ZF MGCAWU DISTRICT Municipality

2024 / 2025

[These Annual Financial Statements have not been audited]

ANNUAL FINANCIAL STATEMENTS
AS AT
30 JUNE 2025

ZF MGCAWU DISTRICT MUNICIPALITY

Annual Financial Statements as at 30 June 2025

INDEX

ABBREVIATIONS

ASB	Accounting Standards Board
B-BBEE	Broad-Based Black Economic Empowerment
CPMD	Continuous Professional Management Development
EPWP	Expanded Public Works Programme Integrated Grant
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
LGSETA	Local Government Services Sector Education & Training Authority
LSA	Long Service Awards
MFMA	Municipal Finance Management Act
MPAC	Municipal Public Accounts Committee
mSCOA	Municipal Standard Chart of Accounts
MSIG	Municipal System Improvement grant
PEMA	Post-Employment Medical Aid
PFMA	Public Finance Management Act
PMS	Performance Management System
PPE	Property, Plant, and Equipment
RRAMS	Rural Roads Asset Management Systems Grant
SALGA	South African Local Government Association
SAPS	South African Police Service
SARS	South African Revenue Service
SCM	Supply Chain Management
SDL	Skills Development Levy
ZFM	ZF Mgcawu District Municipality

GENERAL INFORMATION

LEGISLATIVE MANDATE

ZF Mgcawu District Municipality is established and operates in terms of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), and the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003). These legislations set out the Municipality's powers, functions, governance structures, and financial management responsibilities.

EXECUTIVE MAYOR
M.C. BASSON

SPEAKER
W.R.S. PETERSON

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor:	M.C. BASSON
Councillors:	J. SILO
	A. MATSHIMO
	P.M. MGCERA
	A. JOHNSON

MEMBERS OF THE AUDIT COMMITTEE

Chairperson:	W.A. Present
Member:	U. Thys
Member:	K.A. Nkoe

GRADING OF THE LOCAL AUTHORITY
Grade 4

AUDITORS

External:	Auditor-General South Africa
Internal:	ZF Mgcawu District Municipality Internal Audit Unit

PRIMARY BANKER
ABSA

REGISTERED OFFICE
c/o Upington 26 Avenue & Dr Nelson Mandela Drive
Upington
8801

Private Bag X6039
Upington
8800

Telephone:	(054) 337 2800	E-Mail:	ssilwer@zfm-dm.gov.za
Fax:	(054) 337 2888	Website:	www.zfm-dm.co.za

ACTING MUNICIPAL MANAGER
MR. A. PHETE

CHIEF FINANCIAL OFFICER
MRS. E. ISAACS

GENERAL INFORMATION (continued)

REVIEW OF FINANCIAL STATEMENTS

The Annual Financial Statements were reviewed by the Audit Committee, Internal Audit Unit, MPAC, Provincial Treasury and Management before it was approved by the Acting Municipal Manager.

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 3 to 128, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the District Municipality.

These Annual Financial Statements will be presented to the Council for information on 29 August 2025.

MR. A. PHETE
ACTING MUNICIPAL MANAGER
29 August 2025

MEMBERS OF COUNCIL

NAME	POSITION	PARTY	PERIOD
M.C. Basson	Executive Mayor	ANC	Commencement: 23/06/2022
W.R.S. Peterson	Speaker	KSR	Commencement: 14/12/2021
A. Johnson	Mayoral Committee	ANC	Commencement: 28/01/2022
A. Matshimo	Mayoral Committee	ANC	Commencement: 28/01/2022
P.M. Mgcera	Mayoral Committee	ANC	Commencement: 28/01/2022
J. Silo	Mayoral Committee	ANC	Commencement: 28/01/2022
M.M. Louw	Chairperson of 79 Committee	ANC	Commencement: 28/02/2024
M. Willemse	Direct Elected Councillor	EFF	Commencement: 24/11/2023 Term ended: 09/06/2025
M.C. Motwalo	Direct Elected Councillor	EFF	Commencement: 27/06/2025
H. De Koker	Direct Elected Councillor	DA	Commencement: 09/11/2021 Term ended: 09/06/2025
R.V.D Kgatlane	Direct Elected Councillor	DA	Commencement: 10/06/2025
M.H.B. Van Zyl	Direct Elected Councillor	DA	Commencement: 09/11/2021
F.L. Witbooi	Direct Elected Councillor	DA	Commencement: 09/11/2021
E. Mompe	Direct Elected Councillor	HFTF	Commencement: 12/06/2024
F. Basson	Councillor	ANC	Commencement: 14/12/2021
P.J.George	Councillor	ANC	Commencement: 14/12/2021
K.G. Keorometswe	Councillor	ANC	Commencement: 14/12/2021
D.R. Pienaar	Councillor	ANC	Commencement: 14/12/2021
S. Abel	Councillor	ANC	Commencement: 28/01/2022
A.J.Ruiters	Councillor	DA	Commencement: 14/12/2021 Term ended: 05/02/2025
C.J. Boucher	Councillor	DA	Commencement: 06/02/2025
C.F.P. Bezuidenhoudt	Councillor	DA	Commencement: 14/12/2021
P.T. Van der Steen	Councillor	DA	Commencement: 14/12/2021 Term ended: 20/09/2024
R. Saal	Councillor	DA	Commencement: 02/10/2024
S. Sandlana	Councillor	DA	Commencement: 14/12/2021
J. Balies	Councillor	EFF	Commencement: 14/12/2021 Term ended: 11/12/2024
K.S Boer	Councillor	ANC	Commencement: 06/06/2025
A.C. Kotzee	Councillor	HFTF	Commencement: 14/12/2021

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution and according to the Government Gazette 51419 dated 21/10/2024. This read with the Remuneration of Public Officer Bearers Act, Circular 40/2012 dated 10/12/2012 of SALGA and the Minister of Provincial and Local Government's determination in accordance with this Act.

MR. A. PHETE
ACTING MUNICIPAL MANAGER
29 August 2025

FOREWORD

It is with a sense of responsibility and purpose that I present the Annual Financial Statements of the ZF Mgcawu District Municipality for the 2024/2025 financial year. These statements are not merely statutory obligations; they are a critical instrument that reflects the Municipality's commitment to sound financial management, transparency and accountability in the use of public resources.

At the core of good governance lies the principle of financial integrity and these statements serve as a mirror of how effectively and prudently we manage the resources entrusted to us by our communities. In a democratic dispensation such as ours, where municipalities must lead in service delivery, financial transparency is not optional; it is fundamental to building public trust and enabling responsive, ethical governance.

Our continued partnerships with local municipalities, government departments and key stakeholders have been pivotal in driving integrated development and promoting regional resilience. These relationships remain essential as we seek to align our strategic goals with national and provincial priorities in pursuit of sustainable development.

The Municipal Council, together with the Municipal Public Accounts Committee (MPAC), has played a vital role in ensuring that the administration remains transparent and accountable to the people of ZF Mgcawu. Their rigorous oversight, grounded in the values of integrity and stewardship, reinforces our collective duty to uphold the principles of good governance.

As we look ahead, the District Municipality remains committed to strengthening institutional capacity, enhancing financial sustainability and accelerating service delivery initiatives across all our local municipalities. Our focus will remain on promoting inclusive growth and ensuring that the developmental needs of our people remain at the centre of our planning and budgeting processes.

I extend my deep and sincere appreciation to all Councillors, the Mayoral Committee and the Municipal Public Accounts Committee for their consistent leadership, effective oversight and steadfast support throughout the year. I am equally grateful to the Management and Staff of the District Municipality for their unwavering commitment, professionalism and relentless dedication to improving the lives of our people.

I also want to thank the Audit Committee for their critical guidance and steadfast commitment to upholding the highest standards of financial governance.

Together, we remain united in our mission to serve the people of ZF Mgcawu with excellence, integrity and compassion.

CLLR. M.C. BASSON
EXECUTIVE MAYOR
29 August 2025

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of ZF Mgcawu District Municipality ending 30 June 2025.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2024/25 financial period is set out in Directive 5 issued by the ASB on 11 March 2009, as amended.

The Statement of Financial Position at 30 June 2025 indicates an increase in Non-Current Assets, a decrease in Current Assets, an increase in Non-Current Liabilities, as well as an increase in Current Liabilities.

The increase in Non-Current Assets is primarily as a result of the increase in the Non-current Investments and Intangible Assets. The decrease in Current Assets is primarily as a result of the decrease in Cash and Cash Equivalents and VAT Receivable.

The increase in Non-Current Liabilities is primarily as a result of the increase in Employee Benefit Liabilities and Long-term Liabilities. The increase in Current Liabilities is primarily as a result of the increase in Payables from Exchange Transactions.

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

2. mSCOA IMPLEMENTATION PLAN

The District Municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

3. KEY FINANCIAL INDICATORS

The following indicators are the key indicators and is a comparison to prior year figures. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the District Municipality.

Financial Statement Ratios:

INDICATOR	2025 R	2024 R
Surplus / (Deficit) before Appropriations	(4 711 985)	(2 839 995)
Surplus / (Deficit) at the end of the Year	(23 718 756)	(19 006 771)
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	67.16%	65.92%
Remuneration of Councillors	5.73%	5.69%
Depreciation and Amortisation	1.39%	1.44%
Impairment Losses	0.69%	0.84%
Finance Costs	4.35%	4.17%
Contracted Services	6.44%	6.70%
Inventory Consumed	0.72%	0.54%
Transfers and Subsidies Paid	0.52%	0.52%
Operating Leases	0.00%	0.00%
Operational Costs	12.99%	14.11%
Loss on Disposal of Capital Assets	0.02%	0.06%

REPORT OF THE CHIEF FINANCIAL OFFICER

4. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Note 52, whilst operational results are included in Appendices E (1), E (2) and E (3).

5. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R1 556 815 (2023/24: R1 340 406). Full details of Assets are disclosed in Notes 7, 8, 51 and Appendix "B" to the Annual Financial Statements.

The capital expenditure of R1 556 815 was financed as follows:

DETAILS	Actual 2024/25 R	Actual 2023/24 R	Percentage Variance %	Budgeted 2024/25 R	Variance actual/ budgeted %
Finance Leases	827 313	-	100.00	1 401 239	(40.96)
Grants and Subsidies	116 404	377 368	(69.15)	500 000	(76.72)
Own Funds (Accumulated Surplus)	613 097	963 038	(36.34)	657 282	(6.72)
	1 556 815	1 340 406	16.15	2 558 521	(39.15)

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2025 %	2024 %
Finance Leases	53.14%	-
Grants and Subsidies	7.48%	28.15%
Own Funds (Accumulated Surplus)	39.38%	71.85%
	100.00%	100.00%

6. RECONCILIATION OF BUDGET TO ACTUAL

6.1 Operating Budget:

DETAILS	2025 R	2024 R
Variance per Category:		
Budgeted surplus before appropriations	689 234	657 000
Revenue variances	(5 760 004)	(3 507 371)
Expenditure variances:		
Employee Related Costs	108 292	98
Remuneration of Councillors	8 933	1 939
Depreciation and Amortisation	29 937	677
Impairment Losses	6 862	800
Finance Costs	1	85
Contracted Services	55 904	4 375
Inventory Consumed	120 514	372
Transfers and Subsidies Paid	802	187
Operational Costs	919	1 744
Loss on Disposal of Capital Assets	26 621	100
Actual surplus before appropriations	(4 711 985)	(2 839 995)

REPORT OF THE CHIEF FINANCIAL OFFICER

DETAILS	2025 R	2024 R
Variance per Service Segment:		
Budgeted surplus before appropriations	689 234	657 000
Executive and Council	(346 842)	(249 837)
Finance and Administration (incl Bad Debt)	(1 056 076)	541 636
Internal Audit	55 180	1 357
Public Safety	51 930	161
Health	423	26
Planning and Development	(389 906)	3 541
Other	2 609	189
Add: Gains and Losses	(3 718 536)	(3 794 068)
Actual surplus before appropriations	(4 711 985)	(2 839 995)

Details of the operating results per segmental classification of expenditure are included in Note 52, whilst operational results are included in Appendices E(1), E(2) and E(3).

6.2 Capital Budget:

DETAILS	Actual 2024/25 R	Actual 2023/24 R	Variance actuals R	Budgeted 2024/25 R	Variance actual/ budgeted R
Executive and Council	57 669	803 574	(745 906)	65 000	(7 331)
Finance and Administration	1 449 062	441 035	1 008 027	1 978 521	(529 459)
Health	18 478	8 999	9 479	20 000	(1 522)
Environmental Protection	-	86 798	(86 798)	-	-
Planning and Development	31 606	-	31 606	495 000	(463 394)
	1 556 815	1 340 406	216 409	2 558 521	(1 001 706)

Details of the results per segmental classification of capital expenditure are included in Note 51.

7. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2025 amounted to R23 718 756 (30 June 2024: R19 006 771) and is made up as follows:

	2025 R	2024 R
Accumulated Surplus	(23 718 756)	(19 006 771)
	(23 718 756)	**(19 006 771)**

Refer to Note 16 and the Statement of Change in Net Assets for more detail.

REPORT OF THE CHIEF FINANCIAL OFFICER

		2025	2024
		R	R

8. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2025 was R355 060 (30 June 2024: R0) and is made up as follows:.

	2025	2024
Finance Lease Liability	355 060	-
	355 060	**-**

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R660 000 as at 1 June 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 12.4%.

Finance Lease Liabilities relate to Telephone System with a lease term of 3 years with a fair value of R950 000 as at 1 July 2021, ending 30 June 2024. The effective interest rate on Finance Leases is 73.1%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 33 months with a fair value of R130 889 as at 1 August 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 20.6%.

Finance Lease Liabilities relate to Telephone System with a lease term of 3 years with a fair value of R827 313 as at 1 September 2024, ending 01 August 2027. The effective interest rate on Finance Leases is 12.5%.

Refer to Note 14 and Appendix "A" for more detail.

9. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities amounted R36 549 000 as at 30 June 2025 (30 June 2024: R33 732 000) and is made up as follows:

		2025	2024
Post-retirement Health Care Benefits Liability	Note 15	27 613 000	25 684 000
Long Service Awards Liability	Note 15	8 936 000	8 048 000
		36 549 000	**33 732 000**

The Post-retirement Health Care Benefits Liability is in respect of continued Health Care Benefits for employees of the District Municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

The Long-term Service Liability is an estimate of the long-service based on historical staff turnover. No other long-term service benefits are provided to employees. This liability is unfunded.

Refer to Note 15 for more detail.

10. CURRENT LIABILITIES

Current Liabilities amounted R12 055 540 as at 30 June 2025 (30 June 2024: R10 257 827) and is made up as follows:

		2025	2024
Provisions	Note 11	3 407 493	3 422 070
Payables from Exchange Transactions	Note 12	8 375 782	6 555 700
Current Portion of Long-term Liabilities	Note 14	272 265	280 056
		12 055 540	**10 257 827**

Current Liabilities are those liabilities of the District Municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the District Municipality will not be able to meet its obligations.

Refer to Note 11, 12, 13, 14 for more detail.

REPORT OF THE CHIEF FINANCIAL OFFICER

11. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R21 338 212 as at 30 June 2025 (30 June 2024: R21 377 191).

Refer to Note 7, 51 and Appendix B for more detail.

12. INTANGIBLE ASSETS

The net value of Intangible Assets were R292 495 as at 30 June 2025 (30 June 2024: R73 420).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the District Municipality in order to be able to fulfil its duties as far as service delivery is concerned.
Refer to Note 8 and Appendix "B" for more detail.

13. NON-CURRENT INVESTMENTS

The District Municipality held Investments to the value of R2 433 331 as at 30 June 2025 (30 June 2024: R1 719 010).

These investments are invested to improve the District Municipality's unfunded budget and going concern.

Refer to Note 9 for more detail.

14. LONG-TERM RECEIVABLES

Long-term Receivables of R50 481 at 30 June 2025 (30 June 2024: R56 124) is made up as follows:

		2025 R	2024 R
Finance Lease Receivable	Note 10	7 481	8 289
Staff Related Long Term Receivables	Note 10	53 474	61 018
CPMD Debtors		51 400	55 800
SCM Debtors		-	2 383
Payroll Debtors		2 074	2 835
		60 955	**69 306**
Less: Short-term portion included in Current Assets	Note 6	(10 474)	(13 183)
		50 481	**56 124**

The decrease in the amount for Long-term Receivables is due to recovering of outstanding debt during 2024/25 financial year.
Refer to Note 10 for more detail.

15. CURRENT ASSETS

Current Assets amounted R1 126 324 as at 30 June 2025 (30 June 2024: R1 757 310) and is made up as follows:

		2025 R	2024 R
Receivables from Exchange Transactions	Note 2	136 015	189 833
Statutory Receivables from Exchange Transactions	Note 3	541 855	537 125
VAT Receivable	Note 4	271 208	565 341
Cash and Cash Equivalents	Note 5	166 772	451 829
Current Portion of Long-term Receivables	Note 6	10 474	13 183
		1 126 324	**1 757 310**

Refer to Note 2, 3, N/A, 4, 5 and 6 for more detail.

REPORT OF THE CHIEF FINANCIAL OFFICER

16. INTER-GOVERNMENTAL GRANTS

The District Municipality is dependent on financial aid from other government spheres to finance its service delivery programmes and developmental initiatives. Conditional operating grants are utilised to finance the provision of free basic services, while unconditional grants assist the Municipality in meeting its overall service delivery and operational commitments.

Refer to Notes 13 and 17, and Appendix "F" for more detail.

17. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 45.

18. GOING CONCERN ASSESSMENT

Refer to management's going concern assessment disclosed in Note 48.

19. EXPRESSION OF APPRECIATION

We extend our sincere gratitude to the Executive Mayor, the Mayoral Committee, Councillors, Internal Audit, the Acting Municipal Manager, Directors and all officials for their support throughout the financial year. A special appreciation is conveyed to the staff of the Finance Department, whose dedication and assistance made the preparation of these Annual Financial Statements possible.

MRS. E. ISAACS
CHIEF FINANCIAL OFFICER
29 August 2025

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Note	Actual 2025 R	Actual 2024 Restated R
ASSETS			
Current Assets		**1 126 324**	**1 757 310**
Receivables from Exchange Transactions	**2**	136 015	189 833
Statutory Receivables from Exchange Transactions	**3**	541 855	537 125
VAT Receivable	**4**	271 208	565 341
Cash and Cash Equivalents	**5**	166 772	451 829
Current Portion of Long-term Receivables	**6**	10 474	13 183
Non-Current Assets		**24 114 520**	**23 225 745**
Property, Plant and Equipment	**7**	21 338 212	21 377 191
Intangible Assets	**8**	292 495	73 420
Non-current Investments	**9**	2 433 331	1 719 010
Long-term Receivables	**10**	50 481	56 124
Total Assets		**25 240 844**	**24 983 055**
LIABILITIES			
Current Liabilities		**12 055 540**	**10 257 827**
Provisions	**11**	3 407 493	3 422 070
Payables from Exchange Transactions	**12**	8 375 782	6 555 700
Current Portion of Long-term Liabilities	**14**	272 265	280 056
Non-Current Liabilities		**36 904 060**	**33 732 000**
Long-term Liabilities	**14**	355 060	-
Employee Benefit Liabilities	**15**	36 549 000	33 732 000
Total Liabilities		**48 959 600**	**43 989 827**
Total Assets and Liabilities		**(23 718 756)**	**(19 006 771)**
NET ASSETS		**(23 718 756)**	**(19 006 771)**
Accumulated Surplus / (Deficit)	**16**	(23 718 756)	(19 006 771)
Total Net Assets		**(23 718 756)**	**(19 006 771)**

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Note	Actual 2025 R	Actual 2024 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Transfers and Subsidies	**17**	89 749 204	88 401 654
Impairment Gains	**24**	-	200 532
Revenue from Exchange Transactions			
Rental from Fixed Assets	**18**	162 880	135 725
Finance Income	**19**	1 710 062	1 746 081
Operational Revenue	**20**	566 956	1 636 790
Total Revenue		**92 189 102**	**92 120 783**
EXPENDITURE			
Employee Related Costs	**21**	65 082 349	62 602 230
Remuneration of Councillors	**22**	5 548 998	5 401 337
Depreciation and Amortisation	**23**	1 350 419	1 367 110
Impairment Losses	**24**	664 968	795 298
Finance Costs	**25**	4 210 419	3 958 480
Contracted Services	**26**	6 242 697	6 366 498
Inventory Consumed	**27**	695 790	516 838
Transfers and Subsidies Paid	**28**	499 263	491 452
Operational Costs	**29**	12 585 600	13 402 134
Loss on Disposal of Capital Assets	**30**	20 584	59 400
Total Expenditure		**96 901 087**	**94 960 778**
SURPLUS / (DEFICIT) FOR THE YEAR		**(4 711 985)**	**(2 839 995)**

Refer to Budget Statement for explanation of budget variances (page 23 - 37)

ZF MGCAWU DISTRICT MUNICIPALITY

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

Description	Share Premium	Total Reserves and Funds	Accumulated Surplus	Total Net Assets
	R	R	R	R
2024				
Balance at 30 June 2023	-	-	(16 462 865)	(16 462 865)
Correction of Error (Note 31)		-	296 088	296 088
Restated Balance at 30 June 2023	**-**	**-**	**(16 166 777)**	**(16 166 777)**
Published Surplus for the year			**(2 839 995)**	**(2 839 995)**
Surplus for the year (previously published)		-	(3 103 230)	(3 103 230)
Correction of Error (Note 31)	-	-	263 235	263 235
Restated Balance at 30 June 2024	**-**	**-**	**(19 006 771)**	**(19 006 771)**
2025				
Surplus / (Deficit) for the year		-	(4 711 985)	(4 711 985)
Balance at 30 June 2025	**-**	**-**	**(23 718 756)**	**(23 718 756)**

ZF MGCAWU DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	Note	Actual 2025 R	Actual 2024 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfers and Subsidies		89 749 204	88 401 654
Rental from Fixed Assets	**18**	162 880	135 725
Finance Income	**19**	1 710 062	1 746 081
Other Receipts		908 062	1 306 115
Payments			
Employee Related Costs		(66 906 493)	(64 040 995)
Remuneration of Councillors	**22**	(5 548 998)	(5 401 337)
Finance Costs Paid	**25**	(90 419)	(155 480)
Suppliers Paid		(5 118 405)	(7 189 398)
Other Payments		(13 238 440)	(13 750 113)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**33**	**1 627 452**	**1 052 253**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**7**	(399 841)	(1 287 176)
Purchase of Intangible Assets	**8**	(329 661)	(53 230)
Proceeds on Disposal of Property, Plant and Equipment		5 717	323 000
Decrease / (Increase) in Non-current Investments		(714 321)	(648 624)
Decrease / (Increase) in Long-term Receivables		5 642	7 809
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(1 432 464)**	**(1 658 221)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(480 045)	(647 945)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(480 045)**	**(647 945)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(285 057)**	**(1 253 913)**
Cash and Cash Equivalents at Beginning of Period		451 829	1 705 742
Cash and Cash Equivalents at End of Period	**5**	166 772	451 829

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2025

Description	Original Budget	Budget Adjustments	Adjustment Budget			Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R			R	R	R	R	R	R	R
FINANCIAL POSITION												
Current Assets												
Inventories	-	3	3			-	3	-	-	(3)	0.00	0.00
Receivables from Exchange Transactions	471 800	68 488	540 288			-	540 288	136 015	-	(404 273)	25.17	28.83
Statutory Receivables from Exchange Transac	-	-	-			-	-	541 855	-	541 855	0.00	0.00
VAT Receivable	928 762	(518 442)	410 320			-	410 320	271 208	-	(139 112)	66.10	29.20
Cash and Cash Equivalents	3 362 332	945 160	4 307 492			-	4 307 492	166 772	-	(4 140 720)	3.87	4.96
Current Portion of Long-term Receivables	17 718	(2 135)	15 583			-	15 583	10 474	-	(5 109)	67.21	59.11
		-										
Non-Current Assets		-										
Property, Plant and Equipment	23 779 009	(1 539 425)	22 239 584			-	22 239 584	21 338 212	-	(901 372)	95.95	89.74
Intangible Assets	382 789	(72 905)	309 884			-	309 884	292 495	-	(17 389)	94.39	76.41
Non-current Investments	2 375 000	650 010	3 025 010			-	3 025 010	2 433 331	-	(591 679)	80.44	102.46
Long-term Receivables	49 000	32 524	81 524			-	81 524	50 481	-	(31 043)	61.92	103.02
Total Assets	31 366 410	(436 722)	30 929 688			-	30 929 688	25 240 844	-	(5 688 844)	81.61	80.47
Current Liabilities												
Provisions	15 256 990	(12 252 876)	3 004 114			-	3 004 114	3 407 493	-	403 379	113.43	22.33
Payables from Exchange Transactions	10 201 210	2 073 114	12 274 324			-	12 274 324	8 375 782	-	(3 898 542)	68.24	82.11
Current Portion of Long-term Liabilities	496 885	(887 939)	(391 054)			-	(391 054)	272 265	-	663 319	0.00	54.79
Non-Current Liabilities												
Long-term Liabilities	2 020 136	(691 247)	1 328 889			-	1 328 889	355 060	-	(973 829)	26.72	17.58
Employee Benefit Liabilities	16 495 000	17 016 606	33 511 606			-	33 511 606	36 549 000	-	3 037 394	109.06	221.58
Total Liabilities	44 470 221	5 257 658	49 727 879			-	49 727 879	48 959 600	-	(768 279)	98.46	110.10
Total Assets and Liabilities	**(13 103 811)**	**(5 694 380)**	**(18 798 191)**			**-**	**(18 798 191)**	**(23 718 756)**	**-**	**(4 920 565)**	**0.00**	**0.00**
Net Assets (Equity)												
Accumulated Surplus / (Deficit)	(13 103 811)	(5 694 380)	(18 798 191)			-	(18 798 191)	(23 718 756)	-	(4 920 565)	0.00	0.00
Total Net Assets	**(13 103 811)**	**(5 694 380)**	**(18 798 191)**			**-**	**(18 798 191)**	**(23 718 756)**	**-**	**(4 920 565)**	**0.00**	**0.00**

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Inventories:
Incorrectly budgeted for Inventories.

Receivables from Exchange Transactions:
Statutory Receivables Exchange Transactions budget is included in Receivables from Exchange Transactions.

Statutory Receivables Exchange Transactions
Statutory Receivables Exchange Transactions budget is included in Receivables from Exchange Transactions. Under budgeted for SARS Receivables.

VAT Receivable:
Over budgeted for VAT Receivables due to higher outstanding creditors at year-end.

Cash and Cash Equivalents:
The budget amount was over budgeted for.

Current Portion of Long-term Receivables:
Over budgeted to account for any new long-term debtors.

Non-current Investments:
Did not budget for the withdrawal of the initial investment.

Long-term Receivables:
Recovered more fund than anticipated for.

Provisions:
Did not budget for performance bonuses.

Payables from Exchange Transactions:
Over budgeted for Payables from Exchange Transactions as anticipated for at year-end.

Current Portion of Long-term Liabilities:
Did not budget according to the amortisation tables.

Long-term Liabilities:
Did not budget according to the amortisation tables.

Accumulated Surplus / (Deficit):
Combination of reasons stated above

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2025

Description	Original Budget	Budget Adjustments	Adjustment Budget			Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R			R	R	R	R	R	R	R
FINANCIAL PERFORMANCE												
Revenue from Non-exchange Transactions												
Transfers and Subsidies	94 609 000	(2 867 403)	91 741 597			-	91 741 597	89 749 204	-	(1 992 393)	97.83	94.86
Impairment Gains	3 305 000	47 350	3 352 350			-	3 352 350	-	-	(3 352 350)	0.00	0.00
Revenue from Exchange Transactions												
Rental from Fixed Assets	10 490	-	10 490			-	10 490	162 880	-	152 390	1 552.72	1 552.72
Finance Income	1 775 000	150 000	1 925 000			-	1 925 000	1 710 062	-	(214 938)	88.83	96.34
Operational Revenue	478 185	41 815	520 000			-	520 000	566 956	-	46 956	109.03	118.56
Gains on Disposal of Capital Assets	399 669	-	399 669			-	399 669	-	-	(399 669)	0.00	0.00
Total Revenue	100 577 344	(2 628 238)	97 949 106			-	97 949 106	92 189 102	-	(5 760 004)	94.12	91.66
Expenditure												
Employee Related Costs	66 377 201	(972 119)	65 405 082			(214 441)	65 190 641	65 082 349	-	(108 292)	99.83	98.05
Remuneration of Councillors	5 508 699	40 959	5 549 658			8 273	5 557 931	5 548 998	-	(8 933)	99.84	100.73
Depreciation and Amortisation	1 102 213	412 803	1 515 016			(134 660)	1 380 356	1 350 419	-	(29 937)	97.83	122.52
Impairment Losses	-	-	-			671 830	671 830	664 968	-	(6 862)	98.98	0.00
Finance Costs	4 337 319	40 999	4 378 318			(167 898)	4 210 420	4 210 419	-	(1)	100.00	97.07
Contracted Services	10 585 435	(3 314 661)	7 270 774			(972 173)	6 298 601	6 242 697	-	(55 904)	99.11	58.97
Inventory Consumed	547 297	438 388	985 685			(169 381)	816 304	695 790	-	(120 514)	85.24	127.13
Transfers and Subsidies Paid	377 030	(272 030)	105 000			395 065	500 065	499 263	-	(802)	99.84	132.42
Operational Costs	10 999 844	1 003 290	12 003 134			583 385	12 586 519	12 585 600	-	(919)	99.99	114.42
Loss on Disposal of Capital Assets	47 205	-	47 205			-	47 205	20 584	-	(26 621)	43.61	43.61
Total Expenditure	99 882 243	(2 622 371)	97 259 872			-	97 259 872	96 901 087	-	(358 785)	99.63	97.02
Surplus / (Deficit) for the Year	**695 101**	**(5 867)**	**689 234**			**-**	**689 234**	**(4 711 985)**	**-**	**(5 401 219)**	**-**	**-**

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Impairment Gains

Impairment gains were included in the budget to ensure a funded position based on prior year trends, but these gains did not realised in the 2024/25 financial year.

Rental from Fixed Assets:

Budgeted figures were not updated with rentals received from the Municipality's assets.

Finance Income:

Invested funds for a shorter period than anticipated for.

Gains on Disposal of Capital Assets:

Auction of assets did not take place during 2024/25 financial year.

Inventory Consumed:

Underspending is mainly due to cost containment measures.

Loss on Disposal of Capital Assets:

Less assets were written off as anticipated.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2025

Description	Original Budget	Budget Adjustments	Adjustment Budget			Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R			R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION												
Executive and Council	-	65 000	65 000			-	65 000	57 669	-	(7 331)	88.72	0.00
Finance and Administration	2 781 217	(802 696)	1 978 521			-	1 978 521	1 449 062	-	(529 459)	73.24	52.10
Health	-	-	-			20 000	20 000	18 478	-	(1 522)	92.39	0.00
Planning and Development	515 000	-	515 000			(20 000)	495 000	31 606	-	(463 394)	6.39	6.14
Corporate Services	-	-	-			-	-	-	-	-	0.00	0.00
Total Capital Expenditure	**3 296 217**	**(737 696)**	**2 558 521**			**-**	**2 558 521**	**1 556 815**	**-**	**(1 001 706)**	**60.85**	**47.23**

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

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Executive and Council:

Savings realised on capital items budgeted for and not procured. Budget rolled over to 2024/25 financial year.

Finance and Administration:

Savings realised on capital items budgeted for and not procured. Budget rolled over to 2024/25 financial year.

Planning and Development:

Savings realised on capital items budgeted for and not procured. Budget rolled over to 2024/25 financial year.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2025

Description	Original Budget	Budget Adjustments	Adjustment Budget			Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R			R	R	R	R	R	R	R
CASH FLOW												
Cash Flows from/(used in) Operating Activities												
Transfers and Subsidies	93 509 000	(3 067 403)	90 441 597			-	90 441 597	89 749 204		(692 393)	99.23	95.98
Rental from Fixed Assets	-	-	-			-	-	162 880		162 880	0.00	0.00
Finance Income	1 600 000	150 000	1 750 000			-	1 750 000	1 710 062		(39 938)	97.72	106.88
Other Receipts	3 232 269	(367 121)	2 865 148			-	2 865 148	908 062		(1 957 086)	31.69	28.09
Employee Related Costs	(91 295 136)	5 655 297	(85 639 839)			-	(85 639 839)	(66 906 493)		18 733 346	78.13	0.00
Remuneration of Councillors	-	-	-			-	-	(5 548 998)		(5 548 998)	0.00	0.00
Finance Costs	(250 905)	-	(250 905)			-	(250 905)	(90 419)		160 487	36.04	0.00
Suppliers Paid	-	-	-			-	-	(5 118 405)		(5 118 405)	0.00	0.00
Other Payments	(377 030)	272 030	(105 000)			-	(105 000)	(13 238 440)		(13 133 440)	12 608.04	0.00
Cash Flows from/(used in) Investing Activities												
Purchase of Property, Plant and Equipment	(3 490 650)	758 536	(2 732 114)			-	(2 732 114)	(399 841)		2 332 273	14.63	0.00
Purchase of Intangible Assets	-	-	-			-	-	(329 661)		(329 661)	0.00	0.00
Decrease / (Increase) in Non-current Investme	(675 000)	(631 000)	(1 306 000)			-	(1 306 000)	(714 321)		591 679	54.70	0.00
Decrease / (Increase) in Long-term Receivable	-	-	-			-	-	5 642		5 642	0.00	0.00
Cash Flows from/(used in) Financing Activities												
Repayment of Borrowings	(671 110)	(671 110)	(1 342 220)			-	(1 342 220)	(480 045)		862 175	0.00	0.00
Cash and Cash Equivalents at End of the Y	**1 581 438**	**2 099 229**	**3 680 667**			**-**	**3 680 667**	**(285 057)**	**-**	**(3 965 724)**	**0.00**	**0.00**

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Rental from Fixed Assets:
Not budgeted separately for under cash flow statement, included under the Other Receipts.

Finance Income:
Invested funds for a shorter period than anticipated for.

Other Receipts
Under budget for funds received from LGSETA.

Employee Related Costs
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Remuneration of Councillors
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Finance Cost
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Suppliers Paid
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Other Payments
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Purchase of Property, Plant and Equipment:
Did not budget for additions on the new mSCOA budget format and Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

Purchase of Intangible Assets:
NT Budget Template not aligned to GRAP requirements - Purchase of Intangible Assets included in Purchase of Property, Plant and Equipment above.

Decrease / (Increase) in Non-current Investments:
Did not budget for the withdrawal of the initial investment.

Decrease / (Increase) in Long-term Receivables:
Did not be budget for on the new mSCOA budget format.

Proceeds from Borrowings:
Did not budget for leases because it was included under Contracted Services.

Repayment of Borrowings:
Did not budget for leases because it was included under Contracted Services.

Cash and Cash Equivalents at End of the Year:
All above-mentioned items are reflecting in Cash and Cash Equivalents at End of the Year.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2024

Description	Original Budget	Budget Adjustments	Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION												
Current Assets												
Receivables from Exchange Transactions	847 928	530 000	1 377 928	(1 103 337)	274 591	-	274 591	189 833	-	(84 758)	69.13	22.39
Statutory Receivables Exchange Transactions	-	(20 000)	(20 000)	20 000	-	-	-	537 125	-	537 125	0.00	0.00
VAT Receivable	1 155 373	(1 891 540)	(736 167)	755 222	19 055	-	19 055	565 341	-	546 286	2 966.89	48.93
Cash and Cash Equivalents	825 942	2 412 297	3 238 239	(1 446 454)	1 791 785	-	1 791 785	451 829	-	(1 339 956)	25.22	54.70
Current Portion of Long-term Receivables	17 718	-	17 718	(1 277)	16 441	-	16 441	13 183	-	(3 258)	80.18	74.40
Non-Current Assets												
Property, Plant and Equipment	24 427 886	(309 000)	24 118 886	(1 129 058)	22 989 828	-	22 989 828	21 377 191	-	(1 612 637)	92.99	87.51
Intangible Assets	112 354	-	112 354	48 589	160 943	-	160 943	73 420	-	(87 523)	45.62	65.35
Non-current Investments	1 012 047	220 000	1 232 047	1 338 339	2 570 386	-	2 570 386	1 719 010	-	(851 376)	66.88	169.85
Long-term Receivables	108 586	-	108 586	(14 653)	93 933	-	93 933	56 124	-	(37 810)	59.75	51.69
Total Assets	28 497 834	521 857	29 019 691	(1 102 729)	27 916 962	-	27 916 962	24 983 055	-	(2 933 907)	89.49	87.67
Current Liabilities												
Provisions	2 637 376	250 000	2 887 376	239 220	3 126 596	-	3 126 596	3 422 070	-	295 474	109.45	129.75
Payables from Exchange Transactions	12 656 820	(3 402 344)	9 254 476	1 181 471	10 435 947	-	10 435 947	6 555 700	-	(3 880 247)	62.82	51.80
Current Portion of Long-term Liabilities	496 885	-	496 885	(349 744)	147 141	-	147 141	280 056	-	132 915	190.33	56.36
Non-Current Liabilities												
Long-term Liabilities	803 350	-	803 350	7 290 074	8 093 424	-	8 093 424	-	-	(8 093 424)	0.00	0.00
Employee Benefit Liabilities	32 541 000	11 651	32 552 651	(10 731 651)	21 821 000	-	21 821 000	33 732 000	-	11 911 000	154.59	103.66
Total Liabilities	46 837 171	97 127	46 934 298	(3 310 190)	43 624 108	-	43 624 108	43 989 827	-	365 719	100.84	93.92
Total Assets and Liabilities	**(18 339 337)**	**424 730**	**(17 914 607)**	**2 207 461**	**(15 707 146)**	**-**	**(15 707 146)**	**(19 006 771)**	**-**	**(3 299 625)**	**0.00**	**0.00**
Net Assets (Equity)												
Accumulated Surplus / (Deficit)	(18 339 337)	424 730	(17 914 607)	2 207 461	(15 707 146)	-	(15 707 146)	(19 006 771)	-	(3 299 625)	0.00	0.00
Total Net Assets	**(18 339 337)**	**424 730**	**(17 914 607)**	**2 207 461**	**(15 707 146)**	**-**	**(15 707 146)**	**(19 006 771)**	**-**	**(3 299 625)**	**0.00**	**0.00**

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Receivables from Exchange Transactions:

Did not budget for 'LGSETA debtor for funds not received by the Municipality before 20 June 2024.

Statutory Receivables Exchange Transactions

Statutory Receivables Exchange Transactions budget is included in Receivables from Exchange Transactions. The VAT Receivable budget amount anticipated was under budgeted for.

Receivables from Non-exchange Transactions:

Relates to UIF expenditure debtors and was not budgeted for.

VAT Receivable:

VAT Receivables budget is included in Receivables from Exchange Transactions.

Cash and Cash Equivalents:

The budget amount was over budgeted for.

Intangible Assets:

Did not take derecognition of Intangible Assets into account with the budgeted figure.

Non-current Investments:

Over budgeted for the Investments.

Long-term Receivables:

Recovered more fund than anticipated for.

Payables from Exchange Transactions:

The variance is due to improved cash flow during the financial year to settle outstanding creditors before year-end..

Current Portion of Long-term Liabilities:

Did not budget according to the amortisation tables.

Long-term Liabilities:

Did not budget according to the amortisation tables.

Employee Benefit Liabilities:

Under budgeted for Employee Benefit Liabilities due to PEMA actuarial losses recognised.

Accumulated Surplus / (Deficit):

Combination of reasons stated above

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2024

Description	Original Budget	Budget Adjustments	Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE												
Revenue from Non-exchange Transactions												
Transfers and Subsidies	90 968 000	(600 000)	90 368 000	(866 346)	89 501 654	-	89 501 654	88 401 654	-	(1 100 000)	98.77	97.18
Impairment Gains	-	-	-	3 300 000	3 300 000	-	3 300 000	200 532	-	(3 099 468)	6.08	0.00
Revenue from Exchange Transactions												
Rental from Fixed Assets	10 000	-	10 000	(9 000)	1 000	-	1 000	135 725	-	134 725	13 572.52	1 357.25
Finance Income	950 000	-	950 000	850 000	1 800 000	-	1 800 000	1 746 081	-	(53 919)	97.00	183.80
Operational Revenue	815 000	(535 000)	280 000	50 000	330 000	-	330 000	1 636 790	-	1 306 790	496.00	200.83
Gains on Disposal of Capital Assets	381 000	300 000	681 000	-	681 000	14 500	695 500	-	-	(695 500)	0.00	0.00
Total Revenue	93 124 000	(835 000)	92 289 000	3 324 654	95 613 654	14 500	95 628 154	92 120 783	-	(3 507 371)	96.33	98.92
Expenditure												
Employee Related Costs	64 509 119	(1 088 489)	63 420 630	(1 600 462)	61 820 168	782 160	62 602 328	62 602 230	-	(98)	100.00	97.04
Remuneration of Councillors	5 304 870	-	5 304 870	(13 688)	5 291 182	112 094	5 403 276	5 401 337	-	(1 939)	99.96	101.82
Depreciation and Amortisation	577 240	-	577 240	602 174	1 179 414	188 373	1 367 787	1 367 110	-	(677)	99.95	236.84
Impairment Losses	20 000	-	20 000	-	20 000	776 098	796 098	795 298	-	(800)	99.90	3 976.49
Finance Costs	400 000	-	400 000	3 555 565	3 955 565	3 000	3 958 565	3 958 480	-	(85)	100.00	989.62
Contracted Services	6 137 000	900 627	7 037 627	1 310 734	8 348 361	(1 977 488)	6 370 873	6 366 498	-	(4 375)	99.93	103.74
Inventory Consumed	777 000	(20 100)	756 900	(238 825)	518 075	(865)	517 210	516 838	-	(372)	99.93	66.52
Transfers and Subsidies Paid	465 000	3 002	468 002	(7 702)	460 300	31 339	491 639	491 452	-	(187)	99.96	105.69
Operational Costs	11 636 760	1 221 355	12 858 115	460 474	13 318 589	85 289	13 403 878	13 402 134	-	(1 744)	99.99	115.17
Loss on Disposal of Capital Assets	45 000	-	45 000	-	45 000	14 500	59 500	59 400	-	(100)	99.83	132.00
Total Expenditure	89 871 989	1 016 395	90 888 384	4 068 270	94 956 654	14 500	94 971 154	94 960 778	-	(10 376)	99.99	105.66
Surplus / (Deficit) for the Year	**3 252 011**	**(1 851 395)**	**1 400 616**	**(743 616)**	**657 000**	**-**	**657 000**	**(2 839 995)**	**-**	**(3 496 995)**	**-**	**-**

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Impairment Gains

Impairment gains were included in the budget to ensure a funded position based on prior year trends, but these gains did not realised in the 2023/24 financial year.

Rental from Fixed Assets:

Budgeted figures were not updated with the latest amortisation tables.

Operational Revenue:

Under budget for funds received from LGSETA.

Depreciation and Amortisation:

Depreciation and Amortisation decreased beyond budgetary expectations because of the correction of error on depreciation. Refer to Note 31 on 'Correction of Error' for details of the restatement.

Loss on Disposal of Capital Assets:

Budgeted separately for gains and losses but the actual figures are combined. Income from auction was lower than expected.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2024

Description	Original Budget	Budget Adjustments	Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION												
Executive and Council	-	-	-	-	-	803 574	803 574	803 574	-	-	100.00	0.00
Finance and Administration	2 040 000	(109 000)	1 931 000	52 231	1 983 231	(899 371)	1 083 860	441 035	-	(642 825)	40.69	21.62
Health	-	-	-	-	-	8 999	8 999	8 999	-	-	100.00	0.00
Planning and Development	700 000	-	700 000	(700 000)	-	86 798	86 798	86 798	-	-	100.00	12.40
Total Capital Expenditure	**2 740 000**	**(109 000)**	**2 631 000**	**(647 769)**	**1 983 231**	**0**	**1 983 231**	**1 340 406**	**-**	**(642 825)**	**67.59**	**48.92**

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

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Finance and Administration:

Savings realised on capital items budgeted for and not procured. Budget rolled over to 2024/25 financial year.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2024

Description	Original Budget	Budget Adjustments	Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW												
Cash Flows from/(used in) Operating Activities												
Transfers and Subsidies	88 068 000	1 700 000	89 768 000	(1 200 000)	88 568 000	-	88 568 000	88 401 654	-	(166 346)	99.81	100.38
Rental from Fixed Assets	-	-	-	-	-	-	-	135 725	-	135 725	0.00	0.00
Finance Costs	150 000	80 000	230 000	70 000	300 000	-	300 000	1 746 081	-	1 446 081	582.03	1 164.05
Other Receipts	175 000	1 944 566	2 119 566	1 704 967	3 824 533	-	3 824 533	1 306 115	-	(2 518 418)	34.15	746.35
Employee Related Costs	(86 956 964)	(557 219)	(87 514 183)	(1 423 290)	(88 937 473)	-	(88 937 473)	(64 040 995)	-	24 896 478	72.01	0.00
Remuneration of Councillors	-	-	-	-	-	-	-	(5 401 337)	-	(5 401 337)	0.00	0.00
Finance Costs Paid	(400 000)	-	(400 000)	400 000	-	-	-	(155 480)	-	(155 480)	0.00	0.00
Suppliers Paid	-	-	-	-	-	-	-	(7 189 398)	-	(7 189 398)	0.00	0.00
Other Payments	-	(465 000)	(465 000)	4 700	(460 300)	-	(460 300)	(13 750 113)	-	(13 289 813)	2 987.21	0.00
Cash Flows from/(used in) Investing Activities												
Purchase of Property, Plant and Equipment	(2 710 000)	83 450	(2 626 550)	345 834	(2 280 716)	-	(2 280 716)	(1 287 176)	-	993 540	56.44	0.00
Purchase of Intangible Assets	-	-	-	-	-	-	-	(53 230)	-	(53 230)	0.00	0.00
Proceeds on Disposal of Property, Plant and E	-	-	-	-	-	-	-	323 000	-	323 000	0.00	0.00
Decrease / (Increase) in Non-current Investme	(500 000)	(220 000)	(720 000)	(780 000)	(1 500 000)	-	(1 500 000)	(648 624)	-	851 376	0.00	0.00
Decrease / (Increase) in Long-term Receivable	-	-	-	-	-	-	-	7 809	-	7 809	0.00	0.00
Cash Flows from/(used in) Financing Activities												
Repayment of Borrowings	-	-	-	(928 001)	(928 001)	-	(928 001)	(647 945)	-	280 056	69.82	0.00
Cash and Cash Equivalents at End of the Ye	**(2 173 964)**	**2 565 797**	**391 833**	**(1 805 790)**	**(1 413 957)**	**-**	**(1 413 957)**	**(1 253 913)**	**-**	**160 044**	**0.00**	**0.00**

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Rental from Fixed Assets:
Not budgeted separately for under cash flow statement, included under the Other Receipts.

Finance Income:
Invested funds for a longer period than anticipated for.

Other Receipts
Under budget for funds received from LGSETA.

Employee Related Costs
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Remuneration of Councillors
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Finance Cost
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Suppliers Paid
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Other Payments
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Purchase of Property, Plant and Equipment:
Did not budget for additions on the new mSCOA budget format and Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

Purchase of Intangible Assets:
NT Budget Template not aligned to GRAP requirements - Purchase of Intangible Assets included in Purchase of Property, Plant and Equipment above.

Decrease / (Increase) in Non-current Investments:
Over budgeted for the Investments.

Decrease / (Increase) in Long-term Receivables:
Did not be budget for on the new mSCOA budget format.

Proceeds from Borrowings:
Did not budget for leases because it was included under Contracted Services.

Repayment of Borrowings:
Did not budget for leases because it was included under Contracted Services.

Cash and Cash Equivalents at End of the Year:
All above-mentioned items are reflecting in Cash and Cash Equivalents at End of the Year.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

RECONCILIATION OF BUDGET SURPLUS / (DEFICIT) WITH THE SURPLUS / (DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2024/25		2023/24
	R		R
Net Surplus / (Deficit) per the statement of financial performance	**(4 711 985)**		**(2 839 995)**
Revenue from Non-exchange Transactions			
Transfers and Subsidies	1 992 393		1 100 000
Impairment Gains	3 352 350		3 099 468
Revenue from Exchange Transactions			
Rental from Fixed Assets	(152 390)		(134 725)
Finance Income	214 938		53 919
Operational Revenue	(46 956)		(1 306 790)
Gains on Disposal of Capital Assets - -	399 669		695 500
Expenditure			
Employee Related Costs	(108 292)		(98)
Remuneration of Councillors	(8 933)		(1 939)
Depreciation and Amortisation	(29 937)		(677)
Impairment Losses	(6 862)		(800)
Finance Costs	(1)		(85)
Contracted Services	(55 904)		(4 375)
Inventory Consumed	(120 514)		(372)
Grants and Subsidies Paid	(802)		(187)
Operational Costs	(919)		(1 744)
Loss on Disposal of Capital Assets	(26 621)		(100)
Net surplus/deficit per approved budget	**689 234**		**657 000**

The following budgets were approved by Council during 2024/25 financial year:
- 28 February 2025: Annual Adjustment Budget

ZF MGCAWU DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE

30 June 2025

Description	Executive and Council	Finance and Administration	Internal Audit	Public Safety	Health	Planning and Development	Tourism	Total for District Municipality
	R	R	R	R	R	R	R	R
REVENUE								
Revenue from Non-exchange Transactions								
Transfers and Subsidies	-	85 531 204	-	-	-	4 218 000	-	89 749 204
Impairment Gains		-						-
Revenue from Exchange Transactions								
Rental from Fixed Assets	-	162 880	-	-	-	-	-	162 880
Finance Income	-	1 710 062	-	-	-	-	-	1 710 062
Operational Revenue	-	566 956	-	-	-	-	-	566 956
Gains on Disposal of Capital Assets	-	-	-	-	-	-	-	-
Total Revenue	**-**	**87 971 102**	**-**	**-**	**-**	**4 218 000**	**-**	**92 189 102**
EXPENDITURE								
Employee Related Costs	12 164 184	30 126 750	3 399 280	3 261 868	6 195 489	8 852 314	1 082 464	65 082 349
Remuneration of Councillors	5 548 998	-	-	-	-	-	-	5 548 998
Depreciation and Amortisation	-	1 350 419	-	-	-	-	-	1 350 419
Impairment Losses	-	664 968	-	-	-	-	-	664 968
Finance Costs	-	4 210 419	-	-	-	-	-	4 210 419
Contracted Services	218 812	3 180 516	216 408	-	-	2 626 960	-	6 242 697
Inventory Consumed	66 549	293 863	8 473	-	1 839	320 458	4 608	695 790
Transfers and Subsidies Paid	499 263	-	-	-	-	-	-	499 263
Operating Leases	-	-	-	-	-	-	-	-
Operational Costs	3 027 285	7 996 235	198 943	64 018	475 815	672 998	150 306	12 585 600
Loss on Disposal of Capital Assets	-	20 584	-	-	-	-	-	20 584
Total Expenditure	**21 525 091**	**47 843 753**	**3 823 105**	**3 325 886**	**6 673 144**	**12 472 730**	**1 237 377**	**96 901 087**
surplus / (deficit) for the Year	**(21 525 091)**	**40 127 349**	**(3 823 105)**	**(3 325 886)**	**(6 673 144)**	**(8 254 730)**	**(1 237 377)**	**(4 711 985)**

ZF MGCAWU DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE (Continued)

30 June 2024

Description	Executive and Council	Finance and Administration	Internal Audit	Public Safety	Health	Planning and Development	Tourism	Total for District Municipality
	R	R	R	R	R	R	R	R
REVENUE								
Revenue from Non-exchange Transactions								
Transfers and Subsidies	250 000	83 323 654	-	-	-	4 328 000	500 000	88 401 654
Impairment Gains	-	200 532	-	-	-	-	-	200 532
Revenue from Exchange Transactions	-	-	-	-	-	-	-	
Rental from Fixed Assets	-	135 725	-	-	-	-	-	135 725
Finance Income	-	1 746 081	-	-	-	-	-	1 746 081
Operational Revenue	-	1 636 790	-	-	-	-	-	1 636 790
Gains on Disposal of Capital Assets	-	-	-	-	-	-	-	-
Total Revenue	**250 000**	**87 042 783**	**-**	**-**	**-**	**4 328 000**	**500 000**	**92 120 783**
EXPENDITURE								
Employee Related Costs	10 928 599	29 158 142	3 324 184	3 098 121	6 776 375	8 365 350	951 459	62 602 230
Remuneration of Councillors	5 401 337	-	-	-	-	-	-	5 401 337
Depreciation and Amortisation	-	1 367 110	-	-	-	-	-	1 367 110
Impairment Losses	-	795 298	-	-	-	-	-	795 298
Finance Costs	-	3 958 480	-	-	-	-	-	3 958 480
Contracted Services	320 302	2 210 832	249 467	6 500	-	3 279 397	300 000	6 366 498
Inventory Consumed	62 487	199 893	1 610	-	525	252 324	-	516 838
Transfers and Subsidies Paid	409 668	52 784	-	29 000	-	-	-	491 452
Operational Costs	2 492 779	9 095 615	310 087	91 986	429 274	742 344	240 050	13 402 134
Loss on Disposal of Capital Assets	-	59 400	-	-	-	-	-	59 400
Total Expenditure	**19 615 172**	**46 897 554**	**3 885 348**	**3 225 607**	**7 206 173**	**12 639 415**	**1 491 509**	**94 960 778**
surplus / (deficit) for the Year	**(19 365 172)**	**40 145 229**	**(3 885 348)**	**(3 225 607)**	**(7 206 173)**	**(8 311 415)**	**(991 509)**	**(2 839 995)**

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

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

The District Municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

1.1 Presentation Currency

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

1.2 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2024 and 30 June 2025 the District Municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

With the adoption of mSCOA the District Municipality reclassified certain balances in order to comply with the instruction notes issued. The result of the reclassification is set out below and in the relevant Notes to the Annual Financial Statements.

1.3 Critical Judgements, Estimations and Assumptions

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

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

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

1.3.1 Revenue Recognition

Accounting Policy 7.2 on Revenue from Exchange Transactions and Accounting Policy 7.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the Management of the District Municipality.

In making their judgement, the Management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the District Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the District Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.3.2 Impairment of Financial Assets

Accounting Policy 6.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the Management of the District Municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The Management of the District Municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

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

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

As described in Accounting Policies 3.3, and 4.2, the District Municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

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

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

Accounting Policy on Impairment of Assets, Accounting Policy on Intangible Assets – Subsequent Measurement, Amortisation and Impairment describe the conditions under which non-financial assets are tested for potential impairment losses by the Management of the District Municipality. Significant estimates "&"and judgements are made relating to impairment testing of Property, Plant and Equipment and impairment testing of Intangible Assets.

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

Estimated impairments during the year to Plant and Equipment, and Intangible Assets are disclosed in Notes 7 and 8 to the Annual Financial Statements, if applicable.

1.3.5 Defined Benefit Plan Liabilities

As described in Accounting Policy 9.2 , Employee Benefits – Post-employment Benefits, the District Municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the District Municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.3.6 Provisions and Contingent Liabilities

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

1.3.7 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2021.

1.4 Going Concern Assumption

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

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

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the District Municipality:

Standard	Description	Effective date	Planned Date for Application by Municipality
GRAP 1	Presentation of Financial Statements (Revised)	01/04/2023	30/06/2024

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the District Municipality.

2. ACCUMULATED SURPLUS

The accumulated surplus of the District Municipality is affected by only the net profit or loss during the financial year and is maintained in terms of the relevant accounting policies.

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, Plant and Equipment are initially recognised at cost.

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

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

3.2 Subsequent Measurement

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

3.3 Depreciation

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

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

	Asset Class	Years		Asset Class	Years
	Buildings			**Other**	
	Improvements	25 - 100		Bins and Containers	5
				Furniture and Fittings	5 - 10
	Community			Office Equipment	3 - 7
	Recreational Facilities	15 - 60		Other items of Plant and Equipment	2 - 5
	Security	5		Other Vehicles	5 - 10
				Specialised Plant and Equipment	10 - 15
				Specialist Vehicles	5 - 20
				Watercraft	15

3.4 Land

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

3.5 Incomplete Construction Work

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

3.6 Finance Leases

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

3.7 Derecognition

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

4. INTANGIBLE ASSETS

4.1 Initial Recognition

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

Intangible Assets are initially recognised at cost.

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

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

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

4.2 Subsequent Measurement, Amortisation and Impairment

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

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

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

	Asset Class	Years
	Computer Software Purchased	3 - 5

4.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

5. IMPAIRMENT OF ASSETS

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

5.1 Impairment of Cash Generating Assets

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

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

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

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

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

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

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

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

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

5.2 Impairment of Non-cash Generating Assets

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

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

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

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

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

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

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

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

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

6. FINANCIAL INSTRUMENTS

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

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

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

Fair Value Methods and Assumptions
The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the Municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

6.1 Financial Assets – Classification

The District Municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Investment Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value
Current Portion of Long-term Receivables	Financial Assets at Amortised Cost

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

6.2 Financial Liabilities – Classification

The District Municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Taxes and Transfers Payable	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

Bank Overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

6.3 Initial and Subsequent Measurement

6.3.1 Financial Assets:

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

Financial Assets measured at Fair Value
Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

6.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value
Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

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

Bank Borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the *Accrual Basis* and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

6.4 Impairment of Financial Assets

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

6.4.1 Financial Assets at Amortised Cost

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

Government accounts are not provided for as such accounts are regarded as receivable for the following reasons:

- It is Management's judgement that the accounts are not "lost events" in terms of GRAP 104.58.
- State Departments and Entities have to pay their creditors within 30 days in terms of the PFMA.
- There is an urge from National Treasury that State Departments and Entities should start paying their outstanding debt.

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

6.5 Derecognition of Financial Assets

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

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

6.6 Derecognition of Financial Liabilities

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

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

7. REVENUE RECOGNITION

7.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

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

7.2 Revenue from Exchange Transactions

7.2.1 Rentals Received

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

7.2.2 Interest Earned

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

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

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

7.2.3 Sale of Goods (including Houses)

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

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

7.3 Revenue from Non-exchange Transactions

7.3.1 Public Contributions

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

7.3.2 Other Donations and Contributions

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

7.3.2 Government Grants and Receipts

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

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

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

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

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

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

8. PROVISIONS

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

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

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

9. EMPLOYEE BENEFIT LIABILITIES

9.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position.
The District Municipality recognises the expected cost of performance bonuses only when the District Municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.
The entity recognise the expected cost of bonus payments (13th cheques) when the District Municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made and the settlement will be within 12 months. Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

9.1.1 Provision for Staff Leave

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

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

Accumulated leave is vesting but cannot exceed 48 days.

9.1.2 Staff Bonuses Accrued

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

9.1.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipalities’ performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

9.2 Post-employment Benefits

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

9.2.1 Defined Contribution Plans

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

9.2.2 Defined Benefit Plans

Post-retirement Health Care Benefits
The District 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 District 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 District Municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the District Municipality is associated, provide for continued membership.

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

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

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

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

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

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the *Projected Unit Credit Method* . The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

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

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

10. LEASES

10.1 The Municipality as Lessee

10.1.1 Operating Leases

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

10.2 The Municipality as Lessor

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

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

11. VALUE ADDED TAX

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

12. UNAUTHORISED EXPENDITURE

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

13. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

14. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

15. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

16. COMMITMENTS

Commitments are future expenditure to which the District Municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in Surplus or Deficit, but are included in the disclosure Notes. A distinction is made between capital and operational commitments.

17. RELATED PARTIES

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

18. EVENTS AFTER THE REPORTING DATE

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

19. SEGMENT REPORTING

The mandate of the Municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal Management reporting is based on each service objective. The following components have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting):

- *The segment for Executive and Council*
- *The segment for Finance and Administration*
- *The segment for Internal Audit*
- *The segment for Public Safety*
- *The segment for Health*
- *The segment for Planning and Development*
- *The segment for Tourism*

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

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

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

The Segmental Reporting is disclosed in Note 47 to the Annual Financial Statements.

20. BUDGET INFORMATION

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

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

21. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by Management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy.

In such cases the District Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note N/A for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in Note 32 to the Annual Financial Statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the District Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.
Refer to Note 31 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

22. TREATMENT OF SUPPORT FUNDS RECEIVED

Funding received from Local Municipalities for support services are not recognised as revenue but are allocated to support accounts where the actual cost of support services (admin fees, shared service fee, travel costs and subsistence allowances) are deducted from. By using support accounts for each Local Municipality ZFM has more control over its support services and cannot overspend on support rendered.

23. STATUTORY RECEIVABLES

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

The municipality has the following Statutory Receivables from Exchange Transactions:
- VAT Receivable

23.1 Recognition and Initial Measurement

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

The municipality recognises Statutory Receivables when they arise.

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

The transaction amounts of the Statutory Receivables of the municipality are determined as follows:
- VAT is levied and recovered in terms of the stipulations contained in the Value-Added Tax Act, 1991 (Act No. 89 of 1991) at rates determined by the Department of Finance and published in the Government Gazette.

23.2 Subsequent Measurement

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- Interest or other charges that may have accrued on the receivable, where applicable;
- Impairment losses; and
- Amounts derecognised.

23.3 Impairment

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

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

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

- VAT Receivable

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

The municipality applies a discount rate to its statutory receivables as follows for each category of receivable:

- VAT Receivable
- LG Seta Subsidies

23.4 Derecognition

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

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

1. GENERAL INFORMATION

ZF Mgcawu District Municipality (The District Municipality, formerly known as Siyanda District Municipality) is a local government institution in Upington, Northern Cape, and has 5 Local Municipalities under its jurisdiction. The registered address of its office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report ended 30 June 2025. The principal activities of the District Municipality are disclosed in the Annual Report.

2. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2025			
Service Debtors:	136 015	-	136 015
Merchandising, Jobbing and Contracts	136 015	-	136 015
Total Receivables from Exchange Transactions	**136 015**	**-**	**136 015**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Service Debtors:	189 833	-	189 833
Merchandising, Jobbing and Contracts	189 833	-	189 833
Total Receivables from Exchange Transactions	**189 833**	**-**	**189 833**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

The District Municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the District Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and Receivables as well as the current payment ratios of the District Municipality's Receivables.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies.

2.1 Ageing of Receivables from Exchange Transactions

	2025 R	2024 R
Other Debtors: Ageing		
Current:		
0 - 30 days	95 437	2 825
Past Due:		
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
+ 120 Days	40 578	187 008
Total	**136 015**	**189 833**

2.2 Summary of Receivables from Exchange Transactions by Customer Classification

	Continuous Medical Aid Members R	Local Municipalities R	Other R	Total R
As at 30 June 2025				
Current:				
0 - 30 days	-	-	95 437	95 437
Past Due:				
31 - 60 Days	-	-	-	-
61 - 90 Days	-	-	-	-
+ 90 Days	-	-	-	-
+ 120 Days	-	-	40 578	40 578
Sub-total	-	-	136 015	136 015
Less: Provision for Impairment	-	-	-	-
Total Trade Receivables by Customer Classification	**-**	**-**	**136 015**	**136 015**

	Continuous Medical Aid Members R	Local Municipalities R	Other R	Total R
As at 30 June 2024				
Current:				
0 - 30 days	-	-	2 825	2 825
Past Due:				
31 - 60 Days	-	-	-	-
61 - 90 Days	-	-	-	-
+ 90 Days	-	-	-	-
+ 120 Days	-	88 954	98 054	187 008
Sub-total	-	88 954	100 879	189 833
Less: Provision for Impairment	-	-	-	-
Total Trade Receivables by Customer Classification	**-**	**88 954**	**100 879**	**189 833**

	2025 R	2024 R
2.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	-	-
All Consumer Debtors	-	-
Impairment Losses recognised	-	-
All Consumer Debtors	-	-
Impairment Losses reversed	-	-
All Consumer Debtors	-	-
Balance at end of year	**-**	**-**

2.4 Ageing of impaired Receivables from Exchange Transactions

No impairment loss was recognised on 30 June 2025.

2.5 Derecognition of Financial Assets

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

3. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2025 R	2024 R
SARS - PAYE, SDL and UIF	251 552	247 963
VAT Accruals Receivable / (Payable) - Accruals	290 303	289 162
Total Statutory Receivables / (Payables)	**541 855**	**537 125**
As at 30 June:		
Gross Balances	541 855	537 125
Plus: Fines and Penalties	-	-
Less: Provision for Impairment	-	-
Total Statutory Receivables / (Payables)	**541 855**	**537 125**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

VAT Receivable is the Net Receivable from all VAT Control Accounts and agree to the VAT201 Returns.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

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

The Municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the Municipality's financial liabilities.

The management of the Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

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

3.1 Ageing of Statutory Receivables from Exchange Transactions - VAT

	2025 R	2024 R
Current:		
0 - 30 days	290 303	289 162
Past Due:		
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
+ 120 Days	251 552	247 963
Total	**541 855**	**537 125**

4. VAT RECEIVABLE

	2025 R	2024 R
VAT	**271 208**	**565 341**
As at 30 June:		
Gross Balances	271 208	565 341
Plus: Fines and Penalties	-	-
Less: Provision for Impairment	-	-
	271 208	**565 341**

VAT Receivable is the Net Receivable from all VAT Control Accounts and agree to the VAT201 Returns.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

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

The Municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the Municipality's financial liabilities.

The management of the Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

	2025 R	2024 R

5. CASH AND CASH EQUIVALENTS

	2025	2024
Current Investments	7	6
Bank Accounts	165 838	451 554
Cash and Cash Equivalents	927	268
Total Bank, Cash and Cash Equivalents	**166 772**	**451 829**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Current Investments.

5.1 Current Investment Deposits

	2025	2024
Call Deposits	7	6
Total Current Investment Deposits	**7**	**6**

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 3.5% to 7.9% per annum.

	2025	2024
Deposits attributable to Deposit taking Institutions	7	6
KOF: ABSA Account 1045170264	7	6
Total Deposits attributable to Commitments of the District Municipality	**7**	**6**

ABSA Account 9358880080

	2025	2024
Cash book balance at beginning of year	6	54 770
Cash book balance at end of year	7	6
Bank statement balance at beginning of year	6	54 770
Bank statement balance at end of year	7	6

5.2 Bank Accounts

	2025	2024
Cash in Bank	165 838	451 554
Total Bank Accounts	**165 838**	**451 554**

The District Municipality has the following bank accounts:

Primary Bank Account

ABSA Bank Account 2240000035

	2025	2024
Cash book balance at beginning of year	451 554	1 650 965
Cash book balance at end of year	165 838	451 554
Bank statement balance at beginning of year	451 554	1 650 965
Bank statement balance at end of year	165 838	451 554

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

	2025 R	2024 R

5.3 Cash and Cash Equivalents

	2025 R	2024 R
Cash Floats and Advances	927	268
Total Cash on hand in Cash Floats, Advances and Equivalents	**927**	**268**

	2025 R	2024 R
Petty Cash Bank Account		
ABSA Bank Account 9266723639		
Cash book balance at beginning of year	268	7
Cash book balance at end of year	927	268
Bank statement & Cash Float balance at beginning of year	261	7
Bank statement & Cash Float balance at end of year	927	261

The District Municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the District Municipality in terms of the utilisation of its Cash and Cash Equivalents.

The management of the District Municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

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

6. CURRENT PORTION OF LONG-TERM RECEIVABLES

	2025 R	2024 R
Finance Lease Receivable	3 600	3 600
Staff Related Long Term Receivables	6 874	9 583
CPMD Debtors	4 800	4 800
SCM Debtors	-	2 383
Payroll Debtors	2 074	2 400
Total Current Portion of Long-term Receivables	**10 474**	**13 183**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

7 PROPERTY, PLANT AND EQUIPMENT

30 June 2025

Reconciliation of Carrying Value

Description	Land	Other Assets: Buildings	Land and Buildings	Computer Equipment	Furniture and Office Equipment	Machinery and Equipment	Transport Assets	Total
	R	R	R	R				R
Carrying values at 01 July 2024	**17 976 000**	**369 961**	**18 345 961**	**745 493**	**726 250**	**324 767**	**1 234 720**	**21 377 191**
Cost	17 976 000	2 056 000	20 032 000	2 464 650	3 805 191	468 641	1 572 463	28 342 946
Accumulated Depreciation:	-	(1 686 039)	(1 686 039)	(1 719 157)	(3 078 941)	(143 874)	(337 743)	(6 965 755)
Acquisitions	-	-	-	247 841	979 313	-	-	1 227 154
Cost	-	-	-	247 841	152 000	-	-	399 841
Leased	-	-	-	-	827 313	-	-	827 313
Depreciation:	-	(82 213)	(82 213)	(313 258)	(563 505)	(50 139)	(230 781)	(1 239 897)
Cost	-	(82 213)	(82 213)	(313 258)	(91 875)	(50 139)	(230 781)	(768 267)
Leased	-	-	-	-	(471 631)	-	-	(471 631)
Carrying value of Disposals:	-	-	-	(9 800)	(16 436)	-	-	(26 236)
- Cost	-	-	-	(120 876)	(1 795 980)	-	-	(1 916 856)
- Accumulated Depreciation	-	-	-	111 076	1 779 544	-	-	1 890 620
Carrying values at 30 June 2025	**17 976 000**	**287 747**	**18 263 747**	**670 276**	**1 125 622**	**274 628**	**1 003 939**	**21 338 212**
Cost	17 976 000	2 056 000	20 032 000	2 591 615	2 988 524	468 641	1 572 463	27 653 244
Accumulated Depreciation:	-	(1 768 253)	(1 768 253)	(1 921 339)	(1 862 903)	(194 013)	(568 525)	(6 315 032)

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2024

Reconciliation of Carrying Value

Description	Land	Other Assets: Buildings	Land and Buildings	Computer Equipment	Furniture and Office Equipment	Machinery and Equipment	Transport Assets	Total
	R	R	R	R				R
Carrying values at 01 July 2023	**17 976 000**	**452 174**	**18 428 174**	**690 233**	**251 296**	**1 072 225**	**1 160 314**	**21 602 242**
Cost	17 976 000	2 056 000	20 032 000	2 381 434	1 828 743	2 244 668	1 613 405	28 100 250
Accumulated Depreciation:	-	(1 603 826)	(1 603 826)	(1 691 201)	(1 577 448)	(1 172 443)	(453 091)	(6 498 008)
Accumulated Depreciation - Correction of error:	-	-	-	31 495	2 585	102 434	26 114	162 628
Reallocation of Leased Assets:	-	-	-	-	834 068	(834 068)	-	-
Cost	-	-	-	-	1 740 889	(1 740 889)	-	-
Accumulated Depreciation:					(906 821)	906 821		
Adjusted Carrying values at 01 July 2023	**17 976 000**	**452 174**	**18 428 174**	**721 728**	**1 087 949**	**340 591**	**1 186 428**	**21 764 871**
Cost	17 976 000	2 056 000	20 032 000	2 381 434	3 569 632	503 779	1 613 405	28 100 250
Accumulated Depreciation:	-	(1 603 826)	(1 603 826)	(1 659 706)	(2 481 683)	(163 188)	(426 977)	(6 335 380)
Acquisitions	-	-	-	273 425	296 988	44 212	672 550	1 287 176
Cost	-	-	-	273 425	296 988	44 212	672 550	1 287 176
Leased	-	-	-	-	-	-	-	-
Depreciation:	-	(82 214)	(82 214)	(232 244)	(651 828)	(51 703)	(288 348)	(1 306 336)
Cost	-	(82 214)	(82 214)	(232 244)	(71 511)	(51 703)	(288 348)	(726 019)
Leased	-	-	-	-	(580 317)	-	-	(580 317)
Carrying value of Disposals:	-	-	-	(17 417)	(6 859)	(8 332)	(335 910)	(368 519)
- Cost	-	-	-	(190 209)	(61 429)	(79 350)	(713 492)	(1 044 480)
- Accumulated Depreciation	-	-	-	172 792	54 570	71 018	377 582	675 961
Carrying values at 30 June 2024	**17 976 000**	**369 961**	**18 345 961**	**745 493**	**726 250**	**324 767**	**1 234 720**	**21 377 191**
Cost	17 976 000	2 056 000	20 032 000	2 464 650	3 805 191	468 641	1 572 463	28 342 946
Accumulated Depreciation:	-	(1 686 039)	(1 686 039)	(1 719 157)	(3 078 941)	(143 874)	(337 743)	(6 965 755)

Refer to Note 51, Appendix B and E (4) for more detail on Property, Plant and Equipment, including those in the course of construction.

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

	2025	2024
	R	R

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

7.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use

	2025 R	2024 R
At Carrying Amount:		
Computer Equipment	37 338	33 749
Furniture and Office Equipment	127 464	95 290
Machinery and Equipment	1 825	1 079
Gross Carrying Amount of PPE fully depreciated and still in use	**166 626**	**130 117**

7.2 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation

Refer to Note 30 for Property, Plant and Equipment that were retired from active use and held for disposal during the financial year.

7.3 Assets pledged as security

The District Municipality did not pledge any of its assets as security, except for Leased Assets.

7.4 Impairment of Property, Plant and Equipment

No Property, Plant and Equipment were impaired from active use during the financial year.

7.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

A change in the estimated useful life of various assets of the Municipality has resulted in the following decreases in depreciation for the mentioned departments for the financial year 2024/25:

	2025 R	2024 R
Administration	(4 661)	(13 214)
Budget and treasury office	-	(2 033)
Council Administration	601	-
Council Services	(750)	(17 252)
Disaster Management	-	(2 033)
Engineering Services	(314)	(1 450)
Environmental Health	(323)	-
Expenditure Unit	(484)	(4 067)
Financial Services	(1 124)	(29 187)
Housing Accreditation	(104)	
Human Resources	-	(4 067)
Information Technology	(7 815)	(63 878)
Internal Audit	-	(11 110)
Municipal Manager	(1 664)	(6 100)
Supply Chain Management	(2 131)	(2 033)
Total Change in Estimate for Useful Life of Property, Plant and Equipment	**(18 768)**	**(156 424)**

	2025	2024
	R	R

7.6 Land and Buildings carried at Fair Value

The Municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

7.7 Repairs and Maintenance

Repairs and Maintenance expenditures of Property, Plant and Equipment are disclosed under Contracted Services, refer Note 26.

7.8 Compensation received for Losses

No compensation, included in Operating Surplus, was received from the Municipality's insurers for Property, Plant and Equipment lost during the year.

8 INTANGIBLE ASSETS

	2025	2024
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	**292 495**	**73 420**

The movement in Intangible Assets is reconciled as follows:

30 June 2025	**Computer Software**	**Total**
Carrying values at 01 July 2024	**73 420**	**73 420**
Cost	714 699	714 699
Accumulated Amortisation	(641 279)	(641 279)
Acquisitions:	329 661	329 661
Purchased	329 661	329 661
Amortisation:	(110 522)	(110 522)
Purchased	(110 522)	(110 522)
Carrying value of Disposals:	(64)	(64)
- Cost	(33 371)	(33 371)
- Accumulated Amortisation	33 307	33 307
Carrying values at 30 June 2025	**292 495**	**292 495**
Cost	1 010 988	1 010 988
Accumulated Amortisation	(718 493)	(718 493)

30 June 2024	Computer Software	Total
Carrying values at 01 July 2023	**108 712**	**108 712**
Cost	703 077	703 077
Accumulated Amortisation	(594 365)	(594 365)
Accumulated Depreciation - Correction of error:	(13 868)	(13 868)
Adjusted Carrying values at 01 July 2023	**94 844**	**94 844**
Cost	703 077	703 077
Accumulated Amortisation	(608 233)	(608 233)
Acquisitions:	53 230	53 230
Purchased	53 230	53 230
Amortisation:	(60 773)	(60 773)
Purchased	(60 773)	(60 773)
Carrying value of Disposals:	**(13 881)**	**(13 881)**
- Cost	(41 609)	(41 609)
- Accumulated Depreciation	27 727	27 727
Carrying values at 30 June 2024	**73 420**	**73 420**
Cost	714 699	714 699
Accumulated Amortisation	(641 279)	(641 279)

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

The amortisation expense has been included in the line item 'Depreciation and Amortisation' in the Statement of Financial Performance (see Note 23).

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

No restrictions apply to any of the Intangible Assets of the District Municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

8.1 Significant Intangible Assets

The District Municipality's intangible assets only comprise of computer related software.

8.2 Intangible Assets with Indefinite Useful Lives

The District Municipality amortises all its Intangible Assets and none of such assets are regarded as having indefinite useful lives.

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

Amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

8.3 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the District Municipality at the reporting date.

8.4 Change in Estimate - Useful Life of Intangible Assets reviewed

The estimated useful lives of Intangible Assets were reviewed but no changes were made by the District Municipality

9 NON-CURRENT INVESTMENTS

	2025 R	2024 R
Financial Instruments		
Fixed Deposits	2 433 331	1 719 010
Total Investments		
All Investments	2 433 331	1 719 010
Less: Short-term Portion transferred to Current Investments	-	-
Total Non-current Investments	**2 433 331**	**1 719 010**

The Fixed Deposit of R500 000 in 2021/22 financial year is an investment with a maturity period of 3 years (ending 17 March 2025) and earns interest of 8.22% per annum. Upon maturity, the investment, including accumulated interest, was re-invested on 01 April 2025 as a new fixed deposit of R623 525. This new investment has a maturity period of three years, ending on 31 March 2028 and earns interest of 9.27% per annum.

The Fixed Deposit of R250 000 in 2022/23 financial year is an investment with a maturity period of 3 years (ending 10 November 2025) and earns interest of 9.94% per annum.

The Fixed Deposit of R250 000 in 2022/23 financial year is an investment with a maturity period of 3 years (ending 15 June 2026) and earns interest of 11.33% per annum.

The Fixed Deposit of R500 000 in 2023/24 financial year is an investment with a maturity period of 3 years (ending 13 July 2026) and earns interest of 8.00% per annum.

The Fixed Deposit of R2 433 331 (2024: R1 719 010) are invested to improve the District Municipality's unfunded budget and going concern position.

The Municipal Structures Act, Act 177 of 1998, requires local authorities to invest funds which are not immediately required with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

The management of the Municipality is of the opinion that the carrying value of Investments recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the Municipality and financial institutions.

10 LONG-TERM RECEIVABLES

	2025 R	2024 R
Gross Balances:		
Finance Lease Receivable	7 481	8 289
Staff Related Long Term Receivables	53 474	61 018
CPMD Debtors	51 400	55 800
SCM Debtors	-	2 383
Payroll Debtors	2 074	2 835
	60 955	**69 306**
Less: Provision for Impairment:		
Finance Lease Receivable	-	-
Staff Related Long Term Receivables	-	-
	-	**-**
Net Balances:		
Finance Lease Receivable	7 481	8 289
Staff Related Long Term Receivables	53 474	61 018
CPMD Debtors	51 400	55 800
SCM Debtors	-	2 383
Payroll Debtors	2 074	2 835
Total Long Term Receivables	**60 955**	**69 306**

	2025 R	2024 R
Less: Current Portion transferred to Current Receivables:		
Finance Lease Receivable	(3 600)	(3 600)
Staff Related Long Term Receivables	(6 874)	(9 583)
CPMD Debtors	(4 800)	(4 800)
SCM Debtors	-	(2 383)
Payroll Debtors	(2 074)	(2 400)
	(10 474)	**(13 183)**
Non-Current Potion of Long Term Receivables		
Finance Lease Receivable	3 881	4 689
Staff Related Long Term Receivables	46 600	51 435
Non-Current Potion of Long Term Receivables	**50 481**	**56 124**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

FINANCE LEASE RECEIVABLES

Finance Lease Receivables relate to Housing Selling Scheme Loans:

Loans were granted to the tenants of low cost housing erected by the District Municipality with funds provided by the State, in order to enable them to purchase the houses they previously rented from the District Municipality. Loans are repaid over a period of twenty years and at an interest rate of 5% per annum.

STAFF RELATED LONG TERM RECEIVABLES

In terms of the MFMA no Study Cost Loans are granted anymore. The outstanding amount is in respect of:

i) CPMD Course Debtors

Two employees did not complete their CMPD course and Council will be reimbursed for all expenditures incurred. ZFM will recover the amount from employees over a 14 year period with no interest, ending 31 January 2036. ZFM is in the process to negotiate new terms.

ii) SCM Debtors

SCM officials accidentally paid a former employee and could not recover the money. ZFM will recover the amount from employees over a 3 year period with no interest, ending 31 March 2025.

iii) Payroll Debtors

A nightshift allowance was incorrectly paid out to an employee. ZFM will recover this amount from employees over a 26 month period with no interest, ending 25 September 2025.

ZFM entered into a data contract that resulted in charges exceeding the Mayor’s monthly subscription limit as prescribed by the Remuneration of Councillors framework. The excess amount will be recovered from the Mayor over a 36-month period, interest-free, with the final payment due by 31 May 2026.

The District Municipality does not hold deposits or any other security for its Long-term Receivables.

No Long-term Receivables have been pledged as security for the District Municipality's financial liabilities.

The fair value of Long-term Receivables was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and other parties.

10.1 Leasing Arrangements

The District Municipality entered into finance Leasing Arrangements for the house selling scheme loans. All leases are denominated in Currency Units. The average term of Finance Leases entered into is twenty years.

10.2 Amounts receivable under Finance Leases

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2025 R	2024 R	2025 R	2024 R
Within one year	3 600	3 600	3 600	3 600
In the second to fifth years, inclusive	4 316	5 225	4 316	5 225
Over five years	-	-	-	-
	7 916	8 825	7 916	8 825
Less: Unearned Finance Income	435	537	435	537
Present Value of Minimum Lease Payments Receivable	7 481	8 289	7 481	8 289
Provision for Uncollectable Lease Receivables	-	-	-	-
Total Finance Lease Receivables	**7 481**	**8 289**	**7 481**	**8 289**

	2025 R	2024 R
Included in the Annual Financial Statements as:		
Non-current Finance Lease Receivables	3 881	4 689
Current Finance Lease Receivables	3 600	3 600
Total Finance Lease Receivables	**7 481**	**8 289**

The interest rates inherent in the leases are fixed at the contract date of the entire lease term. The average effective interest rate contracted is approximately 5% (2024: 5%) per annum.

Management of the District Municipality is of the opinion that the carrying value of Finance Lease Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Finance Lease Receivables were determined after considering the standard terms and conditions of agreements entered into between the District Municipality and other parties as well as the current payment ratios of the District Municipality's debtors.

10.3 Ageing of Long-term Receivables

	2025	2024
<u>*Current:*</u>		
0 - 30 days	-	-
<u>*Past Due:*</u>		
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
+ 120 Days	60 955	69 306
Finance Lease Receivable	7 481	8 289
Staff Related Long Term Receivables	53 474	61 018
Total	**60 955**	**69 306**

As at 30 June Long-term Receivables of R60 955 (2024: R69 306) were past due of which R0 (2024: R0) were impaired. No terms for payment have been re-negotiated.

	2025 R	2024 R
10.4 Reconciliation of the Provision for Impairment		
Balance at beginning of year	-	-
Impairment Losses recognised	-	-
Impairment Losses reversed	-	-
Amounts written off as uncollectable	-	-
Balance at end of year	**-**	**-**

In determining the recoverability of a Long-term Receivable, the District Municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The Provision for Impairment on Long-term Receivables exists predominantly due to the possibility that these debts will not be recovered. Long-term Receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment. However, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

11 PROVISIONS

	2025 R	2024 R
Performance Bonus	521 493	675 070
Current Portion of Employee Benefit Liabilities (See Note 15):	2 886 000	2 747 000
Post-retirement Medical Aid Benefits Liability	1 874 000	1 896 000
Long-term Service Liability	1 012 000	851 000
Total Provisions	**3 407 493**	**3 422 070**

The movement in provisions is reconciled as follows:

Performance Bonus:

	2025 R	2024 R
Opening Balance	675 070	531 597
Increases	358 348	689 893
Reductions	(511 925)	(546 419)
Balance at end of year	**521 493**	**675 070**

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

Current Portion of Defined Benefit Liabilities:

	Medical Aid R	Long-term Service R
30 June 2025		
Opening Balance	1 896 000	851 000
Expenditure incurred	(1 835 821)	(1 048 323)
Contributions to provision	1 813 821	1 209 323
Balance at end of year	**1 874 000**	**1 012 000**
30 June 2024		
Opening Balance	1 649 000	941 000
Expenditure incurred	(1 664 298)	(815 468)
Contributions to provision	1 911 298	725 468
Balance at end of year	**1 896 000**	**851 000**

12 PAYABLES FROM EXCHANGE TRANSACTIONS

	2025 R	2024 R
Annual Bonus	2 047 157	1 924 324
Leave Accrual	3 699 978	3 494 900
Other Payables: Salary Clearing and Control	429 337	293 700
Salary Control	313 990	151 423
Travel Control	##############	34 288
Medical Aid Control	115 252	107 989
Salary Related Payables	426 080	-
PAYE Deductions	89 609	-
Trade Creditors	1 773 230	842 777
Auditor-General of South Africa	699 988	-
Payables and Accruals	1 073 242	842 777
Total Payables	**8 375 782**	**6 555 700**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

Annual Bonuses accrue to the staff of the District Municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Staff Leave accrues to the staff of the District Municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The District Municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the District Municipality.

The management of the District Municipality is of the opinion that the carrying value of Creditors approximates their fair values.

13 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

13.1 Conditional Grants from Government

	2025	2024
National Government	-	-
Provincial Government	-	-
Total Conditional Grants and Receipts	**-**	**-**

The Unspent Conditional Grants and Receipts are invested in a interest bearing account until utilised.

Refer to Note 17 for the reconciliation of Grants from Government Receipts. The District Municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Refer to Appendix "F" for more detail on Conditional Grants.

14 LONG-TERM LIABILITIES

	2025	2024
Finance Lease Liability	355 060	-
Non-Current Portion of Long Term Liabilities	355 060	-
Plus: Current Portion transferred to Current Liabilities:-	272 265	280 056
Finance Lease Liability	272 265	280 056
Total Long-term Liabilities (Neither past due, nor impaired)	**627 324**	**280 056**

14.1 Finance Lease Liability

14.1.1 Summary of Arrangements

Finance Lease Liabilities relate to Copier Machines and Telephone System with lease terms of 3 years. Capitalised Lease Liabilities are secured over the items of copier machines leased.
Refer to Appendix "A" for more detail on Long-term Liabilities.

14.1.2 Obligations under Finance Leases:

The District Municipality as Lessee:

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R660 000 as at 1 June 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 12.4%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 33 months with a fair value of R130 889 as at 1 August 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 20.6%.

Finance Lease Liabilities relate to Telephone System with a lease term of 3 years with a fair value of R950 000 as at 1 July 2021, ending 30 June 2024. The effective interest rate on Finance Leases is 73.1%.

Finance Lease Liabilities relate to Telephone System with a lease term of 3 years with a fair value of R827 313 as at 1 September 2024, ending 01 August 2027. The effective interest rate on Finance Leases is 12.5%.

The District Municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The District Municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The lease is classified as a finance lease due to the substance of the transaction; The lease term is for the major part of the economic life of the asset and at the inception of the lease the present value of the minimum lease payments exceeded the fair value of the leased assets.

The District Municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under the finance lease are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2025 R	2024 R	2025 R	2024 R
Amounts payable under borrowings:				
Within one year	328 696	296 550	328 696	296 550
In the second to fifth years, inclusive	383 478	-	383 478	-
Over five years	-	-	-	-
	712 174	296 550	712 174	296 550
Less: Future Finance Obligations	84 849	16 494	84 849	16 494
Present Value of Minimum Lease Obligations	**627 324**	**280 056**	**627 324**	**280 056**
Less: Amounts due for settlement within 12 months (Current Portion)			(272 265)	(280 056)
Borrowings due for settlement after 12 months (Non-current Portion)			**355 060**	**-**

The District Municipality has finance lease agreements for the following significant classes of assets:
- Machinery and Equipment

	2025 R	2024 R
Included in these classes are the following significant leases:		
(i) Copier Machines - 2021/22 contract		
- Instalments are payable monthly in advance		
- Cost Price	R 660 000	660 000
- Accumulated Depreciation	R 660 000	458 333
- Net Carrying Amount	R 0	R 201 667
- Depreciation for the year	R 201 667	R 220 000
- Finance charge for the year	R11 939.43	R 40 788
- Average period outstanding	0 months	11 months
- Average effective interest rate	12.4%	12.4%
- Average monthly instalment	R 21 820	R 21 820
(ii) Telephone System - 2021/22 contract		
- Instalments are payable monthly in advance		
- Cost Price	R 950 000	950 000
- Accumulated Depreciation	R 950 000	950 000
- Net Carrying Amount	R 0	R 0
- Depreciation for the year	R 0	R 316 667
- Finance charge for the year	R 0	R 96 716
- Average period outstanding	0 months	0 months
- Average effective interest rate	73.1%	73.1%
- Average monthly instalment	R 0	R 53 000

	2025 R	2024 R
(iii) Copier Machines - 2022/23 contract		
- Instalments are payable monthly in advance		
- Cost Price	R 130 889	R 130 889
- Accumulated Depreciation	R 130 889	R 87 259
- Net Carrying Amount	R 0.00	R 43 630
- Depreciation for the year	R 43 630	R 47 596
- Finance charge for the year	R4 554.96	R 15 062
- Average period outstanding	0 months	11 months
- Average effective interest rate	20.6%	20.6%
- Average monthly instalment	R 5 139	R 5 139
(iv) Telephone System - 2024/25 contract		
- Instalments are payable monthly in advance		
- Cost Price	R 827 313	R 0
- Accumulated Depreciation	R 263 889	R 0
- Net Carrying Amount	R 563 424	R 0
- Depreciation for the year	R 263 889	R 0
- Finance charge for the year	R73 924.10	R 0
- Average period outstanding	26 months	0 months
- Average effective interest rate	12.5%	0.0%
- Average monthly instalment	R 27 391	R 0

15 EMPLOYEE BENEFIT LIABILITIES

	2025	2024
Post-retirement Health Care Benefits Liability	29 487 000	27 580 000
Long Service Awards Liability	9 948 000	8 899 000
Total Employee Benefit Liabilities	39 435 000	36 479 000
Less: Current Portion of Employee Benefit Liabilities	(2 886 000)	(2 747 000)
Post-retirement Health Care Benefits Liability	(1 874 000)	(1 896 000)
Long Service Awards Liability	(1 012 000)	(851 000)
Non-current portion of Employee Benefit Liabilities	**36 549 000**	**33 732 000**

15.1 Post-retirement Health Care Benefits Liability

	2025	2024
Opening balance	27 580 000	25 102 000
Interest cost	3 175 000	2 894 000
Current service cost	496 000	483 000
Actual employer benefit payments	(1 835 821)	(1 664 298)
Actuarial loss/ (gain) recognised in the year	71 821	765 298
Balance at end of Year	29 487 000	27 580 000
Transfer to Current Provisions	(1 874 000)	(1 896 000)
Total Post-retirement Health Care Benefits Liability	**27 613 000**	**25 684 000**

The District Municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the District Municipality. According to the rules of the Medical Aid Funds, with which the District Municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the District Municipality is liable for a certain portion of the medical aid membership fee. The District Municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

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

	2025	2024
In-service Members (Employees)	56	55
In-service Non-members (Employees)	39	42
Continuation Members (Retirees, widowers and orphans)	24	26
Total Members	**119**	**123**

	2025 R	2024 R
The liability in respect of past service has been estimated as follows:		
In-service Members	8 764 000	7 809 000
In-service Non-members	1 222 000	963 000
Continuation Members	19 501 000	18 808 000
Total Liability	**29 487 000**	**27 580 000**

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

- Bonitas
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2025 is estimated to be R496 000, whereas the cost for the ensuing year is estimated to be R542 000 (30 June 2024: R483 000).

The Interest Cost for the year ending 30 June 2025 is estimated to be R3 175 000, whereas the cost for the ensuing year is estimated to be R3 109 000 (30 June 2024: R2 894 000).

	2025	2024
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	10.90%	11.91%
Health Care Cost Inflation Rate	6.70%	7.43%
Net Effective Discount Rate	3.90%	4.17%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62
Movements in the present value of the Defined Benefit Obligation were as follows:		
Opening balance	27 580 000	25 102 000
Current service cost	496 000	483 000
Interest cost	3 175 000	2 894 000
Actual employer benefit payments	(1 835 821)	(1 664 298)
Actuarial loss/ (gain) recognised in the year	71 821	765 298
Total Recognised Benefit Liability	**29 487 000**	**27 580 000**
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	29 487 000	27 580 000
Fair value of plan assets	-	-
	29 487 000	27 580 000
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	29 487 000	27 580 000
Restrictions on asset recognised	-	-
Fair value of reimbursement rights recognised	-	-
Total Benefit Liability	**29 487 000**	**27 580 000**
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost & Past service cost	496 000	483 000
Senior Management	11 900	10 700
Municipal Staff	484 100	472 300
Interest cost	3 175 000	2 894 000
Senior Management	103 800	96 100
Municipal Staff	3 071 200	2 797 900
Employer Benefit Payments	(1 835 821)	(1 664 298)
Actuarial losses / (gains)	71 821	765 298
Senior Management	22 900	(42 400)
Municipal Staff	48 921	807 698
Total Post-retirement Benefit included in Employee Related Costs (Note 21)	**1 907 000**	**2 478 000**
Contribution to Actuarial losses / (gains):	**71 821**	**765 298**
Financial assumptions:	767 000	(329 000)
Experience:	-	
Subsidy increases higher / (lower) than assumed	677 000	350 000
Changes to membership profile different from assumed	(1 312 000)	729 000
Actual benefits vested, (lower) / greater than expected	(60 179)	15 298

The actuarial gain attributable to membership changes arises primarily because, on average, members bought down to cheaper medical aid options, and there were more exits than expected since the last valuation.

The history of fair values are as follows:

	2025 R	2024 R	2023 R	2022 R	2021 R
Present Value of Defined Benefit Obligation	29 487 000	27 580 000	25 102 000	26 566 000	28 284 000
Deficit	**29 487 000**	**27 580 000**	**25 102 000**	**26 566 000**	**28 284 000**
Experienced adjustments on Plan Liabilities	(695 179)	1 094 298	(693 000)	(3 021 000)	65 000

	2025 R	2024 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	4 164 000	3 842 000
Effect on the defined benefit obligation	33 071 000	30 827 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	3 263 000	2 994 000
Effect on the defined benefit obligation	26 493 000	24 855 000

The District Municipality expects to make a contribution of R1 874 000 (2024: R1 896 000) to the Defined Benefit Plans during the next financial year.

Refer to Note 39, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the District Municipality's other retirement funds that is Provincially and Nationally administered.

15.2 Long Service Awards Liability

	2025	2024
Opening Balance	8 899 000	8 448 000
Payments Made	(1 048 323)	(815 468)
Actuarial losses / (gains)	588 323	(200 532)
Increases (Passage of Time/Discounted Rate)	945 000	909 000
Increases (Outflow of Economic Benefits)	564 000	558 000
Balance at end of Year	9 948 000	8 899 000
Transfer to Current Provisions	(1 012 000)	(851 000)
Total Long Service Awards Liability	**8 936 000**	**8 048 000**

The District Municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter, and every 1 year after 25 years of continuous service, to employees according to Collective Agreement Circular 1/2014 dated 27/10/2014 and the Council resolution in November 1996. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

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

At year end, 95 (2024: 97) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2025 is estimated to be R564 000, whereas the cost for the ensuing year is estimated to be R588 000.

The Interest Cost for the year ending 30 June 2025 is estimated to be R945 000, whereas the cost for the ensuing year is estimated to be R915 000.

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

	2025	2024
Discount Rate	9.70%	11.13%
Net Effective Discount Rate	4.70%	4.57%
Long-term general earnings inflation rate	4.80%	6.28%
Assumed General Earnings Increase	5.01%	5.00%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

	2025 R	2024 R
Movements in the present value of the Defined Benefit Obligation were as follows:		
Opening Balance	8 899 000	8 448 000
Payments Made	(1 048 323)	(815 468)
Actuarial losses / (gains)	588 323	(200 532)
Increases (Passage of Time/Discounted Rate)	945 000	909 000
Increases (Outflow of Economic Benefits)	564 000	558 000
Total Recognised Benefit Liability	**9 948 000**	**8 899 000**
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	9 948 000	8 899 000
	9 948 000	8 899 000
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	9 948 000	8 899 000
Total Benefit Liability	**9 948 000**	**8 899 000**
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	564 000	558 000
Senior Management	12 500	14 800
Municipal Staff	551 500	543 200
Interest cost	945 000	909 000
Senior Management	8 900	10 700
Municipal Staff	936 100	898 300
Payments Made	(1 048 323)	(815 468)
Senior Management	(91 916)	(109 626)
Municipal Staff	(956 407)	(705 842)
Actuarial losses / (gains)	588 323	(200 532)
Senior Management	89 916	57 326
Municipal Staff	498 407	(257 858)
Total Post-retirement Benefit included in Employee Related Costs (Note 21)	**1 049 000**	**451 000**
Contribution to Actuarial losses / (gains):	**588 323**	**(200 532)**
Financial assumptions:	(33 000)	(52 000)
Experience:		
Earnings increases higher/(lower) than assumed	166 000	(71 000)
Changes to employee profile different from assumed	258 000	48 000
Change in benefits valued for former Khara Hais employees (Note 1)	-	-
Actual benefits vesting, greater/(lower) than expected	197 323	(125 532)

The history of experienced adjustments is as follows:

	2025 R	2024 R	2023 R	2022 R	2021 R
Present Value of Defined Benefit Obligation	9 948 000	8 899 000	8 448 000	7 809 000	7 450 000
Deficit	**9 948 000**	**8 899 000**	**8 448 000**	**7 809 000**	**7 450 000**
Experienced adjustments on Plan Liabilities	621 323	(148 532)	169 774	108 088	(65 254)

Above figures summarises the experience adjustments for the current period and the previous three periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

	2025 R	2024 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	1 619 000	1 580 000
Effect on the defined benefit obligation	10 587 000	9 499 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	1 409 000	1 366 000
Effect on the defined benefit obligation	9 364 000	8 352 000

The District Municipality expects to make a contribution of R1 012 000 (2024: R851 000) to the defined benefit plans during the next financial year.

16 ACCUMULATED SURPLUS

	2025 R	2024 R
Accumulated Surplus / (Deficit) due to the results of Operations	(23 718 756)	(19 006 771)
Total Accumulated Surplus	**(23 718 756)**	**(19 006 771)**

Reconciliation of Accumulated Surplus:

	2025 R	2024 R
Opening Balance	(19 006 771)	(16 462 865)
Correction of Prior Period Error - Opening Balance	-	296 088
Published Surplus for the year	(4 711 985)	(2 839 995)
Surplus for the year (previously published)	-	(3 103 230)
Correction of Error (Note 31)	-	263 235
Total Accumulated Surplus	**(23 718 756)**	**(19 006 771)**

17 TRANSFERS AND SUBSIDIES RECEIVED

	2025 R	2024 R
Capital Grants and subsidies	-	-
Allocations Gazetted	-	-
Operational Grants and subsidies	89 749 204	88 401 654
Allocations Not Gazetted	1 065 204	1 683 654
Allocations Gazetted	88 684 000	86 718 000
Total Government Grants and Subsidies	**89 749 204**	**88 401 654**

17.1 Operational Grants

	2025 R	2024 R
National Revenue Fund:	**83 266 000**	**81 190 000**
Equitable Share Grant	83 266 000	81 190 000
National Governments:		
Allocations Gazetted:	**5 308 000**	**5 278 000**
Expanded Public Works Programme Integrated Grant	891 000	999 000
Local Government Financial Management Grant	1 200 000	1 200 000
Road Asset Management Systems Grant	3 217 000	3 079 000
Allocations Not Gazetted:	**1 065 204**	**933 654**
National Treasury Subsidy for External Audit Fees	1 065 204	933 654
Provincial Government:		
Allocations Gazetted:	**110 000**	**250 000**
Housing Grant	110 000	250 000
Allocations Not Gazetted:	**-**	**750 000**
HIV and AIDS Grant (Provincial Health Department)	-	250 000
Economic Growth Summits (Department of Finance, Economic Development and Tourism)	-	500 000
	89 749 204	**88 401 654**

17.2 Capital Grants and subsidies

	2025 R	2024 R
Provincial Government:		
Allocations Gazetted:	**-**	**-**
Other	-	-
Total Operational Grants Received	**89 749 204**	**88 401 654**

17.3 Reconciliation per Grant Source

17.3.1 National Governments: Financial Management Grant

	2025 R	2024 R
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	1 200 000	1 200 000
Conditions met - transferred to Revenue: Operating Expenses	(1 200 000)	(1 200 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The Grant is also used to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA as part of strengthening financial and asset management in the District Municipality.

17.3.2 National Governments: Rural Road Asset Management Systems Grant

	2025 R	2024 R
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	3 217 000	3 079 000
Conditions not met: Operating Expenses (Withheld by National Treasury)	-	-
Conditions met - transferred to Revenue: Operating Expenses	(3 100 596)	(2 701 632)
Conditions met - transferred to Revenue: Capital Expenses	(116 404)	(377 368)
Conditions still to be met - transferred to Liabilities (see Note 13)	-	-

To assist rural district municipalities to set up Rural Road Asset Management Systems (RRAMS), and collect road, bridge and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA).

17.3.3 National Governments: EPWP Incentive Grant

	2025 R	2024 R
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	891 000	999 000
Conditions met - transferred to Revenue: Operating Expenses	(891 000)	(999 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	-	-

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines.

17.3.4 Provincial Government: Housing Accreditation DPLG National Grant

	2025 R	2024 R
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	110 000	250 000
Conditions met - transferred to Revenue: Operating Expenses	(110 000)	(250 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	-	-

The purpose of this grant is to build capacity in municipalities to deliver and subsidise the operational costs of administering human settlements programmes and to ensure effective management of human settlements programmes at the local government level, in line with the accreditation framework.

17.3.5 Provincial Government: HIV/AIDS Grant (Provincial Health Department)

	2025 R	2024 R
Allocations Not Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	-	250 000
Conditions met - transferred to Revenue: Operating Expenses	-	(250 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	-	-

The purpose of this grant is to sustain and extend coverage of the ward-based door-to-door education programme with referrals to local services, to build communities and support and utilise local services appropriately, and to support ward structures to address HIV/AIDS in the local community.

17.3.6 Summary of Conditional Grants:

	2025 R	2024 R
Balance unspent at beginning of year	-	-
Current year receipts	5 418 000	5 778 000
Conditions met - transferred to Revenue: Operating Expenses	(5 301 596)	(5 400 632)
Conditions met - transferred to Revenue: Capital Expenses	(116 404)	(377 368)
Conditions still to be met - transferred to Liabilities	-	-
Grants classified under Receivables from Non-exchange Transactions	-	-
Unspent Conditional Grants - Current Liabilities (see Note 13)	-	

18 RENTAL FROM FIXED ASSETS

	2025 R	2024 R
Straight-lined Operating Lease Revenue		
Other Fixed Assets	162 880	135 725
Property Plant and Equipment	162 880	135 725
Ad-hoc Rental Income from Other Fixed Assets	-	-
Total Rental of Facilities and Equipment	**162 880**	**135 725**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

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

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

19 FINANCE INCOME

	2025 R	2024 R
External Investments:		
Bank Account	153 040	146 950
Call Accounts	1 351 308	1 450 034
Non-current Investments	205 321	148 624
	1 709 670	**1 745 608**
Outstanding Exchange Receivables:		
Long-term Debtors		
Housing & Housing Selling Schemes	393	473
	393	**473**
Total Exchange Interest Earned	**1 710 062**	**1 746 081**

20 OPERATIONAL REVENUE

	2025 R	2024 R
LGSETA Skills Programmes and Learnerships	290 950	188 663
Commission	100 638	84 458
SARS PAYE	-	832 825
SARS VAT	-	281 199
Merchandising, Jobbing and Contracts	47 435	127 546
Skills Development Levy Refund	127 933	122 100
Total Operational Revenue	**566 956**	**1 636 790**

LGSETA Skills Programmes and Learnerships were received for Student Education Programmes which were fully spent during 2023/24 financial year.

SARS refund was disputed and resolved during 2023/24 financial year and the SARS payable was written off by SARS.

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

21 EMPLOYEE RELATED COSTS

	2025 R	2024 R
Salaries and Wages		
Basic	43 395 119	40 939 222
Senior Management	2 174 274	2 164 389
Municipal Staff	41 220 846	38 774 834
Bonuses	358 348	717 162
Senior Management - Performance Bonus	358 348	717 162
Shift Work Allowance	997 454	976 366
Municipal Staff	997 454	976 366
Allowances		
Acting and Post Related Allowances	451 251	728 653
Senior Management	204 411	218 384
Municipal Staff	246 840	510 268
Annual Bonus Allowance	3 592 411	3 553 975
Senior Management	114 192	257 096
Municipal Staff	3 478 219	3 296 879
Cellular and Telephone	455 550	447 619
Senior Management	107 500	90 000
Municipal Staff	348 050	357 619
Housing Benefits	256 929	256 383
Senior Management	-	-
Municipal Staff	256 929	256 383
Standby Allowance	10 200	10 200
Municipal Staff	10 200	10 200
Travel or Motor Vehicle	3 812 228	3 824 865
Senior Management	943 326	808 964
Municipal Staff	2 868 902	3 015 901
Uniform/Special/Protective Clothing	1 122	1 122
Municipal Staff	1 122	1 122
Social Contributions		
Bargaining Council	14 278	7 896
Senior Management	428	224
Municipal Staff	13 849	7 673
Medical	2 555 357	2 334 614
Senior Management	170 004	159 217
Municipal Staff	2 385 354	2 175 397
Pension	7 448 635	7 115 206
Senior Management	391 369	369 980
Municipal Staff	7 057 266	6 745 226
Unemployment Insurance	221 402	218 197
Senior Management	6 376	6 376
Municipal Staff	215 026	211 821
Total Employee Cost	**63 570 284**	**61 131 481**

	2025 R	2024 R
Post-retirement Benefit		
Current Service Cost	496 000	483 000
Senior Management	11 900	10 700
Municipal Staff	484 100	472 300
Leave Gratuity	452 064	429 749
Senior Management	136 397	101 402
Municipal Staff	315 667	328 347
Long Term Service Awards	564 000	558 000
Senior Management	12 500	14 800
Municipal Staff	551 500	543 200
Total Post-retirement Benefit	**1 512 064**	**1 470 749**
Total Employee Related Costs	**65 082 349**	**62 602 230**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager		
Annual Remuneration	-	-
Acting Allowance	153 559	98 874
Performance Bonus	164 204	169 997
Car, Cell phone and Housing Allowance	17 500	-
Total	**335 263**	**268 871**

The post was vacant for the period 01 August 2022 to 30 June 2024. Acting Allowances were paid for the period.

Remuneration of Director: Financial Services		
Annual Remuneration	685 149	739 217
Annual Bonus	57 096	100 000
Performance Bonus	112 350	141 318
Car, Cell phone and Housing Allowance	229 771	157 229
Company Contributions to Medical and Pension Funds	181 485	177 395
Total	**1 265 851**	**1 315 159**

Remuneration of the Director: Corporate Services		
Annual Remuneration	803 976	685 149
Acting Allowance	50 852	119 511
Annual Bonus	-	100 000
Performance Bonus	123 021	121 055
Car, Cell phone and Housing Allowance	564 142	533 660
Company Contributions to Medical and Pension Funds	208 044	183 411
Total	**1 750 035**	**1 742 786**

Remuneration of the Director: Planning & Development		
Annual Remuneration	685 149	740 023
Annual Bonus	57 096	57 096
Performance Bonus	112 350	141 318
Car, Cell phone and Housing Allowance	239 412	208 075
Company Contributions to Medical and Pension Funds	171 844	168 392
Total	**1 265 851**	**1 314 903**

Summary of Remuneration of Section 57 Employees:

Annual Remuneration	2 174 274	2 164 389
Annual Bonus	114 192	257 096
Acting Allowance	204 411	218 384
Performance Bonus	511 925	573 689
Car, Cell phone and Housing Allowance	1 050 826	898 964
Company Contributions to Medical and Pension Funds	561 373	529 197
Total Remuneration of Section 57 Employees	**4 617 001**	**4 641 719**

	2025 R	2024 R
The following accrued leave liability was payable to key management personnel in terms of GRAP 25 as at 30 June:		
Staff Leave Benefits:-		
Municipal Manager	-	-
Director: Financial Services	49 331	46 590
Director: Planning & Development	41 109	19 184
Director: Corporate Services	45 958	35 628
Total	**136 397**	**101 402**

22 REMUNERATION OF COUNCILLORS

	2025 R	2024 R
Executive Mayor	1 009 052	980 618
Speaker	491 719	479 655
Chief Whip	467 612	455 041
Executive Committee	2 715 276	2 646 430
Section 79 committee chairperson	409 809	428 561
Total for All Other Councillors	455 530	411 033
Total Councillors' Remuneration	**5 548 998**	**5 401 337**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

Remuneration of Councillors:

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

Councillors may utilise official Council transportation when engaged in official duties.

The Executive Mayor has used a Council owned vehicle for official duties.

Refer to Appendix G for more detail.

23 DEPRECIATION AND AMORTISATION

	2025 R	2024 R
Depreciation: Property, Plant and Equipment	1 239 897	1 306 336
Amortisation: Intangible Assets	110 522	60 773
Total Depreciation and Amortisation	**1 350 419**	**1 367 110**

23.1 Depreciation: Property, Plant and Equipment

	2025 R	2024 R
Other Assets	82 213	82 214
Computer Equipment	313 258	232 244
Furniture and Office Equipment	563 505	651 828
Own	91 875	71 511
Leased	471 631	580 317
Machinery and Equipment	50 139	51 703
Transport Assets	230 781	288 348
	1 239 897	**1 306 336**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

24 IMPAIRMENT LOSSES / (GAINS)

	2025 R	2024 R
Impairment (Gains) on Financial Assets	-	(200 532)
Impairment Losses on Financial Assets	664 968	795 298
Total Impairment Losses / (Gains)	**664 968**	**594 766**

	2025 R	2024 R

24.1 Impairment Losses on Financial Assets

	2025 R	2024 R
Impairment Losses / (Gains)	660 144	564 766
Post-retirement Benefit - Actuarial Gains	-	-
Post-retirement Benefit - Actuarial Losses	71 821	765 298
Long Term Service Awards - Actuarial Gains	-	(200 532)
Long Term Service Awards - Actuarial Losses	588 323	-
Reversal of Impairment Losses	-	-
Trade and Other Receivables from Exchange Transactions	-	-
Long Term Receivables	-	-
Impairment Losses Recognised (written off during the current year):	4 824	30 000
Trade and Other Receivables from Exchange Transactions	4 824	-
Long Term Receivables	-	30 000
	664 968	**594 766**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

25 FINANCE COSTS

	2025 R	2024 R
Finance Leases	90 419	152 565
Overdue Accounts	-	2 915
Interest on Employee Benefit Liabilities	4 120 000	3 803 000
Post-retirement Health Care Benefits	3 175 000	2 894 000
Long Service Awards	945 000	909 000
Total Interest Expense	4 210 419	3 958 480
Less: Amounts included in the Cost of qualifying Assets	-	-
Total Finance Cost	**4 210 419**	**3 958 480**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

26 CONTRACTED SERVICES

Included in Contracted Services are the following:

	2025 R	2024 R
Business and Advisory	2 130 308	1 097 166
Catering Services	230 392	534 393
Cleaning Services	225 829	271 988
Employee Wellness	-	97 826
Graphic Designers	64 897	18 910
Infrastructure and Planning	1 752 600	2 369 577
Maintenance of Buildings and Facilities: Operational Buildings	1 113 387	1 123 771
Maintenance of Equipment	449 499	290 105
Furniture and Office Equipment	74 880	81 342
Transport Assets	374 619	208 763
Maintenance of Unspecified Assets: Intangible Assets	275 785	390 762
Plants, Flowers and Other Decorations	-	22 000
Stage and Sound Crew	-	150 000
	6 242 697	**6 366 498**

	2025 R	2024 R

27 INVENTORY CONSUMED

	2025 R	2024 R
Consumables	330 663	130 153
Materials and Supplies	365 128	386 685
	695 790	**516 838**

28 TRANSFERS AND SUBSIDIES PAID

	2025 R	2024 R
Operational Grants	499 263	491 452
Allocations In-kind	-	-
Monetary Allocations	499 263	491 452
Total Transfers and Subsidies Paid	**499 263**	**491 452**

28.1 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2025	2024	2025	2024
Households	-	-	499 263	491 452
Total Operational Grants Paid	**-**	**-**	**499 263**	**491 452**

29 OPERATIONAL COSTS

Included in Operational Costs are the following:

	2025 R	2024 R
Achievements and Awards	407 800	181 720
Advertising, Publicity and Marketing	133 970	92 084
External Audit Fees	2 195 628	2 330 191
Bank Charges, Facility and Card Fees	97 194	104 448
Bargaining Council	748 278	727 845
Bursaries (Employees)	-	244 265
Courier and Delivery Services	2 145	-
Communication	221 844	406 697
Entertainment	4 000	3 015
External Computer Service	1 334 145	1 716 505
Insurance Underwriting	373 559	775 906
Learnerships and Internships	-	234 315
Licences	4 866	8 717
Municipal Services	1 141 840	861 456
Registration Fees	61 924	39 714
Printing, Publications and Books	30 702	-
Professional Bodies, Membership and Subscription	55 582	74 464
Skills Development Fund Levy	660 742	622 999
Search Fees	2 800	-
Toll Gate Fees	-	63
Transport Provided as Part of Departmental Activities	-	241 050
Travel and Subsistence	4 027 552	3 485 329
Uniform and Protective Clothing	87 223	180 000
Vehicle Tracking	5 957	11 926
Wet Fuel	493 076	511 955
Workmen's Compensation Fund	336 472	336 472
Samples and Specimens	156 317	152 068
Fines and Penalties	1 984	10 202
Entrance Fees	-	48 730
Total Operational Costs	**12 585 600**	**13 402 134**

29.1 Travel and Subsistence

	2025 R	2024 R
Accommodation & Daily Allowance	1 779 339	1 500 925
Accommodation	1 631 300	1 360 446
Daily Allowance	147 564	140 479
Transport without Operator	2 094 170	1 856 175
Transport with Operator	110 000	13 367
Domestic	**3 983 509**	**3 370 467**
Non-employees	**44 043**	**114 862**
Total of Travel and Subsistence	**4 027 552**	**3 485 329**

No other extra-ordinary expenses were incurred.

30 GAINS / (LOSSES) ON DISPOSAL OF CAPITAL ASSETS

	2025 R	2024 R
Gains/(Losses) on disposal of Property, Plant and Equipment	-	-
Gains/(Losses) on write-offs of Property, Plant and Equipment	(20 520)	(45 519)
Gains/(Losses) on write-offs of Intangible Assets	(64)	(13 881)
Total Gains / (Losses) on Disposal of Capital Assets	**(20 584)**	**(59 400)**
Total Gains on Disposal of Capital Assets	**-**	**-**
Total Losses on Disposal of Capital Assets	**20 584**	**59 400**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

31 CORRECTION OF ERROR

Corrections were made during the previous financial year. Details of the corrections are described below:

31.1 Reclassification of Accumulated Surplus

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

The effect of the changes are as follows:

		Accumulated Surplus R
Balances published as at 30 June 2023		**(16 462 865)**
Correction of Error:		296 088
Correction of VAT Receivable	-	
Correction of Receivables from Exchange Transactions	(88 954)	
Correction of Statutory Receivables from Exchange Transactions	244 681	
Correction of Trade and Other Payable Exchange Transactions	(8 400)	
Correction of Property, Plant and Equipment	162 628	
Correction of Intangible Asssets	(13 868)	
Restated Balances as at 30 June 2023		**(16 166 777)**
Transactions incurred for the Year 2023/24		(3 103 230)
Correction of Error:-		263 235
Correction of Trade and other Receivables from Exchange Transactions	7 298	
Correction of Statutory Receivables from Exchange Transactions	3 282	
Correction of VAT Receivable	281 199	
Current Portion of Non-current Receivables	(2 400)	
Correction of Property, Plant and Equipment	16 904	
Correction of Intangible Asssets	131 450	
Non-current Receivables from Non-exchange Transactions	(25 400)	
Correction of Trade and Other Payable Exchange Transactions	(149 099)	
Restated Balances as at 30 June 2024		**(19 006 771)**

31.2 Reclassification of Revenue

The effect of the Correction of Error is as follows:

	Prior Year 2023/24 Audited	Correction of Error	Restated Amount 2023/24
Transfers and Subsidies	88 401 654	-	88 401 654
Impairment Gains	200 532	-	200 532
Rental from Fixed Assets	9 780	125 945	135 725
Interest & Rent on Land	1 746 081	-	1 746 081
Operational Revenue	1 470 956	165 834	1 636 790
	91 829 004	**291 779**	**92 120 783**

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

Rental from Fixed Assets

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose all rentals under Rentals from Fixed Assets. Therefore Rentals from Fixed Assets were retrospectively increased by R125 945 and Operational Revenue was decreased by R125 945 on 30 June 2024.

Operational Revenue

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an oustanding invoice and SARS funds receivable as Debtors on 30 June 2024. Therefore Trade and other Receivables from Exchange Transactions were retrospectively increased by R7 298, Statutory Receivables from Exchange Transactions were retrospectively increased by R284 481 and Operational Revenue was increased by R291 779 on 30 June 2024.

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose all rentals under Rentals from Fixed Assets. Therefore Rentals from Fixed Assets were retrospectively increased by R125 945 and Operational Revenue was decreased by R125 945 on 30 June 2024.

31.3 Reclassification of Expenditure

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

The effect of the Correction of Error is as follows:

	Prior Year 2023/24 Audited	Correction of Error	Restated Amount 2023/24
Employee Related Costs	62 595 030	7 200	62 602 230
Remuneration of Councillors	5 261 639	139 699	5 401 337
Depreciation and Amortisation	1 544 322	(177 212)	1 367 110
Impairment Losses	765 298	30 000	795 298
Finance Costs	3 958 480	-	3 958 480
Contracted Services	6 366 498	-	6 366 498
Inventory Consumed	516 838	-	516 838
Transfers and Subsidies Paid	491 452	-	491 452
Operational Costs	13 402 134	-	13 402 134
Loss on Disposal of PPE	30 543	28 858	59 400
	94 932 234	**28 544**	**94 960 778**

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

Employee Related Costs

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose officials' back-pay for cellphone allowances, relating to 2023/24 financial year, as Payables from Exchange Transactions on 30 June 2024. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R7 200 and Employee Related Cost was increased by R7 200 on 30 June 2024.

Remuneration of Councillors

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality received the 2023/24 salary increases for Councillors, which were paid during the 2024/25 financial year. Therefore Payable from Exchange Transactions were retrospectively increased by R139 699 and Remuneration of Councillors were increased by R139 699 on 30 June 2024.

Depreciation and Amortisation

During the preparation of the 2024/25 Annual Financial Statements it was noted that the asset register incorrectly calculated the depreciation on additions from 2021/22 financial year. Therefore Property, Plant and Equipment was retrospectively increased by R131 450, Intangible Assets were retrospectively increased by R16 904, Depreciation was retrospectively decreased by R169 980, Amortisation was retrospectively decreased by R7 232, Losses on Disposal of Property, Plant and Equipment were increased by R38 530 and Losses on Disposal of Intangible Assets were decreased by R9 672 on 30 June 2024.

During the preparation of the 2024/25 Annual Financial Statements it was noted that Leased Assets were incorrectly classified under Machinery and Equipment and were reclassified under Furniture and Office Equipment in the asset register. Therefore Depreciation on Furniture and Office Equipment was retrospectively increased by R580 317 and Depreciation on Machinery and Equipment was decreased by R580 317 on 30 June 2024.

Impairment Losses

During the preparation of the 2024/25 Annual Financial Statements it was noted that the asset register incorrectly calculated the depreciation on additions from 2021/22 financial year. Therefore Property, Plant and Equipment was retrospectively increased by R131 450, Intangible Assets were retrospectively increased by R16 904, Depreciation was retrospectively decreased by R169 980, Amortisation was retrospectively decreased by R7 232, Losses on Disposal of Property, Plant and Equipment were increased by R38 530 and Losses on Disposal of Intangible Assets were decreased by R9 672 on 30 June 2024.

During the preparation of the 2024/25 Annual Financial Statements it was noted that deductions were incorrectly made from the remuneration of an employee after passing the Municipal Finance Management Programme during July 2023 and the initial debtor amount was subsequently written off. Therefore Current Portion of Non-current Receivables was retrospectively decreased by R2 400, Non-current Receivables from Non-exchange Transactions were retrospectively decreased by R25 400, Impairment Losses was retrospectively increased by R30 000 and Trade and Other Payable Exchange Transactions was retrospectively increased by R2 200 on 30 June 2024.

31.4 Reclassification of Statement of Financial Position

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

The effect of the Correction of Error is as follows:

	Prior Year 2023/24 Audited	**Correction of Error**	**Restated Amount 2023/24**
Current Assets			
Receivables from Exchange Transactions	271 488	(81 655)	189 833
Receivables from Non-exchange Transactions	-	-	-
Statutory Receivables from Exchange Transactions	7 963	529 162	537 125
VAT Receivable	565 341	-	565 341
Cash and Cash Equivalents	451 829	-	451 829
Current Portion of Long-term Receivables	15 583	(2 400)	13 183
Non-Current Assets			
Property, Plant and Equipment	21 083 113	294 078	21 377 191
Intangible Assets	70 383	3 037	73 420
Non-current Investments	1 719 010	-	1 719 010
Long-term Receivables	81 524	(25 400)	56 124

	Prior Year 2023/24 Audited	**Correction of Error**	**Restated Amount 2023/24**
Current Liabilities			
Provisions	3 422 070	-	3 422 070
Payables from Exchange Transactions	6 398 202	157 499	6 555 700
Unspent Conditional Grants and Receipts	-	-	-
Current Portion of Long-term Liabilities	280 056	-	280 056
Non-Current Liabilities			
Long-Term Liabilities	-	-	-
Retirement Benefit Liabilities	33 732 000	-	33 732 000
Net Assets			
Accumulated Surplus / (Deficit)	(19 566 095)	559 323	(19 006 771)
	-	-	-

Prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

Receivables from Exchange Transactions

Opening Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality had incorrectly recognised a debtor related to third-party deductions for an employee who was seconded to a Local Municipality during the 2021/22 and 2022/23 financial years. Therefore Trade and other Receivables from Exchange Transactions were retrospectively decreased by R88 853 and Accumulated Surplus was increased by R88 853 on 30 June 2024.

Closing Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an oustanding invoice and SARS funds receivable as Debtors on 30 June 2024. Therefore Trade and other Receivables from Exchange Transactions were retrospectively increased by R7 298, Statutory Receivables from Exchange Transactions were retrospectively increased by R284 481 and Operational Revenue was increased by R291 779 on 30 June 2024.

Statutory Receivables from Exchange Transactions

Opening Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose the 2022/23 SARS recon assessments, which were finalised during the 2024/25 financial year, as at 30 June 2024. Therefore Statutory Receivables from Exchange Transactions were retrospectively increased by R244 681 and Accumulated Surplus were decreased by R244 681 on 30 June 2024.

Closing Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an oustanding invoice and SARS funds receivable as Debtors on 30 June 2024. Therefore Trade and other Receivables from Exchange Transactions were retrospectively increased by R7 298, Statutory Receivables from Exchange Transactions were retrospectively increased by R284 481 and Operational Revenue was increased by R291 779 on 30 June 2024.

Current Portion of Non-current Receivables

During the preparation of the 2024/25 Annual Financial Statements it was noted that deductions were incorrectly made from the remuneration of an employee after passing the Municipal Finance Management Programme during July 2023 and the initial debtor amount was subsequently written off. Therefore Current Portion of Non-current Receivables was retrospectively decreased by R2 400, Non-current Receivables from Non-exchange Transactions were retrospectively decreased by R25 400, Impairment Losses was retrospectively increased by R30 000 and Trade and Other Payable Exchange Transactions was retrospectively increased by R2 200 on 30 June 2024.

Intangible Assets

Opening Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that the asset register incorrectly calculated the depreciation on additions from 2021/22 financial year. Therefore Property, Plant and Equipment was retrospectively increased by R162 628, Intangible Assets were retrospectively decreased by R13 868 and Accumulated Surplus was decreased by R148 761 on 30 June 2023.

Closing Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that the asset register incorrectly calculated the depreciation on additions from 2021/22 financial year. Therefore Property, Plant and Equipment was retrospectively increased by R131 450, Intangible Assets were retrospectively increased by R16 904, Depreciation was retrospectively decreased by R169 980, Amortisation was retrospectively decreased by R7 232, Losses on Disposal of Property, Plant and Equipment were increased by R38 530 and Losses on Disposal of Intangible Assets were decreased by R9 672 on 30 June 2024.

Property, Plant and Equipment

Opening Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that the asset register incorrectly calculated the depreciation on additions from 2021/22 financial year. Therefore Property, Plant and Equipment was retrospectively increased by R162 628, Intangible Assets were retrospectively decreased by R13 868 and Accumulated Surplus was decreased by R148 761 on 30 June 2023.

During the preparation of the 2024/25 Annual Financial Statements it was noted that Leased Assets were incorrectly classified under Machinery and Equipment and were reclassified under Furniture and Office Equipment in the asset register. Therefore Furniture and Office Equipment:Cost was retrospectively increased by R1 740 889, Furniture and Office Equipment: Accumulated Depreciation was increased by R906 821, Machinery and Equipment Cost were retrospectively decreased by R1 740 889 and Machinery and Equipment: Accumulated Depreciation was decreased by R906 821 under Property, Plant and Equipmnt on 30 June 2023.

Closing Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that the asset register incorrectly calculated the depreciation on additions from 2021/22 financial year. Therefore Property, Plant and Equipment was retrospectively increased by R131 450, Intangible Assets were retrospectively increased by R16 904, Depreciation was retrospectively decreased by R169 980, Amortisation was retrospectively decreased by R7 232, Losses on Disposal of Property, Plant and Equipment were increased by R38 530 and Losses on Disposal of Intangible Assets were decreased by R9 672 on 30 June 2024.

Non-current Receivables from Non-exchange Transactions

During the preparation of the 2024/25 Annual Financial Statements it was noted that deductions were incorrectly made from the remuneration of an employee after passing the Municipal Finance Management Programme during July 2023 and the initial debtor amount was subsequently written off. Therefore Current Portion of Non-current Receivables was retrospectively decreased by R2 400, Non-current Receivables from Non-exchange Transactions were retrospectively decreased by R25 400, Impairment Losses was retrospectively increased by R30 000 and Trade and Other Payable Exchange Transactions was retrospectively increased by R2 200 on 30 June 2024.

Payables from Exchange Transactions

Opening Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose officials' back-pay for cellphone allowances, relating to 2022/23 financial year, as Payables from Exchange Transactions on 30 June 2024. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R8 400 and Accumulated Surplus was increased by R8 400 on 30 June 2024.

Closing Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality received the 2023/24 salary increases for Councillors, which were paid during the 2024/25 financial year. Therefore Payable from Exchange Transactions were retrospectively increased by R139 699 and Remuneration of Councillors were increased by R139 699 on 30 June 2024.

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose officials' back-pay for cellphone allowances, relating to 2023/24 financial year, as Payables from Exchange Transactions on 30 June 2024. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R7 200 and Employee Related Cost was increased by R7 200 on 30 June 2024.

During the preparation of the 2024/25 Annual Financial Statements it was noted that deductions were incorrectly made from the remuneration of an employee after passing the Municipal Finance Management Programme during July 2023 and the initial debtor amount was subsequently written off. Therefore Current Portion of Non-current Receivables was retrospectively decreased by R2 400, Non-current Receivables from Non-exchange Transactions were retrospectively decreased by R25 400, Impairment Losses was retrospectively increased by R30 000 and Trade and Other Payable Exchange Transactions was retrospectively increased by R2 200 on 30 June 2024.

32 CHANGE IN ACCOUNTING ESTIMATES

32.1 Depreciation Expenditure:

The estimated useful lives and depreciation method were reviewed at 30 June 2025 and no changes were made for the 2024/25 financial year.
Adjustments were made to the remaining useful lives and residual values in the current year and affected the amount of depreciation for the 2024/25 financial year. The adjustments are as follows:

	2025 R	2024 R
Increase / (Decrease) in Depreciation due to adjustments to Residual Values of PPE	(10 637)	-
Increase / (Decrease) in Depreciation due to adjustments to Useful Lives of PPE	(8 131)	(156 424)
Increase / (Decrease) in Depreciation of PPE	**(18 768)**	**(156 424)**
Depreciation as previously stated	1 369 187	1 523 534
Adjustment due to Change in Accounting Estimate	(18 768)	(156 424)
Depreciation as per Note 23	**1 350 419**	**1 367 110**

33 CASH GENERATED BY OPERATIONS

	2025 R	2024 R
Surplus / (Deficit) for the Year	(4 711 985)	(2 839 995)
Adjustment for:		
Depreciation and Amortisation	1 350 419	1 367 110
Losses / (Gains) on Disposal of Property, Plant and Equipment	20 520	45 519
Losses / (Gains) on Disposal of Intangible Assets	64	13 881
Contribution to Post-retirement Employee Benefits Liabilities	3 742 821	4 142 298
Expenditure incurred from Post-retirement Employee Benefits Liabilities	(1 835 821)	(1 664 298)
Contribution to Long Service Awards Liability	2 097 323	1 266 468
Expenditure incurred from Long Service Awards Liability	(1 048 323)	(815 468)
Contribution to Provisions - Current: Performance Bonus	(511 925)	(546 419)
Expenditure incurred from Provisions - Current: Performance Bonus	358 348	689 893
Bad Debts Written-off: Long-term Receivables	-	30 000
Bad Debts Written-off: Receivables from Exchange Transactions	4 824	-
Operating surplus before working capital changes	**(533 735)**	**1 688 989**

	2025 R	2024 R
Decrease/(Increase) in Receivables from Exchange Transactions	48 994	(54 195)
Decrease/(Increase) in Statutory Receivables from Exchange Transactions	(4 730)	(288 839)
Decrease/(Increase) in Receivables from Non-exchange Transactions	-	126 207
Decrease/(Increase) in VAT Receivable	294 134	(117 106)
Decrease/(Increase) in Current Portion of Long-term Receivables	2 709	3 259
Increase/(Decrease) in Payables from Exchange Transactions	1 820 082	(306 062)
Increase/(Decrease) in Conditional Grants and Receipts	-	-
Cash generated by / (utilised in) Operations	**1 627 452**	**1 052 253**

34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

34.1 Unauthorised Expenditure

	2025	2024
Reconciliation of Unauthorised Expenditure:		
Opening balance	-	-
Unauthorised Expenditure identified in current year	-	-
Approved by Council	-	-
Transfer to receivables for recovery (refer Note 2)	-	-
Unauthorised Expenditure awaiting authorisation	**-**	**-**

No Unauthorised Expenditures incurred for 2024/25 financial year.

No Unauthorised Expenditures incurred for 2023/24 financial year.

34.2 Fruitless and Wasteful Expenditure

	2025	2024
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	-	23 608
Fruitless and Wasteful Expenditure identified in current year	-	119 324
Expenditure investigated and approved by Council	-	(16 725)
To be recovered – Receivables from Non-Exchange Transactions (refer Note 4.)	-	(126 207)
To be recovered – Long-term Receivables (refer Note 10)	-	-
Recouped from Salaries Payable	-	-
Fruitless and Wasteful Expenditure awaiting condonement	**-**	**-**

No Fruitless and Wasteful Expenditure incurred for 2024/25 financial year.

Fruitless and Wasteful expenditure summary for 2023/24 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount
A former Councillor was employed as a contract worker simultaneously by the ZF Mgcawu District Municipality as well as the Department of Agriculture.	Investigated & Recovered	106 207
SARS: PAYE, UIF & SDL Penalties & Interest on the late payment of 2023/24 SARS assessments.	Written off by Council in 2023/24	13 117
	Total:	**119 324**

Fruitless and Wasteful expenditure summary for 2022/23 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount
Compensation Commissioner: Penalties & Interest on the late payment of 2022/23 assessments.	Written off by Council in 2023/24	3 608
Debit order deducted from bank account without ZFM's approval. This was reported as fraud and the investigation by SAPS & ZFM is still in progress.	Investigated & Recovered	20 000
	Total:	**23 608**

Condonement of non-compliance of a regulation:
In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The Municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.

Recoverability of expenditures:
No fruitless and wasteful expenditure was incurred by ZF Mgcawu District Municipality during the 2024/25 financial year. As a result, there are no amounts to be investigated, submitted to MPAC, or referred to Council for write-off or recovery.

34.3 Irregular Expenditure

	2025 R	2024 R
Reconciliation of Irregular Expenditure:		
Opening balance	77 271	25 422
Irregular Expenditure identified in current year	202 540	176 145
Written off by Council	(38 336)	(124 296)
Irregular Expenditure awaiting condonement	**241 476**	**77 271**

Irregular Expenditure summary for 2024/25 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount (incl. VAT)
Managers directly accountable to the Municipal Manager exceeded the acting periods in terms of Section 56(1)(a)(ii) of Local Government: Municipal Systems Act. - AK Tieties: Irregular acting period as Municipal Manager from 1 July 2024 to 6 November 2024 amounting to R38 336. - I De Waal: Irregular acting period as Municipal Manager from 1 February 2025 to 5 February 2025 amounting to R0.	Written off by Council in 2024/25	38 336
Council approved a performance bonus to Mr. A. Tieties for his role as Acting Municipal Manager during 2023/24 financial year. The Auditor-General found that his acting appointment (July 2023 to 30 June 2024) contravened section 56(1)(a)(ii) of the Municipal Systems Act as it exceeded the permitted period without MEC approval. In terms of section 32 of the Municipal Finance Management Act, 2003 (MFMA), read with section 125(2)(d)(i) of the MFMA, any expenditure arising from such an irregular acting appointment is classified as irregular expenditure.	Under Investigation	164 204
	Total:	**202 540**

Irregular Expenditure summary for 2023/24 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount (incl. VAT)
Managers directly accountable to the Municipal Manager exceeded the acting periods in terms of Section 56(1)(a)(ii) of Local Government: Municipal Systems Act. - AK Tieties: Irregular acting period as Municipal Manager from 1 July 2023 to 30 June 2024.	Written off by Council in 2023/24	98 874
Council approved a performance bonus to Mr. A. Tieties for his role as Acting Municipal Manager during 2022/23 financial year. The Auditor-General found that his acting appointment (from November 2022 to January 2023 and June 2023) contravened section 56(1)(a)(ii) of the Municipal Systems Act as it exceeded the permitted period without MEC approval. In terms of section 32 of the Municipal Finance Management Act, 2003 (MFMA), read with section 125(2)(d)(i) of the MFMA, any expenditure arising from such an irregular acting appointment is classified as irregular expenditure.	Under Investigation	61 817
Council approved a performance bonus to Mr. D.J. van Zyl for his role as Acting Municipal Manager during 2022/23 financial year. The Auditor-General found that his acting appointment (May 2023) contravened section 56(1)(a)(ii) of the Municipal Systems Act as it exceeded the permitted period without MEC approval. In terms of section 32 of the Municipal Finance Management Act, 2003 (MFMA), read with section 125(2)(d)(i) of the MFMA, any expenditure arising from such an irregular acting appointment is classified as irregular expenditure.	Under Investigation	15 454
	Total:	**176 145**

Irregular Expenditure summary for 2022/23 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount (incl. VAT)
Managers directly accountable to the Municipal Manager exceeded the acting periods in terms of Section 56(1)(a)(ii) of Local Government: Municipal Systems Act. - AK Tieties: Irregular acting period as Municipal Manager from November 2022 to January 2023 and June 2023 (R16 292). - DJ van Zyl: Irregular acting period as Municipal Manager during May 2023 (R9 130).	Written of by Council in 2023/24	25 422
	Total:	**25 422**

Condonement of non-compliance of a regulation:
In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The Municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.

Recoverability of expenditures:
All irregular expenditure written off during the 2024/25 financial year has been investigated by management and submitted to the Municipal Public Accounts Committee (MPAC) for consideration. Following MPAC's review, the expenditure was submitted to Council, which resolved in terms of section 32(2)(a)(ii) of the MFMA that the expenditure is irrecoverable and should be written off.

No councillor, official, or other person derived any personal benefit from the irregular expenditure. The write-off has been approved by Council and disclosed in these financial statements.
At the date of these financial statements, the recoverability of irregular expenditure relating to performance bonusses has not yet been investigated. All instances of irregular expenditure will be reviewed by management and subsequently submitted to the Municipal Public Accounts Committee (MPAC) for consideration. Following MPAC's review, the expenditure will be submitted to Council for resolution in terms of section 32 of the MFMA regarding condonement, recovery or write-off.

The Auditor-General will audit the irregular expenditure as part of the annual financial statements process. No determination has yet been made on whether the expenditure is recoverable, irrecoverable, or subject to write-off.

35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	2025 R	2024 R
35.1 Contributions to organised local government - SALGA (incl.VAT)		
Opening Balance	-	-
Council Subscriptions	740 028	715 140
Subscriptions Amount Paid - current year	(753 278)	(720 140)
Subscriptions Amount Paid - previous years	-	(7 705)
Council Members Assembly and Levies	13 250	12 705
Balance Unpaid (included in Payables from Exchange Transactions)	**-**	**-**
35.2 Audit Fees (incl. VAT)		
Opening Balance	-	-
Current year Audit Fee	2 524 973	2 679 720
Amount Paid by National Treasury	(1 224 985)	(1 073 702)
Amount Paid - current year	(600 000)	(1 606 018)
Amount Paid - previous years	-	-
Balance Unpaid (included in Payables from Exchange Transactions)	**699 988**	**-**

35.3 VAT
The net of VAT input payables and VAT output receivables are shown in Note 4. All VAT returns have been submitted by the due date throughout the year.

	2025 R	2024 R
35.4 PAYE, Skills Development Levy and UIF		
Opening Balance	-	905 472
Current year Payroll Deductions	12 687 980	11 581 020
Amount Paid - current year	(12 598 276)	(11 581 020)
Amount Paid - previous years	-	(905 472)
Balance Unpaid (included in Payables from Exchange Transactions)	**89 704**	**-**

	2025 R	2024 R
Balance Unpaid - Prior year	-	-
Balance Unpaid - June	89 704	-
Balance Unpaid (included in Payables from Exchange Transactions)	**89 704**	**-**

35.5 Pension and Medical Aid Deductions

	2025 R	2024 R
Opening Balance	107 989	96 676
Current year Payroll Deductions and Council Contributions	15 913 289	14 860 811
Amount Paid - current year	(15 798 037)	(14 752 822)
Amount Paid - previous years	(107 989)	(96 676)
Balance Unpaid (included in Payables from Exchange Transactions)	**115 252**	**107 989**

The unpaid balance refer to June month's outstanding balance and is payable before 7 July 2025.

35.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

35.7 Non-Compliance with the Municipal Finance Management Act

No known matters existed at reporting date.

35.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the Council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Acting Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

Deviations from the tender stipulations in terms of the District Municipality's Supply Chain Management Policy were submitted to Council quarterly, which condoned the various cases.

The following deviations from the tender stipulations in terms of the District Municipality's Supply Chain Management Policy were ratified by the Acting Municipal Manager and reported to Council:

Department	Successful Tenderer	Occasions	Reason	Amount
EXECUTIVE AND COUNCIL	Various	2	Single provider only	813 700
	Various	24	Impractical for procurement processes	119 900
26 Occasions during the year amounts to R933 600				
FINANCE AND ADMINISTRATION	Various	40	Single provider only	2 734 858
	Various	87	Impractical for procurement processes	155 571
	Various	2	Emergency	80 400
129 Occasions during the year amounts to R2 970 830				
			Total:	**3 904 430**

35.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

The Electricity and Water functions were transferred to the Local Municipalities. Thus no material Electricity and Water Losses occurred.

36 ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BALCK ECONOMIC EMPOWERMENT ACT

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

	2025	2024
	R	R

37 COMMITMENTS FOR EXPENDITURE

37.1 Capital Commitments

The District Municipality had no capital commitments at year-end.

37.2 Operational Commitments

	2025	2024
- Approved and Contracted for:-	**1 846 130**	**3 784 040**
General Voice Equipment	756 000	-
Copier Machine Rentals	-	341 033
PMS System	1 090 131	1 468 916
Rural Road Management - Phatsimo Management	-	1 974 090
- Approved but Not Yet Contracted for:-	**1 538 214**	**-**
Copier Machine Rentals	1 538 214	-
Total Operational Commitments	**3 384 344**	**3 784 040**
This expenditure will be financed from:		
Government Grants	-	1 974 090
Own Resources	3 384 344	1 809 949
	3 384 344	**3 784 040**

General Voice Equipment:

The District Municipality has an agreement with ITEC to rent and maintain a telephone system from 1 July 2021 to 30 June 2024. There are only annual escalations on the maintenance contract and the total tender value of R2 423 385 (incl. VAT) was awarded in April 2021.

The District Municipality has an agreement with ITEC to rent and maintain a telephone system from 1 September 2024 to 31 August 2027. There are only annual escalations on the maintenance contract and the total tender value of R1 134 000 (incl. VAT) was awarded in August 2024.

On 30 June 2025 the outstanding commitment to ITEC was R756 000 (incl. VAT). ITEC was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

Copier Machines:

The District Municipality has a rental and maintenance agreement with ITEC for copier machines from 1 June 2022 to 31 May 2025. There are only annual escalations on the maintenance contract and the total tender value of R1 098 378 (incl. VAT) was awarded in June 2022.

The District Municipality has a rental and maintenance agreement with ITEC for copier machines from 1 July 2025 to 30 June 2028. There are only annual escalations on the maintenance contract and the total tender value of R1 098 378 (incl. VAT) was awarded in June 2025.

On 30 June 2025 the outstanding commitment to ITEC was R1 538 214 (incl. VAT). ITEC was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality incorrectly included an rental escalation in the Tender Register on 30 June 2024. Therefore, Commitments were retrospectively decreased by R63 430 and the Tender Value was retrospectively decreased by R94 828 on 30 June 2024.

PMS System:

The District Municipality has a rental and maintenance agreement with CCG Systems for a PMS System from 1 January 2024 to 31 December 2026. There are no annual escalations and the total tender value of R1 859 916 (incl. VAT) was awarded in January 2024.

On 30 June 2025 the outstanding commitment to CCG Systems was R1 090 131 (incl. VAT). CCG Systems was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

Outstanding Orders:

The District Municipality had no outstanding orders at year-end for services and goods not yet delivered. Therefore the District Muncipality had no commitments with suppliers to render services or goods after year-end.

38 FINANCIAL INSTRUMENTS

38.1 Classification

FINANCIAL ASSETS:
In accordance with GRAP 104.13 the Financial Assets of the District Municipality are classified as follows:

Financial Assets	Classification	2025 R	2024 R
Non-current Investments			
Fixed Deposits	Amortised cost	2 433 331	1 719 010
Long-term Receivables			
Finance Lease Receivable	Amortised cost	3 881	4 689
Staff Related Long Term Receivables	Amortised cost	46 600	51 435
CPMD Debtors	Amortised cost	46 600	51 000
Payroll Debtors	Amortised cost	-	435
Receivables from Exchange Transactions			
Merchandising, Jobbing and Contracts	Amortised cost	136 015	189 833
Cash and Cash Equivalents			
Call Deposits	Amortised cost	7	6
Bank Balances	Amortised cost	165 838	451 554
Cash Floats and Advances	Fair value	927	268
Current Portion of Long-term Receivables			
Finance Lease Receivable	Amortised cost	3 600	3 600
Staff Related Long Term Receivables	Amortised cost	6 874	9 583
CPMD Debtors	Amortised cost	4 800	4 800
SCM Debtors	Amortised cost	-	2 383
Payroll Debtors	Amortised cost	2 074	2 400

SUMMARY OF FINANCIAL ASSETS

		2025 R	2024 R
Financial Assets at Amortised Cost:			
Non-current Investments	Fixed Deposits	2 433 331	1 719 010
Long-term Receivables	Finance Lease Receivable	3 881	4 689
Long-term Receivables	Staff Related Long Term Receivables	46 600	51 435
Receivables from Exchange Transactions	Property Rental Debtors	136 015	189 833
Current Portion of Long-term Receivables	Finance Lease Receivable	3 600	3 600
Current Portion of Long-term Receivables	Staff Related Long Term Receivables	6 874	9 583
Cash and Cash Equivalents	Call Deposits	7	6
Cash and Cash Equivalents	Bank Balances	165 838	451 554
		2 796 146	2 429 709
Financial Assets at Fair Value:			
Cash and Cash Equivalents	Cash Floats and Advances	927	268
		927	268
Total Financial Assets		**2 797 073**	**2 429 978**

FINANCIAL LIABILITIES:
In accordance with GRAP 104.13 the Financial Liabilities of the District Municipality are classified as follows:

Financial Liabilities	Classification	2025 R	2024 R
Long-term Liabilities			
Finance Lease Liabilities	Amortised cost	355 060	-
Payables from Exchange Transactions			
Other Payables: Salary Clearing and Control	Amortised cost	429 337	293 700
Salary Related Payables	Amortised cost	426 080	-
Trade Creditors	Amortised cost	1 773 230	842 777
Payables from Non-exchange Transactions			
Current Portion of Long-term Liabilities			
Finance Lease Liabilities	Amortised cost	272 265	280 056
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Finance Lease Liabilities	355 060	-
Payables from Exchange Transactions	Other Payables	429 337	293 700
Payables from Exchange Transactions	Salary Related Payables	426 080	-
Payables from Exchange Transactions	Trade Creditors	1 773 230	842 777
Current Portion of Long-term Liabilities	Finance Lease Liabilities	272 265	280 056
		3 255 971	1 416 533
Total Financial Liabilities		**3 255 971**	**1 416 533**

38.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash
The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments
The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Loan Receivables/Payables
Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and Other Receivables/Payables
The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the District Municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the District Municipality and other parties as well as the current payment ratio's of the District Municipality's debtors.

Other Financial Assets and Liabilities
The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities
The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2025, as a result of the short-term maturity of these assets and liabilities.

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	30 June 2025		30 June 2024	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Measured at Amortised Cost:	2 796 146	2 796 146	2 429 709	2 429 709
Fixed Deposits	2 433 331	2 433 331	1 719 010	1 719 010
Call Deposits	7	7	6	6
Bank Balances	165 838	165 838	451 554	451 554
Short-term Portion of Investments	-	-	-	-
Long-term Receivables	50 481	50 481	56 124	56 124
Trade Receivables from Exchange Transactions	136 015	136 015	189 833	189 833
Trade Receivables from Non-exchange Transactions	-	-	-	-
Current Portion of Long-term Receivables	10 474	10 474	13 183	13 183

	30 June 2025		30 June 2024	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
Measured at Fair Value	927	927	268	268
Cash and Cash Equivalents	927	927	268	268
Total Financial Assets	2 797 073	2 797 073	2 429 978	2 429 978
FINANCIAL LIABILITIES				
Measured at Amortised Cost:	3 255 971	3 255 971	1 416 533	1 416 533
Finance Lease Liabilities	355 060	355 060	-	-
Trade and Other Payables:				
- Payables from Exchange Transactions	2 628 647	2 628 647	1 136 477	1 136 477
- Current Portion of Long-term Liabilities	272 265	272 265	280 056	280 056
Total Financial Liabilities	3 255 971	3 255 971	1 416 533	1 416 533
Total Financial Instruments	(458 898)	(458 898)	1 013 445	1 013 445
Unrecognised Gain / (Loss)		-		-

No Financial Instruments of the District Municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-
Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-
Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-
Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2025

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	927	-	927
Total Financial Assets	-	927	-	927
Total Financial Instruments	-	927	-	927

30 June 2024

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	268	-	268
Total Financial Assets	-	268	-	268
Total Financial Instruments	-	268	-	268

38.3 Capital Risk Management

The District Municipality manages its capital to ensure that the District Municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The District Municipality's overall strategy remains unchanged from 2024.

The capital structure of the District Municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in the Statement of Changes in Net Assets.

Gearing Ratio

	2025 R	2024 R
The gearing ratio at the year-end was as follows:		
Debt	627 324	280 056
Cash and Cash Equivalents	(166 772)	(451 829)
Net Debt	460 552	(171 773)
Equity	(23 718 756)	(19 006 771)
Net debt to equity ratio	**-1.94%**	**0.90%**

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the District Municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

38.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the District Municipality's Risk Management Framework. The District Municipality's Risk Management policies are established to identify and analyse the risks faced by the District Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

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

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

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

Further quantitative disclosures are included throughout these Annual Financial Statements.

38.5 Significant Risks

It is the policy of the District Municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the District Municipality is exposed on the reporting date.

The District Municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk
Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the District Municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk
Credit Risk is the risk of financial loss to the District Municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the District Municipality's receivables from customers and investment securities.

Liquidity Risk
Liquidity Risk is the risk that the District Municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The District Municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the District Municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 38.8 to the Annual Financial Statements.

38.6 Market Risk

The District Municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 38.7 below). No formal policy exists to hedge volatilities in the interest rate market.

38.6.1 Foreign Currency Risk Management

The District Municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

38.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 38.8 below:

38.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the District Municipality. The District Municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The District Municipality uses its own trading records to assess its major customers. The District Municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The District Municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses.
Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the District Municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.
Consumer Debtors were transferred to the Local Municipalities.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The District Municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The District Municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The District Municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

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

The District Municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The District Municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

	2025 R	2024 R
Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the District Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:		
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Fixed Deposit Investments	2 433 331	1 719 010
Long-term Receivables	60 955	69 306
Receivables from Exchange Transactions	136 015	189 833
Bank, Cash and Cash Equivalents	166 772	451 829
Maximum Credit and Interest Risk Exposure	**2 797 073**	**2 429 978**

38 FINANCIAL INSTRUMENTS (Continued)

38.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the District Municipality's short, medium and long-term funding and liquidity management requirements. The District Municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note N/A C67is a listing of additional undrawn facilities that the District Municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The District Municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the District Municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the District Municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2025								
Non-interest Bearing		0%	8 375 782	8 375 782	-	-	-	-
- Payables from Exchange transactions	12	0%	8 375 782	8 375 782	-	-	-	-
Fixed Interest Rate Instruments		15%	627 324	135 102	137 163	301 120	53 940	-
- Long-term Liabilities	14	15%	627 324	135 102	137 163	301 120	53 940	-
			9 003 107	**8 510 884**	**137 163**	**301 120**	**53 940**	**-**
30 June 2024								
Non-interest Bearing		0%	6 555 700	6 555 700	-	-	-	-
- Payables from Exchange transactions	12	0%	6 555 700	6 555 700	-	-	-	-
Fixed Interest Rate Instruments		17%	280 056	149 816	130 240	-	-	-
- Long-term Liabilities	14	17%	280 056	149 816	130 240	-	-	-
			6 835 756	**6 705 516**	**130 240**	**-**	**-**	**-**

The following table details the District Municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the District Municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2025								
Non-interest Bearing		0%	196 970	141 252	5 237	10 474	40 007	-
- Long-term Receivables			60 955	5 237	5 237	10 474	40 007	-
- Trade Receivables from Exchange Transactions			136 015	136 015	-	-	-	-
- Trade Receivables from Non-exchange Transactions			-	-	-	-	-	-
Variable Interest Rate Instruments		**2.5%**	165 845	165 845	-	-	-	-
- Call Deposits		9.0%	7	7	-	-	-	-
- Bank Account		2.5%	165 838	165 838	-	-	-	-
Fixed Interest Rate Instruments		**10.5%**	2 433 331	2 433 331	-	-	-	-
- Fixed Deposits		10.5%	2 433 331	2 433 331	-	-	-	-
			2 796 146	**2 740 428**	**5 237**	**10 474**	**40 007**	**-**
30 June 2024								
Non-interest Bearing		0%	259 139	196 424	6 591	13 183	42 941	-
- Long-term Receivables			69 306	6 591	6 591	13 183	42 941	-
- Trade Receivables from Exchange Transactions			189 833	189 833	-	-	-	-
- Trade Receivables from Non-exchange Transactions			-	-	-	-	-	-
Variable Interest Rate Instruments		**2.5%**	451 561	451 561	-	-	-	-
- Call Deposits		9.0%	6	6	-	-	-	-
- Bank Account		2.5%	451 554	451 554	-	-	-	-
Fixed Interest Rate Instruments		**10.2%**	1 719 010	1 719 010	-	-	-	-
- Fixed Deposits		10.2%	1 719 010	1 719 010	-	-	-	-
			2 429 709	**2 366 995**	**6 591**	**13 183**	**42 941**	**-**

38.9 Other Price Risks

The District Municipality is not exposed to equity price risks arising from equity investments as the District Municipality does not trade these investments.

39 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The District Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.

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

(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the District Municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the District Municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R1 835 821 (2024: R1 664 298) represents contributions payable to these plans by the District Municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED CONTRIBUTION SCHEMES

LA Retirement Fund/Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation which is not the responsibility of the District Municipality. The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The statutory valuation performed as at 30 June 2023 revealed a funding level of 120.3% for the Pensioner Account and the Defined Contribution Section was 100% funded.

Consolidated Retirement Fund::

The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

The Cape Retirement Fund operates as a defined contribution scheme. The last actuarial valuation performed for the year ended 30 June 2023 revealed that the fund has a funding level of 100,2% for the Preservation Pensions account, 120,1% for the Pension Account and the solvency reserve protects the Pension Account in the event of potential adverse experiences. The contribution rate paid by the members (9%) and Municipalities (18%) is sufficient to fund the benefits accruing from the fund in the future.

The fund is in a sound financial condition at the valuation date.

Municipal Councillors Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2015.

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R2,551,861,000 (30 June 2014 : R2,229,410,000), with funding levels of 101.08% (30 June 2014: 98.83%). The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2015, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

The appointment of a Curator in terms of section 5(1) of the Financial Institutions (protection of funds) Act 2001 for the whole of the business of the Municipal Councillors Pension Fund was done in December 2017. Due to the provisional curatorship, a short monatorium has been placed on the payment of benefits to members/beneficiaries. In terms of the curatorship order, the Court ordered as follows: 1. The provisional Curatorship order of the 19th December 2017 is made a final; 2. The Curator shall furnish the Registrar of the Pension Fund with progress report; 3. The Curator must deliver a further progress report to the Court by no later than 31st October 2018 which report deals with the status of curatorship as at the 30th September 2018; on the curatorship once every two months;.

National Fund for Municipal Workers - Provident Fund:

The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

Members contribute at a rate of not less than 7,5% of salaries, as required by the Rules. Employers contribute at a total rate of not less than 18,0%. At the valuation date of 30 June 2023 the National Fund for Municipal Workers the Valuator stated that the fund's assets are exactly sufficient (100.0%) to meet members' liabilities and reserve account balances.

The fund is in the process of amending its rules to give the ability to self-insure all or part of the risk benefits, which is not inappropriate given the membership structure of the fund. Consideration must, however, be given to both the financial and operational implications for the Fund, it's administrator as well as the various participating employers.

The assets of the fund are sufficient to cover the members' liabilities and the fund is hence financially sound.

None of the above mentioned plans are State Plans.

40 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

40.1 Interest of Related Parties

Councillors and/or Management of the District Municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
W.R Peterson	Speaker	Director at China South Africa Mining International Development
		Director at Exclusive Access Trading 519
		Director at Khoisan Heritage
		Director at Northern Cape Desert Dreams Corporation
		Director Stanrob Property Investment
		Member at Temla 107
		Director at Xiri holdings
		Director at Khoikhoi Biodiversity Investment Holdings
		Non-Executive Director at Eac1feeds1
S. Sandlana	Councillor	Director at K2020861781
		Director at UCEDO 4+1 Organization Primary Co-operative LTD
		Director at ZFM Meter district Taxi organization
R.B. Saal	Councillor	Director at SAJA Consulting and Construction
P.T. Van Der Steen	Councillor	Director at Loodgieter Van Der Steen
		Director at Northern Cape Development Forum
		Member at Van Der Steen Pomp en Pyp
		Member at Jesu Nkosi Monuments
A. Matshimo	Councillor	Member at Inyameko Trading 272
P. Mgcera	Councillor	Director at Phathilizwe Enterprise
E. Mompe	Councillor	Director at Nmompe Enterprise
		Director at Thixo Somandla
A. Kotzee	Councillor	Director at Tierberg Kahamel
H. De Koker	Councillor	Member at Tumelo Youth Farm
M. Louw	Councillor	Director at Mawele Konstruksie
A.J. Ruiters	Councillor	Director at Tsansabane Local Football association
K. Keorometswe	Councillor	Director at Enkelo Enterprise
		Director at Katlo Ya Lona Projects
		Director at Month Baskets General trading
D. Pienaar	Councillor	Director at Wonderers Youth Academy
		Director at De Hala enterprise

Name of Related Person	Designation	Description of Related Party Relationship
		Director at Denha Cash loans
		Director at DRP Property Investments
		Director at Futu Holdings
		Director at Futu Investments
		Director at Phutanang Recycling Primary Corporative Limited
		Director at Kgatelopele Business forum
		Director at Likade trading
		Co-Founder at Phutanang Recycling Primary Corporative Limited
		Director at Phatsimo 101
K.S. Boer	Councillor	Director at K F Sceffling Construction
J.C. Boucher	Councillor	Director at Triple eye Holdings
		Director at Tsantsi Unemployment and Business
A. Phete	Acting Municipal Manager	Director at Fountain of Life Ministries
		Member at Inyameko Trading 272
		Director at Keorapetsi Avenue
		Member at Take Shape Properties 210
G.B. Cloete	Middle Manager	Member at BC2S Construction Consulting and trading services
C.M. Mathe	Middle Manager	Director at O Mogolo Homes
		Director at Our Solid Foundation
		Director at O Mogolo Jehovah
M. Manyehe	Middle Manager	Director at Brownsugar Communications
J. Willemse	Middle Manager	Director at Brainwave Projects
E. Van Der Westhuizen	Middle Manager	Director at Second Home Hostel
J.A. Kitching	Middle Manager	Member ar Ablaze Trading 258
		Director at ANSEC 133
J. Linden	Middle Manager	Director at Hazfree Waste Management
M. Wolfe	Middle Manager	Director at GFTM Service and Advisory
		Director at Save a Child
G. Booysen	SCM Official	Member at GSNF Construction
L. De Klerk	Financial Intern	Director at SKYY Holdings
K. Kitching	Manager's Spouse	Director at ANSEC 133
J. Van Der Westhuizen	Manager's Spouse	Director at Second Home Hostel
E.E. Job	Manager's Spouse	Director at Zwanofe Contractors
M. Willemse	Manager's Spouse	Director at K2023735744
		Director at Ubuntu Business Investments
E. Job	Managers Spouse	Director at Zwanofe Contractors
B.L. Britz	Managers Spouse	Director at RV Gasp Primary Co-Operative limited
		Founding Member of RV Gasp Primary Co-operative limited
L.S. More (resigned)	Audit Committee	Trust Holder at Accredited Office
		Director at BBM Bestuurdienste
		Director at Becker and More Prokureurs
		Director at Cumacor 147
		Director at Gresse Motorgroep
		Director at Infinite Deals 120
		Director at Karibu Innovation
		Director at Marang Bophelo
K.A. Nkoe	Audit Committee	Director at Nkoe and Associates chartered certified accountants
W.A. Present	Audit Committee	Director at Andile Present Attorneys
		Director at Mihzania Investments
		Director at WAP Holdings
		Director at Ziyanda Visual Design Studio
U. Thys	Audit Committee	Director at Mpamot Africa
		Director at PDNA Da Vinci Academy
		Director at Superlane 140

The following Councillors and/or Management of the District Municipality was in businesses but resigned from the business:

Name of Related Person	Designation	Description of Related Party Relationship
D. Pienaar	Councillor	Director at Futu Renewal Energy park
		Director at JHD Enterprise
		Director at Kgosi Engineers
		Director at Vision Valley Technologies
		Director at Adonai Enterprize
R.B. Saal	Councillor	Member at Astradeals 104
		Director at Kalahari Kuierfees
		Member at Jika Training
		Director at Lemoendraai Farmers Primary Co-Operative Limited
		Founding Member at Lemoendraai Farmers Primary Co-operative Limited
J.C. Boucher	Councillor	Director at Mavidobo Bouers
M.A. Willemse	Councillor	Director at K2023735744
		Director at Ubuntu Business investments
P.J. George	Councillor	Director at Doods and George Trading
		Director at Philander and George Trading
J. Willemse	Middle Manager	Director at Black Sparrow Trading
K. Kitching	Managers Spouse	Director at Hemiprox
B.L. Britz	Managers Spouse	Director at Upington Security Watch
A. Van Zyl	Directors Spouse	Director at Ansec
		Director at Hemiprox
		Member at Strauss Van Zyl
L.S. More (resigned)	Audit Committee	Director at Flexcor Fifteen
		Director at Knonollek Construction
		Director at Moret Mining Northern Cape
U. Thys	Audit Committee	Member at Abotipho Investments
		Director at Aspen Hills home owners association
		Director at Merz and Mclellan
		Director at Mott Macdonald Contracting
		Director at Mott Macdonald development SA
		Director at Mott Macdonald Holdings
		Director at PDNA
		Director at PDNA Holdings
		Director at Phambili Merz

The following Councillors and/or Management of the District Municipality have no relationships with businesses:

Name of Related Person	Designation	Description of Related Party Relationship
M.C. Basson	Executive Mayor	No relationship with businesses
C.F.P. Bezuidenhout-Maasdorp	Councillor	No relationship with businesses
S. Abel	Councillor	No relationship with businesses
F.L. Witbooi	Councillor	No relationship with businesses
A. Johnson	Councillor	No relationship with businesses
J. Balies	Councillor	No relationship with businesses
F. Basson	Councillor	No relationship with businesses
M.H.B. Van Zyl	Councillor	No relationship with businesses
R. Kgatlane	Councillor	No relationship with businesses
J. Silo	Councillor	No relationship with businesses
A. Kotzee	Councillor	No relationship with businesses
I. De Waal	Direcor	No relationship with businesses
D.J. Van Zyl	Director	No relationship with businesses
E. Britz/Isaacs	Director	No relationship with businesses
A. Tieties	Middle Manager	No relationship with businesses
F.J. Strauss	Middle Manager	No relationship with businesses
H. Mchlauli	Middle Manager	No relationship with businesses
B. Van Kradenburg	Middle Manager	No relationship with businesses
A. Phete	Middle Manager	No relationship with businesses
R. Snyders	Middle Manager	No relationship with businesses

Name of Related Person	Designation	Description of Related Party Relationship
T. Galloway	Middle Manager	No relationship with businesses
B. Feris	Middle Manager	No relationship with businesses
B. Knouwds	Middle Manager	No relationship with businesses
J. Nengome	Middle Manager	No relationship with businesses
F. Rupping	Middle Manager	No relationship with businesses
J. Shorty	Middle Manager	No relationship with businesses
G. Present	Middle Manager	No relationship with businesses
T. Job/Coetzee	Middle Manager	No relationship with businesses
H. Theron	Middle Manager	No relationship with businesses
S. Berend	Middle Manager	No relationship with businesses
G. Kuun	Middle Manager	No relationship with businesses
T. Louw	Middle Manager	No relationship with businesses
S. Botha	Middle Manager	No relationship with businesses
C. Swarts	SCM Official	No relationship with businesses
D. Molise	Finance Learnership	No relationship with businesses
L.C.C. Drawer	Financial Intern	No relationship with businesses
N. Mchlauli	Managers Spouse	No relationship with businesses
M. Theron	Managers Spouse	No relationship with businesses
R. Galloway	Manager's Spouse	No relationship with businesses
J.M. Snyders	Manager's Spouse	No relationship with businesses
L.G. Cloete	Manager's Spouse	No relationship with businesses
J.P. Berend	Manager's Spouse	No relationship with businesses
B. Feris	Managers Spouse	No relationship with businesses
N.D. Isaacs	Manager's Spouse	No relationship with businesses
T. Linden	Manager's Spouse	No relationship with businesses
A.M. Shorty	Manager's Spouse	No relationship with businesses

40.2 Services rendered to Related Parties

During 2024/25, legal services relating to the Sky Metro Equipment (Pty) Ltd matter (Note 41.1) were procured from Becker, Bergh & More Attorneys, where former Audit Committee member Mr. L. More is employed. As the proceedings commenced after his resignation, no direct conflict exists, but the relationship is disclosed for transparency. Services amounted to R62 000. No payment was made in 2024/25; the amount was settled in July 2025.

40.3 Loans granted to Related Parties

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by ZF Mgcawu District Municipality.

40.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Appendix G, to the Annual Financial Statements.

40.5 Purchases from Related Parties

The District Municipality did not purchase goods from anyone during the year that can be considered as a related party.

40.6 Related Parties of Spouses

The District Municipality performed CIPC checks on spouses of senior- and middle managers during the year to identify related party transactions but none were identified..

41 CONTINGENT LIABILITIES

41.1 Court Proceedings:	**900 000**	**-**
(i) Sky Metro Equipment (Pty) Ltd:	900 000	-

A claim has been lodged against the District Municipality, handled by Becker, Bergh & More Attorneys. The matter relates to the authority of the Bid Evaluation Committee and Bid Adjudication Committee in respect of their discussions and possible appeals regarding the awarding, alternatively declining, of tenders. This represents a possible obligation to the District Municipality.

42 CONTINGENT ASSETS

The District Municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

43 IN-KIND DONATIONS AND ASSISTANCE

The District Municipality did not receive any In-kind Donations and Assistance during the year under review.

44 PRIVATE PUBLIC PARTNERSHIPS

The District Municipality was not a party to any Private Public Partnerships during the year under review.

45 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2025.

46 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 33).

47 SEGMENT REPORTING

For management purposes the District Municipality is broadly organised into business units based on the nature of operations and the services they provide. The Municipality has the following primary reportable segments:

- ***The segment for Executive and Council***
  This segment consists of services such as executive services and support services.

- ***The segment for Finance and Administration***
  This segment consists of all services for the financial management corporate and communication services of all the municipal services.

- ***The segment for Internal Audit***
  This segment consists of all services to provide assurance that internal controls in place are adequate to mitigate the risks, governance processes are effective and efficient, and organizational goals and objectives are met.

- ***The segment for Public Safety***
  This segment consists of all services for disaster management to effectively prepare for and responding to disasters.

- ***The segment for Health***
  This segment consists of all services for environmental health and safety regulations.

- ***The segment for Planning and Development***
  This segment consists of infrastructure services such as engineering services, SPLUM regulations and housing services.

- ***The segment for Tourism***
  This segment consists of services such as tourism services.

No individually material operating segments have been aggregated to form the above reportable operating segments. The Municipality does not monitor segments geographically.

Management does not monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. However, the Municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group basis and are not allocated to operating segments.

Inter-business unit services are not valued and are deemed to have been supplied for no consideration, and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the non-financial service performance information.

The segmental information for Capital Assets of the Municipality is disclosed in Note 51.

48 GOING CONCERN ASSESSMENT

Management considered the following matters in assessing the going concern position of ZF Mgcawu District Municipality:

1. Budget Adoption
On 28 May 2025, Council adopted the 2025/26 to 2027/28 Annual Final Budget (MTREF), which funds the essential operations of the District Municipality to fulfill its statutory mandate. The MTREF remains unfunded for all three years, and the 2024/25 adjustment budget was tabled on 28 February 2025.

2. Independent Assessment
Provincial Treasury conducted an independent assessment of the 2025/26 draft budget, which confirmed negative cash-backing for 2025/26 and the two outer years.

3. Cash Management Processes
Bi-weekly cash management processes monitor all inflows and outflows against the cash flow forecast, complemented by regular reporting of actual cash positions, associated risks, and remedial actions.

4. Cost Containment and Budget Monitoring
Cost containment and budget monitoring policies, adopted by Council on 28 May 2025, measure operational and capital budget performance monthly. Cash flow challenges arise primarily from the timing of equitable share payments.

5. Grant Dependency and Financial Monitoring
The Municipality is largely grant-dependent and provides mandatory support to local municipalities. Key financial ratios (including liquidity, cost coverage, debtors' collection rates, and creditors' payment terms) are closely monitored, and corrective actions implemented.

6. External Funding Initiatives
Management has developed business plans and alternative funding strategies to augment revenue resources and address historical funding shortfalls.

7. Creditor Management
All outstanding creditors as at 30 June 2025 were included in the cash management report.

8. Budget Funding Implementation Plan
Council has adopted an implementation plan detailing how to transition from an unfunded budget to a fully funded budget. The Municipality is actively implementing the recommendations of this plan.

9. Strategic Oversight
Strategic oversight and guidance from the Executive Mayor support the Municipality's financial sustainability.

The District Municipality faces unfunded budgets, reliance on grants, and timing-related cash flow constraints. These risks are mitigated through strict cash management, cost containment policies, alternative funding initiatives, budget implementation plans, and ongoing monitoring of financial ratios.

Taking these factors into account, management has prepared the Annual Financial Statements on a going concern basis, supported by the measures outlined above. Based on current information, management has concluded that there is no material uncertainty that may cast significant doubt on the Municipality's ability to continue as a going concern.

51 SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2025

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R
Executive and Council											
Council Administration	99 725	26 869	-	-	126 593	(75 774)	(12 986)	-	-	(88 759)	37 834
Council Services	1 489 314	6 800	-	(10 616)	1 485 498	(711 515)	(142 838)	-	9 555	(844 799)	640 699
Municipal Manager	344 619	24 000	-	(3 325)	365 294	(267 110)	(22 822)	-	2 957	(286 975)	78 319
Finance and Administration											
Administration	382 318	91 500	-	(7 435)	466 383	(178 833)	(59 470)	-	6 703	(231 600)	234 783
Asset Management Unit	39 583	-	-	(6 745)	32 838	(16 101)	(7 872)	-	6 206	(17 767)	15 071
Budget & Treasury Office	14 985	-	-	(4 997)	9 988	(11 591)	(1 054)	-	4 597	(8 048)	1 941
Expenditure Unit	19 479	27 717	-	-	47 196	(12 740)	(7 918)	-	-	(20 658)	26 538
Financial Services	788 924	-	-	(12 416)	776 508	(645 139)	(35 432)	-	11 235	(669 336)	107 172
Human Resources	158 317	-	-	(2 278)	156 040	(129 009)	(8 773)	-	2 095	(135 688)	20 352
Information Technology	3 957 309	1 287 956	-	(1 832 887)	3 412 378	(2 974 361)	(756 373)	-	1 817 083	(1 913 650)	1 498 728
Property Services	20 273 242	-	-	(22 306)	20 250 936	(1 902 549)	(83 520)	-	20 219	(1 965 850)	18 285 086
Risk Management	13 398	-	-	-	13 398	(8 226)	(3 494)	-	-	(11 720)	1 678
Supply Chain Management	8 952	41 889	-	-	50 841	(6 041)	(4 686)	-	-	(10 727)	40 114
Vehicles	-	-	-	-	-	-	-	-	-	0	0
Health											
Environmental Health	91 769	18 478	-	(4 042)	106 205	(62 381)	(19 182)	-	3 711	(77 851)	28 355
Planning and Development											
Communication & Liaison	46 452	-	-	-	46 452	(14 553)	(13 116)	-	-	(27 669)	18 783
Engineering Services	897 921	22 280	-	(23 178)	897 023	(241 798)	(142 212)	-	21 182	(362 828)	534 195
Housing Accreditation	54 819	9 326	-	(1 754)	62 391	(38 167)	(7 435)	-	1 614	(43 988)	18 403
LED	1 444	-	-	-	1 444	(1 299)	(0)	-	-	(1 299)	144
PIMMS	9 957	-	-	-	9 957	(9 075)	(83)	-	-	(9 157)	799
Performance Management	89 524	-	-	(13 978)	75 546	(69 412)	(10 004)	-	12 842	(66 575)	8 971
Technical Support Services	55 567	-	-	(4 000)	51 567	(50 244)	(1)	-	3 680	(46 565)	5 003
Internal Audit											
Internal Audit	156 219	-	-	-	156 219	(129 386)	(6 604)	-	-	(135 990)	20 229
Other											
Tourism	37 421	-	-	(270)	37 151	(33 703)	(1)	-	248	(33 455)	3 695
Public Safety											
Disaster Management	26 388	-	-	-	26 388	(18 026)	(4 545)	-	-	(22 571)	3 817
Total Asset Register	**29 057 645**	**1 556 815**	**-**	**(1 950 227)**	**28 664 233**	**(7 607 034)**	**(1 350 419)**	**-**	**1 923 927**	**(7 033 525)**	**21 630 707**

52 SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

2024 Actual Income	2024 Budgeted Income	2024 Actual Expenditure	2024 Budgeted Expenditure	2024 Surplus/ (Deficit)	Description	2025 Actual Income	2025 Budgeted Income	2025 Actual Expenditure	2025 Budgeted Expenditure	2025 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
					Municipal Governance and Administration					
250 000	500 000	19 615 172	19 615 335	(19 365 172)	Executive and Council	-	500 000	21 525 091	21 678 249	(21 525 091)
86 842 251	86 304 654	46 042 855	46 046 895	40 799 395	Finance and Administration	87 971 102	89 089 087	47 158 201	47 220 110	40 812 901
		30 000	796 098	(30 000)	Bad Debt			4 824	671 830	(4 824)
	-	-	-	-	Surplus/Deficit		-	-	-	
86 842 251	86 304 654	46 072 855	46 842 993	40 769 395	Finance and Administration (incl Bad Debt)	87 971 102	89 089 087	47 163 025	47 891 940	40 808 077
-	-	3 885 348	3 886 705	(3 885 348)	Internal Audit	-	-	3 823 105	3 878 285	(3 823 105)
					Community and Public Safety					
-	-	3 225 607	3 225 768	(3 225 607)	Public Safety	-	-	3 325 886	3 377 816	(3 325 886)
-	-	7 206 173	7 206 199	(7 206 173)	**Health**	-	-	6 673 144	6 673 567	(6 673 144)
					Economic and Environmental Services					
4 328 000	4 328 000	12 639 415	12 642 956	(8 311 415)	Planning and Development	4 218 000	4 608 000	12 472 730	12 472 824	(8 254 730)
500 000	500 000	1 491 509	1 491 698	(991 509)	**Other**	-	-	1 237 377	1 239 986	(1 237 377)
91 920 251	**91 632 654**	**94 106 080**	**94 115 556**	**(2 185 829)**	Sub-Total	**92 189 102**	**94 197 087**	**96 215 535**	**96 540 837**	**(4 026 433)**
200 532	3 995 500	854 698	855 598	(654 166)	Gains and Losses	-	3 752 019	685 552	719 035	(685 552)
92 120 783	**95 628 154**	**94 960 778**	**94 971 154**	**(2 839 995)**	**Total**	**92 189 102**	**97 949 106**	**96 901 087**	**97 259 872**	**(4 711 985)**

APPENDIX A

ZF MGCAWU DISTRICT MUNICIPALITY

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2025

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2024	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2025	Carrying Value of Property, Plant & Equip	Other Costs in accordance with MFMA
	R				R	R	R	R	R	R
CAPITAL LEASE LIABILITIES										
COPIERS - 2021/22	660 000	12.4%	-	01/05/2025	228 081	-	(228 081)	-	-	-
COPIERS - 2022/23	130 889	20.6%	-	01/05/2025	51 975	-	(51 975)	-	-	-
TELEHONE SYSTEM - 2024/25	827 313	12.5%	-	01/08/2027	-	827 313	(199 989)	627 324	563 424	-
Total Capital Lease Liabilities	**2 568 202**				**280 056**	**827 313**	**(480 045)**	**627 324**	**563 424**	**-**

Copier Machine Leases:

Finance Lease Liabilities relate to Copier Machines with a lease term of 36 months with a fair value of R660 000 as at 1 June 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 12.4%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 33 months with a fair value of R130 889 as at 1 August 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 20.6%.

Finance Lease Liabilities relate to Telephone System with a lease term of 36 months with a fair value of R827 313 as at 1 September 2024, ending 30 August 2027. The effective interest rate on Finance Leases is 12.5%.

The District Municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The District Municipality’s obligations under Finance Leases are secured by the lessors’ title to the leased assets.

The lease is classified as a finance lease due to the substance of the transaction; The lease term is for the major part of the economic life of the asset and at the inception of the lease the present value of the minimum lease payments exceeded the fair value of the leased assets.

APPENDIX B
ZF MGCAWU DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2025

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R
Land:											
Land	17 976 000	-	-	-	17 976 000	-	-	-	-	-	17 976 000
Other Assets:											
Buildings	2 056 000	-	-	-	2 056 000	(1 686 039)	(82 213)	-	-	(1 768 253)	287 747
Land and Buildings	**20 032 000**	**-**	**-**	**-**	**20 032 000**	**(1 686 039)**	**(82 213)**	**-**	**-**	**(1 768 253)**	**18 263 747**
Computer Equipment											
Computer Hardware	2 464 650	247 841	-	(120 876)	2 591 615	(1 719 157)	(313 258)	-	111 076	(1 921 339)	670 276
Furniture and Office Equipment											
Cabinets And Cupboards	252 780	-	-	-	252 780	(227 441)	(32)	-	-	(227 473)	25 308
Chairs	315 129	-	-	(6 746)	308 383	(279 424)	(1 373)	-	6 071	(274 726)	33 657
Furniture	12 164	737	-	-	12 901	(10 949)	(50)	-	-	(10 999)	1 902
Office Machines & Other	249 028	9 500	-	(2 547)	255 981	(221 947)	(7 211)	-	2 344	(226 815)	29 166
Other Furniture	767 552	135 700	-	(40 268)	862 984	(433 056)	(81 011)	-	36 311	(477 757)	385 227
Printer, Fax, Copier	18 462	-	-	-	18 462	(14 878)	(1 710)	-	-	(16 588)	1 874
Tables And Desks	449 186	6 063	-	(5 530)	449 720	(404 108)	(486)	-	4 977	(399 617)	50 102
Machinery and Equipment											
Fire Fighting Equipment	1 200	-	-	-	1 200	(1 080)	-	-	-	(1 080)	120
Medical Equipment	6 300	-	-	-	6 300	(5 670)	-	-	-	(5 670)	630
Other Equipment	342 809	-	-	-	342 809	(42 111)	(43 786)	-	-	(85 897)	256 912
Radio Equipment	3 000	-	-	-	3 000	(2 700)	-	-	-	(2 700)	300
Security Equipment	115 332	-	-	-	115 332	(92 313)	(6 353)	-	-	(98 666)	16 666
Leased Assets	1 740 889	827 313	-	(1 740 889)	827 313	(1 487 138)	(471 631)	-	1 729 840	(228 928)	598 385
Transport Assets											
Motor Cars	1 572 463	-	-	-	1 572 463	(337 743)	(230 781)	-	-	(568 525)	1 003 939
	8 310 946	**1 227 154**	**-**	**(1 916 856)**	**7 621 244**	**(5 279 716)**	**(1 157 684)**	**-**	**1 890 620**	**(4 546 780)**	**3 074 465**
Total PPE	**28 342 946**	**1 227 154**	**-**	**(1 916 856)**	**27 653 244**	**(6 965 755)**	**(1 239 897)**	**-**	**1 890 620**	**(6 315 032)**	**21 338 212**
Intangible Assets											
Computer Software	714 699	329 661	-	(33 371)	1 010 988	(641 279)	(110 522)	-	33 307	(718 493)	292 495
Total Intangible Assets	**714 699**	**329 661**	**-**	**(33 371)**	**1 010 988**	**(641 279)**	**(110 522)**	**-**	**33 307**	**(718 493)**	**292 495**
Total Asset Register	**29 057 645**	**1 556 815**	**-**	**(1 950 227)**	**28 664 233**	**(7 607 034)**	**(1 350 419)**	**-**	**1 923 927**	**(7 033 525)**	**21 630 707**

APPENDIX E(1)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2025

Description	2024/25										2023/24
	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R		R	R	R	R	R	R
REVENUE - STANDARD											
Municipal Governance and Administration											
Executive and Council	500 000	-	500 000	-	500 000	-	-	(500 000)	0.00	0.00	250 000
Finance and Administration	91 654 675	(2 565 588)	89 089 087	-	89 089 087	87 971 102		(1 117 985)	98.75	95.98	86 842 251
Community and Public Safety											
Public Safety	-	-	-	-	-	-		-	0.00	0.00	-
Economic and Environmental Services											
Planning and Development	4 718 000	(110 000)	4 608 000	-	4 608 000	4 218 000		(390 000)	91.54	89.40	4 328 000
Total Revenue - Standard	96 872 675	(2 675 588)	94 197 087	-	94 197 087	92 189 102	-	(2 007 985)	97.87	95.17	91 920 251
EXPENDITURE - STANDARD											
Municipal Governance and Administration											
Executive and Council	20 954 516	100 959	21 055 475	622 774	21 678 249	21 525 091	-	(153 158)	99.29	102.72	19 615 172
Finance and Administration	49 446 573	(1 535 993)	47 910 580	(18 640)	47 891 940	47 163 025	-	(728 915)	98.48	95.38	46 072 855
Internal Audit	3 956 965	(38 064)	3 918 901	(40 616)	3 878 285	3 823 105	-	(55 180)	98.58	96.62	3 885 348
Community and Public Safety											
Public Safety	3 609 133	(188 188)	3 420 945	(43 129)	3 377 816	3 325 886	-	(51 930)	98.46	92.15	3 225 607
Health	8 326 680	(1 081 613)	7 245 067	(571 500)	6 673 567	6 673 144	-	(423)	99.99	80.14	7 206 173
Economic and Environmental Services											
Planning and Development	12 384 730	67 597	12 452 327	20 497	12 472 824	12 472 730	-	(94)	100.00	100.71	12 639 415
Other	1 156 441	52 931	1 209 372	30 614	1 239 986	1 237 377	-	(2 609)	99.79	107.00	1 491 509
Total Expenditure - Standard	99 835 038	(2 622 371)	97 212 667	-	97 212 667	96 220 359	-	(992 308)	98.98	96.38	94 136 080
Gains and Losses	(3 657 464)	(47 350)	(3 704 814)	-	(3 704 814)	680 728	-	4 385 542	0.00	0.00	624 166
surplus / (deficit) for the year	**695 101**	**(5 867)**	**689 234**	**-**	**689 234**	**(4 711 985)**	**-**	**(5 401 219)**	**(1.11)**	**(1.21)**	**(2 839 995)**

APPENDIX E(2)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2025

Description	2024/25										2023/24
	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R		R	R	R	R	R	R
REVENUE - STANDARD											
Executive & Council	500 000	-	500 000	-	500 000	-	-	(500 000)	0.00	0.00	250 000
Council Services	500 000	-	500 000	-	500 000	-	-	(500 000)	0.00	0.00	250 000
Budget and treasury office	87 699 675	391 815	88 091 490	-	88 091 490	87 552 219	-	(539 271)	99.39	99.83	86 531 488
Budget & Treasury Office	84 746 000	-	84 746 000	-	84 746 000	84 686 060	-	(59 940)	99.93	99.93	63 476 228
Financial Services	2 953 675	391 815	3 345 490	-	3 345 490	2 866 160	-	(479 330)	85.67	97.04	23 055 260
Corporate services	3 955 000	(2 957 403)	997 597	-	997 597	418 883	-	(578 714)	41.99	10.59	310 762
Human Resources	3 955 000	(2 957 403)	997 597	-	997 597	418 883	-	(578 714)	41.99	10.59	310 762
Planning & Development	4 718 000	(110 000)	4 608 000	-	4 608 000	4 218 000	-	(390 000)	91.54	89.40	4 828 000
Engineering Services	4 468 000	30 000	4 498 000	-	4 498 000	4 108 000	-	(390 000)	91.33	91.94	4 078 000
Housing Accreditation	250 000	(140 000)	110 000	-	110 000	110 000	-	-	100.00	44.00	250 000
Total Revenue - Standard	96 872 675	(2 675 588)	94 197 087	-	94 197 087	92 189 102	-	(2 007 985)	97.87	95.17	91 920 251

APPENDIX E(2)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2025

Description	2024/25										2023/24
	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R		R	R	R	R	R	R
EXPENDITURE - STANDARD											
Executive & Council	24 923 824	43 292	24 967 116	542 905	25 510 021	25 257 611	-	(252 410)	99.01	101.34	24 179 288
Council Services	10 006 434	486 048	10 492 482	356 735	10 849 217	10 710 596	-	(138 621)	98.72	107.04	9 683 410
Internal Audit	3 956 965	(38 064)	3 918 901	(40 616)	3 878 285	3 823 105	-	(55 180)	98.58	96.62	3 885 348
Municipal Manager	9 430 860	(411 728)	9 019 132	251 003	9 270 135	9 223 188	-	(46 947)	99.49	97.80	9 068 998
Risk Management	1 529 565	7 036	1 536 601	(24 217)	1 512 384	1 500 722	-	(11 662)	99.23	98.11	1 541 532
Budget and treasury office	21 077 504	332 798	21 410 302	622 519	22 032 821	21 524 006	-	(508 815)	97.69	102.12	21 540 322
Asset Management Unit	2 807 585	(826 969)	1 980 616	191 941	2 172 557	2 170 190	-	(2 367)	99.89	77.30	3 704 011
Budget & Treasury Office	1 515 633	(337 765)	1 177 868	(105 654)	1 072 214	1 072 208	-	(6)	100.00	70.74	1 569 264
Expenditure Unit	1 689 251	343 990	2 033 241	96 617	2 129 858	2 125 344	-	(4 514)	99.79	125.82	1 423 607
Financial Services	12 959 517	1 255 566	14 215 083	406 600	14 621 683	14 119 844	-	(501 839)	96.57	108.95	12 847 046
Supply Chain Management	2 105 518	(102 024)	2 003 494	33 015	2 036 509	2 036 420	-	(89)	100.00	96.72	1 996 395
Corporate services	24 919 765	(1 882 367)	23 037 398	(661 918)	22 375 480	22 207 575	-	(167 905)	99.25	89.12	21 440 659
Administration	6 298 314	142 838	6 441 152	(404 770)	6 036 382	6 035 441	-	(941)	99.98	95.83	6 077 265
Human Resources	8 789 238	(2 561 899)	6 227 339	(29 841)	6 197 498	6 179 514	-	(17 984)	99.71	70.31	6 041 539
Information Technology	4 815 832	379 547	5 195 379	(766 913)	4 428 466	4 355 697	-	(72 769)	98.36	90.45	4 434 291
Property Services	1 145 217	442 470	1 587 687	238 325	1 826 012	1 757 994	-	(68 018)	96.28	153.51	1 407 070
Security Services	3 871 164	(285 323)	3 585 841	301 281	3 887 122	3 878 928	-	(8 194)	99.79	100.20	3 480 495
Planning & Development	28 913 945	(1 116 094)	27 797 851	(503 506)	27 294 345	27 231 168	-	(63 177)	99.77	94.18	26 975 810
Communication & Liaison	1 919 739	6 540	1 926 279	12 476	1 938 755	1 930 722	-	(8 033)	99.59	100.57	1 550 342
Disaster Mangement	3 609 133	(188 188)	3 420 945	(43 129)	3 377 816	3 325 886	-	(51 930)	98.46	92.15	3 225 607
Engineering Services	8 074 488	130 803	8 205 291	72 715	8 278 006	8 276 073	-	(1 933)	99.98	102.50	8 569 785
Environmental Health	8 326 680	(1 081 613)	7 245 067	(571 500)	6 673 567	6 673 144	-	(423)	99.99	80.14	7 206 173
Housing Accreditation	3 030 923	(84 169)	2 946 754	(30 212)	2 916 542	2 916 420	-	(122)	100.00	96.22	2 827 657
Planning and Development	68 240	(200)	68 040	1 171 946	1 239 986	1 239 377	-	(609)	99.95	1 816.20	1 492 907
PIMMS	1 279 319	5 363	1 284 682	(6 406)	1 278 276	1 278 238	-	(38)	100.00	99.92	1 240 575
PMS	1 517 222	42 239	1 559 461	31 936	1 591 397	1 591 308	-	(89)	99.99	104.88	862 763
Tourism	1 088 201	53 131	1 141 332	(1 141 332)	-	-	-	-	0.00	0.00	-
Total Expenditure - Standard	99 835 038	(2 622 371)	97 212 667	-	97 212 667	96 220 359	-	(992 308)	98.98	96.38	94 136 080
Gains and Losses	(3 657 464)	(47 350)	(3 704 814)		(3 704 814)	680 728	-	4 385 542	0.00	0.00	624 166
surplus / (deficit) for the year	**695 101**	**(5 867)**	**689 234**	**-**	**689 234**	**(4 711 985)**	**-**	**(5 401 219)**	**(1.11)**	**(1.21)**	**(2 839 995)**

APPENDIX E (3)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

Description	2024/25										2023/24
	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R		R	R	R	R	R	R
Revenue from Non-exchange Transactions											
Transfers and Subsidies	94 609 000	(2 867 403)	91 741 597	-	91 741 597	89 749 204	-	(1 992 393)	97.83	94.86	88 401 654
Impairment Gains	3 305 000	47 350	3 352 350	-	3 352 350	-	-	(3 352 350)	-	-	200 532
Revenue from Exchange Transactions				-							
Sales of Goods and Rendering of Services	-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	10 490	-	10 490	-	10 490	162 880	-	152 390	1 552.72	1 552.72	135 725
Finance Income	1 775 000	150 000	1 925 000	-	1 925 000	1 710 062	-	(214 938)	88.83	96.34	1 746 081
Operational Revenue	478 185	41 815	520 000	-	520 000	566 956	-	46 956	109.03	118.56	1 636 790
Gains on Disposal of Capital Assets	399 669	-	399 669	-	399 669	-	-	(399 669)	-	-	-
Total Revenue (excluding Capital Transfers & (	100 577 344	(2 628 238)	97 949 106	-	97 949 106	92 189 102	-	(5 760 004)	94.12	91.66	92 120 783
EXPENDITURE											
Employee Related Costs	66 377 201	(972 119)	65 405 082	(214 441)	65 190 641	65 082 349	-	(108 292)	99.83	98.05	62 602 230
Remuneration of Councillors	5 508 699	40 959	5 549 658	8 273	5 557 931	5 548 998	-	(8 933)	99.84	100.73	5 401 337
Depreciation and Amortisation	1 102 213	412 803	1 515 016	(134 660)	1 380 356	1 350 419	-	(29 937)	97.83	122.52	1 367 110
Impairment Losses	-	-	-	671 830	671 830	664 968	-	(6 862)	98.98	-	795 298
Finance Costs	4 337 319	40 999	4 378 318	(167 898)	4 210 420	4 210 419	-	(1)	100.00	97.07	3 958 480
Contracted Services	10 585 435	(3 314 661)	7 270 774	(972 173)	6 298 601	6 242 697	-	(55 904)	99.11	58.97	6 366 498
Inventory Consumed	547 297	438 388	985 685	(169 381)	816 304	695 790	-	(120 514)	85.24	127.13	516 838
Transfers and Subsidies Paid	377 030	(272 030)	105 000	395 065	500 065	499 263	-	(802)	99.84	132.42	491 452
Operating Leases	-	-	-	-	-	-	-	-	-	-	-
Operational Costs	10 999 844	1 003 290	12 003 134	583 385	12 586 519	12 585 600	-	(919)	99.99	114.42	13 402 134
Loss on Disposal of Capital Assets	47 205	-	47 205	-	47 205	20 584	-	(26 621)	43.61	43.61	59 400
Total Expenditure	99 882 243	(2 622 371)	97 259 872	-	97 259 872	96 901 087	-	(358 785)	99.63	97.02	94 960 778
Surplus / (Deficit) for the Year	**695 101**	**(5 867)**	**689 234**	**-**	**689 234**	**(4 711 985)**	**-**	**(5 401 219)**	**-5.51**	**-5.36**	**(2 839 995)**

APPENDIX E(4)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

Description	2024/25									2023/24
	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R				R	R	R
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Transfers and Subsidies	93 509 000	(3 067 403)	90 441 597	-	90 441 597	89 749 204	(692 393)	99.23	95.98	88 401 654
Rental from Fixed Assets	-	-	-	-	-	162 880	162 880	0.00	0.00	135 725
External Interest and Dividends Received	1 600 000	150 000	1 750 000	-	1 750 000	1 710 062	(39 938)	97.72	106.88	1 746 081
Other Receipts	3 232 269	(367 121)	2 865 148	-	2 865 148	908 062	(1 957 086)	31.69	28.09	1 306 115
				-						
Payments				-						
Employee Related Costs	(91 295 136)	5 655 297	(85 639 839)	-	(85 639 839)	(66 906 493)	18 733 346	0.00	0.00	(64 040 995)
Remuneration of Councillors	-	-	-	-	-	(5 548 998)	(5 548 998)	0.00	0.00	(5 401 337)
External Interest and Dividends Paid	(250 905)	-	(250 905)	-	(250 905)	(90 419)	160 487	0.00	0.00	(155 480)
Suppliers Paid	-	-	-	-	-	(5 118 405)	(5 118 405)	0.00	0.00	(7 189 398)
Other Payments	(377 030)	272 030	(105 000)	-	(105 000)	(13 238 440)	(13 133 440)	0.00	0.00	(13 750 113)
NET CASH FROM / (USED) OPERATING ACTIVITIE	**6 418 198**	**2 642 803**	**9 061 001**	**-**	**9 061 001**	**1 627 452**	**(7 433 549)**	**0.00**	**0.00**	**1 052 253**
CASH FLOWS FROM INVESTING ACTIVITIES										
Purchase of Property, Plant and Equipment	(3 490 650)	758 536	(2 732 114)	-	(2 732 114)	(399 841)	2 332 273	0.00	0.00	(1 287 176)
Purchase of Intangible Assets	-	-	-	-	-	(329 661)	(329 661)	0.00	0.00	(53 230)
Proceeds on Disposal of Property, Plant and Equipme	-	-	-	-	-	5 717	5 717	0.00	0.00	323 000
Decrease / (Increase) in Non-current Investments	(675 000)	(631 000)	(1 306 000)	-	(1 306 000)	(714 321)	591 679	0.00	0.00	(648 624)
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	5 642	5 642	0.00	0.00	7 809
NET CASH FROM / (USED) INVESTING ACTIVITIES	**(4 165 650)**	**127 536**	**(4 038 114)**	**-**	**(4 038 114)**	**(1 432 464)**	**2 605 650**	**0.00**	**0.00**	**(1 658 221)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Proceeds from Borrowings	-	-	-	-	-	-	-	0.00	0.00	-
Repayment of Borrowings	(671 110)	(671 110)	(1 342 220)	-	(1 342 220)	(480 045)	862 175	0.00	0.00	(647 945)
NET CASH FROM / (USED) FINANCING ACTIVITIES	**(671 110)**	**(671 110)**	**(1 342 220)**	**-**	**(1 342 220)**	**(480 045)**	**862 175**	**0.00**	**0.00**	**(647 945)**
NET INCREASE / (DECREASE) IN CASH HELD	**(1 581 438)**	**(2 099 229)**	**(3 680 667)**	**-**	**(3 680 667)**	**285 057**	**3 965 724**	**0.00**	**0.00**	**1 253 913**
Cash / Cash Equivalents at the Year begin:	1 605 894	(1 154 069)	451 825	-	451 825	451 829	4	100.00	28.14	1 705 742
Cash / Cash Equivalents at the Year end:	3 187 332	945 160	4 132 492	-	4 132 492	166 772	(3 965 720)	4.04	5.23	451 829

APPENDIX F
ZF MGCAWU DISTRICT MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June		Yes / No	
		R	R	R	R	R	R	R	R	R	R	R	R			
Monetary Allocations:																
Financial Management Grant	National Treasury	1 200 000	-	-	-	281 591	225 254	(18 612)	711 767.15	-	-	-	-	N/A	Yes	N/A
Rural Roads Asset Manage Systems Grant	National Treasury	-	2 252 000	965 000	-	351 320	1 736 693	477 431	651 555.71	-	-	-	-	N/A	Yes	N/A
Housing Accreditation DPLG National	COGHSTA - Provincial	-	-	110 000	-	117 714	33 519	(11 458)	(29 775.01)	-	-	-	-	N/A	Yes	N/A
EPWP Incentive Grant	National Treasury	313 000	563 000	15 000	-	538 712	572 359	119 150	(339 220.80)	-	-	-	-	Reporting	Yes	N/A
In-kind Allocations:																
Aids Health	Department of Health Provincial	-	-	-	-					-	-	-	-	N/A	Yes	N/A
Total Grants and Subsidies Received		**1 513 000**	**2 815 000**	**1 090 000**	**-**	**1 289 337**	**2 567 824**	**566 511**	**994 327**	**-**	**-**	**-**	**-**			

(*) Did your District Municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2025

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Executive Mayor											
MC BASSON	756 789	-	-	-	-	252 263	-	-	-	-	**1 009 052**
Speaker											
WRS PETERSON	368 789	-	-	-	-	122 930	-	-	-	-	**491 719**
Executive Committee											
A MATSHIMO	316 645	-	-	-	-	105 548	45 419	-	-	-	**467 612**
J SILO	316 645	-	-	-	-	105 548	45 419	-	-	-	**467 612**
PM MGCERA	316 645	-	-	-	-	105 548	45 419	-	-	-	**467 612**
MA WILLEMSE	217 743	-	-	-	-	72 081	42 677	-	-	-	**332 501**
H DE KOKER	225 530	-	-	-	-	75 177	42 677	-	-	-	**343 383**
RVD KGATLANE	13 969	-	-	-	-	4 656	2 742	-	-	-	**21 367**
FL WITBOOI	239 498	-	-	-	-	79 833	45 419	-	-	-	**364 750**
E MOMPE	231 196	-	-	-	-	76 685	45 419	-	-	-	**353 300**
MHB VAN ZYL	239 498	-	-	-	-	79 833	45 419	-	-	-	**364 750**
Councillors Section 79											
MM LOUW	307 357	-	-	-	-	102 452	-	-	-	-	**409 809**
Other Councillors											
A JOHNSON	103 239	-	-	-	-	34 413	-	-	-	-	**137 652**
KG KEOROMETSWE	26 092	-	-	-	-	8 697	-	-	-	-	**34 790**
AJ RUITERS	16 644	-	-	-	-	5 548	-	-	-	-	**22 191**
JM BOUCHER	9 449	-	-	-	-	3 150	-	-	-	-	**12 598**
DR PIENAAR	26 092	-	-	-	-	8 697	-	-	-	-	**34 790**
CFP MAASDORP/BEZUIDENHOUT	26 092	-	-	-	-	8 697	-	-	-	-	**34 790**
AC KOTZEE	26 092	-	-	-	-	8 697	-	-	-	-	**34 790**
J BALIES	13 006	-	-	-	-	4 335	-	-	-	-	**17 342**
KS BOER	1 547	-	-	-	-	516	-	-	-	-	**2 063**

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2025

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Other Councillors (Sitting)											
RBF SAAL	-	-	-	-	17 434	-	-	-	-	-	**17 434**
PT VAN DER STEEN	-	-	-	-	6 226	-	-	-	-	-	**6 226**
S SANDLANA	-	-	-	-	21 169	-	-	-	-	-	**21 169**
S ABEL	-	-	-	-	28 641	-	-	-	-	-	**28 641**
PJ GEORGE	-	-	-	-	24 905	-	-	-	-	-	**24 905**
F BASSON	-	-	-	-	26 150	-	-	-	-	-	**26 150**
Total for Councillors	**3 798 557**	**-**	**-**	**-**	**124 525**	**1 265 306**	**360 610**	**-**	**-**	**-**	**5 548 998**

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2025

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Municipal Manager											
A. Tieties		-	-	164 204	-	-	-	-	-	38 336	**202 540**
I. De Waal										34 551	**34 551**
A. Phete	-	-	-	-	-	-	17 500	-	-	80 672	**98 172**
	-	-	-	164 204	-	-	17 500	-	-	153 559	**335 263**
Director: Financial Services											
E. Isaacs	685 149	-	57 095.76	112 350	-	199 771	30 000	-	181 485	-	**1 265 851**
Director: Planning & Development											
I.G.A De Waal	685 149	-	57 095.76	112 350	-	209 412	30 000	-	171 844	-	**1 265 851**
Director: Corporate Services											
D. Van Zyl	803 976	-	-	123 021	-	534 142	30 000	-	208 044	-	**1 699 183**
H. Mchlauli	-	-	-	-	-	-	-	-	-	50 852	**50 852**
	803 976	-	-	123 021	-	534 142	30 000	-	208 044	50 852	**1 750 035**
Total for Senior Managers	**2 174 274**	**-**	**114 192**	**511 925**	**-**	**943 326**	**107 500**	**-**	**561 373**	**204 411**	**4 617 001**
Total for Management	**5 972 831**	**-**	**114 192**	**511 925**	**124 525**	**2 208 632**	**468 110**	**-**	**561 373**	**204 411**	**10 165 999**

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2024

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Executive Mayor											
MC BASSON	738 240	-	-	-	-	246 080	-	-	-	-	**984 320**
Speaker											
WRS PETERSON	356 965	-	-	-	-	118 988	-	-	-	-	**475 953**
Executive Committee											
A MATSHIMO	308 881	-	-	-	-	102 960	43 200	-	-	-	**455 041**
J SILO	308 881	-	-	-	-	102 960	43 200	-	-	-	**455 041**
PM MGCERA	308 881	-	-	-	-	102 960	43 200	-	-	-	**455 041**
MM LOUW	155 707	-	-	-	-	51 902	-	-	-	-	**207 609**
J ESAU	99 562	-	-	-	-	33 187	18 465	-	-	-	**151 213**
MA WILLEMSE	128 170	-	-	-	-	43 090	24 369	-	-	-	**195 629**
H DE KOKER	233 626	-	-	-	-	77 875	43 200	-	-	-	**354 701**
FL WITBOOI	233 626	-	-	-	-	77 875	43 200	-	-	-	**354 701**
PH MATTHYS	64 963	-	-	-	-	21 654	12 000	-	-	-	**98 618**
E MOMPE	12 506	-	-	-	-	4 269	2 400	-	-	-	**19 175**
MHB VAN ZYL	233 626	-	-	-	-	77 875	43 200	-	-	-	**354 701**
Councillors Section 79											
PH MATTHYS	199 825	-	-	-	-	66 608	28 800	-	-	-	**295 233**
MM LOUW	99 996	-	-	-	-	33 332	-	-	-	-	**133 328**

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2024

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Other Councillors											
A JOHNSON	98 198	-	-	-	-	32 733	-	-	-	-	**130 931**
KG KEOROMETSWE	22 943	-	-	-	-	7 648	-	-	-	-	**30 591**
AJ RUITERS	22 943	-	-	-	-	7 648	-	-	-	-	**30 591**
DR PIENAAR	17 429	-	-	-	-	8 840	-	-	-	-	**26 269**
CFP MAASDORP/BEZUIDENHOUT	22 943	-	-	-	-	7 648	-	-	-	-	**30 591**
AC KOTZEE	22 943	-	-	-	-	7 648	-	-	-	-	**30 591**
J BALIES	22 943	-	-	-	-	7 648	-	-	-	-	**30 591**
Other Councillors (Sitting)											
DR PIENAAR	-	-	-	-	4 545	-	-	-	-	-	**4 545**
PT VAN DER STEEN	-	-	-	-	18 353	-	-	-	-	-	**18 353**
S SANDLANA	-	-	-	-	15 923	-	-	-	-	-	**15 923**
S ABEL	-	-	-	-	19 524	-	-	-	-	-	**19 524**
PJ GEORGE	-	-	-	-	18 396	-	-	-	-	-	**18 396**
F BASSON	-	-	-	-	24 136	-	-	-	-	-	**24 136**
Total for Councillors	**3 713 797**	**-**	**-**	**-**	**100 878**	**1 241 429**	**345 233**	**-**	**-**	**-**	**5 401 337**

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2024

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Municipal Manager											
A. Tieties	-	-	-	108 180	-	-	-	-	-	98 874	**207 054**
D. Van Zyl	-	-	-	61 817	-	-	-	-	-	-	**61 817**
	-	-	-	169 997	-	-	-	-	-	98 874	**268 871**
Director: Financial Services											
E. Isaacs	739 217	-	100 000	141 318	-	127 229	30 000	-	177 395	-	**1 315 159**
Director: Planning & Development											
I.G.A De Waal	740 023	-	57 096	141 318	-	178 075	30 000	-	168 392	-	**1 314 903**
Director: Corporate Services											
D. Van Zyl	685 149	-	100 000	121 055	-	503 660	30 000	-	183 411	-	**1 623 275**
H. Mchlauli	-	-	-	-	-	-	-	-	-	119 511	**119 511**
	685 149	-	100 000	121 055	-	503 660	30 000	-	183 411	119 511	**1 742 786**
Total for Senior Managers	**2 164 389**	**-**	**257 096**	**573 689**	**-**	**808 964**	**90 000**	**-**	**529 197**	**218 384**	**4 641 719**
Total for Management	**5 878 186**	**-**	**257 096**	**573 689**	**100 878**	**2 050 393**	**435 233**	**-**	**529 197**	**218 384**	**10 043 056**

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2025

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results 2025 R	2024 R	Interpretation	Management Comments (#)
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%		1.58%	1.39%	*Refer to Page 2 of MFMA Circular No 71*	ZFM doesn't have any infrastructure assets and therefore capital expenditure is below 10%.
					Total Operating Expenditure	96 901 087	94 960 778		
					Taxation Expense	-	-		
					Total Capital Expenditure	1 556 815	1 340 406		
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%		0.00%	0.00%	*Refer to Page 3 of MFMA Circular No 71*	No Impairment of PPE during the 2024/25 financial year.
					PPE, Investment Property & Intangible Impairment	-	-		
					PPE at Carrying Value	21 338 212	21 377 191		
					IP at Carrying Value	-	-		
					Intangible Assets at Carrying Value	292 495	73 420		
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%		5.22%	5.26%	*Refer to Page 4 of MFMA Circular No 71*	The majority of ZFM's PPE value is Land which has no maintenance on it.
					Total Repairs and Maintenance Expenditure	1 113 387	1 123 771		
					PPE at Carrying Value	21 338 212	21 377 191		
					Investment Property at Carrying Value	-	-		
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%		85.60%	75.40%	*Refer to Page 5 of MFMA Circular No 71*	ZFM has recovered outstanding debt during 2024/25 financial year.
					Gross Debtors Closing Balance	136 015	189 833		
					Gross Debtors Opening Balance	189 833	224 591		
					Bad Debts Written-off	4 824	30 000		
					Billed Revenue	407 290	263 271		
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%		0.00%	0.00%	*Refer to Page 5 of MFMA Circular No 71*	No bad debts were identified and written off.
					Debtors Bad Debts Written-off	4 824	30 000		
					Debtors Current Bad Debt Provision	-	-		
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		122 Days	263 Days	*Refer to Page 6 of MFMA Circular No 71*	ZFM doesn't have any consumer debtors and steps have been taken to recover outstanding debtors.
					Gross Debtors	136 015	189 833		
					Bad Debts Provision	-	-		
					Billed Revenue	407 290	263 271		

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2025

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results 2025 R	2024 R	Interpretation	Management Comments (#)
C.	**Liquidity Management**								
1.	Cash / Cost Coverage Ratio (Excluding 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		0.0 Months	0.1 Months	*Refer to Page 7 of MFMA Circular No 71*	ZFM has historic Employment Benefit Liabilities which negatively affects ZFM's cash flow position. Refer to Note 48, Management's Going Concern Assessment for more detail.
					Cash and Cash Equivalents	166 772	451 829		
					Unspent Conditional Grants	-	-		
					Overdraft	-	-		
					Short-term Investments	-	-		
					Total Annual Operational Expenditure	95 530 084	92 738 970		
2.	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		0.09	0.17	*Refer to Page 7 of MFMA Circular No 71*	ZFM has historic Employment Benefit Liabilities which negatively affects ZFM's cash flow position. Refer to Note 48, Management's Going Concern Assessment for more detail.
					Current Assets	1 126 324	1 757 310		
					Current Liabilities	12 055 540	10 257 827		
C.	**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 100	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-year Reports and AR	6% - 8%		4.84%	4.85%	*Refer to Page 8 of MFMA Circular No 71*	ZFM leased copier machines and a telephone system during the financial year. Interest on Employment Benefit Liabilities are also included.
					Interest Paid	4 210 419	3 958 480		
					Redemption	480 045	647 945		
					Total Operating Expenditure	96 901 087	94 960 778		
					Taxation Expense	-	-		
2.	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non-current Finance Lease Obligation + Short-term Borrowings + Long-term Borrowings) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%		25.71%	7.53%	*Refer to Page 9 of MFMA Circular No 71*	New telephone system was leased in September 2024.
					Total Debt	627 324	280 056		
					Total Operating Revenue	92 189 102	92 120 783		
					Operational Conditional Grants	89 749 204	88 401 654		

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2025

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results 2025 R	2024 R	Interpretation	Management Comments (#)
C.	**Sustainability**								
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%		10.96%	11.42%	*Refer to Page 9 of MFMA Circular No 71*	The level of Cash Backed of Reserves has regressed but will be addressed by Management's Going Concern Assessment, refer to Note 48.
					Cash and Cash Equivalents	166 772	451 829		
					Bank Overdraft	-	-		
					Short Term Investment	-	-		
					Long Term Investment	2 433 331	1 719 010		
					Unspent Grants	-	-		
					Net Assets	-	-		
					Share Premium	-	-		
					Share Capital	-	-		
					Revaluation Reserve	-	-		
					Fair Value Adjustment Reserve	-	-		
					Accumulated Surplus	(23 718 756)	(19 006 771)		
2.	**FINANCIAL PERFORMANCE**								
A.	**Efficiency**								
1.	Net Operating Surplus Margin	((Total Operating Revenue - Total Operating Expenditure) / Total Operating Revenue) x 100	Statement of Financial Performance, Budget, In-year Reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Assets	= or > 0%		-5.11%	-3.08%	*Refer to Page 10 of MFMA Circular No 71*	The Net Operating Surplus Margin is below 0% due to unrealised budgeted revenue for Actuarial Gains. EPWP, HIV/AIDS and LGSETA.
					Total Operating Revenue	92 189 102	92 120 783		
					Depreciation - Revalued Portion	-	-		
					Total Operating Expenditure	96 901 087	94 960 778		
					Taxation Expense	-	-		
B.	**Distribution Losses**								
	ZFM has transferred the distribution of water and electricity to Local Municipalities								
C.	**Revenue Management**								
	ZFM has transferred the distribution of water and electricity to Local Municipalities								

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2025

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2025 R	2024 R		
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		31 Days	14 Days	*Refer to Page 16 of MFMA Circular No 71*	The Creditors Payment Period has increased due to cash flow constrains during the 2024/25 financial year and creditors could not be paid before year-end. Refer to Note 17.
					Trade Creditors	1 773 230	842 777		
					Contracted Services	6 242 697	6 366 498		
					Inventory Consumed	695 790	516 838		
					Operational Costs	12 585 600	13 402 134		
					Transfers and Subsidies Paid	499 263	491 452		
					Operating Leases	-	-		
					Capital Credit Purchases	729 502	1 340 406		
2.	Irregular, Fruitless & Wasteful and Unauthorised Expenditure / Total Operating Expenditure	((Irregular, Fruitless & Wasteful and Unauthorised Expenditure) / Total Operating Expenditure) x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%		0.18%	0.31%	*Refer to Page 16 of MFMA Circular No 71*	Refer to Note 34 for detailed explanations.
					Irregular, Fruitless & Wasteful and Unauthorised Expenditure	176 145	295 469		
					Total Operating Expenditure	96 901 087	94 960 778		
					Taxation Expense	-	-		
3.	Remuneration as % of Total Operating Expenditure	(Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure) x 100	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	25% - 40%		72.89%	71.61%	*Refer to Page 17 of MFMA Circular No 71*	Total Remuneration expenditure has increassed due to salary increases. The high remuneration % will be addressed by Management's Going Concern Assessment. Refer to Note 48.
					Employee / Personnel Related Cost	65 082 349	62 602 230		
					Councillors Remuneration	5 548 998	5 401 337		
					Total Operating Expenditure	96 901 087	94 960 778		
					Taxation Expense	-	-		
4.	Contracted Services % of Total Operating Expenditure	(Contracted Services / Total Operating Expenditure) x 100	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	2% - 5%		6.44%	6.70%	*Refer to Page 17 of MFMA Circular No 71*	Contracted services are affected by grant spending, refer to Note 26 for more detail.
					Contracted Services	6 242 697	6 366 498		
					Total Operating Expenditure	96 901 087	94 960 778		
					Taxation Expense	-	-		
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		92.52%	71.85%	*Refer to Page 18 of MFMA Circular No 71*	Capital Expenditures funded from Borrowings relates to Finance Lease Liabilities.
					Internally Generated Funds	613 097	963 038		
					Borrowings	827 313	-		
					Total Capital Expenditure	1 556 815	1 340 406		

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2025

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results 2025 R	2024 R	Interpretation	Management Comments (#)
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		39.38%	71.85%	*Refer to Page 18 of MFMA Circular No 71*	The majority of Capital Expenditures were funded from Finance Leases.
					Internally Generated Funds	613 097	963 038		
					Total Capital Expenditure	1 556 815	1 340 406		
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		2.65%	4.04%	*Refer to Page 18 of MFMA Circular No 71*	ZFM has limited own sources of revenue as all the functions were transferred to Local Municipalities.
					Total Revenue	92 189 102	92 120 783		
					Government Grant and Subsidies	89 749 204	88 401 654		
					Public Contributions and Donations	-	-		
					Capital Grants	-	-		
3.	**BUDGET IMPLEMENTATION**								
A.	**Efficiency**								
1.	Capital Expenditure Budget Implementation Indicator	(Actual Capital Expenditure / Budgeted Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, In-year Reports and AR	95% - 100%		60.85%	67.59%	*Refer to Page 19 of MFMA Circular No 71*	Savings realised on capital items budgeted for but not procured and lower net present value on Finance Leases.
					Actual Capital Expenditure	1 556 815	1 340 406		
					Budgeted Capital Expenditure	2 558 521	1 983 231		
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%		99.63%	99.99%	*Refer to Page 20 of MFMA Circular No 71*	Spending was in line with budgeted figures.
					Actual Operating Expenditure	96 901 087	94 960 778		
					Budgeted Operating Expenditure	97 259 872	94 971 154		
3.	Operating Revenue Budget Implementation Indicator	(Actual Operating Revenue / Budgeted Operating Revenue) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		94.12%	96.33%	*Refer to Page 20 of MFMA Circular No 71*	ZFM budgeted for Actuarial Gains based on historical valuation reports but did not realised. Budgeted LGSETA, EPWP and HIV/AIDS revenue also did not realised during 2024/25 financial year.
					Actual Operating Revenue	92 189 102	92 120 783		
					Budgeted Operating Revenue	97 949 106	95 628 154		

Interpretation of Results:
The green colour indicates that the result is within the norm and is acceptable.
The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results.