DR AB XUMA MUNICIPALITY
SIPHUHLISA NGOLIMO, NGAMAHLATHI NAMANZI

Dr A B Xuma Local Municipality
Annual Financial Statements
for the year ended 30 June, 2025

AUDITOR GENERAL
SOUTH AFRICA
05 DEC 2025

General Information

Nature of business and principal activities	Dr A B Xuma Local Municipality previously named eNgcobo Local Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (No 117 of 1998). The municipality's operations are governed by: - Municipal Finance Management Act (No 56 of 2003) - Municipal Structures Act (No 117 of 1998) - Municipal Systems Act (No 32 of 2000) and various other acts and regulations
Mayoral committee	
Executive Mayor	Pr Cllr - S Zangqa
Speaker	Pr Cllr - M Kondile
Chief Whip	Pr Cllr - N Mgidi
Member of Executive Committee	Pr Cllr - N Sipendu (Portfolio Head: Community Services)
	Pr Cllr - N Dayisi (Portfolio Head: SPU)
	Pr Cllr - S Ngxangu (Technical Services and Human Settlements)
	Pr Cllr - M Tyantsi (Portfolio Head: Budget & Treasury Office)
	Pr Cllr - S Guma (Portfolio Head: Corporate Services)
	Pr Cllr - N Mgidi (Portfolio Head: IPED)
Councillors	W1 - Cllr A Zihlangu
	W2 - Cllr B Fihlani
	W3 - Cllr LS Dlodlo
	W4 - Cllr S Phandle
	W5 - Cllr D Ntibane
	W6 - Cllr N Ketani
	W7 - Cllr N Sifanqala
	W8 - Cllr N Qakaza
	W9 - Cllr TS Qoba
	W10 - Cllr N Stemele
	W11 - Cllr DS Plaatjie
	W12 - Cllr Z Vivashe
	W13 - Cllr S Mfeki (MPAC Chairperson)
	W14 - Cllr S Molo (Public Participation Chairperson)
	W15 - Cllr Cllr T Ngxangani
	W16 - Cllr NS Mnqanqeni
	W17 - Cllr V Matshikitsha
	W18 - Cllr M Saki
	W19 - Cllr V Mzuku
	W20 - Cllr A Mendu
	Pr Cllr - N Nomfombo
	Pr Cllr - N Sibondana
	Pr Cllr - CE Bomela
	Pr Cllr - N Lilane (Rules Committe Chairperson)
	Pr Cllr - N Ngwangwa
	Pr Cllr - N Cetman (Resigned in March 2025)
	Pr Cllr - T Daniel
	Pr Cllr - NV Beta
	Pr Cllr - N Qubuda
	Pr Cllr - V Mnqayi (Appointed in April 2025)
	Pr Cllr - N Mpoyi-Sirhathaza

General Information

	Pr Cllr - Z Simawo
Grading of local authority	Category B
Accounting Officer	K L Mulaudzi
Registered office	58 Union Street Engcobo 5050
Postal address	PO Box 24 Engcobo 5050
Bankers	First National Bank
Auditors	Auditor General of South Africa Registered Auditors

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

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
EPWP	Expanded Public Works Programme
OTP	Office of the Premier
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
SETA	Sector Education and Training Authority
MDRF	Municipal Disaster Relief Fund
IPSAS	**International Public Sector Accounting Standards**
IAS	**International Accounting Standards**
DoRA	**Division of Revenue Act**
MPAC	**Municipal Public Accounts Committee**
SALGA	**South African Local Government Association**
DSRAC	**Department Of Sports, Recreation, Arts And Culture**
MIG	**Municipal Infrastructure Grant**
INEG	**Integrated National Electrification Grant**
FMG	Financial Management Grant

AUDITOR GENERAL
SOUTH AFRICA
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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (No 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

The accounting officer certifies that the salaries, allowances and benefits of Councillors as disclosed in note 50 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Corporative Governance and Traditional Affairs' determination in accordance with this Act.

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

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

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

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

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

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

The annual financial statements set out on pages 7 to 107, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August, 2025 and were signed on its behalf by:

K L Mulaudzi
Accounting Officer

AUDITOR GENERAL
SOUTH AFRICA
05 DEC 2025

East London

31 August, 2025

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June, 2025.

1. Review of activities

Main business and operations

The municipality is engaged in dr a b xuma local municipality previously named engcobo local municipality is a south african category b municipality (local municipality) as defined by the municipal structures act (no 117 of 1998).

the municipality's operations are governed by:
- municipal finance management act (no 56 of 2003)
- municipal structures act (no 117 of 1998)
- municipal systems act (no 32 of 2000) and various other acts and regulations and operates principally in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these are listed below:

(i) The Council adopted the 2025 to 2028 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to supported the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

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

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Auditors

Auditor General of South Africa will continue in office for the next financial period.

Accounting Officer's Report

K L Mulaudzi
Accounting Officer

Statement of Financial Position as at 30 June, 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	2,302,869	2,302,869
Operating lease asset	4	27,559	25,979
Receivables from exchange transactions	5	215,718	15,228,281
Receivables from non-exchange transactions	6	3,686,498	3,395,636
VAT input accrual	7	1,383,322	3,086,326
Other receivables	8	380,573	243,686
Prepayments	9	2,146,522	-
Cash and cash equivalents	10	3,199,447	13,605,185
		13,342,508	**37,887,962**
Non-Current Assets			
Investment property	11	7,628,529	7,777,588
Property, plant and equipment	12	669,184,438	619,775,620
Intangible assets	13	1,524,250	2,096,376
Heritage assets	14	2,406,511	2,406,511
		680,743,728	**632,056,095**
Total Assets		**694,086,236**	**669,944,057**
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	27,058,519	33,188,346
Payables from non-exchange transactions	17	157,542	269,927
Employee benefit obligation	18	9,315,159	11,386,680
VAT Payable	19	8,844,952	6,197,273
VAT output accrual	20	522,796	460,876
		45,898,968	**51,503,102**
Non-Current Liabilities			
Other financial liabilities	15	8,495,264	5,107,306
Employee benefit obligation	18	5,276,000	4,492,000
Provisions	21	35,925,895	30,459,863
		49,697,159	**40,059,169**
Total Liabilities		**95,596,127**	**91,562,271**
Net Assets		**598,490,109**	**578,381,786**
Accumulated surplus		598,490,109	578,381,786
Total Net Assets		**598,490,109**	**578,381,786**

* See Note 57

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	23	1,232,185	1,189,701
Construction contracts revenue	24	20,088,478	13,983,478
Rental of facilities and equipment	25	342,701	401,866
Interest earned on outstanding refuse debtors	26	381,008	328,993
Interest received - investment	27	3,275,767	4,244,922
Agency services	28	940,389	1,233,388
Other revenue	29	4,793,477	2,693,351
Actuarial gains	30	-	40,778
Total revenue from exchange transactions		**31,054,005**	**24,116,477**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	31	15,280,699	9,593,993
Interest earned on outstanding rates debtors	26	1,630,254	1,518,272
Transfer revenue			
Government grants & subsidies	32	280,938,602	323,353,747
Fines	33	978,050	4,100
Total revenue from non-exchange transactions		**298,827,605**	**334,470,112**
Total revenue	22	**329,881,610**	**358,586,589**
Expenditure			
Employee related costs	34	(106,629,414)	(102,557,623)
Remuneration of councillors	35	(17,204,461)	(16,783,388)
Construction contract expenditure	24	(20,088,478)	(13,983,478)
Depreciation and amortisation	36	(39,200,170)	(37,664,827)
Impairment losses	37	(2,757,602)	(6,741,522)
Finance costs	38	(4,137,908)	(3,912,192)
Hire of equipment	39	(2,469,467)	(2,830,025)
Debt Impairment	40	(10,844,168)	(5,828,956)
Contracted services	41	(41,428,789)	(43,991,634)
Transfers and Subsidies	42	(3,355,199)	(2,595,571)
Loss on disposal of assets	43	(8,924,579)	(1,677,206)
Actuarial losses	30	(926,576)	-
Operational costs	44	(51,804,480)	(71,536,474)
Total expenditure		**(309,771,291)**	**(310,102,896)**
Surplus for the year		**20,110,319**	**48,483,693**

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* See Note 57

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	514,924,971	514,924,971
Adjustments		
Prior year adjustments 57	14,973,122	14,973,122
Balance at 1 July, 2023 as restated*	**529,898,093**	**529,898,093**
Changes in net assets		
Surplus for the year	48,483,693	48,483,693
Total changes	48,483,693	48,483,693
Opening balance as previously reported	565,903,578	565,903,578
Adjustments		
Prior year adjustments 57	12,476,212	12,476,212
Restated* Balance at 1 July, 2024 as restated*	**578,379,790**	**578,379,790**
Changes in net assets		
Surplus for the year	20,110,319	20,110,319
Total changes	20,110,319	20,110,319
Balance at 30 June, 2025	**598,490,109**	**598,490,109**

Note(s)

AUDITOR GENERAL
SOUTH AFRICA
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* See Note 57

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		49,602,969	25,351,768
Grants		280,938,602	317,520,922
Interest income		3,275,767	4,244,922
		333,817,338	347,117,612
Payments			
Employee costs		(126,548,972)	(119,387,300)
Suppliers		(98,752,295)	(87,537,518)
Finance costs		-	-
		(225,301,267)	(206,924,818)
Net cash flows from operating activities	45	**108,516,071**	**140,192,794**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(123,436,849)	(174,004,447)
Proceeds from sale of property, plant and equipment	12	1,127,082	519,867
Net cash flows from investing activities		**(122,309,767)**	**(173,484,580)**
Cash flows from financing activities			
Other cash item		3,387,958	5,107,306
Net increase/(decrease) in cash and cash equivalents		**(10,405,738)**	**(28,184,480)**
Cash and cash equivalents at the beginning of the year		13,605,185	41,789,665
Cash and cash equivalents at the end of the year	10	**3,199,447**	**13,605,185**

The accounting policies on pages 16 to 46 and the notes on pages 47 to 107 form an integral part of the annual financial statements.

AUDITOR GENERAL
SOUTH AFRICA
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* See Note 57

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	983,612	121,971	**1,105,583**	1,232,185	**126,602**	A1
Construction contracts	-	-	**-**	20,088,478	**20,088,478**	A2
Rental of facilities and equipment	509,267	29,227	**538,494**	342,701	**(195,793)**	A3
Interest earned on outstanding refuse debtors	338,104	141,502	**479,606**	381,008	**(98,598)**	A4
Agency services	2,850,658	763,112	**3,613,770**	940,389	**(2,673,381)**	A6
Other revenue	984,783	415,863	**1,400,646**	4,793,477	**3,392,831**	A7
Interest received - investment	6,184,838	-	**6,184,838**	3,275,767	**(2,909,071)**	A8
Total revenue from exchange transactions	**11,851,262**	**1,471,675**	**13,322,937**	**31,054,005**	**17,731,068**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	7,898,297	-	**7,898,297**	15,280,699	**7,382,402**	A9
Interest, Dividends and Rent on Land	1,615,701	-	**1,615,701**	1,630,254	**14,553**	
Transfer revenue						
Government grants & subsidies	375,009,332	(2,838,000)	**372,171,332**	280,938,602	**(91,232,730)**	A10
Fines	73,430	130,000	**203,430**	978,050	**774,620**	A5
Other transfer revenue	20,236,462	15,850,495	**36,086,957**	-	**(36,086,957)**	A11
Total revenue from non-exchange transactions	**404,833,222**	**13,142,495**	**417,975,717**	**298,827,605**	**(119,148,112)**	
Total revenue	**416,684,484**	**14,614,170**	**431,298,654**	**329,881,610**	**(101,417,044)**	
Expenditure						
Employee related costs	(110,367,457)	291,283	**(110,076,174)**	(106,629,414)	**3,446,760**	
Remuneration of councillors	(19,468,938)	-	**(19,468,938)**	(17,204,461)	**2,264,477**	A36
Construction contract expenditure	-	-	**-**	(20,088,478)	**(20,088,478)**	A15
Depreciation and amortisation	(40,590,138)	(4,362,570)	**(44,952,708)**	(39,200,170)	**5,752,538**	A13
Impairment losses	-	-	**-**	(2,757,602)	**(2,757,602)**	A12
Finance costs	-	-	**-**	(4,137,908)	**(4,137,908)**	A14
Hire of equipment	(3,150,000)	-	**(3,150,000)**	(2,469,467)	**680,533**	A16
Debt Impairment	(483,938)	(4,555,925)	**(5,039,863)**	(10,844,168)	**(5,804,305)**	A12
Bad debts written off	(4,500,000)	3,326,087	**(1,173,913)**	-	**1,173,913**	A14
Contracted Services	(29,227,834)	(12,797,869)	**(42,025,703)**	(41,428,789)	**596,914**	
Transfers and Subsidies	(4,225,781)	290,000	**(3,935,781)**	(3,355,199)	**580,582**	A17
Operational costs	(50,621,530)	3,441,412	**(47,180,118)**	(51,804,480)	**(4,624,362)**	A18
Total expenditure	**(262,635,616)**	**(14,367,582)**	**(277,003,198)**	**(299,920,136)**	**(22,916,938)**	
Operating surplus	**154,048,868**	**246,588**	**154,295,456**	**29,961,474**	**(124,333,982)**	
Loss on disposal of assets	-	-	-	(8,924,579)	**(8,924,579)**	A34
Actuarial losses		-	-	(926,576)	**(926,576)**	A38

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	-	-	-	(9,851,155)	(9,851,155)	
Surplus before taxation	**154,048,868**	**246,588**	**154,295,456**	**20,110,319**	**(134,185,137)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**154,048,868**	**246,588**	**154,295,456**	**20,110,319**	**(134,185,137)**	

Reconciliation

AUDITOR GENERAL
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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	-	-	2,302,869	**2,302,869**	A19
Operating lease asset	-	-	-	27,559	**27,559**	
Receivables from exchange transactions	2,081,809	141,501	**2,223,310**	215,718	**(2,007,592)**	A20
Receivables from non-exchange transactions	2,722,487	-	**2,722,487**	3,686,498	**964,011**	A23
VAT receivable	1,739,152	1,526,087	**3,265,239**	1,383,322	**(1,881,917)**	A23
Prepayments	-	-	-	2,146,522	**2,146,522**	
Other receivables	807,084	-	**807,084**	380,573	**(426,511)**	A24
Cash and cash equivalents	101,489,807	26,316,449	**127,806,256**	3,199,447	**(124,606,809)**	A25
	108,840,339	**27,984,037**	**136,824,376**	**13,342,508**	**(123,481,868)**	
Non-Current Assets						
Investment property	9,825,728	-	**9,825,728**	7,628,529	**(2,197,199)**	A26
Property, plant and equipment	648,834,414	(21,649,491)	**627,184,923**	669,184,438	**41,999,515**	A35
Intangible assets	263,854	-	**263,854**	1,524,250	**1,260,396**	A27
Heritage assets	2,406,511	-	**2,406,511**	2,406,511	-	
	661,330,507	**(21,649,491)**	**639,681,016**	**680,743,728**	**41,062,712**	
Total Assets	**770,170,846**	**6,334,546**	**776,505,392**	**694,086,236**	**(82,419,156)**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	21,381,173	-	**21,381,173**	27,058,521	**5,677,348**	A28
Payables from non-exchange transactions	18,020,850	-	**18,020,850**	157,542	**(17,863,308)**	A29
Employee benefit obligation	31,694,222	(5,731,000)	**25,963,222**	9,315,159	**(16,648,063)**	A30
VAT Payable	-	-	-	8,844,952	**8,844,952**	
VAT output accrual	2,464,241	2,700,000	**5,164,241**	522,796	**(4,641,445)**	A31
	73,560,486	**(3,031,000)**	**70,529,486**	**45,898,970**	**(24,630,516)**	
Non-Current Liabilities						
Other financial liabilities	115,862	3,387,958	**3,503,820**	8,495,264	**4,991,444**	A32
Employee benefit obligation	-	5,731,000	**5,731,000**	5,276,000	**(455,000)**	A30
Provisions	8,636,399	21,563,444	**30,199,843**	35,925,895	**5,726,052**	A33
	8,752,261	**30,682,402**	**39,434,663**	**49,697,159**	**10,262,496**	
Total Liabilities	**82,312,747**	**27,651,402**	**109,964,149**	**95,596,129**	**(14,368,020)**	
Net Assets	**687,858,099**	**(21,316,856)**	**666,541,243**	**598,490,107**	**(68,051,136)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
COID reserve	-	-	-	1	**1**	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Accumulated surplus	687,858,099	(21,316,856)	**666,541,243**	598,490,108	**(68,051,135)**	
Total Net Assets	**687,858,099**	**(21,316,856)**	**666,541,243**	**598,490,109**	**(68,051,134)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	32,702,911	52,919,400	**85,622,311**	49,602,969	**(36,019,342)**	
Grants	384,067,041	(11,697,261)	**372,369,780**	280,938,602	**(91,431,178)**	
Interest income	6,184,838	-	**6,184,838**	3,275,767	**(2,909,071)**	
	422,954,790	**41,222,139**	**464,176,929**	**333,817,338**	**(130,359,591)**	
Payments						
Employee costs and suppliers	(225,959,249)	(9,400,236)	**(235,359,485)**	(225,301,267)	**10,058,218**	
Net cash flows from operating activities	**196,995,541**	**31,821,903**	**228,817,444**	**108,516,071**	**(120,301,373)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(190,429,395)	18,716,219	**(171,713,176)**	(123,436,849)	**48,276,327**	
Proceeds from sale of property, plant and equipment	104,900	396,000	**500,900**	1,127,082	**626,182**	
Net cash flows from investing activities	**(190,324,495)**	**19,112,219**	**(171,212,276)**	**(122,309,767)**	**48,902,509**	
Cash flows from financing activities						
Other financial liabilities	-	3,387,958	**3,387,958**	3,387,958	-	
Net increase/(decrease) in cash and cash equivalents	6,671,046	54,322,080	**60,993,126**	(10,405,738)	**(71,398,864)**	
Cash and cash equivalents at the beginning of the year	94,395,761	(80,790,576)	**13,605,185**	13,605,185	-	
Cash and cash equivalents at the end of the year	**101,066,807**	**(26,468,496)**	**74,598,311**	**3,199,447**	**(71,398,864)**	

The explanation of variances between budget and actuals are detailed in note 58.

Figures in Rand	Note(s)	2025	2024

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.5 Significant judgements and sources of estimation uncertainty

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

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Impairment testing

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

1.5 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 21 - Provisions.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures and impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Materiality

Applying materiality is pervasive to the preparation of financial statements. Materiality is a key consideration in deciding how to apply the Standards of GRAP when preparing the financial statements. Information is material if its omission or misstatement has the potential to influence the decisions of users or affect the discharge of accountability by the entity.

Applying materiality in the preparation of annual financial statements requires the entity to make key assessments and decisions. Key assessments and decisions made in considering materiality, are as follows:

- Identification of users and their information needs
- Assessing information based on nature and size, by developing qualitative considerations and quantitative thresholds
- Application of materiality in preparing the financial statements:
  - Developing accounting policies
  - Deciding what information to disclose
  - Deciding how to present information
  - Assessing ommissions, misstatements and errors

The assessments and decisions are considered throughout the financial reporting cycle, and not only when annual financial statements are prepared.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.