uMhlabuyalingana Municipality
(Registration number KZN 271)
Annual Financial Statements
for the year ended 30 June 2025

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998)
Nature of business and principal activities	The main purposes of the municipality is to engage in local governance activities which include planning and promotions of integrated development planning, economic and environmental development and supplying of services to the community.
Executive committee	
Executive Mayor	Cllr. TS Khumalo
	Cllr. EZ Mtshali
	Cllr. MD Mathenjwa
	Cllr. TS Myeni
	Cllr. ZM Mhlongo
	Cllr. KC Mthembu
	Cllr. HK Gumede
	Cllr. LD Tembe
	Cllr. PT Vumase
Councillors	Cllr. TP Manzini
	Cllr. JP Zikhali
	Cllr. T Mngomezulu
	Cllr. FG Mlambo
	Cllr. SS Manukuza
	Cllr. FS Mpanza
	Cllr. BK Mbuyazi
	Cllr. SM Tembe
	Cllr. MV Mahamba
	Cllr. SJ Mabika
	Cllr. SL Ntuli
	Cllr. BD Mtshali
	Cllr. IT Gwala
	Cllr. PV Khathwane
	Cllr. NC Mdletshe - Deceased in October 2025
	Cllr. KB Mthembu - Appointed in March 2025
	Cllr. NJ Khumalo
	Cllr. KA Buthelezi
	Cllr. BE Biyela
	Cllr. PS Mabika
	Cllr. SS Mkhumbuzi
	Cllr. KA Kunene
	Cllr. NP Khumalo
	Cllr. TS Myeni
	Cllr. TN Magagula
	Cllr. WNO Nxumalo
	Cllr. SM Gumede
	Cllr. MZ Mhlongo
	Cllr. HN Ntshangase
Chief Finance Officer (CFO)	Mrs. NP Mkhabela
Accounting Officer	Mr. NPE Myeni

General Information

Registered office	Municipal Building Kwangwanase 3973
Business address	Main Street Manguzi 3973
Postal address	Private Bag X 901 Kwangwanase 3973
Bankers	Nedbank Limited First National Bank Standard Bank of SA Limited
Auditors	Auditor General of South Africa Registered Auditors

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

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

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 30 June 2025 and were signed on its behalf by:

Mr. NPE Myeni
Accounting Officer

Statement of Financial Position as at 30 June 2025

	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	6	767 075	162 134
Receivables from non-exchange transactions	8	8 709 600	2 038 456
Receivables from exchange transactions	7	6 557 067	3 223 124
Cash and cash equivalents	9	113 394 227	98 943 798
		129 427 969	**104 367 512**
Non-Current Assets			
Property, plant and equipment	3	436 866 329	428 171 237
Total Assets		**566 294 298**	**532 538 749**
Liabilities			
Current Liabilities			
Payables from exchange transactions	4	22 193 854	23 902 604
Employee benefit obligation	5	198 195	526 337
Unspent conditional grants and receipts	10	5 682 949	7 155 290
Provisions	11	570 542	543 325
Beach development	12	-	267
INEP Liability	13	-	1 722 892
		28 645 540	**33 850 715**
Non-Current Liabilities			
Employee benefit obligation	5	4 818 320	3 913 532
Provisions	11	33 943 442	26 204 535
		38 761 762	**30 118 067**
Total Liabilities		**67 407 302**	**63 968 782**
Net Assets		**498 886 996**	**468 569 967**
Accumulated surplus		498 886 995	468 569 965
Total Net Assets		**498 886 995**	**468 569 965**

* See Note 43 & 42

Statement of Financial Performance

	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	14	469 953	469 953
Rental of facilities and equipment	15	421 690	495 921
Agency services	17	353 563	276 625
Licences and permits	18	2 574 720	2 620 860
Operational revenue	20	1 869 201	1 922 973
Interest received on banks	21	11 655 832	9 880 939
Total revenue from exchange transactions		**17 344 959**	**15 667 271**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	22	23 814 769	21 750 716
Interest on debtors	23	2 339 778	2 157 088
Transfer revenue			
Government grants & subsidies	25	291 855 336	286 497 776
Public contributions and donations	26	-	38 075 896
Fines, Penalties and Forfeits	16	1 417 750	1 335 550
INEP contract revenue	19	11 767 826	20 032 636
Beach development	12	267	2 173 681
Total revenue from non-exchange transactions		**331 195 726**	**372 023 343**
Total revenue		**348 540 685**	**387 690 614**
Expenditure			
Employee related costs	27	(95 092 134)	(88 518 750)
Remuneration of councillors	28	(15 596 840)	(15 724 110)
Depreciation and amortisation	29	(31 045 808)	(25 490 686)
Finance costs	31	(3 079 252)	(1 546 717)
Lease rentals on operating lease	33	(682 185)	(1 381 429)
Debt Impairment and bad debts written off	34	(9 624 084)	(9 009 396)
Inventory consumed	6	(2 176 732)	(4 441 012)
Contracted services	36	(80 663 614)	(105 034 591)
Transfers and Subsidies	24	(21 433 062)	(21 184 799)
Operational costs	35	(49 139 891)	(61 847 498)
Total expenditure		**(308 533 602)**	**(334 178 988)**
Operating surplus		**40 007 083**	**53 511 626**
Assets written off	3	(213 195)	(1 547 463)
Actuarial gains/losses	5	(225 312)	467 995
Impairment loss	30	(9 415 595)	(13 208 210)
Inventories losses/write-downs		(845)	-
Gain on sale of assets	37	164 892	-
		(9 690 055)	**(14 287 678)**
Surplus for the year		**30 317 028**	**39 223 948**

* See Note 43 & 42

Statement of Changes in Net Assets

	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported at 01 July 2023	**429 320 615**	**429 320 615**
Correction of errors - note 42	25 402	25 402
	25 402	25 402
Surplus for the year	39 223 948	39 223 948
Total recognised income and expenses for the year	39 249 350	39 249 350
Total changes	39 249 350	39 249 350
Restated Balance at 01 July 2024	**468 569 967**	**468 569 967**
Changes in net assets		
Surplus for the year	30 317 028	30 317 028
Total changes	30 317 028	30 317 028
Balance at 30 June 2025	**498 886 995**	**498 886 995**

Note(s)

* See Note 43 & 42

Cash Flow Statement

	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		28 234 665	29 692 744
Grants		293 829 424	287 254 000
Interest income		10 915 669	9 880 939
Receipt on INEP Projects		13 533 000	24 760 000
		346 512 758	351 587 683
Payments			
Employee costs		(111 914 829)	(103 817 255)
Suppliers		(161 956 608)	(180 570 626)
Finance costs		(5 333)	(4 524)
Repayments grants		(5 168 897)	-
INEP expenditure		(11 767 826)	(23 037 532)
		(290 813 493)	(307 429 937)
Net cash flows from operating activities	38	**55 699 265**	**44 157 746**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(43 426 168)	(53 466 834)
Proceeds from sale of property, plant and equipment	3	2 177 332	-
Net cash flows from investing activities		**(41 248 836)**	**(53 466 834)**
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		**14 450 429**	**(9 309 088)**
Cash and cash equivalents at the beginning of the year		98 943 798	108 252 886
Cash and cash equivalents at the end of the year	9	**113 394 227**	**98 943 798**

The accounting policies on pages 11 to 31 and the notes on pages 31 to 65 form an integral part of the annual financial statements.

* See Note 43 & 42

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Comments
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	469 953	-	**469 953**	469 953	**-**	
Rental of facilities and equipment	467 680	(2 023)	**465 657**	421 690	**(43 967)**	
Agency services	175 326	178 237	**353 563**	353 563	**-**	
Licences and permits	2 685 262	(200 869)	**2 484 393**	2 574 720	**90 327**	
Sale of goods and services	102 489	(102 489)	**-**	-	**-**	
Operational revenue	323 874	1 545 327	**1 869 201**	1 869 201	**-**	
Interest received - investment	5 200 000	6 455 832	**11 655 832**	11 655 832	**-**	
Total revenue from exchange transactions	**9 424 584**	**7 874 015**	**17 298 599**	**17 344 959**	**46 360**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	30 108 866	(6 294 097)	**23 814 769**	23 814 769	**-**	
Interest on consumer debtors	2 339 778	-	**2 339 778**	2 339 778	**-**	
Transfer revenue						
Government grants & subsidies	264 679 182	(13 591 391)	**251 087 791**	251 087 791	**-**	
Fines, Penalties and Forfeits	1 592 400	(174 650)	**1 417 750**	1 417 750	**-**	
INEP contract revenue	11 767 826	-	**11 767 826**	11 767 826	**-**	
Beach development	-	-	**-**	267	**267**	
Total revenue from non-exchange transactions	**310 488 052**	**(20 060 138)**	**290 427 914**	**290 428 181**	**267**	
Total revenue	**319 912 636**	**(12 186 123)**	**307 726 513**	**307 773 140**	**46 627**	
Expenditure						
Employee Related Cost	(102 505 903)	5 638 415	**(96 867 488)**	(95 092 134)	**1 775 354**	
Remuneration of councillors	(16 750 105)	1 000 000	**(15 750 105)**	(15 596 840)	**153 265**	
Depreciation and amortisation	(37 654 495)	8 741 881	**(28 912 614)**	(31 045 808)	**(2 133 194)**	
Finance costs	(995 202)	(2 084 050)	**(3 079 252)**	(3 079 252)	**-**	
Lease rentals on operating lease	(921 947)	185 471	**(736 476)**	(682 185)	**54 291**	
Debt Impairment	(9 013 021)	355 066	**(8 657 955)**	(9 624 084)	**(966 129)**	
Inventory consumed	(2 773 650)	590 862	**(2 182 788)**	(2 176 732)	**6 056**	
Contracted Services	(68 347 900)	(13 879 123)	**(82 227 023)**	(80 663 614)	**1 563 409**	
Transfers and Subsidies	(11 840 000)	(9 642 452)	**(21 482 452)**	(21 433 062)	**49 390**	
Operational costs	(40 623 340)	(9 833 464)	**(50 456 804)**	(49 139 891)	**1 316 913**	
Total expenditure	**(291 425 563)**	**(18 927 394)**	**(310 352 957)**	**(308 533 602)**	**1 819 355**	
Operating deficit	**28 487 073**	**(31 113 517)**	**(2 626 444)**	**(760 462)**	**1 865 982**	
Asset write-offs	-	(213 195)	**(213 195)**	(213 195)	**-**	
Actuarial gains/losses	-	(225 312)	**(225 312)**	(225 312)	**-**	
Asset impairment loss	-	(9 866 571)	**(9 866 571)**	(9 415 595)	**450 976**	
Inventories losses/write-downs	-	(845)	**(845)**	(845)	**-**	
Gain on non-current assets held for sale or disposal groups	-	164 892	**164 892**	164 892	**-**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Comments
	-	**(10 141 031)**	**(10 141 031)**	**(9 690 055)**	**450 976**	
Surplus /deficit before capital transfers and contributions	**28 487 073**	**(41 254 548)**	**(12 767 475)**	**(10 450 517)**	**2 316 958**	
Surplus/(deficit) for the year from continuing operations	**28 487 073**	**(41 254 548)**	**(12 767 475)**	**(10 450 517)**	**2 316 958**	
Transfers and subsidies - Capital allocation	39 129 818	5 334 283	**44 464 101**	40 767 545	**(3 696 556)**	
Internally Generated Funds	6 826 088	13 443 449	**20 269 537**	7 880 712	**(12 388 825)**	Internally generated funds are from the reserves made for capital project that were not completed.
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**74 442 979**	**(22 476 816)**	**51 966 163**	**38 197 740**	**(13 768 423)**	

Significant Accounting Policies

	Note(s)	2025	2024

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Significant judgements and sources of estimation uncertainty

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

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

Trade receivables

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

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

Impairment testing

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

Effective interest rate

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

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

Allowance for doubtful debts is calculationed based on the credit control policy. Debtors are assessed individually for the credit risk. Debtors that have not made any payment during the financial year are considered to be high risk and the provision matrix above is used for the calculation of the provision.

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are as follow.

It does not have the power to determine the significant terms and conditions of the transaction.
It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
It is not exposed to variability in the results of the transaction.

Impairment of statutory receivables

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

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

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

1.5 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

Significant Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

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

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

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	30 years
Furniture and Fixtures 1	Straight-line	03 - 15 years
Furniture and Fixtures 2	Straight-line	15 - 20 years
Motor vehicles	Straight-line	03 - 20 years
Computer equipment	Straight-line	03 - 10 years
Infrastructure	Straight-line	03 - 05 years
Road and paving	Straight-line	10 - 30 years
Gravel roads	Straight-line	10 - 20 years
Community hall	Straight-line	30 years
Waste Bins and containers	Straight-line	05 - 15 years
Libraries buildings	Straight-line	30 years
Fence	Straight-line	10 - 20 years
Gates	Straight-line	05 - 30 years
Water tanks	Straight-line	20 years
Soccer fields	Straight-line	20 years
Landfill sites	Straight-line	05 - 30 years
Specialised vehicles	Straight-line	10 - 15 years
Street lights	Straight-line	25 years
Machinery	Straight-line	03 - 05 years
Halls building	Straight-line	20 - 30 years
Special plant and equipment 1	Straight-line	10 - 15 years
Special plant and equipment 2	Straight-line	15 - 20 years

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

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

Significant Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

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

1.6 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality’s operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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

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.

Significant Accounting Policies

1.6 Heritage assets (continued)

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. **The Municipality does not have any heritage assets**.

1.7 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or

1.7 Financial instruments (continued)

- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity’s net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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1.7 Financial instruments (continued)

Classification

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

Class	Category
Cash and cash equivalent	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Consumer deposits	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables fron non-exchange transactions	Financial liability measured at amortised cost

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;

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

1.8 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using the Council policy;
- if the transaction is a non-exchange transaction, using the Council policy on Revenue from non-exchange transactions; or

Significant Accounting Policies

1.8 Statutory receivables (continued)

- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the Council policy and the policy on Credit Control on non-exchange transactions, where is applicable.

Impairment losses

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

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

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

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

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

Derecognition

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

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

Significant Accounting Policies

1.9 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.10 Leases

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

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

Operating leases - lessor

Operating lease revenue 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 recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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 or liability.

1.11 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Significant Accounting Policies

1.11 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

1.13 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

Significant Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Designation

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

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

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

Identification

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

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

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

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.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Significant Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

Significant Accounting Policies

1.14 Provisions and contingencies (continued)

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

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

Provisions are not recognised for future operating surplus.

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 51.

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

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

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

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

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

Significant Accounting Policies

1.14 Provisions and contingencies (continued)

- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.16 Revenue from exchange transactions

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

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

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

Interest, royalties and dividends

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

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

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Significant Accounting Policies

1.17 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

Significant Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

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

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

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

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

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

1.18 Investment income

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

1.19 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Recognition

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

Significant Accounting Policies

1.19 Accounting by principals and agents (continued)

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

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

1.20 Comparative figures

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

1.21 Unauthorised expenditure

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

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

1.22 Fruitless and wasteful expenditure

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

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

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

1.24 Segment information

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

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

Significant Accounting Policies

1.24 Segment information (continued)

Measurement

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

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

1.25 Budget information

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

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

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

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

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

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

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.26 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

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

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

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

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

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

Significant Accounting Policies

1.26 Related parties (continued)

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).

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

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

Significant Accounting Policies

1.28 Employee benefits

Identification

Employee benefits

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

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

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

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

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

Defined benefit cost

Service cost comprises: (a) current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; (b) past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and (c) any gain or loss on settlement.

Net interest on the net defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprise: (a) actuarial gains and losses; (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.

Other long-term employee benefits

Recognition and measurement

For other long-term employee benefits, the entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

(a) service cost;

(b) net interest on the net defined benefit liability (asset); and

(c) remeasurements of the net defined benefit liability (asset).

1.29 Contracted services

Contracted Services are distinguish between Outsourced Services, Contractors and Professional and Special Services.

Outsourced services

Significant Accounting Policies

1.29 Contracted services (continued)

The municipality should have the capacity and expertise to carry out certain services, but for some reasons not utilising their own staff. The reasons might include temporary incapacity or the outsourcing of services to save costs. In evaluating the classification of outsourced services it should be established whether the services being procured could have been provided by the municipality itself. It could also be that the municipality ordinarily has the expertise to provide the service but temporarily could not do so or to save costs.

Consultants and professional services

Consulting services refer to specialist services and skills provided that are required for the achievement of a specific objective, with the aim of providing expert and professional advise on a time and material basis. It is unnecessary to maintain these skills in-house, since they are required on a once-off or temporary basis. Therefore a consultant is a professional person appointed by the department to provide technical and specialist advise or to assist with he design and implementation of specific projects/programs. The legal status of this person can be an individual a partnership or a corporation. The fact that a consultant is defined as a professional person implies that the consultant is professionally qualified. The provision of advise or service is in line with a contractual arrangement. Remuneration is usually based on an hourly fee or a fixed fee for a product/deliverable. This category consists of groups for "Business and Advisory Services", "Infrastructure and Planning", "Laboratory" and "Legal Service".

Contractors

Contractors are required to provide services that are not the core business of the municipality. It is normally not cost effective to maintain these skills within the department. Contractors include costs associated with the use of contracted individuals or businesses on projects or tasks. This does not include amounts payable to contractors in respect of provision of services such as cleaning and security even if a staff element can be identified.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods:

• GRAP 107 Mergers	01 April 2025	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	01 April 2025	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	01 April 2025	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2025	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	11 April 2025	Expected impact is...
• GRAP 103 (as revised): Heritage Assets	01 April 2025	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Expected impact is...
• GRAP 21: Impairment of Non-Cash Generating Assets	01 April 2025	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2025	Expected impact is...
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2025	Unlikely there will be a material impact
• GRAP 2020: Improvements to the Standards of GRAP 2020	01 April 2025	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2025	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Materiality)	01 April 2025	Expected impact is...

3. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	23 869 705	(12 027 294)	11 842 411	41 602 448	(19 944 028)	21 658 420
Community	224 895 443	(63 920 002)	160 975 441	211 056 417	(50 571 843)	160 484 574
Computer equipment	3 668 064	(1 845 419)	1 822 645	3 655 293	(1 675 331)	1 979 962
Furniture and fixtures	3 066 792	(1 906 263)	1 160 529	3 093 180	(1 865 622)	1 227 558
Infrastructure	423 324 943	(187 441 612)	235 883 331	388 531 847	(167 722 394)	220 809 453
Motor vehicles	8 978 606	(3 612 814)	5 365 792	9 784 941	(3 663 229)	6 121 712
Plant and machinery	28 626 822	(9 488 450)	19 138 372	24 238 855	(8 750 717)	15 488 138
Solid waste	1 252 089	(574 281)	677 808	916 689	(515 269)	401 420
Total	**717 682 464**	**(280 816 135)**	**436 866 329**	**682 879 670**	**(254 708 433)**	**428 171 237**

None of the property, plant, and equipment is held as security

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Additions through WIP	Assets disposals	Transfers received	WIP Transfers Out	Landfill site addition	Donations made	Assets reclassifications	Depreciation	Impairment loss	Total
Buildings	21 658 420	-	-	(13 935)	-	-	-	(524 572)	(8 252 531)	(1 024 971)	-	11 842 411
Community	160 484 574	-	3 327 621	(39 432)	9 645 173	(9 645 173)	5 934 197	-	4 191 066	(8 011 845)	(4 910 740)	160 975 441
Computer equipment	1 979 962	659 843	-	(109 677)	-	-	-	-	-	(707 483)	-	1 822 645
Furniture and fixtures	1 227 558	249 298	-	(40 622)	-	-	-	-	-	(275 705)	-	1 160 529
Infrastructure	220 809 453	-	33 865 843	(9 528)	4 044 418	(4 044 418)	-	(1 253 754)	4 061 465	(17 085 293)	(4 504 855)	235 883 331
Motor vehicles	6 121 712	708 504	-	(191 575)	-	-	-	-	-	(1 272 849)	-	5 365 792
Plant and machinery	15 488 138	8 079 748	-	(1 820 864)	-	-	-	-	-	(2 608 650)	-	19 138 372
Solid waste	401 420	335 400	-	-	-	-	-	-	-	(59 012)	-	677 808
	428 171 237	**10 032 793**	**37 193 464**	**(2 225 633)**	**13 689 591**	**(13 689 591)**	**5 934 197**	**(1 778 326)**	**-**	**(31 045 808)**	**(9 415 595)**	**436 866 329**

The total assets dispoal amounting to **R2,225,634**, which encompasses **two categories of disposals**. The first category consists of **assets written off, totaling R213 195**, with individual classes amounts of R13,935; R39,423; R109 677; R40,622; and R9,528. The second category pertains to **asset disposals conducted through auction, valued at R2,012,440**, represented by two classes of assets, motor vehicle R191 575, and plant & machinery R1,820,865.

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Additions through WIP	Write-Offs	Donations received	Donations made	WIP Transfer in	WIP Transfer out	Landfill site additions	Depreciation	Impairment loss/reversal	Transfered to minor assets	Total
Buildings	23 775 321	226 130	-	(434 738)	-	(357 009)	-	-	-	(1 539 312)	(11 972)	-	21 658 420
Community	149 491 003	133 182	9 862 139	(118 991)	3 655 907	-	-	-	420 845	(6 694 179)	3 734 668	-	160 484 574
Computer equipment	1 531 342	1 159 197	-	(56 350)	-	-	-	-	-	(634 177)	-	(20 050)	1 979 962
Furniture and fixtures	1 809 494	641 069	-	(21 119)	18 400	-	-	-	-	(370 280)	-	(850 006)	1 227 558
Infrastructure	181 043 517	-	35 788 906	(42 710)	34 401 589	-	36 184 014	(36 184 014)	-	(13 450 942)	(16 930 907)	-	220 809 453
Motor vehicles	3 387 006	4 259 359	-	(563 536)	-	-	-	-	-	(961 117)	-	-	6 121 712
Plant and machinery	15 833 317	1 396 852	-	(48 356)	-	-	-	-	-	(1 670 558)	-	(23 117)	15 488 138
Solid waste	463 176	-	-	-	-	-	-	-	-	(61 756)	-	-	401 420
	377 334 176	**7 815 789**	**45 651 045**	**(1 285 800)**	**38 075 896**	**(357 009)**	**36 184 014**	**(36 184 014)**	**420 845**	**(25 382 321)**	**(13 208 211)**	**(893 173)**	**428 171 237**

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Total
Opening balance	8 144 533	12 931 846	21 076 379
Additions/capital expenditure	33 865 843	3 327 621	37 193 464
Transferred to completed items	(4 044 418)	(9 645 174)	(13 689 592)
	37 965 958	**6 614 293**	**44 580 251**

	2025	2024

3. Property, plant and equipment (continued)

Included in the property plant and equipment are projects that have been identified as taking significantly longer period to complete
- Manguzi Internal Road Phase 2 R32 418 698

Included in the work in progress is Ultra Stop project that have not yet began with construction due to unavailability of funding.

- Ultra Stop R 484 277

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	8 539 405	3 069 700	11 609 105
Additions/capital expenditure	35 789 118	9 862 139	45 651 257
Transferred to completed items	(36 184 014)	-	(36 184 014)
	8 144 509	**12 931 839**	**21 076 348**

Included in property, plant and equipment are projects that have been identified as taking significantly longer period of time to complete that expected, due to the following.

Refurbishment of Manguzi Market Stalls
-The cumulative expenditure has amounted to R5 957 127.36

Post the approval and receiving of partial funding for the project from KZN EDTEA, there was a subsequent funding approval from the Department of Small Business Development (DSBD) (direct to private sector) on the same project, due to the dual blended funding models, there were delays in reaching a consensus between all the involved role players insofar as to which exact works would be financed by which funding in order to meet the accounting requisites.

The management embarked on a process to both cautiously and legislatively manage, reconcile and align the scope of work to each funding in order to comply with the legislative conditions so that both fundings can be properly utilised and be accounted for on the same project to achieve the ultimate objective. This process is much longer to acquire the necessary approvals/consents,from,both.funders.

Expenditure incurred to repair and maintain property, plant and equipment

	2025	2024
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Contracted Services - Plumbing	-	443 554
Contracted services - G5 Material	-	195 900
Contracted services - G7 Material	1 664 833	5 059 265
Contracted - Hiring Excavator	1 165 328	952 800
TLB hire	3 991 646	2 175 810
Tipper truck & Grader	4 503 642	4 123 056
Small machine maintenance	-	206 005
Carport shelter and mounting enclosure	-	227 717
Community hall repairs	2 470 216	417 600
Contracted Service - Motor Vehicle	11 302 492	12 467 658
Electrical	1 569 270	740 052
Employee cost	2 520 194	1 957 100
Honey sucking	-	956 721
Landfill site	216 236	9 667 634

	2025	2024

3. Property, plant and equipment (continued)

Main building renovations	-	3 142 050
Road marking and maintenance	2 768 940	3 097 380
Security gate and fence repair	-	190 861
Sportfield	761 092	855 977
Water tanker	-	49 997
Builings	751 972	-
Maintainance of libraries	768 327	-
Market stalls	319 444	-
Street light	166 473	-
	34 940 105	**46 927 137**

4. Payables from exchange transactions

Accrued bonus	2 019 036	1 855 687
Accrued leave pay	6 325 648	5 801 131
Debtors with credit balance	36 480	28 993
Employee accruals	347 122	304 541
Hall hire deposits	20 210	14 100
Performance bonus accruals	21 710	231 858
Refunds due	-	5 567
Retention creditors	5 741 715	5 291 570
Trade payables	5 270 138	6 683 645
Unallocated deposits	131 556	127 356
Output VAT Accrual on outstanding debtors	2 284 317	3 587 970
Output VAT accrual on debt impairment	(4 078)	(29 814)
	22 193 854	**23 902 604**

Ageing of trade and other payables

Current (0 - 30 days)	5 253 674	6 506 654
31 - 60 days	-	127 766
61 - 90 days	-	9 227
> 180 days	19 000	40 000
	5 272 674	**6 683 647**

5. Employee benefit obligations

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

Carrying value		
Opening balance	(4 439 869)	(4 400 030)
Service cost	(447 353)	(478 750)
Interest cost	(463 614)	(482 354)
Actual benefit payment	559 633	453 269
Actuarial gain/loss	(225 312)	467 996
	(5 016 515)	**(4 439 869)**

Non-current liabilities	(4 818 320)	(3 913 532)
Current liabilities	(198 195)	(526 337)
	(5 016 515)	**(4 439 869)**

	2025	2024

5. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance are as follows:

Current service cost	447 353	478 750
Current interest cost	463 614	482 354
Actuarial gains /losses	225 312	(467 995)
	1 136 279	**493 109**

Assumptions used at the reporting date

Discount rates used:

General Inflation Rate	9,70 %	11,10 %
Consumer Price Index (CPI)	3,93 %	5,92 %
Real Rate	4,93 %	6,29 %
Net Discount Rate	4,54 %	4,53 %
Members withdrawal assumptions from services: (Average for males and females)	-	-
Age 20	12,00 %	12,00 %
Age 25	6,60 %	6,60 %
Age 30	5,10 %	5,10 %
Age 35	3,60 %	3,60 %
Age 40	2,60 %	2,60 %
Age 45	1,80 %	1,80 %
Age 50	1,10 %	1,10 %

GRAP 25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds
should be consistent with the currency and estimated term of the obligation.

6. Inventories

Opening balance	162 134	66 111
Inventory issued	(2 176 732)	(4 441 012)
Inventory acquisition	2 781 673	4 537 035
	767 075	**162 134**

7. Receivables from exchange transactions

Gross balances		
Refuse	112 974	526 389
Rentals	936 630	758 849
Creditors with debit balance	247 633	128 079
Cashier shortage	142 572	142 572
Accrued interest	740 163	-
Motor licence	37 996	-
Prepayments	1 400 000	-
Input VAT accrual on outstanding creditors	1 862 768	326 253
VAT Receivable from SARS	2 011 548	2 473 508
	7 492 284	**4 355 650**

Less: Allowance for impairment		
Refuse	(22 608)	(412 117)
Rental	(912 609)	(720 409)
	(935 217)	**(1 132 526)**

	2025	2024

7. Receivables from exchange transactions (continued)

Net balance		
Refuse	90 366	114 272
Rentals	24 021	38 440
Creditors with debit balance	247 633	128 079
Cahier shortage	142 572	142 572
Motor licencing	37 996	-
Accrued interest	740 163	-
Input VAT accrual on outstanding creditors	1 862 768	326 253
VAT Receivables from SARS	2 011 548	2 473 508
Prepayment	1 400 000	-
	6 557 067	**3 223 124**

Refuse		
Current (0 -30 days)	63 778	48 903
31 - 60 days	17 307	41 985
61 - 90 days	11 569	36 155
91 - 120 days	572	23 795
121 - 365 days	19 748	375 551
	112 974	**526 389**

Rental		
Current (0 -30 days)	52 848	37 828
31 - 60 days	21 894	36 412
61 - 90 days	21 600	31 103
91 - 120 days	20 230	24 800
121 - 365 days	812 061	628 706
	928 633	**758 849**

Cashier shortage		
121 - 365 days	142 572	142 572

Motor licence		
31 - 60 days	37 996	-

Summary of debtors by customer classification

Reconciliation of allowance for impairment		
Balance at beginning of the year	(1 132 526)	(908 909)
Contributions to allowance	(192 200)	(228 573)
Reversal of debt impairment	389 509	4 956
	(935 217)	**(1 132 526)**

Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2025, - (2024: 232 385) were past due but not impaired.

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

1 month past due	21 719	86 730
2 months past due	21 228	78 397
3 months past due	10 997	67 258

	2025	2024

8. Receivables from non-exchange transactions

	2025	2024
Gross balances		
Debtors - Property rates	84 920 982	70 135 026
Employee debtors	33 831	51 848
Traffic fines	3 147 824	3 240 949
	88 102 637	**73 427 823**
Less: Write-off		
Debtors - Property rates	(4 463 606)	(470 633)
Traffic fines	(771 779)	(1 321 354)
	(5 235 385)	**(1 791 987)**
Property rates	80 457 376	69 664 393
Employee debtors	33 831	51 848
Traffic fines	2 376 045	1 919 595
Sub-total	**82 867 252**	**71 635 836**
Less: Allowance for impairment		
Debtors - Property rates	(72 138 014)	(68 042 946)
Traffic fines	(2 019 638)	(1 554 434)
	(74 157 652)	**(69 597 380)**
Net balance		
Debtors - Property rates	8 319 362	1 621 447
Employee debtors	33 831	51 848
Traffic fines	356 407	365 161
	8 709 600	**2 038 456**

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

	2025	2024
Property Rates Debtors		
Opening balance	(68 042 946)	(61 431 667)
Allowance for impairment - property rates debtors	(8 558 675)	(7 081 912)
Amounts written off as uncollectible/ reversal of impairment	4 463 606	470 633
	(72 138 015)	**(68 042 946)**
Traffic fines		
Opening balance	(1 554 435)	(1 440 333)
Allowance for impairment	(465 204)	(114 102)
	(2 019 639)	**(1 554 435)**
Total impairment	**(74 157 654)**	**(69 597 381)**

	2025	2024
Traffic fines		
Current (0 -30 days)	74 100	29 950
31 - 60 days	105 378	45 550
61 - 90 days	113 950	83 650
91 - 120 days	80 200	68 500
121 - 365 days	2 002 416	1 692 042
Allowance for impairment	(2 019 637)	(1 554 434)
	356 407	**365 258**

	2025	2024

8. Receivables from non-exchange transactions (continued)

Agriculture		
Current (0 -30 days)	33 663	31 121
31 - 60 days	16 832	15 560
61 - 90 days	16 832	15 560
91 - 120 days	16 831	15 561
121 - 365 days	1 466 302	1 270 680
Allowance for Impairment	(1 550 460)	(1 348 482)
	-	-

Summary of debtors by customer classification

Residential		
Current (0 -30 days)	110 406	102 628
31 - 60 days	55 442	51 314
61 - 90 days	55 437	51 314
91 - 120 days	55 436	51 314
121 - 365 days	3 785 234	3 246 851
	4 061 955	3 503 421
Less: Allowance for impairment	(4 061 955)	(3 436 075)
	-	**67 346**

Industrial/ commercial		
Current (0 -30 days)	1 159 560	992 400
31 - 60 days	608 954	346 804
61 - 90 days	639 764	351 982
91 - 120 days	606 893	352 882
121 - 365 days	29 380 979	30 234 661
	32 396 150	32 278 729
Less: Allowance for impairment	(32 004 664)	(31 537 243)
	391 486	**741 486**

Government		
Current (0 -30 days)	1 454 463	462 693
31 - 60 days	725 691	231 346
61 - 90 days	725 691	231 347
91 - 120 days	725 691	231 347
121 - 365 days	12 101 056	31 912 893
	15 732 592	33 069 626
Less: Allowance for impairment	(7 825 986)	(33 069 626)
	7 906 606	**-**

ITB (Vacant Land)		
Current (0 -30 days)	296 625	200 204
31 - 60 days	148 247	100 029
61 - 90 days	148 247	100 029
91 - 120 days	148 247	100 029
121 - 365 days	25 953 714	24 423 351
	26 695 080	24 923 642
Less: Allowance for impairment	(26 694 949)	(24 923 498)
	131	**144**

	2025	2024

8. Receivables from non-exchange transactions (continued)

Total debtor past due but not impaired		
Current (0 -30 days)	775 768	1 348 749
31 - 60 days	104 389	1 229 131
61 - 90 days	477 458	1 132 121
	1 357 615	**3 710 001**

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	2025	2024
Petty cash	8	1
Bank balances	2 798 606	49 761 790
Short-term deposits	110 581 023	49 181 926
Cash in transit	14 590	81
	113 394 227	**98 943 798**

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
First National Bank - Current Account Hluhluwe - 62025236408	2 798 607	49 761 790	82 657 039	2 798 607	49 761 790	82 657 039
First National Bank - Call Account Hluhluwe - 62055161146	2 451 550	2 304 837	2 156 556	2 451 550	2 304 837	2 156 556
First National Bank - Call Account Hluhluwe - 62266899825	1 680 271	1 578 974	1 477 392	1 680 271	1 578 974	1 477 392
First National Bank - Call Account Hluhluwe - 74275256516	-	6 383 932	5 840 590	-	6 383 932	5 840 590
Standard Bank - Call Account Empangeni - 068824491	26 328	24 526	23 000	26 328	24 526	23 000
First National Bank - Call Account Hluhluwe - 62424086785	2 568 032	2 387 775	2 210 263	2 568 032	2 387 775	2 210 263
First National Bank - Fixed Deposit Account - 74622621601	10 219 184	9 404 544	8 619 584	10 219 184	9 404 544	8 619 584
Nedbank - Notice Deposit - 03/7881177756	29 121 769	27 097 337	5 264 122	29 121 769	27 097 337	5 264 122
First National Bank - Call Account - 76206468722	32 441 955	-	-	32 441 955	-	-
NEDBANK - 7881177756	32 071 935	-	-	32 071 935	-	-
Total	**113 379 631**	**98 943 715**	**108 248 546**	**113 379 631**	**98 943 715**	**108 248 546**

	2025	2024

10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Art and Culture	100 000	100 000
COGTA - Small Town Revitalization	1 886 393	1 886 393
Manguzi Market grant	-	5 168 897
Municipal Disaster Response Grant	3 696 556	-
	5 682 949	**7 155 290**

Movement during the year

Balance at the beginning of the year	7 155 291	6 399 066
Additions during the year	53 130 000	57 203 000
Income recognition during the year	(49 433 445)	(56 446 776)
Repayments	(5 168 897)	-
	5 682 949	**7 155 290**

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 25 for reconciliation of grants from National/Provincial Government.

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

	2025	2024

11. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Interest cost	Utilised during the year	Total
Skhemelele landfill site	6 472 748	-	-	(454 135)	6 018 613
Mbazwana landfill site	8 073 545	4 740 355	1 332 831	(237 711)	13 909 020
Thandizwe landfill site	11 658 242	1 193 842	1 277 497	(113 772)	14 015 809
Performance bonus	543 325	266 034	-	(238 814)	570 545
	26 747 860	**6 200 231**	**2 610 328**	**(1 044 432)**	**34 513 987**

Reconciliation of provisions - 2024

	Opening Balance	Interest cost	Additions during the year	Utilised during the year	Total
Skhemelele landfill site	7 362 548	-	-	(889 800)	6 472 748
Mbazwana landfill site	8 073 545	-	-	-	8 073 545
Thandizwe landfill site	10 177 587	1 059 840	420 815	-	11 658 242
Performance bonus	548 813	-	226 370	(231 858)	543 325
	26 162 493	**1 059 840**	**647 185**	**(1 121 658)**	**26 747 860**

	2025	2024
Non-current liabilities	33 943 442	26 204 535
Current liabilities	570 542	543 325
	34 513 984	**26 747 860**

Performance bonuses

A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits or service potential.

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph .61.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

Environmental rehabilitation provision

The municipality operates two Landfill sites, which are Thandizwe and Mbazwana. Skhemelele is in the process of being closed down. The Municipality estimated rehabilitation cost are 2025: R26 204 535 (2024: R26 204 53) to restore the landfill site at the end of its useful life, estimated to be less than 13 and 17 years respectively from the date of revaluation. The amount of rehabilitation is dependent on future costs, technology, inflation and site consumption. The discount rate of the provision has droped to 9.94% (2023: 9.00% 2024: 10.00). The date on which Zin Waste and Landfills valued landfill sites was 30 June,2025

KwaNgwanase(Thandizwe)Landfill

The site is operational and receiving waste from the Kwangwanase CBD and the surrounding villages. This waste comprises of domestic, garden, commercial and building waste. It is expected that the Thandizwe landfill site now has less than 13 years of airspace remaining. Given that Mbazwana Landfill is now open, the deposition rate was zero last year the result of this the airspace remained constant. The impact of the current deposition is that the site now has less than 17 years of airspace remaining. After opening the airspace has started to reduce again.

MbazwanaLandfill

	2025	2024

11. Provisions (continued)

The site has been re-opened in the 2024/2025 financial year, the municipality managed to agree with the community and residents to open the site for operations. The conditions include changing the access road to the landfill site to ensure that there are no flies that get into the residential households as a result of passing waste trucks. The other condition and requirement from the community is that the municipality must deal nuisance caused by flies on the landfill site. The access of the landfill site is no longer guarded and controlled. The guard house and associated buildings have been vandalized and the fence has been removed.

Skhemelele landfill

The Skhemelele landfill site has been closed and is currently awaiting assessment by the Department of Environmental Affairs to determine whether the site has been fully rehabilitated or if further actions are necessary. The municipality has made significant progress in clearing the site and the revegetation. Since the municipality took over a site that was a sand quarry the opening has been refilled to get the site to the state the municipality found it in. It is unclear to what extent the site would be acceptable to the Department of Economic Development, Tourism and Environmental Affairs.

12. Beach development

Carrying amount of dividends or similar distributions payable

	2025	2024
Opening balance	267	2 500 000
Transfered to revenue	(267)	(2 499 733)
	-	**267**

13. INEP liability

Integrated National Electrification Program

INEP liability	2025	2024
Opening balance	1 722 892	-
Current year receipt	13 533 000	24 760 000
Current year expenditure	(13 533 000)	(23 037 532)
Adjustment	(1 722 892)	-
	-	**1 722 468**

14. Service charges

	2025	2024
Refuse removal	469 953	469 953

15. Rental of facilities and equipment

	2025	2024
Premises		
Rental income	348 646	466 791
Facilities and equipment		
Hall hire	73 044	29 130
	421 690	**495 921**

Included in the above rentals income are rentals income for premises of R348 646 - (2024: R466 791) as well as rentals of facilities of R73 044- (2024: R29 130).

16. Fines, Penalties and Forfeits

	2025	2024
Municipal Traffic Fines	1 417 750	1 335 550

	2025	2024

17. Agency services

Motor licensing	343 607	266 035
Management Fees - Liberty Life	5 444	6 776
- Assupol	4 512	3 814
	353 563	**276 625**

18. Licences and permits

License income	2 574 720	2 620 860

19. INEP Contract revenue

Grant income received for INEP projects	11 767 826	20 032 636

20. Operational revenue

Building plans revenue	51 131	23 739
Business licencing	36 919	44 636
Insurance refund	608 635	978 445
LG SETA income	186 309	174 260
Law enforcement fines	6 350	7 600
Library income	42 863	34 267
Prepaid meters - Stores	143 099	73 755
Impounding fees	13 500	-
Retention recovered	780 395	586 271
	1 869 201	**1 922 973**

21. Interest received on banks

Interest on bank account and investment accounts		
Bank	2 566 242	6 290 520
Investments	9 089 590	3 590 419
	11 655 832	**9 880 939**

	2025	2024

22. Property rates

Rates received

Commercial	8 030 588	6 775 995
Municipal	1 981 074	1 399 400
Residential	662 752	616 000
State properties	15 480 447	15 116 640
Less: Income forgone	(314)	(231)
Interest waived	(2 339 778)	(2 157 088)
	23 814 769	**21 750 716**

Valuations

Business and commercial	1 136 930 000	785 950 000
Protected area	4 800 000	164 500 000
Public service infrastructure	10 155 000	8 770 000
Public service purposes	1 000 523 826	1 012 700 000
Residential / hospitality	153 600 000	131 200 000
State trust land	-	97 000 000
Vacant land	1 021 972 999	623 561 000
Agriculural Properties	115 930 000	-
Impermissable	391 500 000	-
Municipal Properties	143 461 000	-
	3 978 872 825	**2 823 681 000**

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

The new general valuation was implemented on the 01 of July 2024.

Business Properties are billed at **R0.007777** (2024: R0,0087) per Rand for a period.

Residential Properties are billed at **R0,0069699** (2024: R0,007777) per Rand for a period.

Public Service Properties are billed at **R0,015400** (2024: R0,0154) per Rand for a period.

Agricultural Properties are billed at **R0,00174225** (2024: R0,001925) per Rand for a period.

Vacant land is billed at **R0,00174225** (2024: R0,001925) per Rand for a period.

23. Interest on debtors

Property rates	2 339 778	2 157 088

	2025	2024

24. Transfer and subsidies

Other subsidies		
Burial services	318 000	84 000
Bursaries	430 392	869 411
Disaster supplies	681 500	488 700
SMMEs programmes	3 020 664	-
Social assistance	15 204 180	19 385 842
Assets donations made	1 778 326	356 846
	21 433 062	**21 184 799**

The total amount of **R1 778 326** reflects donations made by the Municipality, which include the Khiphimbazo water supply scheme transferred to the uMkhanyakude District Municipality, valued at **R524 571.45**. The Zangomeni-Mvelabusha gravel road, with a carrying value of **R1 253 754.20**, was donated to the Department of Transport.

25. Government grants & subsidies

Operating grants		
Equitable share	242 421 892	230 051 000
Extended Public Works Programme Grant	2 452 000	2 037 000
Financial Management Grant	1 800 000	1 850 000
Municipal Disaster Response Grant	1 578 444	-
Library Grant	3 062 000	2 933 000
Tourism Grant	-	430 000
	251 314 336	**237 301 000**
Capital grants		
Municipal Infrastructure Grant	40 541 000	45 883 000
Manguzi Informal Market Grant	-	3 313 776
	40 541 000	**49 196 776**
	291 855 336	**286 497 776**

Municipal Disaster Response Grant

Current-year receipts	5 275 000	-
Conditions met - transferred to revenue	(1 578 444)	-
	3 696 556	**-**

Conditions still to be met - remain liabilities (see note 10).

Tourism Grant

Current-year receipts	-	430 000
Conditions met - transferred to revenue	-	(430 000)
	-	**-**

COGTA - Small Town Revitalization

Balance unspent at beginning of year	1 886 393	1 886 393

Conditions still to be met - remain liabilities (see note 10).

	2025	2024

25. Government grants & subsidies (continued)

Spatial Development

Balance unspent at beginning of year	100 000	100 000

Conditions still to be met - remain liabilities (see note 10).

Library (Provincial)

Current-year receipts	2 050 000	-
Conditions met - transferred to revenue	(2 050 000)	-
	-	-

Conditions met

Municipal Infrastructure Grant

Current-year receipts	40 541 000	45 883 000
Conditions met - transferred to revenue	(40 541 000)	(45 883 000)
	-	-

Conditions met

Finance Management Grant

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

Conditions met

Extended Public Works Programme Grant

Current-year receipts	2 452 000	2 037 000
Conditions met - transferred to revenue	(2 452 000)	(2 037 000)
	-	-

Conditions met

Library (Community library)

Current-year receipts	1 012 000	-
Conditions met - transferred to revenue	(1 012 000)	-
	-	-

Conditions met

	2025	2024

25. Government grants & subsidies (continued)

Manguzi Informal Market Grant

Balance unspent at beginning of year	5 168 897	3 982 673
Current-year receipts	-	4 500 000
Conditions met - transferred to revenue	-	(3 313 776)
Repayment	(5 168 897)	-
	-	**5 168 897**

26. Public contributions and donations

Library Services	-	18 400
SANRAL	-	38 057 496
	-	**38 075 896**

27. Employee related costs

Basic	66 563 355	61 386 276
Cellphone allowance	1 406 232	1 413 959
Bonus	266 034	226 370
Medical aid - company contributions	3 493 401	3 118 662
UIF	449 098	434 220
Leave pay provision charge/(reversal)	639 568	684 807
Overtime payments	1 681 498	1 503 859
Long-service awards	447 353	478 750
13th Cheques	4 050 811	3 743 609
Acting allowances	20 431	59 379
Car allowance	5 088 000	4 995 000
Standby allowance	1 044 478	1 401 665
Group Life insurance	728 721	617 842
SALGABC - Levies	23 565	22 919
Rural allowance	759 302	768 471
Pension	8 430 287	7 662 962
	95 092 134	**88 518 750**

Remuneration of Municipal Manager (N.P.E. Myeni)

Annual Remuneration	1 324 654	1 437 810
Performance Bonuses	137 711	113 624
Car Allowance	180 000	180 000
Cellphone allowance	32 400	32 400
Rural allowance	132 465	140 052
Contributions to UIF, Medical and Pension Funds	20 390	18 450
	1 827 620	**1 922 336**

Remuneration of Chief Finance Officer (N.P. Mkhabela)

Annual Remuneration	957 289	1 035 302
Car Allowance	162 000	162 000
Performance Bonuses	113 068	2 080
Contributions to UIF, Medical and Pension Funds	145 654	143 937
Cellphone allowance	25 200	25 400
Rural allowance	108 761	113 671
	1 511 972	**1 482 390**

27. Employee related costs (continued)

Remuneration of Corporate and Human Resources (C.R. Khumalo)

	2025	2024
Annual Remuneration	994 126	1 084 243
Car Allowance	162 000	162 000
Performance Bonuses	4 931	1 901
Contributions to UIF, Medical and Pension Funds	15 868	14 411
Cellphone allowance	25 200	25 200
Rural allowance	99 413	104 865
	1 301 538	**1 392 620**

Remuneration of Community Director (W.S. Nhlenyama)

	2025	2024
Annual Remuneration	994 126	1 087 213
Car Allowance	162 000	162 000
Performance Bonuses	4 931	1 901
Contributions to UIF, Medical and Pension Funds	15 868	14 411
Cellphone allowance	25 200	25 200
Rural alllowance	99 413	105 040
	1 301 538	**1 395 765**

Remuneration of Director Technical Services (DI Tembe)

	2025	2024
Annual Remuneration	1 087 610	1 178 517
Car Allowance	162 000	162 000
Performance Bonuses	5 394	106 863
Contributions to UIF, Medical and Pension Funds	17 147	15 553
Cellphone allowance	25 200	25 200
Rural allowance	108 761	114 462
	1 406 112	**1 602 595**

28. Remuneration of councillors

	2025	2024
Mayor	1 022 606	1 007 281
Deputy Mayor	482 411	479 007
Executive Committee Members	2 276 034	2 262 014
Speaker	827 486	816 467
Councillors	7 163 497	7 137 818
Travel Allowance	2 383 633	2 379 274
Cellphone and Data Allowance	1 441 173	1 642 249
	15 596 840	**15 724 110**

In-kind benefits

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

The Mayor, Speaker and the Deputy Mayor each have the use of separate Council owned vehicles for official duties and they all have full-time bodyguards. The Mayor and Deputy Mayor have 2 full-time bodyguards each, the Speaker has three full-time bodyguards.
Municipal Manager and the Chief Financial Officer each have three full-time bodyguards.

28. Remuneration of councillors (continued)

Additional information

	2025	2024
Mayor Cllr T.S Khumalo		
Annual remuneration	700 638	681 861
Car allowance	243 901	238 518
Cellphone allowance	43 200	45 600
Data allowance	3 804	7 608
Back pay	31 063	33 694
	1 022 606	**1 007 281**
Deputy Mayor Cllr E.Z Mtshali		
Annual remuneration	312 692	304 312
Car allowance	108 852	106 450
Cellphone allowance	43 200	45 600
Data allowance	3 804	7 608
Back pay	13 863	15 038
	482 411	**479 008**
Speaker Cllr M.D Mathenjwa		
Annual remuneration	560 511	545 489
Car allowance	195 121	190 815
Cellphone allowance	43 200	45 600
Data allowance	3 804	7 608
Back pay	24 850	26 955
	827 486	**816 467**
EXCO Councillors		
Annual remuneration	1 465 775	1 426 490
Car allowance	510 254	738 637
Cellphone allowance	216 000	228 000
Data allowance	19 020	38 040
Back pay	64 985	70 490
	2 276 034	**2 501 657**

29. Depreciation and amortisation

	2025	2024
Property, plant and equipment	31 045 808	25 382 321
Intangible assets	-	108 365
	31 045 808	**25 490 686**

30. Impairment loss

	2025	2024
Impairments		
Property, plant and equipment	9 415 595	13 208 210

Assets showing signs of reduced functionality, performance degradation, or physical damage were flagged for further assessment. These indicators were identified based on condition assessments conducted by engineers through direct communication with asset end-users. The results of these assessments informed the impairment calculations and the necessary adjustments to the FAR and the Annual Financial Statements (AFS).

	2025	2024

31. Finance costs

Interest cost on long service provision	463 614	482 354
Interest on overdue accounts	5 247	4 523
Interest on unwinding of landfill provisions	2 610 391	1 059 840
	3 079 252	**1 546 717**

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to 3 079 252 (2024: 1 546 717).

32. Auditors' remuneration

Fees	2 942 875	2 849 936

33. Lease rentals on operating lease

Equipment		
Contractual amounts	682 185	1 381 429

Operating lease includes the rental of premises for Mseleni Library, totaling R69,000, and the rental of copy machines, amounting to R613,185.

34. Debt Impairment and bad debts written off

Debt impairment	9 191 009	7 687 140
Bad debts written off	5 235 385	1 797 845
Reversal of impairment	(4 802 310)	(475 589)
	9 624 084	**9 009 396**

	2025	2024

35. Operational cost

	2025	2024
Administration cost	22 000	-
Advertising	805 819	432 130
Auditors fees	2 942 875	2 849 936
Bank charges	242 286	164 748
Gifts and promotions	3 600 603	7 481 124
Hire charges	8 185 509	16 559 638
Insurance	1 683 927	2 364 511
Capacity building and training	2 057 241	2 777 786
IT expenses	2 152 590	679 281
Fleet	190 414	21 395
Marketing	200 635	203 748
Motor vehicle expenses	1 022 824	2 691 266
Fuel and oil	5 796 823	3 681 856
Printing and stationery	784 360	952 622
Protective clothing	178 500	-
Software expenses	1 976 893	2 200 857
Telephone and fax	1 837 134	1 680 741
Training	1 000 375	1 624 257
Travel and accommodation	3 603 460	6 204 615
Water and electricity	1 374 419	1 310 082
Uniforms	1 288 318	1 449 828
Tourism development	331 117	176 813
Skills development levy	954 317	901 247
Travel allowance	2 977 690	1 645 135
Mayoral awards	625 596	-
Ward committees	3 249 400	2 820 600
Burial support	-	79 827
Minor assets	54 766	893 455
	49 139 891	**61 847 498**

36. Contracted services

	2025	2024
Outsourced Services		
Administrative and Support Staff	233 320	446 270
Clearing and Grass Cutting Services	186 000	233 600
Internal Auditors	3 126 766	5 913 593
Professional Staff	361 239	340 251
Researcher	270 282	977 075
Traffic Fines Management	1 003 668	1 168 577
Consultants and Professional Services		
Business and Advisory	5 079 301	6 112 649
Infrastructure and Planning	1 778 015	2 077 784
Legal Cost	2 074 086	1 613 526

	2025	2024

36. Contracted services (continued)

	2025	2024
Contractors		
Artists and Performers	175 000	671 080
Burial services	186 704	74 600
Drivers Licence	337 488	336 142
Catering Services	4 003 468	4 090 720
Beach development	-	2 338 097
Construction Contract - INEP	11 767 826	20 032 637
Decorations	79 050	-
Maintenance of Buildings and Facilities	6 182 762	6 694 632
Maintenance of Equipment	1 884 256	1 444 613
Maintenance of Unspecified Assets	18 914 632	29 197 508
Medical Services	357 552	306 257
Pest Control and Fumigation	123 600	899 800
Photographer	4 300	-
Transportation	337 100	618 074
Security Services	21 561 624	18 119 046
Sports and Recreation	198 300	575 900
Stage and Sound Crew	437 275	752 160
	80 663 614	**105 034 591**

37. Gain on sale of asset

	Motor Vehicles	Plant and Machinery	Total
Cost	(1 514 840)	(3 691 781)	(5 206 621)
Accumulated depreciation	1 323 265	1 870 916	3 194 181
Net Book Value	(191 575)	(1 820 865)	(2 012 440)
Selling Price	344 722	1 832 610	2 177 332
Gain on sale of assets	**153 147**	**11 745**	**164 892**

	2025	2024

38. Cash generated from operations

	2025	2024
Surplus	30 317 028	39 223 948
Adjustments for:		
Depreciation and amortisation	31 045 808	25 490 686
Assets written off	213 195	1 547 463
Gain on asset disposal	(164 892)	-
Non-cash on Equitable share receipt	(1 722 468)	-
PPE Impairment	9 415 595	13 208 210
Debt impairment and write-offs	-	9 009 396
Reversal of impairment	(4 802 310)	-
Movements in provisions	7 766 127	522 193
Movement in taxes	-	1 645 207
Actuarial gain/(loss)	225 312	(467 995)
Employee benefit movement (excl actuarial loss)	(1 041 662)	-
Inventory losses or write-downs	845	-
Retention Recovered	(780 395)	(586 271)
Accrued interest	(740 163)	-
Donations made	1 778 326	357 009
Donations Received	-	(38 075 896)
Changes in working capital:		
Inventories	(604 941)	(96 023)
Receivables from exchange transactions	(3 333 943)	308 353
Debt impairment	-	(9 053 888)
Receivables from non-exchange transactions	(6 671 144)	1 655 008
Payables from exchange transactions	(2 158 895)	(508 613)
Unspent conditional grants and receipts	(1 472 341)	756 224
Beach development grant	(267)	(2 499 733)
INEP Liability	-	1 722 468
Retention paid	(1 569 550)	-
	55 699 265	**44 157 746**

39. Beach Development Grant

	2025	2024
Balance at beginning of the year	(267)	(2 500 000)
Transfered to revenue	267	2 499 733
	-	**(267)**

Beach Development Grant are from capital surpluses.

	2025	2024

40. Commitments

Authorised capital expenditure

	2025	2024
Already contracted for but not provided for		
• Manguzi Informal Markets	-	5 295 154
• Manguzi Internal Road - Phase 2	-	36 887 480
• Regravelling of Mfihlweni Mfakubheka Gravel Road	1 801 511	-
• Construction of Ultra Stop	-	1 305 081
• Manguzi Sportfield	-	1 337 172
Regravelling of Mbubeni Majola Gravel Road	222 740	-
• Regravelling of Mqobela Gravel Road	1 513 866	-
	3 538 117	**44 824 887**

	2025	2024
Total capital commitments		
Already contracted for but not provided for	3 538 117	44 824 887

Total commitments

	2025	2024
Total commitments		
Authorised capital expenditure	3 538 117	44 824 887

This committed expenditure relates to infrastructure, community and electrification projects and will be financed by government
grants and municipality's own revenue.

41. Change in estimate

Property, plant and equipment

The estimated rehabilitation cost for Thandizwe and Mbazwane Landfill Sites were revised in the financial year under review. The effect of this revision has resulted in an increase in the underlying assets with the corresponding increase in Landfill Site Provision. The increase in the landfill site provision has resulted to an increase in landfill site asset cost by R1 193 842 and R4 740 355 for Thandizwe and Mbazwane landfilsites respectively. (2024:R420 814.00)

Reassessment of useful life was conducted on all assets at the end of the financial year in line with assets management policy. The reassessment has resulted to an increase in useful lifes and restated depreciation charges as illustrated below:

Asset class	**Depreciation for the year**	**Change in estimate**	**Total**
Community asset	8 487 028	(475 185)	8 011 843
Computer equipment	716 984	(9 501)	707 483
Furniture and fixtures	251 590	24 114	275 704
Infrastructure	15 179 076	1 906 217	17 085 293
Motor vehicle	1 300 138	(27 289)	1 272 849
Plant and machinery	1 941 128	608 060	2 549 188
Soid waste	74 006	(14 994)	59 012
Buildings	1 040 188	(15 216)	1 024 972
	28 990 138	**1 996 206**	**30 986 344**

The change in estimate results from the updated assessment of assets useful lifes and conditions informed by the 2024-25 conditional assessment report.

	2025	2024

42. Prior period errors

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

Statement of Financial Performance and Position

Opening Accumulated Surplus	468 569 967	468 841 065
Trade payabls	5 270 138	6 683 645

	As previously reported	**Correction of error**	**Total**
Trade payables	(6 709 047)	25 402	(6 683 645)
Accumulated surplus	(468 815 663)	(25 402)	(468 841 065)
VAT accrual on debt impairment	-	29 814	29 814
Debt impairment	7 716 954	(29 814)	7 687 140
Salary control accrual	(3 628)	(300 913)	(304 541)
Basic salary-Employee cost	61 103 474	282 802	61 386 276
Rural allowance	750 360	18 111	768 471
	(405 957 550)	**-**	**(405 957 550)**

Trade payables - An invoice relating to subsequent year mistakenly raised in the reporting financial year.

VAT accrual - Error in not accounting for VAT accrual when providing for debt impairment.

Accumulated surplus - Accounting for an error incurred on trade payables.

Debt impairment - Accounting for an error incurred in VAT accrual on provision for debt impairment.

Salary control - An accrual is raised for senior manager's upper limits refering to prior financial period.

Employee related cost - The debit side of accrual of senior management upper limit

43. Reclassifications

Presented below are those items contained in the statement of financial position and statement of financial performance that have been affected by prior-year adjustments:

Statement of financial performance and position

2024

	Note	As previously reported	Re-classification	Restated
Service charges	14	543 709	(73 756)	469 953
Operating revenue	20	1 849 218	73 756	1 922 974
Property rate	22	23 907 804	(2 157 088)	21 750 716
Debt impairment and bad debt written off	34	11 196 297	(2 157 088)	9 039 209
Agency services	17	266 035	10 590	276 625
Commission received	17	10 590	(10 590)	-
Payables from exchange transactions	4	20 068 937	3 587 970	23 656 907
Receivables from exchange transactions	8	423 363	2 799 761	3 223 124
		58 265 953	**2 073 555**	**60 339 508**

43. Reclassifications (continued)

Reclassifications

The following reclassifications adjustment occurred:

Reclassifications

Motor Licence reclassified from receivables from exchange to refunds due	**R 2 017**
Prepaid Meters receipt reclassified from service charges to other operational revenue	**R 73 755**
Commision Received reclassified from own line item to Agency services	**R 10 590**
Interest on debtors written off reclassifed from expense to revenue as a waiver	**R 2 157 088**

The net VAT payable has been reclassified and divided into two distinct categories: VAT payable and VAT receivable. These categories have been incorporated under payables from exchange and receivables from exchange, respectively VAT payables reclassified to payables **R3,587,970** and VAT receivable reclassified to receivable **R2,799,761**

Net VAT reclassified	**R 788 209**

44. Risk management

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.

Credit risk

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

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

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

Financial instrument	2025	2024
Receivable from exchange transactions	8 709 600	3 223 124
Receivables from non-exchange transactions	6 557 067	2 038 456
Cash and cash equivalents	113 394 227	98 943 798

Market risk

Interest rate risk

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

	2025	2024

45. Statutory receivables

2025	Gross	Write-offs	Impairment	Total
Property rates	84 920 984	(4 463 606)	(71 171 885)	9 285 493
VAT Receivabe from SARS	2 011 548	-	-	2 011 548
	86 932 532	**(4 463 606)**	**(71 171 885)**	**11 297 041**

2024	Gross	Write-offs	Impairment	Total
Property rates	70 135 026	(470 633)	(68 042 946)	1 621 447
VAT Receivabe from SARS	2 473 508	-	-	2 473 508
	72 608 534	**(470 633)**	**(68 042 946)**	**4 094 955**

46. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 502 5374 787 and that the municipality's total assets exceed its liabilities by R498 886 995.

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

47. Fruitless and wasteful expenditure

	2025	2024
Opening balance as previously reported	-	344 603
Add: Fruitless and wasteful expenditure identified - current	5 247	73 046
Less: Amount written off - current	(5 247)	(417 649)
Closing balance	**-**	**-**

Fruitless and wasteful expenditure is presented inclusive of VAT

Current year fruitless and wasteful expenditure results in interest incurred on penalties and interest on overdue accounts. The Council resolved to write off the amount of **R5 247,25**.

In 2023/24 financial year the Council approved a write-off of **R417 754** of fruitless and wasteful expenditure. This was as a results of late payment of accounts and interest was charged and Free Basic Electricity.

48. Irregular expenditure

	2025	2024
Opening balance as previously reported	9 362 027	12 329 883
Add: current expenditure - prior years appointments	24 702 149	47 086 012
Add: Current year irregular expenditure incurred	8 759 528	-
Less: Amount written off - current	(32 726 481)	(50 053 868)
Closing balance	**10 097 223**	**9 362 027**

Amount written-off

Irregular expenditure of **R24 702 149** incurred during the current year arose from a bid from a previous year that did not adhere to the required procurement processes. This issue was highlighted as a finding by the Auditor General and was included in the irregular expenditure of the prior year. Management presented the matter to the Council, and following investigations by the Municipal Public Accounts Committee (MPAC), the Council in its wisdom decided to adopt the committee's recommendations. It was concluded that the amount of **R32 726 481** is to be certified as a write-off, as it was proven that there was no loss of money from the procurement of goods and services..

	2025	2024

49. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2025	2024
Current year subscription / fee	1 245 033	1 074 356
Amount paid - current year	(1 245 033)	(1 074 356)
	-	-

Audit fees

	2025	2024
Current year subscription / fee	3 818 912	2 849 936
Amount paid - current year	(3 818 912)	(2 849 936)
	-	-

PAYE and UIF

	2025	2024
Current year subscription / fee	16 913 787	16 077 827
Amount paid - current year	(16 913 787)	(16 077 827)
	-	-

Pension and Medical Aid Deductions

	2025	2024
Current year subscription / fee	19 053 550	16 979 131
Amount paid - current year	(19 053 550)	(16 979 131)
	-	-

Councillors' and employees arrear consumer accounts

The following employee 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
Mrs. N. Bukhosini	75 976	936 754	1 012 730

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Mr. N.P.E. Myeni	1 794	91	1 885
Mrs. N. Bukhosini	82 800	702 842	785 642
	84 594	**702 933**	**787 527**

	2025	2024

50. Deviation from supply chain management regulations

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

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

The deviations for the current year, with the prior years' deviation shown for comparison, are summarised below:

Deviations		
Government Printing works (Advertising)	-	6 053
Ilanga Newspaper (Advertising)	285 610	274 742
Maputaland Community radio (Advertising)	34 960	115 860
Zululand Observer (Advertising)	80 657	130 286
Blaq Origin	120 000	-
	521 227	**526 941**

51. Contingencies

Bongiwe Khumalo and 10 others

The employees in this matter have applied for the review and setting aside of the arbitration award in the Labour Court. The matter is now pending in the Labour Court as the court papers have been served to us. The estimated legal costs to be borne by the municipality in the Review Application are in the region of **R400 000,00** (Four hundred thousand rands). The municipality enjoys reasonable prospects of success in this application. Applicants are seemingly failing to pursue this matter with diligence and they have not complied with the Rules of the Labour Court in that they have failed to deliver the full record within 60 (sity) days. This may have negative consequences on their application.

Jezile Thembisile Mthethwa -.

This is a civil claim instituted by Ms. Mthethwa who is employed by the Municipality as a General Worker. She is suing the Municipality for damages arising from an injury sustained whilst on duty. She alleges that she was performing her duties at Thandizwei Dump Site, an unknown chemical fumes spread to her face and she sustained burns as a result thereof. She is suing the Municipality for the amount of **R400 000,00** (Four hundred thousand rands) The Municipality's legal fees are estimated to the region of **R280 000,00** (Two hundred and eighty thousand rands) -.

Nashua Zululand

The Municipality received a claim from Nashua Zululand in the amount of **R394,950.40**, accompanied by various documents purporting to confirm a rental and services agreement allegedly concluded in February 2024. Upon investigation, the Municipality determined that these documents were fraudulent, including a forged signature of the Municipal Manager and references to a non-existent official.

Legal advice obtained confirms that:

No valid contract exists between the Municipality and Nashua Zululand.

The purported agreement was concluded through fraudulent misrepresentation and is therefore void ab initio (invalid from the outset).

The Municipality has no legal obligation to make payment to Nashua Zululand.

The Municipality has taken steps to inform Nashua of the fraud and advised that no payments will be made.

Nashua has not yet instituted legal proceedings; should it do so, the Municipality will defend the matter on the basis of fraud and non-compliance with procurement laws.

There is currently no financial loss suffered by the Municipality, and the equipment in question has since been collected by Nashua..

	2025	2024

52. Related parties

Related party balances

	2025	2024
Amounts included in Trade receivable (Trade Payable) regarding related parties		
000050218 (Bukhosini Trust)	126 804	95 696
000050268 (40 Luxury Units)	234 427	168 322
000050345 (Galaxy Forest Lodge)	173 761	113 100
000050252 (Galaxy Lodge)	477 738	408 523
000050245 (Supa Quick)	-	1 885

53. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of four major functional areas:

- Governance and administration
- Community and public safety
- Economic and environmental services
- Trading services

53. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Governance and administration	Community and public safety	Economic and environmental services	Trading services	Total
Revenue					
Service charges	-	-	-	469 953	469 953
Agency services	353 563	-	-	-	353 563
Licenses and permits	-	2 574 720	-	-	2 574 720
Rental income	421 690	-	-	-	421 690
Interest on investments	11 655 832	-	-	-	11 655 832
Interest on property rates	2 339 778	-	-	-	2 339 778
Other revenue	1 612 258	199 462	57 481	-	1 869 201
Property rates	23 814 769	-	-	-	23 814 769
Beach development	-	-	267	-	267
INEP Contract revenue	-	-	11 767 826	-	11 767 826
Traffic Fines	-	1 417 750	-	-	1 417 750
Transfer and Subsidies	244 221 892	3 062 000	44 571 444	-	291 855 336
Total segment revenue	**284 419 782**	**7 253 932**	**56 397 018**	**469 953**	**348 540 685**
Entity's revenue					**348 540 685**
Expenditure					
Employee costs	36 223 590	35 246 567	23 621 976	-	95 092 133
Remuneration of Councillors	15 596 840	-	-	-	15 596 840
Depreciation & amortisation	31 045 808	-	-	-	31 045 808
Finance Cost	468 924	-	-	2 610 328	3 079 252
Lease rentals	613 185	69 000	-	-	682 185
Debt Impairment & Bad debts	9 624 084	-	-	-	9 624 084
Inventory Consumed	2 176 732	-	-	-	2 176 732
Contracted Services	35 385 119	4 590 938	40 546 953	140 604	80 663 614
Transfer and Subsidies	17 263 180	1 775 388	2 394 495	-	21 433 063
Operational Cost	28 215 570	12 927 790	7 996 531	-	49 139 891
Assets written-off	213 195	-	-	-	213 195
Actuarial gain & Losses	225 312	-	-	-	225 312
Impairment Loss	9 415 595	-	-	-	9 415 595
Inventory Losses	845	-	-	-	845
Gain on Disposal	(164 892)	-	-	-	(164 892)
Total segment expenditure	**186 303 087**	**54 609 683**	**74 559 955**	**2 750 932**	**318 223 657**
Total segmental surplus/(deficit)	**98 116 695**	**(47 355 751)**	**(18 162 937)**	**(2 280 979)**	**30 317 028**
Assets					
Inventories	767 075	-	-	-	767 075
Receivable from non-exchange transactions	8 353 193	356 407	-	-	8 709 600
Receivables from exchange transactions	6 428 705	37 996	-	90 366	6 557 067
Cash and cash equivalents	113 394 227	-	-	-	113 394 227
Total segment assets	**128 943 200**	**394 403**	**-**	**90 366**	**129 427 969**
Property Plant and Equipment					436 866 329
Total assets as per Statement of financial Position					**566 294 298**

53. Segment information (continued)

	Governance and administration	Community and public safety	Economic and environmental services	Trading services	Total
Liabilities					
Payables from Exchange Transaction	10 829 457	3 077 819	8 286 578	-	22 193 854
Employee Benefit Obligation	198 195	-	-	-	198 195
Unspent Conditional Grants	5 682 949	-	-	-	5 682 949
Provisions	570 542	-	-	-	570 542
Total segment liabilities	**17 281 143**	**3 077 819**	**8 286 578**	**-**	**28 645 540**
Employee Benefit Obligation					4 818 320
Provisions					33 943 442
Total liabilities as per Statement of financial Position					**67 407 302**

	Governance & administration	**Community and public safety**	**Economic & environmental services**	**Trading services**	**Total**
Total assets	565 809 529	394 403	-	90 366	566 294 298
Total liabilities	(56 042 905)	(3 077 819)	(8 286 578)	-	(67 407 302)
Net assets	509 766 624	(2 683 416)	(8 286 578)	90 366	498 886 996
Accumulated surplus	**509 766 624**	**(2 683 416)**	**(8 286 578)**	**90 366**	**498 886 996**

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

2024

	Governance and administration	Community and public safety	Economic and environmental services	Trading services	Total
Revenue					
Service charges	-	-	-	469 953	469 953
Licenses and permits	-	2 620 860	-	-	2 620 860
Rental income	495 921	-	-	-	495 921
Interest on investments	9 880 939	-	-	-	9 880 939
Agency Services	-	276 625	-	-	276 625
Other own revenue	1 922 973	-	-	-	1 922 973
Property rates	21 750 716	-	-	-	21 750 716
Government grants	286 497 776	-	-	-	286 497 776
Fines and penalties	-	1 335 550	-	-	1 335 550
Public contributions and donations	-	38 075 896	-	-	38 075 896
Interest on Debtors	2 157 088	-	-	-	2 157 088
INEP Contract revenue	-	-	20 032 636	-	20 032 636
Beach Development	-	-	2 173 681	-	2 173 681
Total segment revenue	**322 705 413**	**42 308 931**	**22 206 317**	**469 953**	**387 690 614**
Entity's revenue					**387 690 614**

53. Segment information (continued)

Expenditure					
Employee costs	32 472 485	34 514 937	21 531 329	-	88 518 751
Councillor Remuneration	15 724 110	-	-	-	15 724 110
Depreciation & Amortisation	25 490 686	-	-	-	25 490 686
Finance Costs	1 546 717	-	-	-	1 546 717
Lease Rentals	1 109 672	271 757	-	-	1 381 429
Debt Impairment	9 009 396	-	-	-	9 009 396
Inventory Consumed	2 763 216	583 997	-	-	3 347 213
Contracted Services	33 139 912	5 893 556	67 094 923	-	106 128 391
Transfers & Subsidies	18 853 237	2 331 562	-	-	21 184 799
Operational Costs	32 646 973	21 136 856	8 063 670	-	61 847 499
Assets Written off	1 547 463	-	-	-	1 547 463
Actuarial gains	(467 995)	-	-	-	(467 995)
Impairment Loss	-	-	13 208 210	-	13 208 210
Total segment expenditure	**173 835 872**	**64 732 665**	**109 898 132**	**-**	**348 466 669**
Total segmental surplus/(deficit)	**148 869 541**	**(22 423 734)**	**(87 691 815)**	**469 953**	**39 223 945**
Assets					
Inventories	162 134	-	-	-	162 134
Receivables from non-exchange transactions	2 038 456	-	-	-	2 038 456
Receivables from exchange transactions	3 223 124	-	-	-	3 223 124
Cash & Cash Equivalent	98 943 798	-	-	-	98 943 798
Property Plant & Equipment	428 171 237	-	-	-	428 171 237
Total segment assets	**532 538 749**	**-**	**-**	**-**	**532 538 749**
Total assets as per Statement of financial Position					**532 538 749**
Liabilities					
Payables from exchange	23 902 606	-	-	-	23 902 606
Employee benefit obligation	526 337	-	-	-	526 337
Unspent Conditional grants	-	7 155 290	-	-	7 155 290
Provision	543 325	-	-	-	543 325
Beach Development	-	267	-	-	267
INEP Liability	-	1 722 892	-	-	1 722 892
Total segment liabilities	**24 972 268**	**8 878 449**	**-**	**-**	**33 850 717**
Employee Benefit					3 913 532
Provision					26 204 535
Total liabilities as per Statement of financial Position					**63 968 784**

	Governance & administration	**Community & public safety**	**Economic & environmental services**	**Trading services**	**Total**
Total assets	532 538 749	-	-	-	532 538 749
Total liabilities	(55 090 335)	(8 878 449)	-	-	(63 968 784)
Net assets	477 448 414	(8 878 449)	-	-	468 569 965
Accumulated surplus	**477 448 414**	**(8 878 449)**	**-**	**-**	**468 569 965**

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

54. Events after the reporting date

There are no material and adjusting events after the reporting date.