UMFOLOZI LOCAL MUNICIPALITY
(REGISTRATION NUMBER :KZN281)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

General Information

Nature of business and principal activities	The provision of services to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Executive Council Members	
Honourable Mayor	Cllr. X.M. Bhengu (EXCO Member)
Deputy Mayor	Cllr. T.M. Biyela (EXCO Member)
	Cllr. S.P. Mpanza (EXCO Member)
	Cllr. B.T. Ntombela (EXCO Member)
	Cllr N.S. Ngubane (EXCO Member)
Ordinary Council Members	M.M. Mthiyane (Speaker)
	C. Makhunga (Chief Whip)
	Z.S. Mthethwa (MPAC Chair)
	T.S.W. Ndawonde
	T.Z. Mdhletshe
	S.G Mthethwa
	B.V Mhlongo
	P.M. Gumbi
	T. Ndimande
	A.M. Mtshali
	K.S.C Xaba
	N. Conco
	B.P. Sithole
	S.E. Sibiya
	M.E. Shobede
	B.S Bhengu
	R.L. Keyser
	M.B. Makhaza
	T.D. Ngwenya
	H.B. Hadebe
	T.N. Msweli
	N.B. Mkhwanazi
	S.R. Thabethe
	S.S. Gazu
	S.M. Shabangu
	M. Shabalala
	A.S. Msibi
	G.M. Khumalo
	M.N. Nxumalo
	E.S. Mthethwa
	K. Mlambo

General Information

Accounting Officer	F.S. Mazibuko
Chief Finance Officer (CFO)	M.T. Nkosi
Registered office	25 Bredelia Street Kwa-Mbonambi 3915
Business address	25 Bredelia Street Kwa-Mbonambi 3915
Postal address	P.O Box 96 Kwa-Mbonambi 3915
Bankers	ABSA Bank FNB
Auditor	Auditor General of South Africa
Legal Representatives	Kloopers Incorporated
Telephone	(035) 580 1421
Email Address (Accounting Officer)	mm@umfolozi.org.za

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

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
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 were 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, he 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 revenues including equitable share 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.

The annual financial statements set out on the following pages 1 to 94 , which have been prepared on the going concern basis, were approved by the council on the 31 August 2025 and were signed on its behalf by:

Mr. F.S. Mazibuko
Accounting Officer

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	7,768,903	3,067,067
Receivables from non-exchange transactions	4	30,592,166	25,127,190
VAT receivable	5	2,807,257	804,197
Cash and cash equivalents	6	45,687,572	20,138,658
		86,855,898	**49,137,112**
Non-Current Assets			
Property, plant and equipment	7	409,375,214	409,299,703
Intangible assets	8	58,596	90,116
		409,433,810	**409,389,819**
Total Assets		**496,289,708**	**458,526,931**
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	19,739,914	12,628,808
Unspent conditional grants and receipts	10	4,024,115	2,433,123
Other financial liabilities	11	1,129,988	1,081,177
Retention	12	5,900,111	4,922,486
Employee benefit obligation	13	451,000	169,000
Deferred Revenue	15	-	3,258,571
		31,245,128	**24,493,165**
Non-Current Liabilities			
Other financial liabilities	11	611,854	1,676,578
Employee benefit obligation	13	2,034,000	1,929,000
		2,645,854	**3,605,578**
Total Liabilities		**33,890,982**	**28,098,743**
Net Assets		**462,398,726**	**430,428,188**
Accumulated surplus		462,398,726	430,428,188
Total Net Assets		**462,398,726**	**430,428,188**

* See Note 47

Statement of Financial Performance for the period ended on 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	14	756,867	698,029
Construction contracts	15	3,258,571	3,966,448
Rental of facilities and equipment	16	1,094,768	1,039,103
License and permits	17	66,765	10,322
Operational revenue	18	1,978,615	463,152
Interest revenue	19	5,968,619	4,681,184
Total revenue from exchange transactions		**13,124,205**	**10,858,238**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	20	44,483,065	43,264,924
Licences and permits (Non-exchange)	21	364,140	403,257
Interest on outstanding receivables	22	1,912,319	1,234,819
Transfer revenue			
Government grants and subsidies	23	235,628,008	217,681,176
Fines, penalties and forfeits	24	530,053	613,273
Total revenue from non-exchange transactions		**282,917,585**	**263,197,449**
Total revenue	25	**296,041,790**	**274,055,687**
Expenditure			
Employee related costs	26	(90,015,044)	(85,135,112)
Remuneration of councillors	27	(14,682,865)	(14,576,008)
Depreciation, impairment loss and amortisation	28	(32,725,447)	(30,440,598)
Finance costs	29	(445,053)	(517,552)
Lease rentals on operating lease	30	(975,885)	(934,715)
Debt Impairment	31	(13,371,939)	(7,476,444)
Bad debts written off		(89,000)	-
Inventory consumed	32	(1,544,252)	(2,211,226)
Contracted services	33	(52,424,368)	(59,678,175)
Transfers and subsidies	34	(2,237,188)	(5,386,110)
Operational costs	35	(49,271,260)	(52,987,086)
Total expenditure		**(257,782,301)**	**(259,343,026)**
Operating surplus		**38,259,489**	**14,712,661**
(Loss) gain on disposal of assets and liabilities		(734,185)	154,034
Gain on newly identified assets		-	59,493
Actuarial gains/(losses)	13	(101,122)	57,000
Impairment gains/(losses) and reversals	36	(5,453,652)	874,381
		(6,288,959)	**1,144,908**
Surplus for the year		**31,970,530**	**15,857,569**

* See Note 47

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	413,983,588	413,983,588
Adjustments		
Prior year adjustments	587,031	587,031
Balance at 01 July 2023 as restated*	**414,570,619**	**414,570,619**
Changes in net assets		
Correction of errors	(101,218)	(101,218)
Net income (losses) recognised directly in net assets	(101,218)	(101,218)
Surplus for the year	15,958,787	15,958,787
Total recognised income and expenses for the year	15,857,569	15,857,569
Total changes	15,857,569	15,857,569
Restated* Balance at 01 July 2024	**430,428,191**	**430,428,191**
Changes in net assets		
Rounding adjustment	5	5
Net income (losses) recognised directly in net assets	5	5
Surplus for the year	31,970,530	31,970,530
Total recognised income and expenses for the year	31,970,535	31,970,535
Total changes	31,970,535	31,970,535
Balance at 30 June 2025	**462,398,726**	**462,398,726**

* See Note 47

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024
Cash flows from operating activities			
Receipts			
Sale of goods and services		41,419,439	39,967,335
Grants		237,219,000	226,244,000
Interest income		5,863,584	4,585,709
Fines, penalties and forfeits		45,728	55,241
		284,547,751	270,852,285
Payments			
Employee costs		(105,544,756)	(100,342,105)
Suppliers		(113,957,396)	(139,031,413)
Finance costs		(215,053)	(312,547)
		(219,717,205)	(239,686,065)
Net cash flows from operating activities	37	**64,830,546**	**31,166,220**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(39,536,569)	(42,976,217)
Proceeds from sale of property, plant and equipment		1,270,850	-
Net cash flows from investing activities		**(38,265,719)**	**(42,976,217)**
Cash flows from financing activities			
Repayment of other financial liabilities		(1,015,913)	(914,391)
Net cash flows from financing activities		**(1,015,913)**	**(914,391)**
Net increase/(decrease) in cash and cash equivalents		**25,548,914**	**(12,724,388)**
Cash and cash equivalents at the beginning of the year		20,138,658	32,863,046
Cash and cash equivalents at the end of the year	6	**45,687,572**	**20,138,658**

* See Note 47

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Difference in percentage (%)	Reference
Statement of Financial Performance							
Revenue							
Revenue from exchange transactions							
Service charges	679,544	14,967	**694,511**	756,867	**62,356**	9%	
Construction contracts	-	-	**-**	3,258,571	**3,258,571**	100%	1
Rental of facilities and equipment	1,066,368	-	**1,066,368**	1,094,768	**28,400**	3%	
License and permits	1,768	52,000	**53,768**	66,765	**12,997**	24%	2
Operational revenue	227,935	31,549	**259,484**	1,978,615	**1,719,131**	663%	3
Interest received - investment	4,274,916	12,000	**4,286,916**	5,968,619	**1,681,703**	37%	4
Total revenue from exchange transactions	**6,250,531**	**110,516**	**6,361,047**	**13,124,205**	**6,763,158**		
Revenue from non-exchange transactions							
Taxation revenue							
Property rates	43,679,249	-	**43,679,249**	44,483,065	**803,816**	2%	
Licences and Permits (Non-exchange)	414,335	(69,980)	**344,355**	364,140	**19,785**	6%	
Interest on outstanding receivables	1,402,253	-	**1,402,253**	1,912,319	**510,066**	44%	5
Transfer revenue							
Government grants and subsidies - operational	195,011,900	-	**195,011,900**	194,164,795	**(847,105)**	0%	
Fines, Penalties and Forfeits	430,090	70,000	**500,090**	530,053	**29,963**	6%	
Total revenue from non-exchange transactions	**240,937,827**	**20**	**240,937,847**	**241,454,372**	**516,525**		
Total revenue excluding Capital Transfers and contributions)	**247,188,358**	**110,536**	**247,298,894**	**254,578,577**	**7,279,683**		
Expenditure							
Employee related costs	(98,608,194)	6,022,367	**(92,585,827)**	(90,015,044)	**2,570,783**	4%	
Remuneration of councillors	(14,697,598)	352,611	**(14,344,987)**	(14,682,865)	**(337,878)**	2%	
Depreciation and asset impairment	(27,935,037)	(6,173,055)	**(34,108,092)**	(32,725,447)	**1,382,645**	5%	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Difference in percentage (%)	Reference
Finance costs	(357,000)	-	**(357,000)**	(445,053)	**(88,053)**	25%	6
Lease rentals on operating lease	(930,000)	(39,800)	**(969,800)**	(975,885)	**(6,085)**	1%	
Debt Impairment	(2,708,954)	(12,791,046)	**(15,500,000)**	(13,371,939)	**2,128,061**	13%	7
Bad debts written off	-	-	**-**	(89,000)	**(89,000)**	100%	8
Contracted Services	(52,266,705)	3,199,090	**(49,067,615)**	(52,424,368)	**(3,356,753)**	7%	
Transfers and Subsidies	(2,390,000)	252,590	**(2,137,410)**	(2,237,188)	**(99,778)**	5%	
Operational Costs	(44,616,066)	(5,885,576)	**(50,501,642)**	(49,271,260)	**1,230,382**	2%	
Inventory consumed	(1,292,700)	(191,520)	**(1,484,220)**	(1,544,252)	**(60,032)**	4%	
Total expenditure	**(245,802,254)**	**(15,254,339)**	**(261,056,593)**	**(257,782,301)**	**3,274,292**		
Operating deficit	**1,386,104**	**(15,143,803)**	**(13,757,699)**	**(3,203,724)**	**10,553,975**		
Loss on disposal of assets and liabilities	-	-	**-**	(734,185)	**(734,185)**	100%	9
Impairment gain/(loss)	-	-	**-**	(5,453,652)	**(5,453,652)**	100%	10
Actuarial gains/(losses)	-	-	**-**	(101,122)	**(101,122)**	100%	11
Transfers and subsidies -capital (Monetary calculations National/Provincial/District)	36,907,100	4,300,000	**41,207,100**	41,463,213	**256,113**	1%	
	36,907,100	**4,300,000**	**41,207,100**	**35,174,254**	**(6,032,846)**		
Surplus for the year	**38,293,204**	**(10,843,803)**	**27,449,401**	**31,970,530**	**4,521,129**		

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Difference in percentage (%)	Reference

1. Construction Contracts

INEP construction expenditure was not budgeted as no new allocations were received; costs relate to multi-year projects continuing from the prior year.

2. Licences and Permits

Revenue exceeded budget due to increased business licence registrations following the mandatory national spaza shop/business registration requirements.

3. Operational Revenue

The increase is due to insurance proceeds received for storm-damaged municipal facilities.

4. Interest Received – Investments

Higher interest income was generated through improved investment placements and higher cash balances.

5. Interest Received – Outstanding Debtors

Low collection levels resulted in higher-than-anticipated interest on overdue accounts.

6. Finance Costs

Variance arose because interest on long-term employee benefits was not budgeted.

7. Debt Impairment

Impairment decreased due to improved payment behaviour and strengthened debt management initiatives compared to the prior year’s conservative provisioning.

8. Bad Debts Written Off

Not ordinarily budgeted; an old overpayment of R89,000 was written off as recovery costs exceeded the expected benefit.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Difference in percentage (%)	Reference

9. Gain on Disposal of Assets

Gains relate mainly to insurance recoveries for damaged municipal vehicles; not budgeted due to their unpredictable nature.

10. Impairment of Assets

Impairments resulted from storm damage and vandalism, which are not predictable and therefore not budgeted.

11. Actuarial Gains and Losses

Not budgeted due to the unpredictable nature of actuarial valuation adjustments.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Difference in percentage (%)	Reference
Statement of Financial Position							
Assets							
Current Assets							
Inventories	(1,292,700)	1,325,130	**32,430**	-	**(32,430)**	100%	12
Receivables from exchange transactions	1,062,214	2,384,587	**3,446,801**	7,768,903	**4,322,102**	136%	13
VAT receivable	24,022,161	(21,756,714)	**2,265,447**	2,807,257	**541,810**	24%	14
Receivables from Non-Exchange Transactions	23,869,419	-	**23,869,419**	30,592,166	**6,722,747**	72%	15
Cash and cash equivalents	26,408,705	6,530,500	**32,939,205**	45,687,572	**12,748,367**	39%	16
	74,069,799	**(11,516,497)**	**62,553,302**	**86,855,898**	**24,302,596**		
Non-Current Assets							
Property, plant and equipment	410,788,175	(2,668,993)	**408,119,182**	409,375,214	**1,256,032**	1%	
Intangible assets	616,070	(404,000)	**212,070**	58,596	**(153,474)**	72%	17
	411,404,245	**(3,072,993)**	**408,331,252**	**409,433,810**	**1,102,558**		
Total Assets	**485,474,044**	**(14,589,490)**	**470,884,554**	**496,289,708**	**25,405,154**		
Liabilities							
Current Liabilities							
Other financial liabilities	(140,918)	(989,070)	**(1,129,988)**	(1,129,988)	**-**	0%	
Payables from exchange transactions	(20,174,674)	5,529,831	**(14,644,843)**	(19,739,914)	**(5,095,071)**	34%	18
VAT payable	(335,509)	280,106	**(55,403)**	-	**55,403**	100%	19
Unspent conditional grants and receipts	(192,453,180)	186,914,075	**(5,539,105)**	(4,024,115)	**1,514,990**	27%	20
Retention	-	-	**-**	(5,900,111)	**(5,900,111)**	100%	22
Employee benefit obligation	(291,000)	122,000	**(169,000)**	(451,000)	**(282,000)**		
	(213,395,281)	**191,856,942**	**(21,538,339)**	**(31,245,128)**	**(9,706,789)**		

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Difference in percentage (%)	Reference
Non-Current Liabilities							
Other financial liabilities	(2,638,228)	2,026,374	**(611,854)**	(611,854)	**-**	0%	
Employee benefit obligation	(1,679,000)	(250,000)	**(1,929,000)**	(2,034,000)	**(105,000)**	5%	
	(4,317,228)	**1,776,374**	**(2,540,854)**	**(2,645,854)**	**(105,000)**		
Total Liabilities	**(217,712,509)**	**193,633,316**	**(24,079,193)**	**(33,890,982)**	**(9,811,789)**		
Net Assets	**267,761,535**	**(208,222,806)**	**446,805,361**	**462,398,726**	**15,593,365**		
Accumulated surplus	267,761,535	-	**446,805,361**	462,398,726	**15,593,365**		

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Difference in percentage (%)	Reference

12. Inventory

No inventory was held at year-end, resulting in the identified variance.

13. Receivables from Exchange Transactions

Land acquired from Transnet has been recognised as a receivable as the transfer process is still in progress.

14. VAT Receivables

The recognition of the Transnet land acquisition resulted in a higher-than-expected VAT receivable at year-end.

15. Receivables from Non-Exchange Transactions

The increase is due to low collection rates and year-end billing to government debtors, of which only partial payment was received after year-end.

16. Cash and Cash Equivalents

Cash balances increased due to reduced operating expenditure, higher revenue inflows, cost-containment measures, and improved investment of surplus funds.

17. Intangible Assets

Budgeted software acquisitions were delayed due to changes in priorities and budgetary control measures.

18. Trade Payables

Payables increased mainly due to full utilisation of conditional grants and the commencement of disaster-related projects in June 2025. Leave and bonus accruals also increased.

19. VAT Payable

VAT is recognised on a net basis at year-end, resulting in the variance.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Difference in percentage (%)	Reference

20. Unspent Conditional Grants and Receipts

Full spending of conditional grants and receipt of additional disaster-related allocations resulted in the variance.

21. Employee Benefits (Provisions)

Provisions for employee benefits vary due to valuation assumptions influenced by market conditions such as interest rates, which cannot be accurately budgeted.

22. Retention

Retentions were not budgeted due to uncertainties relating to project progress and timing of milestone certifications.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Difference in percentage (%)	Reference
Cash Flow Statement							
Cash flows from operating activities							
Receipts							
Sale of goods and services	31,140,099	1,662,785	**32,802,884**	41,419,439	**8,616,555**	28%	23
Grants	231,919,000	4,300,000	**236,219,000**	237,219,000	**1,000,000**	0%	
Interest income	4,274,916	12,000	**4,286,916**	5,863,584	**1,576,668**	37%	24
Fines, penalties and forfeits	-	-	**-**	45,728	**45,728**	100%	25
	267,334,015	**5,974,785**	**273,308,800**	**284,547,751**	**11,238,951**		
Payments							
Employee costs	(114,036,618)	6,399,189	**(107,637,429)**	(105,544,756)	**2,092,673**	2%	
Suppliers and employees	(106,782,343)	(7,774,032)	**(114,556,375)**	(113,957,396)	**598,979**	3%	
Finance costs	(357,000)	-	**(357,000)**	(215,053)	**141,947**	40%	27
Transfers and subsidies- Operational	(2,390,000)	100,000	**(2,290,000)**	-	**2,290,000**	100%	28
	(223,565,961)	**(1,274,843)**	**(224,840,804)**	**(219,717,205)**	**5,123,599**		
Net cash flows from operating activities	**43,768,054**	**4,699,942**	**48,467,996**	**64,830,546**	**16,362,550**		

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Difference in percentage (%)	Reference
Cash flows from investing activities							
Purchase of property, plant and equipment	(49,329,395)	(3,593,906)	**(52,923,301)**	(39,536,569)	**13,386,732**	25%	29
Proceeds from sale of property, plant and equipment	-	-	**-**	1,270,850	**1,270,850**	100%	30
Net cash flows from investing activities	**(49,329,395)**	**(3,593,906)**	**(52,923,301)**	**(38,265,719)**	**14,657,582**		
Cash flows from financing activities							
Repayment of other financial liabilities	(893,000)	-	**(893,000)**	(1,015,913)	**(122,913)**	14%	31
Net increase/(decrease) in cash and cash equivalents	(6,454,341)	1,106,036	**(5,348,305)**	25,548,914	**30,897,219**		
Cash and cash equivalents at the beginning of the year	32,863,046	(12,724,388)	**20,138,658**	20,138,658	**-**		
Cash and cash equivalents at the end of the year	**26,408,705**	**(11,618,352)**	**14,790,353**	**45,687,572**	**30,897,219**		

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Difference in percentage (%)	Reference

23. Sale of Goods and Services

The variance is due to improved collection rates and higher revenue from permits and tender document sales. In addition, anticipated VAT refunds are not budgeted for, contributing to the variance.

24. Interest Income

Interest income exceeded budget as surplus funds, including VAT refunds, were invested in various short-term deposit accounts to support future capital purchases.

25. Fines, Penalties and Forfeits

Traffic fines and penalties are not budgeted for due to their unpredictable nature.

26. Service Charges

Revenue from billed waste-collection services was lower than anticipated. Cash management and debt recovery initiatives are being strengthened to improve future collections.

27. Finance Costs

Finance costs were overestimated in the budget due to an incorrect calculation of expected interest charges.

28. Transfers and Subsidies – Operational

Operational transfers and subsidy payments were recorded under payments to suppliers, resulting in the variance.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Difference in percentage (%)	Reference

29. Purchase of Property, Plant and Equipment

The budgeted acquisition of yellow plant was postponed due to revised priorities and budgetary constraints.

30. Proceeds from Sale of Property, Plant and Equipment

Proceeds from asset disposals are not budgeted for unless a planned and authorised auction is scheduled. The current-year proceeds relate to insurance recoveries on damaged municipal vehicles.

31. Repayment of Other Financial Liabilities

The variance is due to the exclusion of the interest component in the budget.

Accounting Policies

Figures in Rand	Note(s)	2025	2024

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003) MFMA and the Division of Revenue Act 24 of 2024 (DORA).

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.

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

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

1.1 Presentation currency

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

The amounts presented in the Annual Financial Statements are rounded-off to the nearest Rand.

1.2 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.

1.3 Materiality

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

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

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. These estimates and underlying assumptions are reviewed on an ongoing basis.

Trade receivables and/or loans and receivables

The municipality assesses its trade receivables and loans and 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 and loans and 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.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

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.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand and interest.

Provisions

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

Useful lives of Property,Plant and Equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property plant and equipment. This estimate is based on the pattern in which an asset's future economic benefit or service potential are expected to be consumed by the municipality. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives, and vice versa.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 13.

Effective interest rate

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

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Provision for impairment

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

An impairment of the trade receivables is accounted for by reducing the carrying amount of the trade receivable through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When the trade receivable is uncollectable, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Provision for impairments is calculated by categorising the outstanding debtors into three:
Category A are those who are regular payers and the debt is from 30 - 60 days. The provision is provided for at 15% depending on other risk factors.
Category B are those who are irregular payers and the debt is from 60 - 120 days. The provision is provided for at 25% depending on other risk factors.
Category C are bad payers and debt that is more than 120 days. The provision is provided for at 50%, depending on other risk factors.

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.

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 municipality 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.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised. Major inspection costs are depreciated in line with the depreciation method of the underlying asset, taking into account the remaining useful life of that asset.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. All assets that can be classified as assets and that are constructed by the Municipality should be recorded in the asset register and depreciated over their estimated useful life for that category of asset. Work in progress shall be flagged as such in the asset register until such time that the facility is completed. Depreciation will commence when the construction of the asset is finalised and the asset is in the condition necessary for it to operate in the manner intended by management.

Accounting Policies

1.5 Property, plant and equipment (continued)

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

Item	Depreciation method	Average useful life
Community Assets	Straight-line	5-30 Years
Furniture and Office Equipment	Straight-line	5-15 Years
Other Assets	Straight-line	10-30 Years
ICT Infrastructure	Straight-line	5-80 Years
Storm Water Infrastructure	Straight-line	5-80 Years
Road Infrastructure	Straight-line	5-80 Years
Water Supply Infrastructure	Straight-line	5-80 Years
Computer Equipment	Straight-line	5-30 Years
Machinery and Equipment	Straight-line	5-30 Years
Transport Assets	Straight-line	5-30 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.

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.

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.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 7).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 7).

Accounting Policies

1.6 Intangible assets

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	2- 5 Years

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

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. Financial instruments are classified into three categories namely, financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost. The Municipality determines the classification of its financial instruments at initial recognition.

Initial recognition and measurement - A financial instrument is recognised, when the Municipality becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added or deducted from the fair value, as appropriate on initial recognition.

Subsequent measurement – financial assets
Financial assets consist of cash and cash equivalents, deposits, receivables and investments. Receivables are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Accounting Policies

1.7 Financial instruments (continued)

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Changes in the carrying amount of the provision is recognised in the Statement of Financial Performance. When a receivable is considered uncollectable, it is written off against the provision. Any gains or losses arising from the change in fair value of investments measured at fair value are recognised in the Statement of Financial Performance.

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably are subsequently measured at cost less any impairment. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Any calculated impairment is recognised in the Statement of Financial Performance.

Subsequent measurement – financial liabilities
Financial liabilities consist of payables, interest bearing loans and bank overdrafts. These liabilities are subsequently measured at amortised cost, using the effective interest rate method. Finance costs are expensed in the Statement of Financial Performance in the period in which they are incurred except where stated otherwise (see accounting policy on borrowing costs).

Fair value measurement considerations
The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the Municipality establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-specific inputs.

1.8 Leases

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

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

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.

Accounting Policies

1.8 Leases (continued)

Operating leases - lessee

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

1.9 Construction contracts and receivables

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

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

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

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

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

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

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

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

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

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

1.10 Impairment of cash-generating assets

Management exercises judgement in designating assets as cash-generating or non-cash-generating based on their purpose and use. Cash-generating assets are expected to generate a commercial return, while non-cash-generating assets are held primarily to provide services to the community.

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.

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

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.

Cash-generating assets comprise buildings and residential properties that are rented out at market-related rates with the intention of generating income adequate to cover the operational requirements of those assets.

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 Municipality's 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.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

impairment loss for a cash-generating asset and/or individual asset is recognised immediately in surplus or deficit in the Statement of Financial Performance when the asset's recoverable amount falls below its carrying amount, based on an impairment assessment triggered either annually (where applicable) or when indicators of impairment arise

The municipality reviews assets at each reporting date for indicators of impairment. Where an asset's carrying amount exceeds its recoverable service amount, an impairment loss is recognised. Previously recognised impairment losses are reversed when there is an indication that the loss has decreased, but only to the extent that the carrying amount does not exceed the amount that would have been determined, net of depreciation, had no impairment been recognised. Reversals are recognised in the Statement of Financial Performance.

1.11 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

Accounting Policies

1.11 Employee benefits (continued)

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

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

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.12 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.

1.12 Provisions and contingencies (continued)

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.

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

Provisions are not recognised for future operating surplus (deficit).

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 44.

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;

Accounting Policies

1.12 Provisions and contingencies (continued)

- 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.

1.13 Commitments

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

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.

1.14 Unconditional grants

Equitable share allocations are recognised in revenue at the start of the financial year.

1.15 Revenue from 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.

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 refuse removal) to the other party in exchange.

Measurement

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

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 municipality 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.

Sale of goods (License and Permits)

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

the Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;

the Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- the amount of revenue can be measured reliably;

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality; and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Accounting Policies

1.15 Revenue from Exchange transactions (continued)

Rendering of services

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

the amount of revenue can be measured reliably;

it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;

the stage of completion of the transaction at the reporting date can be measured reliably; and

the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Service charges

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements.

Accounting Policies

1.16 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the municipality receives value from another municipality without directly giving approximately equal value in exchange.

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.

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

Measurement

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

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

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the Municipality is entitled to collect. Subsequent to initial recognition and measurement, the Municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate:

Government grants

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality,
- The amount of the revenue can be measured reliably, and
- To the extent that there has been compliance with any restrictions associated with the grant.

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

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

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

Donations and Contributions

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue:

Licences and Permits

Revenue from licences and permits is recognised when the event giving rise to the revenue has occurred, the amount can be measured reliably, and it is probable that the economic benefits or service potential will flow to the municipality. Such revenue is typically recognised upon issue of the licence or permit.

Interest on Outstanding Receivables

Interest on outstanding receivables is recognised as revenue using the effective interest rate method, in accordance with GRAP 23: Revenue from Non-Exchange Transactions and GRAP 104: Financial Instruments. Interest is accrued on all overdue consumer and other receivable accounts from the date such amounts become due, to the extent that the recovery of the interest is considered probable.

Rental of facilities and equipment

Revenue from rental of facilties is recognised on a monthly basis on the properties rented out on long term leases while short term leases are recognised on issue of invoice.

Operational revenue

Revenue from operational revenue is recognised when the event giving rise to the revenue has occurred, the amount can be measured reliably, and it is probable that the economic benefits or service potential will flow to the municipality

Tender documents

Revenue from tender documents is recognised when the event giving rise to the revenue has occurred, the amount can be measured reliably, and it is probable that the economic benefits or service potential will flow to the municipality. Such revenue is typically recognised upon printing and issue of the tender documents.

1.17 Investment income

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

1.18 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Conditional Grants

Conditional grants recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance

1.20 Unauthorised expenditure

‘‘Unauthorised expenditure’’, in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—

- overspending of the total amount appropriated in the municipality’s approved budget;
- overspending of the total amount appropriated for a vote in the approved budget:
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraphs (b), (c) or (d) of the definition of ‘‘allocation otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with this Act;

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.

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

1.21 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).

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

1.22 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).

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Segment information

Basis of segmentation

Segment were identified based on the MFMA S71 monthly budget statements that are reviewed by the executive management and council to make strategic decisions and in monitoring segment performance. The disclosure of information about segments in these reports are organised around the type of service delivered in a standardised format, and is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18.

Segments are aggregated for reporting purposes when management considered that the economic characteristics and nature or services are sufficiently similar to warrant aggregation. The components of each aggregated segment is explained under the description of operations of the segments.

Reportable segments are identified based on activities of the municipality that generates economic benefits or service potential including internal services that contribute to achieving the municipality’s objectives without necessarily generating net cash inflows.

Accounting Policies

1.23 Segment information (continued)

Accounting policy and measurement basis

The accounting policies of the reportable segments are the same as the municipality’s accounting policies.

Inter-segment pricing is determined on an arm’s length basis, similar to transactions with third parties. Inter-segment revenues are eliminated upon consolidation and reflected in the “elimination of intersegment transactions” column of the segment report.

Geographic information

All the municipality’s operations are located in the Republic of South Africa in the KwaMbonambi area.

A segment is an activity of an municipality:

- 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.

1.24 Comparative of actual information to budgeted 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 the 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 economic classification linked to performance outcome objectives.

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

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

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budged amounts are reported in a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Statement giving motivations for over- or under spending on line items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2024 to 30 June 2025.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

1.25 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.

Accounting Policies

1.25 Related parties (continued)

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.

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 favorable 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.

1.26 Events after reporting date

Events after reporting date are those events, both favorable and unfavorable, 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.

1.27 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. Statutory receivables can arise from both exchange and non-exchange transactions.

Statutory receivables include:

- VAT, Licences and property rates
- Fines usually breach of law

- Recognition
  If the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
  If the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or

- Initial measurement

The Municipality initially measures statutory receivables at their transaction amount.

- Subsequent measurement

Accounting Policies

1.27 Statutory receivables identification (continued)

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.

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 policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

- Derecognition

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

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 Financial Instruments(revised)	01 April 2025	Unlikely there will be a material impact
• GRAP 1 Presentation of Financial Statements	01 April 2025	Unlikely there will be a material impact
• IGRAP 21 on The Effect of Past Decisions on Materiality	01 April 2025	Unlikely there will be a material impact

2.2 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:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 1 (amended)	Effective date to be determined	Unlikely there will be a material impact
• Amendments to GRAP 1: going concern	Effective date to be determined	Unlikely there will be a material impact
• Amendments (Improvements to Standards of GRAP)	Effective date to be determined	Unlikely there will be a material impact

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

3. Receivables from exchange transactions

Refuse	1,712,672	1,388,801
Provision for debt Impairment - refuse	(1,296,044)	(1,238,263)
Deposit on land acquisition	5,071,232	-
Prepayments	129,565	129,565
Rent receivable	14,346	89,781
Other receivables	2,137,132	2,595,433
Creditors with debit balances	-	101,750
	7,768,903	**3,067,067**

Refuse		
Current (0-30 days)	55,000	95,628
31 - 60 days	36,890	23,058
61 - 90 days	30,894	93,860
91 - 120 days	27,460	82,438
121 - 365 days	1,061,563	697,986
	1,211,807	**992,970**

Interest		
Current (0-30 days)	8,947	38,120
31 - 60 days	8,507	9,192
61 - 90 days	8,432	37,416
91 - 120 days	9,336	32,863
121 - 365 days	465,643	278,239
	500,865	**395,830**

Rent receivable		
Current (0-30 days)	129,565	89,781
	129,565	**89,781**

Deposit on land acquisition

The municipality has paid a deposit towards the acquisition of a property that is currently undergoing a formal subdivision process. The transaction will be finalised upon completion of the subdivision and related regulatory approvals. Management anticipates that the transfer of the property will be fully concluded within the next 12 months.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Receivables from Non exchange transactions

Gross balances		
Property rates	60,491,728	42,187,699
Traffic Fines	1,943,713	1,467,724
	62,435,441	**43,655,423**
Less: Allowance for impairment		
Property rates	(30,016,647)	(17,160,559)
Traffic Fines	(1,826,628)	(1,367,674)
	(31,843,275)	**(18,528,233)**
Net balance		
Property rates	30,475,081	25,027,140
Traffic fines	117,085	100,050
	30,592,166	**25,127,190**
Rates		
Current (0 -30 days)	1,819,403	7,308,972
31 - 60 days	23,518,861	1,575,544
61 - 90 days	1,391,031	1,387,486
91 - 120 days	1,142,119	1,276,182
121 - 365 days	26,569,950	26,322,834
	54,441,364	**37,871,018**
Interest		
Current (0 -30 days)	212,398	51,206
31 - 60 days	188,558	133,882
61 - 90 days	183,064	131,277
91 - 120 days	178,132	115,303
121 - 365 days	5,288,212	3,885,014
	6,050,364	**4,316,682**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Receivables from Non exchange transactions (continued)

Summary of property rates by customer classification

Residential		
Current (0 -30 days)	498,632	202,860
31 - 60 days	378,330	128,222
61 - 90 days	368,574	111,963
91 - 120 days	349,170	100,827
121 - 365 days	9,397,438	4,085,618
	10,992,144	4,629,490
Less: Allowance for impairment	(9,742,007)	(4,484,685)
	1,250,137	**144,805**

Commercial and Industrial		
Current (0 -30 days)	1,301,753	1,026,724
31 - 60 days	1,131,977	1,295,536
61 - 90 days	1,067,485	1,121,123
91 - 120 days	899,163	1,006,091
121 - 365 days	14,835,979	13,148,268
	19,236,357	17,597,742
Less: Allowance for impairment	(12,164,074)	(13,044,324)
	7,072,283	**4,553,418**

National and provincial government		
Current (0 -30 days)	231,415	5,128,696
31 - 60 days	22,197,113	285,667
61 - 90 days	138,033	285,667
91 - 120 days	71,919	284,566
121 - 365 days	7,624,746	13,975,871
	30,263,226	19,960,467
Less: Allowance for impairment	(8,530,025)	-
	21,733,201	**19,960,467**

Total		
Current (0 -30 days)	2,031,801	7,028,386
31 - 60 days	23,707,420	1,709,426
61 - 90 days	1,574,093	1,518,763
91 - 120 days	1,320,252	1,391,485
121 - 365 days	31,858,162	30,539,639
	60,491,728	42,187,699
Less: Allowance for impairment	(30,016,647)	(17,160,559)
	30,475,081	**25,027,140**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Receivables from Non exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Statutory receivables included in receivables from non-exchange transactions are as follows, on a gross basis:

Property rates	60,491,728	42,187,699
Traffic fines	1,943,713	1,467,724
	62,435,441	**43,655,423**

Statutory receivable that are past due and impaired included in receivables from non-exchange transactions are as follows:

Property rates	(30,016,647)	(17,160,559)
Traffic fines	(1,826,628)	(1,367,674)
	(31,843,275)	**(18,528,233)**

Statutory receivables included in receivables from non-exchange transactions above are as follows, net of impairment:

Property rates	30,475,081	25,027,140
Traffic fines	117,085	100,050
	30,592,166	**25,127,190**

Interest or other charges levied/charged

The Municipality charges interest on all outstanding rates debtors' balances older than 30 days in respect of rate accounts at a simple interest rate of prime plus 1% determined as at 28 February of each year for the financial year starting 1 July.

No interest is charged on outstanding fines, and any additional penalties applied by the court is paid by the offender to the court directly, and is therefore not considered to be revenue for the Municipality.

Basis used to assess and test whether a statutory receivable is impaired

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

If there is an indication that a statutory receivable, or 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 receivable is reduced. The amount of the loss is recognised in the surplus or deficit.

During the current financial year, the municipality reviewed its credit-risk environment and noted changes in circumstances affecting the recoverability of government-related receivables. As a result, the municipality revised its impairment assessment methodology to include government debtors in the calculation of expected credit losses. The change aligns the municipality’s approach with updated risk profiles and ensures more accurate measurement of impairments in accordance with GRAP 104.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. VAT receivable

VAT Receivable	2,807,257	804,197

VAT reconciliation		
Opening balance	804,197	1,999,438
VAT payable (output)	(303,895)	(250,257)
VAT receivable (input)	14,741,529	13,844,340
VAT adjustments	(12,163)	(29,621)
Prior period adjustments (see note 47)	-	42,752
VAT refunds	(12,422,411)	(14,802,455)
	2,807,257	**804,197**

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash in transit	7,934	7,775
Transactional bank accounts	11,546,229	5,147,467
Investments held	34,133,409	14,983,416
	45,687,572	**20,138,658**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

6. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
ABSA Bank- Account Type- Cheque- 40 5385 7155	684,454	3,917,748	3,196,093	684,454	3,917,748	3,196,093
ABSA Bank- Account Type- Traffic- 40 7854 4599	95,058	88,460	77,556	95,058	88,460	77,556
ABSA Bank- Account Type- INEP- 92 8652 5057	-	1,123	1,065	-	1,123	1,065
ABSA Bank- Account Type- MIG- 92 8651 3913	-	1,380	1,310	-	1,380	1,310
ABSA Bank- Account Type- EPWP - 92 861 3769	-	997	997	-	997	997
ABSA Bank- Account Type- FMG- 92 8652 5340	-	1,225	1,163	-	1,225	1,163
ABSA Bank- Account Type- MSIG- 92 8651 3028	-	1,512	1,435	-	1,512	1,435
ABSA Bank- Account Type- Call- 91 0739 9765	-	2,142	2,142	-	2,142	2,142
ABSA Bank- Account Type- Traffic- 40 6506 2322	99,404	62,348	21,025	99,404	62,348	21,025
ABSA Bank- Account Type Cheque -93 3848 2339	1,165,611	544,344	239,146	1,165,611	544,344	239,146
Nedbank Bank -Account Type- Call account- 1766000029	-	-	17,829,789	-	-	17,933,798
Nedbank Bank -Account Type- Call Account - 03/788101811	-	1,281,836	-	-	1,281,836	-
ABSA Bank -Account Type- Reserve Account -9374542719	295,979	12,259,880	11,377,116	295,979	12,259,880	11,377,116
FNB Bank -Account Type- Reserve Account -6306222888	10,861,775	1,229,718	-	10,861,775	1,229,718	-
Standard Bank - Account Type - Call Account -068747667 -001	16,185,725	738,171	-	16,185,725	738,171	-
ABSA Bank -Account Type- Call Account - 9389984976	16,281,421	-	-	16,281,421	-	-
Nedbank -Account Type Call account -03 7881018011	9,433	-	-	10,162	-	-
Total	**45,678,860**	**20,130,884**	**32,748,837**	**45,679,589**	**20,130,884**	**32,852,846**

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	16,742,853	-	16,742,853	16,742,853	-	16,742,853
Machinery and Equipment	6,070,947	(2,675,679)	3,395,268	6,854,502	(3,300,779)	3,553,723
Furniture and Office Equipment	8,165,263	(5,377,940)	2,787,323	7,563,375	(4,723,380)	2,839,995
Computer Equipment	5,973,061	(3,764,806)	2,208,255	6,183,299	(3,231,463)	2,951,836
Road Infrastructure	224,181,847	(86,414,676)	137,767,171	215,811,071	(69,467,815)	146,343,256
Community Assets	242,611,569	(81,371,906)	161,239,663	225,363,754	(70,154,212)	155,209,542
Storm Water Infrastructure	5,751,630	(630,449)	5,121,181	4,242,074	(494,973)	3,747,101
Water Supply Infrastructure	28,646	(16,924)	11,722	28,646	(14,972)	13,674
Buildings	65,634,441	(23,669,362)	41,965,079	65,634,442	(20,957,317)	44,677,125
Work in Progress	23,124,194	(439,131)	22,685,063	13,879,187	(439,131)	13,440,056
Transport Assets	29,026,011	(14,381,956)	14,644,055	29,753,975	(11,184,376)	18,569,599
ICT Infrastructure	3,083,353	(2,275,772)	807,581	3,083,354	(1,872,411)	1,210,943
Total	**630,393,815**	**(221,018,601)**	**409,375,214**	**595,140,532**	**(185,840,829)**	**409,299,703**

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2025

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	16,742,853	-	-	-	-	-	-	16,742,853
Machinery and Equipment	3,553,723	448,295	(38,195)	-	-	(568,553)	-	3,395,268
Furniture and office equipment	2,839,995	748,767	(22,703)	57,000	-	(835,959)	-	2,787,323
Computer Equipment	2,951,836	324,276	(180,775)	-	-	(887,242)	-	2,208,255
Road Infrastructure	146,343,256	-	(747,105)	9,920,912	-	(15,458,923)	(2,291,229)	137,767,171
Community Assets	155,209,547	-	(13,279)	17,275,788	(5)	(8,510,316)	(2,722,066)	161,239,663
Storm Water Infrastructure	3,747,101	19,383	(1,475)	1,497,085	-	(95,647)	(45,267)	5,121,181
Water Supply Infrastructure	13,674	-	-	-	-	(1,952)	-	11,722
Buildings	44,677,125	-	-	-	-	(2,316,956)	(395,090)	41,965,079
Work-in-Progress	13,440,056	37,995,848	-	(28,750,785)	-	-	-	22,685,063
Transport Assets	18,569,599	-	(309,937)	-	-	(3,615,607)	-	14,644,055
ICT Infrastructure	1,210,943	-	-	-	-	(403,360)	-	807,581
	409,299,708	**39,536,569**	**(1,313,469)**	**-**	**(5)**	**(32,694,515)**	**(5,453,652)**	**409,375,214**

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2024

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Impairment reversal	Total
Land	16,742,853	-	-	-	-	-	-	-	16,742,853
Machinery and Equipment	2,870,329	102,679	(19,975)	1,057,344	-	(456,654)	-	-	3,553,723
Furniture and Office Equipment	3,076,616	606,347	(37,641)	-	2,613	(807,940)	-	-	2,839,995
Computer Equipment	3,157,270	452,860	(10,156)	175,140	4,367	(827,645)	-	-	2,951,836
Road Infrastructure	124,581,143	-	-	35,770,256	-	(14,008,143)	-	-	146,343,256
Community Assets	122,051,637	11,700	-	41,607,577	-	(8,110,315)	(351,057)	-	155,209,547
Storm Water Infrastructure	3,831,445	-	-	-	-	(84,344)	-	-	3,747,101
Water Supply Infrastructure	15,632	-	-	-	-	(1,958)	-	-	13,674
Buildings	47,030,902	-	-	-	-	(2,353,777)	-	-	44,677,125
Work-in-Progress	59,142,442	31,682,493	-	(78,610,317)	-	-	-	1,225,438	13,440,056
Transport Assets	12,130,194	10,120,138	(469,843)	-	52,513	(3,263,403)	-	-	18,569,599
ICT Infrastructure	1,615,407	-	-	-	-	(404,466)	-	-	1,210,943
	396,245,870	**42,976,217**	**(537,615)**	**-**	**59,493**	**(30,318,645)**	**(351,057)**	**1,225,438**	**409,299,708**

Pledged as security

There is no Property, plant and equipment pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. Property, plant and equipment (continued)

Property, plant and equipment- Fully depreciated

The Municipality had two hundred and eleven (211) assets included in the Fixed Asset Register which have a net book value of zero for the 30 June 2025 financial year, while there were thirty one assets (31) included in the Fixed Assets Register which had a net book value of zero for 30 June 2024. These assets are in a poor condition and have been budgeted for replacement.

The Municipality will therefore continue to measure these assets at a net book value of zero.

The class of assets which are affected as well as the total cost is detailed below:

Furniture and office equipment	18,279	23,140
Computer equipment	24,805	55,582
Intangible assets	-	82,041
Storm water infrastructure	11,145	-
Machinery and equipment	-	24,099
Transport assets	-	4,815
	54,229	**189,677**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Furniture and office equipment	149,091	308,183
Solid Waste Infrastructure	-	702,990
Community assets	4,437,631	7,580,648
Other assets	-	21,046
Transport assets	4,579,093	3,834,869
Machinery and equipment	1,186,820	101,170
Storm water	454,518	265,834
Computer equipment	-	109,688
Road Infrastructure	4,029,402	5,123,793
	14,836,555	**18,048,221**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality.

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress June 2025

	Road Infrastructure	Community Assets	Buildings	Total
Opening balance	2,335,698	10,508,049	596,256	13,440,003
Additions/capital expenditure	22,829,504	15,166,344	-	37,995,848
Other movements	-	-	-	-
Transferred to completed items	(11,417,997)	(17,332,788)	-	(28,750,785)
	13,747,205	**8,341,605**	**596,256**	**22,685,066**

Reconciliation of Work-in-Progress June 2024

	Road Infrastructure	Community Assets	Machinery and Equipment	Buildings	Total
Opening balance	17,509,237	40,643,152	990,000	-	59,142,389
Additions/capital expenditure	20,596,717	10,247,036	242,484	596,256	31,682,493
Other movements	-	1,225,438	-	-	1,225,438
Transferred to completed items	(35,770,256)	(41,607,577)	(1,232,484)	-	(78,610,317)
	2,335,698	**10,508,049**	**-**	**596,256**	**13,440,003**

Projects taking longer to complete

ICT server room	596,256	596,256

Notes to the Annual Financial Statements

Figures in Rand

8. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,646,492	(1,587,896)	58,596	1,646,492	(1,556,376)	90,116

Reconciliation of intangible assets - June 2025

	Opening balance	Amortisation	Total
Computer software	90,116	(31,520)	58,596

Reconciliation of intangible assets - June 2024

	Opening balance	Amortisation	Total
Computer software, other	212,070	(121,954)	90,116

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

9. Payables from exchange transactions

Trade payables	6,767,001	3,522,699
Unallocated deposits	208,190	185,566
Accrued leave pay	6,702,743	5,592,338
Accrued Bonus	2,187,215	1,831,716
Accruals	2,388,346	348,740
Other creditors	55,847	39,595
Debtors with credit balance	1,430,572	1,108,154
	19,739,914	**12,628,808**

10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Title Deeds Restoration Grant	200,000	200,000
Development Planning and Shared Services Grant	172,498	172,498
Small Town Rehabilitation Grant	336,034	336,034
Schemes Support Programme Grant	60,800	60,800
Maintenance of Sport Facilities Grant	(3)	663,792
Market Stalls Grant	-	1,000,000
Municipal Disaster Response Grant	3,254,787	-
	4,024,116	**2,433,124**

See note 23 for reconciliation of grants from National/Provincial Government.

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

11. Other financial liabilities

At amortised cost		
ABSA Loan	1,741,842	2,757,755

The following loan bears interest at 10.93% per annum, with bi-annual installments of R 611,853.57 in January and July of each year. The loan is fully repayable by 1 July 2026.

Non-current liabilities		
At amortised cost	611,854	1,676,578

Current liabilities		
At amortised cost	1,129,988	1,081,177

12. Retention

Current portion	5,900,111	4,922,486

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Employee benefit obligation

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

Carrying values

Present value of the defined benefit obligation - wholly unfunded (LSA)	2,485,000	2,098,000
Non-current liabilities	2,034,000	1,929,000
Current liabilities	451,000	169,000
	2,485,000	**2,098,000**

The municipality provides certain long term service bonus awards. The municipality offers bonuses for every 5 years of completed services from 5 years to 20 years. Long term service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed out. Municipal employees, in most cases choose to exercise the option to convert their accumulated leave bonus to cash

The most recent actuarial valuation of plan assets and the present value of the defined obligation were carried out at 30 June 2024 by Ms. Julian van der Spuy. Fellow of the Actuarial Society of South Africa and Ms. Elmarie Swanepoel employee of ZAQEN Actuaries (Pty)Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit funding method

Long service awards

The number of members entitled to receive long service leave awards from the municipality were as follows:

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Employee benefit obligation (continued)

Gender		
Male	89	78
Female	70	58
	159	**136**

Movements in the present value of the defined benefit obligations were as follows:		
Opening balance	2,098,000	1,970,000
Net expenses recognised in the statement of financial performance	387,000	128,000
	2,485,000	**2,098,000**

The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	276,000	255,000
Interest paid	230,000	205,000
Benefits paid	(220,122)	(275,000)
Actuarial (gains)/losses	101,122	(57,000)
	387,000	**128,000**

Assumptions used at the reporting date:

Long service benefits are awarded in the form of leave days and a percentage of salary. The awarded leave days have been converted into a percentage of the employee's annual salary. The conversion is based on a 249 working day year and therefore the benefits awarded can be expressed as follows:

Completer years of services	Long Services Leave Award (Working Days)	Formula used to calculate total Long Service Benefit award
5	5	(5/249)
10	10	(10/249)
15	20	(20/249)
20	30	(30/249)

The calculated award values are then discounted at the assumed discount interest rate to the date of calculation. The mortality, retirements and withdrawals from services as set out in the next section was also allowed.

The accrued liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable, Further is it assumed that the current policy for awarding long service awards remains unchanged in the future.

Financial Variables

The following are assumed values for these variables:

Financial Variable	Assumed value 30-06-2025	Assumed Value at 30-06-2024		
Discount Rate	Yield Curve	Yield Curve	-	-
CPI (Consumer Price Inflation)	Difference between nominal and real yield curve	Difference between nominal and real yield curve	8	8
Normal salary Increase Rate	Equal to CPI +1%	Equal to CPI+1%	1	1
Net Effective Discount Rate	Yield Curve Based**	Yield Curve Based**	1	1
			10	**10**

The nominal and zero curves was used as at 30 June 2025 supplied by the JSE to determine the discounted rates and CPI assumptions at each relevant time period.

Notes to the Annual Financial Statements

13. Employee benefit obligation (continued)

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

The implied duration of the liability for this valuation is 5,42 years. It is however important to note that this is solely for indicative purposes as we use the entire yield curve to obtain our financial variables

Financial Variable	Assumed Value 30-06-2025	Assumed Value 30-06-2024
Discount Rate	8.88%	10.94%
CPI (Consumer Price Inflation)	3.85%	6.04%
Normal Salary Increase Rate	4.85%	7.04%
Net Effective Discount Rate	3.84%	3,46%

The assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2025 of 5,01%.

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

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

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

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

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

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

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

Sensitivity Analysis

In order to illustrate the sensitivity of the results to changes in certain key variables, The liabilities have been recalculated using the following assumptions:

- 20% increase/decrease in the assumed level of withdrawal rates;
- 1% increase/decrease in the Normal Salary cost inflation

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Employee benefit obligation (continued)

	-20% Withdrawal rate	Valuation Assumption	+20% Withdrawal rate
Total Accrued Liability	2,612,000	2,485,000	2,368,000
Current service Cost	361,000	338,000	317,000
Interest Cost	239,000	226,000	215,000
	3,212,000	**3,049,000**	**2,900,000**

Withdrawal rate

Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the Municipality. If the actual rates of withdrawal turn out to be higher than the rates assumed in the valuation basis, then the cost to the Municipality in the form of benefits will reduce and vice versa.
The effect of higher and lower withdrawal rates have been illustrated by increasing and decreasing the withdrawal rates by 20%.

Normal salary inflation

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability of future employees.

The effect of a 1% p.a. change have been tested in the Normal Salary inflation assumption. The effect is as follows:

	-1% Normal salary inflation	Valuation Assumptio n	+1% Normal salary inflation
Total Accrued Liability	2,370,000	2,485,000	2,607,000
Current Service Cost	318,000	338,000	359,000
Interest Cost	215,000	226,000	238,000
	2,903,000	**3,049,000**	**3,204,000**

14. Service charges

	2025	2024
Refuse removal	756,867	698,029

15. Construction contracts and receivables

Agreements that meet all the criteria in terms of GRAP 11

The cost basis was utilised to compute the percentage of completion of the contract. The percentage of completion arises from the cost incurred in the current period over the estimated total cost.Contract Revenue is measured at the fair value of the contract revenue received. The revenue measurement is affected by uncertainties that depend on outcomes of future events.

	2025	2024
Contract revenue recognised	3,258,571	3,966,448
Contract expenditure incurred	(4,198,428)	(3,966,448)
VAT input claimed	583,445	594,967
Contract deferred income	-	(3,258,571)
Total amount repaid	-	727,018
Project retention held	(731,058)	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Rental of facilities and equipment

Premises		
Rental of facilities and equipment	1,094,768	1,039,103

17. License and permits

Learner driver application	66,765	10,322

See Note 53 for disclosure related to the Principal/Agent relationship with the Department of Transport.

18. Operational revenue

Clearance certificates	5,280	7,040
Administration fees	359,203	224,125
Tender documents	101,798	43,639
Insurance claim	885,646	-
Building plans	67,848	11,404
Staff recoveries	558,840	176,944
	1,978,615	**463,152**

19. Interest revenue

Interest on investment	5,863,584	4,595,142
Interest on outstanding receivables	105,035	86,042
	5,968,619	**4,681,184**

20. Property rates

Rates received

Property rates	61,545,517	60,807,079
Less: Income forgone	(17,062,452)	(17,542,155)
	44,483,065	**43,264,924**

Property rates by category		
Residential Properties	8,358,370	8,574,937
Agricultural Properties	5,629,592	5,608,567
Business and Commercial Properties	20,684,704	19,379,822
Public Service Infrastructure Properties	-	79,716
State-owned Properties	26,872,850	27,164,037
	61,545,516	**60,807,079**

Property rates foregone		
Residential Properties	(3,147,939)	(3,260,833)
Agricultural Properties	(2,533,317)	(2,506,719)
Business and Commercial Properties	(6,172,080)	(6,218,894)
Public Service Infrastructure Properties	-	(68,556)
State-owed Properties	(5,209,116)	(5,487,153)
	(17,062,452)	**(17,542,155)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

20. Property rates (continued)

Valuations

Agricultural	1,546,916,000	1,538,356,000
Commercial	142,600,000	150,060,000
Industrial	209,290,000	210,390,000
Municipal	99,430,000	99,430,000
Place of worship	3,000,000	3,000,000
Public benefit organisation	25,150,000	25,150,000
Public service infrastructure	21,900,000	21,900,000
Public service purposes	420,121,000	420,121,000
Residential	548,522,001	547,962,001
Vacant land	22,798,000	22,798,000
	3,039,727,001	**3,039,167,001**

The Municipality of uMfolozi has determined the rates payable on all rate-able property within the area of uMfolozi Municipality financial year effective from 01 July 2024 to 30 June 2025. The Budget related tariffs were approved by Council at its meeting held on the 29 May 2024. The revised Property Rates Tariffs before rebates are as follows:

Property Rates Category - Tariffs		
Agricultural	0.00344	0.00344
Business and commercial	0.05819	0.05819
Industrial	0.05819	0.05819
Residential	0.01457	0.01457
Public Service Purposes	0.06548	0.06548
Public Service Infrastructure	0.00364	0.00364
Church/PBO	Exempt	Exempt
Municipal Properties	Exempt	Exempt

21. Licences and permits (non-exchange)

Licences and permits	364,140	403,257

22. Interest on outstanding receivables

Interest - Property rates	1,912,319	1,234,819

23. Government grants & subsidies

Operating grants		
Equitable share	186,274,000	177,234,000
Library Grant	3,328,000	2,472,000
Financial Management Grant	1,800,000	1,850,000
Expanded Public Works Program Grant	2,099,000	2,012,000
Maintenance of Sport Facilities Grant	663,795	933,672
	194,164,795	**184,501,672**

Capital grants		
Municipal Infrastructure Grant	37,418,000	32,179,504
Market Stalls Grant	2,000,000	1,000,000
Municipal Disaster Response Grant	2,045,213	-
	41,463,213	**33,179,504**
	235,628,008	**217,681,176**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Government grants & subsidies (continued)

Conditional and Unconditional

Included in above are the following grants and subsidies received and spent:

Conditional grants received	49,354,008	40,447,176
Unconditional grants received	186,274,000	177,234,000
	235,628,008	**217,681,176**

Equitable Share

In terms of section 227 of the Constitution, this grant is used to enable the municipality to provide basic services and perform functions allocated to it. The Equitable Share Grant also provides funding to the municipality to deliver free basic services to poor households and to subsidise costs of administration and other core services of the municipality. The grant is realised in full upon receipt.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	-	256,505
Current-year receipts	37,418,000	32,180,000
Conditions met - transferred to revenue	(37,418,000)	(32,179,505)
Repayment	-	(257,000)
	-	-

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

The grant is mainly used to fund infrastructure related projects (mainly as part of the service delivery). Capitalised projects funded by this grant are included in property, plant and equipment whilst the unspent portion of the grant is included in current liabilities.

Spatial Development Framework Grant

Balance unspent at beginning of year	-	260,964
Repayment	-	(260,964)
	-	-

See note 47 for the prior period adjustment processed.

Library Grant

Current-year receipts	3,328,000	2,472,000
Conditions met - transferred to revenue	(3,328,000)	(2,472,000)
	-	-

The purpose is to fund capital projects and maintenance of library facilities of the community.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Government grants & subsidies (continued)

Financial Management Grant

Balance unspent at beginning of year	-	50,000
Current-year receipts	1,800,000	1,850,000
Conditions met - transferred to revenue	(1,800,000)	(1,850,000)
Other	-	(50,000)
	-	**-**

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

Title Deeds Restoration Grant

Balance unspent at beginning of year	200,000	200,000

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

Development Planning and Shared Services Grant

Balance unspent at beginning of year	172,498	172,498

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

Small Town Rehabilitation Grant

Balance unspent at beginning of year	336,034	336,034

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

Schemes Support Program Grant

Balance unspent at beginning of year	60,800	60,800

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

Maintenance of Sport Facilities Grant

Balance unspent at beginning of year	663,793	567,465
Current-year receipts	-	1,030,000
Conditions met - transferred to revenue	(663,793)	(933,672)
	-	**663,793**

Market stalls grant

Balance unspent at beginning of year	1,000,000	2,000,000
Current-year receipts	1,000,000	-
Conditions met - transferred to revenue	(2,000,000)	(1,000,000)
	-	**1,000,000**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Government grants & subsidies (continued)

Expanded Public Works Programme Grant

Current-year receipts	2,099,000	2,012,000
Conditions met - transferred to revenue	(2,099,000)	(2,012,000)
	-	-

The purpose of the grant is incentives for municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas, in compliance with EPWP guidelines.

Municipal Disaster Response Grant

Current-year receipts	5,300,000	-
Conditions met - transferred to revenue	(2,045,213)	-
	3,254,787	**-**

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

24. Fines, Penalties and Forfeits

Motor licenses and traffic fines	525,189	611,750
Illegal Dumping Fines	4,864	1,523
	530,053	**613,273**

25. Revenue

Service charges	756,867	698,029
Construction contracts	3,258,571	3,966,448
Rental of facilities and equipment	1,094,768	1,039,103
Licences and permits	66,765	10,322
Licences and permits - non-exchange	364,140	403,257
Operational revenue	1,978,615	463,152
Interest on investment	5,968,619	4,681,184
Property rates	44,483,065	43,264,924
Interest on outstanding receivables	1,912,319	1,234,819
Government grants & subsidies	235,628,008	217,681,176
Fines, Penalties and Forfeits	530,053	613,273
	296,041,790	**274,055,687**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	756,867	698,029
Construction contracts	3,258,571	3,966,448
Rental of facilities and equipment	1,094,768	1,039,103
Licences and permits	66,765	10,322
Operational revenue	1,978,615	463,152
Interest on investment	5,968,619	4,681,184
	13,124,205	**10,858,238**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	44,483,065	43,264,924
Licences or permits	364,140	403,257
Interest on outstanding receivables	1,912,319	1,234,819
Transfer revenue		
Government grants & subsidies	235,628,008	217,681,176
Fines, Penalties and Forfeits	530,053	613,273
	282,917,585	**263,197,449**

26. Employee related costs

Basic	58,356,101	54,087,866
Bonus	3,696,535	3,167,226
Medical aid	4,055,644	3,601,650
UIF	417,120	398,175
Pension	7,608,164	7,089,687
Leave pay provision charge	1,991,463	2,494,719
Overtime payments	2,023,018	1,734,219
Acting allowances	380,373	678,986
Car allowance	6,790,658	7,271,992
Housing benefits and allowances	182,292	180,250
Cellphone allowances	838,834	702,519
Stand-by allowance	1,397,745	1,591,872
Group life insurance	2,249,791	2,110,208
Bargaining council	27,306	25,743
	90,015,044	**85,135,112**

Senior management remuneration included in employee related cost is as follows:

Remuneration of Municipal Manager - F.S. Mazibuko

Annual Remuneration	62,537	-
Travel Allowance	26,802	-
Contributions to UIF, Medical and Pension Funds	177	-
Cellphone Allowance	2,860	-
	92,376	**-**

Appointment date 01 June 2025.

Remuneration of Chief Financial Officer - MT Nkosi

Annual Remuneration	884,266	71,009
Acting allowance (Municipal Manager)	107,207	-
Contributions to UIF, Medical and Pension Funds	2,125	177
Cellphone allowance	25,740	1,950
	1,019,338	**73,136**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

26. Employee related costs (continued)

Remuneration of Corporate and Community Services Director - KH Zulu

Annual Remuneration	266,574	-
Travel Allowance	114,246	-
Contributions to UIF, Medical and Pension Funds	886	-
Cellphone allowance	10,725	-
	392,431	**-**

Appointment date is 01 February 2025

Remuneration of former Corporate Services Director - AS Shandu

Annual Remuneration	91,371	634,189
Travel Allowance	36,856	263,078
Cellphone allowance	2,145	23,400
Contributions to UIF, Medical and Pension Funds	531	2,125
Leave encashment	76,656	-
Acting allowance	14,966	-
	222,525	**922,792**

Termination date 31 July 2024.

Remuneration of former Technical Services Director - N. Qwabe

Annual Remuneration	400,848	248,531
Travel Allowance	183,498	106,513
Contributions to UIF, Medical and Pension Funds	1,594	886
Cellphone allowance	16,049	9,750
Leave encashment	31,141	-
Acting allowance	35,789	-
	668,919	**365,680**

Appointed on the 01st February 2024 and terminated on the 15th of Feb 2025

Remuneration of former Community Services Director- SS Maphanga

Annual Remuneration	17,320	295,827
Acting Allowance	-	424
Travel Allowance	3,651	118,247
Cellphone allowance	-	10,126
Contributions to UIF, Medical and Pension Funds	177	1,195
Leave encashment	-	31,141
	21,148	**456,960**

Termination date 06 December 2023

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

26. Employee related costs (continued)

Remuneration of former Acting Municipal Manager - PM Manqele

Annual Remuneration	-	6,348
Travel Allowance	-	1,115
Contributions to UIF, Medical and Pension Funds	-	72
	-	**7,535**

Was acting Municipal Manager from 09th of September 2022 to 31st of October 2022

Remuneration of former acting Corporate Services Director - BL Zondo

Annual Remuneration	-	38,328
Travel Allowance	-	9,582
Contributions to UIF, Medical and Pension Funds	-	196
Cellphone allowance	-	1,316
	-	**49,422**

Was acting Director of Corporate Services from 26th of September 2023 to 13th of October 2023

Remuneration of former Municipal Manager - KE Gamede

Annual Remuneration	99,662	305,591
Travel Allowance	46,582	128,062
Leave encashment	-	23,341
Contributions to UIF, Medical and Pension Funds	-	1,048
Cellphone allowance	4,514	12,530
	150,758	**470,572**

Termination date 18 of August 2024.

Remuneration of former Municipal Manager - LS Jili

Annual Remuneration	25,850	451,444
Travel Allowance	5,993	187,664
Contributions to UIF, Medical and Pension Funds	177	1,417
Leave encashment	-	61,269
	32,020	**701,794**

Termination date 31 January 2024

Remuneration of former Chief Financial Officer - ZJ Ndlovu

Annual Remuneration	26,080	426,381
Travel Allowance	5,497	174,017
Contributions to UIF, Medical and Pension Funds	177	1,419
Leave encashment	-	47,910
	31,754	**649,727**

Termination date 25 February 2024

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

26. Employee related costs (continued)

Remuneration of former Technical Services Director - SG Hlatshwayo

	2025	2024
Annual Remuneration	15,141	272,514
Travel Allowance	2,569	84,058
Cellphone allowance	-	8,552
Contributions to UIF, Medical and Pension Funds	172	1,063
Leave encashment	-	136,029
	17,882	**502,216**

Termination date 10 November 2023

Application of Government Gazette No. 50737 – Upper Limits for Senior Managers

In terms of Government Gazette No. 50737, municipalities are required to apply and adhere to the prescribed upper limits when determining the remuneration packages, including salaries, benefits, and allowances, of the Municipal Manager and senior managers for the 2023/2024 financial year. The Gazette further requires municipalities to align their remuneration structures with these prescribed limits and to obtain council approval and budget confirmation prior to implementing any adjustments to managerial compensation, in compliance with the national regulations issued by the Minister. Accordingly, all senior managers who were part of the municipal staff complement during the 2023/2024 financial year were remunerated with back pay during the 2024/2025 financial year, in line with the approved adjustments.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

27. Remuneration of councillors

Hon. Mayor	1,034,084	1,018,140
Deputy Mayor	487,184	495,776
Hon. Speaker	836,854	818,278
Executive committee members	1,381,638	1,370,703
MPAC chairperson	770,750	759,565
Chief Whip	460,546	456,992
All other Councillors	9,711,809	9,656,554
	14,682,865	**14,576,008**

Honourable Mayor - X.M. Bhengu

Salary and backpay	975,601	955,365
Other allowances	11,479	9,567
Cellphone and data allowance	47,004	53,208
	1,034,084	**1,018,140**

Deputy Mayor - T.B. Biyela

Salary and backpay	326,501	319,447
Travel allowance	108,834	106,482
Cellphone and data allowance	47,004	53,208
Other allowances	4,845	4,555
	487,184	**483,692**

Former Deputy Mayor- N.N. Gumede

Salary and backpay	-	9,892
Cellphone and data allowance	-	2,193
	-	**12,085**

Speaker - M.M. Mthiyane

Salary and backpay	780,482	764,292
Other allowances	9,368	7,825
Cellphone and data allowance	47,004	46,161
	836,854	**818,278**

MPAC - S.Z. Mtetwa

Salary and backpay	537,752	525,185
Travel allowance	179,251	175,062
Cellphone and data allowances	47,004	53,208
Other allowances	6,743	6,110
	770,750	**759,565**

Chief Whip - C.Makhunga

Salary and backpay	408,201	399,736
Cellphone and data allowance	47,004	53,208
Other allowances	5,341	4,048
	460,546	**456,992**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

27. Remuneration of councillors (continued)

Executive Committee members - S.P. Mpanza, B.T. Ntombela and N.S. Ngubane

Salary and backpay	1,224,603	1,197,577
Other allowances	16,023	13,502
Cellphone and data allowance	141,012	159,624
	1,381,638	**1,370,703**

All other councillors

Salary and backpay	8,103,294	7,908,910
Cellphone and data allowance	1,269,108	1,429,981
Travel allowance	231,542	226,753
Other allowances	107,865	90,910
	9,711,809	**9,656,554**

In-kind benefits

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

The Hon. Mayor. Hon. Speaker and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

28. Depreciation,impairment loss and amortisation

Machinery and Equipment	568,553	456,654
Furniture and office equipment	835,959	807,940
Computer Equipment	887,242	827,645
Intangible assets	31,520	121,954
Road Infrastructure	15,458,923	14,008,143
Community Assets	8,509,757	8,110,314
Storm Water Infrastructure	95,647	84,344
Water Supply Infrastructure	1,952	1,958
Buildings	2,316,956	2,353,777
Transport Assets	3,615,607	3,263,403
ICT Infrastructure	403,360	404,466
	32,725,477	**30,440,598**

29. Finance costs

Employee benefit obligations	230,000	205,000
Other financial liabilities	207,793	309,317
Interest paid	7,260	3,235
	445,053	**517,552**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

30. Lease rentals on operating lease

Lease rentals on operating lease - Photocopiers		
Contractual amounts	975,885	934,715

Operating lease payments represents rentals payable by the municipality for certain of its photocopiers

31. Debt impairment

Refuse Removal	5,888	314,640
Traffic Fines	458,953	525,474
Property Rates	12,907,098	6,636,330
	13,371,939	**7,476,444**

32. Inventory consumed

Inventory consumed	1,544,252	2,211,226

33. Contracted services

Outsourced Services		
Burial Services	23,000	-
Catering Services	3,702,587	4,225,505
Cleaning Services	2,133,277	1,925,337
Fire Services	178,877	11,762
Other contractors	181,868	753,451
Refuse Removal	143,000	-
Researcher	66,054	80,920
Transport Services	14,400	-
Consultants and Professional Services		
Business and Advisory	11,415,883	14,739,458
Infrastructure and Planning	741,344	-
Legal Cost	697,452	1,904,206
Contractors		
Artists and Performers	361,000	-
Electrical	4,198,428	3,966,448
Event Promoters	395,694	292,969
Maintenance of unspecified assets	14,836,554	17,960,807
Medical Services	684,465	875,985
Photographer	-	20,000
Plants, Flowers and Other Decorations	27,910	-
Safeguard and Security	7,931,794	7,386,673
Sewerage Services	3,528,331	4,027,357
Stage and Sound Crew	1,162,450	1,507,297
	52,424,368	**59,678,175**

34. Transfer and subsidies

Other subsidies		
Councillors donations	2,237,188	5,386,110

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

35. Operational Costs

Advertising and publicity	4,143,717	8,173,263
Auditors remuneration	2,388,246	3,261,045
Bank charges	107,807	132,375
Bursaries and training	169,652	6,500
Community development and training	817,402	786,847
Computer expenses	2,768,501	2,405,550
Conferences and seminars	692,795	352,860
Consulting and professional fees	445,496	1,368,492
Consumables	-	177,386
Entertainment	42,869	63,847
Fuel and oil	5,590,282	6,099,723
Gifts and promotions	5,298,213	3,344,388
Hire Charges	4,595,314	5,105,567
Hostel charges	768,836	633,345
Indigent	1,534,953	1,359,261
Insurance	1,744,823	1,300,949
Levies	246,232	142,396
Membership and professional fees	1,145,149	-
Minor assets	-	34,640
Municipal services	2,768,512	2,717,518
Municipal disaster relief	-	631,600
Postage and courier	1,938	-
Printing and stationery	455,145	567,762
Protective clothing	220,230	35,524
Repairs and maintenance	68,560	39,260
Sitting allowance	22,000	10,000
Skills development levy	867,371	831,420
Telephone and fax	2,187,179	2,891,979
Travel - local	5,310,185	6,018,254
Uniforms	1,753,151	1,658,053
Ward committees remuneration	2,496,950	2,359,200
Workmen's Compensation	619,752	478,082
	49,271,260	**52,987,086**

36. Impairment losses

Impairments		
Property, plant and equipment	5,453,652	351,057
Reversal of impairments		
Property, plant and equipment	-	(1,225,438)
Total impairment losses (recognised) reversed	**5,453,652**	**(874,381)**

The municipality recognised an impairment loss on certain road and community assets, including sports fields, community halls, and crèches, during the 2024/2025 financial year. The impairment was as a result of damage caused by heavy rains and storms, which significantly reduced the service potential of the affected assets.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. Cash generated from operations

Surplus	31,970,530	15,857,569
Adjustments for:		
Depreciation and amortisation	32,725,447	30,440,598
(Profit)/ Loss on disposal of property, plant and equipment	734,185	(154,034)
Gain on newly discovered assets	-	(59,493)
Impairment loss (reversal)	5,453,652	(874,381)
Debt impairment	13,371,939	7,476,444
Bad debts written off	89,000	-
Movements in retirement benefit assets and liabilities	101,122	(57,000)
Prior period adjustments	-	362,180
Changes in working capital:		
Receivables from non-exchange transactions	(18,321,064)	(23,159,606)
Receivables from exchange transactions	(4,701,836)	(1,098,013)
Payables from exchange transactions	4,097,525	771,860
Unspent conditional grants and receipts	1,590,992	528,860
Retention	977,625	(1,400,317)
Deferred Revenue	(3,258,571)	2,531,553
	64,830,546	**31,166,220**

38. Auditors' remuneration

External audit Fees	2,388,246	3,261,045

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

39. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Community assets	714,136	10,695,924
• Roads	3,766,001	-
	4,480,137	**10,695,924**

Total capital commitments		
Already contracted for but not provided for	4,480,137	10,695,924

Authorised operational expenditure

Already contracted for but not provided for		
• Provision of ICT and advisory services	744,633	5,572,342
• Provision of cleaning and hygiene services	-	4,256,362
• Install and maintenance of telephone services	473,144	1,734,093
• Financial support	1,728,803	4,015,686
• General valuation and preparation of valuation	265,429	286,443
• Provision of dislodging of septic tank services	3,474,264	9,018,310
• Short term insurance	826,869	-
• Photocopier machines, rental and maintenance	1,150,245	-
• Provision of website maintenance services	360,640	-
• Provision of safety and security	197,156	-
	9,221,183	**24,883,236**

Total operational commitments		
Already contracted for but not provided for	9,221,183	24,883,236

Total commitments

Total commitments		
Authorised capital expenditure	4,480,137	10,695,924
Authorised operational expenditure	9,221,183	24,883,236
	13,701,320	**35,579,160**

40. Financial instruments disclosure

Categories of financial instruments

June 2025

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	7,768,903	7,768,903
Other receivables from non-exchange transactions	30,592,166	30,592,166
Cash and cash equivalents	45,687,572	45,687,572
	84,048,641	**84,048,641**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	1,741,842	1,741,842
Trade and other payables from exchange transactions	10,849,956	10,849,956
Retentions	5,900,111	5,900,111
Employee benefit obligation	2,034,000	2,034,000
	20,525,909	**20,525,909**

June 2024

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	3,067,067	3,067,067
Other receivables from non-exchange transactions	25,127,190	25,127,190
Cash and cash equivalents	20,138,658	20,138,658
	48,332,915	**48,332,915**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	2,757,755	2,757,755
Trade and other payables from exchange transactions	5,204,754	5,204,754
Retentions	4,922,486	4,922,486
Employee benefit obligation	1,929,000	1,929,000
	14,813,995	**14,813,995**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. Related parties

Relationships

Members of key management with significant influence	Refer to note 26
Councillors with significant influence and control	Refer to note 27

Related party balances

Accounts receivable - Owing (to) by related parties		
Mrs M. Thusi - PMU Manager	(137)	1,389
Ms A.S Shandu - Director Corporate Services (Former)	-	389
Mrs S.D. Skhakhane (LED Manager)	-	3,303

Amounts stipulated as property rates are the amounts owed by the employees to the municipality as at 30 June 2025.

No councillors nor key management own properties whose rates are levied within the municipality's jurisdiction for the year besides those mentioned above.

No councillors nor key management owed the municipality in respect of traffic fines as at 30 June 2025.

Amounts incurred in waste removal and water usage with related party		
King Cetshwayo District Municipality	1,070,512	1,373,372

King Cetshwayo district municipality is a district municipality that provides services of water and waste removal to the municipality and the amounts stipulated as waste removal and water usage is the amount owing as at 30 June 2025.

Management information

Class	**Number**
Hon. Mayor	1
Hon. Deputy Mayor	1
Non-executive board members	3
Hon. Speaker	1
Hon. Deputy Speaker	1
Councillors	28
EXCO Chair Person	1
Chief Whip	1
Accounting Officer	1
Senior Management	2

Notes to the Annual Financial Statements

Figures in Rand

41. Related parties (continued)

Remuneration of management

Management class: Section 56 managers

2025

Name	Annual remuneration	Travel and subsistence allowance	Contribution to UIF	Cellphone allowance	Acting allowance	Total
F.S. Mazibuko	62,537	26,802	-	2,860	-	92,199
M.T. Nkosi	884,266	-	2,125	25,740	107,207	1,019,338
K.H. Zulu	266,574	111,246	886	10,725	-	389,431
	1,213,377	**138,048**	**3,011**	**39,325**	**107,207**	**1,500,968**

2024

Name	Annual remuneration	Travel and subsistence allowance	Leave paid out	Contribution to UIF	Cellphone allowance	Acting allowance	Total
L.S. Jili	451,444	187,664	61,269	1,417	-	-	701,794
M.T. Nkosi	71,009	-	-	177	1,950	-	73,136
Z.J. Ndlovu	426,381	174,017	47,910	1,419	-	-	649,727
A.S. Shandu	634,189	263,078	-	2,125	23,400	-	922,792
S.G. Hlatshwayo	272,514	84,058	136,029	1,063	8,552	-	502,216
S.S. Maphanga	295,827	118,247	31,141	1,195	10,126	424	456,960
P.M. Manqele	6,348	1,115	-	72	-	-	7,535
K.E. Gamede	305,591	128,062	23,341	1,048	12,530	-	470,572
N. Qwabe	248,531	106,513	-	866	9,750	-	365,660
B.L. Zondo	38,328	9,582	-	196	1,316	-	49,422
	2,750,162	**1,072,336**	**299,690**	**9,578**	**67,624**	**424**	**4,199,814**

Notes to the Annual Financial Statements

Figures in Rand

41. Related parties (continued)

Management class: Councillors

2025

Name	Basic salary	Backpay	Travel allowance	Cellphone allowance	Data allowance	Other benefits received	Total
Executive Mayor - Cllr.X.M. Bhengu	938,786	36,815	-	43,200	3,804	11,479	1,034,084
Deputy Mayor - Cllr. T.M. Biyela	314,214	12,287	108,834	43,200	3,804	4,845	487,184
Speaker - Cllr. M.M. Mthiyane	751,030	29,452	-	43,200	3,804	9,368	836,854
Chief Whip - Cllr. C. Makhunga	392,798	15,403	-	43,200	3,804	5,341	460,546
B.T. Ntombela (EXCO Member)	392,798	15,403	-	43,200	3,804	5,341	460,546
S.P. Mpanza (EXCO member)	392,798	15,403	-	43,200	3,804	5,341	460,546
N.S. Ngubane (EXCO Member)	392,798	15,403	-	43,200	3,804	5,341	460,546
S.Z Mtetwa (MPAC)	517,459	20,293	179,251	43,200	3,804	6,743	770,750
S.G. Mthethwa	297,085	11,637	-	43,200	3,804	3,988	359,714
B.V. Mhlongo	297,085	11,637	-	43,200	3,804	3,988	359,714
P.M. Gumbi	297,085	11,637	-	43,200	3,804	3,988	359,714
M.N. Nxumalo	297,085	11,637	-	43,200	3,804	3,988	359,714
T. Ndimande	297,085	11,637	-	43,200	3,804	3,988	359,714
S.E. Sibiya	297,085	11,637	-	43,200	3,804	3,988	359,714
A.M. Mtshali	297,085	11,637	-	43,200	3,804	3,988	359,714
T.N. Msweli	297,085	11,637	-	43,200	3,804	3,988	359,714
N. Conco	297,085	11,637	-	43,200	3,804	3,988	359,714
B.P. Sithole	297,085	11,637	-	43,200	3,804	3,988	359,714
M.E. Shobede	297,085	11,637	-	43,200	3,804	3,988	359,714
B.S. Bhengu	222,814	8,728	77,180	43,200	3,804	3,988	359,714
NR.L. Keyser	222,814	8,728	77,180	43,200	3,804	3,988	359,714
M.B. Makhaza	297,085	11,637	-	43,200	3,804	3,988	359,714
T.D. Ngwenya	297,085	11,637	-	43,200	3,804	3,988	359,714
H.B. Hadebe	297,085	11,637	-	43,200	3,804	3,988	359,714
N.B. Mkhwanazi	2,979	-	-	-	-	200	3,179
S.S. Gazu	297,085	11,637	-	43,200	3,804	3,988	359,714
S.M. Shabangu	297,085	11,637	-	43,200	3,804	3,988	359,714
M.Shabalala	297,085	11,637	-	43,200	3,804	3,988	359,714

Notes to the Annual Financial Statements

Figures in Rand

41. Related parties (continued)

A.S.Msibi	297,085	11,637	-	43,200	3,804	3,988	359,714
T.Z Mdhletshe	297,085	11,637	-	43,200	3,804	3,988	359,714
E.S. Mthethwa	297,085	11,637	-	43,200	3,804	3,988	359,714
K.S.C. Xaba	297,085	11,637	-	43,200	3,804	3,988	359,714
K. Mlambo	297,085	11,637	-	43,200	3,804	3,988	359,714
TSW Ndawonde	297,085	8,001	-	43,200	3,804	3,976	356,066
S.R. Thabethe	222,814	8,728	77,180	43,200	3,804	3,988	359,714
G.M. Khumalo	297,085	11,637	-	43,200	3,804	3,988	359,714
	11,894,142	**462,295**	**519,625**	**1,512,000**	**133,140**	**161,663**	**14,682,865**

2024

Name	Basic salary	Backpay	Travel allowance	Cellphone allowance	Data allowance	Other benefits received	Total
Executive Mayor - Cllr.X.M. Bhengu	911,633	43,732	-	45,600	7,608	9,657	1,018,230
D. Mayor - Cllr. T.M. Biyela	305,144	14,303	106,482	45,600	7,608	4,555	483,692
Former D. Mayor - Cllr. N.N. Gumede	9,893	-	-	848	1,344	-	12,085
Speaker - Cllr. M.M. Mthiyane	729,307	34,985	-	38,553	7,608	7,825	818,278
Chief Whip - Cllr. C. Makhunga	381,438	18,298	-	45,600	7,608	4,048	456,992
B.T. Ntombela (EXCO Member)	381,298	18,298	-	45,600	7,608	4,097	456,901
S.P. Mpaza (EXCO Member)	381,298	18,298	-	45,600	7,608	4,097	456,901
N.S. Ngubane (EXCO Member)	381,298	18,298	-	45,600	7,608	4,097	456,901
S.Z Mtetwa (MPAC)	525,185	-	175,062	45,600	7,608	6,110	759,565
S.G. Mthethwa	288,498	13,840	-	45,600	7,608	3,347	358,893
B.V. Mhlongo	288,498	13,840	-	45,600	7,608	3,347	358,893
P.M. Gumbi	288,498	13,840	-	45,600	7,608	3,347	358,893
M.N. Nxumalo	288,498	13,840	-	45,600	7,608	3,347	358,893
T. Ndimande	288,498	13,840	-	45,600	7,608	3,347	358,893
S.E. Sibiya	288,498	13,840	-	45,600	7,608	3,347	358,893
A.M. Mtshali	288,498	13,840	-	45,600	7,608	3,347	358,893
T.N. Msweli	288,498	13,840	-	45,600	7,608	3,347	358,893
N. Conco	288,498	13,840	-	45,600	7,608	3,347	358,893
B.P. Sithole	288,498	13,840	-	45,600	7,608	3,347	358,893
M.E. Shobede	288,498	13,840	-	45,600	7,608	3,347	358,893

Notes to the Annual Financial Statements

Figures in Rand

41. Related parties (continued)

B.S. Bhengu	216,374	10,380	75,584	45,600	7,608	3,347	358,893
N.R.L. Keyser	216,374	10,380	75,584	45,600	7,608	3,347	358,893
M.B. Makhaza	288,498	13,840	-	45,600	7,608	3,347	358,893
T.D. Ngwenya	288,498	13,840	-	45,600	7,608	3,347	358,893
H.B. Hadebe	288,498	13,840	-	45,600	7,608	3,347	358,893
N.B. Mkhwanazi	96,660	13,840	-	17,147	5,102	2,017	134,766
T.Z. Mdhletshe	288,498	13,840	-	45,600	7,608	3,347	358,893
S.S. Gazu	288,498	13,840	-	45,600	7,608	3,347	358,893
S.M. Shabangu	288,498	13,840	-	45,600	7,608	3,347	358,893
M. Shabalala	288,498	13,840	-	45,600	7,608	3,347	358,893
A.S. Msibi	288,498	13,840	-	45,600	7,608	3,347	358,893
T.S.W. Ndawonde	169,905	-	-	25,200	2,219	1,858	199,182
E.S. Mthethwa	288,498	12,928	-	45,402	7,295	3,334	357,457
S.R. Thabethe	216,374	10,380	75,584	45,600	7,608	3,347	358,893
G.M. Khumalo	288,498	13,840	-	45,600	7,608	3,347	358,893
K.S.C. Xaba	288,498	13,840	-	45,600	7,608	3,347	358,893
K. Mlambo	288,498	9,226	-	44,600	6,023	3,279	351,626
	11,557,635	**523,986**	**508,296**	**1,585,350**	**265,439**	**135,302**	**14,576,008**

Additional information

The salaries, allowances and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

42. Risk management

Financial risk management

The municipality’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Municipality’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality’s financial performance. Risk management is carried out by a central treasury department (municipality treasury) under policies approved by the Accounting Officer. The Accounting Officer provides written principles for overall 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.

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

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Trade and other payables	10,849,956	-	-
Unspent conditional grants	4,024,115	-	-
Other financial liabilities	1,129,988	611,854	-
Retention	5,900,111	-	-

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Trade and other payables	5,204,754	-	-
Unspent conditional grants	2,433,123	-	-
Other financial liabilities	1,081,177	1,676,578	-
Retention	4,922,486	-	-

Amounts previously disclosed as financial liabilities in respect of employee leave and bonus accruals were included in error. These items are not financial liabilities for the purpose of that note and are accounted for under the requirements of GRAP 25; the disclosure has been corrected accordingly.

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 group of customers, taking into account their financial position, past experience and other factors

Cash and cash equivalents	45,687,572	20,138,658
Trade and other receivables from exchange transactions	7,768,903	3,067,067
Trade and other receivables from non-exchange transactions	30,592,166	25,127,190
	84,048,641	**48,332,915**

Notes to the Annual Financial Statements

42. Risk management (continued)

Market risk

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

43. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the municipality will continue to receive grants from National and Provincial Governments as well as continue to levy rates and charge for services provided to consumers. The proceeds are presumed to be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The following indicators have a negative outlook on the going concern of the municipality:

A material impairment of rates receivables amounting to R30,016,647 (2024: R17,160,559) was recognised, arising from the debt impairment of receivables from non-exchange transactions due to the continued non-collection of outstanding balances.

Despite the above negative indicators, the municipality is a going concern because of the following:

It is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution.

	2024/25	**2025/26**	**2026/27**
Finance Management Grant	1,800,000	1,900,000	2,000,000
Expanded Public Works Program	2,099,000	-	-
Municipal Infrastructure Grant	38,418,000	31,537,000	33,991,000
Equitable Share	186,274,000	183,824,000	176,112,000
	228,591,000	**217,261,000**	**212,103,000**

44. Contingencies

A service provider has lodged a claim against the municipality, which is currently being contested. Municipal attorneys assess the likelihood of success as low, contingent on the municipality demonstrating that the contract was terminated by mutual agreement and that all payments were fully settled. The service provider may pursue legal action. Potential legal costs are estimated between R75,000 and R100,000, while the total claim amounts to R106,184.

There are no other pending contingent liabilities.

45. Events after the reporting date

Council is not aware of any material reportable events that may have taken place after the reporting date.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

46. Change in estimate

Transport Assets	-	4,814
Computer Equipment	-	55,581
Furniture and Office Equipment	-	23,139
Intangible Assets	-	82,041
Machinery and Equipment	-	24,099
	-	189,674

In terms of the requirements of GRAP 17 the useful lives of all asset items were reviewed by management at year end. The remaining useful live expectations of some asset items differed from previous estimates. This resulted in a revision of The remaining useful live expectations of some asset items differed from previous estimates. This resulted in a revision of an decrease in the depreciation charges for the financial period ended 30 June 2024.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Prior period errors

Statement of Financial Position

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	Reference
Assets						
Current Assets						
Receivables from exchange transactions	3	2,361,589	1,073,928	(368,450)	3,067,067	[1] & [5]
VAT receivable	5	761,445	42,752	-	804,197	[2]
Receivables from non-exchange transactions	4	25,328,809	(570,069)	368,450	25,127,190	[3] & [5]
Total Assets		**28,451,843**	**546,611**	**-**	**28,998,454**	
Liabilities						
Payables from exchange transactions		(12,301,046)	(327,762)	-	(12,628,808)	[2]
Unspent conditional grants and receipts	10	(2,694,087)	260,964	-	(2,433,123)	[4]
Total Liabilities		**(14,995,133)**	**(66,798)**	**-**	**(15,061,931)**	
Net Assets						
Accumulated surplus		(429,948,375)	(479,813)	-	(430,428,188)	[2]
Total Net Assets		**(429,948,375)**	**(479,813)**	**-**	**(430,428,188)**	

During the year, the municipality identified several prior-period errors arising from omissions, incorrect classifications, and information that only became available in the current financial year. The financial statements have been restated to correct these errors in accordance with GRAP 3. The nature of each error is detailed below.

1. Eskom Deposits

It was identified that Eskom held deposits for various municipal sites which had not previously been recognised. A prior-period adjustment was processed to correctly account for these deposits.

2. Unrecognised Service Provider Claim

A service provider submitted a claim for services rendered in prior financial years that had not been recorded. The correction resulted in adjustments to VAT input, trade payables and accumulated surplus.

3. Supplemented Valuation Roll Adjustments

The implementation of the supplemented valuation roll revealed properties that were incorrectly classified in prior years. This resulted in inaccuracies in billing and interest charged on overdue accounts. A prior-period error was recognised to correct property rates revenue and interest charges.

4. Unspent Conditional Grant Correction

Unspent conditional grants and receipts were reduced by R260,964, with a corresponding adjustment to operational expenditure. The Spatial Development Framework Grant repaid to the District Municipality had been incorrectly expensed instead of being offset against the unspent portion of the grant. This has now been corrected.

5. Reclassifications for mSCOA and GRAP Alignment

Reclassifications were processed to ensure proper alignment with mSCOA and GRAP classification principles. These adjustments did not impact the reported surplus or deficit but improved the accuracy and transparency of the related disclosures.

47. Prior period errors (continued)

Statement of Financial Performance

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	Reference
Property rates	19	43,596,461	(331,537)		43,264,924	[1]
Interest on receivables	21	1,351,501	(30,640)	(86,042)	1,234,819	[1] & [3]
Employee related costs	26	(85,966,532)	-	831,420	(85,135,112)	[3]
Operational costs	35	(54,528,517)	260,964	1,280,467	(52,987,086)	[2] & [3]
Depreciation and amortisation	28	(30,791,655)	-	351,057	(30,440,598)	[3]
Impairment gains/(losses) and reversals	36	1,225,438	-	(351,057)	874,381	[3]
Interest revenue	18	4,595,142	-	86,042	4,681,184	[3]
Licences and permits (exchange)	16	413,579	-	(403,257)	10,322	[3]
Licences and permits (non-exchange)	20	-	-	403,257	403,257	[3]
Inventory consumed	32	-	-	(2,211,226)	(2,211,226)	[3]
Contract costs- INEG	22	(3,966,448)	-	3,966,448	-	[3]
Contracted services	33	(55,811,066)	-	(3,867,109)	(59,678,175)	[3]
Total		**(179,882,097)**	**(101,213)**	**-**	**(179,983,310)**	

During the year, the municipality identified prior-period errors relating to property classifications, conditional grant accounting and financial statement presentation. These errors have been corrected in accordance with GRAP 3. Details are provided below.

1. Supplemented Valuation Roll Adjustments

The implementation of the supplemented valuation roll identified properties that had been incorrectly classified in prior years, resulting in misstated billing and interest charges. A prior-period error has been recognised to correct property rates revenue and interest on overdue balances.

2. Unspent Conditional Grant Correction

Unspent conditional grants and receipts decreased by R260,964, with a corresponding adjustment to operational expenditure. The Spatial Development Framework Grant repaid to the District Municipality had been erroneously expensed instead of being adjusted against the unspent portion of the grant. This error has now been corrected.

3. mSCOA and GRAP Reclassifications

Reclassifications were processed to ensure proper alignment with both mSCOA and GRAP principles. These adjustments had no impact on the reported surplus or deficit but enhanced the accuracy and usefulness of related disclosures.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

48. Unauthorised expenditure

Unauthorised expenditure	230,547,033	191,521,740
Current year	9,085,840	39,025,293
Written-off	(239,632,873)	-
	-	**230,547,033**

The over expenditure incurred by municipal functions during the year is attributable to the following categories
Non-cash
Cash

Analysed as follows: non-cash		
Depreciation, amortisation and impairment	4,071,007	7,188,176
Actuarial losses	101,122	-
Debt impairment	-	6,399,072
Bad debt written off	89,000	-
Loss on disposal of assets	734,185	-
Finance costs	230,000	205,000
	5,225,314	**13,792,248**

Analysed as follows: cash		
Remuneration of councillors	337,878	1,118,684
Lease rentals on operating lease	6,085	-
Contracted services	3,356,753	9,031,274
Transfers and subsidies	99,778	2,641,810
Operational costs	-	7,380,867
Contract costs	-	3,966,448
Inventory consumed	60,032	1,093,962
	3,860,526	**25,233,045**

* See Note 47

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Fruitless and wasteful expenditure

Opening balance as previously reported	2,379,761	2,376,531
Add: Fruitless and wasteful expenditure identified - current	129,055	-
Add: Interest paid	7,260	3,230
Less: Amount written off - current	(961,160)	-
Closing balance	**1,554,916**	**2,379,761**

Interest was incurred on overdue accounts. The fruitless and wasteful expenditure disclosed is exclusive of VAT.

50. Irregular expenditure

Opening balance as previously reported	185,293,331	113,880,046
Add: Irregular expenditure - current	29,899,753	50,638,126
Add: Irregular expenditure - current year identified during the audit	6,218,194	20,775,159
Less: Amount written off - current	(215,193,084)	-
Closing balance	**6,218,194**	**185,293,331**

Analysis of irregular expenditure - Current year

Contravention of Regulation 12 of the SCMR	-	38,998,694
Contravention of MFMA circular 62	7,560,261	-
Contravention of Section 116	2,036,117	-
Contravention of Section 217	12,394,744	-
Contravention of Regulation 17 of the SCMR	163,704	-
Contravention of Regulation 18 of the SCMR	806,960	555,204
Contravention of Regulation 19 of the SCMR	8,180,576	14,570,091
Contravention of Regulation 26 of the SCMR	4,255,774	-
Contravention of Regulation 27 of the SCMR	-	4,223,362
Contravention of Regulation 36 of the SCMR	-	1,323,679
Contravention of Regulation 4(1) of the SCMR	-	8,436,475
Contravention of Regulation 43 of the SCMR	-	2,603,951
Contravention of Regulation 36 of the SCMR	239,097	-
Contravention of Regulation 44 of the SCMR	445,870	-
Contravention of Section 18 of the CIBD Act	-	125,000
Free basic electricity	34,844	576,830
	36,117,947	**71,413,286**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

51. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government (SALGA)

Current year subscription / fee	1,105,718	1,032,750
Amount paid - current year	(1,105,718)	(1,032,750)
	-	-

Audit fees

Current year subscription / fee	2,388,246	3,261,045
Amount paid - current year	(2,388,246)	(3,261,045)
	-	-

PAYE and UIF

Current year subscription / fee	15,965,059	15,156,661
Amount paid - current year	(15,965,059)	(15,156,661)
	-	-

Pension Fund and Medical aid

Current year subscription / fee	11,695,013	7,606,199
Amount paid - current year	(11,695,013)	(7,606,199)
	-	-

VAT

VAT receivable	2,807,257	804,197

VAT output payables and VAT input receivables are shown in note 5.

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

Skills Development Levy

Current year subscription/fee	867,371	831,419
Amount paid - current year	(867,371)	(831,419)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

52. Statutory Receivables

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. The receivables within the scope of GRAP 108, effective for all periods started on or after 1 April 2019.

The following are regarded as statutory receivables;

Statutory Receivable		
VAT receivable	2,807,257	804,197
Receivables from non-exchange transactions	30,592,166	25,127,190
	33,399,423	**25,931,387**

53. Accounting by principals and agents

The municipality is a party to a principal-agent arrangement.

Details of the arrangment(s) is|are as follows:

uMfolozi Local Municipality as an Agent has an agreement with the KwaZulu-Natal Department of Transport for the Agent to provide registration, licensing and testing functions in terms of the applicable national and provincial road traffic legislation.

The Agent shall be entitled to retain fees collected for services provided in terms of the above except to the extent that the Agent shall:

- pay the prescribed fees for the production of each driving licence card as prescribed by the Department; and
- pay 3% (three percent) of all fees collected to the South African Bureau of Standards, no later than the 1st day of January for the preceding 6(six) months and the 1st day of July for the preceding 6 (six) months of each year,

Municipality as agent

Revenue recognised

The aggregate amount of revenue that the municipality recognised as compensation for the transactions carried out on behalf of the principal is 364,970 (2024: 403,232).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

54. Deviations from supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Accounting Officer and noted by Council. The 2024/25 financial year expenses incurred as listed hereunder have been approved by the Accounting Officer and have noted by Council. Furthermore, management did not note any material non-compliance with the Municipal Finance Management Act.

Description	**Month**	**Supplier**	**Reason**	Amount
Assess and Repair of Municipal Refuse Truck	December	Alaysa Investments	Single provider hence Alaysa Investment is the Manufacture of the Vehicle in question	126,877
Repairs of broken brackets on canopy	August	Amandla Ethu Equipment CC	Impractical to follow SCM processes	11,132
Training for Town Planner	August	AMC Africa CC T/A Red	Single service provider	10,293
Attend to Machine Leaking hydraulic pipe, routine maintenance	September, October and November	Asenzenathi Trading and Supply	Emergency	284,209
Municipal Grader 772G Assess and repair	September and January	Bell Equipment	Single provider hence Bell Equipment is the Manufacture of Grader in question	376,639
Repairs and maintenance of vehicle	October and November	Bidvest Macarthy	Emergency	22,725
Blockage at Mzingazi Library	February	Ekazwide Enterprise	Single service provider	33,000
Desludging and Unblocking of Sewer Line	November	Faliphi Construction	Emergency	87,224
Competency assessment for municipal manager and SM:Technical Services	May	Gijima Holdings (Pty)Ltd	Goods or service available from single provider only	21,600
Petrol cards for hired vehicle	May	Halfway Vehicle Hire	Single service provider	23,000
Registration fee for annual conference	October	IMPSA	Goods or service available from single provider only	20,100
Plumbing services, assess and repair sewer blockage	January	Isabelo Saka Mdluli	Emergency	9,200
Repairs of left spring for municipal box shape truck	April	Isuzu Richards Bay	Emergency	33,310
Assess and repair of municipal vehicle	December	McCarthy Toyota	Emergency	33,872
Plumbing services, assess and repair sewer blockage	January	Mcyhlo Trading	Emergency	53,700
Repair and maintenance of lawnmower	Nov, Feb, April and May	Mow-Care Lawnmower Service	Emergency	39,081
Plumbing of municipal offices	November	MSV Plumbsolution and Projects	Emergency	45,020
Repair and maintenance of municipal tractor slasher	February	Nobendu Pty Ltd	Emergency	34,980
Repair of slasher for a tractor	November	Powertech	Impractical to follow supply chain process	40,330
Consultation-EAP	February	Prowess Wellness Solutions	Impractical to follow supply chain processes	8,900
Supply and Replace of cutting edges for grader 772G and repairs to TLBs	August, Oct, Feb and May	RB Plant Repair and Maintenance	Emergency Breakdown	198,024
Supply of Grader Tyre 772G	December	SABRM Projects	Emergency	28,300
Mzingazi community hall electric faulty	January	SBZ Projects	Emergency on electric fault	32,602
Repairs of laptop	August	SKL Computer Services	Impractical to follow supply chain processes	85,911

* See Note 47

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

54. Deviations from supply chain management regulations (continued)

Supply and replacement of grader tyre and other components	December, Jan and April	Supa Quick	Emergency breakdown	136,225
Various electric faults	Nov, Jan and March	Teevo Trading	Strip and quote, emergency	276,574
Repair of hydraulic pump for compactor truck	March	Thula Bona Engineering	The Zululand Observer is the only locally published daily that is freely accessible to the community and is published in English.	55,165
Training for Ms N.P Zungu and Mbuyazi	November	Traffic Training College	Single service provider	5,234
Assess and resolve blockage at Mzingazi Community Hall and library	November	Volcano Projects Pty Ltd	Emergency Plumbing Blockage le	87,580
Repair and maintenance of fire skid unit	April	Youtrade 71cc	Impractical to follow supply chain processes	63,266
				2,284,073

* See Note 47

Notes to the Annual Financial Statements

55. Segment information

General information

Identification of segments

The municipality were organised based on the type and nature of service delivered by the Municipality.These services are delivered in various municipal departments, which for reporting purposes are allocated to a standarised functional area (guided by mSCOA regulations).Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis.

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

Types of goods and/or services by segment

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as set out below :

Reportable segment	Goods and/or services
Community and social services	Provision of an acceptable standard of social services, environmental and health services, emergency services, community safety and road traffic management.
Energy Sources and Environmental Protection	This segment consists of all services for energy supply to the communities by providing a link between Eskom and electricity consumers through electrification programme entered into between the municipality and Eskom. Facilitating campaigns for environmental protection in the community.
Executive and Council	This segment consists of services such as executive services, support services to the executive and finance and administration services.
Finance and Administration	Provision of financial and administrative services to other segments of the municipality
Planning and Development	Provision of planning and development including policy and procedures. Co-ordination work relating to the preparation of the Annual Development Programme
Public Safety	This segment consists of various departments with aligned objectives. It is responsible for traffic enforcement, and crime prevention.
Road Transport	Construction and maintenance of roads and infrastructure owned by the municipality.
Sports and Recreation	Provision of advancement of participation in sport and recreation, fast-tracking the revival of sport, talent identification and optimization of talent, empowerment programmes.
Waste Management	This segment consists of all services for the management of waste, collection and disposal of waste in a safe manner as required by legislation. Ensure the general cleanliness in the community streets, public spaces and rivers.

Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

Segment surplus or deficit, assets and liabilities

June 2025

	Community and social services	Energy Sources and Environmental Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
Revenue										
Service charges	-	-	-	-	-	-	-	-	756,867	756,867
Rental of facilities and equipment	-	-	-	1,094,768	-	-	-	-	-	1,094,768
Licences and permits	-	-	-	66,765	-	364,140	-	-	-	430,905
Operational revenue	-	-	388,224	1,590,391	-	-	-	-	-	1,978,615
Interest revenue	-	-	-	5,968,619	-	-	-	-	-	5,968,619
Contract income	-	3,258,571	-	-	-	-	-	-	-	3,258,571
Property rates	-	-	-	44,483,065	-	-	-	-	-	44,483,065
Government grants and subsidies	5,328,000	-	-	188,074,000	1,153,121	2,045,213	36,264,879	663,795	2,099,000	235,628,008
Fines, penalties and forfeits	4,864	-	-	-	-	525,189	-	-	-	530,053
Interest on outstanding receivables	-	-	-	1,912,319	-	-	-	-	-	1,912,319
Total segment revenue	**5,332,864**	**3,258,571**	**388,224**	**243,189,927**	**1,153,121**	**2,934,542**	**36,264,879**	**663,795**	**2,855,867**	**296,041,790**
Impairment (loss) / gain										(5,453,652)
Profit on disposal of municipal assets										(734,185)
Actuarial loss										(101,122)
Total revenue reconciling items										**(6,288,959)**
Municipality's revenue										**289,752,831**

Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

	Community and social services	Energy Sources and Environmental Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
Expenditure										
Employee related costs	(14,289,158)	-	(6,247,406)	(33,598,716)	(8,005,362)	(13,254,324)	(8,104,615)	(1,196,538)	(5,318,925)	(90,015,044)
Remuneration of councillors	-	-	(14,682,865)	-	-	-	-	-	-	(14,682,865)
Depreciation,impairment loss and amortisation	(8,607,915)	-	-	(2,720,316)	-	-	(21,397,216)	-	-	(32,725,447)
Finance costs	-	-	-	(445,053)	-	-	-	-	-	(445,053)
Lease rentals on operating lease	-	-	(23,374)	(952,511)	-	-	-	-	-	(975,885)
Debt impairment	-	-	-	(13,371,939)	-	-	-	-	-	(13,371,939)
Bad debts written off	-	-	-	-	-	(89,000)	-	-	-	(89,000)
Contracted services	(4,052,676)	(4,959,033)	(5,999,846)	(27,289,459)	(1,856,402)	(67,512)	(4,483,920)	-	(3,689,520)	(52,398,368)
Operational costs	(1,258,891)	(1,534,953)	(10,203,376)	(26,905,650)	(6,267,856)	(1,948,205)	(534,731)	(10,934)	(632,664)	(49,297,260)
Transfers and subsidies	(123,030)	-	(2,114,158)	-	-	-	-	-	-	(2,237,188)
Inventory consumed	(387,494)	-	(242,401)	(668,201)	(38,756)	(11,300)	-	-	(196,100)	(1,544,252)
Total segment expenditure	**(28,719,164)**	**(6,493,986)**	**(39,513,426)**	**(105,951,845)**	**(16,168,376)**	**(15,370,341)**	**(34,520,482)**	**(1,207,472)**	**(9,837,209)**	**(257,782,301)**
Total segmental surplus/(deficit)										**31,970,530**

Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

	Community and social services	Energy Sources and Environmental Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
Assets										
Receivables from exchange transactions	-	-	-	2,697,671	5,071,232	-	-	-	-	7,768,903
Receivables from non-exchange transactions	-	-	-	30,116,177	-	475,989	-	-	-	30,592,166
VAT receivable	(41,992)	-	-	2,849,249	-	-	-	-	-	2,807,257
Cash and cash equivalents	1,772,000	-	-	38,304,572	-	-	5,611,000	-	-	45,687,572
Property, plant and equipment	(63,179,184)	-	-	189,012,178	161,200	54,402,060	212,523,119	10,677,237	5,778,604	409,375,214
Intangible assets	-	-	-	90,116	-	-	(31,520)	-	-	58,596
Total segment assets	**(61,449,176)**	**-**	**-**	**263,069,963**	**5,232,432**	**54,878,049**	**218,102,599**	**10,677,237**	**5,778,604**	**496,289,708**
Liabilities										
Other financial liabilities	-	-	-	(1,741,842)	-	-	-	-	-	(1,741,842)
Unspent conditional grants and receipts	3,498,569	-	-	(18,113,888)	1,092,321	(2,509,787)	(24,027)	13,440,697	(1,408,000)	(4,024,115)
Payables from exchange transactions	(7,933,237)	-	(93,530,703)	130,982,800	-	(41,324,704)	(7,934,070)	-	-	(19,739,914)
Retention	(898,825)	-	-	(5,145,950)	-	-	144,664	-	-	(5,900,111)
Employee benefit obligation	-	-	-	(2,485,000)	-	-	-	-	-	(2,485,000)
Total segment liabilities	**(5,333,493)**	**-**	**(93,530,703)**	**103,496,120**	**1,092,321**	**(43,834,491)**	**(7,813,433)**	**13,440,697**	**(1,408,000)**	**(33,890,982)**

Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

June 2024

	Community and social services	Energy Sources and Environmental Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
Revenue										
Service charges	-	-	-	-	-	-	-	-	698,029	698,029
Rental of facilities and equipment	-	-	-	1,039,103	-	-	-	-	-	1,039,103
Licenses and permits	-	-	-	10,322	-	403,257	-	-	-	413,579
Operational revenue	-	-	101,316	361,836	-	-	-	-	-	463,152
Interest on revenue	-	-	-	4,681,184	-	-	-	-	-	4,681,184
Contract revenue	-	3,966,448	-	-	-	-	-	-	-	3,966,448
Interest on outstanding receivables	-	-	-	1,234,819	-	-	-	-	-	1,234,819
Property rates	-	-	-	43,264,924	-	-	-	-	-	43,264,924
Government grants and subsidies	3,472,000	-	-	179,084,000	880,854	-	31,298,650	933,672	2,012,000	217,681,176
Fines penalties and forfeits	1,523	-	-	27,600	-	584,150	-	-	-	613,273
Total segment revenue	**3,473,523**	**3,966,448**	**101,316**	**229,703,788**	**880,854**	**987,407**	**31,298,650**	**933,672**	**2,710,029**	**274,055,687**
										-
Reversal of Impairment										874,380
Profit on disposal of municipal assets										154,034
Actuarial gain										57,000
Gains on newly discovered assets										59,494
Total revenue reconciling items										**1,144,908**
Total revenue										**275,200,595**

Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

	Community and social services	Energy Sources and Environmental Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
Expenditure										
Employee related costs	(12,828,236)	-	(6,998,260)	(32,510,466)	(5,978,872)	(13,051,525)	(7,727,847)	(882,100)	(5,157,806)	(85,135,112)
Remuneration of councillors	-	-	(14,576,008)	-	-	-	-	-	-	(14,576,008)
Depreciation, impairment loss and amortisation	(8,196,617)	-	-	(2,758,243)	-	-	(19,485,738)	-	-	(30,440,598)
Finance costs	-	-	-	(517,552)	-	-	-	-	-	(517,552)
Lease rental on operating lease	-	-	(21,050)	(913,665)	-	-	-	-	-	(934,715)
Debt impairment	-	-	-	(7,476,444)	-	-	-	-	-	(7,476,444)
Contracted services	(7,341,975)	(4,930,308)	(7,019,340)	(30,661,381)	(1,910,541)	(113,727)	(3,102,045)	-	(4,598,858)	(59,678,175)
Inventory consumed	(80,900)	-	(90,523)	(1,610,809)	-	(2,450)	-	-	(426,544)	(2,211,226)
Transfers and subsidies	(595,673)	-	(4,790,437)	-	-	-	-	-	-	(5,386,110)
Operational costs	(1,393,264)	(1,359,261)	(10,966,177)	(27,820,060)	(7,617,017)	(2,346,965)	(938,052)	(8,723)	(537,567)	(52,987,086)
Total segment expenditure	**(30,436,665)**	**(6,289,569)**	**(44,461,795)**	**(104,268,620)**	**(15,506,430)**	**(15,514,667)**	**(31,253,682)**	**(890,823)**	**(10,720,775)**	**(259,343,026)**
Total segmental surplus/(deficit)										**15,857,569**

Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

	Community and social services	Energy Sources and Environmental Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
Assets										
Receivables from exchange transactions	-	-	-	3,067,067	-	-	-	-	-	3,067,067
Receivables from non-exchange transactions	-	-	-	25,127,190	-	-	-	-	-	25,127,190
VAT receivables	(6,947,601)	-	-	7,691,798	-	60,000	-	-	-	804,197
Cash and cash equivalents	3,472,000	-	-	(18,977,659)	-	402,660	32,180,000	1,030,000	2,031,657	20,138,658
Property, plant and equipment	152,579,962	97,811	74,426	94,400,507	439,132	(2,130,480)	135,971,920	22,817,900	5,048,525	409,299,703
Intangible assets	-	-	-	145,168	-	-	(55,052)	-	-	90,116
Total segment assets	**149,104,361**	**97,811**	**74,426**	**111,454,071**	**439,132**	**(1,667,820)**	**168,096,868**	**23,847,900**	**7,080,182**	**458,526,931**
Liabilities										
Payables	(5,082,411)	-	-	(7,546,397)	-	-	-	-	-	(12,628,808)
Unspent conditional grants	(16,508,752)	-	-	(1,028,226)	(72,208,910)	-	68,678,145	14,353,620	4,281,000	(2,433,123)
Retention	(1,778,769)	-	-	(3,377,459)	-	-	233,742	-	-	(4,922,486)
Other financial liabilities	-	-	-	(2,757,755)	-	-	-	-	-	(2,757,755)
Employee benefit obligations	-	-	-	(2,098,000)	-	-	-	-	-	(2,098,000)
Deferred revenue	-	727,000	-	(7,225,000)	-	-	3,239,429	-	-	(3,258,571)
Total segment liabilities	**(23,369,932)**	**727,000**	**-**	**(24,032,837)**	**(72,208,910)**	**-**	**72,151,316**	**14,353,620**	**4,281,000**	**(28,098,743)**

Comparative figures

Some of the comparative balances have been restated as a result of prior-period errors and reclassifications; refer to Note 47 for further details.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

* See Note 47