UMZUMBE

MUNICIPALITY

(Registration number KZN213)

Annual Financial Statements
for the year ended 30 June 2025

General Information

Nature of business and principal activities	Providing municipal services in terms of the Municipal Systems Act No.32 of 2000 (MSA) and Municipal Finance Management Act No.56 of 2003 (MFMA) to the community of Umzumbe. The provision of services to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Executive Committee Members	Councillor Nyuswa BG (Mayor) Councillor Mthethwa SP (Speaker) Councillor Ndlovu M (Deputy Mayor) Councillor Cele SR (Exco Member) Councillor Shezi BN (Exco Member) Councillor Biyase NP (Exco Member) Councillor Luthuli AM (Exco Member) Councillor Mjwara RL (Exco Member)
Councillors	Councillor Mweshe NY Councillor Mtambo JP Councillor Zungu MPL Councillor Cele LS Councillor Nzimande SG Councillor Ngcobo SC Councillor Msomi MJ Councillor Radebe SC Councillor Tryon BW Councillor Gumede JP Councillor Dlamini S Councillor Ngcobo M Councillor Kuzwayo PJ Councillor Mtolo SC Councillor Chili ML Councillor Mthembu SA BN Councillor Shabane JD Councillor Msimango HD Councillor Ndebele TE Councillor Mbatha MM Councillor Mngoma BA Councillor Doncabe G Councillor Cele ZZ Councillor Maphumulo SM Councillor Zuma SM Councillor Zuke S Councillor Ngwazi TF Councillor Qwabe P Councillor Msomi DK Councillor Mkhize SM Councillor Shezi PP Inkosi Qwabe ZR Inkosi Mbhele NW
Grading of local authority	1
Accounting Officer	Mr Shaka Cele
Chief Financial Officer (CFO)	Ms B N Ntanzi (Acting)
Registered office	Sipofu Road Mathulini Tribal Authority 4220

General Information

Business address	Sipofu Road Mathulini Tribal Authority 4220 Web: www.umzumbe.gov.za
Postal address	P.O. Box 561 Hibberdene 4220
Bankers	ABSA Bank Limited FNB Bank
Auditors	Auditor General South Africa Registered Auditors

Umzumbe Local Municipality
Annual Financial Statements for the year ended 30 June 2025

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Abbreviations used:

VAT	Value Added Tax
PAYE	Pay As You Earn
GRAP	Generally Recognised Accounting Practice
DoRA	Division of Revenue Act
MIG	Municipal Infrastructure Grant
UIF	Unemployment Insurance Fund
MFMA	Municipal Finance Management Act
INEP	Integrated National Electrification Programme

Accounting Officer's Responsibilities and Approval

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

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

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit. The Accounting Officer certifies that the salaries, allowances and benefits of Councillors as disclosed in 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 Provincial and Local Government's determination in accordance with this Act.

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 substantially dependent on the grant allocations through the Division of Revenue Act (DoRA) for continued funding of operations. The Annual Financial Statements are prepared on the basis that the municipality is a going concern and that the Umzumbe Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the Accounting Officer is primarily responsible for the financial affairs of the municipality and is supported by the municipality's Chief Financial Officer.

The Annual Financial Statements set out from page 5, 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 the Accounting Officer:

Mr Shaka Cele
Accounting Officer

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 provision of municipal services in terms of the Municipal Systems Act no.32 of 2000 (MSA) and Municipal Finance Management Act no.56 of 2003 (MFMA) and operates in South Africa.

Net surplus of the municipality was 12,646,637 (2024: deficit 23,397,769).

2. Going concern

We draw attention to the fact that as at 30 June 2025, the municipality had an accumulated surplus (deficit) of 684,409,785 and that the municipality's total assets exceed its liabilities by 684,409,785.

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 municipality is a going concern based on the following:

- Current assets exceed current liabilities
- Under DORA the municipality has been allocated funds for three years 2024/25 to 2026/27
- There is no indication of a possibility of default by the government in paying grants under the Act. This is corroborated by experience where National Treasury has met its obligations year on year and has therefore created a constructive obligation.
- In addition, the municipality collects revenue for services rendered and this will augment cashflows in subsequent years.

3. Subsequent events

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

4. Accounting Officers' interest in contracts

The Accounting Officer has completed the declaration of interest as required in terms of Supply Chain Regulations.

5. Accounting policies

The annual financial statements were prepared in accordance with the MFMA and standards of GRAP including any interpretations of such Statements issued by the Accounting Standards Board and as per the prescribed framework by National Treasury.

6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Mr Shaka Cele	South African

7. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practices.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance. The accounting officer discusses the responsibilities of management in this respect, at management meetings and monitors the municipality's compliance with the code on a regular basis.

Accounting Officer's Report

7. Corporate governance (continued)

Management meetings

The Accounting Officer has met the Directors on separate occasions during the financial year. The Accounting Officer schedules to meet the Directors at least once per month.

Internal audit

The municipality has its own internal audit function. This is in compliance with the Municipal Finance Management Act, 2003.

8. Bankers

The municipality's bankers did not change during the year under review. Absa and FNB were the bankers of the municipality.

9. Auditors

The Auditor General South Africa (AGSA) will continue to audit the financial affairs of the municipality.

The Annual Financial Statements set out from page 5, 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:

Mr Shaka Cele
Accounting Officer

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	7	1,243,709	1,505,836
VAT receivable	8	3,260,481	4,338,145
Receivables from non-exchange transactions	9	22,492,232	16,786,731
Cash and cash equivalents	10	8,594,952	46,287,800
		35,591,374	**68,918,512**
Non-Current Assets			
Property, plant and equipment	2	699,631,121	648,070,892
Intangible assets	3	51,335	137,510
		699,682,456	**648,208,402**
Total Assets		**735,273,830**	**717,126,914**
Liabilities			
Current Liabilities			
Operating lease liability	4	106,676	99,325
Payables from exchange transactions	5	35,010,053	32,742,474
VAT payable	6	8,139,130	7,104,817
Unspent conditional grants and receipts	11	5,032,186	2,893,045
Employee Benefits	12	239,000	313,000
		48,527,045	**43,152,661**
Non-Current Liabilities			
Employee Benefits	12	2,337,000	2,167,000
Total Liabilities		**50,864,045**	**45,319,661**
Net Assets		**684,409,785**	**671,807,253**
Accumulated surplus		684,409,785	671,807,253
Total Net Assets		**684,409,785**	**671,807,253**

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Construction contracts	13	6,895,425	34,321,967
Other income	14	1,133,523	457,163
Interest received - investment	15	3,975,218	9,196,551
Total revenue from exchange transactions		**12,004,166**	**43,975,681**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	16	12,623,244	8,269,915
Transfer revenue			
Government grants & subsidies	17	238,914,860	210,591,834
Public contributions and donations	18	-	11,500
Total revenue from non-exchange transactions		**251,538,104**	**218,873,249**
Total revenue		**263,542,270**	**262,848,930**
Expenditure			
Employee related costs	19	84,635,119	79,053,879
Remuneration of councillors	20	25,329,398	22,452,540
Depreciation and amortisation	21	25,994,335	24,805,862
Finance costs	23	320,747	287,134
Debt Impairment	25	5,451,805	6,879,527
Contracted Services	27	47,991,200	63,316,411
General Expenses	26	45,267,661	87,059,821
Total expenditure		**234,990,265**	**283,855,174**
Operating surplus (deficit)		**28,552,005**	**(21,006,244)**
Loss on disposal of assets		(709,760)	(986,208)
Actuarial gains/(losses)		214,085	86,503
Impairment loss	22	(15,409,693)	(1,491,820)
		(15,905,368)	**(2,391,525)**
Surplus (deficit) for the year		**12,646,637**	**(23,397,769)**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported as at 30 June 2022	685,834,550	685,834,550
Adjustments		
Correction of errors 32	9,370,472	9,370,472
Balance at 01 July 2023 as restated*	**695,205,022**	**695,205,022**
Surplus for the year	(23,397,769)	(23,397,769)
Total changes	(23,397,769)	(23,397,769)
Restated* Balance at 01 July 2024	**671,807,253**	**671,807,253**
Changes in net assets		
Correction of Errors	(44,105)	(44,105)
Net income (losses) recognised directly in net assets	(44,105)	(44,105)
Surplus for the year	12,646,637	12,646,637
Total recognised income and expenses for the year	12,602,532	12,602,532
Total changes	12,602,532	12,602,532
Balance at 30 June 2025	**684,409,785**	**684,409,785**

Note(s)

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Property Rates		1,450,305	4,857,457
Receipts from Customers		6,724,684	44,600,481
Grants		241,054,000	212,941,000
Interest income		4,112,237	9,600,868
VAT Refunds		22,127,390	23,058,243
		275,468,616	295,058,049
Payments			
Employee costs		(108,858,212)	(100,069,777)
Cash Paid to Suppliers		(107,157,415)	(167,560,489)
		(216,015,627)	(267,630,266)
Net cash flows from operating activities	28	**59,452,989**	**27,427,783**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(97,145,837)	(80,755,942)
Purchase of intangible assets	3	-	(74,668)
Net cash flows from investing activities		**(97,145,837)**	**(80,830,610)**
Net increase/(decrease) in cash and cash equivalents		**(37,692,848)**	**(53,402,827)**
Cash and cash equivalents at the beginning of the year		46,287,800	99,690,627
Cash and cash equivalents at the end of the year	10	**8,594,952**	**46,287,800**

The accounting policies on pages 13 to 31 and the notes on pages 32 to 66 form an integral part of the annual financial statements.

Umzumbe Local Municipality
Annual Financial Statements for the year ended 30 June 2025

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 See Note 39
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Construction contracts	1,597,000	1,597,000	**3,194,000**	6,895,425	**3,701,425**	1
Other income	3,635,217	-	**3,635,217**	1,133,523	**(2,501,694)**	2
Interest Earned - External Investments	10,000,000	(4,000,000)	**6,000,000**	3,975,218	**(2,024,782)**	3
Total revenue from exchange transactions	**15,232,217**	**(2,403,000)**	**12,829,217**	**12,004,166**	**(825,051)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	12,450,593	-	**12,450,593**	12,623,244	**172,651**	
Transfer revenue						
Government grants & subsidies	217,451,000	27,506,000	**244,957,000**	238,914,860	**(6,042,140)**	
Total revenue from non-exchange transactions	**229,901,593**	**27,506,000**	**257,407,593**	**251,538,104**	**(5,869,489)**	
Total revenue	**245,133,810**	**25,103,000**	**270,236,810**	**263,542,270**	**(6,694,540)**	
Expenditure						
Employee related costs	(89,254,017)	-	**(89,254,017)**	(84,635,119)	**4,618,898**	
Remuneration of councillors	(17,597,696)	-	**(17,597,696)**	(25,329,398)	**(7,731,702)**	4
Depreciation and amortisation	(30,810,000)	2,828,833	**(27,981,167)**	(25,994,335)	**1,986,832**	
Impairment loss/ Reversal of impairments	-	-	-	(15,409,693)	**(15,409,693)**	10
Finance costs	-	(25,618)	**(25,618)**	(320,747)	**(295,129)**	5
Debt Impairment	(2,500,000)	-	**(2,500,000)**	(5,451,805)	**(2,951,805)**	6
Contracted Services	(32,179,900)	(1,914,436)	**(34,094,336)**	(47,991,200)	**(13,896,864)**	7
Gain or loss on disposal of assets and liabilities	-	-	-	(709,760)	**(709,760)**	
General Expenses	(34,150,000)	(686,000)	**(34,836,000)**	(45,267,661)	**(10,431,661)**	8
Total expenditure	**(206,491,613)**	**202,779**	**(206,288,834)**	**(251,109,718)**	**(44,820,884)**	
Operating surplus	**38,642,197**	**25,305,779**	**63,947,976**	**12,432,552**	**(51,515,424)**	
Proceeds from sale of property, plant and equipment	391,000	-	**391,000**	-	**(391,000)**	
Actuarial gains/(losses)	-	-	-	214,085	**214,085**	
	391,000	**-**	**391,000**	**214,085**	**(176,915)**	
Surplus / (Deficit)	**39,033,197**	**25,305,779**	**64,338,976**	**12,646,637**	**(51,692,339)**	
Capital	-	-	-	-	-	
Capital Expenditure	(65,600,870)	(17,675,652)	**(83,276,522)**	(93,343,149)	**(10,066,627)**	9

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 See Note 39
Cash Flow Statement						
Cash flows from operating activities						
Net cash (from) from operating activities	39,033,197	25,305,779	**64,338,976**	59,452,989	**(4,885,987)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(75,441,000)	(20,327,000)	**(95,768,000)**	(97,145,837)	**(1,377,837)**	11
Proceeds from sale of property, plant and equipment	391,000	-	**391,000**	-	**(391,000)**	
Net cash flows from investing activities	**(75,050,000)**	**(20,327,000)**	**(95,377,000)**	**(97,145,837)**	**(1,768,837)**	
Net increase/(decrease) in cash and cash equivalents	(36,016,803)	4,978,779	**(31,038,024)**	(37,692,848)	**(6,654,824)**	
Cash and cash equivalents at the beginning of the year	-	-	-	46,287,800	**46,287,800**	
Cash and cash equivalents at the end of the year	**(36,016,803)**	**4,978,779**	**(31,038,024)**	**8,594,952**	**39,632,976**	

Significant Accounting Policies

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 Presentation of Annual Financial Statements

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

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

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

GRAP - 1 Presentation of Financial Statements
GRAP - 2 Cashflow Statements
GRAP - 3 Accounting Policies, Changes in Accounting Estimates and Errors
GRAP - 5 Borrowing Costs
GRAP - 9 Revenue from Exchange Transactions
GRAP - 12 Inventories
GRAP - 13 Leases
GRAP - 14 Events after the reporting date
GRAP - 17 Property Plant and Equipment
GRAP - 18 Segment Reporting
GRAP - 19 Provisions, Contingent Liabilities and Contingent Assets
GRAP - 21 Impairment of Non-Cash Generating Assets
GRAP - 23 Revenue from Non-exchange Transactions
GRAP - 24 Presentation of Budget Information in Financial Statements
GRAP - 25 Employee Benefits
GRAP - 31 Intangible Assets
GRAP -104 Financial Instruments
GRAP -108 Statutory Receivables
GRAP -109 Accounting by Principals and Agents

The following GRAP standards have been issued but are not yet effective

At the date of authorisation of these Annual Financial Statements, the following standards and interpretations were in issue but not yet effective and have not been early adopted by the municipality.

GRAP 1 - Presentation of Financial Statements (revised) - The impact of the changes are not material.

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. The amounts are rounded to the nearest 1 Rand.

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.

Significant Accounting Policies

1.4 Materiality

Material 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.

Budget and Actual amounts variances

Variances between budget and actual amounts are regarded as material when the variance is;
- 10% or greater in the statement of financial position, the statement of financial performance, and the cash flow statement; and
- 5% or greater in capital expenditure.

1.5 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

Item	Depreciation method	Average useful life
Computer equipment	Straight-line	05-18
Solid waste disposal	Straight-line	05-55
Dwellings	Straight-line	05-30
Electricity	Straight-line	05-80
Furniture & office equipment	Straight-line	07-23
Non Residential dwellings	Straight-line	10-60
Transport assets	Straight-line	04-20
Machinery & equipment	Straight-line	02-20
Roads	Straight-line	03-100

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 2).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 2).

Assets Under Construction

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use and when final conditions are met.

Significant Accounting Policies

1.6 Intangible assets

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

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

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	3-5

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

Significant Accounting Policies

1.7 Financial instruments

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, risk classes (households, business and government), probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Payables from exchange transactions

Payables are initially measured at fair value plus transactional cost, and are subsequently measured at amortised cost..

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Receivables from non exchange transactions

Trade receivables from non-exchange transactions are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, risk classes (households, business and government), probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Discounted cash flows are based on applying the prime rate to estimated cash flow projections taking into consideration sampled debtors within their classes as well as objective indicators such as government commitments and legal action application processes, where relevant. Where the initial credit period granted is not in line with practices or legislation in the public sector, the effect of discounting is considered if it is material.

1.8 Leases

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

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

Operating leases - lessee

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

1.9 Impairment of non-cash-generating assets

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

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

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

Significant Accounting Policies

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

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

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

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

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

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

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

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:
- The objective of using the assets.
- The intended use of the asset.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

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

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

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

Significant Accounting Policies

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

Value in use

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

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

Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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

Reversal of an impairment loss

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

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

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

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

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

Significant Accounting Policies

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

The Municipality's employees are members of the Kwazulu - Natal Joint Municipal Pension Fund (a State and Multi-employer Defined Benefit Plan) and Kwazulu Natal Joint Provident Fund (a State and multi-employer Defined Contribution Plan). Along with other Municipalities in the province of Kwazulu Natal, uMzumbe participates in a multi employer defined plan. As the plan exposes the participating entities to actual risks associated with the current and former employees of other municipalities participating in the plan there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual municipalities participating in the plan. Umzumbe therefore accounts for the plan as if it were defined contribution plan.

Long Service Awards

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

Pension, Provident, Retirement Benefits and Group Life Scheme

The municipality provides retirement benefits for its employees in the form of a defined contribution plans. The municipality is no longer contributing towards retirement benefits for the Councillors as they are now getting a total cost to company package.

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

The contributions to fund obligations for the payment of retirement benefits are charged against the revenue in the year they become payable.

1.11 Provisions and contingencies

Provisions are recognised when:

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

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

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

Significant Accounting Policies

1.11 Provisions and contingencies (continued)

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

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

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

Contingent assets and contingent liabilities are not recognised but disclosed as a note in the financial statements.

1.12 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

1.12 Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Property Rates

Revenue from property rates is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

1.12 Revenue from non-exchange transactions (continued)

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Conditional Grants and Receipts

Conditional grants, donations and funding are recognised as revenue when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If grants are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.13 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.14 Comparative figures

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

1.15 Unauthorised expenditure

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

Significant Accounting Policies

1.15 Unauthorised expenditure (continued)

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

1.16 Fruitless and wasteful expenditure

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

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

1.17 Irregular expenditure

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

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

1.18 Use of estimates

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered to 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.

Impairment of trade and other receivables

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

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Depreciation and carrying value of items of property, plant and equipment

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

Impairment testing

Significant Accounting Policies

1.18 Use of estimates (continued)

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 assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

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

1.19 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.20 Segment information

A segment is an activity of an entity:

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

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

Measurement

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

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

1.21 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. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.22 Events after reporting date

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

Significant Accounting Policies

1.22 Events after reporting date (continued)

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.23 Statutory receivables

Identification

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.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when 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 entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables 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.

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.

1.23 Statutory receivables (continued)

- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

In estimating the future cash flows, an 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 entity 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 is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.24 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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

1.25 Construction contracts and receivables

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

1.25 Construction contracts and receivables (continued)

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

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

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

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

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

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by .

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

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

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

1.26 Revenue from exchange transactions

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

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

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Sale of goods

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

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

Significant Accounting Policies

1.26 Revenue from exchange transactions (continued)

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.27 Expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting, expenses are recognised when incurred, usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Expenses include write downs of inventory and decreases in fair values of financial instruments classified as held at fair value. Losses on the disposal of non-current assets are reported separately from expenses in the Statement of Financial Performance

Major expense items disclosed in the Statement of Financial Performance include;

- Contracted services – caters for all the external services and is further categorised into outsourced, consultants, professional services and contractors. Repairs and maintenance is also part of contracted services. Outsourced services - the municipality should have capacity to carry out the function but choose to enlist the services of an external service provider. Consultant & professional services - refers to specialist services and skills provided. These skills are unnecessary to maintain inhouse and are required on a once off or temporary basis. Contractors - provides services that are not the core business of the municipality.
- Transfers and grants which relate to expenditure pertaining to free basic services, donations to the community, electrification of the townships, bursaries and general expenses constitute several expense items which are not individually significant.
- Write downs of inventory and decreases in fair values of financial instruments classified as held at fair value.
- Losses on the disposal of non-current assets are reported separately from expenses in the Statement of Financial Performance.
- General Expenses - This relates to operational expenses incurred by the municipality on a day to day basis

An expense is recognised in the municipality's Statement of Financial Performance when, and only when, the following criteria are satisfied:

- The cost or value may involve estimation. Where an item possesses the essential characteristics of an expense but fails to meet the criteria for recognition it is disclosed in the note.

Where an outflow of economic benefits does not result in future benefits, it is disclosed as fruitless and wasteful expenditure. The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense. Where future economic benefits are consumed immediately or soon after acquisition, for example, repairs and maintenance expenditure, bulk purchases and general expenses, the expense is recognised in the reporting period in which the acquisition of the future economic benefit occurs. Where future economic benefits are expected to be consumed over several reporting periods e.g. non-current assets, expenses (depreciation) is allocated systematically to the reporting period during which the future economic benefits are expected to be consumed; where expenditure produces no future economic benefits e.g. fines paid, an expense is recognised immediately; and where a liability is incurred without the recognition of an asset an expense is recognised simultaneously with the recognition of the liability.

1.28 Budget information

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

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

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

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

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

Comparative information is not required for, and has therefore not been presented in, the statement of comparison of budget and actual amounts.

Notes to the Annual Financial Statements

2. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Machinery equipment	23,173,496	(14,830,871)	8,342,625	21,119,362	(12,979,623)	8,139,739
Furniture and office equipment	7,159,033	(4,459,823)	2,699,210	7,208,666	(4,313,183)	2,895,483
Transport assets	16,298,988	(9,442,386)	6,856,602	16,298,988	(7,821,278)	8,477,710
Computer equipment	6,729,664	(4,424,205)	2,305,459	6,982,504	(3,872,100)	3,110,404
Road Infrastructure	475,211,952	(206,555,409)	268,656,543	418,987,110	(164,945,129)	254,041,981
Community Assets	217,443,198	(54,683,581)	162,759,617	214,598,393	(46,909,402)	167,688,991
Solid Waste Disposal	404,350	(200,212)	204,138	398,953	(186,915)	212,038
Work in Progress	247,806,927	-	247,806,927	203,504,546	-	203,504,546
Total	**994,227,608**	**(294,596,487)**	**699,631,121**	**889,098,522**	**(241,027,630)**	**648,070,892**

Notes to the Annual Financial Statements

Figures in Rand

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Adjustment	Transfers	Depreciation	Impairment loss	Total
Machinery equipment	8,139,739	1,880,099	(298,498)	-	-	(1,378,715)	-	8,342,625
Furniture and office equipment	2,895,483	507,982	(97,606)	-	-	(606,649)	-	2,699,210
Transport assets	8,477,710	-	-	-	-	(1,621,108)	-	6,856,602
Computer equipment	3,110,404	96,549	(37,205)	-	-	(864,289)	-	2,305,459
Infrastructure	254,041,981	-	(2,429)	244,695	43,251,582	(13,694,856)	(15,184,430)	268,656,543
Community assets	167,688,991	91,374	(27,759)	-	2,998,750	(7,766,476)	(225,263)	162,759,617
Solid waste disposal	212,038	12,500	(113)	-	-	(20,287)	-	204,138
Work in Progress	203,504,546	90,754,645	(201,932)	-	(46,250,332)	-	-	247,806,927
	648,070,892	**93,343,149**	**(665,542)**	**244,695**	**-**	**(25,952,380)**	**(15,409,693)**	**699,631,121**

Notes to the Annual Financial Statements

Figures in Rand

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Prior Adjustments Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Machinery equipment	10,104,046	371,100	-	(38,658)	118,631	(1,478,539)	(936,841)	8,139,739
Furniture and office equipment	2,711,350	833,169	-	(66,377)	-	(582,659)	-	2,895,483
Transport assets	10,401,340	-	-	(478,302)	-	(1,445,328)	-	8,477,710
Computer equipment	3,819,911	471,172	-	(180,340)	-	(1,000,339)	-	3,110,404
Infrastructure	208,843,335	1,217,186	-	(72,637)	57,192,278	(12,583,202)	(554,979)	254,041,981
Community assets	154,868,241	88,700	-	(97,923)	20,460,355	(7,630,382)	-	167,688,991
Solid waste disposal	205,981	27,800	-	(478)	-	(21,265)	-	212,038
Work in Progress	210,123,122	71,152,729	(41)	-	(77,771,264)	-	-	203,504,546
	601,077,326	**74,161,856**	**(41)**	**(934,715)**	**-**	**(24,741,714)**	**(1,491,820)**	**648,070,892**

Pledged as security

No assets were pledged as security:

Delayed Projects

The following projects were delayed because of various reasons

Reason for Delays		
The projects are currently under construction, however the projects are on hold	88,064,592	18,563,641
The projects were not prioritised for implementation, however they will be implemented in the coming financial year	19,033,859	13,969,080
	107,098,451	**32,532,721**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

2. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Total
Opening balance	102,689,744	100,814,846	203,504,590
Additions/capital expenditure	40,267,008	50,487,638	90,754,646
Impairments	-	(201,932)	(201,932)
Transferred to completed items	(42,999,616)	(3,250,716)	(46,250,332)
	99,957,136	**147,849,836**	**247,806,972**

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	123,477,717	85,044,207	208,521,924
Additions/capital expenditure	36,824,247	35,727,750	72,551,997
Transferred to completed items	(57,612,220)	(19,957,111)	(77,569,331)
	102,689,744	**100,814,846**	**203,504,590**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Roads Infrastructure	6,057,994	6,210,845
Machinery equipment	5,889	1,826,348
Transport Assets	2,676,335	993,623
Community Assets	539,240	1,123,644
	9,279,458	**10,154,460**

The municipality's assets are unencumbered. A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Impairment of Assets

Impairment of the assets above are as a result of a conditional assessment performed during the physical verification of assets exercise.

Assets were disposed during the year after they have reached their useful lives and were no longer useful.

Notes to the Annual Financial Statements

Figures in Rand

3. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1,219,198	(1,167,863)	51,335	1,530,218	(1,392,708)	137,510

Reconciliation of intangible assets - 2025

	Opening balance	Disposals	Amortisation	Total
Computer software	137,510	(44,218)	(41,957)	51,335

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	159,134	64,929	(22,347)	(64,206)	137,510

Figures in Rand	2025	2024

3. Intangible assets (continued)

Other information

The software licences are restricted to the municipality's use. The municipality's assets are unencumbered. The municipality has an assets register which is available for inspection.

4. Operating lease liability

	2025	2024
Current liabilities	106,676	99,325

The municipality has a 40 year lease with Ingonyama Trust for the leasing of land on which municipal offices are built on, which is subject to an escalation clause of 10% annually. The lease began on 01 September 2015.

There are no restrictions associated with the lease.

Minimum Lease Payments due	2025	2024
Within one year	2,938	2,671
In second to fifth year	14,997	13,633
Over five years and until the end of the lease	473,171	477,472
	491,106	**493,776**

5. Payables from exchange transactions

	2025	2024
Trade payables	15,091,318	8,985,061
Other payables	2,664,971	2,315,993
Advances from the Department of Human Settlements	302,422	328,555
Accrued leave pay	6,530,407	6,095,537
Accrued bonus	1,946,083	1,797,766
Deposits received	88,729	72,055
Retention	5,673,008	8,076,987
Debtors with credit balances	108,277	124,008
Deferred construction revenue	210,775	4,946,512
Unallocated Deposits	2,394,063	-
	35,010,053	**32,742,474**

Advances from the Department of Human Settlements - The municipality manages payments to suppliers on behalf of the Department of Human Settlement for houses being built within the Umzumbe Municipality. No fee is charged for this arrangement.

Deferred construction revenue - This relates to unspent portion of grants received from the Department of Energy (INEP) and Kwazulu-Natal Department of Cooperative Governance and Traditional Affairs (Massification). The Department of Energy provides the Municipality with a grant in terms of the Integrated National Electrification Programme (INEP). The municipality implements electricity infrastructure construction and infills in rural areas on behalf of Eskom using the INEP and Massification grants. Once completed, these projects are handed over to Eskom for energising and future maintenance and do not form part of the municipality's assets. The Massification grant comes from the Kwazulu-Natal Department of Cooperative Governance and Traditional Affairs. The Massification grant is used to specifically to electrify areas within the Umzumbe Municipality as per Grant Agreement.

6. VAT payable

	2025	2024
VAT Output	8,139,130	7,104,817

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. Receivables from exchange transactions

Sundry debtors	1,072,953	953,903
Interest accrued	53,990	310,336
Creditors with debit balances	116,766	241,597
	1,243,709	**1,505,836**

8. VAT receivable

VAT Receivable from Sars	1,444,681	1,672,111
VAT Input Accrual	1,815,800	2,666,034
	3,260,481	**4,338,145**

VAT Receivable and VAT Payable are statutory arrangements

9. Receivables from non-exchange transactions

Gross balances		
Rates	47,449,019	36,291,713
Less: Allowance for impairment		
Rates	(24,956,787)	(19,504,982)
Net balance		
Rates	22,492,232	16,786,731
Rates		
Current (0 -30 days)	159,710	-
31 - 60 days	29,600	-
> 180 days	22,302,922	16,786,731
	22,492,232	**16,786,731**

Figures in Rand	2025	2024

9. Receivables from non-exchange transactions (continued)

Summary of debtors by customer classification

	2025	2024
Residential		
> 180 days	1,843,539	1,310,638
	1,843,539	1,310,638
Less: Allowance for impairment	(1,843,539)	(1,310,638)
	-	-
Business/ Commercial		
> 180 days	23,113,248	19,309,324
	23,113,248	19,309,324
Less: Allowance for impairment	(23,113,248)	(18,194,345)
	-	**1,114,979**
National and provincial government (State)		
Current (0 -30 days)	159,710	-
31 - 60 days	29,600	-
> 180 days	22,302,833	15,671,752
	22,492,143	**15,671,752**
Total		
> 180 days	47,449,019	36,291,713
	47,449,019	36,291,713
Less: Allowance for impairment	(24,956,787)	(19,504,982)
	22,492,232	**16,786,731**
Less: Allowance for impairment		
> 180 days	(24,956,787)	(19,504,982)
Reconciliation of allowance for impairment		
Balance at beginning of the year	(19,504,982)	(12,625,455)
Contributions to allowance	(5,451,805)	(6,879,527)
	(24,956,787)	**(19,504,982)**

Statutory receivables

Transaction(s) arising from statute

All receivables from non-exchange transactions arise from the property rates billed to customers as a result of the application of the Municipal Property Rates Act (Act No 6 of 2004).

Revenue from non-exchange transactions is recognised according to GRAP 23 and is disclosed in **Note** 15

Interest is not levied on property rates.

Consumer debtors - rates

As of 30 June 2025, consumer debtors - rates of R47 448 930 (2024: R36 291 713) were impaired and provided for. The amount of the impairment was R24 956 787 as of 30 June 2025 (2024: R19 504 982).

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Cash and cash equivalents (continued)

Cash on hand	44,682	50,411
Bank balances	2,689,331	35,089,447
Short-term deposits	5,860,939	11,147,942
	8,594,952	**46,287,800**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
ABSA BANK LTD - Port Shepstone - 40-7276-2850	2,498,517	34,880,318	87,860,512	2,498,517	34,880,318	87,732,272
ABSA Housing Account - Port Shepstone - 40-7278-0715	-	28,784	988,326	-	28,784	988,326
ABSA MIG Account - Port Shepstone 40 - 7277-6506	190,814	180,346	173,744	190,814	180,346	173,744
FNB - Call Account - 62733650205	5,860,939	5,464,256	5,070,046	5,860,939	5,464,256	5,070,046
FNB Fixed Deposit account - 74089581050	-	5,683,686	5,683,686	-	5,683,686	5,683,686
Total	**8,550,270**	**46,237,390**	**99,776,314**	**8,550,270**	**46,237,390**	**99,648,074**

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises:

Unspent conditional grants and receipts		
Disaster Management Grant	119,101	119,101
KwaZulu-Natal Sports Grant	50,000	50,000
Fire Fighting Grant	374,778	374,778
Municipal Infrastructure Grant	-	2,289,181
Municipal Disaster Relief Grant	4,488,307	59,985
	5,032,186	**2,893,045**

Movement during the year

Balance at the beginning of the year	2,893,045	543,879
Additions during the year	69,942,000	49,987,000
Income recognition during the year	(68,162,052)	(47,637,834)
Corrections	359,193	-
	5,032,186	**2,893,045**

See note 17 for reconciliation of grants from National/Provincial Government.

Notes to the Annual Financial Statements

Figures in Rand

12. Employee Benefits

Reconciliation of employee benefits - 2025

	Opening Balance	Utilised during the year	Actuarial Loss (Gain)	Current Service cost	Finance Cost	Total
Long Service Awards	2,480,000	(302,915)	(214,085)	322,000	291,000	2,576,000

Reconciliation of employee benefits - 2024

	Opening Balance	Utilised during the year	Actuarial Loss (Gain)	Current Service cost	Finance Cost	Total
Long Service Awards	2,214,000	(237,497)	(86,503)	303,000	287,000	2,480,000

Non-current liabilities	2,337,000	2,167,000
Current liabilities	239,000	313,000
	2,576,000	**2,480,000**

Provision for Long Service Awards

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2025 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2025 by a member 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.

Valuation Assumptions

In estimating the liability for long service leave benefits a number of assumptions are required. GRAP 25 places the responsibility on management to set these assumptions, as guided by the principles set out in GRAP 25 and in discussion with the actuary.

The assumptions should be realistic and mutually compatible. The difference between the assumptions drives the valuation and it is very important to monitor how this difference changes from one valuation to the next. The most relevant actuarial assumptions used in this valuation are discussed below.

Financial Variables

Notes to the Annual Financial Statements

Figures in Rand

12. Employee Benefits (continued)

The two most important financial variables used in our valuation are the discount rate and salary inflation. We have assumed the following values for these variables:

Financial Variable	Assumed Value 30-06-2025 (Current Valuation)	Assumed Value at 30-06-2024 (Preceding Valuation)
Discount Rate	Yield Curve	Yield Curve
CPI (Consumer Price Inflation)	Difference between nominal and real yield curve	Difference between nominal and real yield curve
Normal Salary Increase Rate	Equal to CPI+1%	Equal to CPI+1%
Net Effective Discount Rate	Yield Curve Based**	Yield Curve Based**

Discount Rate

GRAP 25 defines the determination of the Discount rate assumption to be used as follows: "The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

We use the nominal and real zero curves as at 30 June 2025 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period.

** The Net Effective Discount Rate is different for each relevant time period of the yield curves' various durations and therefore the Net Effective Discount Rate is based on the relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Salary Inflation for each relevant time period.

Although we have used the yield curve for our discount rates and our corresponding inflation rates, for indicative purposes we show the discount rate and CPI that corresponds to the implied duration of our liability. The implied duration of the liability for this valuation is 7,35 years. It is however important to note that this is solely for indicative purposes as we use the entire yield curve to obtain our financial variables.

Normal Salary Inflation Rate

12. Employee Benefits (continued)

We have derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) Inflation-linked Bond rate for each relevant time period. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2025 of 5.01%. The next salary increase was assumed to take place on 01 July 2026.

In addition to the normal salary inflation rate, we assumed the following promotional salary increases:

Promotional Salary Increase Rates

Age Band	Promotional Increase
20 - 24	5%
25 - 29	4%
30 - 34	3%
35 - 39	2%
40 - 44	1%
45 and over	0%

Average Retirement Age

he average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements.

Normal Retirement Age.

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

Withdrawal Decrements

A table setting out the assumed rates of withdrawal from service is set out below:

Age Band	Withdrawal Rate Males	Withdrawal Rate Females
20 - 24	16%	24%
25 - 29	12%	18%
30 - 34	10%	15%
35 - 39	8%	10%
40 - 44	6%	6%
45 - 49	4%	4%
50 - 54	2%	2%
55 - 59	1%	1%
60 +	0%	0%

The principal assumptions used for the purposes of the actuarial valuations were as follows:	2025	2024
Discount Rate	9.86%	11.48%
CPI (Consumer Price Inflation)	4.51%	6.30%
Normal Salary Increase Rate	5.51%	7.30%
Net Effective Discount Rate	4.12%	3.90%

The effect of a 1 % increase movement in the assumed rate of salary inflation is as follows:	2025	2024
Total Accrued Liability	2,761,000	2,662,000
Current Service Cost	330,000	348,000
Interest cost	274,000	313,000

Figures in Rand	2025	2024

12. Employee Benefits (continued)

	2025	2024
	3,365,000	**3,323,000**
The effect of a 1 % decrease movement in the assumed rate of salary inflation is as follows:		
Total Accrued Liability	2,408,000	2,317,000
Current Service Cost	283,000	298,000
Interest cost	236,000	271,000
	2,927,000	**2,886,000**
The effect of a 20 % increase in withdrawal rate of employees is as follows:		
Total Accrued Liability	2,437,000	2,333,000
Current Service Cost	285,000	298,000
Interest cost	239,000	273,000
	2,961,000	**2,904,000**
The effect of a 20 % decrease in withdrawal rate of employees is as follows:		
Total Accrued Liability	2,729,000	2,644,000
Current Service Cost	328,000	348,000
Interest cost	270,000	311,000
	3,327,000	**3,303,000**
The effect of a 1 % increase movement in the assumed Discount rate is as follows:		
Total Accrued Liability	2,416,000	2,324,000
Current Service Cost	284,000	299,000
Interest cost	261,000	295,000
	2,961,000	**2,918,000**
The effect of a 1 % decrease movement in the assumed Discount rate is as follows:		
Total Accrued Liability	2,755,000	2,657,000
Current Service Cost	329,000	347,000
Interest cost	245,000	285,000
	3,329,000	**3,289,000**
The effect of a 1 year increase in average retirement age as follows:		
Total Accrued Liability	2,712,000	2,594,000
Current Service Cost	317,000	332,000
Interest cost	268,000	305,000
	3,297,000	**3,231,000**
The effect of a 1 year decrease in average retirement age as follows:		
Total Accrued Liability	2,501,000	2,418,000
Current Service Cost	297,000	314,000
Interest cost	246,000	283,000
	3,044,000	**3,015,000**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Construction contracts revenue

Construction contracts - INEP	5,006,165	18,211,227
Construction contracts - Massification	1,889,260	16,110,740
	6,895,425	**34,321,967**

Construction contracts revenue - This relates to spent portion of grants received from the Department of Energy (INEP) and Kwazulu-Natal Department of Cooperative Governance and Traditional Affairs (Massification). The Department of Energy provides the Municipality with a grant in terms of the Integrated National Electrification Programme (INEP). The municipality implements electricity infrastructure construction and infills in rural areas on behalf of Eskom using the INEP and Massification grants. Once completed, these projects are handed over to Eskom for energising and future maintenance and do not form part of the municipality's assets. The Massification grant comes from the Kwazulu-Natal Department of Cooperative Governance and Traditional Affairs. The Massification grant is used to specifically to electrify areas within the Umzumbe Municipality as per Grant Agreement.

Advances received in excess of work completed are included in trade and other payables.

14. Other income

Tender Income	177,390	103,043
Hire of facilities and equipment	207,576	275,042
Insurance Refund	658,440	-
Transaction Handling Fees	54,595	52,959
Operators and Public Drivers Permits	35,522	7,906
Building plan approval	-	6,583
Licences and Permits	-	4,530
Clearance Certificates	-	7,100
	1,133,523	**457,163**

15. Interest received - investments

Interest revenue

Interest Received on Investments	3,975,218	9,196,551

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Property rates

Rates

	2025	2024
Residential	829,420	169,470
Commercial	1,035,920	373,950
State	8,288,896	6,197,668
Communal Land	-	961,393
Agriculture	3,909,262	1,213,750
Public Benefit Organization	35,728	22,358
Vacant Land	-	97,760
Less: Income forgone	(1,475,982)	(766,434)
	12,623,244	**8,269,915**

The municipality maintains a property valuation roll in accordance with the Municipal Property Rates Act.

The property valuation roll is available for inspection.

Valuations

	2025	2024
Residential	82,942,000	16,947,000
Commercial	104,570,000	37,395,000
State	806,015,700	629,864,000
Communal Land	-	384,557,000
Agriculture	1,548,391,630	485,500,000
Public Benefit Organization	19,535,000	8,943,000
Vacant Land	2,949,400	9,776,000
	2,564,403,730	**1,572,982,000**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2024. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
17. Government grants & subsidies		
Operating grants		
Equitable share	171,112,000	162,954,000
Financial Management Grant	1,800,000	1,850,000
Municipal Employment Initiative Grant	2,000,000	1,000,000
Expanded Public Works Program	1,400,000	1,431,000
	176,312,000	**167,235,000**
Capital grants		
Municipal Infrastructure Grant	43,331,181	27,644,819
Municipal Disaster Relief Grant	19,271,679	15,712,015
	62,602,860	**43,356,834**
	238,914,860	**210,591,834**

Financial Management Grant

Current-year receipts	1,800,000	1,850,000
Conditions met - transferred to revenue	(1,800,000)	(1,850,000)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

17. Government grants & subsidies (continued)

Municipal Employment Initiative Grant

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

Expanded Public Works Program

Current-year receipts	1,400,000	1,431,000
Conditions met - transferred to revenue	(1,400,000)	(1,431,000)
	-	-

Disaster Management Grant

Balance unspent at beginning of year	119,101	119,101
Conditions met - transferred to revenue	-	-
	119,101	**119,101**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

17. Government grants & subsidies (continued)

KwaZulu-Natal Sports

Balance unspent at beginning of year	50,000	50,000

Fire Fighting Grant

Balance unspent at beginning of year	374,778	374,778

Municipal Infrastructure Grant

Balance unspent at beginning of year	2,289,181	-
Current-year receipts	41,042,000	29,934,000
Conditions met - transferred to revenue	(43,331,181)	(27,644,819)
	-	**2,289,181**

Municipal Disaster Relief Grant

Balance unspent at beginning of year	59,985	-
Current-year receipts	23,700,000	15,772,000
Conditions met - transferred to revenue	(19,271,678)	(15,712,015)
	4,488,307	**59,985**

18. Public contributions and donations

Donations	-	11,500

The donation relates to a water pump donated by Aqua Darshan Foundation to be used at Inkanini Sport Centre.

19. Employee related costs

Basic Salary	48,347,024	46,277,342
Bonus	3,711,744	3,363,481
Medical aid - company contributions	2,358,233	2,079,645
Unemployment Insurance Fund	356,929	343,119
Skills Development Levy	702,270	647,883
Leave pay provision charge	1,218,915	1,231,139
Pension Contribution	6,503,855	6,196,874
Accommodation	3,158,973	3,035,725
Overtime payments	7,044,107	6,107,940
Acting allowances	498,433	321,787
Car allowance	7,177,400	7,197,449
Other Salary costs	3,557,236	2,251,495
	84,635,119	**79,053,879**

Remuneration of Municipal Manager

Annual Remuneration	804,053	341,428
Car Allowance	271,585	115,521
Other	306,151	33,457
Acting Allowance	-	36,324
	1,381,789	**526,730**

Mrs AN Dlamini was Municipal Manager from July 2024 to December 2024.

Mr S Cele was appointed Municipal Manager from January 2025.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

19. Employee related costs (continued)

Remuneration of Municipal Manager

Annual Remuneration	804,053	341,428
Car Allowance	271,585	115,521
Other	306,151	33,457
Acting Allowance	-	36,324
	1,381,789	**526,730**

Mrs AN Dlamini was Municipal Manager from July 2024 to December 2024.

Mr S Cele was appointed Municipal Manager from January 2025.

Remuneration of Chief Financial Officer

Annual Remuneration	660,170	680,510
Car Allowance	227,087	221,091
Other	228,842	24,421
	1,116,099	**926,022**

Remuneration Corporate Services Director

Annual Remuneration	660,170	680,510
Car Allowance	227,087	223,676
Other	97,799	68,642
	985,056	**972,828**

Remuneration of Technical Services Director

Annual Remuneration	495,128	213,027
Car Allowance	159,077	77,214
Other	15,066	126,307
	669,271	**416,548**

The Director was appointed in February 2025. Ms NR Msimamngo was the Acting Technical Director from September 2024 to December 2024.

Remuneration of Social & Community Services Director

Other	-	29,824

Mr Pilani Zama was the Acting Director from July to October 2024 and thereafter the position was vacant.

20. Remuneration of councillors

Mayor	1,095,597	971,777
Deputy Mayor	945,761	786,080
Speaker	827,350	486,460
Councillors	22,460,690	20,208,223
	25,329,398	**22,452,540**

Notes to the Annual Financial Statements

Figures in Rand

	2025	2024

21. Depreciation and amortisation

	2025	2024
Property, plant and equipment	25,952,378	24,741,656
Intangible assets	41,957	64,206
	25,994,335	**24,805,862**

22. Impairment loss

Impairments

	2025	2024
Property, plant and equipment	15,409,693	1,491,820

23. Finance costs

	2025	2024
Trade and other payables - Interest on overdue accounts	29,747	134
Interest recognised on long service awards provision	291,000	287,000
	320,747	**287,134**

24. Auditors' remuneration

	2025	2024
Fees	3,987,847	2,911,199

25. Debt impairment

	2025	2024
Contributions to debt impairment provision	5,451,805	6,879,527

26. General expenses

	2025	2024
Advertising, Publicity and Marketing	4,718,174	7,229,613
Auditors remuneration	3,987,847	2,911,199
Bank charges	129,476	125,526
Ward Committees	2,706,700	2,215,940
Bursaries	606,329	480,687
Achievements and awards	167,194	517,710
Consumables	7,396,681	8,749,501
Hire charges	1,676,303	1,397,365
Insurance	1,009,505	1,296,442
Lease Rentals on Operating Lease	304,814	323,249
Licences & Tracking	296,360	406,389
Printing and stationery	2,176,363	2,650,494
Subscriptions and membership fees	1,213,064	1,116,228
Communication	3,672,786	5,340,125
Transport and events	1,606,000	3,052,900
Subsistence and Travel	3,417,354	4,205,583
Electricity	2,651,615	850,579
Solid waste disposal	1,740,748	1,371,709
Free basic services	4,099,574	39,389,703
Uniform and Protective Clothing	605,753	1,248,054
Personnel Agency Fees	8,212	18,642
Registration Fees:Seminars, Conferences, Workshops and Events	911,062	73,206
Honoraria (Voluntarily Workers)	47,950	44,150
Municipal Services	-	401,306
Workmen's Compensation Fund	-	1,365,053
Assets less than the Capitalisation Threshold	114,258	134,768
Allocations In-kind:Non-profit Institutions	-	143,700
Seating Allowance for Traditional Leaders	3,539	-
	45,267,661	**87,059,821**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
27. Contracted services		
Outsourced Services		
Burial Services	-	122,300
Catering Services	3,387,631	3,615,006
Clearing and Grass Cutting Services	284,600	312,701
Medical Services	57,246	-
Professional Staff	733,901	3,060,974
Security Services	11,788,286	10,440,009
Consultants and Professional Services		
Business and Advisory	4,127,037	15,671,650
Infrastructure and Planning	1,889,260	15,596,897
Legal Cost	15,630,881	3,145,624
Contractors		
Artists and Performers	221,850	579,000
Audio-visual Services	26,300	5,900
Employee Wellness	262,150	166,910
Interior Decorator	17,250	35,900
Repairs and Maintenance	9,279,458	10,154,460
Stage and Sound Crew	285,350	409,080
	47,991,200	**63,316,411**

28. Cash generated from operations

	2025	2024
Surplus (deficit)	12,646,637	(23,397,769)
Adjustments for:		
Depreciation and amortisation	25,994,335	24,805,862
Loss on disposal of assets	709,760	986,208
Impairment loss	15,409,693	1,491,820
Debt impairment	5,451,805	6,879,527
Movement in operating lease accrual	7,351	10,050
Movements in provisions	96,000	266,000
Actuarial gains/(losses)	(214,085)	(86,503)
Other non-cash items	3,727,977	14,038,582
Changes in working capital:		
Receivables from exchange transactions	262,127	444,065
Receivables from non-exchange transactions	(11,157,306)	(3,418,720)
Payables from exchange transactions	2,267,575	(915,714)
VAT	2,111,979	3,975,209
Unspent conditional grants and receipts	2,139,141	2,349,166
	59,452,989	**27,427,783**

29. Commitments

Authorised capital expenditure

	2025	2024
Already contracted for but not provided for		
• Infrastructure	274,432,219	327,303,571

This committed expenditure relates to Infrastructure and will be financed by Government Grants.

Figures in Rand	2025	2024

30. Contingencies

Contingencies arising from pending litigation on contractual disputes and claims for damages.

Litigation is in the process against the municipality relating to several contractual disputes and claims for damages. As the conclusion of the process is dependent on the setting of dates by the respective courts, timing of the economic outflow is therefore uncertain. Amounts disclosed do not include legal fees. Details of the claims are listed below;

Contingent Liabilities

	2025	2024
The municipality is being sued by the following companies for service rendered and not paid (WBHO Construction, Mashi-Mollo Civil Engineers &Agriculturists (Pty) Ltd).	4,517,780	4,800,000
The municipality is being sued by Dlamindlovu Consulting Engineers (Pty) Ltd for service rendered and not paid	1,013,136	1,255,198
	5,530,916	**6,055,198**

31. Related parties

The municipality contributes annually to South Coast Tourism and Investment Enterprise for the promotional activities and developmental activities within the Municipality. Ugu South Coast Development Agency and Ugu South Coast Tourism Authority where combined to form South Coast Tourism and Investment Enterprise.

Related party balances

Amounts included in General Expenses regarding related parties

	2025	2024
South Coast Tourism and Investment Enterprise	2,361,346	2,248,765

Senior management and councillors are further classified as related parties. Refer to note 18 and note 19.

Section 45 and 44 of SCM Regulations

Awards to business associates in service of state

Expenditure of R602 068 - (2024 - R 815 648) related to awards to business associates of persons in the service of the state. This information came to the attention of the Municipality towards the finalisation of the 2024/25 audit in the current year.

Purchases from related parties

	2025	2024
Ndosi Trading Enterprise - related to Freedom Nomkhosi Ngubo Data Capture EPWP	17,600	103,900
Ez'bukwayo events - related to Ntokozo Cyril Khomo – Manager: Special Projects	75,000	20,480
Mkhokho Ka Mzalelwa Tradings (Pty) Ltd - related to Freedom NomkhosiGgubo - Data Capture EPWP	-	12,500
Imfusi Construction and Projects - Related to Marcia Mary Mfecane - Councillor	160,768	274,268
Sambulintwenhle - Related to Lorraine Nondumiso Shozi - Registry Clerk	28,700	26,000
Amadlakela Trading - Related to Ms Mondli Kwani - Technical Manager	160,000	220,500
Sthathu Investments - Related to NN Nontobeko Shobede - Electrician	160,000	158,000
Mosolina Construction - Related to Lorraine Nondumiso Shozi - Registry Clerk	181,800	-
Babhekisipho Trading Enterprise - Related to Lorraine Nondumiso Shozi - Registry Clerk	21,250	-
Ntswece - Related to Freedom Nomkhosi Ngubo - Data Capturer - EPWP	8,400	-

32. Prior-year adjustments

VAT Payable

32. Prior-year adjustments (continued)

The write-off of unsupported retention balances, invoices wrongly accrued and the correction of unspent grants due to the incorrect accounting treatment of Massification Grant and INEP grant resulted in the decrease of **R4,919,433** in payables from exchange transactions.

Finance Costs

The reversal of interest charged by the Auditor General resulted in the reduction of finance cost by **R19,126**

Contracted Services

A farm bought for **R1,739,130.43** was expensed in error under contracted services and the correction of duplicated invoices resulted in contracted services decreasing by **R2,021,171**

Depreciation and amortisation

Deperciation for the prior year was restated as a result of assets which were not capitalised. The effect of these adjustments resulted in depreciation increasing by **R233 635**

General Expenses

Expenditure relating to Construction Contracts was incorrectly accounted for using GRAP 109 - Accounting by Principals and Agents and errors in the capturing of invoices resulted in General expenses increasing by **R34,312,810** in the 2023-24 financial year. The expenditure relating to the revenue received from INEP and Massifaction grants is now being accounted under general expenses.

Loss on disposal of assets

The cost of asset disposed was not removed from the asset register and the ledger. This resulted in the loss on disposal being understated by **R81,976**

Property plant and equipment - Property plant and equipment was restated due to retention which was not added to capital projects, the expensed land which was purchased and the cost for assets which were disposed but not removed from the register and the general ledger. **This resulted in property, plant and equipment increasing by R3,234,962**

Cashflow Statement:

The recalculation of cashflow statement amounts resulted in the changes in reported amounts in the 2024. Every tarnsaction in the cashbooks was analysed to detemine the nature of the transaction. This resulted in all the cashflow line items being restated.

The correction of these errors resulted in the adjustments below:

Statement of financial position

2024

	Note	As previously reported	Correction of error	Restated
Receivables from non-exchange transactions	9	22,376,154	(5,589,423)	16,786,731
VAT Receivable (Payable)	8	4,378,217	(7,144,888)	(2,766,671)
Property, plant and equipment	2	644,835,930	3,234,962	648,070,892
Payables from exchange transactions	5	(37,661,910)	4,919,433	(32,742,477)
Unspent conditional grants and receipts	11	(7,839,557)	4,946,512	(2,893,045)
Accumulated Surplus		(671,440,655)	(366,598)	(671,807,253)
		(45,351,821)	**(2)**	**(45,351,823)**

Statement of financial performance

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

32. Prior-year adjustments (continued)

Statement of financial position

2024

	Note	As previously reported	Correction of error	Restated
Receivables from non-exchange transactions	9	22,376,154	(5,589,423)	16,786,731
VAT Receivable (Payable)	8	4,378,217	(7,144,888)	(2,766,671)
Property, plant and equipment	2	644,835,930	3,234,962	648,070,892
Payables from exchange transactions	5	(37,661,910)	4,919,433	(32,742,477)
Unspent conditional grants and receipts	11	(7,839,557)	4,946,512	(2,893,045)
Accumulated Surplus		(671,440,655)	(366,598)	(671,807,253)
		(45,351,821)	**(2)**	**(45,351,823)**

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Construction contracts	13	-	(34,321,967)	(34,321,967)
Other Income	14	(5,605,458)	5,148,295	(457,163)
Finance Cost	23	306,260	(19,126)	287,134
Debt Impairment	25	1,290,105	5,589,422	6,879,527
Contracted services	27	65,337,582	(2,021,171)	63,316,411
Depreciation and amortisation		24,572,227	233,635	24,805,862
General expenses	26	52,747,011	34,312,810	87,059,821
Loss on disposal of assets		904,231	81,976	986,207
Surplus for the year		**139,551,958**	**9,003,874**	**148,555,832**

Cash flow statement

2024

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Receipts from Customers		10,461,705	38,996,233	49,457,938
Grants		257,147,000	(44,206,000)	212,941,000
Interest income		9,196,551	404,317	9,600,868
VAT Refunds		-	23,058,243	23,058,243
Cash Paid to Suppliers and Employees		(257,720,468)	257,720,468	-
Employee costs	19	-	(100,069,777)	(100,069,777)
Cash Paid to Suppliers		-	(167,635,157)	(167,635,157)
		19,084,788	**8,268,327**	**27,353,115**
Cash flow from investing activities				
Purchase of property, plant and equipment		(72,422,686)	(8,333,256)	(80,755,942)
Purchase of intangible assets		(64,929)	(9,739)	(74,668)
		(72,487,615)	**(8,342,995)**	**(80,830,610)**

Figures in Rand	2025	2024

33. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk, interest rate risk, credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried under policies approved by the Accounting Officer. Municipality budget and treasury department identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The Accounting Officer provides written principles for overall risk management, as well as written policies covering specific areas, such as, interest rate risk, credit risk and investment of excess liquidity.

Liquidity risk

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

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

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

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

Financial instrument	2025	2024
Receivables from exchange transactions	1,243,709	1,505,836
Payables from exchange transactions	35,083,014	32,210,996
Cash and Cash Equivalents	8,594,952	46,287,800

34. 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.

35. Unauthorised expenditure

Opening balance as previously reported	63,931,418	2,379,003
Add: Unauthorised expenditure - current	61,492,859	61,552,415
Closing balance	**125,424,277**	**63,931,418**

Unauthorised expenditure for prior year has been restated due it having been recognised incorrectly. The net budget deficit was used instead of the aggregate of the aggregate overspent individual votes. The correct restated amount is 61,552,415.00

36. Fruitless and wasteful expenditure

Add: Fruitless and wasteful expenditure identified - current	85,747	19,260
Less: Amount written off - current	-	(19,260)
Closing balance	**85,747**	**-**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. Irregular expenditure

	2025	2024
Opening balance as previously reported	56,644,352	24,166,245
Add: Irregular expenditure - current	132,109,709	32,478,107
Closing balance	**188,754,061**	**56,644,352**

Incident: During the year, the municipality incurred irregular expenditure amounting to **R94,135,375.28** as a result of Bid Adjudication Committee not being properly constituted for contracts awarded in the prior financial years.

Action: The matter was reviewed and tabled at Council.

Incident: During the year, the municipality incurred irregular expenditure amounting to **R37,974,334** as a result of not following the supply chain procedures.
Action: The matter was reviewed and tabled at Council.

The opening balance of irregular expenditure was restated by **R7,709,147.79** due to deviations from the 2023 not meeting criteria to qualify as deviations. Turn key Disaster projects amounting to **R27,130,015.43** were deemed irregular due to non compliance with supply chain regulations. Procurement amounting to **R4,744,842.51** reported as section 36 deviation did not meet the criteria for section 36 deviations and were deemed irreregular.

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Bid Adjudication Committee not being properly constituted	The matter was reviewed and tabled at Council	94,135,375	391,000
Non-compliance with SCM regulation	The matter was reviewed and tabled at Council	37,974,334	32,087,107
		132,109,709	**32,478,107**

Figures in Rand	2025	2024

38. Additional disclosure in terms of Municipal Finance Management Act

Contribution to Local Government Associations

Current year subscription / fee	1,205,549	1,066,958
Amount paid - current year	(1,205,549)	(1,066,958)
	-	-

Audit fees

Opening balance	109,543	-
Current year subscription / fee	4,586,310	3,366,845
Amount paid - current year	(4,238,126)	(3,257,302)
Adjustments	(19,150)	-
	438,577	**109,543**

PAYE and UIF

Current year subscription / fee	16,608,078	14,540,771
Amount paid - current year	(15,341,314)	(14,540,771)
	1,266,764	-

Pension and Medical Aid Deductions

Current year subscription / fee	17,456,127	13,212,290
Amount paid - current year	(17,456,127)	(13,212,290)
	-	-

39. Multi employer retirement benefit

Umzumbe Local Municipality makes provision for retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All full-time employees belong to the KwaZulu Natal Joint Municipal Pension Fund, which are made up by the Retirement, Superannuation and Provident Funds. Councillors have the option to belong to the Pension Fund for Municipal Councillors.

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:-

- The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The 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 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 municipality are reduced by the amount of forfeited contributions.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation. For both the Superannuation and Retirement Funds valuations making use of the Discontinuance Method Approach have been included as well.

DEFINED CONTRIBUTION SCHEMES

Kwazulu-Natal Joint Municipal Pension Fund:

The scheme is subject to an actuarial valuation. The latest interim actuarial valuation was performed as at 31 March 2019.

As reported by the Actuaries, the Fund was not in a sound financial position but the surcharge is expected to eliminate deficit by 2021. The asset composition was appropriate to the nature of the liabilities and the investment strategy was suitable for the fund. In addition, the Fund's reinsurance arrangements were appropriate.

40. Actual expenditure versus budgeted expenditure variance explanations

Refer to Statement of Comparison of Budget and Actual Amounts for the comparison of actual expenditure versus budgeted expenditure:

1) Construction contracts - This was budgeted for as it arose due to the change in accounting treatment of the INEP and Massification Grants.

2) Other income - The was low econmic activity in the municipality which reaulted in less than budgeted for Other income.

3) Interest Earned - External Investments - The reduction of the bank balances and disinvestment of one investment resulted in the reduction in interest earned.

4) Employee costs - Remuneration of councillors - Costs incurred for the remuneration of councillors was more than budgeted due to the payment of back pay to councillors and increase in allowances for travel and subsistence.

5) Finance Cost - The bulk of the amount comes from the Accturial Valution Interest cost. The were also penalties incurred due to late payment employee related SARS payments.

6) Debt Impairment - The change in accounting estimate and inclusion of government debtors caused the increase debt Impairment.

7) Contracted Services - the increase in legal fees (R12,485,257) accounted for the bulk of the overspenting on contracted services.

8) General Expenses - The general increase in prices caused this budget to be exceeded

9) Capital Expenditure - Internal reserves were used to fund part of capital expenditure to cover the budget deficit.

10) Impairment loss - No budget was allocated as the exercise is done at the end of the year and can't be quantified.

11) Cashflow from investing activities - the shortfall on cashflow from investing activities was financed by internal reserves. This explains why we have a reduction in cash and cash equivalents balances. The need to rehabilitate roads due to exessive rainfall increased the amount spent on property, plant and equipment.

41. Segment information

General information

Identification of segments

The report is based municipality departments which are reportable segments and where performance is measurable. Management uses these same segments for compilation of the IDP, SDBIP, budget and monthly and quarterly reporting. The segments were organised around type of service delivered and target market. Management uses the same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

Aggregated segments

The segments of the municipality were not aggregated.

Notes to the Annual Financial Statements

41. Segment information (continued)

Types of services by segment

These reportable segments as well as the services for each segment are set out below:

Reportable segment	Services
Corporate Services	Provides legal and administration management services including human capital, information and communication technology to the municipality for the generation of economic benefits and service potential.
Finance	Provides financial administration to the municipality for generation of economic benefits and service potential.
Mayor's Office	Provides political leadership to the municipality for the generation of economic benefits and service potential.
Municipal Manager	Provides for administration, leadership, performance monitoring, integrated development plan, risk management and internal audit functions to the municipality for the generation of economic benefits and service potential.
Planning and Development	Provides for waste management, town planning , local economic development and environment sustainability for the generation of economic benefits and service potential.
Social and Community Development	Provides social services, public safety, public spaces, libraries and indigents administration to the municipality for generation of economic benefits and service potential.
Technical Services	Road transport, electricity, housing and building inspection, project management unit, waste water management and all infrastructure services to the municipality for the generation of economic benefits and service potential.

41. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	CORPORATE SERVICES	FINANCE	MAYOR'S OFFICE	MUNICIPAL MANAGER	PLANNING AND DEVELOPMENT	SOCIAL AND COMMUNITY DEVELOPMENT	TECHNICAL SERVICES	Total
Revenue								
Construction contracts	-	-	-	-	-	-	6,895,425	6,895,425
Other income	393,120	704,881	-	-	35,522	-	-	1,133,523
Interest received - investment	-	3,975,218	-	-	-	-	-	3,975,218
Property rates	-	12,623,244	-	-	-	-	-	12,623,244
Government grants & subsidies	-	172,912,000	-	-	2,000,000	-	64,002,860	238,914,860
Actuarial gains/losses	-	214,085	-	-	-	-	-	214,085
Total segment revenue	**393,120**	**190,429,428**	**-**	**-**	**2,035,522**	**-**	**70,898,285**	**263,756,355**
Entity's revenue								**263,756,355**
Expenditure								
Employee Related Costs	13,746,372	9,461,894	19,159,781	2,838,465	5,369,548	16,639,775	17,419,284	84,635,119
Remuneration of Councillors	-	-	25,329,398	-	-	-	-	25,329,398
Depreciation and Amortisation	864,288	25,130,047	-	-	-	-	-	25,994,335
Finance costs	-	320,747	-	-	-	-	-	320,747
Debt Impairment	-	5,451,805	-	-	-	-	-	5,451,805
Contracted Services	15,552,689	1,561,009	3,902,713	16,401,029	1,845,880	780,626	7,947,254	47,991,200
General Expenses	18,937,383	6,261,544	9,294,050	527,933	2,662,489	3,629,078	3,955,184	45,267,661
Loss on disposal of assets	-	709,760	-	-	-	-	-	709,760
Impairment loss	-	15,409,693	-	-	-	-	-	15,409,693
Total segment expenditure	**49,100,732**	**64,306,499**	**57,685,942**	**19,767,427**	**9,877,917**	**21,049,479**	**29,321,722**	**251,109,718**
Total segmental surplus/(deficit)	**(48,707,612)**	**126,122,929**	**(57,685,942)**	**(19,767,427)**	**(7,842,395)**	**(21,049,479)**	**41,576,563**	**12,646,637**

Notes to the Annual Financial Statements

Figures in Rand

41. Segment information (continued)

	CORPORATE SERVICES	FINANCE	MAYOR'S OFFICE	MUNICIPAL MANAGER	PLANNING AND DEVELOPMENT	SOCIAL AND COMMUNITY DEVELOPMENT	TECHNICAL SERVICES	Total
Assets								
Receivables from exchange transactions	-	1,243,709	-	-	-	-	-	1,243,709
VAT receivable	-	3,260,481	-	-	-	-	-	3,260,481
Receivables from non-exchange transactions	-	22,492,232	-	-	-	-	-	22,492,232
Cash and Cash Equivalents	-	8,594,952	-	-	-	-	-	8,594,952
Property, plant and equipment	-	806,624,971	7,159,033	-	3,478,267	(14,606,805)	(103,024,345)	699,631,121
Intangible Assets	-	51,335	-	-	-	-	-	51,335
Total segment assets	**-**	**842,267,680**	**7,159,033**	**-**	**3,478,267**	**(14,606,805)**	**(103,024,345)**	**735,273,830**
Total assets as per Statement of financial Position								**735,273,830**
Liabilities and Net Assets								
Operating lease liability	-	106,676	-	-	-	-	-	106,676
Payables from exchange transactions	-	35,010,053	-	-	-	-	-	35,010,053
VAT payable	-	8,139,130	-	-	-	-	-	8,139,130
Unspent Conditional Grants and Receipts	-	5,032,186	-	-	-	-	-	5,032,186
Provisions - Current	-	239,000	-	-	-	-	-	239,000
Provisions - Non-Current	-	2,337,000	-	-	-	-	-	2,337,000
Accumulated Surplus	-	684,409,785	-	-	-	-	-	684,409,785
Total segment liabilities and Net Assets	**-**	**735,273,830**	**-**	**-**	**-**	**-**	**-**	**735,273,830**
Total liabilities and Net Assets as per Statement of financial Position								**735,273,830**

2024

	CORPORATE SERVICES	FINANCE	MAYOR'S OFFICE	MUNICIPAL MANAGER	PLANNING AND DEVELOPMENT	SOCIAL AND COMMUNITY DEVELOPMENT	TECHNICAL SERVICES	Total

Notes to the Annual Financial Statements

Figures in Rand

41. Segment information (continued)

Revenue								
Construction contracts	-	-	-	-	-	-	34,321,967	34,321,967
Other income	-	438,144	-	-	19,020	-	-	457,164
Interest received - investment	-	9,196,551	-	-	-	-	-	9,196,551
Property rates	-	8,269,914	-	-	-	-	-	8,269,914
Government grants & subsidies	-	164,804,000	-	-	1,000,000	-	44,787,833	210,591,833
Actuarial gains/losses	-	86,503	-	-	-	-	-	86,503
Public contributions and donations	-	11,500	-	-	-	-	-	11,500
Total segment revenue	**-**	**182,806,612**	**-**	**-**	**1,019,020**	**-**	**79,109,800**	**262,935,432**
Entity's revenue								**262,935,432**
Expenditure								
Employee Related Costs	13,262,899	11,081,153	17,789,768	1,425,843	6,006,643	15,935,111	13,552,462	79,053,879
Remuneration of Councillors	-	-	22,452,540	-	-	-	-	22,452,540
Depreciation and Amortisation	1,000,339	23,805,524	-	-	-	-	-	24,805,863
Finance costs	-	287,134	-	-	-	-	-	287,134
Debt Impairment	-	6,879,527	-	-	-	-	-	6,879,527
Contracted Services	14,105,987	2,152,022	5,200,553	3,773,067	28,692,540	3,181,396	6,210,845	63,316,410
General Expenses	24,145,456	3,384,805	12,685,149	416,979	3,108,246	5,404,596	37,914,589	87,059,820
Loss on disposal of assets	-	986,208	-	-	-	-	-	986,208
Impairment loss	1,491,820	-	-	-	-	-	-	1,491,820
Total segment expenditure	**54,006,501**	**48,576,373**	**58,128,010**	**5,615,889**	**37,807,429**	**24,521,103**	**57,677,896**	**286,333,201**
Total segmental surplus/(deficit)	**(54,006,501)**	**134,230,239**	**(58,128,010)**	**(5,615,889)**	**(36,788,409)**	**(24,521,103)**	**21,431,904**	**(23,397,769)**
Assets								
Receivables from exchange transactions	-	1,505,836	-	-	-	-	-	1,505,836
VAT Receivable	-	4,338,145	-	-	-	-	-	4,338,145
Receivables from non-exchange transactions	-	16,786,731	-	-	-	-	-	16,786,731
Cash and Cash Equivalents	-	46,287,800	-	-	-	-	-	46,287,800
Property, plant and equipment	12,216,626	466,293,684	7,208,666	-	1,739,130	-	160,612,786	648,070,892
Intangible Assets	-	137,510	-	-	-	-	-	137,510
Total segment assets	**12,216,626**	**535,349,706**	**7,208,666**	**-**	**1,739,130**	**-**	**160,612,786**	**717,126,914**
Total assets as per Statement of financial Position								**717,126,914**

Notes to the Annual Financial Statements

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41. Segment information (continued)

	CORPORATE SERVICES	FINANCE	MAYOR'S OFFICE	MUNICIPAL MANAGER	PLANNING AND DEVELOPMENT	SOCIAL AND COMMUNITY DEVELOPMENT	TECHNICAL SERVICES	Total
Liabilities and Net Assets								
Operating lease liability	-	99,325	-	-	-	-	-	99,325
Payables from exchange transactions	-	32,742,475	-	-	-	-	-	32,742,475
VAT payable	-	7,104,817	-	-	-	-	-	7,104,817
Unspent Conditional Grants and Receipts	-	2,893,045	-	-	-	-	-	2,893,045
Provisions - Current	-	313,000	-	-	-	-	-	313,000
Provisions - Non-Current	-	2,167,000	-	-	-	-	-	2,167,000
Accumulated Surplus	-	671,807,252	-	-	-	-	-	671,807,252
Total segment liabilities	-	**717,126,914**	-	-	-	-	-	**717,126,914**
Total liabilities as per Statement of financial Position								**717,126,914**