Dr Nkosazana Dlamini Zuma Local Municipality

Annual Financial Statements
for the year ended 30 June 2025

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Abbreviations

GRAP	Generally Recognised Accounting Practice
HOA	Housing Operating Account
MFMA	Municipal Finance Management Act, No.56 of 2003
MIG	Municipal Infrastructure Grant
FMG	Finance Management Grant
mSCOA	Municipal Standard Chart of Accounts
AGSA	Auditor General of South Africa
SARS	South African Revenue Services
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
PAYE	Pay As You Earn
IGRAP	Interpretation of Generally Recognised Accounting Practice

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996).
Legislation governing the municipality's operations	Constitution of the Republic of South Africa (Act 108 of 1998) Local Government: Municipal Finance Management Act (Act No.56 of Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (Act of 6 2004) Division of Revenue Act (Act 1 of 2007)

General Information

Members of Council

Mayor	PS MSOMI
Deputy Mayor	KA HADEBE
Speaker	SS PHOSWA
Exco Member	RS MLOTSHWA
Exco Member	HS MLIBENI
Exco Member	N DLAMINI
Chief Whip	VAT MTHEMBU
Councillor	D ADAMS
Councillor	DR NGCAMU
Councillor	NG DLAMINI
Councillor	SJ PHAKATHI
Councillor	BB NTSHIZA
Councillor	BR MEMELA
Councillor	PK MEMELA
Councillor	TE MDLADLA
Councillor	RC ALDOUS-TROLLOPE
Councillor	MW MTOLO
Councillor	SG MKHIZE
Councillor	NC DLAMNI
Councillor	PN MDLANGATHI
Councillor	BB KHATHI
Councillor	MTC BHENGU
Councillor	IT SHOBA
Councillor	NP ZULU
Councillor	X ZAMISA
Councillor	SA ZONDI
Councillor	N ZIKODE
Councillor	MM DLAMINI
Councillor	DM SITHOLE

Nature of business and principle activities	Service Delivery: Rates, Waste Management and General services. Main business operations: Local government activities, planning and promotion of the integrated development plan, land, economic and environmental development. The mandate of the municipality is in terms of section 152 of the Constitution of South Africa.
Municipal demarcation code	KZN 436
Grading of local authority	3
Municipal Manager	Mr NC Vezi
Chief Financial Officer	Mr MP Mtungwa
Registered Office	Municipal Offices, Main Street, Creighton
Physical address	Main Street Creighton 3263
Postal address	P O Box 62 Creighton 3263
Bankers	First National Bank, Investec, ABSA, Nedbank and Standard Bank
Auditors	Auditor General of South Africa

Accounting Officer's Responsibilities and Approval

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

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

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

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

I am of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

I certify that salaries, allowances and benefits of councillors, as disclosed in note number 25 of the Annual Financial Statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read in conjunction with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

I have reviewed the municipality’s cash flow forecast for the period ending to 30 June 2026 and, in the light of this review and the current financial position, I am satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality has implemented National Treasury's Municipal Standard Chart of Accounts. The new chart is designed to enhance comparability between municipalities and therefore results in information disclosed being more understandable, relevant, reliable and comparable. Due to the implementation of the revised chart, certain comparatives figures may need restatement to allow a comparison between the current period figures and the prior year's figures that were presented based on the old municipal chart of accounts.

The Annual Financial Statements have been prepared on the going concern basis, were approved on 29 August 2025 and were signed on its behalf by:

Mr NC Vezi (Accounting Officer), Bachelor of Education, Executive Municipal Leadership Programme, Specialist Local Government Law and Municipal Administration, Postgraduate Diploma in Governance and Political Transformation, Masters in Public Administration, Masters in Governance and Political Transformation

Statement of Financial Position as at 30 June 2025

	Note	2025 R		Restated 2024 R
ASSETS				
Current Assets				
Receivables from non-exchange transactions	3.1	68 777 823		56 904 513
Receivables from exchange transactions	3.2	6 404 569		6 477 160
Cash and cash equivalents	4	133 328 175		139 435 415
		208 510 567		**202 817 088**
Non-Current Assets				
Investment property	5	30 780 000		30 302 000
Property, plant and equipment	6	559 905 793		538 681 794
Intangible assets	7	745 571		854 823
		591 431 364		**569 838 617**
Total Assets		**799 941 931**		**772 655 705**
LIABILITIES				
Current Liabilities				
Finance lease obligation	8	120 408		264 243
Payables from exchange transactions	9	49 285 739	-	51 030 714
Payables from non-exchange transactions	10	532 870		-
Long service awards obligation	11.2	381 410		428 000
Post retirement health care benefits	11.3	87 695		108 000
		50 408 122		**51 830 957**
Non Current Liabilities				
Finance lease obligation	8	-		120 408
Provision for landfill site rehabilitation	11.1	12 224 504		11 367 450
Long service awards obligation	11.2	3 949 757		3 783 000
Post retirement health care benefits	11.3	10 110 629		8 076 000
		26 284 890		**23 346 858**
Total Liabilities		**76 693 011**		**75 177 814**
Net Assets		**723 248 920**		**697 477 890**
TOTAL NET ASSETS				
Housing operating account	12	4 681 925		6 228 239
Accumulated surplus		718 566 994		691 249 651
Total Net Assets		**723 248 920**		**697 477 890**

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Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance for the period ended 30 June 2025

	Note	2025 R	Restated 2024 R
Revenue	13		
Revenue from exchange transactions			
Service charges	14	4 527 879	4 378 912
Licences and permits	15	690 682	512 125
Agency services	16	605 400	609 274
Rental of facilities and equipment	17	1 884 751	2 353 721
Other income	18	771 760	1 899 991
Contract revenue	43	4 786 087	6 575 466
Interest received	19	13 671 748	15 970 079
Gain on disposal of assets		425 000	-
Total revenue from exchange transactions		27 363 306	32 299 567
Revenue from non exchange transactions			
Property rates	20	44 314 687	42 391 594
Penalties on property rates	20	9 065 522	7 552 571
Government grants and subsidies	21	211 530 020	202 952 905
Assets donated	22	149 606	-
Traffic fines		555 400	337 200
Pound Fees		355 677	407 633
Incidental Cash Surpluses	23	39 310	162 716
Total revenue from non exchange transactions		266 010 222	253 804 619
Total revenue		**293 373 528**	**286 104 187**
Expenditure			
Employee related costs	24	93 885 340	91 106 893
Remuneration of councillors	25	12 750 323	12 497 840
Depreciation, impairment and amortisation	26	52 809 672	48 554 513
Finance costs	27	2 798 988	2 412 236
Debt impairment	28	2 566 199	23 999 385
Operational Costs	29	105 169 976	97 986 600
Total expenditure		**269 980 498**	**276 557 466**
Total revenue		293 373 528	286 104 187
Total expenditure		269 980 498	276 557 466
Operating surplus		**23 393 030**	**9 546 720**
Fair value adjustments	5	2 378 000	10 570 000
		2 378 000	**10 570 000**
Surplus for the year		**25 771 030**	**20 116 720**

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Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets for the period ended 30 June 2025

	Note	Housing Operating Account	Accumulated Surplus	Net Assets
		R	R	R
Previously reported balance at 1 July 2023		**6 830 756**	**670 467 075**	**677 297 831**
Correction of error	44	-	63 338	63 338
Restated Balance at 1 July 2023		**6 830 756**	**670 530 413**	**677 361 169**
Changes in net assets				
Surplus for the period			20 116 720	20 116 720
Transfer Housing Operating Account interest on call	12	578 643	(578 643)	-
Transfer Housing Operating Account expenditure incurred		(1 181 160)	1 181 160	-
Total changes		(602 517)	20 719 238	20 116 720
Balance at 30 June 2024(Restated)		**6 228 239**	**691 249 651**	**697 477 890**
Changes in net assets				
Surplus for the period		-	25 771 030	25 771 030
Transfer Housing Operating Account interest on call	12	393 108	(393 108)	-
Transfer Housing Operating Account expenditure incurred		(1 939 422)	1 939 422	-
Total changes		**(1 546 314)**	**27 317 344**	**25 771 030**
Balance at 30 June 2025		**4 681 925**	**718 566 994**	**723 248 920**

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Cash Flow Statement for the period ended 30 June 2025

	Note	2025 R	Restated 2024 R
Cash flows from operating activities			
Receipts		**260 723 676**	**236 568 045**
Cash receipts from taxes, levies and fines		35 409 712	26 682 678
Cash receipts from charges for goods and services		6 059 129	3 734 180
Cash receipts from royalties, fees, commissions and other revenue		2 386 108	2 391 259
Cash receipts from grants or transfers and other appropriations		212 062 890	196 597 943
Cash receipts from insurance entity		19 749	586 520
cash receipts from contracts		4 786 087	6 575 466
Payments		**(209 058 920)**	**(199 372 076)**
Cash payments to and on behalf of employees and Councillors		(105 081 449)	(103 347 297)
Cash payments to suppliers for goods and services;		(95 806 266)	(86 975 892)
Cash payments of an insurance entity for premiums		(3 385 118)	(2 473 421)
cash payments for contracts held		(4 786 087)	(6 575 466)
Net cash flows from operating activities before interest	30	**51 664 755**	**37 195 970**
Interest received		16 940 174	16 025 900
Interest paid		(41 012)	(70 172)
Net cash flows from operating activities after interest		**68 563 917**	**53 151 698**
Cash flows from investing activities			
Cash payments to acquire property, plant assets		(75 005 628)	(71 479 680)
Cash payments to acquire intangibles		(1 626 286)	(1 259 513)
Cash receipts from sales of property, plant and equipment assets		-	-
Cash receipts from sales of Investment property assets		2 225 000	-
Net cash flows from investing activities		**(74 406 913)**	**(72 739 193)**
Cash flows from financing activities			
Cash payments for the reduction of finance lease		(264 243)	(232 835)
Net cash flows from financing activities		**(264 243)**	**(232 835)**
Net increase/(decrease) in cash and cash equivalents		(6 107 239)	(19 820 330)
Net cash and cash equivalents at the beginning of the period		139 435 415	159 255 744
Net cash and cash equivalents at the end of the period	4	**133 328 175**	**139 435 415**

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Segment reporting statement for the period ended 30 June 2025

	Governance and administration	Community and public safety	Economic and environmental services	Trading Services	Unallocated	Total
	R	R	R	R	R	R
Segment Revenue						
Service charges	-	-	-	4 527 879	-	4 527 879
Licences and permits	-	690 682	-	-	-	690 682
Agency services	-	605 400	-	-	-	605 400
Rental of facilities and equipment	-	1 884 751	-	-	-	1 884 751
Contract revenue	-	-	4 786 087	-	-	4 786 087
Other income	334 717	4 465	133 499	299 079	-	771 760
Interest revenue	13 671 748	-	-	-	-	13 671 748
Gain on disposal of assets	425 000	-	-	-	-	425 000
External revenue from exchange transactions	**14 431 465**	**3 185 297**	**4 919 586**	**4 826 958**	**-**	**27 363 306**
Property rates	44 314 687	-	-	-	-	44 314 687
Penalties on property rates	9 065 522	-	-	-	-	9 065 522
Government grants and subsidies	174 471 890	4 873 000	32 185 130	-	-	211 530 020
Assets donated	-	149 606	-	-	-	149 606
Traffic fines	-	555 400	-	-	-	555 400
Pound Fees	-	355 677	-	-	-	355 677
Incidental Cash Surpluses	39 310	-	-	-	-	39 310
External revenue from non-exchange transactions	**227 891 409**	**5 933 683**	**32 185 130**	**-**	**-**	**266 010 222**
Segment Expenses						
Employee related costs	(35 609 271)	(27 070 349)	(24 352 062)	(6 853 658)	-	(93 885 340)
Remuneration of councillors	(12 750 323)	-	-	-	-	(12 750 323)
Depreciation, impairment and amortisation	(6 000 913)	(15 173 864)	(30 970 331)	(664 564)	-	(52 809 672)
Finance costs	(2 798 988)	-	-	-	-	(2 798 988)
Debt impairment	(2 566 199)	-	-	-	-	(2 566 199)
Operational Costs	(53 717 542)	(36 149 991)	(12 076 691)	(3 225 751)	-	(105 169 976)
Total segment expenses	**(113 443 236)**	**(78 394 204)**	**(67 399 084)**	**(10 743 973)**	**-**	**(269 980 497)**
Fair value adjustments	2 378 000	**-**	**-**	**-**	**-**	2 378 000
Surplus/deficit for the year	**116 826 173**	**(72 460 521)**	**(35 213 954)**	**(10 743 973)**	**-**	**25 771 031**

	Governance and administration	Community and public safety	Economic and environmental services	Trading Services	Unallocated	Total
Other Information						
Segment assets	159 797 621	284 709 440	219 313 456	2 798 155	133 323 259	799 941 931
Segment liabilities	(38 673 840)	(6 948 499)	(29 311 455)	(1 759 218)	-	(76 693 011)
Additions/(adjustment) to non-current assets	14 514 756	32 050 719	29 909 003	-	-	76 474 478
Non-cash revenue (included above)	-	149 606	-	-	-	149 606
Non-cash expenses (included above)	(8 567 112)	(15 173 864)	(30 970 331)	(664 564)	-	(55 375 871)

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Segment reporting statement for the period ended 30 June 2024 — **Restated**

	Governance and administration	Community and public safety	Economic and environmental services	Trading Services	Unallocated	Total
	R	R	R	R	R	
Segment Revenue						
Service charges	-	-	-	4 378 912	-	4 378 912
Licences and permits	-	512 125	-	-	-	512 125
Agency services	-	609 274	-	-	-	609 274
Rental of facilities and equipment	-	2 353 721	-	-	-	2 353 721
Contract revenue	-	-	6 575 466	-	-	6 575 466
Other income	1 534 027	3 199	137 418	225 347	-	1 899 991
Interest revenue	15 970 079	-	-	-	-	15 970 079
External revenue from exchange transactions	**17 504 106**	**3 478 319**	**6 712 883**	**4 604 259**	**-**	**32 299 567**
Property rates	42 391 594	-	-	-	-	42 391 594
Penalties on property rates	7 552 571	-	-	-	-	7 552 571
Government grants and subsidies	166 951 905	4 169 000	31 832 000	-	-	202 952 905
Assets donated	-	-	-	-	-	-
Traffic fines	-	337 200	-	-	-	337 200
Pound Fees	-	407 633	-	-	-	407 633
Incidental Cash Surpluses	162 716	-	-	-	-	162 716
External revenue from non-exchange transactions	**217 058 786**	**4 913 833**	**31 832 000**	**-**	**-**	**253 804 619**
Segment Expenses						
Employee related costs	(34 458 908)	(23 048 573)	(26 728 297)	(6 871 115)	-	(91 106 893)
Remuneration of councillors	(12 497 840)	-	-	-		(12 497 840)
Depreciation, impairment and amortisation	(4 744 714)	(14 636 700)	(28 450 361)	(722 738)	-	(48 554 514)
Finance costs	(2 412 236)	-	-	-		(2 412 236)
Debt impairment	(23 999 385)	-	-	-		(23 999 385)
Operational Costs	(43 890 040)	(8 575 810)	(42 369 994)	(3 150 756)		(97 986 600)
Total segment expenses	**(122 003 124)**	**(46 261 083)**	**(97 548 652)**	**(10 744 608)**	**-**	**(276 557 467)**
Fair value adjustments	10 570 000	**-**	**-**	**-**	**-**	10 570 000
Surplus/deficit for the year	**123 129 769**	**(37 868 931)**	**(59 003 769)**	**(6 140 349)**	**-**	**20 116 720**

	Governance and administration	Community and public safety	Economic and environmental services	Trading Services	Unallocated	Total
Other Information						
Segment assets	137 489 989	283 910 900	202 070 171	9 749 230	139 435 415	772 655 705
Segment liabilities	(30 786 243)	(6 445 300)	(21 652 650)	(16 293 621)	-	(75 177 814)
Additions/(adjustment) to non-current assets	14 756 525	33 005 278	33 717 910	913 576	-	82 393 289
Non-cash revenue (included above)	-	-	-	-	-	-
Non-cash expenses (included above)	(29 083 622)	(14 636 700)	(28 450 361)	(722 738)	-	(72 893 422)

Dr Nkosazana Dlamini Zuma Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual amounts

	Original Budget	Budget Adjustments	Final Budget	Actual	Difference between final budget and actual	Variances comments Ref No.	% Variance Between Final Budget & Actuals
	R	R	R	R	R		
Statement of Financial Performance							
Revenue							
Revenue from exchange transactions							
Service charges	4 615 019	59 034	4 674 053	4 527 879	(146 174)		-3%
Rental of facilities and equipment	1 583 170	-	1 583 170	1 884 751	301 581	1	19%
Licences and permits	428 349	-	428 349	690 682	262 333	2	61%
Agency services	721 681	-	721 681	605 400	(116 281)	3	-16%
Contract revenue	5 419 131	-	5 419 131	4 786 087	(633 044)	4	-12%
Other income	793 115	-	793 115	771 760	(21 355)		-3%
Interest received	16 026 507	-	16 026 507	13 671 748	(2 354 759)	5	-15%
Gains on disposal of assets	-	-	-	425 000	425 000	6	100%
Total revenue from exchange transactions	**29 586 972**	**59 034**	**29 646 006**	**27 363 306**	**(2 282 700)**		-8%
Revenue from non-exchange transactions							
Property rates	44 115 630	473 723	44 589 353	44 314 687	(274 666)		-1%
Property rates - penalties	5 936 843	-	5 936 843	9 065 522	3 128 679	7	53%
Incidental cash surpluses, fines, penalties and forfeits (traffic fines & pound fees)	938 700	1 660 000	2 598 700	950 387	(1 648 313)	8	-63%
Government grants and subsidies	211 063 000	1 000 000	212 063 000	211 530 020	(532 980)		0%
Assets donated			-	149 606	149 606	9	100%
Total revenue from non-exchange transactions	**262 054 173**	**3 133 723**	**265 187 896**	**266 010 222**	**822 326**		0%
TOTAL REVENUE	**291 641 145**	**3 192 757**	**294 833 902**	**293 373 528**	**-1 460 374**		0%
Expenditure							
Employee related costs	102 736 443	(1 917 170)	100 819 273	93 885 340	6 933 933	10	7%
Remuneration of councillors	13 057 458	1 441 288	14 498 746	12 750 323	1 748 423	11	12%
Depreciation, impairment and amortisation	41 230 865	11 632 567	52 863 432	52 809 672	53 759		0%
Finance costs	1 097 123	1 861 589	2 958 712	2 798 988	159 724		5%
Debt impairment	8 645 755	(5 400 000)	3 245 755	2 566 199	679 556	12	21%
Operational costs - contracted services and other expenditure	123 365 661	(4 625 517)	118 740 144	105 169 976	13 570 169	13	11%
	290 133 305	**2 992 757**	**293 126 062**	**269 980 498**	**23 145 564**		8%
Operating Surplus	**1 507 840**	**200 000**	**1 707 840**	**23 393 030**	**21 685 190**		
Fair value adjustments	-	-	-	2 378 000	2 378 000	14	100%
Surplus for the year	**1 507 840**	**200 000**	**1 707 840**	**25 771 030**	**24 063 190**		
Cash flow statement							
Net cash flows from operating activities	49 297 481	113 098	49 410 579	68 563 917	(19 153 338)	15	-39%
Net cash flows from investing activities	(104 137 768)	1 168 916	(102 968 852)	(74 406 913)	(28 561 939)	16	28%
Net cash flows from financing activities	-	-	-	(264 243)	264 243	17	-100%
Net increase in cash and cash equivalents	**(54 840 287)**	**1 282 014**	**(53 558 273)**	**(6 107 239)**	**(47 451 034)**		
Net cash and cash equivalents at the beginning of the period	139 435 416	-	139 435 416	139 435 416	(0)		0%
Net cash and cash equivalents at the end of the period	**84 595 129**	**1 282 014**	**85 877 143**	**133 328 177**	**(47 451 034)**		
Capital expenditure & funds sources							
Capital expenditure							
Transfers recognised - capital	31 318 000	1 399 999	32 717 999	31 318 000	1 399 999		4%
Public contributions & donations	-	-	-	-	-		0%
Borrowing	-	-	-	-	-		0%
Internally generated funds	59 232 823	(5 317 690)	53 915 133	41 152 192	12 762 941	18	24%
Total sources of capital funds	**90 550 823**	**(3 917 691)**	**86 633 132**	**72 470 192**	**14 162 940**		16%
Financial position							
Total current assets	117 460 221	41 843 348	159 303 569	208 510 567	(49 206 998)	19	-31%
Total non current assets	623 771 268	(16 825 852)	606 945 416	591 431 364	15 514 052		3%
Total current liabilities	91 414 107	(47 432 512)	43 981 595	50 408 122	(6 426 527)	20	-15%
Total non current liabilities	27 426 598	3 996 260	31 422 858	26 284 890	5 137 968	21	16%
Community wealth/equity or Total net assets	**622 390 784**	**68 453 748**	**690 844 532**	**723 248 920**	**(32 404 388)**		-5%

Statement of Comparison of Budget and Actual amounts

Original Budget	Budget Adjustments	Final Budget	Actual	Difference between final budget and actual	Variances comments Ref No.	% Variance Between Final Budget & Actuals

Actual amount on comparable basis presented in the Budget and Actual Comparative Statement

Significant variances of actual outcomes against budget (with variance greater than 5% of budget) for the year are explained below:

Statement of Financial Performance

1 **Rental of facilities and equipment -** underestimation of revenue from ad-hoc rentals, this is due to budgeting based on historical outcomes and tempered optimism in the local economic and social activities after impacts of lockdowns.

2 **Licences and permits -** Underestimation of revenue from Driver/Learner licence application based on historical trends. This is a demand driven revenue item which the municipality has limited control. Municipal youth initiatives towards licencing young drivers has positive spill overs to the community at large.

3 **Agency services -** Overestimation of revenue from Department of Transport agency services fees based on historical trends. This is a demand driven revenue item which the municipality has limited control.

4 **Contract Revenue –** The revenue was budgeted for using the normal grant recognition principles, however the actual recognition was in accordance with GRAP 11: Construction Contracts. This resulted in a VAT output implication that had not been budgeted for.

5 **Interest received -** Interest income was lower than budgeted, mainly due to stagnant and declining interest rates during the period. Furthermore, the municipality’s reduced cash and cash equivalent reserves limited the opportunity to generate investment returns.

6 **Gains on Disposal of Assets –** The over performance is due to the successful finalisation of the auction of municipal land. The municipality no longer exercises control over the land, and the gains were accordingly recognised.

7 **Property rates - penalties -** More penalties were levied than anticipated as a result of the growing gross debtors book, slow recovery of the local economy and loss of income by other residents from the devastating effect of nationwide lockdown which has contributed to an increase in debtors book as other residents could not pay outstanding amounts on time.

8 **Incidental Cash Surpluses, Fines, Penalties and Forfeits –** The variance is due to the incorrect budgeting of asset auction proceeds under this line item, whereas the actual results were correctly accounted for under Gains on Disposal of Assets. Apart from this misallocation, incidental cash surpluses, fines, penalties and forfeits performed in line with expectations.

9 **Assets donated -** The Department of Arts and Culture did not inform the municipality on time about the assets which the department would be donating to the municipality for libraries, as a result were not included in the budget.

10 **Employee related costs -** Savings as a result of measures implemented by management to reduce employee related costs and diligent processes and assessment to be done before the filling of vacant positions and non-payment of performance bonuses.

11 **Remuneration of Councillors –** The variance is mainly attributable to lower than-anticipated expenditure on allowances and related benefits, as actual claims and reimbursements were below budgeted level

12 **Debt Impairments –** Enhanced system stability and increased collection efforts, together with the implementation of the municipality’s Credit Control and Debt Collection Policy, led to the timely issuing of statements to debtors and collection procedures. This resulted in improved collection rates and a reduction in the risk of non-recoverability, consistent with the methodology applied

13 **Operational Costs -** Delays on appointment of service providers as most of the tenders have to be re-advertised, cost containment regulations yielded positive results, savings and reduction on a number of operational costs items i.e. catering, consultants and professionals and travelling. Prudence exercised on community programmes contributed to the savings as many programmes i.e. OSS, Public participation, Sport and development, Arts and Culture, Community gender forums and all other community outreach related expenses.

14 **Fair Value adjustments -** There has been an increase in the value of investment properties based on recent sales in the areas where investment properties are located, based on history an increase/decrease was not catered for in the original/adjustment budget.

Cash flow statement

15 **Net cash flows from operating activities -** Variance as result of the following, delays on appointment of service providers because most of the tenders have to be re-advertised due to potential services provides noncompliance with SCM regulations and poor performance.

16 **Net cash flows from investing activities -** Variance as result of the following, delays on appointment of service providers because most of the tenders have to be re-advertised due to potential services provides noncompliance with SCM regulations and poor performance.

17 **Net cash flows from financing activities -** Repayment of the remaining current liability portion of liabilities was not budgeted for as lease agreements were only finalised late into the financial year.

Capital expenditure & funds sources

18 **Internally generated funds -** Variance as a result of reasons stated on Variance comment number 16.

Statement of Financial position

19 **Total current assets -** Variance due to growing debtors book as a result of matters disclosed in number 7 and 12

20 **Total current liabilities -** Variance as a result of budgets being prepared with the understanding that good measures introduced to reduce creditors which also helps our suppliers with their cashflows, which aligns with the municipality’s commitment to assisting Small, Medium and Micro Enterprises (SMMEs) avoid serious adverse impact on the financial health due to delayed payment which has been implemented but the late arrival of invoices at financial year end resulted in a significant balance in trade payables/accruals.

21 **Total non-current liabilities -** Variance as result of delays in processes to get approval for another landfill site which delays the processes to start rehabilitation for one of the landfill sites, which led to the municiaplity obtaining a renew of licence for landfil site.

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgments and sources of estimation uncertainty

In preparing the financial statements, management made estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Using available information and applying professional judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Receivables

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

The provision for impairment of receivables exists due to the possibility that these debts will not be recovered. In assessing receivables for potential impairment debtors are assessed at individual level and on aggregate. Debtors with similar credit risk characteristics are collectively assessed for impairment. furthermore; In assessing whether there is any indication that a financial asset receivable, or group of receivables, may be impaired the result from the following factors were considered, significant financial difficulty of the debtor, sequestration, liquidation or other financial re-organisation of the debtors, breach of arrangement contracts and adverse changes in the economy. which are evidenced in debtors payment patterns.

Provisions

Management determines an estimate based on the information available.

Useful lives of property, plant and equipment and intangible assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and intangible assets in accordance with Local Government Capital Asset Management Guideline of 2008. This estimate is based on the condition and use of the individual assets, in order to determine the remaining period over which the asset can and will be used.

Effective interest rate

The municipality uses the ruling overdraft rate to discount future cash flows in the event of it being material.

1.4 Investment property

Investment property is property held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services, or for
- administrative purposes; or for
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the provision of services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost (transaction costs are included in the initial measurement).

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date. A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

1.5 Property, plant and equipment

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

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

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

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

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

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

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

Property, plant and equipment is depreciated on the straight line basis over expected useful lives to estimated residual value. Land is stated at cost and is not depreciated as it is deemed to have an indefinite useful life. The useful lives of items of property, plant and equipment have been assessed as follows:

Asset Class	**Average useful life**
Infrastructure:	
Streetlights	1 - 80 Years
Roads	1 - 50 Years
Pedestrian Footways	1 - 50 Years
Community Assets:	
Office buildings	1 - 30 Years
Cemeteries	1 - 30 Years
Community centres and halls	1 - 30 Years
Libraries	1 - 30 Years
Sports and related stadiums	1 - 30 Years
Golf courses	1 - 20 Years
Flood lighting	1 - 15 Years
Park homes	1 - 15 Years
Car wash	1 - 10 Years
Houses / hostels	1 - 30 Years
Taxi rank	1 - 15 Years
Other Assets:	
Office equipment	1 - 17 Years
Office machines	1 - 7 Years
Air conditioners	1 - 10 Years

Furniture and fittings	1 - 15 Years
Fire extinguishers	1 - 10 Years
Other firefighting equipment	1 - 15 Years
Computer equipment	1 - 13 Years
Security measures	1 - 20 Years
Train	1 - 30 Years
Engine	1 - 10 Years
Generator	1 - 10 Years
Boiler	1 - 10 Years
Loud hailer / Public Address System	1 - 10 Years
Fencing	1 - 20 Years
Motor vehicles:	
Truck and light delivery vehicles	1 - 7 Years
Mini-bus and delivery vehicles	1 - 7 Years
Tractors	1 - 7 Years
Fencing	1 - 5 Years
Plant and equipment	
Graders	1 - 20 Years
Lawn mowers	1 - 20 Years
Compressors	1 - 20 Years
Firearms	1 - 20 Years
Radio equipment	1 - 10 Years

The residual value, the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets under construction - Work in progress

Assets under construction are stated at historical cost . Depreciation only commences when the asset is available for use.

Leased assets

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

1.6 Accounting by principals or agents

A principal-agent arrangement results from a binding arrangement in which one entity, the municipality, undertakes transactions with third parties on behalf, and for the benefit of, another entity, the principal. The municipality recognises increases in assets and related increases in liabilities on receipt of the related funding. The liability is reduced when the amounts are spent in accordance with fund conditions.

1.7 Intangible assets

An intangible asset is recognised when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and the cost or fair value of the asset can be measured reliably. The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management’s best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

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

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

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

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

Item	Useful life
Computer software	1 - 12 Years

Intangible assets are derecognised on disposal or when no future economic benefits or service potential are expected from use or disposal. The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount and is recognised in surplus or deficit when the asset is derecognised.

1.8 Financial instruments

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

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

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

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

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

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

A financial asset is cash, or a contractual right to receive cash or another financial asset from another entity or exchange financial assets or financial liabilities with another entity under conditions that potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity; or exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates at fair value at initial recognition; or are held for trading.

Classification

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

Type of Financial Asset	**Classification in terms of GRAP 104**
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Type of Financial Liability	**Classification in terms of GRAP 104**
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
External loan	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality initially measures a financial asset and financial liability at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition at amortised cost.

All financial assets measured at amortised cost, or at cost, are subject to an impairment review.

Derecognition

Financial assets

The municipality derecognizes financial assets using trade date accounting. The entity derecognizes a financial asset only when:

The contractual rights to the cash flows from the financial asset expire, are settled or waived;

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit. Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.9 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.
Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.
Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.
Useful life is either the period of time over which an asset is expected to be used by the municipality; or the number of production or similar units expected to be obtained from the asset by the municipality.

1.10 Employee benefits

Employee benefits are all forms of consideration given by the entity in exchange for service rendered by employees. Termination benefits are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.
Vested employee benefits are employee benefits that are not conditional on future employment.
A constructive obligation is an obligation that derives from the entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.
Short-term employee benefits include items such as:
Salaries, wages and social security contributions;

Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;

Bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and

Non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.
When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
As an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

Defined contribution plans-KZN Joint Municipal Pension fund

The municipality has a defined contribution plan with Natal Joint Municipal Pension Fund .Payments to the defined contribution plan are charged as an expense as they fall due.

Other employee benefits

The municipality provides long service awards to qualifying employees after the completion of a minimum service period.

The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

The present value of the defined benefit obligation at the reporting date;

minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another standard requires or permits their inclusion in the cost of an asset:

current service cost;

interest cost;

the expected return on any plan assets and on any reimbursement right recognised as an asset;

actuarial gains and losses, which shall all be recognised immediately;

past service cost, which shall all be recognised immediately; and

The effect of any curtailments or settlements.

1.11 Provisions and contingencies

Provisions are recognised when:

the municipality has a present obligation as a result of a past event;

It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;

and, a reliable estimate can be made of the obligation.

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

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised, but are disclosed in the notes and are reviewed at reporting date .

The municipality has an obligation to rehabilitate its landfill site in terms of its licence stipulations .The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation.

1.12 Revenue from exchange transactions

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

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement
Revenue is measured at the fair value of the consideration received or receivable..

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

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

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Rentals

Revenue arising from the use by others of entity assets yielding rentals is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality and the amount of the revenue can be measured reliably.

Other Revenue
Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the appropriate tariff. This includes the issuing of licences, permits and the sale of tender documents.

1.13 Service charges

Waste removal is based on bin size and the number of collections. Waste removal services are billed on a monthly basis.

1.14 Revenue from non-exchange transactions

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

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

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

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

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

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

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

Recognition

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

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

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

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

Transfers

Apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.
Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Revenue from the issuing of traffic fines is recognised when it is probable that economic benefits associated with a transaction will flow to the municipality and can be measured reliably. Revenue from traffic fines is initially recognised at fair value and subsequently tested for impairment. The revenue from traffic fines is subject to judicial process which is beyond the municipality's control.

Gifts and donations, including goods in-kind

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

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

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

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

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

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

1.18 Irregular expenditure

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

1.19 Housing Operating Account

The Housing Operating Account was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.20 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.21 Grants in aid

The Municipality donates money goods or services to individuals organisations and other sectors of government from time to time. When making these donations the Municipality does not receive any goods or services directly in return as would be expected in a purchase or sale transaction, Expect to be repaid in future; or Expect a financial return, as would be expected from an investment

1.22 Events after reporting date

Events after reporting dates that are classified as adjusting events are accounted for in the Annual Financial Statements. Events after reporting date that are classified as non-adjusting events after reporting date are disclosed in the notes to the Annual Financial Statements.

1.23 Budget information

The annual budget is prepared on a basis which is consistent with the Annual Financial Statements .The budget and actual amounts are included in a separate financial statement ,Statement of Comparison of Budget and Actual amounts . Explanatory comments are provided in the notes to the financial statements giving reasons for variances from budget.

1.24 Related parties

Individuals as well as their close family members and /or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and /or operating decisions. Management is regarded as a related party and comprises the Councillors, the Mayor, the Executive Committee Members, the Municipal Manager, the Chief Financial Officer and all managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.25 Commitments

Commitments are future expenditure items of both an operating and capital nature; in respect of which the Municipality has committed funds which on execution will result in an outflow of resources embodying economic benefits. Commitments are neither recognised in the Statement of Financial Position as liabilities nor recognised in the Statement of Financial Performance as expenditure but are disclosed as future commitments in the notes to the Annual Financial Statements.

Commitments are disclosed in respect of:

approved and contracted commitments, where expenditure has been approved and contracts have been awarded at reporting date, where the disclosure is required by the specific standard of GRAP.

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements.

1.26 Value added tax

The municipality accounts for Value Added Tax on a payment basis for purchases and receipts basis for revenue.

1.27 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Carrying amount is the amount at which an asset is recognised in the statement of financial position. The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised. Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means. The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means

Recognition

The municipality recognises statutory receivables as follows: if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions; if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any: interest or other charges that may have accrued on the receivable (where applicable); impairment losses; and amounts derecognised.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired the result from the following factors were considered, significant financial difficulty of the debtor, sequestration, liquidation or other financial re-organisation of the debtors, breach of arrangement contracts and adverse changes in the economy. which are evidenced in debtors payment patterns. Statutory receivables with similar credit risk characteristics are collectively assessed for impairment

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when: the rights to the cash flows from the receivable are settled, expire or are waived; the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity: - derecognise the receivable; and - recognise separately any rights and obligations created or retained in the transfer. The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

Accounting Policies

1.28 Segment reporting

The municipality is organised and operates in four 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.

The four key business units comprise of:
• Community and public safety which includes community and social services, sport and recreation, public safety, health and housing services;
• Economic and environmental services which includes planning and development, road transport, environmental protection services and tourism.
• Trading service which is waste management services; •
Municipal governance and administration which includes executive and council, finance and administration and internal audit unit;
The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any). Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

1.29 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality has been considered in determining whether information is required to be recognised, measured, presented and disclosed in accordance with the requirements in the Standards of GRAP as well as assessing the effect of omissions, misstatements and errors on the financial statements.

Budget information
Variances between budget and actual amounts are regarded as material when there is a variance of:

- 5% or greater in the statement of financial position, the statement of financial performance and the cash flow statement.

1.30 Construction contracts

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.
Construction contract includes contracts for the rendering of services which are directly related to the construction of the asset, for example, those for the services of project managers and architects; and contracts for the destruction or restoration of assets, and the restoration of the environment following the demolition of assets.

Contract revenue shall comprise of the initial amount of revenue agreed in the contract; and variations in contract work, claims and incentive payments to the extent that (I) it is probable that they will result in revenue; and (ii) they are capable of being reliably measured.

Contract costs that relate directly to the specific contract; costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and such other costs as are specifically chargeable to the customer under the terms of the contract.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. The method used to determine the stage of completion will be base on progress reports prepared by engineers. An expected deficit on a construction contract to which paragraph GRAP11.49 applies shall be recognised as an expense immediately in accordance with paragraph GRAP11.49

1.31 Material Prior period errors

Prior Period Errors
Prior period errors are omissions from, and misstatements in, the municipality's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when those financial statements were authorised for issue and could reasonably have been obtained and taken into account in preparing those financial statements.

Such errors are corrected retrospectively in the first set of financial statements authorised for issue after their discovery by:
- Restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

1.31 Presentation of Annual Financial Statements

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

Below is a list of standards that have been issued but are not yet effective as the finance Minister has not determined the date and thus not been considered in the preparation of these annaul financial statement:

Standard	Description	Effective Date	Expected Impact
GRAP 1	Presentation of Financial Statements	Date not determined	Minimal impact
GRAP 103	Heritage Assets	Date not determined	Minimal impact
GRAP 105	Transfer of Functions Between Entities Under Common Control	Date not determined	Minimal impact
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	Date not determined	Minimal impact
GRAP 107	Mergers	Date not determined	Minimal impact
OVERALL	Improvements To Standards Of GRAP	Date not determined	Minimal impact

In preparation of these financial statements the following GRAP standards have been considered:

Standard	Description	Effective Date
GRAP 1	Presentation of Financial Statements	Currently applicable
GRAP 2	Cash Flow Statements	Currently applicable
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors	Currently applicable
GRAP 4	The Effects of Changes in Foreign Exchange Rates	Currently applicable
GRAP 5	Borrowing Costs	Currently applicable
GRAP 9	Revenue from Exchange Transactions	Currently applicable
GRAP 10	Financial Reporting in Hyperinflationary Economies	Currently applicable
GRAP 11	Construction Contracts	Currently applicable
GRAP 12	Inventories	Currently applicable
GRAP 13	Leases	Currently applicable
GRAP 14	Events After the Reporting Date	Currently applicable
GRAP 16	Investment Property	Currently applicable
GRAP 17	Property Plant and Equipment	Currently applicable
GRAP 18	Segment Reporting	Currently applicable
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets	Currently applicable
GRAP 20	Related Party Disclosures	Currently applicable
GRAP 21	Impairment of Non-cash-generating Assets	Currently applicable
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)	Currently applicable
GRAP 24	Presentation of Budget Information in Financial Statements	Currently applicable
GRAP 25	Employee Benefits	Currently applicable
GRAP 26	Impairment of Cash-generating assets	Currently applicable
GRAP 27	Agriculture	Currently applicable
GRAP 31	Intangible Assets	Currently applicable
GRAP 32	Service Concession Arrangements: Grantor	Currently applicable
GRAP 34	Separate financial statements	Currently applicable
GRAP 35	Consolidated financial statements	Currently applicable
GRAP 36	Investments in associates and joint ventures	Currently applicable
GRAP 37	Joint arrangements	Currently applicable
GRAP 38	Disclosure of interests in other entities	Currently applicable
GRAP 100	Discontinued Operations	Currently applicable
GRAP 103	Heritage Assets	Currently applicable
GRAP 104	Financial Instruments	Currently applicable
GRAP 105	Transfer of Functions Between Entities Under Common Control	Currently applicable
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	Currently applicable
GRAP 107	Mergers	Currently applicable
GRAP 108	Statutory Receivables	Currently applicable
GRAP 109	Accounting by Principals and Agents	Currently applicable
GRAP 110	Living and non-living resources	Currently applicable

	2025	2024
		Restated
	R	R

2 Events after the reporting date

The municipality has considered events occurring after the reporting date in accordance with the requirements of GRAP 14 Events after the Reporting Date. No events have occurred between the reporting date and the date of authorization that require adjustment to, or disclosure in, these financial statements.

3 Receivables

3.1 Receivables from non-exchange transactions

	2025	2024
Gross balances		
Suppliers deposits	752 938	732 401
Input Value added tax - Accrual	6 400 044	4 480 625
Other receivables	1 593 330	1 674 758
	8 746 312	**6 887 783**
Less: Allowance for impairment	(521 830)	(531 009)
Net balances after allowance for impairment	**8 224 482**	**6 356 774**
Statutory receivables		
Property Rates	110 518 764	101 243 878
Traffic fines	1 324 600	804 500
Value added tax receivable	2 661 166	1 695 864
Gross balance	**114 504 529**	**103 744 242**
Less: Allowance for impairment	(53 951 188)	(53 196 503)
Net balances after allowance for impairment	**60 553 341**	**50 547 739**
Net balances for receivables from non-exchange transactions	**68 777 823**	**56 904 513**

3.2 Receivables from exchange transactions

	2025	2024
Gross balances		
Service charges - Refuse	11 925 859	10 611 540
Rent	4 167 900	3 704 057
VAT on amounts receivable	2 102 778	1 879 057
Sundry debtors	114 249	683 228
	18 310 786	**16 877 881**
Less: Allowance for impairment	(11 906 217)	(10 400 722)
Net balances for receivables from exchange transactions	**6 404 569**	**6 477 160**

There were no receivables from non-exchange or exchange transactions that were pledged as security. The carrying values of exchange and non-exchange receivables approximate their fair values. The age analysis of various categories of debtors are detailed bellow:

Debtors aging analysis as at 30 June 2025

by source type	**0-30 Days**	**30-60 Days**	**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Service charges - Refuse	422 251	273 611	217 670	214 892	12 586 313	13 714 737
Rent	88 401	83 162	78 250	129 373	4 102 615	4 481 800
Sundry debtors	-	-	-	-	114 249	114 249
Total	**510 652**	**356 773**	**295 920**	**344 265**	**16 803 177**	**18 310 787**

Debtors aging analysis as at 30 June 2024

by source type	**0-30 Days**	**30-60 Days**	**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Service charges - Refuse	660 913	238 429	222 784	211 146	10 870 000	12 203 271
Rent	809 837	146 238	156 514	138 939	2 739 856	3 991 383
Sundry debtors	-	-	-	-	683 228	683 228
Total	**1 470 750**	**384 667**	**379 297**	**350 085**	**14 293 083**	**16 877 882**

Debtors aging analysis as at 30 June 2025

Aging per customer group	**0-30 Days**	**30-60 Days**	**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Business/Agriculture	48 223	47 676	47 676	46 637	1 341 255	1 531 467
Government	6 998	6 992	6 580	24 359	1 074 972	1 119 900
Residential	455 431	302 105	241 664	273 270	14 386 951	15 659 420
Total	**510 652**	**356 773**	**295 920**	**344 265**	**16 803 177**	**18 310 787**

Debtors aging analysis as at 30 June 2024

Aging per customer group	**0-30 Days**	**30-60 Days**	**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Business/Agriculture	165 688	46 643	62 353	46 847	959 077	1 280 609
Government	231 203	20 605	20 628	20 628	1 376 287	1 669 351
Residential	1 073 858	317 419	296 316	282 610	11 957 719	13 927 922
Total	**1 470 750**	**384 667**	**379 297**	**350 085**	**14 293 083**	**16 877 882**

	2025	2024 Restated
	R	R

Receivables from exchange transactions

Allowance for impairment as at 30 June 2025							
Reconciliation of allowance for impairment				**Service charges - Refuse**	**Rent**	**Sundry debtors**	**Total**
Balance at the beginning of the period				(10 238 791)	(147 825)	(14 106)	(10 400 722)
Bad debt written off				-	-	-	-
(Contribution to the impairment) / reversal of impairment				(1 494 199)	(11 296)	-	(1 505 495)
Balance at the end of the period				**(11 732 990)**	**(159 121)**	**(14 106)**	**(11 906 217)**

Allowance for impairment as at 30 June 2024							
Reconciliation of allowance for impairment				**Service charges - Refuse**	**Rent**	**Sundry debtors**	**Total**
Balance at the beginning of the period(previously reported)				(8 614 711)	(944 436)	(14 106)	(9 573 253)
Correction of error					803 947		803 947
Balance at the beginning of the period(Restated)				(8 614 711)	(140 489)	(14 106)	(8 769 306)
Bad debt written off					-	-	
(Contribution to the impairment) / reversal of impairment				(1 624 080)	(7 336)	-	(1 631 416)
Balance at the end of the period(Restated)				**(10 238 791)**	**(147 825)**	**(14 106)**	**(10 400 722)**

Provision for impairment of receivables is determined based on the expected future cash flows from debtors, taking into account historical payment patterns, current collection trends, and forward-looking information in line with the municipality's Credit Control and Debt Collection Policy. Amounts outstanding for more than 60 days are considered past due. The municipality does not recognize impairment on amounts owed by state-owned or government entities. An analysis of the age of financial assets that are past due, but not impaired, as at the reporting date is presented below:

Debtors aging analysis as at 30 June 2025							
Aging per customer group				**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Government				6 580	24 359	1 074 972	1 105 910

Debtors aging analysis as at 30 June 2024							
Aging per customer group				**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Government				62 353	46 847	959 077	1 068 277

3.3 Statutory receivables

Statutory receivables as at 30 June 2025

Classification	Legislation	Gross opening balance	Billing for the year	Penalties and interests	Bad debts	Receipts	Gross closing balance	Impairment losses provision	Carrying amount Closing balance
Rates	Municipal Property Rates Act, Act No. 6 of 2004	101 243 878	44 314 687	9 065 522	(315 198)	(43 790 125)	110 518 764	(52 849 000)	57 669 763
Traffic fines	Criminal procedure act, Act No. 51 of 1977	804 500	555 400			(35 300)	1 324 600	(1 102 188)	222 412
Value added tax receivable	The Value-Added Tax Act 89 of 1991	1 695 864	17 807 249	-	-	(16 841 947)	2 661 166	-	2 661 166
		103 744 242	**62 677 337**	**9 065 522**	**(315 198)**	**(60 667 372)**	**114 504 529**	**(53 951 188)**	**60 553 341**

Statutory receivables as at 30 June 2024(Restated)

Classification	Legislation	Gross opening balance	Billing for the year	Penalties and interests	Bad debts	Receipts	Gross closing balance	Impairment losses provision	Carrying amount Closing balance
Rates	Municipal Property Rates Act, Act No. 6 of 2004	79 523 173	42 391 594	7 552 571	(214 385)	(28 009 074)	101 243 878	(52 498 763)	48 745 115
Traffic fines	Criminal procedure act, Act No. 51 of 1977	1 602 815	337 200		(1 114 915)	(20 600)	804 500	(697 741)	106 760
Value added tax receivable	The Value-Added Tax Act 89 of 1991	370 915	13 629 798	-	-	(12 304 849)	1 695 864	-	1 695 864
		81 496 903	**56 358 592**	**7 552 571**	**(1 329 300)**	**(40 334 524)**	**103 744 242**	**(53 196 503)**	**50 547 739**

Debtors aging analysis as at 30 June 2025

by source type	0-30 Days	30-60 Days	60-90 Days	90-120 Days	Older than 120 Days	Total
Rates	3 144 232	2 086 581	1 723 822	1 660 550	101 903 577	110 518 763
Traffic Fines	65 900	82 150	72 200	84 600	1 019 750	1 324 600
Value added tax receivable	2 661 166	-	-	-	-	2 661 166
Total	**5 871 298**	**2 168 731**	**1 796 022**	**1 745 150**	**102 923 327**	**114 504 529**

Debtors aging analysis as at 30 June 2024

by source type	0-30 Days	30-60 Days	60-90 Days	90-120 Days	Older than 120 Days	Total
Rates	5 481 086	2 151 436	2 065 735	1 969 567	89 576 054	101 243 878
Traffic fines	18 016	54 993	3 951	12 400	715 140	804 500
Value added tax receivable	1 695 864	-	-	-	-	1 695 864
Total	**7 194 966**	**2 206 429**	**2 069 687**	**1 981 967**	**90 291 194**	**103 744 242**

Debtors aging analysis as at 30 June 2025

Aging per customer group	0-30 Days	30-60 Days	60-90 Days	90-120 Days	Older than 120 Days	Total
Business/Agriculture	215 706	202 959	194 612	216 861	17 118 729	17 948 866
Government	2 832 559	170 459	170 459	169 193	7 134 622	10 477 293
Residential	2 823 033	1 795 314	1 430 951	1 359 096	78 669 976	86 078 371
Total	**5 871 298**	**2 168 731**	**1 796 022**	**1 745 150**	**102 923 327**	**114 504 529**

Debtors aging analysis as at 30 June 2024

Aging per customer group	0-30 Days	30-60 Days	60-90 Days	90-120 Days	Older than 120 Days	Total
Business/Agriculture	336 214	160 326	154 295	154 295	15 715 204	16 520 334
Government	2 590 849	445 738	449 112	447 308	8 424 798	12 357 805
Residential	4 267 903	1 600 365	1 466 280	1 380 364	66 151 192	74 866 102
Total	**7 194 966**	**2 206 429**	**2 069 687**	**1 981 967**	**90 291 194**	**103 744 242**

Interest/penalties accrue at 18% per annum if an instalment past due. Interest rate used in the discount of statutory receivables is 7.44%.

Allowance for impairment as at 30 June 2025

Reconciliation of allowance for impairment	Other receivables	Statutory receivables - rates	Statutory receivables - Traffic fines	Total
Balance at the beginning of the period	(531 009)	(52 498 763)	(697 740)	(53 727 512)
Bad debt written off	-			-
(Contribution to the impairment) / reversal of impairment	9 179	(350 238)	(404 448)	(745 506)
Balance at the end of the period	**(521 830)**	**(52 849 000)**	**(1 102 188)**	**(54 473 019)**

Allowance for impairment as at 30 June 2024

Reconciliation of allowance for impairment	Other receivables	Statutory receivables - rates	Statutory receivables - Traffic fines	Total
Balance at the beginning of the period	(576 658)	(30 749 950)	(1 465 013)	(32 791 621)
Bad debt written off	45 649	-	1 106 965	1 152 614
(Contribution to the impairment) / reversal of impairment	-	(21 748 813)	(339 692)	(22 088 505)
Balance at the end of the period	**(531 009)**	**(52 498 763)**	**(697 740)**	**(53 727 512)**

Provision for impairment of receivables is determined based on the expected future cash flows from debtors, taking into account historical payment patterns, current collection trends, and forward-looking information in line with the municipality's Credit Control and Debt Collection Policy. Amounts outstanding for more than 60 days are considered past due. The municipality does not recognize impairment on amounts owed by state-owned or government entities. An analysis of the age of financial assets that are past due, but not impaired, as at the reporting date is presented below:

Debtors aging analysis as at 30 June 2025

Aging per customer group	60-90 Days	90-120 Days	Older than 120 Days	Total
Government	170 459	169 193	7 134 622	7 474 274

Debtors aging analysis as at 30 June 2024

Aging per customer group	60-90 Days	90-120 Days	Older than 120 Days	Total
Government	154 295	154 295	15 715 204	16 023 794

	2025	Restated 2024
	R	R

4 Cash and cash equivalents

	2025	2024
Bank balances	29 795 189	4 881 934
Short-term deposits	103 528 027	134 552 296
	133 323 216	**139 434 230**
Cash on hand	4 960	1 185
	133 328 175	**139 435 415**

Cash and cash equivalents held by the municipality that are available for use .

For the purpose of statement of financial position and the cash flow statement, cash and cash equivalents includes cash on hand and cash at bank net of outstanding overdraft.
The municipality does not have overdrawn current account facilities with its banker and therefore does not incur overdrawn current account fees. Short-term deposits are made for varying periods, depending on the immediate cash requirements. It earns interest at the respective short-term deposit rate. The maximum investment period is three months.

The Municipality has the following bank accounts:

	Cashbook balances	Bank statement balances	Cashbook balances	Bank statement balances
	30 June 2025	30 June 2025	30 June 2024	30 June 2024
Bank balances				
First National Bank Limited - Primary Bank account - 62026224999	29 795 189	29 795 189	4 881 934	4 881 933
	29 795 189	**29 795 189**	**4 881 934**	**4 881 933**
Short-term deposits				
First National Bank Investment-62008452071	6 695 722	6 695 722	787 185	787 185
Absa Business Bank-93-7405-3205	2 413 156	2 413 156	2 215 574	2 215 574
Nedbank Notice Deposit-03/7881098635/000052	3 141 825	3 141 825	5 484 421	5 484 421
Nedbank Notice Deposit-03/7881098635/000058	24 301 749	24 301 749	22 347 911	22 347 911
First National Bank 32 Day Flexi Notice-74165605518	1 145 052	1 145 052	1 057 760	1 057 760
Standard Bank-4787359950-024	41 728 580	41 728 580	37 913 890	37 913 890
Absa Business Bank-2081543530	12 132 545	12 132 545	30 703 989	30 703 989
First National Bank Fixed Deposit-76204802667	-	-	21 329 906	21 329 906
First National Bank Call Account-76206036280	6 975 168	6 975 168	6 483 608	6 483 608
First National Bank Call Account-63088927886	4 988 245	4 988 245	6 222 470	6 222 470
First National Bank Call Account-63060516756	5 949	5 949	5 547	5 547
Standard Bank-4787359950-035	36	36	36	36
	103 528 027	**103 528 027**	**134 552 297**	**134 552 297**
	133 323 216	**133 323 216**	**139 434 231**	**139 434 230**

5 Investment property

	2025			Restated 2024		
	Cost / Valuation	Additions/Fair value adjustments	Closing balance	Cost / Valuation	Additions/Fair value adjustments	Closing balance
Investment property	28 402 000	2 378 000	30 780 000	19 732 000	10 570 000	30 302 000

Reconciliation of investment property - 30 June 2025

	Opening balance	Additions/Fair value adjustments	Disposals	Closing balance
Investment property	30 302 000	2 378 000	(1 900 000)	30 780 000

Reconciliation of investment property - 30 June 2024(Restated)

	Opening balance	Additions/Fair value adjustments	Disposals	Closing balance
Investment property	19 732 000	10 570 000	-	30 302 000

Rentals from investment properties amounted to R1 829 420 (2024/2025) and R2 284 669 (2023/2024)

Pledged as security:
No investment property is pledged as security.

Details of valuation

Investment property mainly vacant stands and land and buildings are stated at fair values, which have been determined based on valuations by an independent valuer who is registered as a Professional Valuer in terms of Section 20(2)a of the Property Valuers Profession Act 2000, and Member of the South African Institute of Valuer's. The valuation was arrived at by reference to the comparable sales approach. The last valuation was performed as of 30 June 2025.

6a Property, plant and equipment

	2025			Restated 2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying Value
Infrastructure	338 917 960	(158 691 054)	180 226 906	313 097 233	(131 649 656)	181 447 577
Community Assets	341 324 833	(77 822 389)	263 502 444	311 960 463	(66 225 139)	245 735 324
Machinery and Equipment	16 294 453	(7 561 601)	8 732 852	15 344 978	(5 810 338)	9 534 640
Transport	63 285 902	(27 262 247)	36 023 655	53 029 710	(21 246 882)	31 782 828
Furniture and Office Equipment	12 565 090	(7 176 171)	5 388 920	11 318 771	(5 954 734)	5 364 037
Leased Assets	740 364	(737 060)	3 304	740 364	(341 751)	398 613
Computer equipment	9 843 492	(5 892 578)	3 950 914	7 882 553	(5 078 956)	2 803 597
Buildings	60 424 628	(11 885 931)	48 538 697	58 551 348	(9 674 272)	48 877 076
Land	13 538 102	-	13 538 102	12 738 102	-	12 738 102
	856 934 824	**(297 029 031)**	**559 905 793**	**784 663 521**	**(245 981 727)**	**538 681 794**

6b Property, plant and equipment

Reconciliation of property, plant and equipment - 30 June 2025

	Opening balance	Capital expenditure on purchased assets	Capital expenditure on work in progress	Landfill adjustment	Disposals / Write offs/Transfers	Depreciation	Impairments	Closing balance
	R	R	R	R	R	R	R	R
Infrastructure	181 447 577	-	25 820 727	-	-	(27 041 398)	-	180 226 906
Community Assets	245 735 324	211 547	29 324 881	(172 059)	-	(11 597 250)	-	263 502 444
Machinery and Equipment	9 534 640	949 475		-	-	(1 751 263)	-	8 732 852
Transport	31 782 828	10 265 569		-	-	(6 015 365)	(9 377)	36 023 655
Furniture and Office Equipment	5 364 037	1 246 320		-	-	(1 221 437)	-	5 388 920
Leased Assets	398 613	-		-	-	(395 309)	-	3 304
Computer equipment	2 803 597	1 978 393		-	-	(813 622)	(17 453)	3 950 914
Buildings (Other)	48 877 076	1 571 159	302 120	-	-	(2 211 658)	-	48 538 697
Land (Other)	12 738 102	800 000	-	-	-	-	-	13 538 102
	538 681 794	**17 022 464**	**55 447 728**	**(172 059)**	**-**	**(51 047 304)**	**(26 830)**	**559 905 793**

Analysis of work in progress - 30 June 2025

	Opening balance	Capital expenditure on work in progress	Transfer to completed assets	Impairment of work in progress	Closing balance
Included within infrastructure assets	9 570 447	25 820 727	(25 026 751)	-	10 364 423
Included within community assets	5 623 799	29 324 881	(34 844 331)	-	104 350
Included within buildings (Other) assets	6 743 477	302 120	(6 548 241)	-	497 356
	21 937 724	**55 447 728**	**(66 419 323)**	**-**	**10 966 130**

Repairs and maintenance expenditure on property, plant and equipment

	2025	2024
Infrastructure	7 356 438	9 109 975
Community Assets	780 544	3 117 087
Machinery and Equipment	213 078	251 994
Transport	4 499 772	3 674 275
Computer equipment	17 491	10 596
Buildings & Other assets	-	1 708 424
	12 867 324	**17 872 351**

Repairs and maintenance

Amounts paid to service providers	12 867 324	17 872 351
Amounts spent on Materials	-	-
Time spent by employees	-	-
	12 867 324	**17 872 351**

No property, plant and equipment is pledged as security.

Reconciliation of property, plant and equipment - 30 June 2024(Restated)

	Opening balance	Capital expenditure on purchased assets	Capital expenditure on work in progress	Landfill adjustment	Disposals / Write offs	Depreciation	Impairments	Closing balance
	R	R	R	R	R	R	R	R
Infrastructure	176 428 553	-	30 411 368	-	-	(25 392 344)	-	181 447 577
Community Assets	232 164 165	-	23 571 349	913 576	75 818	(10 989 583)	-	245 735 324
Machinery and Equipment	9 733 925	1 567 311	-	-	-	(1 766 596)	-	9 534 640
Transport	29 301 663	8 330 678	-	-	-	(5 373 779)	(475 734)	31 782 828
Furniture and Office Equipment	3 199 703	2 719 498	-	-	-	(555 164)	-	5 364 037
Leased Assets	597 090	-	-	-	-	(198 477)	-	398 613
Computer equipment	2 268 811	1 380 356	-	-	-	(845 570)	-	2 803 597
Buildings (Other)	47 456 418	-	3 632 095	-	(75 818)	(2 135 619)	-	48 877 076
Land (Other)	12 738 101	-	-	-		-	-	12 738 102
	513 888 428	**13 997 842**	**57 614 812**	**913 576**	**-**	**(47 257 131)**	**(475 734)**	**538 681 794**

Analysis of work in progress - 30 June 2024(Restated)

	Opening balance	Capital expenditure on work in progress	Transfer to completed assets	Impairment of work in progress	Closing balance
Included within infrastructure assets	17 912 311	30 411 368	(38 753 232)	-	9 570 447
Included within community assets	11 402 129	23 571 349	(29 349 678)	-	5 623 799
Included within buildings (Other) assets	3 535 971	3 632 095	(424 589)	-	6 743 477
	32 850 411	**57 614 812**	**(68 527 499)**	**-**	**21 937 724**

Repairs and maintenance expenditure on property, plant and equipment

	2024	2023
Infrastructure	9 109 975	7 201 290
Community Assets	3 117 087	1 924 345
Machinery and Equipment	251 994	155 903
Transport	3 674 275	4 013 880
Computer equipment	10 596	25 217
Buildings & Other assets	1 708 424	3 163 194
	17 872 351	**16 483 829**

Repairs and maintenance

Amounts paid to service providers	17 872 351	16 483 829
Amounts spent on Materials	-	
Time spent by employees	-	-
	17 872 351	**16 483 829**

Notes to the Financial statements

7 Intangible assets

	2025			Restated 2024		
	R Cost / Valuation	R Accumulated amortisation and accumulated impairment	R Carrying Value	R Cost / Valuation	R Accumulated amortisation and accumulated impairment	R Carrying Value
Computer software	4 183 270	(3 437 699)	745 571	2 556 984	(1 702 161)	854 823

Reconciliation of intangible assets - 30 June 2025

	Opening balance	Additions	Amortisation	Impairment loss	Carrying value
Computer software	854 823	1 626 286	(1 735 538)	-	745 571

Reconciliation of intangible assets - 30 June 2024(Restated)

	Opening balance	Additions	Amortisation	Impairment loss	Carrying value
Computer software	417 921	1 259 513	(822 610)	-	854 823

Restricted title:

All computer software are issued under licence and are restricted to the conditions under which each licence is issued.

8 Finance lease obligation

	2025 R	Restated 2024 R
Minimum lease payments due		
- Within one year	124 293	298 302
- In second to fifth year inclusive	-	124 293
	124 293	**422 595**
Less: Future finance charges	(3 885)	(37 944)
Present value of minimum lease payments	**120 408**	**384 651**
Present value of minimum lease payments due:		
- Within one year	120 408	264 243
- In second to fifth year inclusive	-	120 408
	120 408	**384 651**
Non-current liabilities	-	120 408
Current liabilities	120 408	264 243
	120 408	**384 651**

The average lease term is 3 years. The capitalised liabilities are in respect of office equipment leased by the municipality. The lease agreements neither provide the nominal nor the effective interest rates, accordingly, internal rates of return applicable to each lease were determined and accordingly applied to amortise each of the respective lease repayments. Therefore, the average effective borrowing rate is 9%, which is subject to a 0% escalation per annum. The leases have fixed repayment terms. The agreements do not provide for contingent rental payments.

			2025 R	Restated 2024 R
9	**Payables from exchange transactions**			
	Trade payables		16 072 731	15 099 037
	Retention creditors		12 436 593	13 083 403
	Staff leave accrual		7 184 533	6 337 363
	13th cheque provision		2 384 747	2 201 194
	Output Value added tax - Accrual		3 538 604	1 890 222
	Sundry payables		7 668 531	12 419 496
			49 285 739	**51 030 714**
10	**Payables from non-exchange transaction**			
	Unspent conditional grants	10.1	532 870	-
	Unspent Agent funds	10.2	-	-
	Electrification transfer received in advance	10.3	-	-
			532 870	**-**

10.1 Unspent conditional grants

Details of Grants for the year ended 30 June 2025	Balance at the beginning of the period	Portion of rollover not approved and deducted from equitable share	Additions during the period	Income recognised during the period a result of grant conditions being met	Balance as at 30 June 2025
Municipal Infrastructure Grant	-	-	31 318 000	(31 318 000)	-
Disaster Management Programme	-	-	-		-
Greenest and Smart Municipality Grant	-	-	1 000 000	(867 130)	132 870
Financial Management Grant	-	-	1 900 000	(1 900 000)	-
Expanded Public Works Programme	-	-	1 832 000	(1 832 000)	-
Municipal Employment Initiative	-	-	-	-	-
Cleanest Municipality Competition	-	-	400 000	-	400 000
Arts & culture - Library Grant	-	-	4 873 000	(4 873 000)	-
	-	**-**	**41 323 000**	**(40 790 130)**	**532 870**

Details of Grants for the year ended 30 June 2024(Restated)	Balance at the beginning of the period	Portion of rollover not approved and deducted from equitable share	Additions during the period	Income recognised during the period a result of grant conditions being met	Balance as at 30 June 2024
Municipal Infrastructure Grant	-	-	29 654 000	(29 654 000)	-
Disaster Management Programme	-	-	1 000 000	(1 000 000)	-
Greenest and Smart Municipality Grant	-	-	1 200 000	(1 200 000)	-
Financial Management Grant	-	-	1 950 000	(1 950 000)	-
Expanded Public Works Programme	-	-	2 178 000	(2 178 000)	-
Municipal Employment Initiative	530 905	-	-	(530 905)	-
Title Deeds Restoration Programme Grant	200 000	(200 000)	-	-	-
Arts & culture - Library Grant	-	-	4 169 000	(4 169 000)	-
	730 905	**(200 000)**	**40 151 000**	**(40 681 905)**	**-**

	2025	Restated 2024
	R	R

Name of Grant	Description of Grant
Small Town Rehabilitation Grant	The grant is used to support small and rural municipalities with the rehabilitation of small towns as local centres of economic activity and nodes of concentrated and focused delivery of services
Financial Management Grant	This grant is used to finance sound financial management and to pay salaries for the interns.
Expanded Public Works Programme	The grant is utilised for creating of job opportunities in environmental and cultural, infrastructure and the social eradication of poverty and capacity building and skills programmes.
Arts and Culture - Library grant	This grant is used to subsidize the cost of running the libraries.
Municipal Infrastructure Grant	This grant is used to subsidize the cost of building infrastructure. Conditions of the grant have been met. There was no delay or withholding of the grant.
Disaster Management Programme	The main objective of the grant is to pro-actively respond to the immediate needs after a disaster has occurred in order to deal with its consequences.
Greenest Award Municipal Grant	This grant was received from KZN EDTEA as a conditional award won by the municipality as a result of complying with Waste Management prescripts.
Title Deeds Restoration Programme Grant	This grant allocated to the municipality for the completion of Title Deeds related activities.
Municipal Employment Initiative	This grant is used to provide financial and non-financial support for municipal employment initiatives that support small, informal and local enterprises

The municipality has complied with all grant conditions and all allocations were received by the municipality as gazetted.

10.2 Unspent Agent funds

Details of agent funds for the year ended 30 June 2025	Balance at the beginning of the period	Portion of rollover not approved and paid	Additions during the period	Reduction of grant as a result of grant conditions being met	Balance as at 30 June 2025
Department of Human Settlements Grant	-	-	-	-	-
	-	**-**	**-**	**-**	**-**

Details of agent funds for the year ended 30 June 2024(Restated)	Balance at the beginning of the period	Portion of rollover not approved and paid	Additions during the period	Reduction of grant as a result of grant conditions being met	Balance as at 30 June 2024
Department of Human Settlements Grant	5 624 057	(5 624 057)	-	-	-
	5 624 057	**(5 624 057)**	**-**	**-**	**-**

The Municipality acts as an agent on behalf of the Department for the implementation of housing projects. The Municipality receives funds from the Department and pays it over to contractors once invoices are received and certified by the Department.

10.3 Electrification transfer received in advance

Details of agent funds for the year ended 30 June 2025	Balance at the beginning of the period	Portion of rollover not approved and paid	Additions during the period	Transfer to Revenue	Balance
Integrated National Electrification Progromme	-		5 504 000	(5 504 000)	-
	-	**-**	**5 504 000**	**(5 504 000)**	**-**

Details of agent funds for the year ended 30 June 2024(Restated)	Balance at the beginning of the period	Portion of rollover not approved and paid	Additions during the period	Transfer to Revenue	Balance
Integrated National Electrification Progromme	-		7 561 000	(7 561 000)	-
	-	**-**	**7 561 000**	**(7 561 000)**	**-**

	2025	Restated 2024
	R	R

11 Provisions

11.1 Reconciliation Provision for landfill site rehabilitation - 30 June 2025

	Opening balance post adjustments	Actuarial adjsutment	Interest	Contributions/Reduction to provision	Closing balance
Environmental rehabilitation - landfill sites	(11 367 450)	289 922	(1 146 976)	-	(12 224 504)

30 June 2024(Restated)

	Opening balance post adjustments	Actuarial adjsutment	Interest	Contributions/Reduction to provision	Closing balance
Environmental rehabilitation - landfill sites	(9 877 947)	(506 439)	(983 064)	-	(11 367 450)

The provision for rehabilitation of refuse disposal sites relates to the legal obligation to rehabilitate the disposal sites. The municipality has two landfill sites, one at Creighton and the other at Bulwer. Both sites have a 10 year licence issued on the 15 of September 2015 and the 26 of October 2015, which have been renewed on the 5th of Ocotber 2021 for a period of 10 years. The provision made represents the present value of estimated future rehabilitation costs for these landfill sites. It also takes into account the estimated landfill site capacity, the average refuse disposal per month on Creighton landfill site. The report was prepared by Elias Barnard (PCT - ECSA - Reg: 200270070) representing ZAQEN Actuaries (Pty) Ltd.

11.2 Long service awards obligation

	2025	Restated
Balance at the beginning of the period	4 211 000	3 958 000
Service cost	451 000	427 000
Net Interest expense	450 000	516 000
Benefits paid	(408 644)	(576 187)
Remeasurements	(372 189)	(113 813)
	4 331 167	**4 211 000**
Current liabilities	381 410	428 000
Non current liabilities	3 949 757	3 783 000
	4 331 167	**4 211 000**

The municipality offers certain employees leave awards that may be exchanged for cash on certain anniversaries of commencing service determined by the length of service.

The most recent actuarial valuation of plan assets of long service awards and the present value of the defined benefit obligation were carried out at 30 June 2025 by a fellow of the Fellow of the Actuarial Society of South Africa . The present value of the defined benefit obligation , and the related service cost and were measured using the Projected Unit Credit Funding Method.

Sensitivity analysis, the following were taken into account when calculating the liability and the impact range included in brackets:
- 1% decrease/increase in the assumed Discount Rate (R4 588 319 - R4 099 131)
- 1% decrease/increase in the assumed Salary Increase Rate (R3 964 000 - R4 481 000)
- 20% decrease/increase in the assumed Withdrawal Decrement (R4 472 000 - R3 976 000)

The principal assumptions used for the purpose of actuarial valuations are as follows:

	2025	2024
Discount rate	Yield Curve	Yield Curve
Consumer Price Index (CPI)	Difference between nominal and real yield curves	Difference between nominal and real yield curves
Normal salary increase rate (CPI+1%)	5.1%.	5.1%.
Net effective discount rate	Yield curve based	Yield curve based

Below are the key risks identified by the actuaries during the valuation process and is disclosed in accordance with the requirements of GRAP 25. These risks may affect the amount, timing, and uncertainty of future cash flows arising from these

Mortality Risk
The liability increases as employees live longer and remain in service for extended periods. Longer service results in higher accrued long-service award obligations than initially projected.

Operational Risk
The valuation depends on the accuracy and completeness of the underlying employee data. Despite rigorous data validation, undetected errors may affect the calculated liability and could lead to adjustments once corrected.

Economic Risk
The liability is sensitive to movements in the discount rate, which is determined using the Bond Exchange Zero Coupon Yield Curve. Changes in market interest rates and broader economic conditions directly influence the valuation outcome.

	2025	Restated 2024
	R	R

Regulatory/Legislative Risk
Changes in accounting standards, labour regulations or municipal policies may alter eligibility criteria, vesting rules or benefit structures. Such changes would require adjustments to the valuation approach and could increase or decrease the overall obligation.

The amount recognised in the Statement of Financial Position is as follows:

	2025 R	2024 R
Present value of unfunded obligations	**4 331 167**	**4 211 000**

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

	2025 R	2024 R
Service cost	451 000	516 000
Net Interest expense	450 000	427 000
Benefits paid	(408 644)	(576 187)
Remeasurements	(372 189)	(113 813)
Amount included in other income - Actuarial gain on provision - Long service award	**120 167**	**253 000**

	2025 R	Restated 2024 R
Movements in the present value of the defined benefit obligation were as follows:		
Service cost	451 000	516 000
Net Interest expense	450 000	427 000
Benefits paid	(408 644)	(576 187)
Remeasurements	(372 189)	(113 813)
	120 167	**253 000**
Movement in the present value of plan assets were as follows:		
Benefits paid	(408 644)	(576 187)
	(408 644)	**(576 187)**
Present value of obligation	**4 331 167**	**4 211 000**

11.3 Post retirement health care benefits obligations

The history of experienced adjustments is as follows:

	2025 R	Restated 2024 R
Balance at the beginning of the period / year	8 184 000	7 025 000
Service cost	530 000	490 000
Net Interest expense	1 161 000	932 000
Benefits paid	(123 479)	(105 681)
Remeasurements	446 802	(157 319)
	10 198 323	**8 184 000**

The municipality provides certain post-retirement health care benefits liability by funding the medical aid contribution of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operate an unfunded defined benefit plan for these qualifying employees.

Sensitivity analysis, the following were taken into account when calculating the liability and the impact range included in brackets:
- 1% decrease/increase in the Healthcare Cost inflation (R8 652 309 - R12 128 235)
- 1% decrease/increase in the assumed Discount Rate (R12 051 719 - R8 726 361)
- 20% decrease/increase in the assumed level of Post-retirement mortality (R10 782 425 - R9 711 918)

The most recent actuarial valuations of plan assets and present value of the unfunded defined benefit obligation were carried out at 30 June 2025 by a fellow of the Faculty of Actuaries and Fellow of Actuarial Society of South Africa. The present value of the defined benefit obligation , and the related current service costs and past service costs were measured using the Projected Unit Credit Method.

	2025	Restated 2024
The members of the post-employment benefit plan are made up as follows:		
Pensioners	**2**	**2**
In-service members	**106**	**106**
The liability in respect of past service has been estimated as follows:		
In-service members	**10 198 323**	**8 184 000**

The Municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:
Key Health, Bonitas, Samwumed and LA Health.

		2025	Restated 2024
		R	R

11.3 Post retirement health care benefits obligations (cont.)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2025	2024
Discount rate	Yield Curve	Yield Curve
Expected inflation	Difference between nominal and real yield curves	Difference between nominal and real yield curves
Health care cost inflation (CPI+1%)	8.28%	9,18%
Net discount rate	Relationship between discount rate and health care inflation rate	between discount rate and health care inflation rate

Below are the key risks identified by the actuaries during the valuation process and is disclosed in accordance with the requirements of GRAP 25. These risks may affect the amount, timing, and uncertainty of future cash flows arising from these obligations:

Longevity Risk
The liability increases if continuation members or their spouses live longer than expected. Assumptions are based on PA(90) mortality tables with future mortality improvements; deviations from these assumptions will affect the municipality's long-term obligations.

Operational Risk
The valuation relies heavily on data quality. Any inaccuracies in member records may impact the calculated liability, and corrections to these errors will result in corresponding adjustments to the obligation.

Economic Risk
The valuation is highly sensitive to the discount rate. The Bond Exchange Zero Coupon Yield Curve is applied, and changes in economic conditions or market interest rates will directly affect the municipality's accrued liability.

Medical Aid Inflation Risk
Assumptions link future medical aid contribution increases to long-term CPI. If actual increases exceed CPI + 1.5%, the liability will rise above current projections.

The amount recognised in the statement of financial position is as follows:

	2025	2024
Present value of unfunded obligations	**10 198 323**	**8 184 000**

The amount recognised in the statement of financial performance is as follows:

	2025	2024
Total included in employee related costs - Contribution to medical aid schemes, pension funds, UIF and SDL	10 198 323	8 184 000
	10 198 323	**8 184 000**

Movements in the present value of the defined benefit obligation were as follows:

	2025	2024
Service cost	530 000	490 000
Net Interest expense	1 161 000	932 000
Remeasurements	446 802	(157 319)
	2 137 802	**1 264 681**
Current liabilities	87 695	108 000
Non current liabilities	10 110 629	8 076 000
	10 198 324	**8 184 000**

12 Housing operating account

	2025	2024
Movement in the current period / year:		
Opening balance	6 228 239	6 830 756
Expenditure incurred	(1 939 422)	(1 181 160)
Interest on call account	393 108	578 643
Closing balance	**4 681 925**	**6 228 239**
The Housing Operating Account is represented by cash and cash equivalents. As at 30 June 2025; First National Bank Account-63088927886(R4 988 245)	**4 988 245**	**6 228 017**

			2025 R	Restated 2024 R
13	**Revenue**			
	Revenue comprises revenue from exchange and non-exchange transactions as follows:			
13.1	**Revenue from exchange transactions**			
	Service charges	14	4 527 879	4 378 912
	Licences and permits	15	690 682	512 125
	Agency services	16	605 400	609 274
	Rental of facilities and equipment	17	1 884 751	2 353 721
	Other income	18	771 760	1 899 991
	Contract revenue	43	4 786 087	6 575 466
	Interest received	19	13 671 748	15 970 079
	Gain on disposal of assets		425 000	-
			27 363 306	**32 299 567**
13.2	**Revenue from non - exchange transactions**			
	Property rates	20	44 314 687	42 391 594
	Property rates - penalties imposed	20	9 065 522	7 552 571
	Government grants and subsidies	21	211 530 020	202 952 905
	Traffic fines		555 400	337 200
	Assets donated	22	149 606	-
	Pound Fees		355 677	407 633
	Incidental Cash Surpluses	23	39 310	162 716
			266 010 222	**253 926 378**

Incidental cash surpluses relates to fruitless & wasteful expenditure to be recovered from relevant officials and bursary refunds from employees who did not fulfil their obligations.

		2025 R	Restated 2024 R
14	**Service charges**		
	Service charges - Refuse removal	**4 527 879**	**4 378 912**
15	**Licences and permits**		
	Licences and permits	**690 682**	**512 125**
16	**Agency services**		
	Agency services	**605 400**	**609 274**

The municipality receives 10% on amounts collected for vehicle registrations since this is the function of Department of Transport.

		2025 R	Restated 2024 R
17	**Rental of facilities and equipment**		
	Market related	1 829 420	2 284 669
	Non-Market related	55 331	69 052
		1 884 751	**2 353 721**
18	**Other income**		
	Sale of Goods	70 749	489 073
	Insurance Refunds & Commissions	19 749	586 520
	Cemetery and Burial	4 465	3 199
	Building Plan Approval	133 499	137 418
	Skills Development Levy Refund	126 356	51 297
	Photocopies and Faxes	299 079	224 099
	Clearance Certificates	-	1 248
	Landfil site provision adjustment	117 863	407 137
		771 760	**1 899 991**
19	**Interest received**		
	Interest Received - Deposit held by Suppliers	34 040	18 413
	Interest Received - Current Account	434 569	685 533
	Interest Received - Investments	13 203 138	15 266 133
		13 671 748	**15 970 079**
20	**Property rates**		
	Residential	10 325 117	9 641 043
	Business & Commercial	8 582 735	8 522 992
	Agricultural	12 699 178	12 141 315
	State owned	10 817 952	10 440 133
	Vacant	1 889 705	1 646 111
	Total	**44 314 687**	**42 391 594**
	Penalties		
	Property rates	8 813 694	7 372 476
	Service charges	251 828	180 095
		9 065 522	**7 552 571**

		2025 R	Restated 2024 R
	Valuations		
	Agriculture	4 116 322 000	4 125 329 000
	Business & Commercial	537 302 000	529 572 000
	Impermissable	28 884 000	28 884 000
	Industrial	20 400 000	20 400 000
	Municipal	79 194 000	79 194 000
	Protected Areas	60 827 000	60 827 000
	Public Benefit Organisations	67 260 000	67 260 000
	Public Service Infrastructure	1 782 000	1 782 000
	Public service purpose	450 292 000	450 292 000
	Residential	918 779 000	905 624 000
	Vacant Land	89 665 000	84 040 000
		6 370 707 000	**6 353 204 000**

Valuation of properties within the boundaries of the Municipal area are performed every five years. The current valuation came into effect on 1 July 2022. Annual valuations are carried out to take account of changes in individual property values due to subdivisions, property improvements etc. Rates are levied on an annual basis, over 12 months. A reduction is granted in terms of the Municipal Property Rates Act on the first R15 000 of the market value of all residential properties (in addition to the first R15 000 exempt in terms of MPRA an additional amount of R 35 000 is granted to all developed residential properties). Qualifying Public Service Infrastructure are granted a 100% impermissible exemption. A 30% rebate is granted to all developed properties except for State owned properties/PSPs. An additional 5% rebate is granted to all developed properties outside townlands except for State owned properties/PSPs. Qualifying Pensioners receive a rebate between 50% to 100% depending on the Market Value of property and household income. Qualifying Owners of Properties Utilised Exclusively for Tourism and Hospitality Purposes are granted a percentage rebate. 100% indigent rebates are offered to qualifying applicants who meets the qualifying requirements as stated in the Rates and Indigent policies. PBOs/NPOs who meets requirements as stated in the Rates Policy are granted 100% rebates.

21 Government grants and subsidies

		2025 R	Restated 2024 R
	Operating grants		
	Equitable share	170 739 890	162 271 000
	Financial management grant	1 900 000	1 950 000
	Community library services grant	4 873 000	4 169 000
	Expanded public works programmes	1 832 000	2 178 000
	Disaster Management Programme	-	1 000 000
	Municipal Employment Initiative	-	530 905
		179 344 890	**172 098 905**
	Capital grants		
	Greenest Award Municipal Grant	867 130	1 200 000
	Cleanest Municipality Competition	-	-
	Municipal infrastructure grant	31 318 000	29 654 000
		32 185 130	**30 854 000**
		211 530 020	**202 952 905**

Grants reconciliation is on note number 10.

22 Assets donated

	Assets donated	**149 606**	**-**

Donated assets relates to computer equipment donated by Department of Arts and Culture, the donated value of the assets reflect their fair value as at the date of acquisition by the municipality.

23 Incidental Cash Surpluses

	Bad debts recovered	-	21 900
	Staff recoveries	39 310	140 816
		39 310	**162 716**

		2025	Restated 2024
		R	R
24	**Employee related costs**		
	Salaries and wages	69 698 448	68 882 325
	Bonus paid and bonus provision	4 757 471	4 953 708
	Contribution to UIF, SDL, Bargaining Council	1 413 890	1 369 696
	Contribution to medical aid schemes	4 898 752	3 834 670
	Contribution to pension funds	9 401 700	9 075 194
	Leave pay and provision charge	1 206 599	789 525
	Travel and car allowances	556 818	479 598
	Overtime payments	1 744 530	1 551 374
	Housing benefits and other employee related costs	207 132	170 803
		93 885 340	**91 106 893**
	Remuneration of the Municipal Manager		
	Basic Salary	997 356.34	1 027 725
	Back Pay	-	149 603
	Cash gratuity	-	20 340
	Leave payment	-	-
	Travel, housing and other allowances	180 000	180 000
	Contribution to medical aid, pension fund and UIF	202 530	174 143
		1 379 887	**1 551 812**
	Remuneration of the Chief Financial Officer		
	Basic Salary	1 007 811	1 099 167
	Back Pay		204 672
	Cash gratuity		20 340
	Leave Payment		-
	Travel, housing and other allowances	141 205	42 781
	Contribution to medical aid, pension fund and UIF	143	9 194
		1 149 159	**1 376 153**
	Remuneration of the Public Works and Basic Services Manager		
	Basic Salary	912 062	808 901
	Back Pay	-	217 177
	Cash gratuity	-	20 340
	Leave Payment	-	34 221
	Travel, housing and other allowances	130 818	130 818
	Contribution to medical aid, pension fund and UIF	143	2 125
		1 043 023	**1 213 582**
	Remuneration of the Community Servicer Manager (Z. Mlata)		
	Basic Salary	-	478 757
	Back Pay	-	217 177
	Cash gratuity	-	8 475
	Leave Payment	-	75 287
	Travel, housing and other allowances	-	-
	Contribution to medical aid, pension fund and UIF	-	886
		-	**780 581**
	Remuneration of the Community Servicer Manager (GK. Mchunu)		
	Basic Salary	939 719	139 045
	Back Pay	-	-
	Cash gratuity	-	3 390
	Leave Payment	-	
	Travel, housing and other allowances	-	-
	Contribution to medical aid, pension fund and UIF	143.00	354
		939 862	**142 790**
	Remuneration of the Corporate Services Manager		
	Basic Salary	1 023 016	1 023 016
	Back Pay	126 000	153 754
	Cash gratuity	-	20 340
	Leave Payment	-	-
	Travel, housing and other allowances	-	126 000
	Contribution to medical aid, pension fund and UIF	143.00	2 125
		1 149 159	**1 325 235**
	Remuneration of the Planning and Development Manager		
	Basic Salary	1 113 243	1 130 063
	Back Pay	-	145 508
	Cash gratuity	-	20 340
	Leave Payment	-	-
	Travel, housing and other allowances	-	-
	Contribution to medical aid, pension fund and UIF	143.00	21 078
		1 113 386	**1 316 989**

		2025 R	Restated 2024 R
25	**Remuneration of Councillors**		
	Mayor		
	Basic salary	665 625	639 604
	Travel, housing and other allowances	261 554	262 353
	Contribution to medical aid, pension fund and UIF	93 976	88 820
		1 021 155	**990 777**
	Deputy Mayor		
	Basic salary	780 482	752 906
	Travel, housing and other allowances	45 554	46 353
	Contribution to medical aid, pension fund and UIF	-	-
		826 036	**799 259**
	Speaker		
	Basic salary	536 675	517 212
	Travel, housing and other allowances	213 554	214 353
	Contribution to medical aid, pension fund and UIF	75 807	71 669
		826 036	**803 234**
	Councillors		
	Basic salary	7 449 004	7 368 141
	Travel, housing and other allowances	1 600 117	1 552 667
	Contribution to medical aid, pension fund and UIF	1 027 974	983 761
		10 077 096	**9 904 569**
	Total remuneration of councillors	**12 750 323**	**12 497 840**

In-kind benefits:

The Mayor, Deputy Mayor, Speaker and two Exco members are full-time. The Mayor, Deputy Mayor, and Speaker are provided with an office and secretarial support at the cost of the municipality. Councillors were paid within the Upper Limits envisaged in section 219 of the constitution and Government Gazette 51407 dated 17 October 2024. They are also provided with municipal vehicles at the cost of the municipality.

		2025	2024
26	**Depreciation, Impairment and amortisation**		
	Property, plant and equipment - Depreciation	51 047 304	47 257 131
	Property, plant and equipment - Impairment	26 830	475 734
	Intangible assets - Amortisation	1 735 538	822 610
		52 809 672	**48 554 513**
27	**Finance costs**		
	Interest paid on finance leases	34 059	65 467
	Interest paid on expenses	6 953	4 705
	Interest on provisions	2 757 976	2 342 064
		2 798 988	**2 412 236**

Interest on provisions includes interest on long service awards, post employment medical aid benefits and on landfill sites rehabilitation provision.

		2025	2024
28	**Debt impairment**		
	Bad debt - Contribution to the impairment	2 251 001	22 670 084
	Bad debt - Written off	315 198	1 329 300
		2 566 199	**23 999 385**

		2025 R	Restated 2024 R
29	**Operational costs**		
	Accounting and Auditing	2 584 187	2 375 443
	Achievements and Awards	1 148 370	864 636
	Administrative and Support Staff	462 224	588 455
	Advertising, Publicity and Marketing	2 113 074	943 987
	Animal Care	384 108	143 377
	Artists and Performers	234 000	261 800
	Audit Committee	253 661	299 935
	Bank Charges	86 820	140 172
	Bargaining Council	1 114 060	1 057 046
	Bursaries	2 276 194	1 503 872
	Business and Advisory	321 135	849 576
	Catering Services	1 958 505	1 750 066
	Cleaning Services	93 150	307 876
	Commissions and Committees	53 432	63 944
	Communication	6 496	3 941
	Consultants and Professional Services	435 590	623 847
	Consumables	3 187 398	2 473 896
	Contractors/Repairs and maintenance	12 867 324	17 872 350
	Courier and Delivery Services	402 550	162 937
	Deeds	7 609	3 844
	Drivers Licences and Permits	4 610	-
	Electrification Projects	9 415 687	11 385 655
	External Audit Fees	4 219 661	3 433 731
	Gardening Services	58 982	109 249
	Geoinformatics Services	3 302 106	513 439
	Hire Charges	3 068 439	2 900 374
	Indigent Relief	821 403	745 343
	Insurance Underwriting	3 385 118	2 473 421
	Land - Rental	83 544	70 563
	Legal Advice and Litigation	102 784	197 159
	Materials and Supplies	1 651 098	2 001 093
	Motor Vehicle Licence and Registration	483 914	484 783
	Municipal Services	5 781 268	4 528 094
	Occupational Health and Safety	447 053	475 698
	Parking Fees	22 555	18 540
	Printing and Publications	372 497	882 565
	Professional Bodies and Membership	138 896	126 955
	Refuse Removal	1 927 496	1 997 953
	Registration & Training Fees	773 148	904 274
	Remuneration to Ward Committees	1 602 000	1 618 000
	Security Services	19 192 358	14 431 290
	Signage	71 000	125 845
	Specialised Computer Service	2 083 010	1 503 358
	Telephone, Fax, Telegraph	1 880 511	1 722 975
	Transportation	819 830	701 065
	Travel and Subsistence	4 041 123	3 772 071
	Uniform and Protective Clothing	2 198 629	1 333 311
	Property valuation fees	186 217	159 816
	Wet Fuel	7 045 154	7 078 980
		105 169 976	**97 986 600**

		2025 R	Restated 2024 R
30	**Cash generated from operations before interest**		
	Surplus for the period / year	25 771 030	20 116 720
	Adjustment for:		
	Interest received	(13 671 748)	(15 970 079)
	Penalties on property rates	(9 065 522)	(7 552 571)
	Gain on disposal of assets	(425 000)	-
	Other income - Provision adjustment	(117 862)	-
	Donated assets	(149 606)	-
	Depreciation, impairment and amortisation	52 809 672	48 554 513
	Finance costs	2 798 988	2 412 236
	Movement in employee related cost provisions	523 491	53 000
	Debt impairment	2 566 199	23 999 385
	Fair value adjustment	(2 378 000)	(10 570 000)
	Operating surplus before working capital changes	**58 661 643**	**61 043 204**
	Working capital changes		
	Movement in receivables from non-exchange transactions	(8 073 434)	(20 301 368)
	Movement in receivables from exchange transactions	(496 389)	(1 396 347)
	Movement in payables from exchange transactions	1 040 065	4 205 443
	Movement in payables from non-exchange transactions	532 870	(6 354 962)
	Cash generated from operations before interest	**51 664 755**	**37 195 970**

31 Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of the Adjustment Budget that was approved by Council

32 Accounting by principals and agents

The Municipality is a party to a principal-agent arrangement(s).

Details of the arrangement is as follows:

Department of Transport.

The Municipality acts on behalf of the Department to issue licences to, and collect money from motorists, i.e. there are three parties to the arrangement, principal (Department of Transport), agent(Dr Nkosazana Dlamini Zuma Local Municipality) and third party (motorists).

The Department of transport is responsible for issuing the licence, the transaction is however between the Department of Transport and the motorist, i.e. the municipality is not a party to the transaction with the third parties. The municipality facilitates the issuing of these licenses and the collection of the prescribed fees.

The Municipality receives a fee of 10% of the transaction amount and there were no changes that occurred during the reporting period.

Revenue recognised by the municipality as an agent is stated on note number 16 and any receivables outstanding at reporting date are included in other receivables in note 3

Department of Human Settlements

The Municipality acts as an agent on behalf of the Department for the implementation of housing projects. The Municipality receives funds from the Department and pays it over to contractors once invoices are received and certified by the Department.

Reconciliation of the carrying amount of payables as a result of the above arrangement is on note number 10.2

		2025 R	Restated 2024 R
33	**Commitments**		
	Authorised capital expenditure		
	Approved and contracted		
	- Infrastructure assets	4 594 360	17 803 540
	- Community assets	1 336 121	4 754 386
	-Other assets	628 040	2 736 918
	-Furniture and office equipment	95 565	434 159
	-Computer equipment	157 680	27 999.00
	-Machinery and Equipment	964 000	-
	Transport Assets	-	830 736
	Intangible Assets	3 228 442	3 565 570
		11 004 209	**30 153 308**
	Operating commitments		
	Operating expenditure	43 711 039	54 575 759
		43 711 039	**54 575 759**
	Total commitments	**54 715 248**	**84 729 067**
	This expenditure will be financed from:		
	Government grants	5 930 482	31 318 000
	Internal funds	48 784 766	53 411 067
		54 715 248	**84 729 067**

	2025 R	Restated 2024 R

34 Unauthorised expenditure

	2025	2024
Opening balance	26 619 260	-
Unauthorised expenditure - current period	-	26 619 260
Unauthorised expenditure - written off by council	(26 619 260)	-
Closing balance	**-**	**26 619 260**

Refer to detailed analysis of current year unauthorised expenditure below:

	2025	2024
Remuneration of councillors	-	13 954
Depreciation, impairment and amortisation	-	4 306 288
Debt Impairment	-	22 299 018
	-	**26 619 260**

35 Fruitless and wasteful expenditure

	2025	2024
Opening balance	4 705	2 939
Fruitless and wasteful expenditure - current period	6 953	4 705
Fruitless and wasteful expenditure - transferred to debtors (to be recovered)	-	-
Fruitless and wasteful expenditure - written off by council	(8 493)	(2 939)
Closing balance	**3 165**	**4 705**

Current year fruitless and wasteful expenditure is for interest charged on outstanding accounts for Eskom and Harry Gwala. The municipality has requested the supplier to email all statements in order to avoid penalties, some of the accounts are emailed while others are posted. The closing balance of R3 165 will be investigated in 2025/2026 financial year.

36 Irregular expenditure

	2025	2024
Opening balance	495 000	1 140 000
Irregular Expenditure - prior period	-	391 620
Irregular expenditure - current period (emanating from prior year(s))	-	60 000
Irregular expenditure - current period	-	103 380
Irregular expenditure - written off by council	(495 000)	(1 200 000)
Closing balance	**-**	**495 000**

Refer to detailed analysis of current year irregular expenditure below:

	2025	2024
SCM Regulation 29(4) - Person attending BEC and BAC	-	-
Non-compliance with SCM Policy-tender advertised for 13 days instead of 14 days	-	60 000
SCM Regulation 27(2) - unbiased specification		495 000
SCM Regulation 12(3) - Splitting of tender bids	-	-
	-	**555 000**

Irregular Expenditure - prior period amount of R391 620 refer to the amount of R103 380 disclosed in 2023/2024 and the appointment amount of R495 000. Furthermore, there has been a correction in classification of irregular expenditure identified in prior year from SCM Regulation 12(3) - Splitting of tender bids to SCM Regulation 27(2) - unbiased specification

		2025 R	Restated 2024 R
37	**SCM Deviations**		
	Details of Section 36 deviations		
	Reported to council	2 225 248	1 466 079
		2 225 248	**1 466 079**
	Refer to detailed analysis of current year deviations below:		
	Emergency	-	65 550
	Single supplier	1 205 696	16 086
	Impractical to follow official procurement processes	1 019 552	1 384 443
	TOTAL	**2 225 248**	**1 466 079**

In terms of regulation 36 of the Municipal SCM regulation, any deviation from SCM policy needs to be recorded with reasons, approved by Accounting Officer and reported to the next Council meeting for noting and to be included as a note to the annual financial statements. The awards listed above have been approved by the Accounting Officer and noted by Council. All deviations are reported monthly and on quarterly basis to the Council with a detailed schedule and reasons thereto.

		2025 R	Restated 2024 R
38	**Awards to close family members of persons in the service of the state**		
	In terms of Municipal SCM regulation 45, any award above R2 000 to a family of employee in the service of the state must be disclosed in the Annual Financial Statements. Dr. Nkosazana Dlamini Zuma Municipality made an award to a relative of Patricia Daya employed at the department of education to the value to state in 2024/25.	230 000	212 175
39	**Additional disclosure in terms of the Municipal Finance Management Act**		
39.1	**Contributions to organised local government**		
	Current period / year subscription	1 114 060	1 057 046
	Amount paid in the current period	(1 114 060)	(1 057 046)
	Balance unpaid included in payables	**-**	**-**
39.2	**Audit fees**		
	Opening balance	-	-
	Current period	4 219 661	3 433 731
	Amount paid in the current period	(4 219 661)	(3 433 731)
	Balance unpaid included in payables	**-**	**-**
39.3	**Bargaining Council, UIF and SDL**		
	Opening balance	-	-
	Current period amount	1 413 890	1 369 696
	Amount paid in the current period	(1 413 890)	(1 369 696)
	Balance unpaid included in creditors	**-**	**-**
39.4	**Pension and medical aid deductions**		
	Opening balance	-	-
	Payroll deductions	14 300 452	14 054 115
	Amount paid in the current period	(14 300 452)	(14 054 115)
	Balance unpaid included in creditors	**-**	**-**
39.5	**Pay-As-You-Earn**		
	Opening balance	-	-
	Payroll deductions	12 262 084	11 834 420
	Amount paid in the current period	(12 262 084)	(11 834 420)
	Balance unpaid included in creditors	**-**	**-**

40 Risk Management

40.1 Financial management risk

The municipality’s activities expose it to a variety of financial risks: cash flow risk, credit risk and liquidity risk.

The municipality’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality’s financial performance.

The Directorate : Budget and Treasury Office monitors and manages the financial risks related to operations through internal policies and procedures . These risks include interest rate risks , credit risks and liquidity. Compliance with policies and procedures is reviewed continuously by the internal auditors and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal auditors responsible for initiating a control framework and monitoring and responding to potential risks , reports to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit.

40.2 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 cash flow forecasts and credit facilities.

The table below analyses the municipality’s financial liabilities at the date of statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months and beyond 12 months equal their carrying balances as the impact of discounting is not significant.

Maturity profile - 30 June 2025	Less than 1 Year	Over 1 Year and not more than 5 Years	Over 5 Years	Total
Finance lease obligations	120 408	-	-	120 408
Trade payables	49 285 739	-	-	49 285 739
Total	**49 406 147**	**-**	**-**	**49 406 147**

Maturity profile - 30 June 2024(Restated)	Less than 1 Year	Over 1 Year and not more than 5 Years	Over 5 Years	Total
Finance lease obligations	264 243	120 408	-	384 651
Trade payables	51 030 714	-	-	51 030 714
Total	**51 294 957**	**120 408**	**-**	**51 415 364**

	2025 R	Restated 2024 R

40 Risk Management (cont.)

40.3 Credit risk

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

Receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis taking into account nature of debtor, past experience and other factors.

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

	2025 R	Restated 2024 R
Financial instruments		
Receivables from non-exchange transactions	1 824 438	1 876 149
Receivables from exchange transactions	6 404 569	6 477 160
Bank, and cash equivalents	133 328 175	139 435 415
	141 557 182	**147 788 724**

40.4 Interest rate risk

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

The municipality's interest rate risk arises from short term investments. Investments are made at variable rates and are exposed to cash flow interest rate risk.

At the end of the accounting period / year end, financial instruments exposed to interest rate risk were Call Deposits and Notice Deposits.

41 Related parties

41.1 Relationships

Compensation to the Accounting Officer, other Key Management and to Councillors:

	2025 R	Restated 2024 R
Accounting Officer and other key management	6 774 477	7 707 142
Councillors	12 750 323	12 497 840
	19 524 800	**20 204 982**

41.2 Personal Details for 30 June 2025

	Basic Salary, Back Pay, and Gratuity	Travel, housing, Performance bonus and other allowances	Contribution to medical aid, pension fund and UIF	Outstanding balances - Receivables/(Payables)
Key Management				
NC Vezi - Municipal Manager	997 356	180 000	202 530	-
MP Mtungwa - Chief Financial Officer	1 007 811	141 205	143	-
SV Mngadi - Public Works and Basic Services Manager	912 062	130 818	143	-
GK Mchunu - Community Servicer Manager	939 719	-	143	-
SJ Sondezi - Corporate Services Manager	1 023 016	126 000	143	-
TI Dawe - Planning and development manager	1 113 243	-	143	-
Councillors				
PS MSOMI - Mayor	665 625	261 554	93 976	-
KA HADEBE - Deputy Mayor	780 482	45 554	-	-
SS PHOSWA - Speaker	536 675	213 554	75 807	-
VAT MTHEMBU - Chief wip	273 375	141 828	38 551	-
D ADAMS - Councillor	249 234	119 820	-	31 927
DR NGCAMU - Councillor	206 748	118 370	29 157	-
NG DLAMINI - Councillor	273 375	141 828	38 551	-
SJ PHAKATHI - Councillor	206 748	118 370	29 157	-
BB NTSHIZA - Councillor	270 067	45 554	38 655	-
BR MEMELA - Councillor	346 610	45 554	49 609	-
RS MLOTSHWA - Councillor	357 092	45 554	51 109	-
PK MEMELA - Councillor	270 067	47 004	38 655	-
P MAYEZA - Councillor	5 476	-	-	-
Z NDLOVU - Councillor	5 476	-	-	-
MP MBANJWA - Councillor	5 476	-	-	-
TE MDLADLA - Councillor	270 067	45 054	38 655	-
HS MLIBENI - Councillor	640 091	47 004	91 613	-
N DLAMINI - Councillor	270 067	45 554	38 655	-
RC ALDOUS-TROLLOPE - Councillor	270 067	47 004	38 655	-
MW MTOLO - Councillor	346 610	45 554	49 609	-
SG MKHIZE - Councillor	270 067	47 004	38 655	-
NC DLAMNI - Councillor	270 067	45 554	38 655	-
PN MDLANGATHI - Councillor	270 067	45 554	38 655	-
BB KHATHI - Councillor	270 067	45 554	38 655	-
MTC BHENGU - Councillor	270 067	45 554	38 655	-

			2025 R	Restated 2024 R
IT SHOBA - Councillor	270 067	45 554	38 655	-
NP ZULU - Councillor	270 067	47 004	38 655	-
X ZAMISA - Councillor	270 067	45 554	38 655	-
SA ZONDI - Councillor	263 682	47 004	38 655	-
N ZIKODE - Councillor	263 682	47 004	38 655	-
TF DUMAKUDE - Councillor	159 179	27 419	22 351	-
MM DLAMINI - Councillor	270 067	45 554	38 655	-
DM SITHOLE - Councillor	65 216	11 751	9 782	-
	9 431 786	**2 120 779**	**1 197 758**	**31 927**

Personal Details for 30 June 2024

Key Management				
NC Vezi - Municipal Manager	1 197 669	180 000	174 143	-
MP Mtungwa - Chief Financial Officer	1 324 179	42 781	9 194	-
SV Mngadi - Public Works and Basic Services Manager	1 080 639	130 818	2 125	-
Z Mlata - Community Servicer Manager (Former)	779 695	-	886	-
GK Mchunu - Community Servicer Manager (Current)	142 435	-	354	-
SJ Sondezi - Corporate Services Manager	1 197 110	126 000	2 125	
TI Dawe - Planning and development manager	1 295 911	-	21 078	-
Councillors				
PS MSOMI - Mayor	639 604	262 353	88 820	-
KA HADEBE - Deputy Mayor	752 906	46 353	-	-
SS PHOSWA - Speaker	517 212	214 353	71 669	-
VAT MTHEMBU - Chief wip	266 199	130 311	36 790	-
D ADAMS - Councillor	229 612	118 477	-	-
DR NGCAMU - Councillor	243 627	70 625	33 935	-
NG DLAMINI - Councillor	265 480	141 712	36 790	-
SJ PHAKATHI - Councillor	202 280	118 478	27 646	-
BB NTSHIZA - Councillor	266 480	46 353	36 837	-
BR MEMELA - Councillor	340 064	46 353	47 274	-
RS MLOTSHWA - Councillor	350 146	46 353	49 751	-
PK MEMELA - Councillor	266 480	46 353	36 837	-
P MAYEZA - Councillor	174 534	26 768	21 009	-
Z NDLOVU - Councillor	174 534	26 768	21 009	-
MP MBANJWA - Councillor	174 534	26 768	21 009	-
TE MDLADLA - Councillor	266 480	46 353	36 837	-
HS MLIBENI - Councillor	626 154	46 353	87 306	-
N DLAMINI - Councillor	266 480	46 353	36 837	-
RC ALDOUS-TROLLOPE - Councillor	266 480	46 353	36 837	-
MW MTOLO - Councillor	340 064	46 353	47 274	-
SG MKHIZE -Councillor	266 480	46 353	36 837	-
NC DLAMNI - Councillor	266 480	46 353	36 837	-
PN MDLANGATHI - Councillor	266 480	46 353	36 837	-
BB KHATHI - Councillor	266 480	46 353	36 837	-
MTC BHENGU - Councillor	266 480	46 353	36 837	-
IT SHOBA - Councillor	264 680	46 353	36 837	-
NP ZULU - Councillor	266 180	46 353	36 837	-
X ZAMISA - Councillor	265 761	46 353	36 837	-
SA ZONDI - Councillor	84 425	15 668	12 663	-
N ZIKODE - Councillor	84 425	15 668	12 663	-
TF DUMAKUDE - Councillor	84 425	15 668	12 663	-
MM DLAMINI - Councillor	266 216	46 353	37 101	-
	9 277 864	**2 064 324**	**1 144 252**	**-**

42 Contingencies

Contingent asset

A contingent asset exists representing a possible recovery of Municipal funds frequently disbursed from the Municipality's bank account by a former employee of the institution.

Contingent Liability

There are no outstanding litigation claims as at the end of the financial year to be reported under this item.

Notes to the Financial statements

43 Contract revenue

	2025	Restated 2024
As at reporting date 30 June 2025:		
Amount of contract revenue recognised	4 786 087	6 575 466
Amount of contract costs incurred	(4 786 087)	(6 575 466)
Balance of revenue received in advanced	-	-
Amount of retentions	179 477	1 967 097

44 Correction of error

	2024	2023
Rates and Penalties During the year, management identified that billing in respect of Account Number. 217545, was not discontinued after the transfer and sale of the related property. As a result, revenue and debtors were incorrectly recognised in prior periods.	(121 758)	(740 609)
Allowance for impairment During the year, management identified that certain rental properties leased to government institutions were incorrectly classified as being rented to private persons in prior periods. In terms of the municipality's impairment methodology, receivables from government institutions are not subject to impairment. The misclassification therefore resulted in an overstatement of the impairment provision and related expense in prior periods.	339 523	803 947
Retention creditors During the year, it was identified that the accrual of trade payables relating to retentions excluded Value Added Tax (VAT). This treatment is not consistent with the requirements of the GRAP reporting framework. This resulted in an understatement of the retention liability and the related input value added tax accrual.	389 895	1 295 453
Allowance for impairment During the year, it was identified that the reconciliation of the impairment allowance relating to other receivables was incorrectly disclosed under Receivables from Exchange Transactions instead of Receivables from Non-exchange Transactions.	45 649	(576 658)
Cash generated from operations before interest During the year, it was identified that the finance costs of provisions relating to Long service awards obligation and Post retirement health care benefits obligations were incorrectly adjusted for under movements in provisions instead of finance costs in note 30	1 359 000	1 277 000

Impact on previously reported totals and balances

Statement of Financial Position	2024	2023
Current Assets		
Receivables from non-exchange transactions	268 137	554 844
Receivables from exchange transactions	339 523	803 947
Current Liabilities		
Payables from exchange transactions	389 895	1 295 453
TOTAL NET ASSETS		
Accumulated surplus	217 765	63 338

Statement of Financial Performance	2024	2023
Revenue from non exchange transactions		
Property rates	-	(714 310)
Penalties on property rates	(121 758)	(26 300)
Expenditure		
Debt impairment	(339 523)	(803 947)
Surplus for the year	217 765	63 338

Notes to the financial statements

3.1	**Receivables from non-exchange transactions**		
	Input Value added tax - Accrual	389 895	1 295 453
	Allowance for impairment	45 649	(576 658)
3.1	**Receivables from exchange transactions**		
	Allowance for impairment	(45 649)	576 658
9	**Payables from exchange transactions**		
	Retention creditors	389 895	1 295 453
30	**Cash generated from operations before interest**		
	Adjustment for:		
	Finance costs	1 359 000	1 277 000
	Movement in provisions	(1 359 000)	(1 277 000)