AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2025

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 1 to 99, in terms of Section 126(1) of the Municipal Finance Management Act No. 56 of 2003 and which I have signed on behalf of the Municipality

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 29 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution of South Africa Act No.108 of 1996, read with the Remuneration of Public Officer Bearers Act No. 20 of 1998 and the Minister of Cooperative Governance and Traditional Affairs in accordance with the relevant regulations

N J MDAKANE **Date**

MUNICIPAL MANAGER

Annual Financial Statements

for

KWADUKUZA LOCAL MUNICIPALITY

for the year ended	30 June 2025
Province:	KwaZulu Natal
AFS rounding:	R

Contact Information:

Name of Municipal Manager:	Mr N J Mdakane
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KWADUKUZA LOCAL MUNICIPALITY
AUDITED FINANCIAL STATEMENTS
for the period ended 30 June 2025

General information
Members of the Council

O L Nhaca	Mayor (July 2024 - October 2024)
M E Ngidi	Mayor (November 2024 - June 2025)
S L Cele	Deputy Mayor (November 2024 - June 2025)
G Govender	Speaker
C M Ntleko	Member of the Executive Committee
D H Mthembu	Member of the Executive Committee
M M Sibisi	Member of the Executive Committee
N Sewraj	Member of the Executive Committee
N C Mdletshe	Member of the Executive Committee
M Mthiyane	Member of the Executive Committee
P Makhan	Member of the Executive Committee
H Mbatha	Chief Whip
T Mkhize	MPAC Chairperson
S K Shandu	Councillor
D N Ngema	Councillor
S O Nxele	Councillor
J M Banda	Councillor
A M Baardman	Councillor
B C Fakazi	Councillor
N J Mpanza	Councillor
T T Dube	Councillor
S Sithole	Councillor
N Qwabe	Councillor
B P Ndlovu	Councillor
S S Mthiyane	Councillor
C M Naicker	Councillor
S B Ntuli	Councillor
N S Bhengu	Councillor
N H Sithole	Councillor
V Mwandla	Councillor
S P Khuzwayo	Councillor
TC Nxele	Councillor
S G Mcineka	Councillor
V Govender (July 2024 to Jan 2025) - (April 2025 to June 2025)	Councillor
K Naidoo	Councillor
B Mvulana	Councillor
M Vembali	Councillor
N A Singh	Councillor
R Pooran	Councillor
T N Mthethwa	Councillor
F Abrahams	Councillor
N J Mbonambi	Councillor
M M Madlala (July 2024 to Sept 2024)	Councillor
S.F Phungula	Councillor
E M Kolia (July 2024 to April 2025)	Councillor
J F Magwaza	Councillor
P F Masuku (July 2024 to Sept 2024)	Councillor
S Zungu	Councillor
S C Mwandla	Councillor
A A Singh	Councillor
S C Pandaram (July 2024 to October 2024)	Councillor
C P Dumakude	Councillor
T Sithole	Councillor
S Kheswa	Councillor
N Dube	Councillor
S Khuzwayo	Councillor
W Mntambo	Councillor
H Ndlovu (August 2024 - June 2025)	Councillor
A Zwane (September 2024 - June 2025)	Councillor
N Ntuli (September 2024 - June 2025)	Councillor
I Mdletshe (October 2024 - June 2025)	Councillor
P Sibiya (November 2024 - May 2025)	Councillor
T Mgoyi (May 2025 - June 2025)	Councillor
V Mathonsi	Traditional Leader
V Mthembu	Traditional Leader

KWADUKUZA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

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General information (continued)

Municipal Manager

Mr N J Mdakane

Chief Financial Officer

Mr S M Rajcoomar

Grading of Local Authority

Category 4

Auditors

Auditor General South Africa (AGSA)

Primary Bankers

ABSA Bank

Registered Office:	KwaDukuza Municipality
Physical address:	14 Chief Albert Luthuli Street KwaDukuza 4450
Postal address:	PO BOX 72 KwaDukuza 4450
Telephone number:	(032) 437 5000
E-mail address:	municipalm@kwadukuza.gov.za

KWADUKUZA MUNICIPALITY
AUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Note	2025 R	Restated - 2024 R
ASSETS			
Current assets		**1 602 813 119**	**1 956 339 198**
Inventories	8	17 837 235	18 163 638
Receivables from exchange transactions	9	335 771 688	334 562 005
Receivables from non-exchange transactions	10	207 868 718	167 447 241
Current portion of long-term receivables	7	93 663	75 174
Short term investments	12	70 374 769	80 374 769
Cash and cash equivalents	13	970 867 046	1 355 716 370
Non-current assets		**4 265 754 640**	**3 889 410 619**
Investment properties	2	183 505 000	180 940 000
Property, plant and equipment	3	4 080 930 793	3 707 078 303
Intangible assets	4	772 130	848 059
Heritage Assets	5	105 386	105 386
Long-term receivables	7	441 331	438 871
Total Assets		***5 868 567 759***	***5 845 749 816***
LIABILITIES			
Current liabilities		**833 265 088**	**1 107 053 770**
Leases	16	1 177 433	1 021 753
Employee benefit obligations	6	5 180 000	4 762 000
Trade and other payables	20	610 260 653	602 072 224
Unspent conditional grants, receipts and Public contributions	17	146 817 766	435 266 587
Current provisions	18	2 685 978	3 001 573
Consumer Deposits	21	46 820 354	43 888 198
Long service awards	6	4 271 000	2 336 000
Current portion of long term liabilities	19	16 051 904	14 705 436
Non-current liabilities		**315 427 570**	**318 597 134**
Leases	16	569 827	1 647 203
Employee benefit obligations	6	133 372 000	118 285 000
Non-current provisions	18	21 044 677	20 370 961
Long service awards	6	28 791 000	30 592 000
Long-term liabilities	19	131 650 066	147 701 970
Total Liabilities		***1 148 692 658***	***1 425 650 904***
Net Assets		***4 719 875 101***	***4 420 098 913***
NET ASSETS			
Reserves			
Revaluation reserve	14	18 313 137	18 313 137
Housing Operating Account	15	8 728 156	8 728 156
Accumulated surplus		4 692 833 805	4 393 057 607
Total Net Assets		***4 719 875 101***	***4 420 098 913***

KWADUKUZA LOCAL MUNICIPALITY
AUDITED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 R	Restated - 2024 R
REVENUE			
Revenue from exchange transactions			
Service charges	22	1 474 347 084	1 334 172 560
Rental of facilities and equipment		2 640 342	2 341 824
Interest earned - outstanding debtors		10 880 708	9 573 627
Operational Revenue (Other Income)	23	69 766 215	59 006 497
Gain / recognition of property, plant and equipment	3	138 208	1 730 000
Interest earned	24	93 721 426	142 346 192
Housing development construction contract revenue	60	3 591 881	4 929 822
Agency Services	63	13 931 151	12 504 712
Total revenue from exchange transactions		**1 669 017 016**	**1 566 605 233**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	765 941 835	703 402 702
Licences and permits (Non-exchange)		1 097 224	886 301
Transfer and other revenue			
Government grants, subsidies & Public Contributions - Operational allocation	26 & 27	300 100 818	291 473 357
Transfers & subsidies - Capital Allocation	26 & 27	350 673 464	662 162 749
Transfers & subsidies - Capital (In - Kind)	3	239 786	75 468 485
Fines, Penalties and Forfeits	43	35 937 351	38 135 544
Total revenue from non-exchange transactions		**1 453 990 479**	**1 771 529 137**
Total Revenue		**3 123 007 495**	**3 338 134 370**
EXPENDITURE			
Employee related costs	28	593 241 805	550 825 030
Remuneration of councillors	29	30 928 833	30 667 421
Adjustments to Provisions	18	358 121	650 345
Depreciation and amortisation	30	133 870 253	120 393 211
Impairment loss	31	1 093 186	1 379 142
Finance costs	32	15 595 865	16 842 555
Debt Impairment and write offs	33	11 679 195	20 111 483
Bulk purchases	34	1 424 946 362	1 240 642 730
Contracted services	44	410 133 770	364 469 632
General Expenses	35	144 354 371	129 203 128
Employee and Long Services Benefits	6 & 11	15 639 000	20 496 000
Housing development construction contract expenditure	60	3 591 881	4 929 822
Transfers & subsidies	61	12 747 059	14 186 360
Inventory consumed	62	20 597 536	17 029 638
Operating Leases	64	4 136 237	5 015 200
Total Expenditure		**2 822 913 473**	**2 536 841 698**
Operating Surplus		300 094 022	801 292 673
Loss on disposal /Derecognition of assets	3 & 8	(17 062 824)	(9 313 412)
Fair value adjustments	36	16 745 000	4 294 000
		(317 824)	(5 019 412)
SURPLUS FOR THE YEAR		**299 776 199**	**796 273 260**

KWADUKUZA LOCAL MUNICIPALITY
AUDITED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2025

	Revaluation Reserve R	Housing Operating Account	Total Reserves	Accumulated Surplus R	Total Net Assets R
Balance at 30 June 2022 as restated	**18 313 137**	**8 728 156**	**27 041 293**	**3 006 715 236**	**3 033 756 526**
Surplus for the year 2022/2023	**-**	**-**	**-**	**590 069 110**	**590 069 110**
As previously reported				586 722 621	586 722 621
Reallocation of VAT portion in regards to increases in consumer debt provisions				3 346 489	3 346 489
Balance at 30 June 2023	**18 313 137**	**8 728 156**	**27 041 293**	**3 596 784 346**	**3 623 825 636**
Surplus for the year 2023/2024	**-**	**-**	**-**	**796 273 260**	**796 273 260**
As previously reported				801 399 337	801 399 337
Restatement of comparatives (Note 41)				(5 126 076)	(5 126 076)
Balance at 30 June 2024	**18 313 137**	**8 728 156**	**27 041 293**	**4 393 057 607**	**4 420 098 913**
Surplus for the year 2024/2025	**-**	**-**	**-**	299 776 199	**299 776 199**
Balance at 30 June 2025	**18 313 137**	**8 728 156**	**27 041 293**	**4 692 833 805**	**4 719 875 101**
Note(s)	14	15			

Note 41 provides further details of adjustments pertaining to the 2022/2023 and 2023/2024 financials years.

AUDITED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 R	Restated - 2024 R
Cash flows from operating activities			
Receipts			
Sale of goods and services		1 545 328 997	1 359 117 216
Taxation		731 936 941	685 140 969
Grants		362 325 462	394 139 859
Interest Income		95 737 903	144 633 568
Fines, Interest & Penalties		45 343 456	43 540 185
Consumer deposits		2 932 159	-
Principle Agent revenue collected		89 945 238	83 024 464
		2 873 550 156	**2 709 596 261**
Payments			
Payments to suppliers		(1995 256 702)	(1735 086 445)
Employee costs & councillors remunerations		(619 865 611)	(580 190 422)
Finance costs		(15 595 865)	(16 842 555)
Consumer deposits		-	(3 530)
Transfers and subsidies paid		(12 747 059)	(14 186 360)
Principle Agent - Cash paid		(89 945 238)	(83 024 464)
Taxation - SARS		(2 758 780)	-
		(2736 169 255)	**(2429 333 777)**
Net cash flows from operating activities	42	**137 380 901**	**280 262 484**
Cash flows from investing activities			
Purchase of Property, Plant & Equipment	3	(517 034 123)	(719 377 301)
Proceeds from sale of property, plant and equipment	3	551 299	-
Purchase of other intangible assets	4	-	(75 300)
Net cash flows from investing activities		**(516 482 824)**	**(719 452 601)**
Cash flows from financing activities			
Movement in long term liabilities		(14 705 436)	(13 688 366)
Finance lease payments		(1 041 956)	(551 458)
Net cash flows from financing activities		**(15 747 392)**	**(14 239 824)**
Net increase/(decrease) in cash and cash equivalents		**(394 849 315)**	**(453 429 941)**
Cash and cash equivalents at the beginning of the year		1 436 091 140	1 889 521 067
Cash and cash equivalents at the end of the year	12/13	**1 041 241 815**	**1 436 091 140**

KWADUKUZA LOCAL MUNICIPALITY
AUDITED STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS -
FOR THE YEAR ENDED 30 JUNE 2025

	Approved Budget	Adjustments	Final Budget	30 June 2025 Final Budget	Actual amounts as per restated Budget	Actual Outcomes	Reconciliation explained in Note 58	Variance	Percentage Variance	Note Reference
Statement of Financial Performance										
Revenue										
Revenue from Exchange Transactions:										
Service Charges - Electricity	1 398 776 342	(13 140 000)	1 385 636 342	1 385 636 342	1 364 984 517	1 364 984 517	-	(20 651 825)	-1%	
Service Charges - Refuse	103 073 780	-	103 073 780	103 073 780	109 362 567	109 362 567	-	6 288 787	6%	
Rental of facilities & Equipment	3 027 707	392 000	3 419 707	3 419 707	2 640 342	2 640 342	-	(779 365)	-23%	
Interest earned outstanding debtors	11 000 000	6 191 182	17 191 182	17 191 182	17 817 250	10 880 708	(6 936 542)	(6 310 474)	-37%	58.1
Operational Revenue (Other Income & Sale of goods & rendering of services)	59 465 959	13 073 639	72 539 598	72 539 598	80 517 838	69 766 215	(10 751 623)	(2 773 383)	-4%	
Agency services	14 688 960	-1 400 000	13 288 960	13 288 960	13 931 151	13 931 151	-	642 191	5%	
Interest received - investments	54 422 996	28 037 742	82 460 738	82 460 738	93 721 426	93 721 426	-	11 260 688	14%	
Housing development construction contract revenue	-	-	-	-	-	3 591 881	3 591 881	3 591 881	100%	58.2
TOTAL REVENUE FROM EXCHANGE TRANSACTIONS	**1 644 455 744**	**33 154 563**	**1 677 610 307**	**1 677 610 307**	**1 682 975 091**	**1 668 878 807**	**(14 096 284)**	**(8 731 500)**		
							-			
Revenue from Non-Exchange Transactions:							-			
							-			
Taxation Revenue							-			
Property rates	731 911 715	14 885 870	746 797 585	746 797 585	744 332 173	765 941 835	21 609 662	19 144 250	3%	
Licences & permits	976 440	525 000	1 501 440	1 501 440	1 097 224	1 097 224	-	(404 216)	-27%	
							-			
Transfer and Other Revenue							-			
Transfers & subsidies - Operational	300 342 750	3 539 835	303 882 585	303 882 585	300 100 818	300 100 818	-	(3 781 767)	-1%	
Fines, penalties & forfeits	33 514 844	7 435 000	40 949 844	40 949 844	43 450 217	35 937 351	(7 512 866)	(5 012 493)	-12%	
Gains on disposal of assets	-	-	-	-	138 208	138 208	-	138 208	100%	
Other gains	5 000 000	-	5 000 000	5 000 000	11 752 197	16 745 000	4 992 803	11 745 000	235%	58.3
							-			
TOTAL REVENUE FROM NON-EXCHANGE TRANSACTIONS:	**1 071 745 749**	**26 385 705**	**1 098 131 454**	**1 098 131 454**	**1 100 870 838**	**1 119 960 437**	**19 089 599**	**21 828 983**		
							-			
Total Revenue	**2 716 201 493**	**59 540 268**	**2 775 741 761**	**2 775 741 761**	**2 783 845 929**	**2 788 839 244**	- **4 993 315** -	**13 097 483**		

							-			
							-			
Expenditure							-			
Employee Related Costs	597 944 347	9 575 552	607 519 899	607 519 899	593 241 805	593 241 805	-	(14 278 094)	-2%	
Remuneration of Councillors	37 823 274	(6 089 200)	31 734 074	31 734 074	30 928 833	30 928 833	-	(805 241)	-3%	
Depreciation, amortisation and impairment / reversal of impairment	170 888 318	-	170 888 318	170 888 318	135 351 435	133 870 253	(1 481 182)	(37 018 065)	-22%	58.4
Finance Costs	15 989 000	-	15 989 000	15 989 000	15 595 865	15 595 865	-	(393 135)	-2%	
Debt Impairment and write offs	30 688 232	2 255 624	32 943 856	32 943 856	11 439 472	11 679 195	239 724	(21 264 661)	-65%	58.5
Bulk purchases	1 238 435 507	211 000 000	1 449 435 507	1 449 435 507	1 424 946 362	1 424 946 362	-	(24 489 145)	-2%	
Contracted services	400 317 066	36 648 499	436 965 565	436 965 565	410 133 770	410 133 770	-	(26 831 795)	-6%	
Other Expenditure (General Expenditure)	147 966 775	15 455 353	163 422 128	163 422 128	149 088 452	144 354 371	(4 734 082)	(19 067 757)	-12%	
Losses on disposal of assets	8 250 000	-	8 250 000	8 250 000	17 062 824	18 156 009	1 093 186	9 906 009	120%	58.6
Transfers and subsidies	27 350 882	(7 258 091)	20 092 791	20 092 791	16 338 940	12 747 059	(3 591 881)	(7 345 732)	-37%	58.7
Inventory consumed	26 356 706	1 223 158	27 579 864	27 579 864	20 597 536	20 597 536	-	(6 982 328)	-25%	58.8
Other losses	14 127 000	6 873 000	21 000 000	21 000 000	16 857 688	15 997 121	(860 567)	(5 002 879)	-24%	58.9
Operating leases	-	-	-	-	-	4 136 237	4 136 237	4 136 237	100%	58.10
Housing development construction contract expenditure	-	-	-	-	-	3 591 881	3 591 881	3 591 881	100%	58.11
							-			
							-			
Total Expenditure	**2 716 137 107**	**269 683 895**	**2 985 821 002**	**2 985 821 002**	**2 841 582 982**	**2 839 976 297**	**(1 606 685)**	**(145 844 705)**		
							-			
							-			
Operating Surplus	**64 386**	**(210 143 627)**	**(210 079 241)**	**(210 079 241)**	**(57 737 052)**	**(51 137 052)**	**6 600 000**	**158 942 189**		
							-			
Transfers & subsidies - Capital (Monetary allocation)	79 299 550	349 842 774	429 142 324	429 142 324	350 673 464	350 673 464	-	(78 468 859)	-18%	58.12
Transfers & subsidies - Capital (In - Kind)		-	-	-	6 839 786	239 786	(6 600 000)	239 786	0%	
	79 299 550	**349 842 774**	**429 142 324**	**429 142 324**	**357 513 251**	**350 913 251**	**(6 600 000)**	**(78 229 073)**		
							-			
							-			
Surplus/(Deficit) After Capital Transfers and Contributions	**79 363 936**	**139 699 147**	**219 063 083**	**219 063 083**	**299 776 198**	**299 776 199**	**-**	**80 713 116**		
							-			
							-			
							-			
Surplus / (Deficit) for the year	**79 363 936**	**139 699 147**	**219 063 083**	**219 063 083**	**299 776 198**	**299 776 199**	**-**	**80 713 116**		
							-			

Capital Expenditure and Fund Source											
Transfers recognised - capital	69 380 698	304 263 395	373 644 093		373 644 093	309 623 775	309 623 775		(64 020 318)	-17%	
Internally generated funds	259 191 942	(16 396 140)	242 795 802		242 795 802	202 502 435	202 382 176		(40 413 626)	-17%	
Public Contributions and Donations	-	-	-		-	-	239 786		239 786	0%	
Borrowings	-	-	-		-	-	-		-	0%	
Financial Position											
Total current assets	1 985 282 710	76 825 118	2 062 107 828		2 062 107 828	1 650 711 026	1 602 813 119		459 294 710	22%	
Total non-current assets	4 106 122 040	224 257 383	4 330 379 423		4 330 379 423	4 265 313 309	4 265 754 640		64 624 783	1%	
Total current liabilities	1 115 933 045	381 928 587	1 497 861 632		1 497 861 632	906 468 089	833 265 088		664 596 544	44%	
Total non-current liabilities	257 132 412	(1 772 288)	255 360 124		255 360 124	289 681 147	315 427 570		(60 067 446)	-24%	
Community wealth/equity	4 718 339 293	(79 073 802)	4 639 265 491		4 639 265 491	4 719 875 100	4 719 875 101		(80 609 610)	-2%	
Cash Flow											
Net cash from / (used) - Operating activities	(11 870 000)	(344 016 000)	(355 886 000)		(355 886 000)	1 303 173 000	132 352 728		488 238 728		
Net cash from / (used) - Investing activities	(328 572 640)	(259 723 360)	(588 296 000)		(588 296 000)	(475 907 000)	(511 454 651)		76 841 349		
Net cash from / (used) - Financing activities	(12 497 741)	25 660 741	13 163 000		13 163 000	(15 061 000)	(15 747 392)		(28 910 392)		
Net increase / decrease in cash held	(352 940 381)	(578 078 619)	(931 019 000)		(931 019 000)	812 205 000	(394 849 315)		536 169 685		

KWADUKUZA LOCAL MUNICIPALITY
AUDITED REPORTABLE SEGMENTS
FOR THE YEAR ENDED 30 JUNE 2025

For management purposes, the municipality is organised and operates in eight key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance.
Revenues and expenditures relating to these business units are allocated at a transactional level.

REPORTABLE SEGMENTS - 30 JUNE 2025

	Corporate Services	Chief Operations Officer	Community Services & Public amenities	Community Safety	Finance	Economic Development & Planning	Civil Engineering	Electrical Engineering Services	Total
	R	R	R	R	R	R	R	R	R
Segment Revenue									
External revenue from non- exchange transactions	84 513 396	13 094 236	111 455 047	20 270 109	769 550 897	62 091 412	348 788 135	53 950 714	1 463 713 946
External revenue from exchange transactions	12 689 403	-	111 265 771	14 449 345	12 112 679	24 459 679	26 434	1 396 433 104	1 571 436 415
Revenue from transactions with other segments									
Interest revenue	-	-	-	-	101 222 617	903	3 378 614	-	104 602 134
Loss on disposal / recognition of assets and liabilities									
Segment Expenses									
Total segment expenses	(148 754 985)	(83 029 322)	(304 383 214)	(234 966 038)	(81 787 095)	(102 411 205)	(77 622 839)	(1 617 216 929)	(2 650 171 628)
Depreciation and amortisation	(3 431 686)	(199 503)	(24 580 055)	(3 025 470)	(635 811)	(1 712 006)	(60 393 692)	(39 892 030)	(133 870 253)
Interest expense	-	-	-	-	-	-	(5 533 806)	(10 062 058)	(15 595 865)
Internal charges	4 554 604	4 515	26 739	526 346	799 204	979 745	8 886	(6 900 038)	-
Gain on disposal / recognition of assets and liabilities	(7 855 086)	-	(165 274)	-	(18 460 868)	(5 806)	(4 875 048)	(8 976 468)	(40 338 551)
Surplus / deficit for the year	**(58 284 355)**	**(70 130 075)**	**(106 380 987)**	**(202 745 708)**	**782 801 623**	**(16 597 278)**	**203 776 684**	**(232 663 705)**	**299 776 198**
Other Information									
Segment assets	483 619 723	(62 933 474)	109 542 230	(13 955 087)	1 225 308 775	300 488 916	2 169 951 885	1 656 544 791	5 868 567 759
Segment liabilities	(288 939 949)	(66 492 429)	(148 129 386)	(249 319 755)	439 225 723	(151 371 104)	(327 304 725)	(356 361 033)	(1148 692 657)
Additions to non-current assets	4 193 530	21 481 123	12 822 319	12 504 726	1 168 319	14 194 083	314 578 874	136 721 152	517 664 126
Non-cash revenue (included above)	6 661 968	-	240 640	-	10 105 000	-	-	115 387	17 122 994
Non-cash expense (included above)	(11 286 772)	(199 503)	(25 103 451)	(3 025 470)	(23 992 609)	(1 957 535)	(65 268 740)	(48 868 498)	(179 702 579)
Cash flows from operating activities	(64 426 582)	(67 826 000)	(74 172 229)	(206 503 754)	697 525 513	(24 267 760)	3 273 441	(131 249 902)	132 352 728
Cash flows for investing activities	(4 193 530)	(21 481 123)	(12 822 319)	(12 504 726)	(496 760)	(14 194 083)	(314 578 874)	(131 183 236)	(511 454 651)
Cash flows from financing activities	(120 260)	-	-	-	(16 106 924)	-	467 527	12 265	(15 747 392)

REPORTABLE SEGMENTS - 30 JUNE 2024 - RESTATED

	Corporate Services	Chief Operations Officer	Community Services & Public amenities	Community Safety	Finance	Economic Development & Planning	Civil Engineering	Electrical Engineering Services	Total
	R	R	R	R	R	R	R	R	R
Segment Revenue									
External revenue from non- exchange transactions	151 121 579	12 731 976	95 744 163	19 175 963	565 449 914	66 812 786	652 268 732	66 053 377	1 629 358 489
External revenue from exchange transactions	8 749 243	-	99 596 471	12 834 330	161 599 366	24 150 075	1 231 059	1 262 074 037	1 570 234 581
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-
Interest revenue	-	-	-	-	140 521 767	1 493	582 040	-	141 105 301
Loss on disposal / recognition of assets and liabilities	1 730 000				-		-	-	1 730 000
Segment Expenses									-
Total segment expenses	(132 866 908)	(71 700 705)	(308 773 538)	(186 418 337)	(79 940 378)	(101 673 670)	(74 222 343)	(1 411 616 259)	(2 367 212 137)
Depreciation and amortisation	(3 020 102)	(185 844)	(21 639 448)	(2 629 466)	(656 262)	(2 029 623)	(54 678 605)	(35 066 356)	(119 905 706)
Interest expense	-	-	-	-	-	-	(5 904 359)	(10 938 196)	(16 842 555)
Internal charges	(3 788 261)	(4 300)	46 389	(619 551)	(649 858)	(599 863)	(108 816)	5 724 259	-
Gain on disposal / recognition of assets and liabilities	(10 293 868)	-	(642 188)	(6 363 396)	(3 250 368)	(50 017)	(4 593 427)	(17 001 447)	(42 194 711)
Surplus / deficit for the year	**11 631 683**	**(59 158 873)**	**(135 668 150)**	**(164 020 457)**	**783 074 181**	**(13 388 820)**	**514 574 282**	**(140 770 584)**	**796 273 260**

	Corporate Services	Chief Operations Officer	Community Services & Public amenities	Community Safety	Finance	Economic Development & Planning	Civil Engineering	Electrical Engineering Services	Total
Other Information									
Segment assets	459 998 540	(45 614 712)	105 810 868	44 765 541	1 270 974 509	230 337 991	2 141 627 167	1 637 849 912	5 845 749 816
Segment liabilities	(104 087 698)	(24 563 919)	(78 819 280)	(98 176 519)	(399 860 485)	(98 790 423)	(501 436 240)	(119 916 340)	(1425 650 904)
Additions to non-current assets	7 849 506	5 651 355	10 651 966	32 322 144	193 896	643 567	566 585 831	145 625 256	769 523 521
Non-cash revenue (included above)	-	76 730 000	468 485	-	4 294 000	-	-	-	81 492 485
Non-cash expense (included above)	(13 313 969)	(185 844)	(22 321 092)	(9 610 167)	(13 225 477)	(2 004 837)	(59 827 925)	(51 854 283)	(172 343 594)
Cash flows from operating activities	238 667	(31 533 323)	(49 445 445)	(55 147 284)	421 175 218	69 665 759	8 882 970	(38 392 481)	325 444 080
Cash flows for investing activities	-	(75 300)	-	-	3 865 093	-	(761 954 915)	(6 469 075)	(764 634 197)
Cash flows from financing activities	-	(3 159 324)	-	-	34 008 691	-	(25 517 122)	(19 572 069)	(14 239 824)

2 Investment Properties

	2025			2024		
	COST	ACCUMULATED AMORTISATION AND IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED AMORTISATION AND IMPAIRMENT	CARRYING VALUE
INVESTMENT PROPERTY	183 505 000	-	183 505 000	180 940 000	-	180 940 000
	183 505 000	**-**	**183 505 000**	**180 940 000**	**-**	**180 940 000**

RECONCILIATION OF INVESTMENT PROPERTY- 2025

	OPENING BALANCE	ADDITIONS	FAIR VALUE ADJUSTMENTS	TRANSFERS/DISPOSALS	CLOSING BALANCE
INVESTMENT PROPERTY	180 940 000	1 120 000	10 145 000	(8 700 000)	**183 505 000**
	180 940 000	**1 120 000**	**10 145 000**	**(8 700 000)**	**183 505 000**

The last effective date of the fair value adjustment was June 2025. The valuations were performed by a Professional Valuer. The valuation was based on the estimated amount for which an asset should exchange on the date of evaluation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion (comparable sales approach). Where the comparable sales approach could not be used, the municiaplity applied the Income & Depreciated Replacement Cost method. The fair value is supported by market evidence and comparable data. The income method was also applied where appropriate and backed up using the Depreciated Replacement Cost method. The municipal valuer has extensive experience in the location and category of investment property valued with the necessary qualifications.

Rent income received on the above investment properties during 2024/2025 financial year is R1 081 994.29

There is no expenditure relating to repairs and maintenance in the investment properties.

RECONCILIATION OF INVESTMENT PROPERTY- 2024

	OPENING BALANCE	FAIR VALUE ADJUSTMENTS	TRANSFERS/DISPOSALS	CLOSING BALANCE
INVESTMENT PROPERTY	187 816 000	4 294 000	(11 170 000)	**180 940 000**
	187 816 000	**4 294 000**	**(11 170 000)**	**180 940 000**

The last effective date of the fair value adjustment was June 2024. The valuations were performed by a Professional Valuer. The valuation was based on the estimated amount for which an asset should exchange on the date of evaluation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The municipal valuer has extensive experience in the location and category of investment property valued with the necessary qualifications.

Rent income received on the above investment properties during 2023/2024 financial year is R898 919.57

There is no expenditure relating to repairs and maintenance in the investment properties.

3 Property, Plant and equipment

	2025			2024- restated		
	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT	CARRYING VALUE
COMMUNITY ASSETS	518 606 737	(199 141 864)	319 464 873	480 187 965	(179 059 131)	301 128 834
SOLID WASTE	6 811 295	(2 547 890)	4 263 405	6 566 879	(2 221 507)	4 345 372
VEHICLES	151 077 640	(77 788 170)	73 289 470	138 049 454	(67 276 636)	70 772 819
INFRASTRUCTURE ROADS AND STORMWATER	2 828 854 580	(562 978 649)	2 265 875 931	2 529 269 841	(504 660 733)	2 024 609 108
INFRASTRUCTURE ELECTRICAL	1 327 853 189	(394 297 995)	933 555 194	1 199 672 198	(366 743 765)	832 928 432
FURNITURE & FITTINGS	107 215 076	(78 360 021)	28 855 056	100 363 735	(70 212 826)	30 150 909
LAND	453 342 118	-	453 342 118	440 310 618	-	440 310 618
LEASED ASSETS	3 347 056	(1 062 482)	2 284 575	3 226 796	(394 671)	2 832 125
	5 397 107 691	**(1 316 177 071)**	**4 080 930 793**	**4 897 647 486**	**(1 190 569 269)**	**3 707 078 303**

RECONCILIATION OF PROPERTY,PLANT AND EQUIPMENT-2025

	OPENING BALANCE	ADDITIONS	RECLASSIFICATION OF CAPITALISED AUC	RECLASSIFICATION OF ASSETS	DONATIONS	RECOGNITION OF EXPENSED ITEMS	DERECOGNITION OF ASSETS	ASSETS WRITTEN OFF	DEPRECIATION	IMPAIRMENT LOSS	IMPAIRMENT REVERSAL	CLOSING BALANCE
Community Assets	**301 128 832**	50 055 566	(10 005 372)				(1 066 128)		(20 418 543)	(229 483)		**319 464 872**
Solid Waste	**4 345 372**	244 416							(326 384)			**4 263 405**
Vehicles	**70 772 819**	15 668 568					(485 440)	(171 734)	(12 494 743)			**73 289 470**
Infrastructure Roads & Stormwater	**2 024 609 106**	328 329 360	(15 332 211)					(12 121 960)	(59 471 174)	(137 193)		**2 265 875 929**
Infrastructure Electrical	**832 928 432**	99 769 656	23 910 900			12 711 156	(1 282 687)	(1 170 853)	(32 248 970)	(1 062 441)		**933 555 194**
Furniture & Fittings	**30 150 909**	5 285 144	1 426 683		239 786		(79)	(28 533)	(8 166 787)	(52 066)		**28 855 056**
Land	**440 310 618**	5 480 000		8 700 000				(1 148 500)				**453 342 118**
Leased Assets	**2 832 125**	120 260							(667 810)			**2 284 575**
	3 707 078 303	**504 952 970**	**-**	**8 700 000**	**239 786**	**12 711 156**	**(2 834 334)**	**(14 641 580)**	**(133 794 324)**	**(1 481 182)**	**-**	**4 080 930 793**

Classification of Assets Under Construction 2024/2025:

CLASS	OPENING BALANCE	ACCUMULATED IMPAIRMENT	ADDITIONS	TRANSFERRED OUT OF AUC	WRITE OFF	CLOSING BALANCE
Community Assets	34 128 763		49 740 335	(23 375 567)		60 493 531
Infrastructure Electrical	67 012 130		96 098 080	(85 381 235)		77 728 974
Furniture & Fittings	1 644 487		-	-		1 644 487
Solid Waste	-		244 416	-		244 416
Roads & Stormwater	486 899 677		328 329 360	(489 872 396)		325 356 641
	589 685 057	**-**	**474 412 191**	**(598 629 199)**	**-**	**465 468 049**

Disclosure of Slow Moving Assets under Construction

Project	Value	Reason for Delay
Chief Albert Luthuli Sports Complex	4 567 220	Awaiting environmental and other authorisation
G46247 Bridge - replacement Hullete Bridge	22 155 177	Work destruction due to business forum; inclement weather and poor performance of the contractor.
G46247 Upgrade the Mnyundwini Culvert Bridge	19 561 243	Work destruction due to business forum; inclement weather and poor performance of the contractor.
G46247 Road & Stormwater Upgrade in Ten Acre Road in Ward 29 (WIP)	17 997 894	Poor performance of the contractor.
Roads Access Construction Woodmead	15 709 172	Due to budget constrains this project is being implemented in stages.
New Dukuza 132/33/11Kv 80Mva Bulk (Ward 28)	10 303 418	Various environmental processes are currently underway.
Groutville Market Sports field	8 474 792	They were outstanding construction issues that were raised by DSAC that has been addressed. Project to be released in 2026 financial year.
Consultant	4 730 912	Projects awaiting environmental authorisation and sourcing of funding. Only professional fees were incurred.
Funding	17 030 570	Disaster projects awaiting funding.
Minor	2 786 381	Various minor projects still in progress.
Mutli Year - Electrical	13 461 645	Various multi year Electrical projects.

Loss on disposal as reflected on the Statement of Financial Performance consists of :

	2024/2025
Assets Written Off	(14 641 580)
Auction Assets	(2 421 243)
	(17 062 824)

Gain on recognition of assets as reflected on the Statement of Financial Performance consists of :

	2024//2025
Recognition of Land	138 208
Assets Written Off	-
Auction Assets	-
	138 208

For details regarding Repairs and Maintenance, refer to Note 51.

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT-2024

	OPENING BALANCE	ADDITIONS	RECLASSIFICATION OF CAPITALISED AUC	RECLASSIFICATION OF ASSETS	DONATIONS	RECOGNITION OF EXPENSED ITEMS	DERECOGNITION OF ASSETS	ASSETS WRITTEN OFF	DEPRECIATION	IMPAIRMENT LOSS	IMPAIRMENT REVERSAL	CLOSING BALANCE
Community Assets	**302 264 770**	35 983 529	(14 217 295)		468 485		-	(3 437 967)	(19 194 184)	(738 506)		**301 128 832**
Solid Waste	**4 555 788**	129 744.00							(340 160)			**4 345 372**
Vehicles	**56 809 766**	23 368 766							(9 405 713)			**70 772 819**
Infrastructure Roads & Stormwater	**1 494 814 354**	584 885 065	1 893 435				-	(1 673 331)	(54 659 851)	(650 566)		**2 024 609 106**
Infrastructure Electrical	**744 340 461**	102 083 822	9 506 688			10 030 021		(3 889 996)	(28 390 029)	(752 534)		**832 928 432**
Furniture & Fittings	**27 084 146**	8 077 949	2 817 172	155 248				(37 526)	(7 837 118)	(108 963)		**30 150 909**
Land	**352 410 618**	1 730 000		11 170 000	75 000 000							**440 310 618**
Leased Assets	**549 509**	3 159 324		(155 248)				(262 771)	(458 688)			**2 832 125**
	2 982 829 412	**759 418 199**	**-**	**11 170 000**	**75 468 485**	**10 030 021**	**-**	**(9 301 591)**	**(120 285 743)**	**(2 250 569)**	**-**	**3 707 078 303**

Classification of Assets Under Construction 2023/2024:

CLASS	OPENING BALANCE	ACCUMULATED IMPAIRMENT	ADDITIONS	TRANSFERRED OUT OF AUC	WRITE OFF	CLOSING BALANCE
Community Assets	85 139 709		35 447 129	(83 105 828)	(3 352 247)	34 128 763
Infrastructure Electrical	57 404 173		95 519 374	(82 021 421)	(3 889 996)	67 012 130
Furniture & Fittings	1 644 487		-	-	-	1 644 487
Solid Waste	1 295 797		-	(1 295 797)	-	-
Roads & Stormwater	156 874 831		583 341 345	(251 643 167)	(1 673 331)	486 899 677
	302 358 997	**-**	**714 307 848**	**(418 066 213)**	**(8 915 574)**	**589 685 057**

Disclosure of Slow Moving Assets under Construction

Project	Value	Reason for Delay
Motor Licencing & testing centre	974 517	Finalisation of land acquisition processes
Chief Albert Luthuli Sports Complex	4 567 220	Awaiting environmental authorisation

Loss on disposal as reflected on the Statement of Financial Performance consists of :

	2023/2024
Derecognition of Assets	-
Assets Written Off	(9 301 591)
Auction Assets	-
	(9 301 591)

Gain on recognition of assets as reflected on the Statement of Financial Performance consists of :

	2023/2024
Recognition of Land	1 730 000
Assets Written Off	-
Auction Assets	-
	1 730 000

4 Intangible Assets

	2025			2024		
	COST	ACCUMULATED AMORTISATION AND IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED AMORTISATION AND IMPAIRMENT	CARRYING VALUE
Intangible Assets	21 084 260	(20 884 249)	200 011	21 084 260	(20 808 320)	275 940
Intangible Assets - Under Development	926 937	(354 818)	572 119	926 937	(354 818)	572 119
	22 011 197	**(21 239 067)**	**772 130**	**22 011 197**	**(21 163 138)**	**848 059**

Reconciliation of Intangible Assets - 2025

	OPENING BALANCE	ADDITIONS	ASSET UNDER CONSTRUCTION BROUGHT INTO USE	WIP RECLASSIFICATION TO PPE	AMORTISATION	IMPAIRMENT LOSS	CLOSING BALANCE
Intangible Assets	275 940	-			(75 929)	-	**200 011**
Intangible Assets - Under Development	572 119						**572 119**
	848 059	**-**	**-**	**-**	**(75 929)**	**-**	**772 130**

Reconciliation of Intangible Assets - 2024

	OPENING BALANCE	ADDITIONS	ASSET UNDER CONSTRUCTION BROUGHT INTO USE	WIP RECLASSIFICATION TO PPE	AMORTISATION	IMPAIRMENT LOSS	CLOSING BALANCE
Intangible Assets	308 105	75 300			(107 465)	-	**275 940**
Intangible Assets - Under Development	572 119						**572 119**
	880 224	**75 300**	**-**	**-**	**(107 465)**	**-**	**848 059**

5 Heritage Assets

	2025			2024		
	COST	ACCUMULATED AMORTISATION AND IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED AMORTISATION AND IMPAIRMENT	CARRYING VALUE
	105 386	-	105 386	105 386	-	105 386
Historical Monuments	**105 386**	**-**	**105 386**	**105 386**	**-**	**105 386**

	2025	2024 Restated
	R	R

6 EMPLOYEE BENEFIT OBLIGATIONS

6.1 Pension benefits

The Municipality’s personnel are members of one of the Natal Joint Municipal Pension retirement funds, namely the Superannuation, Retirement and Provident Funds. As the aforementioned funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific municipality and is of no relevance to users of the municipality’s financial statements. Below is a synopsis of the most recent pension fund reports.

Superannuation

The interim valuation carried out on the Superannuation Fund as at 31 March 2024 reflected:

•The valuation reveals that the fund is 108.9% funded on the "best estimate" Funding basis as at the valuation date, and is also fully funded on the alternative basis as set out in PF Notice No. 2 of 2016.
•Asset composition on valuation date appropriate to nature of the liabilities.
•Investment strategy suitable for the Fund.
•The view of the valuator is that the fund is in a sound financial position as at the valuation date.

Provident Fund

The interim valuation carried out on the Provident Fund as at 31 March 2024 reflected:

• The Fund is financially sound at valuation date
The valuation reveals that the Fund is 101.7% funded as at the valuation date

The contribution rate allocated towards risk benefits and expenses in the year following the valuation date is expected to be sufficient to cover the cost of these benefits and expenses.

• Asset composition appropriate to the nature of the liabilities
• Investment strategy suitable for Fund

• The fund self-insures its death benefits and disability benefits

Retirement Fund

The latest statutory valuation of the Retirement Fund (defined benefit) as at 31 March 2024 reflected:

The Fund is financially sound at valuation date
The fund is 106.4% funded on the "best estimate" Funding basis as at the valuation date, and it is not fully funded on the alternative bases as set out in PF Notice No. 2 of 2016.
Asset composition appropriate to the nature of the liabilities
Investment strategy suitable for the Fund
Fund’s self insures its risk benefits

	2025 R	2024 Restated R

6.2 Post-employment medical benefits

The municipality operates on 5 accredited medical aid schemes, namely Bonitas, Key Health, LA Health, Samwumed and HosMed.

Pensioners continue on the option they belonged to on the day of their retirement. The independent valuers, Arch Actuarial Consulting , carry out a statutory valuation on an annual basis as at 30 June 2025.

The principal actuarial assumptions used were as follows:

In estimating the liability for post-employment medical aid benefits a number of assumptions are required as per GRAP 25. APN 30 states that the assumptions should be realistic and mutually compatible. The most relevant actuarial assumptions used in this valuation are discussed below.

	2025	2024 Restated
Discount rate per annum	11.30%	13.70%
Health care cost inflation rate	7.00%	9.59%
Net effective discount rate	6.40%	3.75%
Average retirement age	62	62
Proportion continuing membership at retirement	75%	75%
Mortality during employment	SA 85-90	SA 85-90
Mortality post-retirement	PA (90) - 1 with a 1% mortality improvement p.a from 2010	PA (90)
CPI (Consumer Price Inflation)	5.20%	8.09%

(No explicit assumption was made about additional mortality or health care costs due to AIDS).

Percentage of in-service members withdrawing before retirement:	2025 Males	2025 Females	2024 Males	2024 Females
Age 20 - 24	9%	9%	9%	9%
Age 25 - 29	8%	8%	8%	8%
Age 30 - 34	6%	6%	6%	6%
Age 35 - 39	5%	5%	5%	5%
Age 40 - 44	5%	5%	5%	5%
Age 45 - 49	4%	4%	4%	4%
Age 50 - 54	3%	3%	3%	3%
Age 55 - 59	0%	0%	0%	0%
Age 60+	0%	0%	0%	0%

Discount Rate:

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post employment defined benefit obligation. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of the benefit payments, current market rates of appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 11.3% per annum has been used. The corresponding index-linked yield at this term is 5.2%. These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the Johannesburg stock Exchange after the market close on 30 June 2025.

	2025 R	2024 Restated R

Duration:

The implied duration of the liabiltiy for this valuation is 16.75 years. It is however important to note that this is solely for indicative purposes as we use the entire yeald curve to obtain the financial variables.

Maturity Analysis

The following figure shows the Defined Benefit Obligation maturity analysis (undiscounted expected benefits vesting) for the next 30 years.

Liability Value:

	2025 R	2024 Restated R
Within one year from valuation date	5 471 000	4 762 000
Between 1 and 5 years from valuation date	29 800 000	15 978 000
Longer than 5 years from valuation date	103 281 000	102 307 000
Total	**138 552 000**	**123 047 000**

2024/25: Amount due within one year from valuation date represents a liability at nominal (undiscounted) value. For the discounted liability within one year from valuation date, refer below. Further details are included on the summary.

	2025 R	2024 Restated R
Current Portion	5 180 000	4 762 000
Non- Current Portion	133 372 000	118 285 000
	138 552 000	**123 047 000**
The amounts recognised in the Statement of Financial Position were determined as being the present value of the obligation:	**138 552 000**	**123 047 000**

Movement in the defined benefit obligation is as follows:

	2025 R	2024 Restated R
Balance at beginning of the year	123 047 000	107 926 000
Current service cost	4 006 000	3 724 000
Interest cost	16 813 000	13 254 000
Benefit payments	(4 762 000)	(4 082 000)
Actuarial (gains)/losses	(552 000)	2 225 000
Balance at end of year	**138 552 000**	**123 047 000**

The amounts recognised in the Statement of Financial Performance were as follows:

	2025 R	2024 Restated R
Current service cost	4 006 000	3 724 000
Interest cost	16 813 000	13 254 000
Benefit payments	(4 762 000)	(4 082 000)
Actuarial (gains)/losses	(552 000)	2 225 000
TOTAL	**15 505 000**	**15 121 000**

	2025	2024 Restated
	R	R

SENSITIVITY RESULTS

In order to illustrate the sensitivity of the results to changes in certain key variables, the liability has been recalculated using the following assumptions:
(1) A 1% increase / decrease in the assumed medical aid contribution inflation rate.
(2) A 1% increase / decrease in the discount rate.
(3) A one year age increase and decrease in the assumed rates of post - employment mortality;
(4) A one year decrease in the assumed average retirement age.
(5) A decrease of 10% in the assumed proportion of in-service members that remain members of retirement.

Sensitivity analysis on the defined benefit obligation

The post-employment mortality adjustment "-1 yr", for example, assumes that someone aged 70 will experience the mortality of someone aged 69. The DBO is expected to increase under this scenario because members are expected to live longer.

The table below indicates, for example, that if the medical inflation rate is one percentage point greater than the long-term assumption made, the DBO will be 7% higher than that shown.

Assumption	Change	Eligible Employees	Continuation Members	Total DBO	% Change
Central assumptions		84.844	53.708	138.552	
Medical aid contribution inflation rate	+1%	92.406	55.980	148.386	7%
	-1%	75.186	51.113	126.299	-9%
Discount rate	+1%	71.800	49.585	121.385	-12%
	-1%	101.360	58.515	159.875	15%
Post-employment mortality	+1 yr	83.103	52.258	135.361	-2%
	-1 yr	86.537	55.141	141.678	2%
Average retirement age	-1 yr	90.003	53.708	143.711	4%
Membership continuation	-10%	74.152	53.708	127.860	-8%

Sensitivity analysis on current service and interest costs for year ending 30/06/2025

The table below summarises the results of this analysis on the current service and interest costs for the year ending 30 June 2025. These figures were derived at the last valuation and were presented in that report.

Assumption	Change	Current Svc. Cost	Interest Cost	Total Cost	% Change
Central assumptions		4,006,000	16,813,000	20,819,000	
Medical aid contribution inflation rate	+1%	4,690,000	18,559,000	23,249,000	12%
	-1%	3,322,000	15,033,000	18,355,000	-12%
Discount rate	+1%	3,259,000	14,737,000	17,996,000	-14%
	-1%	4,972,000	19,372,000	24,344,000	17%
Mortality rates	x1.2	3,714,000	15,758,000	19,472,000	-6%
	x0.8	4,347,000	18,064,000	22,411,000	8%
Average retirement age	+1 yr	3,678,000	16,019,000	19,697,000	-5%
	-1 yr	4,322,000	17,577,000	21,899,000	5%

	2025 R	2024 Restated R

Sensitivity analysis on current service and interest costs for year ending 30/06/2026

The table below summarises the results of this analysis on the current service and interest costs for the year ending 30 June 2026.

Assumption	Change	Current Svc. Cost	Interest Cost	Total Cost	% Change
Central assumptions		4,684,000	15,356,000	20,040,000	
Medical aid contribution inflation rate	+1%	5,168,000	16,466,000	21,634,000	8%
	-1%	4,029,000	13,972,000	18,001,000	-10%
Discount rate	+1%	3,831,000	14,604,000	18,435,000	-8%
	-1%	5,788,000	16,192,000	21,980,000	10%
Post-employment mortality	+1 yr	4,592,000	14,995,000	19,587,000	-2%
	-1 yr	4,775,000	15,708,000	20,483,000	2%
Average retirement age	-1 yr	4,986,000	15,924,000	20,910,000	4%
Membership continuation	-10%	4,115,000	14,151,000	18,266,000	-9%

Maturity analysis for the next 80 years

The table below shows the maturity analysis for the next 80 years.

Future Year	Expected Benefit Payments	Future Year	Expected Benefit Payments	Future Year	Expected Benefit Payments
1	5.471	6 to 10	59.450	31 to 40	759.342
2	6.486	11 to 15	103.816	41 to 50	752.262
3	7.096	16 to 20	160.835	51 to 60	479.045
4	7.754	21 to 25	237.430	61 to 70	170.516
5	8.464	26 to 30	312.870	71 to 80	27.573

6.3 Long service awards and retirement gifts

The independent valuers, Arch Actuarial Consulting, carry out a statutory valuation on an annual basis as at 30 June 2025.

The principal actuarial assumptions used were as follows:

In estimating the liability for long service leave benefits, a number of assumptions are required as per GRAP 25. These assumptions should be realistic and mutually compatible. The most relevant actuarial assumptions used in this valuation are discussed below.

	2025	2024 Restated
Discount rate per annum	9.90%	10.35%
CPI (Consumer Price inflation)	3.90%	5.33%
General Salary Inflation (long term)	4.90%	6.33%
Net effective discount rate	4.80%	3.78%

	2025	2024 Restated
Examples of mortality rates used were as follows:		
Average retirement age		
Mortality during employment	62 years	62 years
	SA85-90	SA85-90

	2025 R		2024 Restated R	
Members withdrawn from service:				
	Males	Females	Males	Females
Age 20 - 24	9%	9%	9%	9%
Age 25 - 29	8%	8%	8%	8%
Age 30 - 34	6%	6%	6%	6%
Age 35 - 39	5%	5%	5%	5%
Age 40 - 44	5%	5%	5%	5%
Age 45 - 49	4%	4%	4%	4%
Age 50 - 54	3%	3%	3%	3%
Age 55 - 59	0%	0%	0%	0%
Age 60+	0%	0%	0%	0%

Discount Rate:

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post employment defined benefit obligation. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of the benefit payments, current market rates of appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 9.9% per annum has been used. The corresponding index-linked yield at this term is 5.3%. These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the Johannesburg stock Exchange after the market close on 30 June 2025.

Duration:
The implied duration of the discounted benefit obligation was estimated at 8.5 years.

Maturity Analysis

The following figure shows the Defined Benefit Obligation maturity analysis (undiscounted expected benefits vesting) for the next 30 years.

Liability Value:

	2025 R	2024 Restated R
Within one year from valuation date (nominal vesting (non discounted))	4 578 000	2 336 000
Between 1 and 5 years from valuation date	19 405 000	12 636 000
Longer than 5 years from valuation date	9 079 000	17 956 000
Total	**33 062 000**	**32 928 000**

2024/25: Amount due within one year from valuation date represents a liability at nominal (undiscounted) value. For the discounted liability within one year from valuation date, as per the AFS, refer below. Further details are included on the summary.

	2025 R	2024 Restated R
Current Portion	4 271 000	2 336 000
Non- Current Portion	28 791 000	30 592 000
	33 062 000	**32 928 000**

The amounts recognised in the Statement of Financial Position were determined as follows:

	2025 R	2024 Restated R
Liability in the Statement of Financial Position	**33 062 000**	**32 928 000**

	2025 R	2024 Restated R
Movement in the defined benefit obligation is as follows:		
Balance at beginning of the year	32 928 000	27 553 000
Current service cost	2 522 000	2 535 000
Interest cost	2 809 000	2 900 000
Actuarial (Gain)/losses	(2 861 000)	3 537 056
Benefit payments	(2 336 000)	(3 597 056)
Balance at end of year	**33 062 000**	**32 928 000**

The amounts recognised in the Statement of Financial Performance were as follows:

	2025 R	2024 Restated R
Current service cost	2 522 000	2 535 000
Interest cost	2 809 000	2 900 000
Actuarial (Gain)/losses	(2 861 000)	3 537 056
Benefit payments	(2 336 000)	(3 597 056)
TOTAL	**134 000**	**5 375 000**

Summary:

	2025 R	2024 Restated R
Statement of Financial Position obligation for:		
Post-employment medical benefits	138 552 000	123 047 000
Current Portion	5 180 000	4 762 000
Non- Current Portion	133 372 000	118 285 000
Long Service Award	33 062 000	32 928 000
Current Portion	4 271 000	2 336 000
Non- Current Portion	28 791 000	30 592 000
	171 614 000	**155 975 000**
Statement of Financial Performance obligation for:		
Post-employment medical benefits	15 505 000	15 121 000
Long Service Award loss	134 000	5 375 000
	15 639 000	**20 496 000**

SENSITIVITY ANALYSIS

In order to illustrate the sensitivity of our results to changes in certain key variables, the liabilities were recalculated using the following assumptions: -
(1) A 1% increase / decrease in the assumed general earnings inflation rate.
(2) A 1% increase / decrease in the assumed discount rate.
(3) A one year age increase and decrease in the assumed rates of post - employment mortality;
(4) A two year increase and decrease in the assumed average retirement age of eligible employees
(5) A two-fold increase and a 50% decrease in the assumed rates of termination of service.

	2025	2024 Restated
	R	R

1. Sensitivity analysis on the Defined Benefit Obligation:

The table below summarises the results of the sensitivity analysis. It indicates, for example, that if the earnings inflation rate is one percentage point greater than the long-term assumption made, the DBO will be 6% higher than the results shown in Section 6

Assumption	Change	DBO	% Change
Central assumptions		33,062,000	
General earnings inflation rate	+1%	34,895,000	6%
	-1%	31,391,000	-5%
Discount rate	+1%	31,260,000	-5%
	-1%	35,071,000	6%
Average retirement age	+2 yrs	34,722,000	5%
	-2 yrs	31,281,000	-5%
Rates of termination of service	x2	27,573,000	-17%
	x0.5	36,658,000	11%

2. Sensitivity analysis on current service and interest costs for year ending 30/06/2025:

The table below summarises the results of this analysis on the current service and interest costs for the year ending 30 June 2025

Assumption	Change	Current Svc. Cost	Interest Cost	Total	% Change
Central assumptions		2,522,000	2,809,000	5,331,000	
General earnings inflation rate	+1%	2,708,000	2,999,000	5,707,000	7%
	-1%	2,354,000	2,635,000	4,989,000	-6%
Discount rate	+1%	2,898,000	2,362,000	5,260,000	-1%
	-1%	2,704,000	2,702,000	5,406,000	1%
Average retirement age	+1 yrs	2,950,000	2,610,000	5,560,000	4%
	-1 yrs	2,683,000	2,430,000	5,113,000	-4%
Rates of termination of service	x1.2	2,395,000	2,693,000	5,088,000	-5%
	x0.8	2,661,000	2,933,000	5,594,000	5%

	2025 R	2024 Restated R

Sensitivity analysis on current service and interest costs for year ending 30/06/2026

The table below summarises the results of this analysis on the current service and interest costs for the year ending 30 June 2026.

Assumption	Change	Current Svc. Cost	Interest Cost	Total	% Change
Central assumptions		2,820,000	3,052,000	5,872,000	
General earnings inflation rate	+1%	3,019,000	3,233,000	6,252,000	6%
	-1%	2,641,000	2,886,000	5,527,000	-6%
Discount rate	+1%	2,655,000	3,164,000	5,819,000	-1%
	-1%	3,006,000	2,922,000	5,928,000	1%
Average retirement age	+2 yrs	2,955,000	3,243,000	6,198,000	6%
	-2 yrs	2,668,000	2,847,000	5,515,000	-6%
Rates of termination of service	x2	2,179,000	2,511,000	4,690,000	-20%
	x0.5	3,264,000	3,407,000	6,671,000	14%

4. Maturity Analysis:

The table below shows the maturity analysis for the next 40 years.

Future Year	Expected Benefits Vesting		Future Year	Expected Benefits Vesting
1	4.578		6 to 10	31.228
2	3.836		11 to 15	31.728
3	6.216		16 to 20	28.468
4	5.610		21 to 30	30.000
5	3.743		31 to 40	2.776

7 LONG-TERM RECEIVABLES

	2025 R	2024 Restated R
Housing selling scheme loans	2 567 254	2 737 059
Less: Allowance for impairment and future housing discounts	(2 032 261)	(2 223 014)
Total	534 993	514 045
Transfer to Current Portion		
Less: Current portion transferred to current receivables	(93 663)	(75 174)
Total Receivables	**441 331**	**438 871**
Written - off during the year	239 724	-

HOUSING SELLING SCHEME LOANS

Loans have been granted to individuals who qualified in terms of the KwaZulu-Natal Department of Housing' s programme. The loans are repayable over terms ranging from 5 to 30 years at interest rates varying between 11.25% and 13.5%

	2025 R	2024 Restated R

8 INVENTORIES

Housing Inventory	123 406	123 406
Consumable stores	2 494 682	1 551 277
Mechanical spares	3 099	21 689
Electrical maintenance spares	15 216 048	16 467 266
Fuel	-	-
Total Inventories	**17 837 235**	**18 163 638**

Loss on disposal as reflected on the Statement of Financial Performance consists of :		
Loss on Housing Inventory transfer	**-**	**11 821**

Periodically, physical stock counts are carried out.

9. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	203 798 374	219 078 917
Estate	107 223	103 145
Refuse	26 411 785	24 812 773
VAT on Consumer debtors	36 087 238	36 891 496
Legal Fees	5 907 675	7 655 994
Encroachment and plot clearing	468 364	475 354
Sundry Adjustments	843 627	154 029
Interest	21 689 398	17 049 796
Add back credits included above	751 657	616 410
Sundry Debtors	27 453 565	15 663 240
Input Vat Accrual	82 744 524	86 322 578
Vat Control (Receivable) due from SARS	7 399 147	4 640 367
Less: Allowance for debtors impairment	(77 890 888)	(78 902 092)
	335 771 688	**334 562 005**

Electricity		
Current (0 – 30 days)	152 491 164	154 275 748
31 - 60 Days	5 514 238	9 913 083
61 - 90 Days	1 817 532	3 980 112
91 - 120 Days	1 706 824	2 583 792
Greater than 120 days	42 268 616	48 326 181
Total	**203 798 374**	**219 078 917**

Estate		
Current (0 – 30 days)	3 687	2 123
31 - 60 Days	1 260	1 413
61 - 90 Days	1 086	1 413
91 - 120 Days	1 086	1 197
Greater than 120 days	100 104	97 000
Total	**107 223**	**103 145**

Refuse		
Current (0 – 30 days)	6 339 411	4 873 606
31 - 60 Days	1 016 528	1 233 109
61 - 90 Days	864 217	1 161 325
91 - 120 Days	799 923	979 438
Greater than 120 days	17 391 706	16 565 295
Total	**26 411 785**	**24 812 773**

9. RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)

	2025 R	2024 Restated R
VAT on Consumer Debtors		
Current (0 – 30 days)	23 600 184	23 535 976
31 - 60 Days	979 088	1 705 872
61 - 90 Days	423 889	810 888
91 - 120 Days	381 378	552 899
Greater than 120 days	10 702 698	10 285 861
Total	**36 087 238**	**36 891 496**
Legal Fees		
Current (0 – 30 days)	703 926	83 028
31 - 60 Days	-	230 682
61 - 90 Days	234 905	113 232
91 - 120 Days	111 848	22 663
Greater than 120 days	4 856 996	7 206 390
Total	**5 907 675**	**7 655 994**
Encroachment and plot clearing		
Current (0 – 30 days)	12 534	29 100
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	1 283	-
Greater than 120 days	454 547	446 254
Total	**468 364**	**475 354**
Sundry Adjustments		
Current (0 – 30 days)	891 003	362 575
31 - 60 Days	58 439	(30 091)
61 - 90 Days	4 050	(5 021)
91 - 120 Days	843	(6 041)
Greater than 120 days	(110 710)	(167 393)
Total	**843 627**	**154 029**
Interest		
Current (0 – 30 days)	1 696 476	951 892
31 - 60 Days	697 886	718 864
61 - 90 Days	628 261	610 119
91 - 120 Days	606 318	567 882
Greater than 120 days	18 060 458	14 201 038
Total	**21 689 398**	**17 049 796**

	2025 R	2024 Restated R
Nett Credits included above		
Total	**751 657**	**616 410**
Sundry Debtors		
Current (0 – 30 days)	13 692 863	803 306
31 - 60 Days	111 657	215 590
61 - 90 Days	(106 195)	154 591
91 - 120 Days	31 093	132 955
Greater than 120 days	13 724 147	14 356 798
Total	**27 453 565**	**15 663 240**
Sundry Debtors per Function:		
Housing	10 922 333	7 732 334
Electricity	(2 129 704)	344 329
Rates and General	18 792 448	7 586 577
	27 585 076	**15 663 240**
VAT Receivable:		
Input Vat Accrual	82 744 524	86 322 578
Vat Control (Receivable) due from SARS	7 399 147	4 640 367

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

Vat Control (Receivable) due from SARS	**7 399 147**	**4 640 367**

The statutory receivable arises from legislation. No impairment is required at this stage.

Consumer Debtors:
Provisions for impairment are determined based on the type and recoverability of Consumer Debtors. A 100% impairment is provided for registered indigent debtors, debtors under liquidation, and accounts unpaid for four months or longer, as these categories are considered a higher risk for recoverability due to financial constraints, insolvency, or prolonged non-payment. No impairment is provided for accounts owing within the last four levy periods, government accounts, or those accounts with credit balances, as these are deemed recoverable. Additionally, where payments are received after 30 June but before the August billing date, such receipts are treated as expected future cash inflows and therefore not impaired.

Sundry Debtors:
Provisions for impairment on sundry accounts are based on the age of the debt and payment history. A 100% impairment is provided for Sundry Debtor accounts where no payments have been received within 90 days and for all debit transactions raised more than 120 days prior, as these are considered a higher risk for recoverability. No impairment is made for accounts with debit transactions raised within the last 120 days, as they are deemed recoverable. Additionally, where payments are received after 30 June but before the August billing date, such receipts are treated as expected future cash inflows and therefore not impaired.

Future Housing Discounts:

Provisions for impairment on Future housing discounts are based on the provisions of the Enhanced Extended Discount Benefit Scheme where the purchase price of the housing units may qualify for a 100% write off at the time of transfer. Should the account holder not meet the requirements of the scheme, a portion of the amount may be recovered at the transfer stage. Due to uncertainty on whether or not account holders would meet the criteria, the full amount is impaired.

	Note	2025 R	2024 Restated R
Reconciliation of the Allowance for Impairment			
Balance at beginning of the year			
Receivables from exchange transactions		78 902 092	73 487 589
Long term receivables		2 223 014	2 215 105
Receivables from non-exchange transactions		239 411 349	229 521 783
Total balance at beginning of the year		**320 536 455**	**305 224 478**
(Release from) / Contribution to impairment			
Receivables from exchange transactions		(1 011 204)	5 414 503
Long term receivables		(190 753)	7 909
Receivables from non-exchange transactions		7 023 483	9 889 566
(Release from) / Contribution to accumulated impairment		**5 821 525**	**15 311 978**
Adjustment to Vat on trade receivables from exchange transactions		722 017	(213 520)
Impairment recognised in Statement of Financial Performance	**33**	**6 543 542**	**15 098 458**
Balance at end of year			
Receivables from exchange transactions		77 890 888	78 902 092
Long term receivables		2 032 261	2 223 014
Receivables from non-exchange transactions		246 434 832	239 411 349
Total Balance at end of year		**326 357 981**	**320 536 455**

Allowances for Impairment per category of Receivables:

	2025 R	2024 Restated R
Sundry Debtors	26 313 794	21 304 626
Consumers	200 839 414	200 832 562
Future Housing Discounts	3 137 385	3 327 352
Traffic Fines	96 067 387	95 071 916
	326 357 981	**320 536 455**

	2025 R	2024 Restated R
Bad debts written off		
Bad debts written off - Exchange Transactions	1 347 615	1 485 151
Bad debts written off - Non - Exchange Transactions	3 548 314	3 527 875
Total Bad debts written off	**4 895 930**	**5 013 025**

	2025 R	2024 Restated R

10. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2025 R	2024 Restated R
Rates - Statutory Receivables	258 698 015	223 595 897
Other debtors	40 655 144	38 373 313
Department of Housing - RDP projects	251 934	251 934
Operating leases	383 789	724 354
Traffic Fines Debtor - Statutory Receivables	154 314 668	143 913 092
less: Allowance for impairment	(246 434 832)	(239 411 349)
	207 868 718	**167 447 241**
Rates		
Current (0 – 30 days)	49 036 053	33 436 940
31 - 60 Days	10 341 645	14 264 642
61 - 90 Days	8 814 387	11 845 746
91 - 120 Days	7 721 485	8 394 686
Greater than 120 days	182 784 445	155 653 884
Total	**258 698 015**	**223 595 897**
Sundry Debtors		
Current (0 – 30 days)	7 607	13 460
31 - 60 Days	1 195	869
61 - 90 Days	1 185	862
91 - 120 Days	4 928 919	855
Greater than 120 days	21 743 209	22 294 222
Total	**26 682 116**	**22 310 268**
Sundry Debtors consists of:		
Dept Of Human Settlement - Bridge financing	17 887 959	17 887 959
Fraudulent withdrawal from Municipal bank account	4 927 743	-
Other sundry debtors	3 866 414	4 422 309
	26 682 116	**22 310 268**

Included in Sundry debtors for 2024/2025 is an amount of R4 927 743.21 of funds not recovered to date as a result of the fraudulent withdrawal from the municipal primary bank account. This is currently in the process of recovery.

Other Debtors:
Included in Other Debtors are:

	2025 R	2024 Restated R
Accrued Income	8 281 359	12 758 660
iLembe water deposits	56 491	56 491
Sundry Debtors	26 682 116	22 310 268
Prepaid expenditure	3 881 374	2 625 578
Housing bridge financing and medical aid	158 062	158 062
Over payment of contractors	-	-
Department of Transport (DOT) - Motor vehicle licensing commission	1 595 741	464 255
	40 655 144	**38 373 313**

Statutory receivables included in receivables from non-exchange transactions are as follows:

	2025 R	2024 Restated R
Gross Debtors:		
Traffic Fines	154 314 668	143 913 092
Property Rates	258 698 015	223 595 897
	413 012 683	**367 508 989**
Impairment:		
Traffic Fines impairment	(96 067 387)	(95 071 916)
Property Rates impairment	(142 484 831)	(136 463 664)
	(238 552 218)	**(231 535 580)**
Net Debtors:		
Traffic Fines	58 247 281	48 841 176
Property Rates	116 213 184	87 132 233
	174 460 465	**135 973 408**

Traffic fines constitute both spot fines and summonses. They are issued in terms of the Criminal Procedures Act, hence this is therefore recognised as a statutory receivable. Revenue from traffic fines is initially measured on the value stipulated on the notice, summons or equivalent document. The revenue from traffic fines is subject to further judicial process which is outside the municipality's control. These reductions are not considered in measuring the revenue and receivable on initial recognition. This is because of the high degree of uncertainty in estimating the likely outcome of this process. Once this separated process has been concluded, any reductions are accounted for as a change in estimated revenue and in accordance with IGRAP1.

Property rates is levied in terms of the Municipal Properties Rates Act, hence this is therefore recognised as a statutory receivable. The receivable is calculated by applying the Council approved rates randage against the valuation of the individual properties within the municipal jurisdiction. Council approved rebates and exemptions are further applied to reduce the receivable. Interest and admin charges are applied on outstanding debt as per council's approved tariff of charges.

The basis of impairment takes into account the following:
1. The estimate was determined in accordance with the Credit Control Policy of the municipality, and the impairment methodology.
2. In assessing whether statutory receivables are impaired, management considered both individual receivables that may be impaired as well as groups of similar receivables that may be impaired.
3. The total debtors were further separated into groups of similar receivables with similar risk profiles and assessed for impairment (indigent, in liquidation, accounts not paid for 3 months or longer, handed-over and deemed not recoverable and handed over accounts that have not been paid in the last 3 months and longer - 100%)

11 Employee and Long Services Benefits

	2025 R	2024 Restated R
Post-employment medical benefits	15 505 000	15 121 000
Long Service Award loss	134 000	5 375 000
	15 639 000	**20 496 000**

12 Short term investments

The municipality has the following short term investments

	2025 R	2024 Restated R
ABSA Bank Account - Stanger Branch Account Number 2079270909	32 512 741	32 512 741
Nedbank Bank Account - Treasury Branch Account Number 03/7881022337/175	10 862 027	10 862 027
Nedbank Bank Account - Treasury Branch Account Number 03/7881022337/176	27 000 000	27 000 000
ABSA Bank Account - Stanger Branch Account Number 2081342297	-	10 000 000
	70 374 769	**80 374 769**

13 Cash and cash equivalents

Cash and cash equivalents consist of:	Bank statement balances 2025	Bank statement balances 2024	Cash book balances 2025	Cash book balances 2024 Restated
Bank Balances and short term deposits	972 925 544	1 348 438 691	970 867 046	1 355 716 370

The municipality had the following Investment and Bank accounts

Account number / description	Bank statement balances 2025	Bank statement balances 2024	Cash book balances 2025	Cash book balances 2024
First National Bank Account - Stanger Branch Account Number 62288308672	804 947	757 440	804 947	757 440
First National Bank Account - Stanger Branch Account Number 62288306147	399 738	376 653	399 738	376 653
ABSA Account - Durban Branch Account Number 93 1800 0892	1 333 567	1 240 328	1 333 567	1 240 328
ABSA Bank Account - Stanger Branch Account Number 9330098057	28 154 748	42 334 194	28 154 748	42 334 194
ABSA Bank Account - Stanger Branch Account Number 932 12992298	1 019 128	947 980	1 019 128	947 980
ABSA Bank Account - Stanger Branch Account Number 932 1890676	305 615	284 367	305 615	284 367
ABSA Bank Account - Stanger Branch Account Number 932 1890529	1 131 306	1 052 223	1 131 306	1 052 223
ABSA Bank Account - Stanger Branch Account Number 932 1063433	3 877 855	3 606 547	3 877 855	3 606 547
ABSA Bank Account - Stanger Branch Account Number 932 1889635	5 161 896	4 800 721	5 161 896	4 800 721
ABSA Bank Account - Stanger Branch Account Number 932 1890113	351 619	327 159	351 619	327 159
ABSA Bank Account - Stanger Branch Account 932 3556707	16 421 475	15 257 143	16 421 475	15 257 143
ABSA Bank Account - Stanger Branch Account Number 932 6885911	7 974 376	7 416 409	7 974 376	7 416 409

13 Cash and cash equivalents (Continued)

Account number / description	Bank statement balances 2025	Bank statement balances 2024	Cash book balances 2025	Cash book balances 2024
Primary Bank Account ABSA Bank Stanger Branch Account Number 4087 627126	66 775 607	160 044 541	63 399 614	167 044 541
Grants Bank Account (2) ABSA- Stanger Branch Account Number 408 8893526: Cheque Account	27 249 720	70 372 484	27 249 720	70 372 484
ABSA Bank - Stanger Branch Account Number 408 8890536	5 896 004	5 581 749	5 896 004	5 581 749
ABSA Bank - Stanger Branch Account Number 408 8890196	1 472 857	1 919 727	1 472 857	1 919 727
ABSA Bank - Stanger Branch Account Number 408 889105	14 419 401	13 533 619	14 419 401	13 533 619
ABSA Bank - Stanger Branch Account Number 408 8891427	40 261.55	39 640	40 262	39 640
ABSA Bank - Stanger Branch Account Number 408 8892732	57 937	56 230	57 937	56 230
ABSA Bank - Stanger Branch Account Number 408 8893047	166 534	158 151	166 534	158 151
ABSA Bank - Stanger Branch Account Number 408 8893306	30 726	30 946	30 726	30 946
ABSA Bank - Stanger Branch Account Number 93 5527 2791	9 037 574	9 905 725	9 037 574	9 905 725
ABSA Bank - Stanger Branch Account Number 9357410284	16 311 822	17 242 244	16 311 822	17 242 244
ABSA Bank Account - Stanger Branch Account Number 93 3046 2759	3 267 326	3 038 795	3 267 326	3 038 795
ABSA Bank Account - Stanger Branch Account Number 93 3924 6273	17 887 327	16 619 097	17 887 327	16 619 097
ABSA Bank Account - Stanger Branch Account Number 40 9577 4472	231 664 200	222 007 694	231 664 200	222 007 694
Standard Bank Account - Durban Branch Account Number 058756442-092	55 059 060	50 498 077	55 059 060	50 498 077
Standard Bank Account - Durban Branch Account Number 058756442-094	64 552 146	59 204 775	64 552 146	59 204 775
Nedbank Account - Stanger Branch Account Number 03/7881022337/166	81 093 119	75 168 297	81 093 119	75 168 297
Investec Bank Account - Durban Branch Account Number 1100-482666-620	55 335 127	50 902 512	55 335 127	50 902 512
ABSA Bank Account - Stanger Branch Account Number 4100653842	2 625 435	3 220 351	2 625 435	3 220 351
Petty Cash & Cash on hand	-	-	1 317 495	277 680
ABSA Bank Account - Stanger Branch Account Number 93 7782 6059 (Disaster R&R Grant)	216 104 050	475 451 031	216 104 050	475 451 031
ABSA Bank Account - Stanger Branch Account Number 93 734 01425 (Disaster R Grant)	14 551 799	14 444 248	14 551 799	14 444 248
Investec Bank Account - Durban Branch Account Number 1100-482666-621	22 391 243	20 597 594	22 391 243	20 597 594
	972 925 544	**1 348 438 691**	**970 867 046**	**1 355 716 370**

	2025 R	2024 Restated R

14 Revaluation reserve

	2025	2024 Restated
Opening balance	18 313 137	18 313 137
Movement for the year	-	-
Closing balance	**18 313 137**	**18 313 137**

15 HOUSING OPERATING ACCOUNT

The Housing Operating Account is represented by the following assets and liabilities:

	2025	2024 Restated
Fixed Assets	2 333 383	2 656 820
Housing Inventory	123 406	123 406
Debtors	297 196	316 112
Debtors: Department of Human Settlements	251 934	251 934
Accumulations	5 909 248	5 512 911
Prepaid debtors	(187 011)	(133 028)
	8 728 156	**8 728 156**

16 LEASES

	2025	2024 Restated
Minimum Finance lease payments due:		
Within one year	1 320 319	1 281 491
Later than 1 year and no later than 5 years	590 450	1 795 349
	1 910 769	**3 076 840**
less: Future finance charges	(163 509)	(407 884)
Present value of minimum lease payments	**1 747 260**	**2 668 956**
Present value of minimum Finance lease payments due:		
Within one year	1 177 433	1 021 753
Later than 1 year and no later than 5 years	569 827	1 647 203
	1 747 260	**2 668 956**

The municipality has entered into a lease agreement with Vodacom for the use of tablets effective March 2023. The lease runs for a period of 3 years.

The municipality had entered into lease agreement with Motswako Office Solutions for the use of photocopy machines, effective 01 December 2023. The lease runs for a period of 3 years.

The municipality has entered into a lease agreement with Vodacom for the use of laptops effective November 2024. The lease runs for a period of 3 years.

OPERATING LEASES - RECEIVABLES (Municipality as a Lessor)
The future minimum lease payments receivable under operating leases for the actual receivables are as follows:

	2025	2024 Restated
No later than 1 year	907 698	864 475
Later than 1 year and no later than 5 years	-	907 698
Later than 5 years	-	-
	907 698	**1 772 173**

Salient leases

The municipality has entered into a non-cancellable lease with a private contractor to operate the Dolphin Caravan park. The lease runs for a period of 25 years, starting 1 July 2001. Rental income escalates at 5% per annum.

17 Unspent conditional grants, receipts and Public contributions

Unspent conditional grants and receipts comprises of:

	2025 R	2024 Restated R
Unspent conditional grants and receipts:		
Energy Efficiency and Demand Side Management Grant	-	1 051
Municipal Infrastructure Grant	12 287 114	-
Department of Minerals and Energy DME (INEP)	-	485 348
Housing Accreditation	9 388	9 388
Ballito Junction Road	9 873 612	9 873 612
IFA Hulletts Sports Facility	97 810	97 810
IFA Hulletts Beach Node Development	20 725	20 725
KZN EDTEA - Prize Money cleanest town	463 420	477 223
Title Deeds Restoration Grant	2 688 225	2 688 225
Natural Resource Management Project Grant (EDTEA)	1 002 868	212 868
Municipal Disaster Response Grant	6 261 550	20 317 734
Municipal Disaster Recovery Grant (R&R)	57 946 089	338 048 171
Municipal Employment Initiative Grant	77 913	77 913
Energy Loss Project (EDTEA) Vuthela Project	4 575 484	9 420 300
General Budget Support - GBS Grant (Ease of Business)	1 454 997	1 847 836
Housing Grant (DOHS)	50 058 552	51 688 383
	146 817 766	**435 266 587**

Further details of amounts recognised in Revenue - refer to Note 26

18 Provisions

	2025 R	2024 Restated R
Reconciliation of Current provision		
Reimbursement of Developers Contribution		
Opening balance	-	-
Transfer to current provisions	-	-
Utilised during the year	-	-
Reversed during the year	-	-
Total	-	-
Rehabilitation of Landfill Site		
Opening balance	3 001 573	2 869 573
Additional provision raised	(315 595)	132 000
Total	2 685 978	3 001 573
Total Current Provision:	**2 685 978**	**3 001 573**

	2025 R	2024 Restated R
Reconciliation of Non - Current provision		
1. Rehabilitation of Landfill Site		
Opening balance	11 786 706	11 268 362
Additions / (Decrease) to provisions	673 717	518 345
Total	**12 460 423**	**11 786 706**
2. Developers Contribution		
Opening balance	6 151 202	5 504 431
Additions / (Decrease) to provisions	847 462	646 771
Total	**6 998 663**	**6 151 202**
3. Deferred Interest		
Opening balance	2 433 052	3 079 823
Additions / (Decrease) to provisions	(847 462)	(646 771)
Total	**1 585 591**	**2 433 052**
Total Non - Current Provision:	**21 044 677**	**20 370 961**
Total Current Provision:	2 685 978	3 001 573
Total Non - Current Provision	21 044 677	20 370 961
Total Provisions:	**23 730 655**	**23 372 534**
Net adjustments to Provisions	358 121	650 345

The provision created for the rehabilitation of the landfill site is based on a professional study conducted by Ecological and Environmental Services of the rehabilitation costs of the Shakaville dumpsite.

The provision reflects a total of R15 146 401 as the present value.

The provision created for the Developers Contribution is based on potential reimbursement of bulk infrastructure development undertaken by the respective developers. These are in terms of agreements signed between the municipality and the relevant developers and reimbursements will only occur when various conditions have been met.

19 Long term Liabilities

Loans - Bank Loans

Bear interest at 9.73% to 10.42% and is redeemed in bi-annual instalments, including interest, over varying periods until 2032.

Please refer to Appendix A for further details.

	2025	2024 Restated
Loans	147 701 970	162 407 406
Current portion transferred to Current Liabilities	(16 051 904)	(14 705 436)
Total Long Term Liabilities	**131 650 066**	**147 701 970**

	2025 R	2024 Restated R

20 TRADE & OTHER PAYABLES

	2025 R	2024 Restated R
Trade payables	354 219 736	360 807 933
Payments received in advance	44 202 722	37 248 806
Other creditors	34 604 588	32 736 213
Housing Agency Creditor - Department of Human Settlements	-	-
Expenditure captured on Cash Book but not released	-	11 067
Deposits - other	-	5 573 942
Staff leave	32 999 153	29 553 900
Staff bonus	13 585 596	12 725 822
Retentions	85 887 189	80 859 016
Output VAT accrual	50 336 085	48 851 957
VAT output accrual on doubtful debt impairment	(5 574 415)	(6 296 432)
	610 260 653	**602 072 224**

Payments in advance includes prepaid electricity accruals

21 Consumer Deposits

	2025 R	2024 Restated R
Consumer Deposits in respect of:		
Electricity	46 577 601	43 700 118
Other	242 753	188 079
	46 820 354	**43 888 198**

22 Service charges

	2025 R	2024 Restated R
Sale of electricity	1 364 984 517	1 236 513 115
Refuse removal	109 362 567	97 659 446
	1 474 347 084	**1 334 172 560**

23 Operational Revenue (Other Income)

	2025 R	2024 Restated R
Contributions demand based	29 023 437	23 430 315
Building plan fees	11 574 529	12 266 168
Sundries	15 733	469 408
Proceeds from Insurance	1 512 412	6 650 998
Admin charges	2 296 563	2 010 616
Miscellaneous income	8 990 282	5 507 498
Advertising	5 634 767	5 360 139
Road Master Plans	1 237 329	1 845 664
Burial Fees	778 649	863 292
Staff recoveries	-	602 400
Road Reinstatement - Ilembe District Municipality	8 702 515	-
	69 766 215	**59 006 497**

24 Interest Earned

	2025 R	2024 Restated R
Interest revenue		
Interest Earned on Investments & Bank Accounts	**93 721 426**	**142 346 192**

25 PROPERTY RATES

	2025 R	2024 Restated R
Residential	400 919 806	368 557 156
Business and Commercial	161 377 715	150 054 185
Industrial	36 838 389	34 330 025
Mining	215 492	205 229
Education and State	12 329 888	12 059 843
Agriculture	3 782 457	3 455 392
Vacant	114 838 080	107 755 267
Public Service Infrastructure	18 448	18 801
Illegal Use/Unauthorised Use	21 609 662	13 168 110
Special rating areas	14 011 898	13 798 695
Total Actual Assessment Rates	**765 941 835**	**703 402 702**
Property Valuations		
Residential	65 989 813 586	63 574 170 586
Commercial	9 353 308 000	9 207 343 000
Education and State	558 569 000	564 179 000
Municipal	1 481 543 000	1 468 603 000
Agriculture	4 456 613 000	4 363 352 000
Vacant	5 361 308 785	5 406 465 000
Land reform	1 251 152 000	1 251 442 000
Monuments	2 620 000	2 620 000
Public Service Infrastructure	1 607 402 000	1 607 352 000
Worship / Public Benefit Organisations	261 870 000	262 840 000
Illegal Use/Unauthorised Use	337 246 000	262 076 000
Total Property Valuations	**90 661 445 371**	**87 970 442 586**

The last general valuation came into effect on 01July 2021

Property rates levied in terms of the Local Government: Municipal Property Rates Act No. 6 of 2004 (MPRA) with effect from 01 July 2007

Adjustments to the valuation roll in terms of Section 78 of the MPRA (as amended) are effected on an on-going basis. The adjustments take into account consolidations and subdivisions as well as property category changes.

Assessment rates: Cents in the rand on market valuation as follows:

	2025	2024
Residential, informal settlements, land reform, monuments	0.968	0.921
Residential for commercial purposes	2.993	2.850
Agricultural	0.242	0.231
Industrial, business and commercial, vacant, public infrastructure, Municipal owned and worship	2.993	2.850
Properties used by an organ of state and used for public service purposes	2.993	2.850
Guest houses	2.993	2.850
Public service infrastructure	0.242	0.231
Illegal Use/Unauthorised Use	0.060	0.050

The first R100 000 of the valuation of residential properties are exempt from the calculation of rates.
The first 30% of the valuation of public service infrastructure properties are exempt from the calculation of rates.

	2025 R	2024 Restated R
Rebates:		
Land reform, worship, state land, PBO's, monuments, informal settlements and municipal owned property	100%	100%
Additional rebates applicable:		
Excluded services	15%	15%
All Pensioners		
Pensioners under 65 years	25%	25%
Pensioners between 65 & 75 years	30%	30%
Pensioners older than 75 years	35%	35%
Industrial incentives including:		
In the first and second year, thereafter phased out by 10% per annum	100%	100%
Residential Developers incentives		
In first & second year thereafter phased out by 10% per annum	100%	100%
Bonafide Agricultural properties	50%	50%
Rates are levied as follows (in terms of S26 of the Municipal Property Rates Act):		
On an annual basis, by application, and the final date of payment being:	30 September 2024	30 September 2023
On a monthly basis, and the final dates of payment being the last working day of the month from August 2024 to June 2025.		
Interest is levied on outstanding rates per annum at :	10% per annum	10% per annum
Plus administration charges two months after the final date of payment in respect of annual rate payers and 01 July in respect of monthly rate payers.	10%	10%

26 GOVERNMENT GRANTS AND SUBSIDIES

	2025 R	2024 Restated R
Equitable Share	276 746 348	259 016 143
Municipal Infrastructure Grant	39 337 865	40 788 776
Financial Management Grant	1 800 000	1 750 000
Department of Minerals and Energy - INEP	18 523 000	11 460 484
Community Library Services Grant	1 834 000	1 270 000
Library Subsidy	6 149 000	5 890 000
Museum	260 000	249 000
Energy Efficiency & Demand Side Management Grant	1 051	6 998 949
Expanded Public Works Programme	1 589 000	1 624 000
Housing Accreditation	3 242 170	5 200 245
Natural Resource Management Project Grant (EDTEA)	410 000	1 479 568
Municipal Disaster Response Grant	14 056 184	28 532 355
Municipal Disaster Recovery Grant (R&R)	280 102 082	561 671 522
CETA Candidacy grants	1 472 125	-
General Budget Support - GBS Grant (SCADA)	-	15 630 264
General Budget Support - GBS Grant (Ease of Business)	392 839	10 629 935
Municipal Employment Initiative Grant	-	922 087
Energy Loss Project (EDTEA) Vuthela Project	4 844 816	-
KZN EDTEA - Cleanest town Prize money	13 803	522 777
	650 774 283	**953 636 106**

	2025 R	2024 Restated R

Equitable Share

Balance unspent at the beginning of year	-	-
Current year receipts	276 746 348	259 016 143
Conditions met – transferred to revenue	(276 746 348)	(259 016 143)
	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal Infrastructure Grant

Balance unspent at beginning of year	(21)	148 755
Current year receipts	51 625 000	40 640 000
Conditions met - transferred to revenue	(39 337 865)	(40 788 776)
Paid back to the National Revenue Fund	-	-
Conditions still to be met - remain liabilities (see note 17)	**12 287 114**	**(21)**

This grant was used for municipal infrastructure.
The original allocation was reduced via the adjustments DORA Government Notice No. 4540

Financial Management Grant

Balance unspent at beginning of year	-	
Current year receipts	1 800 000	1 750 000
Conditions met - transferred to revenue	(1 800 000)	(1 750 000)
Conditions still to be met - remain liabilities (see note 17)	-	-

This grant is used to assist the municipality to implement financial reforms required by the MFMA.

Department of Minerals and Energy Grant - INEP

Balance unspent at beginning of year	485 348	1 145 832
Current year receipts	18 523 000	10 800 000
Conditions met - transferred to revenue	(18 523 000)	(11 460 484)
Paid back to the National Revenue Fund	(485 347)	
Conditions still to be met - remain liabilities (see note 17)	**-**	**485 348**

This grant is used for electrification projects as part of upgrading of informal settlement areas.

Community Library services grant

Balance unspent at beginning of year	-	508 000
Current year receipts	1 834 000	762 000
Conditions met - transferred to revenue	(1 834 000)	(1 270 000)
Conditions still to be met - remain liabilities (see note 17)	**-**	**-**

This Grant is used for the payment of the cyber cadets at the Shakaskraal, Stanger Manor and KwaDukuza libraries.

	2025 R	2024 Restated R
Museum		
Balance unspent at beginning of year	-	-
Current year receipts	260 000	249 000
Conditions met - transferred to revenue	(260 000)	(249 000)
Conditions still to be met - remain liabilities (see note 17)	**-**	**-**

This grant is for the Museum expenditure incurred.

	2025 R	2024 Restated R
Energy Efficiency & Demand Side Management		
Balance unspent at beginning of year	1 051	-
Current year receipts	-	7 000 000
Conditions met - transferred to revenue	(1 051)	(6 998 949)
Paid back to the National Revenue Fund	-	-
Conditions still to be met - remain liabilities (see note 17)	**-**	**1 051**

This grant is for community upliftment

	2025 R	2024 Restated R
Expanded Public Works Program		
Balance unspent at beginning of year	-	-
Current year receipts	1 589 000	1 624 000
Conditions met - transferred to revenue	(1 589 000)	(1 624 000)
Conditions still to be met - remain liabilities (see note 17)	**-**	**-**

EPWP grant funding is used to expand job creation efforts in specific focus areas where labour intensive delivery methods can be measured.

	2025 R	2024 Restated R
Library Subsidy		
Balance unspent at beginning of year	-	-
Current year receipts	6 149 000	5 890 000
Conditions met - transferred to revenue	(6 149 000)	(5 890 000)
Conditions still to be met - remain liabilities (see note 17)	**-**	**-**

This grant is used to fund operational expenditure within the various libraries in KwaDukuza.

	2025 R	2024 Restated R
Housing Accreditation Grant		
Balance unspent at beginning of year	9 388	3 294 909
Current year receipts / transfers in	3 242 170	1 914 724
Conditions met - transferred to revenue	(3 242 170)	(5 200 245)
Conditions still to be met - remain liabilities (see note 17)	**9 388**	**9 388**

This grant is for community upliftment

	2025 R	2024 Restated R
General Budget Support - GBS Grant (SCADA)		
Balance unspent at beginning of year	-	-
Current year receipts	-	15 630 264
Conditions met - transferred to revenue	-	(15 630 264)
Paid back to the National Revenue Fund	-	-
Conditions still to be met - remain liabilities (see note 17)	**-**	**-**

This grant is for Electricity Network Management.

General Budget Support - GBS Grant (Ease of Business)

	2025 R	2024 Restated R
Balance unspent at beginning of year	1 847 836	-
Current year receipts	-	12 477 771
Conditions met - transferred to revenue	(392 839)	(10 629 935)
Paid back to the National Revenue Fund	-	-
Conditions still to be met - remain liabilities (see note 17)	**1 454 997**	**1 847 836**

This grant is for Economic Development and Planning.

Title Deeds Restoration Grant

	2025 R	2024 Restated R
Balance unspent at beginning of year	2 688 225	2 688 225
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 17)	**2 688 225**	**2 688 225**

This grant is to be used to fund expenses in respect of property transfers.

Natural Resource Management Project Grant (EDTEA)

	2025 R	2024 Restated R
Balance unspent at beginning of year	212 868	192 437
Current year receipts	1 200 000	1 500 000
Conditions met - transferred to revenue	(410 000)	(1 479 568)
Conditions still to be met - remain liabilities (see note 17)	**1 002 868**	**212 868**

This grant is in respect of the Mavivane Transformative Riverine Management Project (TRMP) dealing with the rehabilitation of river catchments and addressing the issues of climate change.

Municipal Disaster Response Grant

	2025 R	2024 Restated R
Balance unspent at beginning of year	20 317 734	26 823 089
Current year receipts	-	22 027 000
Conditions met - transferred to revenue	(14 056 184)	(28 532 355)
Conditions still to be met - remain liabilities (see note 17)	**6 261 550**	**20 317 734**

Municipal Disaster Recovery Grant (R & R)

	2025 R	2024 Restated R
Balance unspent at beginning of year	338 048 171	899 719 693
Current year receipts	-	-
Conditions met - transferred to revenue	(280 102 082)	(561 671 522)
Conditions still to be met - remain liabilities (see note 17)	**57 946 089**	**338 048 171**

CETA Candidacy Grant

	2025 R	2024 Restated R
Balance unspent at beginning of year	-	-
Current year receipts	1 472 125	-
Conditions met - transferred to revenue	(1 472 125)	-
Conditions still to be met - remain liabilities (see note 17)	**-**	**-**

Municipal Employment Initiative Grant

	2025 R	2024 Restated R
Balance unspent at beginning of year	77 913	1 000 000
Current year receipts	-	-
Conditions met - transferred to revenue	-	(922 087)
Conditions still to be met - remain liabilities (see note 17)	**77 913**	**77 913**

Energy Loss Project (EDTEA) Vuthela Project

	2025 R	2024 Restated R
Balance unspent at beginning of year	9 420 300	-
Current year receipts	-	9 420 300
Conditions met - transferred to revenue	(4 844 816)	-
Conditions still to be met - remain liabilities (see note 17)	**4 575 484**	**9 420 300**

			2025 R	2024 Restated R
27	**Public Contributions**			
	IFA Hulletts Sports Facility		-	-
	Ballito Junction Road		-	-
	IFA Hulletts Beach Node Development		-	-
	KwaDukuza Mall Development		-	-
	KZN EDTEA - Cleanest town Prize money	**26**	(13 803)	(522 777)
			(13 803)	**(522 777)**
	Balance unspent at beginning of year		10 469 370	10 992 147
	Current-year receipts		-	-
	Conditions met - transferred to revenue		(13 803)	(522 777)
	Balance unspent at end of year (Note 16)		**10 455 567**	**10 469 370**

Conditions still to be met - remain liabilities (see note 17)

		2025 R	2024 Restated R
28	**Employee related costs**		
	Basic	335 927 373	310 112 953
	Bonus	26 189 245	23 969 392
	Medical aid - company contributions	32 827 843	30 240 183
	UIF	2 388 681	2 303 219
	Industrial council levies	158 876	149 875
	Leave pay provision charge	9 464 805	9 318 370
	Leave & bonus provision expense	4 305 028	1 302 029
	Travelling allowances	19 123 836	18 228 052
	Overtime payments	80 496 003	76 484 959
	Housing benefits and allowances	1 267 808	1 207 652
	Group Life Assurance	3 566 249	3 184 122
	Pension Contributions	58 601 621	55 003 653
	Standby, Uniform, Telephone and Tool allowances	18 924 435	19 320 572
		593 241 805	**550 825 030**
	Remuneration of the Municipal Manager		
	Salary and Allowances	1 866 213	1 955 496
	Travel Allowance	96 000	96 000
	Cell Allowance	17 160	17 160
	Performance Bonus	64 389	145 441
	Pension	188 047	180 459
	Other contributions	2 125	2 125
		2 233 934	**2 396 681**
	Remuneration of the Chief Financial Officer		
	Salary and Allowances	1 076 143	1 105 804
	Travel Allowance	552 434	612 558
	Cell Allowance	14 520	14 520
	Performance Bonus	177 159	-
	Pension	248 600	237 758
	Other contributions	2 125	2 125
		2 070 982	**1 972 765**
	Executive Director: Economic Development & Planning		
	Salary and Allowances	1 303 019	1 372 222
	Travel Allowance	204 663	186 000
	Cell Allowance	14 520	14 520
	Performance Bonus	155 197	166 932
	Pension	255 671	250 657
	Other contributions	2 125	2 125
		1 935 195	**1 992 456**

	2025 R	2024 Restated R
Executive Director: Corporate Services		
Salary and Allowances	1 429 808	1 665 245
Travel Allowance	293 800	89 242
Cell Allowance	14 520	121 611
Performance Bonus	86 220	-
Pension	-	-
Other contributions	2 125	2 303
	1 826 473	**1 878 401**
Executive Director: Community Safety		
Salary and Allowances	1 562 281	1 686 427
Travel Allowance	160 000	120 000
Cell Allowance	14 520	14 520
Performance Bonus	155 197	133 546
Pension	-	-
Other contributions	2 125	2 125
	1 894 123	**1 956 618**
Executive Director: Community Services & Public Amenities		
Salary and Allowances	1 307 018	1 423 708
Travel Allowance	180 000	180 000
Cell Allowance	14 520	14 520
Performance Bonus	166 932	166 932
Pension	243 667	233 490
Other contributions	2 125	2 125
	1 914 262	**2 020 776**
Chief Operations Officer		
Salary and Allowances	1 373 060	1 450 142
Travel Allowance	161 890	135 000
Cell Allowance	14 520	14 520
Performance Bonus	137 953	133 546
Pension	231 613	230 784
Other contributions	2 125	2 125
	1 921 160	**1 966 118**
Executive Director: Civil Engineering		
Salary and Allowances	822 035	195 621
Travel Allowance	300 000	50 000
Cell Allowance	14 520	2 420
Performance Bonus	-	-
Pension	150 770	23 912
Other contributions	2 125	177
	1 289 450	**272 130**

The Executive Director: Civil Engineering was appointed on the 01 May 2024.

	2025 R	2024 Restated R
Executive Director: Electrical Engineering Services		
Salary and Allowances	1 307 018	1 384 534
Travel Allowance	180 000	180 000
Cell Allowance	14 520	14 520
Performance Bonus	86 220	116 852
Pension	243 667	233 490
Other contributions	2 125	2 125
	1 833 551	**1 931 522**

		2025 R	2024 Restated R
29	**REMUNERATION OF COUNCILLORS**		
	Mayor	1 070 786	1 092 451
	Deputy Mayor	608 156	-
	Speaker	899 577	883 049
	Executive Committee (EXCO)	6 627 156	7 811 950
	Section 79 - MPAC Chair	563 352	550 921
	Councillors	18 431 082	17 668 678
	Councillors' pension contribution	2 691 125	2 639 572
	Traditional leaders	37 600	20 800
		30 928 833	**30 667 421**

The post of the Deputy Mayor was vacant in 2023/2024 financial year and filled partly for the 2024/2025 financial year.

		2025 R	2024 Restated R
30	**Depreciation and amortisation**		
	Property, Plant & Equipment	133 794 324	120 285 743
	Intangible assets	75 929	107 465
		133 870 253	**120 393 211**
31	**Impairment Loss**		
	Impairments / (Impairment Reversals)		
	Property, Plant & Equipment	1 481 182	2 250 569
	Inventory	(387 997)	(871 427)
		1 093 186	**1 379 142**
32	**Finance costs**		
	Finance costs on borrowings	**15 595 865**	**16 842 555**
33	**Debt impairment and write offs**		
	Receivables from exchange transactions		
	Debt impairment movement for the year	(289 188)	4 984 427
	Bad debt written off	1 347 615	1 485 151
		1 058 428	**6 469 578**
	Receivables from non-exchange transactions		
	Debt impairment movement for the year	6 028 011	3 758 491
	Bad debt written off	3 548 314	3 527 875
		9 576 326	**7 286 366**
	Traffic fines & Long term debtors		
	Debt impairment movement for the year	804 718	6 355 540
	Bad debt written off	239 724	-
		1 044 442	**6 355 540**
	Total for the year	**11 679 195**	**20 111 483**
	Summary:		
	Contributions to debt impairment provision	6 543 542	15 098 458
	Bad debts written off	5 135 653	5 013 025
		11 679 195	**20 111 483**

	2025 R	2024 Restated R

34 Bulk purchases

Electricity	**1 424 946 362**	**1 240 642 730**

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom and Nersa approved an 12,72% tariff hike in favour of Eskom for the 2024/2025 financial year.

35 GENERAL EXPENSES

Included in general expenses is the following: -

	2025 R	2024 Restated R
Marketing and social responsibility	2 157 737	2 458 940
Audit fee - external audit	6 735 389	6 860 292
Bank charges	5 447 551	4 796 933
Insurance general	9 655 836	8 062 312
Ward Committee	5 005 518	4 960 500
Advertising	6 905 337	4 184 477
Printing, Stationery & postage	5 906 116	4 570 603
SALGA Subscriptions	7 568 061	6 465 949
Water & Sanitation	17 566 218	11 272 199
Sundry Oils & Fuels	15 948 640	15 977 821
Staff & councillor training costs and bursaries	5 870 233	4 900 262
Travelling & subsistence	4 159 897	2 056 804
Telephone calls / rentals	2 390 494	2 736 013
Software support & licences and agreements	13 636 434	13 591 514
Miscellaneous Expenses	3 287 840	3 214 336
Special Rating Area Expenditure	13 995 124	14 889 993
Public Affairs	1 899 473	2 065 457
Workman's Compensation	4 015 883	3 823 956
Skills Development Levy	5 479 841	4 521 671
Commission on Electricity vending	4 766 067	4 013 582
Indigent Disaster Support	1 956 680	3 779 515
TOTAL GENERAL EXPENSES	**144 354 371**	**129 203 128**

36 Fair value adjustment

	2025 R	2024 Restated R
Investment property (Fair value model)	10 145 000	4 294 000
Initial recognition of Investment property	1 120 000	-
Initial recognition of Land - PPE	5 480 000	-
	16 745 000	**4 294 000**

37 Commitments

Authorised capital expenditure

	2025 R	2024 Restated R
Approved and Contracted for:		
Infrastructure	538 345 405	676 265 977
Community	8 567 742	29 748 866
	546 913 146	**706 014 842**

Total capital commitments		
Approved and Contracted for:	**546 913 146**	**706 014 842**

Capital Commitments are exclusive of VAT

38 Contingent liabilities

	2025 R	2024 Restated R
Details of Contingent Liabilities		
Reimbursement of capital costs of bulk supply to developers: (Vat Exc)		
The reimbursement is dependent on the developers meeting future targets as set out in the service level agreements. The timing and outcome of the reimbursements cannot presently be determined and therefore no provision for any liability that may result has been made in the financial statements.	107 371 310	107 371 310
SMADA Construction - municipality is being sued for contractual damages due to cancellation of contract.	18 857 585	18 841 161
B S P Pillay - the Plaintiff is suing a municipal employee in her personal capacity for the damages, who was acting under her scope of employment.	149 640	149 640
Rejoice T Ndlovu - claim against the municipality for damages suffered in the removal of a fence	300 000	300 000
Lorris L Sunker - claim against the municipality from damages to vehicle by pot holes	26 330	26 330
Wandile Nicolson Ndaba - claim against the municipality for breach of agreement - duplication of sale of property ERF 56 Shakaville.	50 000	50 000
Catide Investments (Pty) Ltd- claim against the municipality in respect of services rendered in the Sakhamkhaya Housing Project.	900 000	1 341 626
T P Ngcobo & Associates - this matter is linked to the Sakhamkhaya Housing project.	2 839 948	3 033 723
Keith A MacVicar - claim against the municipality - stormwater damage to the plaintiffs property	180 000	180 000
Edison Power (PTY) Ltd - this is a claim against the municipality in respect of a tender.	550 000	550 000
Dladla & others - claim against the municipality for overtime worked	457 472	457 472
MAS Corporation (Pty) Ltd - claim against the municipality in respect to non-payment of goods supplied.	20 000	-
Consolidated Aone - claim against the municipality in relation to amounts previously settled by the claimant	7 560 460	-
Performance bonuses for Section 57 managers	1 147 901	772 287

The performance bonus provision relating to Section 57 managers reporting to the Municipal Manager and Municipal Manager is payable after the approval of annual performance assessment report for the period 2024/2025 financial year. The bonus is based on the assessment outcome.

	2025 R	2024 Restated R
Salary increases for Section 57 managers	413 292	-
Contingent Liability for Salaries, Allowances and Benefits of Different Members of Municipal Councils		
Contingent liability payable to municipal councils upon publishing of Gazette by the Minister for Cooperative Governance and Traditional Affairs – determination of upper limits of the salaries, allowances and benefits of the different members of municipal councils on an annual basis.	917 908	1 606 807
	141 741 846	**134 680 356**

39 Related parties and close family members

Related Parties

	2025 R	2024 Restated R
Staff member: P Murugan		
General Expenses for the year:	74 950	167 416
Contract Value	74 950	167 416

Nature of Transaction: The brother of the employee provide pest control services to the municipality.

Councillor: G Govender		
General Expenses for the year:	-	25 818
Contract Value	-	25 818

Nature of Transaction: The son of the Councillor owns a company that provides panel beating and spray painting services.

Councillor: C M Naicker		
General Expenses for the year:	1 133 302	1 671 838
Contract Value	1 133 302	1 671 838

Nature of Transaction: The son of the Councillor provided uniform and protective clothing services to the municipality.

Staff member: M Naidoo		
General Expenses for the year:	24 119	39 767
Contract Value	24 119	39 767

Nature of Transaction: The relative of the employee provides air-conditioning services to the municipality.

Staff member: N Nxumalo		
General Expenses for the year:	581 634	1 984 096
Contract Value	581 634	1 984 096

Nature of Transaction: The partner of the employee provides fixtures and fittings to the municipality.

Staff member: J Sewdular		
General Expenses for the year:	9 410 236	12 767 919
Contracted Value	9 410 236	12 767 919

Nature of Transaction: The spouse of the employee provides consultancy services in respect of various projects.

Staff member: L Mwandla		
General Expenses for the year:	-	150 525
Contracted Value	-	150 525

Nature of Transaction: The partner of the employee provides construction services to the municipality.

Staff member: T Ntuli		
General Expenses for the year:	4 000	10 500
Contracted Value	4 000	10 500

Nature of Transaction: The spouse of the employee provides sound equipment hire services to the municipality.

Staff member: B Mchune		
General Expenses for the year:	-	8 400
Contracted Value	-	8 400

Nature of Transaction: The spouse of the employee provides catering services to the municipality.

Staff member: Mr Mkhize		
General Expenses for the year:	189 000	21 264
Contracted Value	189 000	21 264

	2025	2024 Restated
	R	R

Nature of Transaction: The spouse of the employee provides building maintenance services to the municipality.

	2025 R	2024 Restated R
Councillor: S F Phungula		
General Expenses for the year:	189 000	-
Contract Value	189 000	-

Nature of Transaction: The relative of the Councillor provides civil works to the municipality.

Councillor: S F Phungula		
General Expenses for the year:	238 577	-
Contract Value	238 577	-

Nature of Transaction: The relative of the Councillor provides general building works to the municipality.

Payments of remuneration to Senior Managers and Councillors - details of payments are set out in Notes 28 & 29

Awards to close family members of persons in the Service of the State:	**2025**
Particulars of Award	Conlog
Expenditure	R43 470
Individual's name / Service Provider	Mr Moodley & Mr Gaxeni
Relation in Service of the State	Spouse
State Employer	KZN Dept. of Health / Eskom
Particulars of Award	Rocky Park Hardware
Expenditure	R550 731
Individual's name / Service Provider	L Naidoo
Relation in Service of the State	Spouse
State Employer	Dept. Of Education
Particulars of Award	Singh's Hardware
Expenditure	R231 224
Individual's name / Service Provider	Mrs Divesh
Relation in Service of the State	Spouse
State Employer	Dept. Of Education
Particulars of Award	Munsoft
Expenditure	R6 209 486
Individual's name / Service Provider	M Rerani
Relation in Service of the State	Daughter
State Employer	Office of Chief Justice

	2025 R	2024 Restated R

Awards to close family members of persons in the Service of the State: - Cont.

	2025
Particulars of Award	PSA Africa
Expenditure	R56 362
Individual's name / Service Provider	T Frost
Relation in Service of the State	Spouse
State Employer	Dept. Of Justice
Particulars of Award	Allied Hardware
Expenditure	R236 329
Individual's name / Service Provider	Dr A Kazi
Relation in Service of the State	Son
State Employer	Intern Doctor - Stanger Hospital
Particulars of Award	Amanganga Power
Expenditure	NIL
Individual's name / Service Provider	N Dlamini
Relation in Service of the State	Mother
State Employer	Educator - Lee Primary

40 Change in estimate

Property, Plant and equipment

The Municipality reviewed the remaining useful lives of items of property, plant and equipment and intangible assets. Adjustments to these useful lives affect the amount of depreciation for the current year and is expected to affect future periods as well. As a result of this adjustment, the current year total depreciation decreased by a net R3 244 398 and will continue to affect annual depreciation for the remainder of these assets' useful lives. The detail breakdown of the depreciation adjustment is as follows:

	2025
Community Assets	(632 422)
Electricity Infrastructure	(155 658)
Roads and Storm water	(261 108)
Furniture and Fittings	(1 849 297)
Vehicles	(298 850)
Intangible Assets	(34 203)
Solid Waste	(12 860)
	(3 244 398)

41 Prior Period Errors & Reclassifications:

Prior Period Reclassifications:
The comparatives for 2023/2024 have been restated in respect of the following reallocations:

41.1 Restatement of Trade & Other Payables (Note 20)	**554 239 740**
Reallocation of VAT receivables to Trade and Other Payables - Output VAT accrual. - Alignment of disclosure to ASB fact sheet 11.	48 851 957
Reallocation of VAT receivables to Trade and Other Payables - VAT output accrual on doubtful debt impairment	(6 296 432)
Restated balance as at 30 June 2024	**596 795 266**

41.2 Restatement of Receivables from exchange transactions (Note 9)	**227 935 820**
Reallocation of Input VAT to Receivables from Exchange Transactions - Input VAT Accrual - Alignment of disclosure to ASB fact sheet 11.	86 322 578
Reallocation of Input VAT to Receivables from Exchange Transactions - Vat Control (Receivable) due from SARS	4 640 367
Reallocation of Sundry Debtors between Receivables from Non-exchange transactions to Receivables from Exchange transactions	15 663 240
Restated balance as at 30 June 2024	**334 562 005**

	2025 R	2024 Restated R
41.3 Restatement of Receivables from Non-exchange transactions (Note 10)		**183 334 533**
Reallocation of Sundry Debtors between Receivables from Non-exchange transactions to Receivables from Exchange transactions		(15 663 240)
Restated balance as at 30 June 2024		**167 671 293**
Prior Period Errors:		
41.4 Restatement of Receivables from non-exchange transactions (Note 10)		**167 671 293**
Adjustment to Other debtors - Overpayment to contractors - 2023/2024 - Reallocation from retentions to debtors.		(224 052)
Restated balance as at 30 June 2024		**167 447 241**
41.5 Restatement of Unspent conditional grants, receipts and Public contributions (Note17)		**433 424 830**
Reversal of Grant revenue recognition on the Ease of Doing Business Grant.		1 847 836
Adjustment to Housing Agency account liabilities prior 2023/2024.		(6 079)
		435 266 587
41.6 Restatement of Trade & Other Payables (Note 20)		**596 795 266**
Adjustment to Property Plant & Equipment 2023/2024 - Furniture and Fittings - Credit Note		-60 000
Adjustment to Trade & Other payables (Deposits Other) - Electrical connection deposits now adjusted from Liabilities to Sundry debtors		435 527
Raising creditor accrual 2023/2024 in respect of:		
Adjustment to Trade & Other payables 2023/2024 - Acquisitions - MV Substations New Lavoupierre Substation - work in progress.		419 059
Street lights maintenance (Contracted Services)		1 676 080
VAT in respect of MV Substations New Lavoupierre substation & Street light maintenance		314 271
Adjustment to Trade & Other payables 2022/2023 - Acquisitions - Disaster projects - Jnl 61692		3 033 594
Adjustment to Trade & Other payables 2023/2024 - Acquisitions - Furniture & Equipment- Jnl 61692		2 000
Adjustment to Trade & Other payables 2023/2024 - Various Operational Expenditure - Jnl 61692		633 663
Adjustment to Trade & Other payables 2023/2024 - VAT relating to capital & operational expenditure - Jnl 61692		475 671
Adjustment to Housing Agency account liabilities prior 2023/2024		6 079
Adjustment to Retentions 2023/2024 - Overpayment to contractors - 2023/2024 - Reallocation from retentions to debtors.		(224 052)
Raising creditor accrual 2023/2024 in respect of contracted services related expenditure		14 601
Raising creditor accrual 2023/2024 in respect of General expenses related expenditure		66 720
Raising creditor accrual 2023/2024 in respect of transfers and subsidies related expenditure		22 167
Adjustment to Trade & Other payables 2023/2024 - Reversal of Creditor accrual Groutville Sports field, Nonoti Beach Node & Update of street Sheffield Beach - work in progress - Jnl 61763		(1 919 756)
Raising creditor accrual 2023/2024 in respect of contracted services related expenditure - licencing fees - S A Post office - Jnl 61767		141 203
Adjustment to Trade & Other Payables 2023/2024 - Raising creditor accrual 2023/2024 in respect of contracted services related expenditure, and Property Plant & Equipment (Waste Buyback Centre)- JNL 61765		178 767
Raising creditor accrual 2023/2024 - Jnl 61764		423 268
Adjustment to Trade & Other payables prior 2023/2024 - Reversal of Invoice 30 - Claim 3 - Velani Hall		(196 175)
Adjustment to Trade & Other payables prior 2023/2024 - Allocation of credit note 005 - Nyongo Road		(74 501)
Adjustment to Trade & Other payables prior 2023/2024 - Allocation of credit note - New Ridge Sugra & Mbozambo		(91 230)
		602 072 224

	2025 R	2024 Restated R
41.7 Property, Plant & Equipment (Note 3)		**3 705 825 341**
Adjustment to Property Plant & Equipment 2023/2024 - Furniture and Fittings - Credit Note		(60 000)
Adjustment to Property Plant & Equipment 2023/2024 - Acquisitions - MV Substations New Lavoupierre Substation - work in progress.		419 059
Adjustment to Property Plant & Equipment 2022/2023- Acquisitions - Disaster projects - Jnl 61692		3 033 594
Adjustment to Property Plant & Equipment 2023/2024 - Acquisitions - Furniture & Equipment - Jnl 61692		2 000
Adjustment to Property Plant & Equipment 2023/2024 - Reversal of Furniture & Equipment - Jnl 61774		(2 000)
Adjustment to Property Plant & Equipment 2023/2024 - Reversal of Creditor accrual Groutville Sports field, Nonoti Beach Node & Update of street Sheffield Beach - work in progress - Jnl 61763.		(1 420 721)
Adjustment of Property Plant & Equipment 2023/2024 - Raising creditor accrual 2023/2024 in respect of Property Plant & Equipment (Waste Buyback Centre) - JNL 61765.		129 744
Adjustment of Property Plant & Equipment (Accumulated depreciation) 2023/2024 - (Waste Buyback Centre) - JNL 61765.		(5 186)
Prior year completed projects now being capitalised in 2023/2024 cost.- late submission of completion certificates of projects completed in 2023.2024.		42 253 187
Prior year completed projects now being capitalised in 2023/2024 WIP transferred. - late submission of completion certificates of projects completed in 2023.2024.		(42 253 187)
Adjustment to Property Plant & Equipment 2023/2024 - Adjustment to accumulated depreciation on completed projects for 2023/2024 .		(555 893)
Adjustment to Property Plant & Equipment prior 2023/2024 - Reversal of Invoice 30 - Claim 3 - Velani Hall.		(196 175)
Adjustment to Property Plant & Equipment prior 2023/2024 - Allocation of credit note 005 - Nyongo Road		(74 501)
Adjustment to Property Plant & Equipment prior 2023/2024 - Allocation of credit note - New Ridge Sugra & Mbozambo		(91 230)
Adjustment to Property Plant & Equipment 2023/2024 - Acquisitions - Furniture & Equipment - Jnl 61790		75 500
Adjustment to Property Plant & Equipment (Accumulated Depreciation) 2023/2024 - Acquisitions - Furniture & Equipment		(1 230)
		3 707 078 303
41.8 Restatement of VAT Receivable (Note 11)		**44 097 192**
Adjustment to Input VAT Accrual recognised 2023/2024 - Raising creditor accrual in respect of MV Substation New Lavouipierre Sub & Street light maintenance.		314 271
Adjustment to Input VAT Accrual recognised 2023/2024 - Raising creditor accrual in respect of various payments. - Jnl 61692		475 671
Adjustment to VAT receivable 2023/2024 - Reversal of Creditor accrual Groutville Sports field, Nonetti Beach Node & Update of street Sheffield Beach - work in progress - Jnl 61763		(117 304)
Adjustment to Input VAT Accrual recognised 2023/2024 - Raising creditor accrual in respect of Property Plant & Equipment (water buyback centre) and contracted services - Jnl 61765		23 327
Adjustment to Input VAT Accrual recognised 2023/2024 - Raising creditor accrual in respect of payments related to contracted services - Jnl 61764		54 253
Reallocation of VAT portion in regards to increases in consumer debt provisions - 2023 - Jnl 61783		3 346 489
Reallocation of VAT portion in regards to increases in consumer debt provisions - 2024 - Jnl 61784		213 520
Restated VAT Receivables as at 30 June 2024		**48 407 419**
Reallocation of VAT Receivables		
Reallocation of Input VAT to Receivables from Exchange Transactions - Input VAT Accrual - Alignment of disclosure to ASB fact sheet 11.		(86 322 578)
Reallocation of Input VAT to Receivables from Exchange Transactions - Vat Control (Receivable) due from SARS		(4 640 367)
Reallocation of VAT receivables to Trade and Other Payables - Output VAT accrual - Alignment of disclosure to ASB fact sheet 11.		48 851 957
Reallocation of VAT receivables to Trade and Other Payables - VAT output accrual on doubtful debt impairment		(6 296 432)
		-

	2025 R	2024 Restated R
Reconciliation of Adjusted 2023/2024 Surplus:		
Surplus for the year as previously stated:		**801 399 336**
Government grants, subsidies & Public Contributions		
Reversal of Grant revenue recognition on the Ease of Doing Business Grant.		(1 847 836)
Service Charges		
Adjustment to service charges revenue 2023/2024 in respect of electrical connection deposits.		(435 527)
Contracted Services		
Raising contracted services expenses for 2023/2024 in respect of Street Lights Maintenance		(1 676 080)
Creditor accrual raised in respect of Replacement of Faulty meters		(2 300)
Creditor accrual raised in respect of Maintenance of building facilities & equipment		(44 908)
Creditor accrual raised in respect of Electrical mains repairs		(76 439)
Creditor accrual raised in respect of professional fees expenditure		(19 500)
Creditor accrual raised in respect of professional fees expenditure		(13 197)
Creditor accrual raised in respect of professional fees expenditure		(1 404)
Reversal of creditor accrual in respect of Electrical mains repairs - Jnl 61763		381 731
Creditor accrual raised in respect of Maintenance of Equipment (licencing fees) expenditure - Jnl 61767		(141 203)
Creditor accrual raised in respect of electrical mains expenditure - Waste Buyback Centre (Jnl 61765)		(25 706)
Creditor accrual raised in respect of maintenance of equipment - JNL 61764		(23 148)
Creditor accrual raised in respect of Electrical mains - JNL 61764		(345 868)
Adjustment to maintenance of equipment 2023/2024 - Reversal of Furniture & Equipment - Jnl 61774		(2 000)
Adjustment to Property Plant & Equipment 2023/2024 - Acquisitions - Furniture & Equipment - Jnl 61790		75 500
General Expenses		
Creditor accrual raised in respect of Advertising expenditure		(113 929)
Creditor accrual raised in respect of Printing and stationery expenditure		(1 900)
Creditor accrual raised in respect of travel & subsistence (standby meals) expenditure		(2 819)
Creditor accrual raised in respect of staff training expenditure		(63 901)
Inventory Consumed		
Creditor accrual raised in respect of Cleansing materials		(374 686)
Transfers & Subsidies		
Creditor accrual raised in respect of Sukuma Sakhe expenditure		(22 167)
Depreciation		
Adjustment to depreciation 2023/2024 on completed projects.		(555 893)
Adjustment to depreciation 2023/2024 - (Waste Buyback Centre) - JNL 61765		(5 186)
Adjustment to Property Plant & Equipment (Accumulated Depreciation) 2023/2024 - Acquisitions - Furniture & Equipment		(1 230)
Debt Impairment and write offs		
Reallocation of VAT portion in regards to increases in consumer debt provisions- 2023 - Jnl 61783		213 520
Restated Surplus as at 30 June 2024		**796 273 260**

	2025 R	2024 Restated R

42 Cash flows from Operating Activities:

Operating Surplus before working capital		
Total Surplus for the year	**299 776 199**	**796 273 260**
Adjustment for:		
Depreciation of Property, Plant and Equipment	133 794 366	120 285 743
Donations of assets	(239 786)	(75 468 485)
Gains on disposal of assets	(138 208)	(1 730 000)
Loss on disposal of assets	17 062 824	9 313 412
Staff and leave bonus	4 305 028	1 302 029
Take-on of insurance assets	(57 916)	-
Impairment loss	1 093 186	1 379 142
Amortisation of intangible assets	75 929	107 465
Contribution to provision	358 121	650 345
Retirement obligation	15 505 000	15 121 000
Long service award	134 000	5 375 000
Investment Properties - Fair Value	(11 265 000)	(4 294 000)
Land - Fair Value	(5 480 000)	-
Allowance for impairment	6 543 542	15 098 458
Bad debts written off	5 135 653	5 013 025
Donation expense		
	466 602 937	**888 426 395**
Cash Generated by Operations		
Operating Surplus before working capital	**466 602 937**	**888 426 395**
Movement in current assets and liabilities		
(Increase)/decrease in inventory	714 400	(6 139 237)
Increase/(decrease) in conditional grants and receipts	(288 448 821)	(559 496 247)
(Increase)/decrease in trade and other receivables	(53 331 304)	(63 798 783)
Increase/(decrease) in Trade and Other Payables	8 911 532	21 273 882
Increase/(decrease) in Consumer Deposits	2 932 156	(3 530)
Net cash flows from operating activities	**137 380 901**	**280 262 484**
Interest earned on Investments	(104 602 134)	(151 919 818)
Finance expense	15 595 865	16 842 555

43 Fines, Penalties and Forfeits

Traffic Fines	14 185 580	13 932 600
Property Rates Penalties & collection charges	20 815 142	21 945 814
Meter tampering Fees	316 436	2 249 532
Other Fines, penalties and forfeits	620 194	7 598
Total revenue from Fines Income	**35 937 351**	**38 135 544**

Fines are issued in terms of S341 & S56 of the Criminal Procedures Act 51 of 1977

	2025 R	2024 Restated R

44 Contracted Services

	2025 R	2024 Restated R
Refuse removal	127 362 392	112 302 984
Grass cutting	36 916 935	38 351 069
Specialist services	281 639	798 732
Storm water	7 828 209	9 705 843
Pothole repairs	12 867 080	7 484 500
Other Contracted Services	16 905 546	19 049 321
Dump charges	16 241 601	17 417 988
Security Services	57 801 569	44 326 415
Shark Control Expenditure	5 403 563	5 042 291
Valuation and Valuation Rolls	2 837 899	202 900
Professional Fees	12 865 150	2 724 119
Maintenance of building facilities and equipment	36 370 025	44 281 632
Electrical Mains Repairs	26 761 457	20 727 940
Replacement of faulty meters	3 734 429	3 307 082
Legal costs	10 832 357	9 316 470
Refuse bags contract	3 624 953	3 392 476
Ballito Pro Expenditure	11 841 402	11 390 179
Software support & licences and agreements	1 049 982	1 435 052
Salga games	2 792 027	2 030 535
Ease of Doing business expenditure	2 862 485	2 140 142
Revenue protection programme	7 956 784	9 041 961
Municipal data cleansing project	4 996 284	-
	410 133 770	**364 469 632**

45 Refer to Page 97

46 NERSA has approved an 11.32% increase in Eskom bulk purchase tariffs for 2025/2026. Apart from the above effect, due to the variable nature of the Eskom expenditure, the municipality is unable to determine any further financial impact.

47 Unauthorised expenditure

	2025 R	2024 Restated R
Bad debts write off (Non cash)	-	2 173 017
Bulk Purchases - (Cash)	-	43 611 854
Actuarial and Other Non Cash Losses (Non Cash)	8 812 824	7 672 144
Capitalised Lease (Non Cash)	-	2 263 638
	8 812 824	**55 720 653**
Electrical Business Unit (Cash)	**-**	**1 528 034**
Analysed as follows:		
Total Unauthorised - (Cash)	-	30 902 542
Less: Bulk Purchases already recognised above	-	(29 374 508)
The above unauthorised balance is attributable to expenditures which exceeded the vote		
Total authorised expenditure for the year	**8 812 824**	**57 248 687**
Reconciliation of Unauthorised expenditure written off		
Opening Balance	116 440 300	59 207 458
Incurred for the year	8 812 824	57 248 687
Written off by council	(103 123 463)	(15 845)
Remaining to be considered	**22 129 661**	**116 440 300**

	2025 R	2024 Restated R

48 Fruitless and wasteful expenditure

	2025	2024 Restated
Fruitless and wasteful expenditure	-	-
Reconciliation of Fruitless and Wasteful expenditure written-off by Council		
Opening Balance	1 861 262	1 861 262
Incurred for the year	-	-
Written Off by Council	(1 789 653)	-
Remaining to be considered	**71 609**	**1 861 262**
Fruitless and Wasteful expenditure under Investigation:		
Alleged Fraudulent payment of ward committee stipends	-	602 400
Alleged Fraudulent payment of ward committee stipends recovered	-	(602 400)
Alleged Fraudulent payments of fictitious contractor invoices	785 436	785 436
	785 436	**785 436**

49 Irregular Expenditure:

	2025	2024 Restated
Section 36 approvals subsequently reclassified as irregular expenditure.	-	295 998
Irregular expenditure due to non-compliance with legislation	106 524 396	2 994 176
	106 524 396	**3 290 174**
Reconciliation of Irregular Expenditure Written-off by Council		
Opening Balance	3 290 174	65 466 998
Irregular expenditure incurred - Current Period	106 524 396	3 290 174
Written-off by Council	(2 877 021)	(65 466 998)
Current	(334 718)	-
Previous period	(2 542 303)	(65 466 998)
Remaining to be considered	**106 937 549**	**3 290 174**

50 Deviation from supply chain management regulations

	2025	2024 Restated
Emergency	-	295 000
Sole Provider	79 000	-
Any other exceptional case which it is impractical to follow the official procurement process	-	450 000
Section 36 deviation transferred to irregular expenditure	-	(295 998)
Total Section 36 deviations for the financial year	**79 000**	**449 002**

51 Repairs and Maintenance

	2025	2024 Restated
Buildings	9 230 329	7 312 782
Solid waste	72 154	81 949
Electrical	39 462 013	41 730 454
Furniture and fittings	2 785 380	3 084 110
Roads	20 951 174	15 553 887
Storm water	7 828 209	9 705 843
Vehicles	14 257 590	14 882 329
	94 586 848	**92 351 354**

The above note is provided for disclosure purposes only. The underlying accounts aggregated to the above is reflected under the categories of the nature of the expense they relate to on the Statement of Financial Performance , i.e. Contracted Services and General Expenses.

52 Material losses incurred

	2025	2024 Restated
Electricity distribution losses	386 932 326	321 190 087
Bad debts written off	5 135 653	5 013 025

Electricity energy losses of 192 019 879 kWh as at June 2025 (June 2024: 181 278 588 kWh) occurred during the year which resulted in revenue loss amounting to R386 932 326 (June 2024: R 321 190 087). The National norm for electricity losses ranges from 6% to 12%. The energy loss incurred by the municipality as at June 2025 is 26.73% (June 2024: 25.67%) and is predominantly due to transmission/distribution losses and non-technical line losses.

	2025 R	2024 Restated R

53 Councillor's Arrear Accounts as at 30 June 2025

In terms of Section 124 (1) (b) the following particulars are disclosed in respect of any arrears owed by individual councillors during the financial year: The following councillor had debt in excess of 90 days for the months stipulated below:

Councillor: Ntleko C M - Account 7020368		
June 2025		12 072
May 2025		11 393
April 2025		10 719
March 2025		10 049
February 2025		9 384
January 2025		8 723
December 2024		8 050
November 2024		7 430
October 2024		6 814
September 2024		6 203
August 2024		5 595
July 2024		4 993

In terms of S124 (1) (b) the above are disclosed is respect of any arrears owed by individual Councillors during the financial year. In terms of clause 30.2 of KwaDukuza Municipality Credit Control & Debt Collection Policy, this matter has been reported to the Office of the Speaker. Payment arrangement concluded - July 2025

Councillor: Govender G - Account 7021700		
June 2025		8 785
May 2025		8 246
April 2025		7 711
March 2025		7 180
February 2025		6 652
January 2025		6 128
December 2024		8 425
November 2024		6 457
October 2024		5 248
September 2024		3 162
August 2024		1 654
July 2024		1 291

In terms of S124 (1) (b) the above are disclosed is respect of any arrears owed by individual Councillors during the financial year. In terms of clause 30.2 of KwaDukuza Municipality Credit Control & Debt Collection Policy, this matter has been reported to the Office of the Speaker.

Councillor: Dube T - Account 1188355		
June 2025		2 016
May 2025		1 961
April 2025		1 907
March 2025		1 852
February 2025		1 798
January 2025		1 744
December 2024		1 691
November 2024		1 638
October 2024		1 585
September 2024		1 531
August 2024		1 480
July 2024		1 430

In terms of S124 (1) (b) the above are disclosed is respect of any arrears owed by individual Councillors during the financial year. In terms of clause 30.2 of KwaDukuza Municipality Credit Control & Debt Collection Policy, this matter has been reported to the Office of the Speaker. Account settled in full- July 2025

Councillor: Sibisi M M - Account 7005498		
June 2025		1 776
May 2025		1 662
April 2025		1 548
March 2025		1 435
February 2025		1 323
January 2025		1 212
December 2024		1 102
November 2024		993
October 2024		884
September 2024		800
August 2024		697
July 2024		595

	2025	2024 Restated
	R	R

In terms of S124 (1) (b) the above are disclosed is respect of any arrears owed by individual Councillors during the financial year. In terms of clause 30.2 of KwaDukuza Municipality Credit Control & Debt Collection Policy, this matter has been reported to the Office of the Speaker.

		2025 R	2024 Restated R
54	**Contributions to Organised Local Government**		
	Amount paid current year	6 582 943	6 116 016
	Audit Fees		
	Amount paid - current year	6 735 389	6 860 292
55	**VAT**		
	VAT received for the year	113 156 344	168 002 348
	VAT paid for year	-	-

VAT input receivables and VAT output payables are shown in Note 20 & Note 9

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

56	**PAYE and UIF**		
	Current year payroll deductions	107 138 870	89 820 095
57	**Pension and Medical Aid deductions**		
	Current year payroll deductions and Council contributions	139 379 331	125 945 826

58 Budget verses Actual variances

Below is a reconciliation between the Annual Financial Statements and the Budget Statement. All restatements are as a result of the Annual Financial Statements being based on the nature of the transactions.

Interest earned outstanding debtors	
As per Budget Statement	**17 817 187**
Reconciling items:	
Property Rates	(6 936 542)
As per Statement of Financial Performance	**10 880 645**

Operational Revenue (Other Income & Sale of goods & rendering of services)	
As per Budget Statement	**80 517 838**
Reconciling items:	
Gains & Losses: Inventory: Increase to net-realisable Value	512
Housing development construction contract revenue	(3 591 881)
Operational Revenue: Collection Charges	14
Town Treasurer General Collection Charges 21500080	(7 160 268)
As per Statement of Financial Performance	**69 766 215**

Housing development construction contract revenue	
As per Budget Statement	**-**
Reconciling items:	
Housing development construction contract revenue	3 591 881
As per Statement of Financial Performance	**3 591 881**

	2025 R	2024 Restated R

Property rates	
As per Budget Statement	**744 332 173**
Reconciling items:	
Revenue Fines, Penalties & Forfeits - Illegal Unauthorised Use	21 609 662
As per Statement of Financial Performance	**765 941 835**

Transfers & subsidies - Operational	
As per Budget Statement	**300 100 818**
Reconciling items:	
Natural Resources Management Project	193 320
EDTEA Electrical	1 487 412
As per Statement of Financial Performance	**301 781 550**

Fines Revenue	
As per Budget Statement	**43 450 217**
Reconciling items:	
Revenue Fines, Penalties & Forfeits - Illegal Unauthorised Use	(21 609 662)
Operational Revenue: Collection Charges	(14)
General Collection Charges	7 160 268
Property Rates	6 936 542
As per Statement of Financial Performance	**35 937 351**

Other gains	
As per Budget Statement	**11 752 197**
Reconciling items:	
Inventory: Increase to net-realisable Value	(512)
Gains :Inventory Write Offs	(1 606 685)
Fair value adjustments	6 600 000
As per Statement of Financial Performance	**16 745 000**

Depreciation, amortisation and impairment / reversal of impairment	
As per Budget Statement	**135 351 435**
Reconciling items:	
Impairment Loss:Property; Plant and Equipment:Community Assets	(229 483)
Impairment Loss:Property; Plant and Equipment:Computer Equipment	(664)
Impairment Loss:Property; Plant and Equipment:Computer Equipment	(2 934)
Impairment Loss:Property; Plant and Equipment:Computer Equipment	(1 586)
Impairment Loss:Property; Plant and Equipment:Electrical Infrastructure	(1 062 441)
Impairment Loss:Property; Plant and Equipment:Furniture and Office Equipment	(470)
Impairment Loss:Property; Plant and Equipment:Furniture and Office Equipment	(3 936)
Impairment Loss:Property; Plant and Equipment:Machinery and Equipment	(3 739)
Impairment Loss:Property; Plant and Equipment:Machinery and Equipment	(16 752)
Impairment Loss:Property; Plant and Equipment:Machinery and Equipment	(21 985)
Impairment Loss:Property; Plant and Equipment:Roads Infrastructure	(137 193)
As per Statement of Financial Performance	**133 870 253**

	2025 R	2024 Restated R

Debt Impairment and write offs	
As per Budget Statement	**11 439 472**
Reconciling items:	
Selling Schemes	239 724
As per Statement of Financial Performance	**11 679 195**

Other Expenditure (General Expenditure)	
As per Budget Statement	**149 088 452**
Reconciling items:	
Selling Schemes	(239 724)
Operational Cost: Contribution to Provisions: Decommissioning: Restoration and Similar Liabilities: Landfill Sites	(358 121)
Expenditure:Operating Leases:Community Assets	(1 026 568)
Expenditure:Operating Leases:Community Assets	(348 059)
Expenditure:Operating Leases:Furniture and Office Equipment	(1 708 082)
Expenditure:Operating Leases:Machinery and Equipment	(221 134)
Expenditure:Operating Leases:Machinery and Equipment	(51 490)
Expenditure:Operating Leases:Machinery and Equipment	(278 900)
Expenditure:Operating Leases:Machinery and Equipment	(229 543)
Expenditure:Operating Leases:Computer Equipment	(272 460)
As per Statement of Financial Performance	**144 354 371**

Losses on disposal of assets	
As per Budget Statement	**17 062 824**
Reconciling items:	
Gains and Losses:Inventory:Increase to net-realisable Value	(1 606 685)
Gains and Losses:Inventory:Decrease in net-realisable Value	1 218 688
Impairment Loss:Property; Plant and Equipment:Community Assets	229 483
Impairment Loss:Property; Plant and Equipment:Computer Equipment	664
Impairment Loss:Property; Plant and Equipment:Computer Equipment	2 934
Impairment Loss:Property; Plant and Equipment:Computer Equipment	1 586
Impairment Loss:Property; Plant and Equipment:Electrical Infrastructure	1 062 441
Impairment Loss:Property; Plant and Equipment:Furniture and Office Equipment	470
Impairment Loss:Property; Plant and Equipment:Furniture and Office Equipment	3 936
Impairment Loss:Property; Plant and Equipment:Machinery and Equipment	3 739
Impairment Loss:Property; Plant and Equipment:Machinery and Equipment	16 752
Impairment Loss:Property; Plant and Equipment:Machinery and Equipment	21 985
Impairment Loss:Property; Plant and Equipment:Roads Infrastructure	137 193
As per Statement of Financial Performance	**18 156 009**

	2025 R	2024 Restated R
Transfers & subsidies		
As per Budget Statement	**16 338 940**	
Reconciling items:		
Housing development construction contract expenditure	(3 591 881)	
As per Statement of Financial Performance	**12 747 059**	
Other losses		
As per Budget Statement	**16 857 688**	
Reconciling items:		
Provision for Landfill Sites	358 121	
Gains and Losses:Inventory:Decrease in net-realisable Value	(1 218 688)	
As per Statement of Financial Performance	**15 997 121**	
Operating leases		
As per Budget Statement	**-**	
Reconciling items:		
Expenditure:Operating Leases:Community Assets	1 026 568	
Expenditure:Operating Leases:Community Assets	348 059	
Expenditure:Operating Leases:Furniture and Office Equipment	1 708 082	
Expenditure:Operating Leases:Machinery and Equipment	221 134	
Expenditure:Operating Leases:Machinery and Equipment	51 490	
Expenditure:Operating Leases:Machinery and Equipment	278 900	
Expenditure:Operating Leases:Machinery and Equipment	229 543	
Expenditure:Operating Leases:Computer Equipment	272 460	
As per Statement of Financial Performance	**4 136 237**	
Housing development construction contract expenditure		
As per Budget Statement	**-**	
Reconciling items:		
Housing development construction contract expenditure	3 591 881	
As per Statement of Financial Performance	**3 591 881**	
Contributions recognised - capital		
As per Budget Statement	**350 673 464**	
Reconciling items:		
Natural Resources Management Project	(193 320)	
EDTEA Electrical	(1 487 412)	
As per Statement of Financial Performance	**348 992 733**	
Transfers & subsidies - Capital (In - Kind)		
As per Budget Statement	**6 839 786**	
Reconciling items:		
Fair value adjustments	(6 600 000)	
As per Statement of Financial Performance	**239 786**	

A high level overview of significant Operating Variances between the budget as at 30 June 2025 and Actual amounts are summarised below :

Significant for the purposes of this note is defined as greater than 15% and R1 000 000.

58.1 Interest on Outstanding Debtors

Explained as per the reconciliation above

58.2 Housing development construction contract revenue

Explained as per the reconciliation above

58.3 Other gains

Increase over budget analysed as per Note 36 above.

58.4 Depreciation, amortisation and impairment / reversal of impairment

Projects have not yet been capitalised resulting in lower depreciation charges in the current year.

	2025 R	2024 Restated R

58.5 Debt Impairment and write offs

Improved collection rates have resulted in lower debt impairment provisions.

58.6 Losses on disposal of assets

Increases in infrastructure projects have resulted in the previously underlying assets requiring disposal.

58.7 Transfers and subsidies

Explained as per the reconciliation above.

58.8 Inventory consumed

Operational efficiences resulted in lower inventory consumed.

58.9 Other losses

Changes in market conditions resulted in lower expenditure.

58.10 Operating leases

Explained as per the reconciliation above.

58.11 Housing development construction contract expenditure

Explained as per the reconciliation above.

58.12 Transfers & subsidies - Capital (Monetary allocation)

The Disaster Recovery and Disaster Response grant were in progress at year end.

59 Accounting for Principals and Agents

Motor Vehicle Registrations

The municipality is a party to a principal-agent arrangement in terms of motor vehicle registrations and licensing. The municipality is considered to be an agent in accordance with GRAP 109, with the Provincial Department of Transport being the principal in this arrangement.

Details of the arrangement

The purpose of the principal-agent relationship is to provide a service to the community and to enhance the municipality's revenue.

Significant terms and conditions of the arrangement are as follows:

The Provincial Department issues the motor vehicle license renewal form to the respective owners of the motor vehicles, indicating the amount due for the year.

The municipality provide facilities for owners of motor vehicles to pay their licenses. The Provincial Department provides the municipality with access to its IT systems to enable capturing of the amounts received and issuing of the motor vehicle licenses on their behalf. The system automatically generates the motor vehicle license upon capturing the payment of the fees due.

The municipality collects the fees due from motor vehicle owners and simultaneously issues the new licenses on behalf of the Department.

The municipality is required to pay over any revenue (cash) collected to the Department in respect of motor vehicle licenses. The municipality is entitled to payment by the Department of 10% of the cash collected for undertaking this activity on behalf of the Department.

	2025	2024 Restated
	R	R

Significant risks have been identified as follows:

The significant risks relates to the possible loss of any monies during transit and potential theft by employees.

Mitigation strategies and benefits associated with the relationship are as follows:
Monies collected are banked daily.
Security – Segregation of duties, each operator has their own username and password for banking details.

Resources held on behalf of the principal, but recognised in the entity's own financial statements

	2025	2024
Total collections for the year	98 763 355	90 960 451
Amount recognised as revenue	8 818 117	7 935 986
Total Collected on behalf of DOT	89 945 238	83 024 464
Total paid to DOT	89 945 238	83 024 464
Debtor as at year end	1 595 741	511 226
Cash received	-	26 382

Liabilities and corresponding rights of reimbursement recognized as assets

No liabilities were incurred on behalf of the principal during the financial year, and hence no outstanding payments were recorded at year end.
No corresponding rights of reimbursement that have been recognized at year end.

Resources (including assets and liabilities) of the entity under the custodianship of the agent

No resources have been recognized by the municipality in its financial statements. The equipment supplied by the department must be returned to DOT when the agreement is terminated.

60 Housing development construction contract revenue and expenditure

Housing Grant (DOHS)

	2025 R	2024 Restated R
Housing development construction contract revenue	3 591 881	4 929 822
Housing development construction contract expenditure	(3 591 881)	(4 929 822)
Conditions still to be met - remain liabilities (see note 17)	-	-

The Housing Development Construction contracts relate to agreements entered between the Municipality and the KwaZulu-Natal Department of Housing in respect of housing projects where the Municipality is a project developer in this arrangement. This arrangement is accounted for in line with the accounting policy for National Housing programmes. The Housing Development Construction Contract Expenses consists mainly of contracted services wherein the Municipality procures the services of building contractors and other consultants in the construction of the houses on its behalf.

The Housing Development Construction Contract Revenue is recognised on a stage of completion based on the costs incurred. There are no contracts accounted for as work in progress given that costs are expensed when incurred. The amounts received in advance for work to be done is recognised as a liability and disclosed on Note 17: Payables from exchange transactions.

		2025 R	2024 Restated R
61	**Transfers & Subsidies - Expenditure**		
	Operational		
	Allocation in-kind	404 820	105 100
	Monetary allocations	12 342 238	14 081 260
	Total transfers and subsidies - Operational	**12 747 059**	**14 186 360**
61.1	**Allocation in-kind - Operational**		
	Households	**404 820**	**105 100**
61.2	**Monetary allocations - Operational**		
	Higher Educational Institutions	820 000	840 300
	Households	11 223 435	10 717 988
	Non-profit Institutions	77 792	154 761
	Provincial Government	221 011	2 368 212
		12 342 238	**14 081 260**
62	**Inventory Consumed**		
	Cleansing material	1 542 219	1 684 692
	Mains repairs & maintenance	7 777 636	6 546 863
	Street light maintenance	1 749 660	1 384 991
	Protective clothing	6 804 641	4 755 301
	Miscellaneous inventory items	2 723 379	2 657 791
		20 597 536	**17 029 638**
63	**Agency Services**		
	District Municipality	-	-
	National	-	-
	Provincial	13 931 151	12 504 712
	Total	**13 931 151**	**12 504 712**
64	**Operating Leases**		
	Rent of Property / Offices / House - OK Mall	1 374 628	3 253 684
	Lease office Machinery & Equipment	1 980 542	1 115 753
	Miscellaneous operating lease expenditure	781 067	645 763
		4 136 237	**5 015 200**

	2025	2024 Restated
	R	R

65 Going Concern

Going Concern assessment

The current challenging economic conditions have led to an increase in consumer defaults on municipal accounts, primarily due to reduced disposable income, retrenchments, and unemployment. To mitigate this and enhance revenue recovery, the following interventions have been implemented, resulting in improved collection rates:

• Conduct telephonic or email follow-ups on outstanding debt. However, there is a need to establish a call centre or employ temporary staff to ensure consistent follow-ups for all arrear debtors recorded on the KDM financial system, thereby optimising revenue collection.
• Increase the use of SMS notifications to inform debtors about collection campaigns and disconnections/blocking. All customers with cellphone numbers on the billing system receive monthly SMS reminders of any outstanding amounts.
• Educate staff on the work streams they perform to ensure consistent application of processes.
• Perform ongoing data cleansing and meter audits to ensure accurate billing and eliminate debtor queries.
• Credit Control utilises the debtors ageing report that is extracted from Munsoft financial system to identify monthly defaulters for follow up. The list is scrutinized and submitted to staff for contacting debtors.
• Implement electricity disconnections for arrear accounts. Regular process reviews and internal workshops are conducted to improve efficiency, which has proven highly effective.
• Automatically flag accounts with linked prepaid meters that are overdue by more than 30 days and apply a 40% partial block on prepaid electricity purchases.
• Total block of prepaid electricity meters on arrears debtors. Similar to the conventional meters process, the consumer age analysis is scrutinized and accounts with prepaid meters are submitted to the service provider for full blocking.
• Encourage debtors to enrol on the ACB payment platform.
• Encourage debtors with email addresses to receive invoices electronically.
• Promote consumer registration on the e-Portal platform to view and download statements.

Amid the current economic conditions, the Municipality is still able to pay its creditors as and when payments are due and still maintains a healthy financial position.

Potential Negative Indicators

During the review of going concern ceratin negative indicators were identifed.

Although there is no GRAP requirment to disclose all possible negative indicators, in the interest of transparency the follwing negative indicators have been disclosed.

The impact of these are not deemed as significant or material on the municipalities going concern ability.

Potential Negative Indicators :
· Creditors days exceed 30 days
· Repairs and maintenance expenditure level is less than 8%
· Distribution losses – Electricity losses exceeded 10%

Amid the current economic conditions, the Municipality is still able to pay its creditors, maintains a healthy financial position and has been consistency rated as one of the best performing municipalities in KwaZulu Natal.

Conclusion

Based on the above the KwaDukuza Municipality will continue operating in the foreseeable future, thus supporting the going concern basis of accounting.

45 FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities.

The municipality's Corporate Treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the municipality. These risks include market risk (including, fair value and interest rate risk), credit risk and liquidity risk.
The use of financial derivatives is governed by the municipality's policies approved by the Council, which provide written principles on interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

45.1 *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.
The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the undiscounted cash flows.

2025	1 Year or less	Greater than 1 year	Total
Gross finance lease obligations	1 177 433	569 827	1 747 260
Long Term Borrowings	16 051 904	131 650 066	147 701 970
Trade and other payables	610 260 653	-	610 260 653
Consumer deposits	46 820 354	-	46 820 354
Government Grants	146 817 766	-	146 817 766
	821 128 110	**132 219 892**	**953 348 003**

2024	1 Year or less	Greater than 1 year	Total
Gross finance lease obligations	1 021 753	1 647 203	2 668 956
Long Term Borrowings	14 705 436	147 701 970	162 407 406
Trade and other payables	602 072 224	-	602 072 224
Consumer deposits	43 888 198	-	43 888 198
Government Grants	435 266 587	-	435 266 587
	1 096 954 197	**149 349 173**	**1 246 303 370**

45.2 *Maximum credit risk exposure*

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

Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit exposure in respect of the relevant financial instruments is as follows (domestic exposure only)

	2025	2024
Short term Investments	70 374 769	80 374 769
Cash and Cash Equivalents	970 867 046	1 355 716 370
Trade and other receivables	544 175 400	502 523 291

Consumer Debtors to the value of R 68,205,614 which are neither past due or impaired are deemed as highly collectable. Should there be any change in the credit quality, this shall trigger a reassessment and subsequent impairment to the extent necessary.
R 4,870,259 relates to debtors which are past due but have extended credit terms. These are also deemed highly collectable and not impaired.
R160,536,565 relates to debt which is past due but however not impaired in accordance with the debt impairment methodology.

45.3 Market Risk:

Interest rate risk

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

At year end, financial instruments exposed to interest rate risk were as follows:

	2025	2024
Bank balances and cash	970 867 046	1 355 716 370
Short term Investments	70 374 769	80 374 769
Maximum Interest exposure	**1 041 241 815**	**1 436 091 139**

Price risk
The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

KWADUKUZA LOCAL MUNICIPALITY
UNAUDITED APPENDIX A: SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2025

DESCRIPTION	Loan Number	Interest Rate	Date Repayable	Balance at 30/06/2024	Received during the year	Redeemed during the year	Balance at 30/06/2025
		%		R	R	R	R
Loans							
DBSA R43M LOAN	101267/1	10.42%	31/03/2026	4 166 091	-	2 083 045	2 083 045
DBSA R28.9M (ELECT)	61006918/19	9.73%	30/09/2030	100 588 794	-	8 023 638	92 565 156
DBSA: R5.888 LOAN	61006918/19	9.73%	31/12/2032	57 652 521	-	4 598 752	53 053 769
TOTAL EXTERNAL LOANS				**162 407 406**	**-**	**14 705 436**	**147 701 970**

KWADUKUZA LOCAL MUNICIPALITY
UNAUDITED APPENDIX B: GRANTS AND SUBSIDIES RECEIVED 2024/2025

Name of Grants	Name of organ of state or municipal entity	Unspent portion 2024/2025 financial statements	Returned to National Treasury	Quarterly Receipts: July to Sept 1	Oct to Dec 2	Jan to Mar 3	April to June 4	**Total Receipts**	Quarterly Expenditure: July to Sept 1	Oct to Dec 2	Jan to Mar 3	April to June 4	**Total Expenditure**	Unspent portion 2024/2025 financial statements	Grants and Subsidies delayed / withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
Equitable Share	National Treasury	-	-	115 311 000	92 249 340	69 186 000	-	**276 746 340**	115 311 000	92 249 340	69 186 000	-	**276 746 340**	-	YES	N/A	YES	N/A
Municipal Infrastructure Grant (MIG)	COGTA	-	-	15 137 450	21 191 550	15 296 000		**51 625 000**	6 398 470	10 835 521	8 135 399	13 968 476	**39 337 865**	12 287 135	YES	Slow spending on projects	YES	N/A
INEP Grant	Integrated National Electrification Grant	485 348	485 348	5 300 000	4 300 000	8 923 000		**18 523 002**	6 653 935	5 023 983	-	6 845 084	**18 523 002**	-	NO	N/A	YES	N/A
Finance Management Grant	National Treasury	-	-	1 800 000				**1 800 000**	288 510	234 668	347 717	929 105	**1 800 000**	-	NO	N/A	YES	N/A
EPWP	National Treasury	-	-	398 000	715 000	476 000		**1 589 000**	834 058	754 942	-		**1 589 000**	-	NO	N/A	YES	N/A
Energy Loss Project (EDTEA) Vuthela Project	National Treasury	9 420 300	-	-				**-**		390 730		4 454 086	**4 844 816**	4 575 484	No	N/A	YES	N/A
Museum	Office Of the Premier	-	-			260 000		**260 000**	147 745	112 255	-	-	**260 000**	-	NO	N/A	YES	N/A
New Library	Department of Arts & Culture	- -	-		1 834 000			**1 834 000**	378 486	516 199	939 315	-	**1 834 000**	-	NO	N/A	YES	N/A
Housing Accreditation	Department Of Human Settlements	9 387	-	-	-	-	3 242 170	**- 3 242 170**	-	-	-	3 242 170	**3 242 170**	9 387	NO	N/A	YES	N/A
Library Subsidy	Department of Arts & Culture	-	-		6 149 000			**6 149 000**	189 769	328 356	4 053 622	1 577 253	**6 149 000**	-	NO	N/A	YES	N/A
Title Deeds Restoration Grant	Department Of Human Settlements	2 688 225	-		-	-	-	**-**	-	-	-	-	**-**	2 688 225	NO	N/A	YES	N/A
Natural Resource Management Project Grant (EDTEA)	Dept Of Environmental Affairs	212 868	-		1 200 000			**1 200 000**	-	-	108 000	302 000	**410 000**	1 002 868	NO	N/A	YES	N/A
Municipal Employment Initiative		77 913						**- -**		-		-	**-**	77 913	NO	N/A	YES	N/A
CETA Candidacy Grant							1 472 125	**- 1 472 125**				1 472 125	**- 1 472 125**	-	NO	N/A	YES	N/A
Disaster Recovery Grant	National Treasury - Disaster Management	20 317 734	-				-	**-**	2 211 631	8 175 731	1 982 868	1 685 953	**14 056 184**	6 261 550	NO	N/A	YES	N/A
Disaster Rehabilitation & Relief Grant	National Treasury - Disaster Management	338 048 171						**-**	71 050 166	94 709 231	19 063 449	95 279 235	**280 102 082**	- 57 946 089 -	NO	N/A	YES	N/A
Energy Efficiency and Demand Side Management Grant (EEDM)	National Treasury	1 051		-	-	-		**-**	-	-		1 051	**1 051**	-	NO	N/A	YES	N/A
General Budget Support - GBS Grant - Ease of Business		1 847 836						**- 1 847 836**	392 839				**- 392 839**	- 1 454 997	NO	N/A	YES	N/A
KZN EDTEA - Cleanest town Prize Money		477 223						**- 477 223**				13 809	**- 13 809**	- 940 637 -	NO	N/A	YES	N/A
		373 586 056	**485 348**	**137 946 450**	**127 638 890**	**94 141 000**	**4 714 295**	**366 765 696**	**203 856 609**	**213 330 956**	**103 816 370**	**129 770 347**	**650 774 283**	**87 244 285**				