156	(45 349)	-	-	(1 010 822)	7 026 864
Transport Assets	39 628 135	2 414 889	(1 426 319)	5 250 000	4 190 117	(2 989 571)	47 067 251
Computer Equipment	11 747 648	343 915	(521 426)	-	-	(1 652 926)	9 917 211
Community assets for Fire Sations and Disaster	62 204 632	789 949	-	-	-	(2 551 263)	60 443 318
Other property, plant and equipments	48 237 344	-	-	-	981 152	(2 587 719)	46 630 777
Sanitation Infrastructure	1 609 205	-	-	-	-	(90 749)	1 518 456
Water Supply Infrastructure	1 081 215	155 100	-	-	4 952 184	(7 610)	6 180 889
Roads Infrastructure	2 210 120	-	-	-	-	(289 729)	1 920 391
Stormwater Infrastructure	3 617 288	-	-	-	-	(236 581)	3 380 707
Electrical Infrastructure	6 474 772	5 015 608	-	-	-	(420 254)	11 070 126
ICT Infrastructure	3 209 927	468 461	-	-	-	(914 258)	2 764 130
Leased Assets	704 416	-	-	-	-	(704 416)	-
	208 981 705	**19 406 353**	**(1 993 435)**	**5 250 000**	**10 123 453**	**(16 895 059)**	**224 873 017**

Pledged as security

None of the assets are pledged as security.

Property, plant and equipment disposal

Property, plant and equipment disposal	**Cost Disposal**	**Depreciation Disposal**	**Proceeds from Disposal of Assets**	**Profit/(Loss) on Disposal**
Computer equipment	(202 334)	60 730	-	(141 604)
Furniture and office equipment	(41 434)	34 673	28 359	21 598
	(243 768)	**95 403**	**28 359**	**(121 006)**

Figures in Rand	2025	2024

10. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Buildings	27 094 994	7 007 278
Furniture and office equipment	243 412	-
Community assets for Fire Sations and Disaster	2 642 958	-
Machinery and Equipment	4 182 481	-
Water Supply Infrastructure	-	5 933 229
Transport Assets	-	4 190 117
	34 163 845	**17 130 624**

Slow implementatin of capital projects:

Installation of a passenger lift (Development Facilitation): The project to Installation of the passenger lift has slowed due to a disptute lodged by the contractor on contractual matters, parties has requested the Arbitration Foundation of South Africa to nominate a mediator. ***This project has since been well under way and is close to completion.***

Fire Academy (Comunity Development Services): After discussions with Eskom derailed, discusions are now underway with Marapyane Agricultural College for the co-useage of the College's infrastucture and a MoA is being drafted. ***Management has since decided to dicontinue this project, at this stage prelimenary consulting work was done.***

Borehole (Development Facilitation): There were delays in appointing the contractor. ***This project has since been well under way and has been completed.***

Disaster Management Centre: (Comunity Development Service): The contractor was appointed during the financial year and the municipality is currently waiting for the construction work permit for the project. ***This project is currently well under way.***

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Machinery and equipment	2 702 578	1 209 052
Transport assets	5 363 910	4 646 995
Other property,plant and equipment	15 286 314	12 065 236
Information and communication infrastructure	1 965 260	4 935 902
	25 318 062	**22 857 185**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

11. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	23 174 062	(14 759 281)	8 414 781	17 691 590	(10 087 024)	7 604 566
Intangible assets under development	-	-	-	4 935 672	-	4 935 672
Total	**23 174 062**	**(14 759 281)**	**8 414 781**	**22 627 262**	**(10 087 024)**	**12 540 238**

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Transfers received	Transfers	Amortisation	Total
Computer software, other	7 604 566	546 800	4 935 672	-	(4 672 257)	8 414 781
Intangible assets under development	4 935 672	-	-	(4 935 672)	-	-
	12 540 238	**546 800**	**4 935 672**	**(4 935 672)**	**(4 672 257)**	**8 414 781**

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	11 911 355	-	(4 306 789)	7 604 566
Intangible assets under development	-	4 935 672	-	4 935 672
	11 911 355	**4 935 672**	**(4 306 789)**	**12 540 238**

Pledged as security

None of the intangible assets were pledged as security.

Figures in Rand	2025	2024

12. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	508 772	-	508 772	508 772	-	508 772

Reconciliation of heritage assets 2025

	Opening balance	Total
Municipal Jewellery	508 772	508 772

Reconciliation of heritage assets 2024

	Opening balance	Total
Municipal Jewellery	508 772	508 772

13. Investments

	2025	2024
At amortised cost		
Fixed term deposit	81 080 881	76 640 876
The investment was made on 2 October 2020 and the maturity is 2 October 2025 i.e after 5 years.		
Non-current assets		
At amortised cost	-	76 640 876
Current assets		
At amortised cost - Short term portion of long term investment	81 080 881	-

Long Term Investments

Long term investment movement

	2025	2024
Opening balance	76 640 876	72 188 712
Interest capitalised	4 440 005	4 452 164
	81 080 881	**76 640 876**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

14. Consumer deposits

Rental of facilities	14 030	14 030

Deposits relates to rental of NDM facilities.

15. Payables from exchange transactions

Trade payables	129 187 248	57 889 914
Advanced Payments	5 760	527
Retentions	89 560 664	62 239 230
Accrued leave pay	12 450 008	10 765 077
	231 203 680	**130 894 748**

16. Employee benefit obligations

Projected accrued liability

The post-employent medical aid benefits are provided for retired employees and their legitimate spouses and is paid monthly. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The provision is an estimate of the liability based on historical staff turnover and life expectancy of the relevant people and is discounted by using the inflation rate at the reporting date. The following is a reconciliation of the funded accrued liability:

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

Carrying value		
Opening balance	21 370 000	17 959 000
Current service cost	1 468 000	1 355 000
Interest cost	2 590 000	2 226 000
Actuarial (gain)/loss	(140 000)	344 000
Employer benefits payment	(792 000)	(514 000)
	24 496 000	**21 370 000**

Non-current liabilities	(23 758 000)	(20 578 000)
Current liabilities	(738 000)	(792 000)
	(24 496 000)	**(21 370 000)**

The method used is called the "projected unit credit method". Under this method the accrued service liabilities are determined by projecting all future payments which will be made by the employer in respect of benefits accrued up to the valuation date. Assumptions are made in respect of, inter-alia, medical scheme contribution increases, withdrawals, deaths and ill-health, early and normal retirements. These payments are discounted at the valuation rate of discount to determine the present value of the liabilities at the valuation date.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Employee benefit obligations (continued)

Key assumptions used

The following key assumptions were used to calculate the unfunded accrued liability and the expense figures for the current financial year:

Discount rate	11.40 %	12.34 %
CPI inflation rate	5.30 %	6.30 %
Medical aid contribution inflation rate	7.10 %	7.80 %
Net-of-health care cost inflation discount rate	4.00 %	4.21 %
Maximum subsidy inflation rate	4.70 %	5.48 %
Net discount rate (maximum subsidy)	6.40 %	6.51 %

Sensitivity Analysis

The DBO at this valuation was recalculated to show the effect of :
(i) A one percentage point increase and decrease in the assumed medical aid contribution inflation rate;
(ii) A one percentage point increase and decrease in the discount rate;
(iii) A one-year age increase and decrease in the assumed rates of post-employment mortality;
(iv) A one-year decrease in the assumed average retirement age; and
(v) A decrease of ten percentage points in the assumed proportion of in-service members that remain members at retirement.

The table below summerises the results of the sensitivity on the defined benefit obligation:

Assumption	Change	Eligible Employee	Continuation Members	Total	% Change
Central assumptions		16.830	7.666	24.496	
Medical aid contribution inflation rate	+1% -1%	18.128 15.005	8.002 7.264	26.130 22.269	7% -9%
Discount rate	+1% -1%	14.251 20.101	7.080 8.347	21.331 28.448	-13% 16%
Post-employment mortality	+1yr -1yr	16.487 17.159	7.454 7.875	23.941 25.034	-2% 2%
Average retirement age	-1yr	18.761	7.666	26.427	8%
Membership continuation	-10%	14.736	7.666	22.402	-9%

The table below summarises the results of the sensitivity analysis on the current service and interest costs for the year ending June 30, 2025

Assumptions	Change	Current Service Cost	Interest Cost	Total Cost	% Change
Central assumptions		1 468 000	2 590 000	4 058 000	
Medical aid contribution inflation rate	+1% -1%	1 607 000 1 284 000	2 772 000 2 351 000	4 379 000 3 635 000	8% -10%
Discount rate	+1% -1%	1 229 000 1 778 000	2 441 000 2 760 000	3 670 000 4 538 000	-10% 12%
Post-employment mortality	+1yr -1yr	1 439 000 1 497 000	2 530 000 2 648 000	3 969 000 4 145 000	-2% 2%
Average retirement age	-1yr	1 648 000	2 774 000	4 422 000	9%
Membership continuation	-10%	1 291 000	2 375 000	3 666 000	-10%

Figures in Rand	2025	2024

16. Employee benefit obligations (continued)

Reconciliation of the movement in post-employment medical aid benefit long term portion

Reconciliation of movement in post-employment medical aid benefit long term portion		
Opening balance	20 578 000	17 445 000
Contribution to post employment medical aid benefit	3 918 000	3 925 000
Transfer to the current post-employment medical aid benefit	(738 000)	(792 000)
	23 758 000	**20 578 000**

Post retirement medical benefit projection for the year	**Year ending 30 June 2027**	**Year ending 30 June 2026**
Opening balance	28 354 000	24 496 000
Current service costs	2 110 000	1 894 000
Interest cost	3 180 000	2 749 000
Expected employer benefit payment	(951 000)	(785 000)
	32 693 000	**28 354 000**

Amounts for the current and previous four years are as follows:

	2025	2024	2023	2022	2021
Defined benefit obligation	24 496 000	21 370 000	17 959 000	19 097 000	16 322 000

Defined contribution plans

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

Included in defined contribution plan information above, is the following plan(s) which is (are) a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan(s). The municipality accounted for this (these) plan(s) as a defined contribution plan(s).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

17. Long service awards

	2025	2024
Non-current liabilities	7 367 000	6 625 000
Current liabilities	658 000	693 000
	8 025 000	**7 318 000**

Long service awards		
Opening balance	7 318 000	6 905 000
Current service cost	992 000	923 000
Interest cost	805 000	743 000
Actuarial (gain)/loss	(397 000)	(219 000)
Expected employer benefit payment	(693 000)	(1 034 000)
	8 025 000	**7 318 000**

Key financial assumptions

The following key financial assumption were used to calculate the DBO and expense figures for the ensueing year:

Assumption		
Discount rate	10.20%	11.53%
CPI inflation rate	4.20%	5.62
General earnings inflation rate	5.20%	6.62%
Net discount rate	4.80%	4.61%

Sensitivity Analysis

The DBO at the valuation date was recalculated to show the effect of:

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph 7.1.

(i) a one percentage point increase and decrease in the assumed general earnings inflation rate;

(ii) a one percentage point increase and decrease in the discount rate;

(iii) a two-year increase and decrease in the assumed average retirement age of eligible employees; and

(iv) a two-fold increase and a 50% decrease in the assumed rates of withdrawal from service.

The table below summarises the results of the sensitivity on the accrued liability:

Assumption	Change	Liability	% Change
Central assumptions		8 025 000	
General earnings inflation rate	+1%	8 544 000	6%
	-1%	7 553 000	-6%
Discount rate	+1%	7 545 000	-6%
	-1%	8 561 000	7%
Average retirement age	+2 yrs	8 649 000	7%
	-2 yrs	7 385 000	-8%
Withdrawal rates	x2	6 267 000	-22%
	x0.5	9 218 000	15%

The table below summarises the results of the sensitivity analysis on the Current-Service and Interest Costs for the year ending 30 June 2025.

Assumption	Change	Current service costs	Interest cost	Total	% Change
Central assumptions		992 000	805 000	1 797 000.00	
General earnings inflation rate	+1%	1 070 000	861 000	1 931 000.00	7%

17. Long service awards (continued)

	-1%	922 000	754 000	1 676 000.00	-7%
Discount rate	+1% -1%	929 000 1 062 000	819 000 787 000	1 748 000.00 1 849 000.00	-3% 3%
Average retirement age	+2 yrs -2 yrs	1 047 000 918 000	867 000 742 000	1 914 000.00 1 660 000.00	7% -8%
Rates of termination of service	x2 x0.5	714 000 1 194 000	614 000 936 000	1 328 000.00 2 130 000.00	-26% 19%

Reconciliation of movement in long service awards provision-Long term portion

Movement	2025	2024
Balance at the beginning of the year	6 625 000	5 817 000
Contribution to long service benefit	1 400 000	1 501 000
Transfer to current long service benefit	(658 000)	(693 000)
	7 367 000	**6 625 000**

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph 7.1.

Long service award benefit projections for the year	**Year ending 30 June 2027**	**Year ending 30 June 2026**
Opening balance	9 138 000	8 025 000
Current service cost	1 210 000	1 098 000
Interest cost	874 000	780 000
Expected benefit vesting	(1 162 000)	(765 000)
	10 060 000	**9 138 000**

18. Operating lease asset (liability)

	2025	2024
Current liabilities	140 260	125 582

19. Insurance claims

	2025	2024
Insurance claims	2 530 409	530 409

In 2017 there was a state of disaster due to flooding by heavy rains. An employee of the municipality who was a fire fighter attended to the rescue of community members, during this operation he unfortunately got swept by the the raging waters and lost his life. An insurance payout was paid over to the municipality to the amount of R 530 408.75. This amount is due to be paid over to a surving beneficiery. (Also refer to Note 51, Prior period errors)

During the 2024/25 financial year the Divisional Manager Communications lost his life during an hijacking incident while attending to an outreach event. An insurance payout of R 2 000 000.00 was paid over to the municipality. This is yet to be paid out to his surviving beneficiaries.

20. Rental of Fixed Assets

Premises	2025	2024
Buildings	346 439	122 188

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

21. Agency services

Water and Sanitation	19 883 067	27 728 409

22. Operational Revenue

Request for access of information	424	11 172
Staff Recoveries	-	85 498
Insurance Refund	184 288	5 604
Commision	33 947	35 971
Inspection fees	608 008	96 605
Skills development	439 487	510 949
Staff and Councillor recoveries	-	41 172
Recycling of waste	7 130	-
	1 273 284	**786 971**

23. Interest Revenue

Interest revenue		
Short term Investments and Call Accounts	23 206 395	29 274 591
Bank accounts	1 179 749	1 469 281
	24 386 144	**30 743 872**

24. Licences and permits (non-exchange)

Health Certificates	2 088 742	1 359 119

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Government grants & subsidies

Operating grants		
Equitable share	409 520 000	401 237 000
Financial Management Grant	1 000 000	1 000 000
Expanded Public Works Programme Intergrated Grant	1 706 000	2 094 000
Water Service Infrastructure Grant	413 196 405	541 012 279
LGSETA Learnership Grant	12 646 389	12 545 645
Energy Efficiency and Demand Side Management Grant	5 000 000	-
	843 068 794	**957 888 924**

Capital grants		
Rural Road Asset Management System Grant	2 447 000	2 341 000
	845 515 794	**960 229 924**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services.

	2025	2024
Equitable Share	32 503 000	31 172 000
RSC Levy	377 017 000	370 065 000

Rural Road Asset Management Systems Grant

Current-year receipts	2 447 000	2 341 000
Conditions met - transferred to revenue	(2 447 000)	(2 341 000)
	-	-

Financial Management Grant

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

Expanded Public Works Programme Intergrated Grant

Current-year receipts	1 706 000	2 094 000
Conditions met - transferred to revenue	(1 706 000)	(2 094 000)
	-	-

Water Service Infrastructure Grant

Balance unspent at beginning of year	(73 646 740)	(31 274 734)
Current-year receipts	367 321 465	486 991 717
Conditions met - transferred to revenue	(413 196 405)	(529 363 723)
	(119 521 680)	**(73 646 740)**

LGSETA Learnership Grant

Balance unspent at beginning of year	(7 795 645)	-
Current-year receipts	-	4 750 000
Conditions met - transferred to revenue	(12 646 389)	(12 545 645)
	(20 442 034)	**(7 795 645)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Government grants & subsidies (continued)

Condition met and not yet paid - remain receivables see note 5

Energy Efficiency and Demand Side Management Grant

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

26. Public contributions and donations

Public contributions and donations (Seriti)	-	5 250 000
Transfer to PPE	-	(5 250 000)
	-	-

Seriti Mine donated a Jet Patcher Truck to Nkangala District Municipality.

27. Fines, Penalties and Forfeits

Law Enforcement Fines	974 890	2 132 200
Retentions Forfeits	2 640 578	18 601
	3 615 468	**2 150 801**

28. Total Revenue

Rental of facilities and equipment	346 439	122 188
Agency services	19 883 067	27 728 409
Operational revenue	1 273 284	786 971
Interest revenue	24 386 144	30 743 872
Government grants & subsidies	845 515 794	960 229 924
Public contributions and donations	-	5 250 000
Fines, Penalties and Forfeits	3 615 468	2 150 801
Licences and permits (Non-exchange)	2 088 742	1 359 119
	897 108 938	**1 028 371 284**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Rental of facilities and equipment	346 439	122 188
Agency services	19 883 067	27 728 409
Operational revenue	1 273 284	786 971
Interest revenue	24 386 144	30 743 872
	45 888 934	**59 381 440**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Licences or permits	2 088 742	1 359 119
Transfer revenue		
Government grants & subsidies	845 515 794	960 229 924
Public contributions and donations	-	5 250 000
Fines, Penalties and Forfeits	3 615 468	2 150 801
	851 220 004	**968 989 844**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Employee related costs

Basic Salary and Wages	126 256 994	117 974 323
Salaries Wages and Allowances: Bonuses	11 736 848	11 041 754
Social Contributions: Medical	11 823 617	10 597 324
Social Contributions: Unemployment Insurance	611 585	588 397
Leave pay provision charge	4 349 055	4 499 107
Social Contributions: Pension	21 146 129	19 363 510
Allowance: Overtime	12 938 780	9 724 067
Allowance: Service Related Benefits: Long Service Award	1 537 025	1 667 035
Allowance: Acting and Post Related Allowances	224 699	186 396
Allowance: Travel or Motor Vehicle	14 640 798	14 027 415
Allowance: Housing Benefits and Incidental: Housing Benefits	1 003 705	798 427
Standby Allowance	1 864 713	1 418 786
Social Contributions: Group Life Insurance	1 046 231	998 388
Allowance: Cellular and Telephone	2 551 442	2 332 026
Social Contributions: Bargaining Council	38 919	36 812
Post-retirement Benefit: Medical	3 910 683	3 641 136
	215 681 223	**198 894 903**

Remuneration of Municipal Manager (01/072024-28/02/2025)

Annual Remuneration	982 388	1 479 726
Performance Bonus	59 235	50 572
Contributions to UIF, Medical and Pension Funds	218 038	327 051
Cellphone Allowance	28 116	42 174
Car Allowance	80 000	120 000
Leave Pay	137 578	110 062
	1 505 355	**2 129 585**

Remuneration of Chief Finance Officer

Annual Remuneration	1 032 100	1 062 011
Car Allowance	126 000	126 000
Performance Bonuses	69 260	64 506
Contributions to UIF, Medical and Pension Funds	233 839	230 983
Cellphone Allowance	30 834	30 834
Leave Pay	64 344	64 344
Acting Allowance	14 360	1 651
	1 570 737	**1 580 329**

Remuneration of Manager: Planning and Economic Development

Annual Remuneration	1 166 115	1 170 152
Car Allowance	151 980	151 980
Contributions to UIF, Medical and Pension Funds	68 448	58 105
Cellphone Allowance	30 834	30 834
Leave Pay	64 344	64 344
Acting Allowance	14 223	-
	1 495 944	**1 475 415**

Remuneration of Manager: Corporate Services

Annual Remuneration	1 146 199	1 150 850
Car Allowance	120 000	120 000
Performance Bonuses	-	23 518
Contributions to UIF, Medical and Pension Funds	126 768	123 911

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Employee related costs (continued)

Acting Allowance	9 122	15 687
Cellphone Allowance	30 834	30 834
Leave Pay	-	64 344
	1 432 923	**1 529 144**

Remuneration of Manager: Technical Services

Annual Remuneration	944 626	955 085
Car Allowance	156 000	144 000
Contributions to UIF, Medical and Pension Funds	86 447	78 178
Cellphone Allowance	30 834	30 834
Leave Pay	54 693	54 693
	1 272 600	**1 262 790**

Remuneration of Manager: Community Development Services

Annual Remuneration	759 331	756 912
Car Allowance	268 800	268 800
Contributions to UIF, Medical and Pension Funds	164 447	156 692
Acting Allowance	213	6 458
Cellphone Allowance	30 834	30 712
Leave Pay	54 693	9 116
	1 278 318	**1 228 690**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

30. Remuneration of councillors

Councillors	10 857 648	10 946 097
Councillors’ pension contribution	813 232	866 554
Councillors' medical and other contributions	5 325 903	5 314 951
	16 996 783	**17 127 602**

In-kind benefits

The Executive Mayor,Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor, Speaker and the Council Whip have the use of separate Council owned vehicles for official duties.

Remuneration of the Executive Mayor		
Annual Remuneration	959 218	916 758
Car Allowance	120 000	115 981
Cellphone Allowance	47 004	49 877
Contributions to UIF, Medical and Pension Funds	122 164	111 486
	1 248 386	**1 194 102**

Remuneration of the Speaker		
Annual Remuneration	666 873	642 156
Car Allowance	232 935	224 028
Cellphone Allowance	47 004	51 037
Contributions to UIF, Medical and Pension Funds	61 053	55 478
	1 007 865	**972 699**

Remuneration of the Chief Whip		
Annual Remuneration	617 761	576 812
Car Allowance	180 000	186 044
Cellphone Allowance	47 004	48 208
Contributions to UIF, Medical and Pension Funds	88 166	79 190
	932 931	**890 254**

Remuneration of the Mayoral Committee Members		
Annual Remuneration	4 198 348	4 135 927
Car Allowance	1 497 673	1 353 649
Cellphone Allowance	320 512	341 770
Contributions to UIF, Medical and Pension Funds	427 328	475 795
	6 443 861	**6 307 141**

Remuneration of Other Councillors		
Annual Remuneration	4 415 448	4 674 444
Car Allowance	1 282 669	1 344 120
Cellphone Allowance	1 422 113	1 479 113
Contributions to UIF, Medical and Pension Funds	243 509	265 728
	7 363 739	**7 763 405**

Figures in Rand	2025	2024

31. Depreciation and amortisation

Property, plant and equipment	18 109 714	16 895 044
Intangible assets	4 672 256	4 306 789
	22 781 970	**21 201 833**

32. Transfer and subsidies

Operational		
Community and Social Services	7 421 763	3 589 990
Finance and Admin	470 000	-
Planning and Development	47 973 847	42 689 387
Road Transport	3 945 212	7 316 831
Health	31 416	387 532
Waste water management	24 723 127	42 931 887
Water Management	439 880 475	522 635 641
	524 445 840	**619 551 268**
Capital		
Planning and Development	25 267 229	48 297 205
Road Transport	41 407 561	20 853 835
Waste Water Management	-	1 352 131
Water	21 677 647	34 795 419
	88 352 437	**105 298 590**
	612 798 277	**724 849 858**

Transfers and Subsidies paid classified by region		
General	56 089 988	46 336 305
Dr JS Moroka	19 102 511	48 748 854
Emakhazeni	39 302 550	18 834 090
Emalahleni	22 227 416	628 185
Steve Tshwete	11 620 909	2 277 483
Thembisile Hani	438 581 776	540 809 961
Victor Khane	25 873 127	67 214 979
	612 798 277	**724 849 857**

WIP transfer from Inventory to Transfers and Subsidies		
Dr JS Moroka	702 951	36 304 442
Emakhazeni	1 347 596	4 553 111
Emalahleni	5 914 160	628 184
Steve Tshwete	9 611 523	3 206 187
Thembisile Hani	-	21 742 559
Victor Khanye	15 784 750	14 741 356
	33 360 980	**81 175 839**

WIP transfer to Inventory from Transfers and Subsidies		
Dr JS Moroka	11 929 923	702 951
Emakhazeni	-	1 347 596
Emalahleni	-	5 914 160
Steve Tshwete	-	9 611 523
Thembisile Hani	-	15 784 750
	11 929 923	**33 360 980**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

33. Finance Costs

Finance leases	-	31 825

34. Inventory Consumed

Inventory Consumed	7 747 461	4 211 855

Materials and supplies all directly expensed and no stores are in place.

35. Contracted services

Outsourced Services		
Administrative and Support Staff	-	75 650
Business and Advisory	2 245 932	2 755 320
Cleaning Services	-	2 753 910
Translators, Scribes and Editors	225 141	172 400
Consultants and Professional Services		
Business and Advisory	11 393 659	12 398 107
Infrastructure and Planning	1 479 164	47 260
Laboratory Services	1 199 985	1 940 997
Legal Cost	3 571 035	3 621 376
Contractors		
Artists and Performers	26 000	68 680
Auctioneers	-	173 900
Audio-visual Services	227 241	140 140
Catering Services	4 127 193	4 438 914
Employee Wellness	969 300	991 000
Event Promoters	49 780	-
Fire Protection	59 839	-
Gardening Services	1 904 160	1 904 160
Maintenance of Buildings and Facilities	14 635 823	7 932 754
Maintenance of Equipment	3 586 596	3 191 757
Maintenance of Unspecified Assets	6 445 152	8 700 764
Pest Control and Fumigation	50 679	220 484
Plants, Flowers and Other Decorations	201 228	119 330
Transportation	1 237 294	1 053 347
Safeguard and Security	9 803 866	9 265 945
Stage and Sound Crew	197 780	403 604
	63 636 847	**62 369 799**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

36. Operating lease

Plant and equipment		
Operating lease payments for Furniture and Office Equipment	1 560 910	-
Lease rentals on operating lease		
Operating lease payments for intangibles	2 249 058	4 735 699
	3 809 968	**4 735 699**

Operating lease expense refers to the Performance Management System, Risk Management System, E-recruitment system, Copy machines and Papercut software.

37. Debt impairment

Debt impairment	35 497	-

During the current financial year debtor of the municipality were impaired by a value of R35 497. These are long outstanding debtors which the municipality is not getting hold of and the legal costs assosiated with tracking them down will exceed the amount to be collected.

38. Operational Costs

Advertising Publicity and Marketing	3 472 229	6 789 718
Bank Charges Facility and Card Fees	609 589	640 850
Courier and Delivery Services	1 010	-
Hire Charges	254 728	561 439
Insurance Underwriting	5 558 961	3 886 114
External Computer Services	46 070 845	17 488 471
Skills Development Fund Levy	1 886 569	1 725 829
Motor Vehicle Expenses	187 551	191 093
Wet Fuel	2 615 036	3 296 715
Printing Publications and Books	-	4 711
Uniform and Protective Clothing	407 772	1 241 474
Subscriptions and Membership Fees	108 798	296 025
Communication	5 243 612	4 985 499
Transport	211 188	207 892
Seating Allowance for Traditional Leaders	36 204	95 604
Travel and Subsistence	7 865 941	7 089 632
Achievements and Awards	-	58 100
Municipal Services - Rates, Water & Electricity	6 029 005	5 485 999
Bursaries	1 983 659	2 393 599
Resettlement costs	18 000	-
Samples and Specimens	148 833	102 419
Toll Gate Fees	180 239	161 081
Travel Agency Fees	444 079	329 539
Workmen's Compensation Fund	1 190 618	1 158 567
Registration Fees	2 451 570	1 046 983
Learnerships and Internships	610 847	538 893
	87 586 883	**59 776 246**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

39. Cash used in operations

Deficit	(133 879 515)	(66 675 690)
Adjustments for:		
Depreciation and amortisation	22 781 970	21 201 833
Gain on sale of assets and liabilities	120 004	1 371 551
Fair value adjustments	(66 461)	131 804
Actuarial (gains)/losses	(139 998)	344 000
Debt impairment	35 497	-
Interest paid	-	31 827
Movements in employee benefits	3 265 998	3 067 000
Movements in provisions	707 000	413 000
Donations	-	(5 250 000)
Movement in operating lease	14 678	125 582
WIP tranfer to expenditure	1 472 000	-
Changes in working capital:		
Inventories	21 431 057	47 814 857
Consumer debtors	(11 485 800)	404 248
Prepayments	(319 323)	(1 583 004)
Construction contracts and receivables	(45 874 941)	(50 167 651)
Payables from exchange transactions	100 308 924	47 246 148
VAT	(10 738 251)	438 236
Insurance claims	2 000 000	-
	(50 367 161)	**(1 086 259)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

40. Contingencies

Contigent liabilities

Magiya Women Development	2 387 705	2 187 705
TC Makola	1 834 739	1 834 739
Balushi Chartered Accountants	538 104	476 104
Chief Lethogo Maphothoma	56 500 000	-
Afriforum NPC	250 000	-
	61 510 548	**4 498 548**

(i) Messrs Magiya Women Development is suing NDM an amount of R 1 887 705 for termination of contract done in December 2015 in accordance with the GCC and legal costs of R500 000.

(ii) A summons was served on NDM as the 6th Defendant. Mr Makola is claming for payment of damages for loss of income due to the unfair dismissal, legal costs for his unfair suspension case which was due to a misrepresentation of a sick note on his disciplinary on his disciplinary hearing. The Plaintiff is also claiming for injura and for humiliation and invasion of privacy. The financial exposure is R 1 609 739 which is made up as follows, R 1 534 739 (12 months salary) R 25 000 (mental anguish) R 50 000 (fraud allegations). Costs in the event NDM losses the matter are estimated at R 300 000. Total exposure is R 1 834 739

(iii) The municipality was served with a summons on the 17th of May 2024 by Balushi Chartered Accountants claiming non-payment of an outstanding professional fee invoice for Co-Sourced Internal Audit. Balushi is demanding a payment of R388 103.96 plus interest at the rate of 11.75%. Legal costs are estimated at R150 000.00 in the event the municipality loses the claim. The total financial exposure is R538 103.96

iv) The claim is for loss and/or being deprived of enjoyment of the Plaintiff's property/land in Siyabuswa Village due to the erection of a sewerage plant (Siyabuswa Sewerage Plant) on the Plaintiff's land without any permission or approval. Furthermore, the Plaintiff demands that a wall fence be installed on the Plant to alleviate the level of unhygienic state caused by the Plant. The Plaintiff made a claim for damages amounting to R56 000 000. The legal costs are estimated at R500 000. Thus, the estimated total financial exposure in the event the municipality loses the case is R56 500 000.

v) Afriforum NPC has lodged an application against Emakhazeni LM, Municipal Manager of Emakhazeni LM, Nkangala District Municipality, MEC for Agriculture and Minister of Water and Sanitation seeking an order declaring the respondents to have breached its constitutional obligations by failing to service the Emakhazeni residents in a sustainable manner, to promote a safe and healthy environment, as a result of Emakhazeni’s failure to prevent sewage spillages, thus leading to water contamination on various areas within its area of jurisdiction. A claim for specific performance and no monetary claim against the municipality on this matter. Court has not pronounced the costs, however in the event a cost order is issued against NDM, such costs are estimated to be R250 000.

Figures in Rand	2025	2024

41. Commitments

Authorised capital expenditure

Total capital commitments		
Already contracted for but not provided for	43 387 353	12 569 147

Authorised operational expenditure

Already contracted for but not provided for		
• Victor Khanye	97 966 104	117 012 710
• Dr JS Moroka	12 267 435	-
• Emalahleni	-	18 245 644
• Steve Tshwete	-	2 109 324
• Emakhazeni	-	25 908 906
• Thembisile Hani	526 356 677	926 375 686
• Nkangala	31 175 680	38 944 064
	667 765 896	**1 128 596 334**

Total operational commitments		
Already contracted for but not provided for	667 765 896	1 128 596 334

Total commitments

Total commitments		
Authorised capital expenditure	43 387 353	12 569 147
Authorised operational expenditure	667 765 896	1 128 596 334
	711 153 249	**1 141 165 481**

The district municipality entered into contracts with service providers to construct projects which will subsequently be transferred to local municipalities on completions.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	4 278 346	1 894 998
- in second to fifth year inclusive	1 860 730	2 100 475
	6 139 076	**3 995 473**

Operating leases refers to the Performance Management System, Risk Management System, E-recruitment system, Copy machines and Papercut software.

Notes to the Annual Financial Statements

42. Related parties

Related parties include councillors and senior executives of the municipality. Moreover related parties also include an entity that is a member of the same economic entity and close members of the family of a person.

Other than the related parties mentioned below municipality does not have any other related parties.

Remuneration of Senior Managers amounted to R5 142 717 and remuneration of Councillors amounted R8 750 354 for the current financial year 2024/25.

Payments made to or on behalf of the NEDA, a wholly owned entity of the municipality which totalled R6 048 976.

Paymnents were also made to Msunduzwa Trading Enterprise on two separate projects totalling R2 029 164. The director of this company is a child of a former divisional manager in the municipality.

No transactions occured with related parties that were not at arm's length or not in the ordinary course of business.

When the municipality enters into agreements with service providers who made declarations that close family members or directors are in service of the State. The municipality considers the transactions to be at an arms length and in the ordinary course of business.

Attached as Appendix A (refer to page 88) of these statements is a breakdown of the amounts mentioned above.

Related party transactions

	2025	2024
Purchases from related parties:		
Msunduzwa Trading Enterprise	2 029 164	-
Payments made on behalf of:		
Nkangala Economic Development Agency	6 048 976	3 380 828

A Tender awarded during the financial year was to a company owned by a child of a municipal employee.

Company name: Msunduzwa Trading Enterprise

Relationship: Parent of tenderer

Employee position: Divisional Manager Communications

Was the employee involved in the procurement process: No, the employee was not involved in the SCM process

43. Risk management

Financial risk management

The municipality’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality’s risk management policies are established and analyse the risk faced by the municipality, to set up limits and controls to monitor risks and adherence to limits The risk management policy is reviewed annually and a risk assessment is performed annually and monitored regulary to effect changes in the municipality's activities and risk profile .

43. Risk management (continued)

Liquidity risk

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

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date.

Financial instrument	2025	2024
Operating lease liability	(140 260)	(125 582)
Consumer debtors	(14 030)	(14 030)
Employee benefit obligation	(738 000)	(792 000)
Provisions	(658 000)	(693 000)
Insurance claim	(2 530 409)	(530 409)
Trade payables	(129 187 246)	(57 889 914)
Retentions	(89 560 664)	(62 239 230)
Accrued leave pay	(12 450 008)	(10 765 077)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Financial instrument	2025	2024
Receivables from exchange transactions	55 512	84 932
Construction contracts and receivables	119 521 680	26 427 584
Investments	81 080 881	76 640 876
Cash and cash equivalents	68 710 978	193 032 798
Receivables from non-exechange transactions	20 892 034	9 412 311

Market risk

44. Going concern

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

45. Nkangala Economic Development Agency (NEDA)

During 2020/21 financial year the District Municipality council took a resolution to establish the Nkangala Economic Development Agency (NEDA). The NEDA board of directors was appointed in August 2023.

The NEDA appointed the CEO and CFO, and went further to appoint two General Administration Interns who assumed their responsibilities on the 1st of March 2024 and 1st of April 2024 respectively.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

45. Nkangala Economic Development Agency (NEDA) (continued)

The NEDA is now operational, its affairs were being processed by NDM while systems were being put in place to ensure internal controls and processes are and place. The Agency will be compiling Annual Finacial Statements for the first time this financial year ending 30 June 2025. The municipality will also be submitting consolidated financial statements for the same period.

46. Nkangala District Municipality Fire Academy

The Nkangala District Municipality Council took a resolution to establish a fire fighting training academy.

While this project was still in early development stages Council took a further resolution to indefinately pause the project. This is to focus on the municipalities financial health and build back sizeable reserves.

All cost attributable to the project at this stage were related to consultancy fees, this project has since been take out of Work in Progress and these consultancy fees expensed.

Figures in Rand	2025	2024

47. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	2 167 678	2 172 148
Amount paid - current year	(2 167 678)	(2 172 148)
	-	-

Audit fees

Current year subscription / fee	4 606 717	5 493 981
Amount paid - current year	(4 606 717)	(5 493 981)
	-	-

PAYE

Current year subscription / fee	43 851 910	37 684 383
Amount paid - current year	(43 851 910)	(37 684 383)
	-	-

UIF - Employer Contribution

Current year subscription / fee	622 055	679 487
Amount paid - current year	(622 055)	(679 487)
	-	-

UIF - Employee Contribution

Current year subscription / fee	622 055	679 757
Amount paid - current year	(622 055)	(679 757)
	-	-

Figures in Rand	2025	2024

47. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension - Employer Contribution

Current year subscription / fee	22 095 982	18 729 257
Amount paid - current year	(22 095 982)	(18 729 257)
	-	-

Pension - Employee Contribution

Current year subscription / fee	9 321 793	7 847 275
Amount paid - current year	(9 321 793)	(7 847 275)
	-	-

Medical Aid - Employer Contribution

Current year subscription / fee	11 994 751	10 597 319
Amount paid - current year	(11 994 751)	(10 597 319)
	-	-

Medical Aid - Employee Contribution

Current year subscription / fee	9 108 751	7 900 579
Amount paid - current year	(9 108 751)	(7 900 579)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

48. Fruitless and wasteful expenditure

Opening balance as previously reported	277 658	261 669
Add: Fruitless and wasteful expenditure identified - current	-	277 658
Add: Fruitless and wasteful expenditure identified - prior period	-	(261 669)
Less: Amount written off - current	(277 658)	-
Closing balance	**-**	**277 658**

There has been no fruitless and wasteful expenditure in the current financial year. Council approved a write off of R277 658 relating to the penalties and interest recognised in the prior year.

Refer to UIF&W Register on page 94 Annexure C.

49. Irregular expenditure

Opening balance as previously reported	266 881	266 881
Add: Irregular expenditure - current	2 431 091	-
Add: Irregular expenditure - prior period	1 950 000	-
Less: Amount written off - current	(4 381 091)	-
Closing balance	**266 881**	**266 881**

An investigation on the irregular expenditure was conducted, the irregular expenditure in the prior and current year relates to the municipality's insurance contract with OmniRisk for the cover of its assets, this was written off by council as being irrecoverable. The photocopy machines and printing contract for NDM with SJN Investments may possibly also be irregular. The amounts recorded above are exclusive of VAT.

Refer to UIF&W register on page 94 Annexure C

50. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them at the next meeting of the council and includes a note to the annual financial statements.

Deviations for the current financial year amounts to R883 615.88 as per the deviation register (refer to page 92, Annexure B).

51. Prior period errors

There has been a correction on the DWS revenue recognition by an amount of R3 847 391.02 in total. A revenue adjustment of R3 387 028.97 which was VAT payable (Output VAT) and the Agency fees of R460 362.05 related to Construction Contracts and Receivables Due.

In addition, a receivable from DWS amounting to R47 219 156.14 was recognised in respect of the Retention funds which has not been paid to the municipality.

RESTATED : R26 427584.21 plus R47 219 156.14 = R 73 646 740.35

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position	**2024**	**Periods Prior to 2024**
Construction contracts receivable	32 374 268	14 844 888
Vat Receivable	(3 387 029)	-
Insurance claims	-	(530 409)
Opening Accumulated Surplus or Deficit	28 987 239	14 314 479
Statement of financial performance		
Agency Fees	(460 362)	-
Government grants & subsidies	(28 526 878)	-
Cash Flow Statement		
Cash flow from operating activities		
Grants receipts	(3 847 386)	-
Other receipts	460 362	-
Movement in VAT	3 387 024	-
	-	-

52. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of six major functional areas:Council, Governance, Finance, Community Development Services, Planning and Economic Development, Technical Services and Administrative and Corporate Support. The segments were organised around the type of service delivered. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

52. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Council Governance	Finance	Community Development Services	Planning & Economic Development	Technical Services	Administrative and Corporate Support	Total
Revenue							
Operational Revenue	424	657 722	608 008	-	-	7 130	1 273 284
Fines Penalties and Forfeits	-	2 962 578	572 890	-	80 000	-	3 615 468
Licences or Permits	-	-	2 088 743	-	-	-	2 088 743
Rental of facilities and equipment	-	346 439	-	-	-	-	346 439
Interest Revenue	-	24 386 143	-	-	-	-	24 386 143
Agency Services	-	-	-	-	19 883 067	-	19 883 067
Government Grants and Subsidies	-	410 520 000	-	1 706 000	420 643 405	12 646 389	845 515 794
Total segment revenue	**424**	**438 872 882**	**3 269 641**	**1 706 000**	**440 606 472**	**12 653 519**	**897 108 938**
Entity's revenue							**897 108 938**
Expenditure							
Employee Related Costs	38 754 973	20 750 615	103 667 922	15 870 473	11 501 657	25 135 585	215 681 225
Remuneration of Councilors	16 996 781	-	-	-	-	-	16 996 781
Contracted Services	14 224 894	7 188 651	10 428 978	717 224	4 354 179	26 722 924	63 636 850
Depreciation and Amortisation	7 268 361	90 908	7 696 554	89 079	985 757	6 651 303	22 781 962
Debtors impairment	-	35 497	-	-	-	-	35 497
Inventory Consumed	1 864 904	257 099	2 664 060	180 890	134 792	2 645 714	7 747 459
Operational Costs	47 651 765	7 890 780	12 596 322	1 981 017	612 461	20 664 502	91 396 847
Transfers and Subsidies	183 338	-	7 453 179	34 464 121	558 051 252	12 646 389	612 798 279
(Profit)/Loss on disposal of assets	135 200	-	-	-	-	(15 196)	120 004
Fair Value Adjustments	-	(66 461)	-	-	-	-	(66 461)
Actuarial (Gains)/Losses	(19 013)	(20 988)	(71 932)	(8 972)	(8 391)	(10 704)	(140 000)
Total segment expenditure	**127 061 203**	**36 126 101**	**144 435 083**	**53 293 832**	**575 631 707**	**94 440 517**	**1 030 988 443**
Total segmental surplus/(deficit)	**(127 060 779)**	**402 746 781**	**(141 165 442)**	**(51 587 832)**	**(135 025 235)**	**(81 786 998)**	**(133 879 505)**

Notes to the Annual Financial Statements

Figures in Rand

	Council Governance	Finance	Community Development Services	Planning & Economic Development	Technical Services	Administrative and Corporate Support	Total
52. Segment information (continued)							
Assets							
Cash and Cash Equivalents	(316 010 253)	1 895 903 571	(311 737 098)	(194 051 484)	(666 410 773)	(338 982 979)	68 710 984
Inventory	-	11 929 923	-	-	-	-	11 929 923
Trade and Other Receivables from Exchange	-	55 514	-	-	-	-	55 514
Construction Contracts and Receivable	-	-	-	-	119 521 682	-	119 521 682
Receivables from Non-Execchange	-	-	450 000	-	-	20 442 033	20 892 033
Prepayment	-	-	-	-	-	1 989 807	1 989 807
Vat	8 791 514	20 343 563	4 186 045	6 099 123	(26 944 799)	5 347 299	17 822 745
Property, Plant and Equipment	2 236 710	535 225	171 579 796	353 076	8 439 459	91 061 309	274 205 575
Heritage Assets	508 772	-	-	-	-	-	508 772
Intagible Assets	8 589 893	(2 549)	25 018	-	-	(197 579)	8 414 783
Long Term Investments	-	81 080 882	-	-	-	-	81 080 882
Total segment assets	**(295 883 364)**	**2 009 846 129**	**(135 496 239)**	**(187 599 285)**	**(565 394 431)**	**(220 340 110)**	**605 132 700**
Total assets as per Statement of financial Position							**605 132 700**
Liabilities							
Consumer Deposit	-	(14 030)	-	-	-	-	(14 030)
Operating lease Straigt lining	(63 905)	(192 543)	(16 589)	(4 387)	32 862	104 302	(140 260)
Defined Benefit Obligations	-	(24 496 000)	-	-	-	-	(24 496 000)
Long Service	-	(8 025 000)	-	-	-	-	(8 025 000)
Insurance claims	-	-	-	-	-	(2 530 409)	(2 530 409)
Trade and Other Payables from Exchange Transactions	(668 644)	(222 448 247)	168 317	45 348	(8 301 222)	766	(231 203 682)
Total segment liabilities	**(732 549)**	**(255 175 820)**	**151 728**	**40 961**	**(8 268 360)**	**(2 425 341)**	**(266 409 381)**
Total liabilities as per Statement of financial Position							**(266 409 381)**

52. Segment information (continued)

2024

	Council Governance	Finance	Community Development Services	Planning & Economic Development	Technical Services	Administrative and Corporate Support	Total
Revenue							
Operational Revenue	642	593 696	96 605	-	-	96 028	786 971
Fines, Penalties and Forfeits	-	798 601	1 352 200	-	-	-	2 150 801
Licences or Permits	-	-	1 359 119	-	-	-	1 359 119
Interest Revenue	-	30 743 872	-	-	-	-	30 743 872
Agency Services	-	-	-	-	27 728 409	-	27 728 409
Government Grants and Subsidies	-	402 237 000	-	2 094 000	543 353 279	12 545 645	960 229 924
Public contributions and donations	-	-	-	-	5 250 000	-	5 250 000
Rent on land	-	122 188	-	-	-	-	122 188
Total segment revenue	**642**	**434 495 357**	**2 807 924**	**2 094 000**	**576 331 688**	**12 641 673**	**1 028 371 284**
Entity's revenue							**1 028 371 284**
Expenditure							
Employee Related Costs	35 796 817	17 932 569	93 930 894	13 950 536	10 501 489	26 782 595	198 894 900
Remuneration of Councillors	17 127 602	-	-	-	-	-	17 127 602
Contracted Services	18 962 387	6 576 650	8 888 018	464 607	7 554	27 470 582	62 369 798
Depreciation and Amortisation	7 238 946	116 969	7 396 693	121 625	527 953	5 799 646	21 201 832
Finance Costs	7 897	1 066	8 086	1 066	1 066	12 644	31 825
Inventory Consumed	1 909 586	182 563	1 321 094	46 360	32 243	720 007	4 211 853
Operational Costs	26 962 641	5 629 443	9 989 704	4 250 524	546 271	17 133 355	64 511 938
Transfers and Subsidies	72 809	-	1 022 491	30 070 933	678 182 947	15 500 675	724 849 855
Loss on Disposal of Assets and Liabilities	331 498	3 783	970 063	52 027	1 035	13 146	1 371 552
Fair Value Adjustment	-	131 804	-	-	-	-	131 804
Acturial Gains/Losses	63 062	43 135	161 144	23 247	19 102	34 310	344 000
Total segment expenditure	**108 473 245**	**30 617 982**	**123 688 187**	**48 980 925**	**689 819 660**	**93 466 960**	**1 095 046 959**
Total segmental surplus/(deficit)	**(108 472 603)**	**403 877 375**	**(120 880 263)**	**(46 886 925)**	**(113 487 972)**	**(80 825 287)**	**(66 675 675)**

52. Segment information (continued)

	Council Governance	Finance	Community Development Services	Planning & Economic Development	Technical Services	Administrative and Corporate Support	Total
Assets							
Cash and cash equivalents	(283 545 163)	1 782 441 134	(227 253 608)	(163 414 052)	(618 228 851)	(296 966 662)	193 032 798
Inventory	-	33 360 980	-	-	-	-	33 360 980
Trade and Other Receivables from Exchange	(248 857)	84 932	1 616 666	-	-	248 857	1 701 598
Construction Contracts and Receivable	-	-	-	-	73 646 741	-	73 646 741
Receivables from Non-Exechange	-	-	-	-	-	7 795 645	7 795 645
Prepayments	-	-	-	-	-	1 670 484	1 670 484
VAT	8 791 519	4 844 054	4 138 107	6 099 123	(22 183 543)	5 395 237	7 084 497
Property, Plant and Equipment	(2 305 591)	469 707	147 399 671	442 154	9 425 215	69 441 849	224 873 005
Heritage Assets	508 772	-	-	-	-	-	508 772
Intangible Assets	13 133 337	(2 549)	25 018	-	-	(615 569)	12 540 237
Long Term Investments	-	76 640 877	-	-	-	-	76 640 877
Total segment assets	**(263 665 983)**	**1 897 839 135**	**(74 074 146)**	**(156 872 775)**	**(557 340 438)**	**(213 030 159)**	**632 855 634**
Total assets as per Statement of financial Position							**632 855 634**
Liabilities							
Consumer deposit	-	(14 030)	-	-	-	-	(14 030)
Operating lease straight lining	(125 582)	-	-	-	-	-	(125 582)
Defined benefit obligations	-	(21 370 000)	-	-	-	-	(21 370 000)
Long service awards	-	(7 318 000)	-	-	-	-	(7 318 000)
Insurance claim	-	-	-	-	-	(530 409)	(530 409)
Trade and Other Payables Exchange Transactions	(357 962)	(131 072 991)	472 353	45 348	1 533	16 975	(130 894 744)
Total segment liabilities	**(483 544)**	**(159 775 021)**	**472 353**	**45 348**	**1 533**	**(513 434)**	**(160 252 765)**
Total liabilities as per Statement of financial Position							**(160 252 765)**

* See Note 51

Annexure A

RELATED PARTIES

Remuneration of Senior Management	2025	2024
Remuneration of Municipal Manager (01/07/2024-28/02/2025)		
Annual Remuneration	982 388	1 479 726
Performance Bonus	59 235	50 572
Contribution to UIF,Medical And Pension Funds	218 038	327 051
Cellphone Allowance	28 116	42 174
Car Allowance	80 000	120 000
Leave Pay	137 578	110 062
	1 505 355	**2 129 585**
Remuneration of Chief Finance Officer		
Annual Remuneration	1 032 100	1 062 011
Car Allowance	126 000	126 000
Performance Bonuses	69 260	64 506
Contributions to UIF, Medical and Pension Funds	233 839	230 983
Cellphone Allowance	30 834	30 834
Leave Pay	64 344	64 344
Acting Allowance	14 360	1 651
	1 570 737	**1 580 329**
Remuneration of Manager: Planning and Economic Development		
Annual Remuneration	1 166 115	1 170 152
Car Allowance	151 980	151 980
Contributions to UIF, Medical and Pension Funds	68 448	58 105
Cellphone Allowance	30 834	30 834
Leave Pay	64 344	64 344
Acting Allowance	14 223	0
	1 495 944	**1 475 415**
Remuneration of Manager: Corporate Services		
Annual Remuneration	1 146 199	1 150 850
Car Allowance	120 000	120 000
Performance Bonuses	0	23518
Contributions to UIF, Medical and Pension Funds	126 768	123 911
Acting Allowance	9 122	15 687
Cellphone Allowance	30 834	30 834
Leave Pay	0	64 344
	1 432 923	**1 529 144**

* See Note 51

Remuneration of Manager: Technical Services		
Annual Remuneration	944 626	955 085
Car Allowance	156 000	144 000
Contributions to UIF, Medical and Pension Funds	86 447	78 178
Cellphone Allowance	30 834	30 834
Leave Pay	54 693	54 693
	1 272 600	**1 262 790**
Remuneration of Manager: Social Services		
Annual Remuneration	759 331	756 912
Car Allowance	268 800	268 800
Contributions to UIF, Medical and Pension Funds	164 447	156 692
Acting Allowance	213	6 458
Cellphone Allowance	30 834	30 712
Leave Pay	54 693	9 116
	1 278 318	**1 228 690**

Remuneration of Councillors	**2025**	**2024**
Remuneration of the Executive Mayor		
Annual Remuneration	959 218	916 758
Car Allowance	120 000	115 981
Cellphone Allowance	47 004	49 877
Contribution to UIF,Medical and Pension Funds	122 164	111 486
	1 248 386	**1 194 102**
Remuneration of the Speaker		
Annual Remuneration	666 873	642 156
Car Allowance	232 935	224 028
Cellphone Allowance	47 004	51 037
Contribution to UIF,Medical and Pension Funds	61 053	55 478
	1 007 865	**972 699**
Remuneration of the Chief Whip		
Annual Remuneration	617 761	576 812
Car Allowance	180 000	186 044
Cellphone Allowance	47 004	48 208
Contribution to UIF,Medical and Pension Funds	88 166	79 190
	932 931	**890 254**
Remuneration of the Mayoral Committee Members		
Annual Remuneration	4 198 348	4 135 927
Car Allowance	1 497 673	1 353 649
Cellphone Allowance	320 512	341 770
Contribution to UIF,Medical and Pension Funds	427 328	475 795
	6 443 861	**6 307 141**

Remuneration of other Councillors		
Annual Remuneration	4 415 448	4 674 444
Car Allowance	1 282 669	1 344 120
Cellphone Allowance	1 422 113	1 479 113
Contribution to UIF,Medical and Pension Funds	243 510	265 728
	7 363 740	**7 763 405**

Payment on behalf of Nkangala Economic Development Agency	**2025**	**2024**
Payments made for the year	6 048 976	3 380 828
	6 048 976	**3 380 828**

Payment to close members of the family of a person	**2025**	**2024**
Payments made to Msunduzwa Trading Enterprise	2 029 164	
	2 029 164	

* See Note 51

* See Note 51

ANNEXURE B									
DEVIATION REPORTS 2024 - 2025 FINANCIAL YEAR									
NO.	DEVIATION NUMBER	DESCRIPTION OF SERVICES REQUIRED	APPROVED SERVICE PROVIDER	VALUE OF PROJECT / SERVICES / GOODS(VAT EXCL)	DATE OF DECISION	PAYMENT			
						ORDER NUMBER	PAYMENT NO	PAYMENT DATE	ACTUAL PAYMENT (VAT INCL)
JULY 2024									
1	000001	Membership renewal with professional body	Charted Institute of Procurement & Supply (CIPS)	R 14 030.00	2024-03-07	037133	EF074345-0002	2024-07-02	R 16 134.50
2	000002	Payment for Multichoice DSTV annual subscription for the period 2024-07-01 to 2025-06-30	Multichoice	R 24 000.00	2024-08-07	037147	EF074351-0003	2024-07-08	R 27 600.00
3	000003	Registration for the SAPI conference	SAPI (South African Planning Institute)	R 16 000.00	2024-01-08	037300	EF074381-0001	2024-08-02	R 18 400.00
									R 62 134.50
SEPT 2024									
4	000004	Licence for Team Mate AM	Wolters Kluwer	R 23 983.76	2024-09-05	037405	EF074417-0002	2024-08-28	R 27 581.32
5	000005	Registration for the LIASA(Library and Information Association of South Africa) annual conference	LIASA	R 6 782.61	2024-09-10	037497	EF074425-0005	2024-09-11	R 7 800.00
									R 35 381.32
OCT 2024									
6	000006	Registration fee for SALGA Mpumalanga for MM Skosana, A Stander,Cllr C Nkalitshana,Cllr P Moseri & Cllr KJ Boshomane	SALGA	R 10 000.00	2024-10-07	034504: 034464: 034463 & 034462	EF074462-0004: EF074451-0001: EF074451-0002 & EF074451-0003	2024/10/10 & 2024/10/22	R 10 000.00
7	000007	Registration for the IMPSA conference	IMPSA	R 5 600.00	2024-10-11	037698	EF074476-0007	2024-11-04	R 5 600.00
8	000008	Community radio station for covering of NDM stories and events for a period of 36 months	Mpumalanga National Community Radio Forum	Rates	2024-10-22	038340; 038055;037966;037830;037758 & 037740	EF074625-0015; EF074559-0008; EF074550-0002; EF074500-0011; EF074494-0004 & EF074494-0004	2025/03/17; 2025/01/20; 2024/11/12; 2024/11/20; 2024/11/05 & 2024/11/04	R330 050.00
9	000009	Registration fees for Disaster management institute of Southern Africa(DIMSA) for KE Ndabezitha,JE Nkosi & ET Zulu	Disaster Management Institute of Southern Africa(DMISA)	R10 000.00	2024-10-28	037732	EF074476-0001	2024/11/04;	R 10 000.00
									R 355 650.00
JAN 2025									

* See Note 51

10	0000012	Provision of the VIOP Telephone usage	Switch Telecom	Rates	2025-01-08	038141 & 038042	EF074574-0009; EF074551-0001;EF074606-0003;EF074625-0016;EF074672-0016;EF074709-0022	2025/02/05;2025/01/14;2025/03/05;2025/04/03;2025/05/06 & 2025/06/03	R141 001.51
									R141 001.51
FEB 2025									
11	0000013	Proffessional membership fees	South African Institute of Occupational Safety and Health (SAIOSH)	R 1 097.00	2025-03-10	038336	EF074612-0002	2025-03-14	R 1 261.55
									R 1 261.55
MAR 2025									
12	0000015	Emergency repair/replament of borehole submercible pump and repair of plumbling defects of the fire station	Sne and Katli	R82 750.00	2025-03-26	038443	EF074635-0002	2025-03-31	R 95 174.00
									R 95 174.00
Apr 2025									
13	0000017	Munsoft mScoa budget compliance consulting services for draft budget review to ensure alignment across key fanacial areas such as correct alignment revenue and funding, as well as reviewing capital and operational expenditure, improve the accuracy of secondary budgeting.Additionally, the mScoa segmental analysis is critical to verify its usage and alignment with financial requirements and lastly, a through review of draft budget parameters, particularly around accruals and VAT indicators.	Munsoft	R 160 000.00	2025-04-09	038484	EF074735-0001	2025-06-26	R184 000.00
									R184 000.00
MAY 2025									
14	0000016	Registration for SACPLAN statutory body	South African Council for Planners (SACPLAN)	R 8 803.50	2025-05-16	038806	EF074730-0006	2025-06-24	R 9 013.00
									R 9 013.00
									R883 615.88

* See Note 51

2024/2025 REGISTER OF UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

ANNEXURE C

NKANGALA DISTRICT MUNICIPALITY

NO	Date of discovery	Date reported to the Accounting Officer	Service Provider	Amount	Description of incident	Liable Department	Type of prohibited expenditure	Status: UI	DP	CC	TR	P	WO	General comments
	2024/25 Opening Balance (Audited)			R 544 539.92										
	Amounts incurred during previous financial year(s):													
			OmniRisk	R 1 950 000.00	Insurance amount found to be irregular by AG								✓	
				R 1 950 000.00										
	Amounts incurred during the current financial year:													
			OmniRisk	R 2 431 090.55	Insurance amount found to be irregular by AG								✓	
				R 2 431 090.55										
	Amounts investigated and written off by Council.			-R 4 658 748.98										
	Amounts recovered			R -										
	Closing balance as at 30 June 2025			R 266 881.49										

Abbreviations

UI:	Irregular expenditure under investigation
DP:	Disciplinary process initiated against responsible pe
CC:	Criminal charges laid with SAPS
TR:	Transferred to receivables for recovery
P:	Paid or in process of paying in installments
WO:	Written-off by Council as irrecoverable

* See Note 51

Annexure D

Nkangala District Municipality

RATIO		FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS 2025	DATA INPUTS AND RESULTS 2024
1. FINANCIAL POSITION							
A. Asset Management/Utilisation							
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%		6%	3%
					Total Operating Expenditure	1 031 074 909	1 093 199 619
					Taxation Expense		
					Total Capital Expenditure	69 609 586	34 779 806
2	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment/(Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	Statement of Financial Position, Notes to the AFS and AR	0%		8%	9%
					PPE, Investment Property and Intangible Impairment	22 781 970	21 201 833
					PPE at carrying value	274 714 398	225 381 789
					Investment at carrying value		
					Intangible Assets at carrying value	8 414 781	12 540 238
3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property (Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-Year Reports	8%		9%	10%
					Total Repairs and Maintenance Expenditure	25 318 062	22 857 185
					PPE at carrying value	283 129 179	237 922 027
					Investment Property at Carrying value		

* See Note 51

B. Debtors Management							
1	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget , In-Year Reports, IDP and AR	95%		160%	125%
					Gross Debtors closing balance	505 512	1 701 598
					Gross Debtors opeining balance	1 701 598	2 105 846
					Bad debts written Off		
					Billed Revenue	2 000 000	1 600 000
2	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off/Provision for Bad debts x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%		0%	0%
					Consumer Debtors Bad debts written off		
					Consumer Debtors Current bad debt Provision	61 228	25 731
3	Net Debtors Days	((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue)) × 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 days		81 days	382 days
					Gross debtors	505 512	1 701 598
					Bad debts Provision	61 228	25 731
					Billed Revenue	2 000 000	1 600 000
C. Liquidity Management							
1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In year Reports and AR	1 - 3 Months		2 Month	3 Month
					Cash and cash equivalents	68 710 978	193 032 798
					Unspent Conditional Grants	(139 963 714)	(81 442 386)
					Overdraft		
					Short Term Investments		
					Total Annual Operational Expenditure	1 031 074 909	1 093 199 619
2	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		1.37	2.39
					Current Assets	322 003 562.0	318 292 742.0
					Current Liabilities	235 284 379.0	133 049 769.0
D. Liability Management							
1	Capital Cost(Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost(Interest Paid and Redemption) / Total Operating Expenditure x 00	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-Year Reports and AR	6% - 8%		0%	0%
					Interest Paid	-	31 825
					Redemption	0	755492
					Total Operating Expenditure	1 031 074 909	1 093 199 619
					Taxation Expense		
2	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non current Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue -	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%		0%	0%
					Total Debt	-	-
					Total Operating Revenue	894 661 938	1 026 030 284
					Operational Conditional Grants	433 548 794	556 651 924

* See Note 51

E. Sustainability							
						#DIV/0!	#DIV/0!
1	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank overdraft + Short Term Investment + Long Term Investment - Unspent grants) / (Net Assets - Accumulated Surplus - Non Controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%	Cash and cash Equivalents	68 710 978	193 032 798
					Bank Overdraft		
					Short Term Investment		
					Long Term Investment	81 080 881	76 640 876
					Unspent Grants		
					Net Assets	338 723 362	425 383 723
					Share Premium		
					Share Capital		
					Revaluation Reserve		
					Fair Value Adjustment Reserve		
					Accumulated Surplus	338 723 362	425 383 723

2. FINANCIAL PERFORMANCE

A. Efficiency							
						-15%	-7%
1	Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure)/Total Operating Revenue	Statement of Financial Performance, Budget, In-Year reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Asset	= or > 0%	Total Operating Revenue	894 661 938	1 026 030 284
					Depreciation - Revalued Portion *(Only populate if depreciation line item in the Statement of Financial*	22 781 970	21 201 833
					Total Operating Expenditure	1 031 074 909	1 093 199 619
					Taxation Expense		

* See Note 51

C. Revenue Management							
2	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue)/ previous period's Total Revenue) x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= CPI		-13%	42%
					CPI	6	6
					Total Revenue (Previous)	1 028 371 284	723 885 307
					Total Revenue (Current)	897 108 938	1 028 371 284

3	Revenue Growth (%) - Excluding capital grants	(Period under review's Total Revenue Excluding capital grants- previous period's Total Revenue excluding capital grants)/ previous period's Total Revenue excluding capital grants) x 100	Statement of Financial Performance, Notes to AFS , Budget, IDP, In-Year reports and AR	= CPI		-13%	42%
					CPI	6	6
					Total Revenue Exl.Capital (Previous)	1 026 030 284	721 553 307
					Total Revenue Exl.Capital (Current)	894 661 938	1 026 030 284

* See Note 51

D. Expenditure Management							
1	Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) × 365	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days		61 days	25 days
					Trade Creditors	129 187 248	57 889 914
					Contracted Services	38 318 785	39 512 614
					Repairs and Maintenance	25 318 062	22 857 185
					General expenses	711 942 589	793 573 657
					Bulk Purchases		
					Capital Credit Purchases *(Capital Credit Purchases refers to additions of Investment Property*		
2	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	(Irregular, Fruitless and Wasteful and Unauthorised Expenditure) / Total Operating Expenditure x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%		1%	0%
					Irregular, Fruitless and Wasteful and Unauthorised Expenditure	7 874 268	277 658
					Total Operating Expenditure	1 031 074 909	1 093 199 619
					Taxation Expense		
3	Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councillors' Remuneration) /Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	25% - 40%		23%	20%
					Employee/personnel related cost	215 681 223	198 894 903
					Councillors Remuneration	16 996 783	17 127 602
					Total Operating Expenditure	1 031 074 909	1 093 199 619
					Taxation Expense		
4	Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	2% - 5%		6%	6%
					Contracted Services	63 636 847	62 369 799
					Total Operating Expenditure	1 031 074 909	1 093 199 619
					Taxation Expense		

* See Note 51

E. Grant Dependency							
1	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	Own funded Capital Expenditure (Internally generated funds + Borrowings) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-Year reports and AR	None		100%	100%
					Internally generated funds	69 609 586	34 779 806
					Borrowings		
					Total Capital Expenditure	69 609 586	34 779 806
2	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information) Budget, IDP, In-Year reports and AR	None		100%	100%
					Internally generated funds	69 609 586	34 779 806
					Total Capital Expenditure	69 609 586	34 779 806
3	Own Source Revenue to Total Operating Revenue(Including Agency Revenue)	Own Source Revenue (Total revenue - Government grants and Subsidies - Public Contributions and Donations)/ Total Operating Revenue (including agency services) x 100	Statement Financial Performance, Budget, IDP, In-Year reports and AR	None		6%	10%
					Total Revenue	897 108 938	1 028 371 284
					Government grant and subsidies	845 515 794	925 514 655
					Public contributions and Donations	-	5 250 000
					Capital Grants	2 447 000	2 341 000
3. BUDGET IMPLEMENTATION							
1	Capital Expenditure Budget Implementation Indicator	Actual capital Expenditure / Budget Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, In-Year reports and AR	95% - 100%		88%	66%
					Actual Capital Expenditure	69 609 586	34 779 806
					Budget Capital Expenditure	78 877 831	52 521 249
2	Operating Expenditure Budget Implementation Indicator	Actual Operating Expenditure / Budgeted Operating Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		91%	97%
					Actual Operating Expenditure	1 031 074 909	1 093 199 619
					Budget Operating Expenditure	1 128 328 938	1 123 909 177
3	Operating Revenue Budget Implementation Indicator	Actual Operating Revenue / Budget Operating Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		94%	100%
					Actual Operating Revenue	897 108 938	1 028 371 284
					Budget Operating Revenue	951 828 371	1 028 969 500

* See Note 51

Nkangala District Municipality
Unaudited Appendix G1
Budgeted Financial Performance (revenue and expenditure by functional classification)
for the year ended 30 June, 2025

	2025/2024												2024/2023		
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Functional															
Municipal governance and administration	**453 352 058**	**2 157 761**	**455 509 819**	**-**		**455 509 819**	**451 526 825**		**(3 982 994)**	**99 %**	**100 %**				**447 137 672**
Executive and council	-	-	-	-		-	424		424	DIV/0 %	DIV/0 %				642
Finance and administration	453 352 058	2 157 761	455 509 819	-		455 509 819	451 526 401		(3 983 418)	99 %	100 %				447 137 030
Internal audit	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Community and public safety	**2 302 500**	**-**	**2 302 500**	**-**		**2 302 500**	**3 092 245**		**789 745**	**134 %**	**134 %**				**1 481 837**
Community and social services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Sport and recreation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Public safety	681 000	-	681 000	-		681 000	984 641		303 641	145 %	145 %				248 805
Housing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Health	1 621 500	-	1 621 500	-		1 621 500	2 107 604		486 104	130 %	130 %				1 233 032
Economic and environmental services	**138 256 298**	**355 759 754**	**494 016 052**	**-**		**494 016 052**	**442 489 866**		**(51 526 186)**	**90 %**	**320 %**				**579 751 775**
Planning and development	136 653 000	355 759 754	492 412 754	-		492 412 754	442 312 471		(50 100 283)	90 %	324 %				578 425 688
Road transport	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Environmental protection	1 603 298	-	1 603 298	-		1 603 298	177 395		(1 425 903)	11 %	11 %				1 326 087
Trading services	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Energy sources	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Water management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste water management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue - Functional	**593 910 856**	**357 917 515**	**951 828 371**	**-**		**951 828 371**	**897 108 936**		**(54 719 435)**	**94 %**	**151 %**				**1 028 371 284**

Nkangala District Municipality
Unaudited Appendix G1
Budgeted Financial Performance (revenue and expenditure by functional classification)
for the year ended 30 June, 2025

	2025/2024											2024/2023			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Functional															
Governance and administration	**245 161 990**	**26 928 672**	**272 090 662**	**-**	**-**	**272 090 662**	**254 727 246**	**-**	**(17 363 416)**	**94 %**	**104 %**	**-**	**-**	**-**	**223 299 720**
Executive and council	41 054 532	3 001 581	44 056 113	-	(12 235)	44 043 878	40 841 165	-	(3 202 713)	93 %	99 %	-	-	-	42 177 281
Finance and administration	191 378 569	24 324 697	215 703 266	-	(42 697)	215 660 569	203 049 647	-	(12 610 922)	94 %	106 %	-	-	-	168 774 540
Internal audit	12 728 889	(397 606)	12 331 283	-	-	12 331 283	10 836 434	-	(1 494 849)	88 %	85 %	-	-	-	12 347 899
Community and public safety	**140 326 039**	**2 244 254**	**142 570 293**	**-**	**12 236**	**142 582 529**	**140 130 834**	**-**	**(2 451 695)**	**98 %**	**100 %**	**-**	**-**	**-**	**126 366 511**
Community and social services	32 763 093	2 273 204	35 036 297	-	(2 604 523)	32 431 774	30 932 553	-	(1 499 221)	95 %	94 %	-	-	-	27 218 471
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	64 315 812	873 814	65 189 626	-	3 177 350	68 366 976	68 296 720	-	(70 256)	100 %	106 %	-	-	-	59 949 668
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	43 247 134	(902 764)	42 344 370	-	(560 591)	41 783 779	40 901 561	-	(882 218)	98 %	95 %	-	-	-	39 198 372
Economic and environmental services	**397 008 698**	**316 250 427**	**713 259 125**	**-**	**-**	**713 259 125**	**635 974 476**	**-**	**(77 284 649)**	**89 %**	**160 %**	**-**	**-**	**-**	**745 222 215**
Planning and development	388 706 055	319 564 153	708 270 208	-	-	708 270 208	631 670 226	-	(76 599 982)	89 %	163 %	-	-	-	741 354 624
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection	8 302 643	(3 313 726)	4 988 917	-	-	4 988 917	4 304 250	-	(684 667)	86 %	52 %	-	-	-	3 867 591
Trading services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Energy sources	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	**765 011**	**(356 149)**	**408 862**	**-**	**-**	**408 862**	**155 887**	**-**	**(252 975)**	**38 %**	**20 %**	**-**	**-**	**-**	**-**
Other	765 011	(356 149)	408 862	-	-	408 862	155 887	-	(252 975)	38 %	20 %	-	-	-	158 515
Total Expenditure - Functional	**783 261 738**	**345 067 204**	**1 128 328 942**	**-**	**(42 696)**	**1 128 286 246**	**1 030 988 443**	**-**	**(97 297 803)**	**91 %**	**132 %**	**-**	**-**	**-**	**1 095 046 961**
Surplus/(Deficit) for the year	**(189 350 882)**	**12 850 311**	**(176 500 571)**	**-**		**(176 457 875)**	**(133 879 507)**		**42 578 368**	**76 %**	**71 %**				**(66 675 677)**

Nkangala District Municipality
Unaudited Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June, 2025

	2025/2024											2024/2023			
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Revenue by Vote															
Vote1- Municipal Manager	-	-	-	-		-	424		424	DIV/0 %	DIV/0 %				642
Vote2- Finance Services	438 922 058	2 157 761	441 079 819	-		441 079 819	438 872 882		(2 206 937)	99 %	100 %				434 495 358
Vote3- Corporate Services	14 430 000	-	14 430 000	-		14 430 000	12 653 519		(1 776 481)	88 %	88 %				12 641 672
Vote4- Community Development Services	3 905 798	-	3 905 798	-		3 905 798	3 269 641		(636 157)	84 %	84 %				2 807 924
Vote5- Planning and Economic Development	1 706 000	-	1 706 000	-		1 706 000	1 706 000		-	100 %	100 %				2 094 000
Vote6- Technical Services	134 947 000	355 759 754	490 706 754	-		490 706 754	440 606 471		(50 100 283)	90 %	327 %				576 331 688
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue by Vote	**593 910 856**	**357 917 515**	**951 828 371**	**-**		**951 828 371**	**897 108 937**		**(54 719 434)**	**94 %**	**151 %**				**1 028 371 284**
Expenditure by Vote to be appropriated															
Vote1- Municipal Manager	119 290 295	19 670 909	138 961 204	-	(1 244 286)	137 716 918	127 061 203	-	(10 655 715)	92 %	107 %	-	-	-	108 473 246
Vote2- Finance Services	38 718 960	1 363 519	40 082 479	-	385 703	40 468 182	36 126 102	-	(4 342 080)	89 %	93 %	-	-	-	30 617 981
Vote3- Corporate Services	91 153 880	5 410 922	96 564 802	-	803 651	97 368 453	94 440 517	-	(2 927 936)	97 %	104 %	-	-	-	93 466 960
Vote4- Community Development Services	148 628 682	(1 069 472)	147 559 210	-	12 236	147 571 446	144 435 082	-	(3 136 364)	98 %	97 %	-	-	-	123 688 187
Vote5- Planning and Economic Development	71 775 426	779 513	72 554 939	-	-	72 554 939	53 293 832	-	(19 261 107)	73 %	74 %	-	-	-	48 980 926
Vote6- Technical Services	313 694 495	318 911 813	632 606 308	-	-	632 606 308	575 631 706	-	(56 974 602)	91 %	184 %	-	-	-	689 819 661
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure by Vote	**783 261 738**	**345 067 204**	**1 128 328 942**	**-**	**(42 696)**	**1 128 286 246**	**1 030 988 442**	**-**	**(97 297 804)**	**91 %**	**132 %**	**-**	**-**	**-**	**1 095 046 961**
Surplus/(Deficit) for the year	**(189 350 882)**	**12 850 311**	**(176 500 571)**	**-**		**(176 457 875)**	**(133 879 505)**		**42 578 370**	**76 %**	**71 %**				**(66 675 677)**

Nkangala District Municipality
Unaudited Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June, 2025

	2025/2024													2024/2023	
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source															
Sale of goods	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Interest earned - external investments	27 687 058	-	27 687 058	-		27 687 058	24 732 582		(2 954 476)	89 %	89 %				30 743 872
VAT received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Dividends received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Fines, penalties and forfeits	1 573 035	2 157 761	3 730 796	-		3 730 796	3 615 468		(115 328)	97 %	230 %				2 150 801
Licences and permits	2 382 763	-	2 382 763	-		2 382 763	2 088 743		(294 020)	88 %	88 %				1 359 119
Agency services	3 500 000	16 520 661	20 020 661	-		20 020 661	19 883 067		(137 594)	99 %	568 %				27 728 409
Transfers and subsidies	554 501 600	339 239 093	893 740 693	-		893 740 693	843 068 793		(50 671 900)	94 %	152 %				957 888 923
Operational revenue	1 819 400	-	1 819 400	-		1 819 400	1 273 284		(546 116)	70 %	70 %				909 159
Gains on disposal of PPE	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue (excluding capital transfers and contributions)	**591 463 856**	**357 917 515**	**949 381 371**	**-**		**949 381 371**	**894 661 937**		**(54 719 434)**	**94 %**	**151 %**				**1 020 780 283**

Nkangala District Municipality
Unaudited Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June, 2025

	2025/2024														2024/2023
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure By Type															
Employee related costs	219 703 338	-	219 703 338	-	4 524 847	224 228 185	215 679 432	-	(8 548 753)	96 %	98 %	-	-	-	198 894 901
Remuneration of councillors	19 057 582	-	19 057 582	-	(1 644 590)	17 412 992	16 996 781	-	(416 211)	98 %	89 %	-	-	-	17 127 602
Debt impairment	-	-	-		-	-	35 497	-	35 497	DIV/0 %	DIV/0 %	-	-	-	-
Depreciation & asset impairment	21 534 901	4 448 180	25 983 081		(912 093)	25 070 988	22 781 963	-	(2 289 025)	91 %	106 %	-	-	-	21 201 833
Interest expense	192 275	(192 275)	-	-	-	-	-	-	-	DIV/0 %	- %	-	-	-	31 825
Operating leases	2 277 361	(556 980)	1 720 381	-	2 397 000	4 117 381	3 809 970	-	(307 411)	93 %	167 %	-	-	-	4 735 699
Inventory consumed	4 743 509	1 413 400	6 156 909	-	2 125 440	8 282 349	7 747 459	-	(534 890)	94 %	163 %	-	-	-	4 211 853
Contracted services	86 414 223	6 604 015	93 018 238	-	(26 440 001)	66 578 237	63 636 849	-	(2 941 388)	96 %	74 %	-	-	-	62 369 798
Transfers and subsidies	369 065 083	318 953 149	688 018 232	-	(1 379 417)	686 638 815	612 800 071	-	(73 838 744)	89 %	166 %	-	-	-	724 849 855
Operational costs	60 273 466	14 397 715	74 671 181	-	21 286 113	95 957 294	87 586 876	-	(8 370 418)	91 %	145 %	-	-	-	59 776 246
Gain/Losses	-	-	-	-	-	-	(86 456)	-	(86 456)	DIV/0 %	DIV/0 %	-	-	-	1 847 355
Total Expenditure	**783 261 738**	**345 067 204**	**1 128 328 942**	**-**	**(42 701)**	**1 128 286 241**	**1 030 988 442**	**-**	**(97 297 799)**	**91 %**	**132 %**	**-**	**-**	**-**	**1 095 046 967**
Surplus/(Deficit)	**(191 797 882)**	**12 850 311**	**(178 947 571)**	**-**	**42 701**	**(178 904 870)**	**(136 326 505)**		**42 578 365**	**76 %**	**71 %**				**(74 266 684)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 447 000	-	2 447 000	-		2 447 000	2 447 000		-	100 %	100 %				2 341 000
Transfers and subsidies - Capital Public Donations	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				5 250 000
Transfers and subsidies - operational	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) after capital transfers & contributions	**(189 350 882)**	**12 850 311**	**(176 500 571)**	**-**		**(176 500 571)**	**(133 879 505)**		**42 621 066**	**76 %**	**71 %**				**(66 675 684)**
Taxation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) after taxation	**(189 350 882)**	**12 850 311**	**(176 500 571)**	**-**		**(176 500 571)**	**(133 879 505)**		**42 621 066**	**76 %**	**71 %**				**(66 675 684)**
Attributable to minorities	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) attributable to municipality	**(189 350 882)**	**12 850 311**	**(176 500 571)**	**-**		**(176 500 571)**	**(133 879 505)**		**42 621 066**	**76 %**	**71 %**				**(66 675 684)**
Share of surplus/ (deficit) of associate	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) for the year	**(189 350 882)**	**12 850 311**	**(176 500 571)**	**-**		**(176 500 571)**	**(133 879 505)**		**42 621 066**	**76 %**	**71 %**				**(66 675 684)**

Nkangala District Municipality
Unaudited Appendix G4
Budgeted Capital Expenditure by vote, function and funding
for the year ended 30 June, 2025

	2025/2024													2024/2023	
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital multi-year expenditure sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Single-year expenditure															
Vote1- Municipal Manager	6 900 000	3 005 000	9 905 000	-	-	9 905 000	7 414 531	-	(2 490 469)	75 %	107 %	-	-	-	6 119 850
Vote2- Finance Services	-	10 000	10 000	-	148 600	158 600	156 424	-	(2 176)	99 %	DIV/0 %	-	-	-	76 714
Vote3-Corporate Services	14 720 000	12 654 654	27 374 654	-	(148 600)	27 226 054	21 228 075	-	(5 997 979)	78 %	144 %	-	-	-	22 540 685
Vote4- Community Development Services	31 500 000	10 088 177	41 588 177	-	-	41 588 177	40 810 555	-	(777 622)	98 %	130 %	-	-	-	12 542 227
Vote5- Planning and Economic Development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	71 792
Vote6- Technical Services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	1 289 649
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital single-year expenditure sub-total	**53 120 000**	**25 757 831**	**78 877 831**	**-**	**-**	**78 877 831**	**69 609 585**	**-**	**(9 268 246)**	**88 %**	**131 %**	**-**	**-**	**-**	**42 640 915**
Total Capital Expenditure - Vote	**53 120 000**	**25 757 831**	**78 877 831**	**-**	**-**	**78 877 831**	**69 609 585**	**-**	**(9 268 246)**	**88 %**	**131 %**	**-**	**-**	**-**	**42 640 915**

Nkangala District Municipality
Unaudited Appendix G4
Budgeted Capital Expenditure by vote, function and funding
for the year ended 30 June, 2025

	2025/2024														2024/2023
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Capital Expenditure - Functional															
Governance and administration	**21 620 000**	**15 669 654**	**37 289 654**	**-**	**-**	**37 289 654**	**28 799 031**	**-**	**(8 490 623)**	**77 %**	**133 %**	**-**	**-**	**-**	**28 737 249**
Executive and council	900 000	-	900 000	-	-	900 000	-	-	(900 000)	- %	- %	-	-	-	684 827
Finance and administration	20 720 000	15 569 654	36 289 654	-	-	36 289 654	28 718 031	-	(7 571 623)	79 %	139 %	-	-	-	27 965 188
Internal audit	-	100 000	100 000	-	-	100 000	81 000	-	(19 000)	81 %	DIV/0 %	-	-	-	87 234
Community and public safety	**31 500 000**	**10 088 177**	**41 588 177**	**-**	**-**	**41 588 177**	**40 810 555**	**-**	**(777 622)**	**98 %**	**130 %**	**-**	**-**	**-**	**12 542 226**
Community and social services	15 000 000	7 500 000	22 500 000	-	-	22 500 000	22 395 862	-	(104 138)	100 %	149 %	-	-	-	934 253
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	16 000 000	3 088 177	19 088 177	-	-	19 088 177	18 414 693	-	(673 484)	96 %	115 %	-	-	-	11 452 873
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	500 000	(500 000)	-	-	-	-	-	-	-	DIV/0 %	- %	-	-	-	155 100
Economic and environmental services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**1 361 440**
Planning and development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	1 361 440
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Energy sources	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Expenditure - Functional	**53 120 000**	**25 757 831**	**78 877 831**	**-**	**-**	**78 877 831**	**69 609 586**	**-**	**(9 268 245)**	**88 %**	**131 %**	**-**	**-**	**-**	**42 640 915**
Funded by:															
National Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Provincial Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
District Municipality	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other transfers and grants	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - capital	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Public contributions & donations	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Borrowing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Internally generated funds	53 120 000	25 757 831	78 877 831	-		78 877 831	69 609 586		(9 268 245)	88 %	131 %				42 640 915
Total Capital Funding	**53 120 000**	**25 757 831**	**78 877 831**	**-**		**78 877 831**	**69 609 586**		**(9 268 245)**	**88 %**	**131 %**				**42 640 915**

Appendix H: Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2025											
Financial Performance											
Interest on investment	27 520 925	-	27 520 925	-		27 520 925	24 386 143		(3 134 782)	89 %	89 %
Transfers recognised - operational	554 501 600	339 239 093	893 740 693	-		893 740 693	843 068 793		(50 671 900)	94 %	152 %
Other own revenue	9 441 331	18 678 422	28 119 753	-		28 119 753	27 207 000		(912 753)	97 %	288 %
Total revenue (excluding capital transfers and contributions)	**591 463 856**	**357 917 515**	**949 381 371**	**-**		**949 381 371**	**894 661 936**		**(54 719 435)**	**94 %**	**151 %**
Employee costs	(219 703 338)	-	(219 703 338)	-	(4 524 847)	(224 228 185)	(215 681 226)	-	8 546 959	96 %	98 %
Remuneration of councillors	(19 057 582)	-	(19 057 582)	-	1 644 590	(17 412 992)	(16 996 781)	-	416 211	98 %	89 %
Depreciation and asset impairment	(21 534 901)	(3 536 087)	(25 070 988)			(25 070 988)	(22 781 963)	-	2 289 025	91 %	106 %
Finance charges	(192 275)	192 275	-	-	-	-	-	-	-	DIV/0 %	- %
Operating leases	(2 277 361)	556 980	(1 720 381)	-	(2 397 000)	(4 117 381)	(3 809 970)	-	307 411	93 %	167 %
Inventory consumed	(4 743 509)	(1 413 400)	(6 156 909)	-	(2 125 440)	(8 282 349)	(7 747 459)	-	534 890	94 %	163 %
Contracted services	(86 414 223)	(6 604 015)	(93 018 238)	-	26 440 001	(66 578 237)	(63 636 849)	-	2 941 388	96 %	74 %
Transfers and subsidies	(369 065 083)	(318 953 149)	(688 018 232)	-	1 379 417	(686 638 815)	(612 798 277)	-	73 840 538	89 %	166 %
Operational costs	(60 273 466)	(14 397 715)	(74 671 181)	-	(21 286 113)	(95 957 294)	(87 586 876)	-	8 370 418	91 %	145 %
Debt Impairment	-	-	-	-	-	-	(35 497)	-	(35 497)	DIV/0 %	DIV/0 %
Gain/(Losses)	-	-	-	-	-	-	86 456	-	86 456	DIV/0 %	DIV/0 %
Total expenditure	**(783 261 738)**	**(344 155 111)**	**(1 127 416 849)**	**-**	**(869 392)**	**(1 128 286 241)**	**(1 030 988 442)**	**-**	**97 297 799**	**91 %**	**132 %**
Surplus/(Deficit)	**(191 797 882)**	**13 762 404**	**(178 035 478)**	**-**		**(178 904 870)**	**(136 326 506)**		**42 578 364**	**76 %**	**71 %**

* See Note 51

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 447 000	-	2 447 000	-		2 447 000	2 447 000		-	100 %	100 %
Surplus (Deficit) after capital transfers and contributions	**(189 350 882)**	**13 762 404**	**(175 588 478)**	**-**		**(176 457 870)**	**(133 879 506)**		**42 578 364**	**76 %**	**71 %**
Surplus/(Deficit) for the year	**(189 350 882)**	**13 762 404**	**(175 588 478)**	**-**		**(176 457 870)**	**(133 879 506)**		**42 578 364**	**76 %**	**71 %**

Capital expenditure and funds sources

Total capital expenditure	(53 120 000)	(25 757 831)	(78 877 831)	-		(78 877 831)	(69 609 586)		9 268 245	88 %	131 %

* See Note 51