Ulundi Local Municipality

(Registration number KZN266)
Annual Financial Statements for the year ended 30 June 2025

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities of the municipality are service delivery, rates and waster management	The main business operations of the Municipality is to engage in local government activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and provision of the following services to the community rates and general service - Types of services rendered by the Municipality are provision of refuse collection and electricity. The mandate of the municipality is in terms of section 152of the RSA Constitution.
Honourable Mayor	Councillor W M Ntshangase (M)
Deputy Mayor	Councillor T G Madela (F)
Honourable Speaker	Councillor S M Buthelezi (M) -EXCO EX Officio Member
Member of the Executive Committee	Councillor S N Buthelezi (M)
	Councillor S S Siwela (M)
	Councillor M S Gcaba (M)
	Councillor M B Buthelezi (M)
	Councillor J B Mlotshwa (F)
	Councillor S M Khuzwayo (M)
	Councillor M R Dubazane (M)
	Councillor M S Buthelezi (M) (Chief Whip)
Ordinary Council Members	Councillor C K Zungu (M)-(MPAC Chairperson)
	Councillor N D Masondo (M)
	Councillor P M Mthethwa (M)
	Councillor L D Khumalo (M)
	Councillor J E Xulu (M)
	Councillor A M Sibiya (M)
	Councillor T Ndlela (M)
	Councillor M D Xulu (M)
	Councillor M Mkhize (M)
	Councillor N E Madela (F)
	Councillor T D Sikhakhane (M)
	Councillor F M Dlamini (M)
	Councillor F Ndawonde (M)
	Councillor M I Ngcobo (M)
	Councillor L K Mbatha (M)
	Councillor S B Mhlongo (M)
	Councillor S D Siyaya (M)
	Councillor S W Mkhize (M)
	Councillor T P Mkhize (M)
	Councillor S M Xulu (M)
	Councillor N E Dhlamini (M)
	Councillor T V Nxumalo (M)
	Councillor T J Manqele (F)
	Councillor F M Buthelezi (M)
	Councillor S Ntshingila (F)
	Councillor B S Khanyile (M)
	Councillor T M Khumalo (M)
	Councillor H I Mkhize (F)
	Councillor M N Mgaghi (F)

General Information

	Councillor S S Ntombela (M) Councillor M B Ntombela (F) Councillor J S Mhlongo (M) Councillor X N Sithole (M) Councillor M O Mkhize (M) Councillor M Magubane (M) Councillor T M Zungu (M)
Grading of local authority	Grade 3 Low Capacity
Municipal Manager	Mr S M Khomo
Chief Finance Officer (CFO)	Mr J H Mhlongo
Registered office	Cnr Princess Magogo & King Zwelithini Streets Ulundi 3838
Business address	Cnr Princess Magogo & King Zwelithini Streets Ulundi 3838
Bankers	First National Bank
Auditors	Auditor General of South Africa
Preparer	The annual financial statements were internally compiled by: M.N Mahlaba Deputy Director: Budget and Reporting

" The City of Heritage "

Accounting Officer's Statement

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 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 Annual Financial Statements are prepared on the basis that the municipality is a going concern and that the Ulundi Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

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

Accounting Officer's Statement

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

The annual financial statements set out on page 6, 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:

S M Khomo
Municipal Manager

Index

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

Abbreviations used:

CIDB	Construction Industry Development Board
DoRA	Division of Revenue Act
GRAP	Generally Recognised Accounting Practice
SARS	South African Revenue Service
EPWP	Expanded Public Works Program
FMG	Finance Management Grant
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
AFS	Annual Financial Statements
MIG	Municipal Infrastructure Grant
INEP	Intergrated National Electrification Program

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Cash and cash equivalents	2	4 195 018	4 872 121
Receivables from exchange transactions	3	2 134 210	1 901 236
Receivables from non-exchange transactions	4	11 076 783	13 363 418
Inventories	5	2 038 255	3 447 855
VAT Receivable (Input VAT)	6	76 872 753	64 178 245
Indigent Customers	7	-	6 610 715
		96 317 019	**94 373 590**
Non-Current Assets			
Property, plant and equipment	8	458 291 954	438 708 420
Heritage assets	9	10 501	10 501
Investment property	10	39 594 740	15 766 000
Intangible assets	11	1 460	2 875
		497 898 655	**454 487 796**
Non-Current Assets		497 898 655	454 487 796
Current Assets		96 317 019	94 373 590
Total Assets		**594 215 674**	**548 861 386**
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	359 600 436	253 727 917
VAT Payable (Output VAT)	13	65 916 297	56 335 493
Provisions	14	17 237 079	16 414 086
Employee benefit obligation	15	1 623 000	526 236
Unspent conditional grants and receipts	16	-	85 311
Consumer deposits	17	2 908 483	2 829 976
Rounding differences	18	5 597 968	6 187 206
		452 883 263	**336 106 225**
Non-Current Liabilities			
Employee benefit obligation	15	7 933 000	8 160 763
Non-Current Liabilities		7 933 000	8 160 763
Current Liabilities		452 883 263	336 106 225
Total Liabilities		**460 816 263**	**344 266 988**
Assets		594 215 674	548 861 386
Liabilities		(460 816 263)	(344 266 988)
Net Assets		**133 399 411**	**204 594 398**
Reserves		1 184 000	-
Accumulated surplus		132 215 411	204 594 398
Total Net Assets		**133 399 411**	**204 594 398**

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	19	1 232 147	1 128 639
Licences	20	1 778 051	1 705 616
Construction Contracts Revenue	21	11 247 273	61 688 110
Service charges	22	104 079 721	86 641 252
Operational Revenue	23	2 499 811	723 767
Interest earned - external	24	1 682 234	2 318 271
Total revenue from exchange transactions		**122 519 237**	**154 205 655**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	149 554 557	114 343 051
Interest on receivables	26	3 517 721	2 393 574
Gains	27	307 302	2 637 430
Transfer revenue			
Government grants & subsidies	28	268 955 600	263 065 286
Fines, Penalties and Forfeits	29	905 900	258 059
Total revenue from non-exchange transactions		**423 241 080**	**382 697 400**
		122 519 237	154 205 655
		423 241 080	382 697 400
Total revenue		**545 760 317**	**536 903 055**
Expenditure			
Employee related costs	30	(177 777 566)	(167 840 471)
Remuneration of councillors	31	(18 324 358)	(17 705 076)
Depreciation, impairment and amortisation	32	(29 174 422)	(85 747 416)
Finance costs	33	(14 132 839)	(2 312 489)
Provision for bad debts adjustment	34	(72 601 896)	(22 914 634)
Bad debts written off	35	(8 164 082)	(1 691 498)
Operating Lease	36	(8 522 059)	(6 970 176)
Bulk purchases	37	(153 766 379)	(133 592 320)
Contracted services	38	(109 384 654)	(140 077 036)
Transfers and Subsidies	39	(674 170)	(336 963)
Losses	40	(194 371)	(3 563 000)
General expenses	41	(41 182 890)	(38 292 568)
Inventory consumed	42	(8 068 349)	(8 671 247)
Total expenditure		**(641 968 035)**	**(629 714 894)**
		-	-
Total revenue		545 760 317	536 903 055
Total expenditure		(641 968 035)	(629 714 894)
Operating deficit		**(96 207 718)**	**(92 811 839)**
Fair value adjustments	59	23 828 740	-
Operating surplus/deficit		23 828 740	-
Deficit before taxation		(72 378 978)	(92 811 839)
Taxation		-	-
Surplus (deficit) for the period		**(72 378 978)**	**(92 811 839)**

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2023	**122 732 313**	**326 313 230**	**449 045 543**
Changes in net assets			
Revaluation of Land	(122 732 313)	(24 049 687)	(146 782 000)
Donated PPE	-	315 149	315 149
Net income (losses) recognised directly in net assets	(122 732 313)	(23 734 538)	(146 466 851)
Surplus/(deficit) for the year	-	(92 811 839)	(92 811 839)
Total recognised income and expenses for the year	(122 732 313)	(116 546 377)	(239 278 690)
Total changes	(122 732 313)	(116 546 377)	(239 278 690)
Opening balance as previously reported	-	209 766 853	209 766 853
Adjustments			
Prior year adjustments 58	-	5 172 455	5 172 455
Restated* Balance at 01 July 2024 as restated*	**-**	**204 594 398**	**204 594 398**
Changes in net assets			
Surplus/ (deficit) for the year	-	(72 378 987)	(72 378 987)
Revaluation of Land	1 184 000	-	1 184 000
Total changes	1 184 000	(72 378 987)	(71 194 987)
Balance at 30 June 2025	**1 184 000**	**132 215 411**	**133 399 411**

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Property rates and other receipts from non-exchange transactions		90 029 162	93 019 399
Service charges and other receipts from exchange transactions		117 364 870	103 339 339
Transfers and subsidies		281 804 653	334 091 924
Interest received		1 682 234	2 318 271
		490 880 919	532 768 933
Payments			
Employee and councillors		(194 102 628)	(183 867 891)
Suppliers, service providers and other		(234 381 522)	(302 378 530)
Finance costs		(14 132 839)	(2 312 489)
Transfers and subsidies		(674 170)	(336 963)
		(443 291 159)	(488 895 873)
Total receipts		490 880 919	532 768 933
Total payments		(443 291 159)	(488 895 873)
Net cash flows from operating activities	43	**47 589 760**	**43 873 060**
Cash flows from investing activities			
Purchase of property plant and equipment	8	(48 266 755)	(47 557 451)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		**(676 995)**	**(3 684 391)**
Cash and cash equivalents at the beginning of the year		4 872 121	8 556 512
Cash and cash equivalents at the end of the year	2	**4 195 126**	**4 872 121**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	1 400 000	(400 000)	**1 000 000**	1 232 147	**232 147**	Note 54
Interest received (trading)	2 100 000	-	**2 100 000**	-	**(2 100 000)**	Note 54
interest earned from non current	3 137 000	(3 102 000)	**35 000**	1 682 234	**1 647 234**	Note 54
Agency services	2 500 000	-	**2 500 000**	-	**(2 500 000)**	Note 54
Licenses	-	391 000	**391 000**	1 778 051	**1 387 051**	Note 54
Service charge-Refuse	11 517 000	-	**11 517 000**	12 594 060	**1 077 060**	Note 54
Service charges	97 667 000	-	**97 667 000**	91 485 661	**(6 181 339)**	Note 54
Operational revenue	24 855 000	(18 975 000)	**5 880 000**	2 499 811	**(3 380 189)**	Note 54
Construction Contracts Revenue	-	-	**-**	11 247 273	**11 247 273**	
Total revenue from exchange transactions	**143 176 000**	**(22 086 000)**	**121 090 000**	**122 519 237**	**1 429 237**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	130 555 000	13 150 000	**143 705 000**	149 554 557	**5 849 557**	Note 54
Interest on receivables	-	3 117 000	**3 117 000**	3 517 721	**400 721**	Note 54
Transfer revenue						
Government grants & subsidies	229 483 000	47 899 000	**277 382 000**	268 955 600	**(8 426 400)**	Note 54
Fines, Penalties and Forfeits	1 000 000	(454 000)	**546 000**	905 900	**359 900**	Note 54
Actuarial Gains	-	-	**-**	307 302	**307 302**	Note 54
Total revenue from non-exchange transactions	**361 038 000**	**63 712 000**	**424 750 000**	**423 241 080**	**(1 508 920)**	
'Total revenue from exchange transactions'	143 176 000	(22 086 000)	**121 090 000**	122 519 237	**1 429 237**	
'Total revenue from non-exchange transactions'	361 038 000	63 712 000	**424 750 000**	423 241 080	**(1 508 920)**	
Total revenue	**504 214 000**	**41 626 000**	**545 840 000**	**545 760 317**	**(79 683)**	
Expenditure						
Employee related cost	(179 654 000)	-	**(179 654 000)**	(177 777 566)	**1 876 434**	Note 54
Remuneration of councillors	(17 916 000)	(442 000)	**(18 358 000)**	(18 324 358)	**33 642**	Note 54
Depreciation and amortisation	(58 139 000)	(13 118 000)	**(71 257 000)**	(29 174 422)	**42 082 578**	Note 54
Finance costs	(1 200 000)	(12 933 000)	**(14 133 000)**	(14 132 839)	**161**	Note 54
Debt Impairment	-	(25 103 000)	**(25 103 000)**	(72 601 896)	**(47 498 896)**	Note 54
Bad debts written off	8 507 000	(10 307 000)	**(1 800 000)**	(8 164 082)	**(6 364 082)**	
Bulk purchases	(153 581 000)	(205 000)	**(153 786 000)**	(153 766 379)	**19 621**	Note 54
Contracted Services	(43 172 000)	(98 813 000)	**(141 985 000)**	(109 384 654)	**32 600 346**	Note 54
Inventory consumed	(6 183 000)	(2 043 000)	**(8 226 000)**	(8 068 349)	**157 651**	Note 54
General Expenses	(55 481 000)	3 664 000	**(51 817 000)**	(50 379 119)	**1 437 881**	Note 54
Total expenditure	**(506 819 000)**	**(159 300 000)**	**(666 119 000)**	**(641 773 664)**	**24 345 336**	
	504 214 000	41 626 000	**545 840 000**	545 760 317	**(79 683)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	(506 819 000)	(159 300 000)	**(666 119 000)**	(641 773 664)	**24 345 336**	
Operating deficit	**(2 605 000)**	**(117 674 000)**	**(120 279 000)**	**(96 013 347)**	**24 265 653**	
Loss on disposal of assets and liabilities	-	-	**-**	(194 371)	**(194 371)**	
Fair value adjustments	-	-	**-**	23 828 740	**23 828 740**	Note 54
	-	**-**	**-**	**23 634 369**	**23 634 369**	
	(2 605 000)	(117 674 000)	**(120 279 000)**	(96 013 347)	**24 265 653**	
	-	-	**-**	23 634 369	**23 634 369**	
Deficit before taxation	**(2 605 000)**	**(117 674 000)**	**(120 279 000)**	**(72 378 978)**	**47 900 022**	
Surplus before taxation	(2 605 000)	(117 674 000)	**(120 279 000)**	(72 378 978)	**47 900 022**	
Taxation	-	-	**-**	-	**-**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(2 605 000)**	**(117 674 000)**	**(120 279 000)**	**(72 378 978)**	**47 900 022**	

Reconciliation

Ulundi Local Municipality
(Registration number KZN266)
Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	721 000	3 324 000	**4 045 000**	2 038 255	**(2 006 745)**	Note 54
Receivables from exchange transactions	11 543 000	(7 533 000)	**4 010 000**	2 134 210	**(1 875 790)**	Note 54
Receivables from non-exchange transactions	162 983 000	(130 824 000)	**32 159 000**	11 076 783	**(21 082 217)**	Note 54
VAT receivable	48 577 000	(9 284 000)	**39 293 000**	21 023 024	**(18 269 976)**	Note 54
Other receivables (Indigent)	-	3 676 000	**3 676 000**	-	**(3 676 000)**	Note 54
Cash and cash equivalents	9 489 000	(3 865 000)	**5 624 000**	4 195 018	**(1 428 982)**	Note 54
	233 313 000	**(144 506 000)**	**88 807 000**	**40 467 290**	**(48 339 710)**	
Non-Current Assets						
Investment property	16 921 000	-	**16 921 000**	39 594 740	**22 673 740**	Note 54
Property, plant and equipment	608 820 000	(50 639 000)	**558 181 000**	458 291 954	**(99 889 046)**	Note 54
Intangible assets	449 000	119 000	**568 000**	1 460	**(566 540)**	Note 54
Heritage assets	10 501	-	**10 501**	10 501	**-**	Note 54
	626 200 501	**(50 520 000)**	**575 680 501**	**497 898 655**	**(77 781 846)**	
Non-Current Assets	626 200 501	(50 520 000)	**575 680 501**	497 898 655	**(77 781 846)**	
Current Assets	233 313 000	(144 506 000)	**88 807 000**	40 467 290	**(48 339 710)**	
Total Assets	**859 513 501**	**(195 026 000)**	**664 487 501**	**538 365 945**	**(126 121 556)**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	249 495 000	49 485 000	**298 980 000**	359 600 438	**60 620 438**	Note 54
Taxes and transfers payable (non-exchange)	(46 000)	86 000	**40 000**	-	**(40 000)**	Note 54
VAT payable	20 691 000	(2 848 000)	**17 843 000**	17 237 079	**(605 921)**	Note 54
Provisions	16 013 000	927 000	**16 940 000**	17 752 032	**812 032**	Note 54
Consumer deposits	2 814 000	16 000	**2 830 000**	2 908 483	**78 483**	Note 54
Short term liabilities (Income received in advance and employee benefit obligation)	-	56 335 000	**56 335 000**	7 220 968	**(49 114 032)**	
	288 967 000	**104 001 000**	**392 968 000**	**404 719 000**	**11 751 000**	
Non-Current Liabilities						
Employee benefit obligation	9 324 000	(1 163 000)	**8 161 000**	7 933 000	**(228 000)**	Note 54
	288 967 000	104 001 000	**392 968 000**	404 719 000	**11 751 000**	
	9 324 000	(1 163 000)	**8 161 000**	7 933 000	**(228 000)**	
	-	-	**-**	-	**-**	
Total Liabilities	**298 291 000**	**102 838 000**	**401 129 000**	**412 652 000**	**11 523 000**	
Assets	859 513 501	(195 026 000)	**664 487 501**	538 365 945	**(126 121 556)**	
Liabilities	(298 291 000)	(102 838 000)	**(401 129 000)**	(412 652 000)	**(11 523 000)**	
Net Assets	**561 222 501**	**(297 864 000)**	**263 358 501**	**125 713 945**	**(137 644 556)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	-	-	**-**	1 184 000	**1 184 000**	
Accumulated surplus	561 222 000	(297 862 000)	**263 360 000**	113 078 178	**(150 281 822)**	
Total Net Assets	**561 222 000**	**(297 862 000)**	**263 360 000**	**114 262 178**	**(149 097 822)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	264 721 000	47 850 000	**312 571 000**	207 394 032	**(105 176 968)**	Note 54
Grants	264 913 000	50 899 000	**315 812 000**	281 804 653	**(34 007 347)**	Note 54
Interest income	-	5 217 000	**5 217 000**	1 682 234	**(3 534 766)**	Note 54
	529 634 000	**103 966 000**	**633 600 000**	**490 880 919**	**(142 719 081)**	
Payments						
Employee and councillors	(197 570 000)	(442 000)	**(198 012 000)**	(193 567 663)	**4 444 337**	Note 54
Suppliers	(280 198 000)	(87 923 000)	**(368 121 000)**	(235 590 765)	**132 530 235**	Note 54
Finance costs	(1 200 000)	(12 933 000)	**(14 133 000)**	(14 132 839)	**161**	Note 54
	(478 968 000)	**(101 298 000)**	**(580 266 000)**	**(443 291 267)**	**136 974 733**	
Total receipts	529 634 000	103 966 000	**633 600 000**	490 880 919	**(142 719 081)**	
Total payments	(478 968 000)	(101 298 000)	**(580 266 000)**	(443 291 267)	**136 974 733**	
Net cash flows from operating activities	**50 666 000**	**2 668 000**	**53 334 000**	**47 589 652**	**(5 744 348)**	
Cash flows from investing activities						
Purchase of other asset	(52 285 000)	(3 974 000)	**(56 259 000)**	(48 266 755)	**7 992 245**	Note 54
Net increase/(decrease) in cash and cash equivalents	(1 619 000)	(1 306 000)	**(2 925 000)**	(677 103)	**2 247 897**	
Cash and cash equivalents at the beginning of the year	8 557 000	(3 684 000)	**4 873 000**	4 872 121	**(879)**	
Cash and cash equivalents at the end of the year	**6 938 000**	**(4 990 000)**	**1 948 000**	**4 195 018**	**2 247 018**	
Reconciliation						

Significant Accounting Policies

1. Basis of Accounting

1.1 Basis of preparation

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

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

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 9	Revenue From Exchange Transactions
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liability and Contigent Assets
GRAP 20	Related Party Disclosure
GRAP 21	Impairment of Non Cash Generating Assets
GRAP 23	Revenue From Non Exchange Transactions (Taxes and Trasfers)
GRAP 24	Presentation of Budget Information in the Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Non Generating Assets
GRAP 102	Intangible Assets
GRAP 104	Financial Instruments
GRAP 108	Statutory Recievables
GRAP 109	Accounting by Principals and Agents
iGRAP 1	Revenue Recognition (Traffic fines)
iGRAP 18	Recognition and Derecognition of Land

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 Presentation currency

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

1.3 Going concern assumption

These annual financial statements have been prepared based on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months. This assumption is applicable as there are no indications that the municipality will be disolved or merged in the near future and it will be funded through DoRA.

1.4 Comparative Information

Budget information in accordance with GRAP 1 and 24, has been provided in a statement of comparison of actual and budget to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed.

1.4 Comparative Information (continued)

Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 Standard, Amendments To Standards And Interpretations Issued But Not Yet Effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:
GRAP 104, GRAP 108, GRAP 1, GRAP 103, GRAP 105, GRAP 106 and GRAP 107

1.6 Property, plant and equipment

Initial Recognition.

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.
.

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

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

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent Measurement - Revaluation Model - Land.

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluataion.

An increase in the carrying amount of an asset as a result of a revaluatation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Revaluation is performed every five years with the last valuation was performed 30 June 2024.

Subsequent Measurement - Cost Model - Property, Plant And Equipment.

1.6 Property, plant and equipment (continued)

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured.

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

Subsequently all property plant and equipment, are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses. Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

Derecognition.

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

Depreciation And Impairment.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Item	Depreciation method	Average useful life
Infrastructure	Straight-line	
• Roads and Paving		10-50
• Pedestrian Malls		30
• Transformer & Kiosks		25-30
• Sewerage		10-50
• Mini Substation		25-30
Community	Straight-line	
• Buildings		30-50
• Outdoor Facilities		10-50
Other	Straight-line	
• Buildings		30-50
• Air Conditioners		30
• Tractors		7-10
• Office Equipment		20
• Fire Engine		20
• Furniture And Fittings		10-30
• Machinery And Equipment		7-30
• Tools		30
• Radio		10
• Computer Equipment		5-10

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Significant Accounting Policies

1.6 Property, plant and equipment (continued)

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

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 on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.7 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- The municipality intends to complete the intangible asset for use or sale;
- It is technically feasible to complete the intangible asset;
- The municipality has the resources to complete the project; and
- It is probable that the municipality will receive future economic benefits or service potential.

The municipality assesses the profitability 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.

Intangible assets are initially recognised at cost.

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

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

Subsequent Measurement - Cost Model
Intangible assets are subsequently carried at cost less accumulated amoritisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Significant Accounting Policies

1.7 Intangible assets (continued)

Amortisation And Impairment
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 charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer Software
The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

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

Item	Depreciation method	Average useful life
Computer Software, other	Straight-line	5

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

1.8 Investment property

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

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

Subsequent Measurement - Fair Value Model.

Significant Accounting Policies

1.8 Investment property (continued)

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises. The fair values are determined every five years using the General Valuation Roll.

1.9 Inventories

Initial Recognition.

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised using weighted average method. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

Subsequent Measurement.

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

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

1.10 Financial instruments

The municipality has various types of financial instruments and these can be broadly catergorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

Initial Recognition.

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument. The entity does not offset a financial asset or financial liability unless a legally enforceable right to offset the recognised amounts currently exist; and the entity intends either to settle on a net basis ,or to realise the asset and setlle the liability simultaneously. "Fair value methods and assumption. The fair values of financial instruments are determined as follows: The fair value of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unutilised securities),the company establishes fair value by using valuation techniques. These include the use of the recent arm's length transactions, refference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity -specific inputs."

The Effective Interest Rate.

The effective interest rate method of calculating the amortised cost of a finacial asset or finacial liability and of allocating the interest income or interest expense over the releavant period.The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the finacial instrument or ,when appropriate ,a shorter period to the net carrying amount otf the financial asset or financial liability.

Significant Accounting Policies

1.10 Financial instruments (continued)

Subsequent Measurement.

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Trade And Other Receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, 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. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance. Impairment is calculated ad allocated on the proportinate bases using exchange and non-exchange gross figures. This allocation is 14% exchange and 86% non-exchange.

Trade Payables And Borrowings

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liaibilities held at amortised cost, are intitially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Cash And Cash Equivalents

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

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilties carried at amortised cost.

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

Significant Accounting Policies

1.11 Unauthorised expenditure

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

1.12 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 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.

1.13 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 Provisions and contingencies

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

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

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

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met: the principal locations affected; the location, function, and approximate number of employees who will be compensated for terminating their services; - the expenditures that will be undertaken; and when the plan will be implemented; and.

- The municipality has a detailed formal plan for the restructuring identifying at least: - the business or part of a business concerned; - the principal locations affected; - the location, function, and approximate number of employees who will be compensated for terminating their services; - the expenditures that will be undertaken; and - when the plan will be implemented; and
- The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.15 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.

1.15 Leases (continued)

Finance leases - lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Finance leases - lessee

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

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases - lessor

Operating lease income is recognised as revenue on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and

Income for leases is disclosed under revenue in statement of financial performance.

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/ liability. Any contingent rents are expensed in the period they are incurred.

Significant Accounting Policies

1.16 Revenue from exchange transactions

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

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.
Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

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

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

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

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

1.17 Revenue from non-exchange transactions

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

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

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

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

Significant Accounting Policies

1.18 Grants, Transfers And Donations

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

1.19 Construction contracts and receivables

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

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 loss is recognised as an expense immediately.

.

1.20 Impairment of cash-generating assets

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

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

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

Value in Use

Value in use of a cash generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount Rate

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

Recognition And Measurement

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows: to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

Significant Accounting Policies

1.21 Impairment of non-cash-generating assets

Identification

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined. The recoverable service amount of an asset or a non-cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Value In Use

Value in use of an asset is the present value of the asset’s remaining service potential. The present value of the remaining service potential of an asset is determined using the following approach: Depreciated replacement cost approach: Value in use of an asset is the present value of the asset’s remaining service potential The present value of the remaining service potential of an asset is determined using the following approach:

Depreciation 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 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.

Recognition And Measurement

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for non-cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows: to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit. The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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

Irrespective of whether there is any indication of impairment, the municipality also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

Significant Accounting Policies

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

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.
The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.22 Employee benefits

Long Service Award
The present value of the long service award depends on a number of factors that are determined on an actuarial basis using a number of assumptions.The Projected Unit Credit funding method has been used to determine the value of this liability.

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 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 costs 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
Council employees contribute to the Natal Joint Municipal Pension Fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid.A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.The municipality’s contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

1.23 Budget information

The Municipality's budget has been prepared on accrual basis method.

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

1.23 Budget information (continued)

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

The approved budget covers the fiscal period from 1 July to 30 June every year.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements.

1.24 Commitments

Commitments are not recognised. Commitments are disclosed in the notes to the annual financial statements. A committment is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

1.25 Value AddedTax

The municipality accounts for Value Added Tax on the cash basis.

1.26 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As as consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

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

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

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

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

1.27 Events after reporting date

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

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

1.27 Events after reporting date (continued)

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

Recognised amounts in the financial statements are adjusted to reflect events arising after the reporting date that provided evidence of conditions that existed at the reporting date. Events after the reporting date that are indicative of conditions that arose after the reporting date are dealt with by way of a note to the annual financial statements.

1.28 Materiality

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

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

The municipality does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred. The municipality applies materiality consideration both qualitatively and quantitatively. The municipality applies materiality on affected items individually and collectively. Materiality is also applied to determine if the item is material to be included in the financial statements and also to determine in cases of misstatements, if the missatatement is material for municipality to correct.

1.29 Heritage assets

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset’s net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset’s remaining service potential.

Figures in Rand	2025	2024

2. Cash and cash equivalents

Cash and cash equivalents consist of:

	2025	2024
Cash on hand	85 001	3 150
Cash at bank	1 812 908	1 237 271
Call deposits	2 297 109	3 631 700
	4 195 018	**4 872 121**

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
FNB- Current Account - 6203363846	12 141	149	840	12 141	149	840
FNB-Current Account (Main)- 62035267609	1 785 872	1 237 123	1 049 576	1 785 872	1 237 123	1 049 576
FNB-Call Account - 62064936093	728	1 200	91	728	1 200	91
FNB-Call Account - 62328066776	113 182	747 216	1 007 751	113 182	747 216	1 007 751
FNB-Call Account- 62032833639	263 559	247 943	342 922	263 559	247 943	342 922
FNB Bank Investment (Main)- 62179391190	1 750 267	2 169 202	249 989	1 750 267	2 169 202	249 989
FNB Bank-Call Account- 62064936340	64 604	3 890	4 000 450	64 604	3 890	4 000 450
FNB BANK - Call Account- 62324120261	21 355	1 375	24 404	21 355	1 375	24 404
FNB BANK - CallAccount - 62067492943	2 010	3 151	1 805 690	2 010	3 151	1 805 690
FNB BANK - Call Account - 62067492802	81 403	457 720	44 914	81 403	457 720	44 914
FNB BANK - Call Account - 63156361982	14 896	-	-	14 896	-	-
Total	**4 110 017**	**4 868 969**	**8 526 627**	**4 110 017**	**4 868 969**	**8 526 627**

3. Receivables from exchange transactions

	2025	2024
Gross receivables from exchange transactions	42 109 794	33 518 308
Impairment from exchange transactions	(39 975 584)	(31 617 072)
	2 134 210	**1 901 236**

Trade and other receivables past due but not impaired

	2025	2024
Current (0-30 days)	3 232 341	5 925 012
31-60 days	(475)	5 691
61-90 days	(123)	55 099
91-120 days	(68)	10 802
121 days and over	(89)	613 981
Total	3 231 585	6 610 584

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

3. Receivables from exchange transactions (continued)

Trade and other receivables past due and impaired

As of 30 June 2025, trade and other receivables of R39 975 584 (2024: R31 617 071) were impaired and provided for.

The ageing is as follows:

Current (0-30 days)	6 006 124	1 053 926
31-60 days	5 553	398 500
61-90 days	1 362 339	429 876
91-120 days	1 384 688	534 935
121 days and over	30 119 504	24 490 486
Total	38 878 208	26 907 723

Reconciliation of provision for impairment of trade and other receivables

Opening balance	31 617 071	30 215 371
Provision for impairment	8 358 512	1 401 700
	39 975 583	**31 617 071**

4. Receivables from non-exchange transactions

Gross receivables from non-exchange transactions	218 287 757	156 331 007
Impairment on receivables from non-exchange transactions	(207 210 974)	(142 967 589)
	11 076 783	**13 363 418**

Statutory receivables general information

Transaction(s) arising from statute

Trafic fines amounting to R215 212 in 2025 (R104 275 : 2024) were issued.

The municipality assessed traffic fines at each reporting date for impairment.

The municipality accounts for traffic fines in terms of IGRAP1

Determination of transaction amount

Traffic fines are determined by refference to table of offenses from Road Traffic Management Act.

Statutory receivables past due but not impaired

Statutory receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2025, (2024: 560) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows

1 month past due	-	560

Receivables from non-exchange transactions past due but not impaired

Current (0-30 days)	3 978 271	4 765 157
31-60 days	(545)	2 070 098
61-90 days	(327)	251 353
91-120 days	(180)	48 844
121 days and over	(514)	2 203 417
Total	3 796 705	9 338 870

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions impaired

As of 30 June 2025, other receivables from non-exchange transactions of R207 210 974 (2024: R142 967 589) were impaired and provided for.

The ageing of these amounts is as follows:

Current (0-30 days)	7 057 697	2 410 686
31-60 days	6 368	-
61-90 days	3 620 870	1 544 390
91-120 days	3 635 935	1 588 044
121 days and over	200 170 181	141 479 017
Total	214 491 051	146 992 137

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	142 967 589	121 454 656
Provision for impairment	64 256 903	21 512 933
	207 224 492	**142 967 589**

5. Inventories

Consumable	1 510 784	1 594 208
Maintenance materials	527 471	1 853 647
	2 038 255	**3 447 855**

6. VAT Receivable

VAT Input	76 872 753	64 178 245

.

7. Indigent customers

Receivable has been recognised for indigent customers as follows:

Indigent customers who were raised by AG as not qualifying indigent	-	6 610 715

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	26 979 000	-	26 979 000	25 795 000	-	25 795 000
Buildings	67 500 266	(41 963 090)	25 537 176	67 500 266	(40 144 249)	27 356 017
Plant and machinery	18 062 590	(8 089 593)	9 972 997	9 036 026	(6 820 830)	2 215 196
Furniture and fixtures	7 304 374	(4 230 114)	3 074 260	6 619 540	(3 709 225)	2 910 315
Motor vehicles	3 851 471	(1 857 252)	1 994 219	3 851 471	(1 474 009)	2 377 462
IT equipment	7 362 532	(4 201 253)	3 161 279	7 392 681	(4 629 348)	2 763 333
Infrastructure	707 697 419	(607 014 982)	100 682 437	704 849 303	(596 411 704)	108 437 599
Community	235 572 286	(66 121 543)	169 450 743	215 307 259	(58 749 231)	156 558 028
Electricity	187 145 968	(161 369 121)	25 776 847	184 046 791	(160 599 476)	23 447 315
Boreholes	2 971 076	(1 253 049)	1 718 027	2 971 076	(1 139 553)	1 831 523
Stormwater	36 114 885	(31 618 464)	4 496 421	36 114 885	(31 193 208)	4 921 677
Outdoor Facilities	141 343 408	(55 894 860)	85 448 548	131 856 543	(51 761 588)	80 094 955
Total	**1 441 905 275**	**(983 613 321)**	**458 291 954**	**1 395 340 841**	**(956 632 421)**	**438 708 420**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers from WIP	Transfers to completed	Revaluations	Depreciation	Total
Land	25 795 000	-	-	-	-	1 184 000	-	26 979 000
Buildings	27 356 017	-	-	-	-	-	(1 818 841)	25 537 176
Machinery Equipment	2 215 196	9 121 070	-	-	-	-	(1 363 269)	9 972 997
Furniture and fixtures	2 910 315	744 613	(9 253)	-	-	-	(571 415)	3 074 260
Transport	2 377 462	-	-	-	-	-	(383 243)	1 994 219
IT Equipment	2 763 333	1 348 555	(185 118)	-	-	-	(765 491)	3 161 279
Roads	108 437 599	2 668 115	-	-	-	-	(10 423 277)	100 682 437
Community Halls/Cemetries/ Libraries	156 558 028	20 625 027	-	34 247 033	(34 247 033)	-	(7 732 312)	169 450 743
Electricity	23 447 315	4 122 203	-	-	-	-	(1 792 671)	25 776 847
Boreholes	1 831 523	10 194	-	-	-	-	(123 690)	1 718 027
Stormwater	4 921 677	-	-	-	-	-	(425 256)	4 496 421
Outdoor	80 094 955	9 126 865	-	-	-	-	(3 773 272)	85 448 548
	438 708 420	**47 766 642**	**(194 371)**	**34 247 033**	**(34 247 033)**	**1 184 000**	**(29 172 737)**	**458 291 954**

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers received	Transfers	Revaluations	Depreciation	Impairment loss	Total
Land	174 985 000	-	(1 553 000)	-	(855 000)	(146 782 000)	-	-	25 795 000
Buildings	34 588 385	150 470	-	-	-	-	(7 382 838)	-	27 356 017
Machinery Equipment	2 826 632	241 460	-	-	-	-	(852 896)	-	2 215 196
Furniture and fixtures	3 059 375	660 551	-	-	-	-	(809 611)	-	2 910 315
Transport	2 631 348	-	-	-	-	-	(253 886)	-	2 377 462
IT equipment	2 295 175	1 071 415	-	-	-	-	(603 257)	-	2 763 333
Roads	135 455 155	5 109 759	-	21 711 339	(21 711 339)	-	(32 127 315)	-	108 437 599
Community Halls/Cemetries/ Libraries	141 377 046	21 884 053	-	16 525 253	(16 525 253)	-	(6 683 202)	(19 869)	156 558 028
Electricity	28 087 971	6 790 949	-	-	-	-	(11 431 605)	-	23 447 315
Boreholes	1 654 838	298 000	-	-	-	-	(121 315)	-	1 831 523
Stormwater	7 959 487	-	-	-	-	-	(3 037 810)	-	4 921 677
Outdoor	89 037 136	12 573 929	-	34 415 624	(34 415 624)	-	(5 570 544)	(15 945 566)	80 094 955
	623 957 548	**48 780 586**	**(1 553 000)**	**72 652 216**	**(73 507 216)**	**(146 782 000)**	**(68 874 279)**	**(15 965 435)**	**438 708 420**

Assets subject to operating lease (Net carrying amount)

Other equipment	3 851 471	1 831 523
Other leased Assets	-	80 094 955
	3 851 471	**81 926 478**

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	-	31 851 123	31 851 123
Additions/capital expenditure	2 848 116	29 344 745	32 192 861
Transferred to completed items	-	(34 247 033)	(34 247 033)
	2 848 116	**26 948 835**	**29 796 951**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

8. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2024

	Included within Community	Total
Opening balance	31 851 123	31 851 123

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		
Contracted services	4 529 602	2 930 371

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Maintenance of property, plant and equipment

Maintenance of property, plant and equipment by condition - 2024

	Preventative Maintenance		Corrective Maintenance			
	Interval Based	Total	Planned	Emergency	Total	Total
Buildings	-	-	-	710 337	710 337	710 337
Transport	-	-	-	11 176	11 176	11 176
Roads	-	-	3 216 361	-	3 216 361	3 216 361
Electricity	591 726	591 726	-	-	-	591 726
	591 726	**591 726**	**3 216 361**	**721 513**	**3 937 874**	**4 529 600**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Maintenance of property, plant and equipment by condition - 2024

	Preventative Maintenance	Corrective Maintenance			
	Total	Planned	Emergency	Total	Total
Land	-	-	1 562 609	1 562 609	1 562 609
Plant and machinery	-	-	269 170	269 170	269 170
Transport	-	-	161 192	161 192	161 192
Roads	-	862 400	-	862 400	862 400
Community	-	75 000	-	75 000	75 000
	-	**937 400**	**1 992 971**	**2 930 371**	**2 930 371**

Land valuation methods and assumptions

	2 025	2 024
Carrying value of land included in the carrying value of Property, plant and equipment	26 979 000	25 795 000

Land was revalued by municipal valuers effective from 1 July 2025. The land is carried at fair value which is determined by reference to market values determined by the experts after applying assumptions and methods that are reasonable in the field of property valuations. These assumptions and methods are sumarised as follows;
- Comparable sales method is used as valuation method for all municipal land and buildings that is carried as Investment property as these are held with possibility to be sold in future
- Comparable sales method is used as valuation method for all municipal land that is carried under PPE where there are recent sales in similar properties.
Where there are no recent sales, Depreciated Replacement Cost based method is used
- On both methods the land and buildings is valued through reference to market related rate per square meter which is applied to extent and value of land.

9. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chains	10 501	-	10 501	10 501	-	10 501

Reconciliation of heritage assets 2024

	Opening balance	Other changes, movements	Total
Mayoral chains	10 501	-	10 501

Reconciliation of heritage assets 2024

	Opening balance	Additions	Other changes, movements	Total
Mayoral chain	10 501	-	-	10 501

Age and/or condition of heritage assets

The heritage assets of the municpality consist of mayoral chains which were bought in 1997. The condition of these chains is considered as good.

10. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property - Land and Residential Buildings	39 594 740	-	39 594 740	15 766 000	-	15 766 000

Reconciliation of investment property - 2025

	Opening balance	Additions	Fair value adjustments	Depreciation	Total
Investment property - Land and Residential Buildings	15 766 000	-	23 828 740	-	39 594 740

Reconciliation of investment property - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Investment property - Land and Residential Buildings	16 921 000	-	(2 010 000)	855 000	-	15 766 000

Investment property

Vacant land owned by the municipality	38 274 767	35 819 220
Residential Buildings	1 320 000	939 000

The investment property of the municipality is carried at fair value. Last valuation was performed during 2023/24 financial year for valuation to take effect on 1 July 2024.

10. Investment property (continued)

Valuation was performed by municipal valuers BPG Mass Appraisals on 30 June 2025. The following assumptions were used in determining fair values. Land was revalued by municipal valuers effective from 1 July 2024. The land is carried at fair value which is determined by reference to market values determined by the experts after applying assumptions and methods that are reasonable in the field of property valuations. These assumptions and methods are sumarised as follows;

- Comparable sales method is used as valuation method for all municipal land and buildings that is carried as Investment property as these are held with possibility to be sold in future

- Comparable sales method is used as valuation method for all municipal land that is carried under PPE where there are recent sales in similar properties.

Where there are no recent sales, Depreciated Replacement Cost based method is used

- On both methods the land and buildings is valued through reference to market related rate per square meter which is applied to extent and value of land.

Amounts recognised in surplus or deficit

	2025	2024
Rental revenue from Investment property	41 328	39 384
From Investment property that generated rental revenue		
No expenditure incurred on maintenance of investment properties	-	-

Notes to the Annual Financial Statements

Figures in Rand

11. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 169	(709)	1 460	232 785	(229 910)	2 875

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software	2 875	-	-	(1 415)	1 460

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software, other	3 382	-	-	(507)	2 875

Other information

Fully amortised intangible assets still in use	-	232 785

A brief description of significant intangible assets controlled by the municipality but not recognised as assets because they did not meet the recognition criteria in this Standard or because they were acquired or generated before the version of GRAP 102 Intangible Assets issued and effective.

Intangible assets with indefinite lives:

The useful life of intangible assets is considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

12. Payables from exchange transactions

	2025	2024
Trade payables	26 655 216	35 419 205
Bulk purchases (ESKOM Purchases)	313 269 103	198 557 536
Land sales	1 344 997	1 616 997
Retention fees	6 824 313	7 324 428
Workmans compensation fund	11 506 807	10 809 751
	359 600 436	**253 727 917**

13. VAT Payable (Output VAT)

	2025	2024
Output VAT	65 916 297	56 335 493

14. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Total
Provision - leave	15 441 269	822 993	16 264 262
Provision - performance bonus	972 817	-	972 817
	16 414 086	**822 993**	**17 237 079**

Reconciliation of provisions - 2024

	Opening Balance	Additions	Reduction due to re-measurement or settlement without cost to entity	Total
Provision - leave	15 004 480	436 789	-	15 441 269
Provision - performance bonus	1 008 379	-	(35 562)	972 817
	16 012 859	**436 789**	**(35 562)**	**16 414 086**

15. Long service leave awards

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

	2025	2024
Carrying value		
Present value of the defined benefit obligation	8 687 000	10 048 000
Current service cost	729 000	840 329
Current interest cost	986 000	1 186 304
Actual benefit payments	(540 000)	(750 203)
Acturial gain/(loss) over the financial year	(306 000)	(2 637 430)
	9 556 000	**8 687 000**

	2025	2024
Long term liability	(7 933 000)	(8 160 764)
Short term liabiility	(1 623 000)	(526 236)
	(9 556 000)	**(8 687 000)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Long service leave awards (continued)

The figures have been calculated based on our understanding of the GRAP 25 Accounting Standards and we believe that figures represented are suitable for reporting purposes. GRAP 25 requires that the discount rate used in the valuation be determined by reference to market yields on government bonds as at the balance sheet date. In line with GRAP 25 and current market practice, government bond yields are therefore used when setting our best-estimate discount rate assumption.
The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.
The estimated discount rate was set equal to the yield on the BEASSA zero-coupon yield curve with a term equal to the expected duration of the liability based on the membership data as at 30 June 2025.
•
Salary inflation:
We have assumed that salary inflation would exceed general inflation by 1.00% per annum.
The Bond Exchange of South Africa fits a real yield curve on index-linked bonds. This real yield curve is published together with the BEASSA yield curve on zero-coupon government bond yields, which is a nominal yield curve.
The best estimate inflation assumption is calculated as the difference between the nominal and real yield curves at the point corresponding to the duration of the liability, including a 0.5% inflation risk premium adjustment to make appropriate allowance for the current economic environment. A margin of 1% was added to this value to determine the salary inflation assumption.
•
Net effective 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.”

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Global payment Reutlingen (Germany grant)	-	85 311

Movement during the year

Balance at the beginning of the period	85 311	-
Additions during the period	-	995 971
Unspent grant paid back to donor	(85 311)	(910 660)
	-	**85 311**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

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

These amounts are invested in a ring-fenced investment until utilised.

17. Consumer deposits

Carrying amount of Consumer Deposits payable

Opening balance	2 829 976	2 813 995
Movements for current year	78 507	15 981

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

17. Consumer deposits (continued)

	2 908 483	**2 829 976**

18. Income received in advance

Credit balances from customer overpayments	5 597 968	6 187 206

19. Rental of facilities and equipment

Premises	1 232 147	1 128 639
	-	-
	-	-
	1 232 147	**1 128 639**

20. Licences

Licences	1 778 051	1 705 616

21. Construction Contracts Revenue

Housing revenue	6 311 890	55 888 110
Electrification revenue	4 935 383	5 800 000
	11 247 273	**61 688 110**

22. Service charges

Sale of electricity	91 485 661	76 552 539
Refuse removal	12 594 060	10 088 713
	104 079 721	**86 641 252**

23. Operational revenue

Library copies	26 920	31 220
Business plans	498 497	277 694
Cemetary fees	66 248	82 606
Rates clearances	85 430	147 894
Incidental cash	2 948	10 689
Staff recoveries	112 865	124 487
Library membership fees	329	2 563
Transaction handling fees	121 828	46 615
Electricity new connections	18 231	-
Outdoor advertisement	181 696	-
Insurance pay outs	1 084 819	-
Land sales	300 000	-
	2 499 811	**723 768**

24. Interest earned - external investments

Short term investments and call accounts	1 682 234	2 318 271
	-	-
	1 682 234	2 318 271

25. Property rates

Rates

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Property rates (continued)

Residential properties	38 054 137	26 992 732
Business and commercial properties	43 931 549	39 221 100
State owned properties	57 308 703	48 756 809
Agricultural property	18 398 127	6 719 548
Rates rebates	(8 137 959)	(7 347 138)
	149 554 557	**114 343 051**

Valuations

Residential	1 904 962 000	1 394 717 000
Commercial	1 370 911 000	1 023 655 000
State	12 060 000	1 352 630 000
Impermissable	130 353 140	33 380 000
Small holdings and farms	2 908 027 000	960 260 000
PBO	1 164 116 000	59 420 000
PSI	12 060 000	13 736 000
Vacant Land	301 428 000	158 051 000
	7 803 917 140	**4 995 849 000**

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.

A general rate Randages for 2024/25 : Residential properties (0.02096)

: Industrial properties (0.04194)

: Business and Commercial (0.04194)

: Agricultural properties (0.00526)

: Mining properties (0.04194)

: (PSP) (0.04194)

: Public Benefit Organisation (0.00476)

: Public Service Infrastructure (0.04194)

: Vacant Land (BUS+RES) (0.04194)

: Indigent customers (0.02096)

Rebates of first R15 0000 (per MPRA) and additional R45 000 (Approved by council) are granted to residential. Rates levied on an annual basis : Agricultural properties and Public Service Purposes (PSP).

Interest prime 5% is charged on outstanding accounts for more than 30 days.The new general valuation will be implemented on 01 July 2029

26. Interest on receivables

Interest - Receivables	3 517 721	2 393 574

27. Gains

Gains on exchange rate	1 302	-
Gains on acturial valuations	306 000	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

27. Gains (continued)

	307 302	**-**

28. Transfers and subsidies

	2025	2024
Operating grants		
Equitable Share (Unconditional)	218 026 000	207 486 000
Community Library Service (Conditional)	1 024 000	1 023 000
Provincialisation of Libraries (Conditional)	1 079 000	981 000
Finance Management Grant (Conditional)	2 000 000	2 100 000
EPWP (Conditional)	2 420 000	3 681 000
Grant SETA	121 600	-
Global payment Reutlingen (Germany grant) (Conditional)	-	910 660
	224 670 600	**216 181 660**
Capital grants		
MIG (Conditional)	38 780 000	46 885 000
Disaster Relief	5 505 000	-
	44 285 000	**46 885 000**
	224 670 600	216 181 660
	44 285 000	46 885 000
	268 955 600	**263 066 660**

MIG

	2025	2024
Current-year receipts	38 780 000	46 885 000
Conditions met - transferred to revenue	(38 780 000)	(46 885 000)
	-	-

INEP

	2025	2024
Current-year receipts	4 935 383	5 800 000
Conditions met - transferred to revenue	(4 935 383)	(5 800 000)
	-	-

FMG

	2025	2024
Current-year receipts	2 000 000	2 100 000
Conditions met - transferred to revenue	(2 000 000)	(2 100 000)
	-	-

EPWP

	2025	2024
Current-year receipts	2 420 000	3 681 000
Conditions met - transferred to revenue	(2 420 000)	(3 681 000)
	-	-

Provincialisation of Libraries

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

28. Transfers and subsidies (continued)

Current-year receipts	1 079 000	1 023 000
Conditions met - transferred to revenue	(1 079 000)	(1 023 000)
	-	-

Community Libraries

Current-year receipts	1 024 000	981 000

Global payment Reutlingen (Germany grant)

Balance unspent at beginning of the period	85 311	-
Current-year receipts	-	995 971
Conditions met - transferred to revenue	-	(910 660)
Unused grant paid back to donor	(85 311)	-
	-	**85 311**

HOUSING

Current-year receipts	6 311 890	55 888 110
Conditions met - transferred to revenue	(6 311 890)	(55 888 110)
	-	-

This is a grant in kind from Department of Human settlement for RDP Housing projects within the municipal boundaries.

Disaster Relief grant

Balance unspent at beginning of year	-	-
Current-year receipts	5 505 500	-
Conditions met - transferred to revenue	(5 505 000)	-
Overpaid grant paid back to COGTA	(500)	-
	-	-

This grant was gazzetted by CoGTA to the municipality for repairs to inftrastructure caused by natural disasters.

Equitable Share Grant

Current-year receipts	218 026 000	207 486 000
Conditions met - transferred to revenue	(218 026 000)	(207 486 000)
	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of 50 kwh during 2025 and (2024: 50 kwh), which is funded from the grant.

Grant SETA

Current-year receipts	121 600	-
Conditions met - transferred to revenue	(121 600)	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

28. Transfers and subsidies (continued)

	-	-

This grant is for training, skills and development to the human resource of the municipality.

MIG

Current-year receipts	38 780 000	46 885 000
Conditions met - transferred to revenue	(38 780 000)	(46 885 000)
	-	-

This is a conditional grant which is utilised for infrastructure and capital projects to enable the municipality to provide service delivery to the community.

INEP

Current-year receipts	4 935 383	5 800 000
Conditions met - transferred to revenue	(4 935 383)	(5 800 000)
	-	-

This is a conditional grant that is utilised for electrification and infils.

FMG

Current-year receipts	2 000 000	2 100 000
Conditions met - transferred to revenue	(2 000 000)	(2 100 000)
	-	-

This a conditional grant utilised for financial management capacity and support in the municipality.

EPWP

Current-year receipts	2 420 000	3 681 000
Conditions met - transferred to revenue	(2 420 000)	(3 681 000)
	-	-

This grant is used for community extended programmes providing job opportunities to the community on temporary bases.

Provincialisation of Libraries

Current-year receipts	1 079 000	1 023 000
Conditions met - transferred to revenue	(1 079 000)	(1 023 000)
	-	-

This is a conditional grant used for provision of library services to the community including staff salaries.

Community Libraries

Current-year receipts	1 024 000	981 000
Conditions met - transferred to revenue	(1 024 000)	(981 000)
	-	-

This is a conditional grant used for provision of library services to the community including staff salaries.

Figures in Rand	2025	2024

28. Transfers and subsidies (continued)

Global Payment Reutingen (German Grant)

Balance unspent at beginning of year	85 311	-
Current-year receipts	-	995 971
Conditions met - transferred to revenue	-	(910 660)
Unused grant paid back to donor	(85 311)	-
	-	**85 311**

This is a conditional foreign aid grant which is used to build alternative energy capicity to the municipality due to energy crisis experienced by ESKOM..

Provide explanations of conditions still to be met and other relevant information.

29. Fines, Penalties and Forfeits

Building Fines	1 174	435
Forfeits	689 514	152 914
Fines	215 212	104 710
	905 900	**258 059**

30. Employee related costs (Inclusive of Senior Managers)

Basic salary	123 641 869	114 440 360
Bonus (13th cheque)	7 599 954	7 075 405
Medical aid	9 846 269	9 120 765
UIF	720 974	686 142
Bargaining council	48 696	43 665
Service related benefits	1 927 951	4 233 518
Allowances	12 258 967	11 362 967
Pension	21 732 886	20 877 649
	177 777 566	**167 840 471**

Remuneration of municipal manager

Annual Remuneration	993 316	966 871
Car Allowance	216 000	252 000
Contributions to UIF, Medical and Pension Funds	82 118	15 255
	1 291 434	**1 234 126**

Remuneration of chief finance officer

Annual Remuneration	836 122	825 434
Car Allowance	180 000	196 042
Contributions to UIF, Medical and Pension Funds	62 638	20 340
	1 078 760	**1 041 816**

Corporate and human resources

Annual Remuneration	752 122	728 938
Car Allowance	264 000	288 000
Contributions to UIF, Medical and Pension Funds	62 638	19 200
	1 078 760	**1 036 138**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

30. Employee related costs (Inclusive of Senior Managers) (continued)

Protection Services

Annual Remuneration	931 613	901 619
Car Allowance	84 509	108 509
Contributions to UIF, Medical and Pension Funds	62 638	11 865
	1 078 760	**1 021 993**

Technical Services

Annual Remuneration	836 122	817 477
Car Allowance	180 000	204 000
Contributions to UIF, Medical and Pension Funds	62 638	20 340
	1 078 760	**1 041 817**

Planning Development

Annual Remuneration	914 153	720 469
Car Allowance	65 374	81 381
Contributions to UIF, Medical and Pension Funds	84 509	141 654
	1 064 036	**943 504**

Community Services

Annual Remuneration	732 650	617 724
Car Allowance	70 424	72 339
Contributions to UIF, Medical and Pension Funds	52 199	54 004
	855 273	**744 067**

31. Remuneration of councillors

Executive Mayor	971 589	931 594
Deputy Executive Mayor	786 673	755 198
Speaker	786 673	755 198
Councillors	11 885 322	11 512 413
Exco councillors	3 037 737	2 931 427
MPAC	422 503	407 806
Chief whip	433 861	411 441
	18 324 358	**17 705 077**

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa. Refer to Related parties note for detailed breakdown.

The Mayor, Deputy Mayor and Speaker are full time and they are provided with office and secretarial l support at the cost of the municipality.

The Mayor, Deputy Mayor and Speaker each have separate use of council owned vehicles for official duties

The Mayor, Deputy Mayor and Speaker each have 2 full-time body guards.

32. Depreciation, impairment and amortisation

Property, plant and equipment	29 172 737	69 781 420

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

32. Depreciation, impairment and amortisation (continued)

Impairment	-	15 965 435
Intangible assets	1 685	561
	29 174 422	**85 747 416**

33. Finance costs

Interest on overdue accounts	14 132 839	2 312 489

34. Debt impairment

Debt impairment	72 601 896	22 914 634

35. Bad debts written off

Bad debts written off	8 164 082	1 691 498

36. Expenditure on Operating lease

Leased (Transport) assets	8 522 059	6 970 176

37. Bulk purchases

Electricity	153 766 379	133 592 320

38. Contracted services

Outsourced Services		
Administrative and Support Staff	143 606	17 750
Pound management	1 268 750	1 412 500
Burial Services	1 112 656	1 081 541
Research and Advisory	2 729 359	1 395 350
Catering Services	972 869	1 418 612
Project management	1 758 109	7 188 738
LED items	59 093	35 905
Clearing and Grass Cutting Services	42 487	(2 612)
Hygiene Services	175 197	151 639
Valuer	871 902	1 335 587
Commission and committees	2 564 010	2 476 623
Refuse Removal	7 578 360	6 324 920
Researcher	-	51 500
Security Services	5 054 400	4 148 419
Drivers Licence Cards	-	26 373
Electrical	9 691 427	7 643 789
Housing projects	6 311 890	55 888 110
Consultants and Professional Services		
Business and Advisory	1 982 400	687 060
Infrastructure and Planning	586 957	621 709
Electrical	185 511	152 520
Legal advice and litigation	4 335 863	3 634 517
Contractors		
Audio-visual Services	4 901 730	3 692 061
Catering Services	175 291	272 225
Electrical	2 151 912	4 194 200

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

38. Contracted services (continued)

Employee Wellness	740 630	224 602
Event Promoters	8 000	1 161 270
Fire Protection	528 752	8 800
Maintenance of Buildings and Facilities	33 748	503 261
Maintenance of Equipment	4 142 749	3 265 660
Maintenance of gravel roads and verge maintenance	49 046 821	30 886 207
Prepaid Electricity Vendors	230 175	178 200
Presented previously	-	-
Outsourced Services	40 334 115	87 145 155
Consultants and Professional Services	7 090 731	5 095 806
Contractors	61 959 808	44 386 486
	109 384 654	**140 077 036**

39. Transfer and subsidies

Grant in Aid	674 170	336 963

40. Losses

Losses on diposal of assets	194 371	3 563 000

41. General expenses

TV and radio transmission	886 914	1 798 686
External audit fees	3 906 010	3 473 357
Bank related expenses	1 107 589	331 725
Pollution control	421 510	311 269
Consumables	44 243	44 393
Incidental cash shortages	(846)	2 087
Food and beverages	13 272	5 888
Gifts and promotional items	2 265 024	1 409 800
Hire charges	4 423 512	4 922 829
Insurance underwritings	3 334 357	2 469 703
Seminars, Conferences, workshops and events	557 899	283 649
IT expenses	999	-
Skills development levy	1 266 904	1 178 310
Medical expenses	-	29 300
Wet fuel	4 320 750	4 762 234
Workmans compensation	61 144	729 904
Courier and delivery services	-	36 249
Printing, publications and books	3 932 254	4 204 447
Promotions	410 868	-
Uniform and Protective clothing	560 580	1 548 594
Repairs and maintenance	1 856 449	183 353
Driver licenses and permits	378 495	315 468
Remuneration of ward committees	4 245 052	3 632 200
Software and licenses	3 631 134	4 173 131
Sitting allowance	8 280	4 800
Telephone and fax	313 666	365 905
Own transport	880 346	190 910
Training	838 996	300 253
Air transport	-	8 271
Water	-	33 830
Street lights	21 219	147 297
Out of pocket expenses	464 138	-
Inventory Consumed	9 400	87 049
Bursaries	309 052	225 009

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. General expenses (continued)

Accommodation	713 680	560 137
Permits	-	325 331
Municipal services	-	197 200
	41 182 890	**38 292 568**

42. Inventory consumed

Consumables	8 068 349	8 671 247

43. Cash generated from operations

Deficit	(72 378 987)	(92 811 839)
Adjustments for:		
Depreciation and amortisation	29 174 422	85 747 416
Fair value adjustments (Including Actuarial gains/(losses))	(24 136 042)	(2 637 430)
Contribution to provision - current	72 796 267	26 477 634
Bad debts written off	8 164 082	1 691 498
Defined employee benefits ,long service award and other	1 176 302	1 276 430
Leave pay provision	822 993	436 789
Performance bonus provision	-	(35 564)
Movement in payables relating to acquisition of assets - Retentions	500 115	(907 986)
Changes in working capital:		
Inventories	1 409 600	(845 353)
Receivables from exchange transactions	(8 591 486)	(56 815)
Rceivables from non-exchange transactions	(55 935 435)	(23 400 940)
Bad debts written-off	(8 164 082)	(1 691 498)
Prepayments	78 507	15 981
Transfers and subsidies unspent	(85 311)	85 311
Payables from exchange transactions	105 872 519	53 902 001
VAT Receivable/(Payable)	(3 113 704)	1 799 880
Prior year period adjustments	-	(5 172 455)
	47 589 760	**43 873 060**

44. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Unauthorised expenditure	-	52 915 243
Irregular expenditure	8 873 368	4 012 362
Fruitless and wasteful expenditure	1 920 604	-
Closing balance	**10 793 972**	**56 927 605**

Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure

Irregular, Fruitless and wasteful and Unathorised expenditure

Investigations were conducted by council committee and no individual was charged.

Additional Narratives

Unauthorised expenditure

Reconciliation of unauthorised expenditure		
Opening balance	52 915 243	1 871 545
Incurred during the year	53 862 978	35 002 846
Unauthorised expenditure identified during the audit	-	52 915 243
Less unauthorised expenditure written off :prior year (Authorised through adjustment budget) (Housing projects)	(52 915 243)	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

44. Unauthorised, Irregular and Fruitless and Wasteful Expenditure (continued)

Less unauthorised expenditure written off :current year (Authorised through adjustment budget)	-	(36 874 391)
Less unauthorised expenditure written off :current year (Authorised by council)	(53 862 978)	-
	-	**52 915 243**

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance	-	9 833 878
Incurred during the year	14 132 839	2 312 489
Fruitless & wasteful expenditure reversal	-	(3 680 367)
Less fruitless & wasteful expenditure written off :prior year (Eskom interest)	-	(6 153 511)
Less fruitless & wasteful expenditure : current year	(12 212 235)	(2 312 489)
	1 920 604	**-**

Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	4 012 362	42 768 427
Irregular expenditure incurred during the year	-	-
- Advertising period	26 384 144	102 316 034
- Three quotations not obtained	-	197 460
- Tax matters not in order	-	1 796 572
- Points incorrectly allocated	1 996 536	2 018 330
- CIDB grading	2 474 880	-
Irregular expenditure identified during the audit	-	-
- Tender not awarded to the highest scoring bidder	2 729 081	-
- Tax mmaters not in order	376 298	-
- Bidders ommitted during evaluation	2 591 149	-
- Award made to panels not in line with SCM Regulations	3 176 840	-
Less irregular expenditure written off current year	(30 855 560)	(102 316 034)
Less irregular expenditure written off prior year	(4 012 362)	(42 768 427)
	8 873 368	**4 012 362**

45. Contingencies

Contingent liability

Contingent liability

No contingent liabilities have been identified in 2024/24.

46. Risk management

Financial risk management

Service charges

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or consumer contract, leading to financial loss.The municipality is exposed to credit risk from its operating activities(primarily for trade receivables.	103 032 869	85 859 181

Cash and Cash Equivalents

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.	1 812 908	1 237 123

Figures in Rand	2025	2024

46. Risk management (continued)

Property Rates		
Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk controlassesses the credit quality of the customer, taking into account financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the municipality. These balances represent the maximum exposure to credit risk.	149 554 557	109 381 425

Call Deposits		
First National Bank Call Investments	2 297 109	3 633 998

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.Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Unpresented Cheques	26 655 216	34 264 773

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated deficit of R72 378 978 (2024 (R89 248 839 deficit)) and that the municipality's current liabilities exceed its current assets by R356 566 244 (2024 R241 732 635). Solvency ratio of the municipality is at %0.68;1 (0.46;1 2024). Cash coverage of the municipality is 1 month (1 month 2024). Creditors days is sitting at 419 days (286 days 2024)

The current ratio of the municipality is sitting at 0.22:1 which is way below nom of 2:1. The main contributor to negative current(ration is ESKOM debt which is R313 269 103 as at 30 June 2025. The municipality was approved for write-off of ESKOM debt throught Debt Relief Programme of R143 253 732. National Treasury still need to process first write-off of 1/3 for the first 12 months amounting to R47 751 244. The municipality is also experiencing high distribution losses of 48% (2024 54%) due to illegal connections and technical losses due to ageing infrastructure. Intensive collection innitiatives like mass disconnections and meter audits are conducted by the municipality to reduce electricity theft. Treasury department is providing ongoing support to the municipality on revenue collection improvement focused innitiatives and revenue enhancement strategies. 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 allocated to the municipality by government though DoRA allocation. Nothing has came to attention that there might be plans to discuntinue or merge the functions of the municipality. Municipality will continue to participate in ESKOM debt relief until total debt is written of which address going concern issues in the near future. Municipality will finance future operations from grant funding and the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

48. Operating lease

	2025	2024
The municipality has leased its fleet for the duration of 36 months		
No later than one year	811 637	5 800 607

49. Related parties

The municipality has the following related parties;

Senior management

2025

Name	Other short-term employee benefits	Post-employment benefits	Total
Municipal Manager SM Khomo	1 291 434	-	1 291 434
Chief Financial Officer JH Mhlongo	1 078 760	-	1 078 760
Director Corporate Services DNS Buthelezi	1 078 760	-	1 078 760
Director Technical Services PT Nxumalo	1 078 760	-	1 078 760
Director Planning & Development NLH Buthelezi	1 064 036	-	1 064 036
Director Community Services ZP Khomo	855 273	-	855 273
Director Protection Services DS Mthembu	1 078 760	-	1 078 760
	7 525 783	**-**	**7 525 783**

2024

Name	Other short-term employee benefits	Post-employment benefits	Total
Municipal Manager	1 234 126	-	1 234 126
Chief Financial Officer	1 041 816	-	1 041 816
Director Corporate Service	1 036 138	-	1 036 138

Figures in Rand		2025	2024

49. Related parties (continued)

Director Technical Service	1 041 817	-	1 041 817
Director Planning & Development	943 904	-	943 904
Director Community Services	744 067	-	744 067
Director Protection Services	1 021 993	-	1 021 993
	7 063 861	**-**	**7 063 861**

Remuneration Councillors

2025

Name	Car allowance	Basic salary	Medical aid	Telephone allowance	Pension	Total
Mayor	222 758	599 634	17 280	47 004	84 912	971 589
Deputy Mayor	178 206	476 703	17 280	47 004	67 479	786 673
Speaker	178 206	476 703	17 280	47 004	67 479	786 673
Chief Whip	93 204	242 155	47 004	47 004	43 217	433 861
MPAC Chairperson	90 468	234 604	17 280	47 004	33 147	422 503
Executive committee members	652 431	1 695 085	120 960	329 028	239 522	3 037 026
Ordinary councillors	2 467 312	6 281 487	604 800	1 645 140	886 583	11 885 322
	3 882 585	**10 006 371**	**841 884**	**2 209 188**	**1 422 339**	**18 323 647**

2024

Name	Car allowance	Basic salary	Telephone allowance	Medical aid	Pension	Total
Mayor	217 600	567 901	45 919	17 280	82 894	931 594
Deputy Mayor	174 080	452 054	45 919	17 280	65 864	755 197
Speaker	174 080	452 054	45 919	17 280	65 864	755 198
Chief Whip	91 046	231 023	45 919	10 080	33 373	411 441
MPAC Chairperson	88 373	223 907	45 919	17 280	32 327	407 806
Executive committee members	637 324	1 616 880	321 433	122 180	233 610	2 931 427
Ordinary councillors	2 410 183	6 043 317	1 607 165	587 520	864 228	11 512 413
	3 792 686	**9 587 136**	**2 158 193**	**788 900**	**1 378 160**	**17 705 076**

50. Events after the reporting date

There were no events after the reporting date:

51. Construction contracts and receivables

Municipality is constructing electrification project at areas which are Eskom is license areas.
Electrification asset will be Eskom asset once completed.

Municipality is also constructing housing project for Department of Human Settlement.

Agreements that meet all the criteria of GRAP11

The municipality recognise revenue using the percentage of completion method for agreements that meet all the criteria of GRAP11 (Construction Contracts), continuously as construction progresses.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

51. Construction contracts and receivables (continued)

The entity determines which agreements meet all the criteria in the Standard of GRAP on continuously as construction progresses in the following manner:

Electrification of Babanango (INEP)	4 935 383	5 800 000
Zungu Rural Housing Project	6 311 890	55 888 110

The methods used to determine the stage of completion of agreements in progress is as follows:

Reference to stage of completion

Electrification of Babanango (INEP)	(4 935 383)	(5 800 000)
Zungu Rural Housing Project	(6 311 890)	(55 888 110)

52. Distribution losses

The municipality incurred distribution losses on Electricity amounting to approximately 39 109 889 units for the period ended 30 June 2025, this loss amounted to approximately R73 053 152. These losses are calculated as the difference between power supplies purchased and sales recorded.

Services in-kind that are significant to the entities operations and/or service delivery objectives

Units purchased	75 636 465	69 401 340
Units sold	39 109 889	29 908 727
Units lost in distribution	36 526 576	39 492 613
% lost in distribution	48	57
Average cost per unit purchased	2	1.92
	73 053 152	**75 825 816**

53. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	65 661 878	25 487 070
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	30 969 148	20 325 971
Total capital commitments		
Already contracted for but not provided for	65 661 878	25 487 070
Not yet contracted for and authorised by accounting officer	30 969 148	20 325 971
	96 631 026	**45 813 041**

Authorised operational expenditure

Already contracted for but not provided for		
• Operational expenditure	21 026 077	26 117 807

Total operational commitments

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

53. Commitments (continued)

Already contracted for but not provided for	21 026 077	26 117 807

Total commitments

Total commitments		
Authorised capital expenditure	96 631 026	45 813 041
Authorised operational expenditure	21 026 077	26 117 807
	117 657 103	**71 930 848**

The committed capital expenditure relates to plant and equipment and will be financed by available funding and MIG. The committed operational expenditure relates to contracted service type of expenditure and will be funded bt Equitable Share.

54. Budget differences

Material differences between budget and actual amounts

The variances in excess of actual expenditure over the final budget of 10% for are explained below;

1. Rental facilities - Facilities of the municipality that were under construction were completed resulting to increase in hire.
2. Licences and permits - This is due to new system implemented by Department of Transport.
3. Service charges (electricity) - This is due to illegal connections and electricity theft.
4. Other income - Under collected due to lack of advertising by the municipality for other services.
5. Interest received – Interest increased due to positive investments balances.
6. Property rates - Variance not material.
7. Interest, dividends and rental – Budgeted for under interest received
8. Grants - Under on budget due to Human Settlements not allocating more for housing projects.
9. Employee cost - Cost containment measures that the municipality has adopted
10. Remuneration of councillors - Not material variance.
11. Depreciation and amortisation - Due to Review of Useful Lives which resulted to reduction in depreciation charge.
12. Impairment loss – Variance not material.
13 Finance costs – ESKOM interest charged based on arrear debt.
14. Bad debts write-off – Write-off due to council approving indigent debtors to be written off.
15. Finance - Less interest paid due to ESKOM debt relief programme which the municipality is part of.
16. Contracted services – Decrease due to new plant that was acquired by the municipality.
17. Inventory consumed – Cost containment measures implemented.
18. Operational cost –Variance not material.
19. Inventories - Electrical outages resulted to increase in electrical maintenance stores items.
20. Receivables from exchange transactions – This is due to high impairment rate and implementation of new valuation roll.
21. Receivables from non-exchange transactions – This is due to high impairment rate and implementation of new valuation roll.
22. VAT Receivable – This is due to SARS release of VAT assessment which is improvement from last year.
23. Cash and cash equivalents - Cash used for capital purchases of internally funded capital purchases.
24. Investment property – Due to new valuation roll implemented on 1 July 2024
25. Property, plant and equipment - Variance not material.
26. Payables from exchange transactions – ESKOM debt that has increased due to interest and non-write off 1/3 of ESKOM debt which qualifies for debt relief.
27. VAT Payable – This is due to SARS release of VAT assessment which is improvement from last year.
28. Provisions - Variance not material.

55. Segment information

General information

Identification of segments

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

55. Segment information (continued)

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Community and public safety	Trading services-Electricity	Trading Services-refuse	Unallocated	Economic and environmental services	Total
Revenue						
Revenue from exchange transactions	1 778 051	103 032 935	12 594 059	5 114 192	-	122 519 237
Revenue from non-exchange transactions	6 920 809	341 080 163	49 020 574	26 219 534	-	423 241 080
Fair value adjustment	-	-	-	2 132 780	-	2 132 780
Total segment revenue	**8 698 860**	**444 113 098**	**61 614 633**	**33 466 506**	**-**	**547 893 097**
Entity's revenue						**547 893 097**
Expenditure						
Salaries and wages	62 591 278	48 635 583	5 575 098	74 313 838	5 172 785	196 288 582
Other expenses	127 492 536	99 066 100	11 355 949	156 212 298	9 399 749	403 526 632
Depreciation, impairement and amortisation	9 248 518	7 186 418	823 779	11 151 479	764 228	29 174 422
Interest	-	14 132 839	-	-	-	14 132 839
Total segment expenditure	**199 332 332**	**169 020 940**	**17 754 826**	**241 677 615**	**15 336 762**	**643 122 475**
Total segmental surplus/(deficit)	**(190 633 472)**	**275 092 158**	**43 859 807**	**(208 211 109)**	**(15 336 762)**	**(95 229 378)**
Assets						
Segment assets	142 278 226	163 618 374	61 230 357	112 761 353	18 882 895	498 771 205
Investment property	-	-	-	28 300 000	-	28 300 000
Total segment assets	**142 278 226**	**163 618 374**	**61 230 357**	**141 061 353**	**18 882 895**	**527 071 205**
Total assets as per Statement of financial Position						**527 071 205**
Liabilities						
Segment liabilities	3 953 223	259 488 697	-	141 434 105	-	404 876 025

Notes to the Annual Financial Statements

Figures in Rand

	Community and public safety	Trading services- Electricity	Trading Services- refuse	Unallocated	Economic and environmental services	Total
55. Segment information (continued)						
Total liabilities as per Statement of financial Position						**404 876 025**

Only service related service departments are disclosed separately, all other non service delivery and administration departments are included under Unallocated.

2024

	Community and public safety	Trading Services - Electricity	Trading Services - Refuse	Unallocated	Economic and environmental services	Total
Revenue						
Revenue from non-exchange transactions	2 004 000	75 770 467	10 088 713	348 620 239	-	436 483 419
Revenue from exchange transactions	11 218 000	66 213 332	-	14 623 210	-	92 054 542
Interest revenue	-	2 318 271	-	6 046 823	-	8 365 094
Total segment revenue	**13 222 000**	**144 302 070**	**10 088 713**	**369 290 272**	**-**	**536 903 055**
Entity's revenue						**536 903 055**
Expenditure						
Salaries and wages	59 266 848	46 052 386	5 278 986	69 683 488	4 897 368	185 179 076
Other expenses	23 401 778	149 195 854	6 324 920	114 246 273	59 879 356	353 048 181
Interest expense	-	2 312 000	-	-	-	2 312 000
Depreciation and amortisation	7 397 191	11 399 835	6 495 825	59 165 355	-	84 458 206
Total segment expenditure	**90 065 817**	**208 960 075**	**18 099 731**	**243 095 116**	**64 776 724**	**624 997 463**
Total segmental surplus/(deficit)	**(76 843 817)**	**(64 658 005)**	**(8 011 018)**	**126 195 156**	**(64 776 724)**	**(88 094 408)**
Assets						
Segment assets	247 923 953	7 092 087	22 024 753	200 178 701	-	477 219 494
Investment property	-	-	-	26 167 220	-	26 167 220
Total segment assets	**247 923 953**	**7 092 087**	**22 024 753**	**226 345 921**	**-**	**503 386 714**

55. Segment information (continued)

Total assets as per Statement of financial Position						**503 386 714**
Liabilities						
Segment liabilities	2 429 976	198 557 536	-	85 930 886	-	286 918 398
Total liabilities as per Statement of financial Position						**286 918 398**

Only service related service departments are disclosed separately, all other non service delivery and administration departments are included under Unallocated.

Information about geographical areas

The municipality’s operations are in the Kwazulu Natal Province.

The table below indicates the relevant geographical information after eliminating inter segmental transfers:

2025

	External revenues from non-exchange transactions	External revenues from exchange transactions	Total expenditure	Non-current assets*
'Ward 8 - Mahlabathini	1 302 820	511 509	6 384 243	3 635 850
Ward 12 - BA, B & C	59 715 843	61 669 832	344 447 487	372 083 337
Ward 16 - Babanango	19 770 664	32 425	96 882 699	230 480
Ward 18 - Unit A	14 399 736	18 537 401	70 563 401	131 765 450
Ward 22 - Unit D & K	21 778 068	14 431 361	106 719 633	102 579 362
Total	**116 967 131**	**95 182 528**	**624 997 463**	**610 294 479**

2024

	External revenues from non-exchange transactions	External revenues from exchange transactions	Total expenditure	Non-current assets*

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

55. Segment information (continued)

'Ward 8 - Mahlabathini	1 302 820	511 509	6 384 243	3 635 850
Ward 12 - BA, B & C	59 715 843	61 669 832	344 447 487	372 083 337
Ward 16 - Babanango	19 770 664	32 425	96 882 699	230 480
Ward 18 - Unit A	14 399 736	18 537 401	70 563 401	131 765 450
Ward 22 - Unit D & K	21 778 068	14 431 361	106 719 633	102 579 362
Total	**116 967 131**	**95 182 528**	**624 997 463**	**610 294 479**

56. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government (SALGA membership)

Opening balance	-	1 197 837
Current year subscription / fee	2 002 096	1 930 251
Amount paid - current year	(1 668 414)	(1 930 251)
Amount paid - previous years	-	(1 197 837)
	333 682	**-**

Material losses through criminal conduct

Opening balance as previously reported	60 149	108 861
Less: Amounts recovered - current	-	(48 712)
	60 149	**60 149**

This matter occured in 2022/23 involving cash embezzlement, said employee resigned before disciplinary could be finalised and matter was reported to SAPS.

Audit fees

Current year subscription / fee	3 906 010	3 473 257
Amount paid - current year	(3 906 010)	(3 473 257)
	-	**-**

PAYE and UIF

Opening balance	4 835 791	2 249 444
Current year subscription / fee	39 104 753	27 556 041
Amount paid - current year	(29 935 601)	(22 720 250)
Amount paid - previous years	(4 835 791)	(2 249 444)
	9 169 152	**4 835 791**

Pension and Medical Aid Deductions

Opening balance	5 539 546	4 725 438
Current year subscription / fee	18 753 167	30 281 072
Amount paid - current year	(18 753 167)	(24 741 526)
Amount paid - previous years	(5 539 546)	(4 725 438)
	-	**5 539 546**

VAT

VAT receivable	76 872 753	64 178 245

VAT output payables and VAT input receivables are shown in note .

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2025:

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
Deputy Mayor - Councillor TG Madela (No arear amount as ownership was changed during 2024/25.	-	-	-
Councillor AL Mgabhi	1 671	-	1 671
	1 671	**-**	**1 671**

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Deputy Mayor - Councillor TG Madela	730	-	730
Councillor AL Mgabhi	1 351	-	1 351
	2 081	**-**	**2 081**

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident		
Sole supplier	370 674	108 168
Impractical to obtain three quotes as work required needed striping and quoting which is not possible to be done by more than one service provider.	159 643	-
	530 317	**108 168**

57. Auditors' remuneration

Fees	3 906 010	3 473 357

58. Prior-year adjustments

Management processed adjustments resulting from prior period errors that were identified in 2024/25 financial year. These errors are detailed below;

1. Land was incorrectly valued inclusive of structures in the previous periods.

2. Revaluation reserve was overstated as a result of overstatement in land valuation.

3. Accumulated surplus was overstated and had to be adjusted as the remaining portion after reversing the reserves to zero was processed through accumulated surplus

4. Expenditure Accruals incorrectly recognised in current year when they relate to prior year.

5. Receivables (Indigent) (Indigent debtors raised by AG as not qualifying indigent.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

58. Prior-year adjustments (continued)

6. Land sales that was previously recognised reversal in accumulated surplus. (Proceeds from sale of land only identified during valuation roll period when deed confirmations were performed).

7. Payables not cleared during processing of salaries. (Creditors overstated due to incorrect transaction which did not clear all salary journals raised on the system in prior years).

8. Accumulated depreciation overstated (Depreciation prior period restated due to useful life reviews).

9. Land portions which were carried as investments property of which has been fully transfered to pivate owners were still carried as municipal property, these have been derecognised and removed from investment property).

10. Land portions which were fully transfered to pivate owners were still carried as municipal property, these have been derecognised and removed from property, plant and equipoment).

The effect of these corrections on Statement of Financial Position, Performance and Cashflow is shown below

Statement of financial position

2024

	Note	As previously reported	Correction of error	Restated
- PPE (Land)		174 985 000	(146 782 000)	28 203 000
- Land disposed (Privately owned)		-	(1 553 000)	(1 553 000)
- Transfered to Investment Property		-	(855 000)	(855 000)
Total PPe Land restatement		-	-	25 795 000
Revaluation Reserve reversal		122 732 313	(122 732 313)	-
Revaluation reversal processed through accumulated surplus		326 313 320	(24 049 687)	302 263 543
Investment Property		16 921 000	(2 010 000)	14 911 000
Investment Property (Transferes from Land)		-	855 000	855 000
- Payables not cleared		18 164 091	16 192 065	34 356 156
- Payables (Expenditure Accruals)		-	1 154 432	1 154 432
Total Payables restatement		-	-	35 510 588
Receivables (Indigent)		3 676 081	2 934 634	6 610 715
Land sales		8 933 754	(7 316 757)	1 616 997
Accumulated depreciation overstated		957 398 907	(767 486)	956 631 421
		1 629 124 466	**(284 930 112)**	**1 405 499 852**

Statement of Changes in Net Assets

2024

	Note	As previously reported	Correction of error	Restated
Opening balance as at 1 July 2024		326 313 230	(23 249 467)	303 063 763
Surplus for the year		(88 094 408)	19 837 220	(68 257 188)
Prior year adjustments		-	(9 536 490)	(9 536 490)
Surplus for the year		**238 218 822**	**(12 948 737)**	**225 270 085**

Statement of financial performance

2024	Note	As previously reported	Correction of error	Restated

Notes to the Annual Financial Statements

Figures in Rand		2025	2024

58. Prior-year adjustments (continued)

General expenditure (Operating lease)	5 815 744	1 154 432	6 970 176
Loss on discposal of assets	-	3 563 000	3 563 000
Surplus for the year	**5 815 744**	**4 717 432**	**10 533 176**

Cash flow statement

2024

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Property rates and other receipts from non-exchange transactions		95 919 875	(2 900 476)	93 019 399
Service charges and other receipts from exchange transactions		103 575 131	(235 792)	103 339 339
Transfers and subsidies		324 838 707	9 253 217	334 091 924
Suppliers, service providers and other		(296 614 935)	(6 347 302)	(302 962 237)
		227 718 778	**(230 353)**	**227 488 425**
Cash flow from investing activities				
Purchase of property plant and equipment		(47 787 798)	230 347	(47 557 451)

59. Change in accounting estimates

Accounting estimates relating to depreciation charge was revised as assets were fully depreciated and also the assets that will be fully depreciated within 12 months but are still in use. Experts have performed conditional assessment for year ended 30 June 2025 and the assets useful has changed and updated on the accounting policy. The depreciation charge changed as a result of review in useful lives from R71 397 467 to R29 172 737. The review in estimate will result into depreciation charge decrease of R43 055 689 in 2025. The effect of this change in estimate has resulted to revised depreciation of R5 032 335 in 2025 and R43 055 689 in future periods.
The effect of change in estemates is as follws;

	Original depreciation charge	Impact of change in estimate on depreciation	Depreciation charge for 2024/25	Depreciation charge for future periods
Community Assets	1 440 179	(1 258 754)	182 835	1 258 754
Computer equipment	617 780	(425 033)	192 736	425 033
Electrical Infrastructure	10 955 265	(9 966 027)	989 238	9 966 027
Furniture and Office Equipment	828 091	(566 673)	261 418	566 673
Machinery and Equipment	886 697	(670 957)	216 099	670 957
Other Assets	5 946 616	(5 547 892)	398 723	5 547 892
Road Infrastucture	24 574 089	(22 023 236)	2 550 762	22 023 236
Storm Water Infrastructure	2 837 642	(2 597 117)	240 524	2 597 117
	48 086 359	**(43 055 689)**	**5 032 335**	**43 055 689**

Figures in Rand	2025	2024

60. Fair value adjustment

Investment property	23 828 740	-

Fair value adjustment was determined as valuers of the municipality performed valuation during 2024/2025 financial period. The investment property is carried at fair value. The market values determined by the valuers are considered to be appropriate bases for determining fair value. The valuation is effective from 1 July 2024.