



Mkhambathini Municipality
Annual Financial Statements
for the year ended 30 June 2025

Mkhambathini Municipality

KZN 226

Annual Financial Statements for the year ended 30 June 2025

General Information

Legal form of entity

Nature of business and principal activities

Delivering of basic services to the community (refuse removal, road and electricity infrastructure and other community activities)

Mayoral committee

Cllr NW Ntombela (Mayor and EXCO Chair)
Cllr NP Maphaga (Deputy Mayor and EXCO Member)

Councillors

Cllr TA Gwala (Speaker)
Cllr KR Mofokeng (Executive Member)
Cllr S Ngidi (Chief Whip)
Cllr MN Maphumulo (MPAC Member)
Cllr M Cele (MPAC Chair)
Cllr N Ndlovu (MPAC Member)
Cllr PM Lushaba (MPAC Member)
Cllr LZ Lembethe
Cllr MM Mkhize (MPAC Member)
Cllr S Mkhize
Cllr SM Mdladla (MPAC Member)
Cllr MA Ngcongo (MPAC Member)

Chief Finance Officer (CFO)

Mr TE Gambu

Municipal Website

www.mkhambathini.gov.za

Business address

18 Old Main Road
Camperdown
3720

Postal address

Private Bag X04
Camperdown
3720

Contact number

031 785 9300

Auditors

Auditor-General

Bank

First National Bank

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COID	Compensation for Occupational Injuries and Diseases
MPAC	Municipal Public Accounts Committee
DBSA	Development Bank of South Africa
UMDM	Umgungundlovu District Municipality
GRAP	Generally Recognised Accounting Practice
mSCOA	Municipal Standard Chart Of Accounts
HDF	Housing Development Fund
IAS	International Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
VAT	Value Added Tax
SALGA	South African Local Government Association

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Accounting Officer 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 that ended. The external auditors are engaged to express an independent opinion for the annual financial statements and were given unrestricted access to all financial records and related data.

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

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

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

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

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

I certify that the salaries, allowances and benefits of councillors as disclosed in note 26 of these Annual Financial Statements are within the upper limit of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearer Act 20 of 1998 and the Minister of Provincial and Local Government determination in accordance with this Act.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2025.

Accounting Officer
Mr S Mngwengwe

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Accounting Officer Report

The accounting officer submits his report for the year ended 30 June 2025.

1. Subsequent events

The Accounting Officer is not aware of any matter or circumstance arising since the end of the financial year.

2.

The accounting officer details during the year and to the date of this report:

Name	Nationality
Mr S Mngwengwe	South African

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Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	8	48 717	72 740
Receivables from exchange transactions	9&11	4 051 405	2 723 536
Receivables from non-exchange transactions	10&11	3 246 146	1 314 907
Cash and cash equivalents	12	17 670 576	36 774 166
		25 016 844	40 885 349
Non-Current Assets			
Investment property	3	13 916 000	13 905 000
Property, plant and equipment	4	273 474 783	263 824 697
Intangible assets	5	53 201	70 935
		287 443 984	277 800 632
Total Assets		312 460 828	318 685 981
Liabilities			
Current Liabilities			
Payables from exchange	15	4 160 613	5 169 333
VAT payable	16	13 863 796	8 234 350
Unspent conditional grants and receipts	13	565 577	2 548 830
Provisions	14	4 230 304	3 610 406
Employee benefit	6	540 000	577 000
		23 360 290	20 139 919
Non-Current Liabilities			
Employee benefit	6	9 466 000	7 784 000
Total Liabilities		32 826 290	27 923 919
Net Assets		279 634 538	290 762 062
Reserves			
Revaluation reserve		1 253 400	1 253 400
Accumulated surplus		278 381 138	289 508 646
Total Net Assets		279 634 538	290 762 046

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Statement of Financial Performance as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	18	672 353	630 172
Construction contracts	20	11 934 895	97 808 221
Agency Services	19	3 401 219	3 889 516
Other income	22	1 564 104	1 826 673
Interest received - investment		3 565 643	4 664 618
Total revenue from exchange transactions		21 138 214	108 819 200
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	31 930 366	25 116 614
Transfer revenue			
Government grants & subsidies	24	112 601 124	106 834 000
Licenses and Permits		4 054 503	4 166 329
Total revenue from non-exchange transactions		148 585 993	136 116 943
Total revenue	17	169 724 207	244 936 143
Expenditure			
Employee related costs	25	(62 675 369)	(55 935 712)
Remuneration of councillors	26	(6 786 619)	(6 819 516)
Depreciation and amortisation	27	(13 592 283)	(12 184 717)
Assets impairments	28	(697 352)	(1 270 268)
Debt Impairment	29	(5 621 442)	(3 068 967)
Bad debts written off		(2 120 993)	-
Construction contract cost	30	(11 934 895)	(97 808 221)
Loss on disposal of assets and liabilities / (Transfers to organ of state)		(394 841)	-
Actuarial losses		(1 645 000)	(1 538 000)
General Expenses	31	(73 607 377)	(66 938 893)
External Auditors		(1 811 379)	(1 971 354)
Total expenditure		(180 887 550)	(247 535 648)
Deficit before gains		(11 163 343)	(2 599 505)
Gain on Retention Savings		24 835	-
Gain on fair value adjustments		11 000	-
Deficit for the year		(11 127 508)	(2 599 505)

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Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	1 253 400	283 728 685	284 982 085
Adjustments			
Correction of errors(Note 38)	-	8 379 466	8 379 466
Balance at 01 July 2023 as restated*	1 253 400	292 108 151	293 361 551
Changes in net assets			
Surplus for the year	-	(2 599 505)	(2 599 505)
Total changes	-	(2 599 505)	(2 599 505)
Restated Balance as at 01 July 2024*	1 253 400	289 508 646	290 762 046
Changes in net assets			
Surplus for the year	-	(11 127 508)	(11 127 508)
Total changes	-	(11 127 508)	(11 127 508)
Balance at 30 June 2025	1 253 400	278 381 138	279 634 538

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Cash Flow Statement as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		44 872 083	129 727 663
Grants		110 617 871	100 270 545
Interest income		3 565 643	4 664 618
		<u>159 055 597</u>	<u>234 662 826</u>
Payments			
Employee costs		(62 055 469)	(55 925 776)
Remuneration of Councillors		(6 786 619)	(6 819 516)
Cash paid to Suppliers		(85 000 107)	(153 859 074)
		<u>(153 842 195)</u>	<u>(216 604 366)</u>
Net cash flows from operating activities	34	<u>5 213 402</u>	<u>18 058 460</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(24 316 993)	(25 422 587)
Cash flows from financing activities			
Other cash item		-	75 339
Net increase/(decrease) in cash and cash equivalents		<u>(19 103 591)</u>	<u>(7 288 788)</u>
Cash and cash equivalents at the beginning of the year		36 774 166	44 062 954
Cash and cash equivalents at the end of the year	12	<u>17 670 575</u>	<u>36 774 166</u>

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	685 000	-	685 000	672 353	(12 647)	a
Construction contracts	12 000 000	-	12 000 000	11 934 895	(65 105)	a
Agency Services	3 500 000	-	3 500 000	3 401 219	(98 781)	a
Other income - (rollup)	1 263 000	400 000	1 663 000	1 564 104	(98 896)	a
Interest received - investment	3 224 000	466 000	3 690 000	3 565 643	(124 357)	a
Total revenue from exchange transactions	20 672 000	866 000	21 538 000	21 138 214	(399 786)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	31 877 217	-	31 877 217	31 930 366	53 149	a
Transfer revenue						
Government grants & subsidies	112 515 000	185 000	112 700 000	112 601 124	(98 876)	a
Licenses and Permits	4 851 000	(847 000)	4 004 000	4 054 503	50 503	a
Total revenue from non-exchange transactions	149 243 217	(662 000)	148 581 217	148 585 993	4 776	
Total revenue	169 915 217	204 000	170 119 217	169 724 207	(395 010)	
Expenditure						
Personnel	(59 635 000)	(2 990 000)	(62 625 000)	(62 675 369)	(50 369)	a
Remuneration of councillors	(7 100 000)	200 000	(6 900 000)	(6 786 619)	113 381	a
Depreciation and amortisation	(11 830 346)	(1 954 000)	(13 784 346)	(13 592 283)	192 063	a
Impairment loss/ Reversal of impairments	-	(700 000)	(700 000)	(697 352)	2 648	a
Debt Impairment	(4 700 000)	(1 200 000)	(5 900 000)	(5 621 442)	278 558	a
Bad debts written off	-	(2 185 000)	(2 185 000)	(2 120 993)	64 007	
Contracted Services	(12 000 000)	-	(12 000 000)	(11 934 895)	65 105	a
General Expenses	(62 110 000)	(17 550 000)	(79 660 000)	(75 418 755)	4 241 245	a
Total expenditure	(157 375 346)	(26 379 000)	(183 754 346)	(178 847 708)	4 906 638	
Operating deficit	12 539 871	(26 175 000)	(13 635 129)	(9 123 501)	4 511 628	
Loss on disposal of assets and liabilities	(650 000)	100 000	(550 000)	(394 841)	155 159	e
Actuarial gains/losses	-	(1 700 000)	(1 700 000)	(1 645 000)	55 000	a
	(650 000)	(1 600 000)	(2 250 000)	(2 039 841)	210 159	
Deficit before taxation	11 889 871	(27 775 000)	(15 885 129)	(11 163 342)	4 721 787	
Gain on retention	-	-	-	24 835	24 835	b
Deficit for the year from continuing operations	11 889 871	(27 775 000)	(15 885 129)	(11 138 507)	4 746 622	
Gain on Fair Value Adjustment	-	4 120 000	4 120 000	11 000	(4 109 000)	g

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	11 889 871	(23 655 000)	(11 765 129)	(11 127 507)	637 622	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	52 000	(5 000)	47 000	48 717	1 717	a
Receivables from exchange transactions	6 435 000	(4 000 000)	2 435 000	4 051 405	1 616 405	d
Receivables from non-exchange transactions	7 900 000	(5 800 000)	2 100 000	3 246 146	1 146 146	f
VAT receivable	4 651 000	(4 651 000)	-	-	-	a
Cash and cash equivalents	42 810 000	(25 000 000)	17 810 000	17 670 576	(139 424)	a
	61 848 000	(39 456 000)	22 392 000	25 016 844	2 624 844	
Non-Current Assets						
Investment property	14 765 000	4 120 000	18 885 000	13 916 000	(4 969 000)	
Property, plant and equipment	265 247 000	4 171 000	269 418 000	273 474 783	4 056 783	a
Intangible assets	1 294 390	(1 220 000)	74 390	53 201	(21 189)	c
	281 306 390	7 071 000	288 377 390	287 443 984	(933 406)	
Total Assets	343 154 390	(32 385 000)	310 769 390	312 460 828	1 691 438	
Liabilities						
Current Liabilities						
Payable from exchange	7 120 000	(2 100 000)	5 020 000	4 160 610	(859 390)	a
VAT payable	732 000	12 000 000	12 732 000	13 863 796	1 131 796	a
Employee benefit obligation	-	-	-	540 000	540 000	d
Unspent conditional grants and receipts	444 068	140 000	584 068	565 577	(18 491)	
Provisions	3 800 000	380 000	4 180 000	4 230 304	50 304	
	12 096 068	10 420 000	22 516 068	23 360 287	844 219	
Non-Current Liabilities						
Employee benefit obligation	7 840 000	2 100 000	9 940 000	9 466 000	474 000	d
Total Liabilities	19 936 068	12 520 000	32 456 068	32 826 287	1 318 219	
Net Assets	323 218 322	(44 905 000)	278 313 322	279 634 541	373 219	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	1 253 400	-	1 253 400	1 253 400	-	
Accumulated surplus	321 964 922	(44 905 000)	277 059 922	278 381 139	1 321 217	
Total Net Assets	323 218 322	(44 905 000)	278 313 322	279 634 539	1 321 217	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Cash Flow Statement

Cash flows from operating activities

Receipts

Sales of goods and services	36 617 000	3 129 000	39 746 000	44 872 083	5 126 083	
Grants	124 158 000	185 000	124 343 000	110 617 871	(13 725 129)	
Interest income	4 000 000	(412 000)	3 588 000	3 565 643	(22 357)	
	164 775 000	2 902 000	167 677 000	159 055 597	(8 621 403)	

Payments

Employee costs	(59 635 000)	(2 221 000)	(61 856 000)	(62 055 471)	(199 471)	
Remuneration for Councillors	(7 722 000)	-	(7 722 000)	(6 786 619)	935 381	
Cash Paid to Suppliers	(77 481 000)	(12 000 000)	(89 481 000)	(85 000 106)	4 480 894	
	(144 838 000)	(14 221 000)	(159 059 000)	(153 842 196)	5 216 804	

Net cash flows from operating activities	19 937 000	(11 319 000)	8 618 000	5 213 401	(3 404 599)	
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Cash flows from investing activities

Purchase of property, plant and equipment	(25 138 000)	1 500 000	(23 638 000)	(24 316 993)	(678 993)	
Net increase/(decrease) in cash and cash equivalents	(5 201 000)	(9 819 000)	(15 020 000)	(19 103 592)	(4 083 592)	
Cash and cash equivalents at the beginning of the year	47 911 000	(11 137 000)	36 774 000	36 774 166	166	
Cash and cash equivalents at the end of the year	42 710 000	(20 956 000)	21 754 000	17 670 574	(4 083 426)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

a) Not applicable as difference is less than 10%

b) Gain on retention savings -The difference arises from due to the fact that the amount was not budgeted in the current year and retention write off were processed during the preparation of financial statement.

c) Intangible asset-The difference is due to fact that the depreciation for current year was less due to reassessment of useful life, which affected the accumulated depreciation.

d) .Employee benefit- The difference is due to the fact that the current current portion was budgeted under non-current liability.

e) .Loss on disposal of assets and liabilities - The difference is due to the fact that it was budgeted based on the actual figures for 2022/23 ,however based on the physical verification of all assets which was concluded by end of June 2025 ,the value was less than the budgeted amount

f) .Receivable from Non-Exchange transaction - The difference is due to the fact that the municipality had anticipated that would recover more funds from property rates debtors of which it was not the case

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g) Gain on fair value adjustment - The difference is due to a correction of an error raised by auditors, resulting into reversing about 99% of the fair value gain recognised.

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Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Estimates were used on the following elements: Property, plant and equipment, Post employment benefits, defined contribution plans, employee benefits, provisions, contingencies and intangible assets

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) 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
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or 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. The subsequent measurement of investment properties is carried at (fair value) .

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

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Accounting Policies

1.2 Investment property (continued)

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.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

- The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements.
- The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements

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Accounting Policies

1.3 Property, plant and equipment

Property, plant and equipment is initially measured at cost. Property, Plant and Equipment is carried at cost less accumulated depreciation and impairment losses (Cost Model)

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, its 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.

Property, plant and equipment are depreciated on the straight line basis over their useful lives to their estimates.

The residual value and useful life of an assets are reviewed at least at each reporting date in terms of Grap 17.61 .

The residual value is determined by CFO for each asset ,but a default calculation is based on twenty percent (20%) of the assets value at original acquisition or revaluation for all movable items and fifteen percent(15%) for infrastructure, community and buildings.

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

Item	Depreciation method	Average useful life
Buildings		
• Animal pound and Parkhomes	Straight line	10-30
Plant and machinery		
• Brush cutters and Lawn Mowers	Straight line	2-20
• Tractors	Straight line	2-20
• Guardrails and Boreholes	Straight line	2-20
Furniture and fixtures		
• Chairs and Sofas	Straight line	3-10
• Bookshelves and Cabinet	Straight line	3-10
• Desks and Tables	Straight line	3-10
Motor vehicles		
• Motor Vehicles	Straight line	7 - 20
Office equipment		
• Printers	Straight line	3-5
• Cameras	Straight line	3-5
• Video Cameras	Straight line	3-5
• Airconditioners	Straight line	3-5
IT equipment		
• Laptop	Straight line	3-5
• Desktop	Straight line	3-5
• Central Processing unit	Straight line	3-5
• Computer Software	Straight line	3-5
Infrastructure		
• Roads and Paving	Straight line	10-30
• Stormwater	Straight line	10-30
Community		
• Building (Halls , change rooms ,Taxi rank building and toilets)	Straight line	10-30
• Grand stand and Paved Area	Straight line	10-30
• Sportfield ,combination court ,fences ,Water tanks	Straight line	10-30
Security Measures		
• Security Systems	Straight line	3-10
• Gates and Fencing	Straight line	3-10

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1.3 Property, plant and equipment (continued)

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

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

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

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

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 which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available for sale. Proceeds from sales of these assets are recognised as revenue. All the cash flows on these assets is included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 4).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

The exemption from applying the measurement requirements of the Standard of GRAP on Property, Plant and Equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment.

1.4 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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1.4 Intangible assets (continued)

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.

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

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

Item	Useful life
Computer software, other	5 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 5).

1.5 Financial instruments

Initial recognition and measurements

Financial instruments are recognised initially when the Municipality becomes a party to the contractual provisions of the instrument

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial assets, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

For financial instruments which are not fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Receivables from exchange transaction. Trade receivables are measured at initial recognition at fair value. Trade and other receivables are classified as receivables. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad Debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Liabilities are generally settled within the period of 30 days. Accordingly, any impairment, if any, are considered to be immaterial.

Cash and cash equivalent: Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

1.6 Tax

Income tax expense

No provision has been made for Income tax as the municipality is exempt from taxation in terms of section 10 (1) (A) of the Income Tax Act.

VALUE ADDED TAX (VAT) :

The municipality accounts for VAT on the cash / payments basis. VAT output is paid over to SARS once the cash is received from the customer and VAT input is claimed when suppliers are paid.

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1.7 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately. Operating leases are those leases that are not finance leases. Operating lease rentals are expensed on the straight line basis.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

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

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

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

Operating leases - lessee

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

1.8 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

1.9 Impairment of cash-generating assets

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

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1.9 Impairment of cash-generating assets (continued)

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

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

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

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

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

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

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

Useful life is either:

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

Criteria developed by the municipality to distinguish cash-generating assets from non-cash generating assets are as follows:

Identification

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

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

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

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

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1.9 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Accounting Policies

1.9 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.10 Impairment of non-cash-generating assets

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

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.

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

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

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Accounting Policies

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

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.

Identification

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

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

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.11 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.12 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

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1.12 Employee benefits (continued)

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

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

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Contributions to Natal Joint Municipal Pension Fund (NJMPF) and are made as follows :

- Provident 1 - 21 Members - 5 % council 9 %
- Provident 2 - 6 Members - 7 % council 18.04 %
- Provident 3 - 52 Members - 9.25 % Council 13.65%
- Retirement 1 Members - 7 % Council - 13.65 %
- Superannuation 36 Members - 9.25 % Council - 25 %

1.13 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.

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.

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

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

Provisions are not recognised for future operating surplus.

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1.13 Provisions and contingencies (continued)

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

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.14 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases, approved and contracted commitments
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.
- An additional disclosure has been made for future commitments which are mainly informed by the approved budget for capital projects to be implemented in the next financial year and are disclosed as approved and not yet contracted for.

1.15 Revenue Recognition

Revenue is recognised at cost and no interest is recognised as a result of any time value of money adjustments.

Measurement

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

1.16 Revenue from non-exchange transactions

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

1.17 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

1.18 Comparative information

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

1.19 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.

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1.19 Unauthorised expenditure (continued)

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

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

1.21 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.

1.22 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.23 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.

1.24 Presentation of budget information

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

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

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

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

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

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

1.25 Related parties

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

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Accounting Policies

1.25 Related parties (continued)

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

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

1.26 Expenditure

The municipality uses the accrual basis of accounting when expenditure items are recognised (the elements of financial statements) when they satisfy the definitions and recognition criteria for elements in the Framework for the Preparation and Presentation of Annual Financial Statements. The expenditure is recognised in terms of GRAP standards (GRAP 1) and the municipality Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

1.27 Segment Information

A Segment is an activity of any entity:

-that generates economic benefits or service potential (including economic benefits or services potential relating to transactions between activities of the same entity)

-whose result are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance ; and for which separate financial information is available .

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

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decision about allocating resources to the segment and assessing its performance

Adjustment and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by the management . Similarly only those assets and liabilities that are included in the measures of segments assets and segments liabilities that are used by management are reported for that segment . If amounts are allocated to reported segment surplus or deficit , assets or liabilities those amounts are allocated on a reasonable basis.

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

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2025

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
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2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">GRAP 107 MergersGRAP 106 Transfer of Functions Between Entities Not Under Common ControlGRAP 105 Transfer of Functions Between Entities Under Common ControlGRAP 1 (amended): Presentation of Financial Statements (Going Concern)GRAP 103 (as revised): Heritage AssetsGRAP 104 (as revised): Financial Instruments	<ul style="list-style-type: none">To be determined by the Minister of FinanceTo be determined by the Minister of FinanceTo be determined by the Minister of FinanceTo be determined by the Minister of FinanceTo be determined by the Minister of Finance01 April 2025	<ul style="list-style-type: none">Unlikely there will be a material impactUnlikely there will be a material impactUnlikely there will be a material impactUnlikely there will be a material impactUnlikely there will be a material impactUnlikely there will be a material impact

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2025

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3. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	13 916 000	-	13 916 000	13 905 000	-	13 905 000

Reconciliation of investment property - 2025

	Opening balance	Fair value adjustments	Total
Investment property	13 905 000	11 000	13 916 000

Reconciliation of investment property - 2024

	Opening balance	Total
Investment property	13 905 000	13 905 000

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

Mkhambathini Municipality

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4. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 690 000	-	2 690 000	2 690 000	-	2 690 000
Buildings	11 293 468	(4 862 146)	6 431 322	11 111 468	(4 518 687)	6 592 781
Furniture and Fixtures	3 157 577	(1 338 766)	1 818 811	2 800 590	(1 190 412)	1 610 178
Capital Work in Progress	31 787 957	-	31 787 957	30 612 176	-	30 612 176
Motor vehicles	10 797 611	(5 979 839)	4 817 772	10 422 889	(5 021 418)	5 401 471
Office equipment	1 871 136	(994 277)	876 859	2 351 483	(1 229 575)	1 121 908
IT equipment	3 691 414	(1 950 372)	1 741 042	3 401 170	(1 947 916)	1 453 254
Infrastructure	164 344 444	(41 284 170)	123 060 274	144 344 372	(35 136 946)	109 207 426
Community	145 744 477	(46 229 833)	99 514 644	144 900 677	(40 352 272)	104 548 405
Other property, plant and equipment	2 116 765	(1 380 663)	736 102	1 808 810	(1 221 712)	587 098
Total	377 494 849	(104 020 066)	273 474 783	354 443 635	(90 618 938)	263 824 697

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	2 690 000	-	-	-	-	-	2 690 000
Buildings	6 592 781	182 000	-	-	(343 459)	-	6 431 322
Furniture and Fixtures	1 610 178	454 808	(23 296)	-	(222 879)	-	1 818 811
Capital Work in Progress	30 612 176	22 019 653	-	(20 843 872)	-	-	31 787 957
Motor vehicles	5 401 471	374 722	-	-	(958 421)	-	4 817 772
Office equipment	1 121 908	3 550	(45 412)	-	(203 187)	-	876 859
IT equipment	1 453 254	923 706	(234 241)	-	(401 677)	-	1 741 042
Infrastructure	109 207 426	20 000 072	-	-	(5 921 767)	(225 457)	123 060 274
Community	104 548 405	843 800	-	-	(5 405 659)	(471 902)	99 514 644
Other property, plant and equipment	587 098	358 554	(91 890)	-	(117 660)	-	736 102
	263 824 697	45 160 865	(394 839)	(20 843 872)	(13 574 709)	(697 359)	273 474 783

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Transfers	Prior period adjustment	Depreciation	Impairment loss	Total
Land	728 000	-	-	1 962 000	-	-	2 690 000
Buildings	8 891 107	-	-	(1 962 000)	(336 326)	-	6 592 781
Furniture and Fixtures	781 225	1 052 435	-	773	(214 957)	(9 298)	1 610 178
Capital Work in Progress	59 833 435	21 486 816	(50 708 075)	-	-	-	30 612 176
Motor vehicles	4 981 922	1 406 042	-	-	(986 493)	-	5 401 471
Office equipment	522 886	779 844	-	7 101	(176 495)	(11 428)	1 121 908
IT equipment	1 126 496	697 450	-	-	(299 929)	(70 763)	1 453 254
Infrastructure	91 325 952	24 163 471	-	-	(5 249 013)	(1 032 984)	109 207 426
Community	82 844 486	26 544 603	-	-	(4 747 663)	(93 021)	104 548 405
Other property, plant and equipment	763 662	-	-	-	(123 789)	(52 775)	587 098
	251 799 171	76 130 661	(50 708 075)	7 874	(12 134 665)	(1 270 269)	263 824 697

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Total
Opening balance	12 260 743	18 351 433	30 612 176
Additions/capital expenditure	8 115 477	13 904 177	22 019 654
Transferred to completed items	(20 000 072)	(843 800)	(20 843 872)
	376 148	31 411 810	31 787 958

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	14 602 484	45 230 952	59 833 436
Additions/capital expenditure	14 771 736	6 715 081	21 486 817
Transferred to completed items	(24 163 472)	(26 544 605)	(50 708 077)
	5 210 748	25 401 428	30 612 176

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4. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

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

Building and Facilities	487 778	3 321 697
Road Infrastructure	27 006 076	16 706 586
Motor Vehicles	605 796	1 076 254
	28 099 650	21 104 537

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

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5. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 271 555	(1 218 354)	53 201	1 271 555	(1 200 620)	70 935

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software, other	70 935	(17 734)	53 201

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	120 989	(50 054)	70 935

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6. Employee benefit obligations

Defined benefit plan

Post retirement benefit plan

The municipal personnel are member of the Natal Joint Municipal Pension Fund, mainly Superannuation, Retirement and Provident Funds and there are few members who contributes to GEPP due to the fact that they were employed before the local government establishment. As the aforementioned funds multi-employer funds, the allocation of any surplus/ deficit to individuals funds cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific fund and is of no relevance to users of the Annual Financial Statements.

Post retirement medical aid plan

POST RETIREMENT MEDICAL BENEFITS

The Council operates a defined medical aid benefit scheme for the benefit of its permanent employees. Post -retirement medical benefits are offered to all employees by subsidising a portion of the medical aid contribution after retirement.

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

Carrying value

Other	6 223 000	5 022 000
Non-current liabilities	(9 466 000)	(7 784 000)
Current liabilities	(540 000)	(577 000)
	(10 006 000)	(8 361 000)

Entity's own financial instruments [state each category]

Xxx ordinary shares of the entity	75	72
Assets used by the entity		
Property	42.2	41.2
Plant and equipment	9.2	9.2
Property occupied by the entity	R 5 398 R	4 985

Summary of the in-service membership

	Female	Male	Total
Number of in-service members	41	34	75
Average age	39.3	44.2	41.8
Average past service cost	9.6	9.1	9.3
	-	-	-

We assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouse.

Decremental withdrawal rates

Age 20-24	9 %	9 %
Age 25-29	8 %	8 %
Age 30-34	5 %	6 %
Age 35-39	5 %	5 %
Age 40-44	5 %	5 %
Age 45-49	4 %	4 %
Age 50-54	3 %	3 %
Age 50-54	- %	- %
Age 55 +	0 %	0 %
	-	-

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6. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

Current service cost	5 022 000	3 837 000
Past service cost	333 000	319 000
Interest cost	602 000	483 000
Actuarial (gains) losses	389 000	383 000
Expected return on plan assets	(123 000)	-
	6 223 000	5 022 000

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.40 %	12.60 %
Expected rate of return on assets	8.30 %	8.30 %
Expected rate of return on reimbursement rights	3.97 %	3.97 %
Actual return on reimbursement rights	5.85 %	5.85 %
Medical cost trend rates	7.20 %	6.38 %

Demographic Assumptions

Demographic assumptions are required to estimate the changing profile of current employees and retirees who are eligible for post-employment benefits.

Pre-retirement Mortality

SA 85 - 90 ultimate table, adjusted for female lives.

Post retirement Mortality

PA (90) ultimate table-1 with a 1% mortality p.a from 2010

Average Retirement Age

The normal retirement age of employees is 65 for both male and females. It has been assumed that in-service members will retire at age 62 on average, which effectively implies that the expected rates of ill-health and early retirement are nil.

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6. Employee benefit obligations (continued)

Long Service Awards and Retirement Gifts

The Council offers employees leave awards that may be exchanged for cash on certain anniversaries of commencing service.

Carrying amount	3 783 000	3 339 000
Key Financial assumptions		
Discount Rate	10.2 %	11.3 %
General earnings inflation rate (long term)	5.2 %	5.4 %
Net effective discount rate	4.8 %	6.4 %
Average retirement age	62	62
Eligible employees	134	123
Annual average earnings	273 166	250 100
Average age	41.8	41.2
Average past service	9.3	9.2
Average retirement age	62	
Pre-retirement mortality	SA 85 - 90	
Withdrawals rates		
Age 20-24	9 %	9 %
Age 25-29	8 %	8 %
Age 30-34	6 %	6 %
Age 35-39	5 %	5 %
Age 40-44	5 %	5 %
Age 45-49	4 %	4 %
Age 50-54	3 %	3 %
Age 55+	0 %	0 %
	-	-
Past year and future projected liability		
Opening balance	3 339 000	2 986 000
Current service costs	351 000	334 000
Interest cost	353 000	339 000
Benefit vesting	(378 320)	(281 000)
Actuarial gain / loss	118 320	(39 000)
	3 783 000	3 339 000

7. Prepayments

8. Inventories

Stores, materials and fuels	48 717	72 740
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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

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9. Receivables from exchange transactions		
Prepaid expenses	3 107 205	-
Deposits	-	964 896
Other debtors	153 708	713 714
Consumer debtors - Refuse	670 649	925 083
Other Debtors UMDM	119 843	119 843
	4 051 405	2 723 536
10. Receivables from non-exchange transactions		
Consumer debtors - Rates	3 246 146	1 314 907
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Rates	3 246 146	1 314 907
Total receivables from non-exchange transactions	3 246 146	1 314 907
11. Consumer debtors disclosure		
Gross balances		
Consumer debtors - Rates	45 404 216	38 060 732
Consumer debtors - Refuse	736 760	977 190
Other Debtor - UMDM	119 843	119 843
	46 260 819	39 157 765
Less: Allowance for impairment		
Consumer debtors - Rates	(42 158 070)	(36 625 982)
Consumer debtors - Refuse	(66 111)	(52 107)
	(42 224 181)	(36 678 089)
Net balance		
Consumer debtors - Rates	3 246 146	1 314 907
Consumer debtors - Refuse	670 649	925 083
Consumer debtors - Other	119 843	119 843
	4 036 638	2 359 833
Rates		
Current (0 -30 days)	2 774 316	1 666 136
31 - 60 days	1 454 402	723 814
61 - 90 days	1 038 725	556 904
91 - 120 days	977 185	527 865
121 - 365 days	39 149 172	34 586 013
	45 393 800	38 060 732
Refuse		
Current (0 -30 days)	55 381	76 255
31 - 60 days	28 587	46 027
61 - 90 days	23 532	36 552
91 - 120 days	21 461	40 777
121 - 365 days	607 799	777 853
	736 760	977 464

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11. Consumer debtors disclosure (continued)

Business service levies

> 365 days	119 843	119 843
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Reconciliation of allowance for impairment

Balance at beginning of the year	(36 602 739)	(33 533 772)
Contributions to allowance	(5 621 442)	(3 068 967)
	(42 224 181)	(36 602 739)

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4 000	4 000
Bank balances	17 644 188	29 768 349
Other cash and cash equivalents	22 388	7 001 817
	17 670 576	36 774 166

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
Cash on hand petty cash	4 000	4 000	4 000	4 000	4 000	4 000
FNB-Call Account	22 388	7 001 817	10 980 850	22 388	7 001 817	10 980 850
FNB -6282953300	18 328 890	29 504 869	33 076 476	17 644 188	29 768 349	33 076 476
Total	18 355 278	36 510 686	44 061 326	17 670 576	36 774 166	44 061 326

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Maintenance Grant-Sport Facilities	98 876	-
EPWP grant	-	-
Housing grant	444 068	444 068
Department of Transport Grant	-	2 082 129
Electrification COGTA	22 633	22 633
	565 577	2 548 830

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
13. Unspent conditional grants and receipts (continued)		
Movement during the year		
Library Grant		
Current year receipts	2 518 000	2 004 000
Expenditure	(2 518 000)	(2 004 000)
Conditions still to be met - transfer to liabilities	-	-
The purpose of the grant is to address the Constitutional mandate whereby public libraries are an exclusive provincial competency. The funding assists the municipalities with the provision of library services. The condition of the grant was 100% spent in 2024/25 financial year.		
Repairs and Maintenance Grant		
Current year receipts	415 000	-
Expenditure	(316 124)	-
Conditions still to be met - transfer to liabilities	98 876	-
The Municipality obtained a grant from Department of Sport, Art and Culture for the repairs & maintenance of the Banqobile Sportfield, the municipality did not spend the 100% of the grant.		
Department of Transport Grant		
Opening balance	2 082 129	8 668 218
Current year receipts	-	55 161 000
Expenditure	(2 082 129)	(61 747 089)
Conditions still to be met - transfer to liabilities	-	2 082 129
The Department of Transport allocated a grant to municipality to assist the municipalities with the implementation of the roads maintenance .		
Financial management Grant		
Current year receipts	3 000 000	3 000 000
Expenditure	(3 000 000)	(3 000 000)
Conditions still to be met - transfer to liabilities	-	-
The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act. The municipality submitted the activity plan to National Treasury which was later approved. The approved activity plan was 100% implemented and the conditions of the grants were met in full.		
Housing Grant		
Opening balance	444 068	444 068
Current year receipts	-	-
Conditions still to be met - transfer to liabilities	444 068	444 068
The Department of Human Settlement allocated a grant to municipality to assist municipalities to implement the provision of housing to the community. The municipality implemented the project prior years and there was an amount which remained unspent and the municipality wrote the motivation letter to the transferring department requesting to utilize the funding,no response was provided		
Municipal Infrastructure Grant		
Current year receipts	18 159 000	17 162 000
Expenditure	(18 159 000)	(17 162 000)

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13. Unspent conditional grants and receipts (continued)

Conditions still to be met - transfer to liabilities	-	-
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The purpose of the grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities. The municipality implemented infrastructure projects in line with the conditions of the grant and the condition for this grant were fully met.

Expanded Public Works Programme Grant

Current year receipts	1 311 000	1 456 000
Expenditure	(1 311 000)	(1 456 000)

Conditions still to be met - transfer to liabilities	-	-
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The purpose of the grant is to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme Guidelines. The grant was 100% implemented and the conditions of the grants were met in full.

Electrification COGTA Grant

Opening balance	22 633	-
Current year receipts	-	20 700 000
Conditions met - transfer to revenue	-	(20 677 367)

Conditions still to be met - transfer to liabilities	22 633	22 633
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The purpose of the grant is to assist the municipality to address the electrification backlog for ward ward 2 .The municipality met the condition for the grant. The balance is from the prior year.

Electrification

Current year receipts	11 643 000	30 055 000
Expenditure	(11 643 000)	(30 055 000)

Conditions still to be met - transfer to liabilities	-	-
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The purpose of the grant is to implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure. The municipality met the condition of the grant and the grant was spend in full

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

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as a current liabilities.

14. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Total
Provision for leave	3 610 406	619 898	4 230 304

Reconciliation of provisions - 2024

	Opening Balance	Additions	Total
Provision for leave	3 600 471	9 935	3 610 406

The leave provision represents managements best estimate of the municipality's liability under one period based on prior experience.

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15. Payables from exchange transactions		
Trade payables	700 945	419 094
Payments received in advanced -debtors	366 734	319 534
Other creditors	13 411	186 971
Retention	3 079 523	4 243 734
	4 160 613	5 169 333
16. VAT payable		
Tax refunds payables	13 863 796	8 234 350
17. Revenue		
Service charges	672 353	630 172
Construction contracts	11 934 895	97 808 221
Commissions received	3 401 219	3 889 516
Other income	1 564 104	1 826 673
Interest received - investment	3 565 643	4 664 618
Property rates	31 930 366	25 116 614
Government grants & subsidies	112 601 124	106 834 000
Licenses and permits	4 054 503	4 166 329
	169 724 207	244 936 143
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	672 353	630 172
Construction contracts	11 934 895	97 808 221
Commissions received	3 401 219	3 889 516
Other income	1 564 104	1 826 673
Interest received - investment	3 565 643	4 664 618
	21 138 214	108 819 200
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	31 930 366	25 116 614
Transfer revenue		
Government grants & subsidies	112 601 124	106 834 000
Licenses and Permits	4 054 503	4 166 329
	148 585 993	136 116 943
18. Service charges		
Refuse removal	672 353	630 172
19. Agency services		
Vehicle Registration	3 401 219	3 889 516

Income from Agency Services is made up of commission earned from administering the Motor licensing section on behalf of Department of Transport on an agency basis .Only the commission on 10% received is recognised as income .The main cost related to this arrangement is the employee cost for the section .

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20. Construction contracts		
INEP	10 124 348	26 134 783
Electrification ward 2	-	17 980 319
Department of Transport	1 810 547	53 693 119
	11 934 895	97 808 221
21. Other revenue		
Commissions received	3 401 219	3 889 516
Other income - (rollup)	1 564 104	1 826 673
	4 965 323	5 716 189

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Figures in Rand	2025	2024
22. Other income		
Library income	17 051	20 402
Clearance Certificate	16 027	15 267
Other income 4	600	40
Tender Fees	79 285	56 447
Building Plan (Plan Fees)	356 301	903 712
Insurance claims refund	216 569	297 803
Planning Application Fee	167 267	217 483
Skills Development Refund	709 425	310 421
Billboard Income	1 579	5 098
	1 564 104	1 826 673
23. Property rates		
Rates received		
Residential	5 203 182	4 983 603
Commercial	2 816 580	2 828 212
State and Education	4 844 277	4 984 046
Agriculture	4 474 063	4 146 965
Other Properties	15 675 738	9 407 499
Less: Income forgone	(1 083 474)	(1 233 711)
	31 930 366	25 116 614
Valuations		
Residential	612 650 000	471 040 000
Commercial	199 260 000	186 723 000
State and Education	300 700 000	247 470 000
Municipal	25 452 000	24 330 000
Agriculture	4 310 573 000	3 175 312 000
Public service infrastructure	23 007 000	21 620 000
Other Properties	363 960 000	137 048 000
Industrial	1 570 500 000	757 465 000
	7 406 102 000	5 021 008 000
Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2024.		
24. Government grants and subsidies		
Operating grants		
Equitable share	87 712 000	83 212 000
Library Grant	2 103 000	2 004 000
Maintenance Grant -Sport Facilities	316 124	-
Financial Management Grant	3 000 000	3 000 000
EPWP Grant	1 311 000	1 456 000
	94 442 124	89 672 000
Capital grants		
Municipal Infrastructure Grant	18 159 000	17 162 000
	112 601 124	106 834 000

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25. Employee related costs		
Acting allowances	-	148 602
Bargaining Council Contributions	19 549	17 610
Basic	42 578 755	37 672 842
Bonus	2 929 459	3 336 579
Defined contribution plans	6 363 638	5 739 159
Housing benefits and allowances	225 205	235 729
Leave pay provision charge	1 980 376	1 511 035
Long-service awards	378 320	301 193
Medical aid - company contributions	3 324 094	2 652 251
Overtime payments	961 750	895 275
Phone Allowance	358 829	323 304
SDL	498 204	601 971
Stipend - Ward Committee	794 000	778 000
Travel, motor car, accommodation, subsistence and other allowances	1 557 526	1 127 526
UIF	309 635	303 933
WCA	396 029	290 703
	62 675 369	55 935 712

Remuneration of Municipal Manager

Annual Remuneration	799 895	768 500
Car Allowance	167 776	167 776
Performance Bonuses	85 766	75 045
Cellphone Allowance	104 400	104 400
Housing Allowance	84 000	84 000
Rural Allowance	120 000	120 000
Non Pensionable allowance	-	1 695
Medical Aid	120 000	120 000
Leave Paid	33 214	32 176
Backpay	-	100 606
	1 515 051	1 574 198

The total payment to Municipal Manager is R 1 515 051 as per Upper limits of remuneration for Municipal Managers and Managers Accountable to the Municipal Manager (Senior Managers) and Other Allowances approved by Council.

Remuneration of Chief Financial Officer

Annual Remuneration	640 228	614 451
Car Allowance	120 000	120 000
Medical Aid	120 000	120 000
Leave payout	26 674	25 821
Rural Allowance	60 000	60 000
Cellphone Allowance	54 000	54 000
Non Pensionable Allowance and Back pay	-	91 275
Performance Bonus Allowance	70 418	61 616
Pension Allowance	60 000	60 000
	1 151 320	1 207 163

The total payment to Chief Financial Officer is R 1 151 320 as per Upper limits of the Remuneration for Municipal Manager and Managers Accountable to the Municipal Manager (Senior Managers)and Other Allowances approved by Council

Remuneration of Manager Technical Services

Annual Remuneration	880 227	427 063
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25. Employee related costs (continued)		
Car Allowance	-	70 000
Long Service	60 000	-
Contributions to Medical	60 000	35 000
Bonus	26 194	-
Acting Allowance	-	108 912
Cellphone Allowance	54 000	31 500
Leave Payout	57 151	83 920
Rural Allowance	60 000	35 000
Back Pay	-	45 159
	1 197 572	836 554

The total remuneration payment to Manager Technical Services during the financial year is R 1 197 572 as per Remuneration for Municipal Manager and Managers Accountable to Municipal Manager (Senior Managers) and Other Allowances approved by council. The manager Technical resigned in January 2024 and council appoint the PMU Manager to act till the Appointment for the New Manager

Remuneration of Manager of Corporate Services

Annual Remuneration	760 228	734 451
Car Allowance	120 000	120 000
Performance Bonuses	70 418	51 126
Contributions to UIF, Medical and Pension Funds	60 000	60 000
Rural Allowance	60 000	60 000
Cellphone Allowance	54 000	54 000
Back Pay	-	89 580
Leave Payout	26 674	25 821
Non-Pension Allowance	-	1 695
	1 151 320	1 196 673

The total payment to Corporate Services Manager is R 1 151 320 as Remuneration for Municipal Manager and Managers Accountable to the Municipal Manager (Senior Managers) and Other Allowances approved by council

Remuneration of Manager of Community Services

Annual Remuneration	724 228	698 451
Car Allowance	156 000	156 000
Medical Aid Allowance	60 000	60 000
Rural Allowance	60 000	60 000
Cellphone Allowance	54 000	54 000
Leave Paid	26 673	25 821
Performance Bonus	70 418	44 011
Back Pay	-	89 580
Non - Pensionable Allowance	-	1 695
	1 151 319	1 189 558

Total remuneration of the Manager : Community Services payment during the year is R 1 151 319 as per Remuneration for Municipal Manager and Manager Accountable to the Municipal Manager (Senior Manager) and Other Allowances.

26. Remuneration of councillors

Mayor	1 019 005	963 783
Deputy Mayor	823 886	779 708
Exco Members	455 028	428 501
Speaker	823 886	779 708
Councillors	3 223 054	3 450 678
Section 70 Councillors	441 760	417 138

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Figures in Rand	2025	2024
	6 786 619	6 819 516
27. Depreciation and amortisation		
Property, plant and equipment	13 574 548	12 134 664
Intangible assets	17 735	50 053
	13 592 283	12 184 717
28. Impairment of assets		
Impairments		
Property, plant and equipment	697 352	1 270 268
The main classes of assets affected by the impairment losses was community assets and infrastructure in the previous year and the the class affected in the current financial year is infrastructure asset.		
29. Debt impairment		
Debt impairment	5 621 442	3 068 967
Debt Impairment for consumer debtors is R (2024 : R 3 068 967) .		
30. Contruction cost		
Contruction cost		
INEP	10 124 347	26 134 783
Electrification	-	17 980 319
Department of Transport	1 810 547	53 693 119
	11 934 894	97 808 221
31. General expenses		
Advertising	1 542 882	997 004
Arts & Culture	142 212	667 081
Bank Charges	263 513	252 860
Business and Advisory Services	5 843 227	7 061 260
Catering services	2 507 085	1 903 840
Civic and Hospitality	537 649	1 081 095
Community development and training	1 847	267 202
Consumables	4 648 275	3 423 181
Disaster Management	322 128	301 962
Face Value- License Card Renewals	-	447 772
Hygiene Services	241 103	286 734
Indigent Relief	117 847	76 095
Information Technology Services	1 174 238	1 427 870
Infrastructure and Planning	1 687 099	756 395
Internal Auditors	123 257	1 186 393
Landfill Site Fees	710 196	671 025
Legal Costs	152 793	967 472
License Renewal	148 657	74 136
Materials	1 640 110	549 993
Operating Leases	206 946	698 499
Other Contractors	15 648 564	13 936 296
Other Expenses	2 918 662	220 166
Postage and courier	6 847	24 000
Printing and stationery	413 040	324 015
Repairs and maintenance - Building and Facilities	487 778	4 440 769

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31. General expenses (continued)		
Repairs and maintenance - unspecified Assets	24 055 855	17 233 047
SALGA Membership fees	48 860	1 055 150
Subsistence and Travelling	1 625 719	862 827
Training and Development	176 596	365 433
Transportation	4 664 388	4 457 043
Water and Electricity	1 550 004	922 278
	73 607 377	66 938 893
32. Auditors' remuneration		
External Audit Fees	1 811 379	1 971 354
33. Leases		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	673 011	724 743
- in second to fifth year inclusive	777 875	506 863
	1 450 886	1 231 606
Operating lease payments represent rentals payable by the municipality for certain of its office photocopying machines. Leases are negotiated between three to five years. Lease rentals escalates between 0% to 10 % per annum over the period of the lease. The municipality is also leasing a piece of land from Mrs Parak for a period of 3 years.		
Rental expenses relating to operating leases		
Minimum lease payments	206 946	698 499
Parrak R245 958.72 and Transnet R 33 518 .85 both rental for land		
34. Cash generated from operations		
Deficit	(11 127 508)	(2 599 505)
Adjustments for:		
Depreciation and amortisation	13 592 283	12 184 717
Gain on sale of assets and liabilities	394 841	-
Gain on Retention Savings	(24 835)	-
Fair value adjustments	(11 000)	-
Impairment deficit	697 352	1 270 268
Debt impairment	5 621 442	3 068 967
Bad debts written off	2 120 993	-
Actuarial loss/gain	1 645 000	1 547 936
Changes in working capital:		
Receivables from exchange transactions	(1 327 869)	(245 668)
Consumer debtors	(7 343 484)	(3 068 967)
Other receivables from non-exchange transactions	-	(395 227)
Payables from exchange transactions	(1 049 029)	(1 686 320)
Inventories	24 023	(35 101)
Unspent conditional grants and receipts	(1 983 253)	(6 563 455)
VAT Closing	13 863 796	8 234 349
VAT Opening	(8 234 350)	6 346 466
Movement in retirement benefit	(1 645 000)	-
	5 213 402	18 058 460

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35. Capital Commitments

Already contracted for but not provided for

Community Assets /Facilities	7 041 444	10 137 093
Road Infrastructure	656 675	9 587 920
Other PPE	-	537 560
	7 698 119	20 262 573

36. Contingent Liability

The municipality is currently unaware of any litigations and claims.

37. Related parties

The remuneration for key management personnel are disclosed under Note 25, This include the Municipal Manager ,Chief Financial Officer ,Manager of Corporate Services ,Manager Community Services and Manager Technical Services.

The remuneration for all councillors are disclosed under note 26 and they are reported as line items on the face of Statement of Financial Performance.

38. Prior period errors

Statement of Financial Position	Note	As per Previously reported	Correction of an error	Restated
Investment Property	-	14 765 000	(860 000)	13 905 000
Land at cost	-	728 000	1 962 000	2 690 000
Building Carrying value	-	7 799 602	(1 206 830)	6 592 772
Furniture & Fixtures CV	-	1 589 379	20 800	1 610 179
Motor Vehicles CV	-	5 424 743	(23 272)	5 401 471
Office equipment CV	-	1 115 358	6 549	1 121 907
IT Equipment CV	-	1 464 492	(11 238)	1 453 254
Infrastructure CV	-	104 249 048	4 958 378	109 207 426
Community CV	-	100 885 646	3 662 759	104 548 405
Other PPE CV	-	574 298	12 801	587 099
Accumulated Surplus	-	(280 986 709)	(8 521 947)	(289 508 656)
	-	(42 391 143)	-	(42 391 143)

Statement of Financial Performance	Note	Balance as previously reported	Correction of an error	Restated
Depreciation and amortisation	27	12 327 191	(142 474)	12 184 717
Deficit for the year	-	(2 741 979)	142 474	(2 599 505)
	27	9 585 212	-	9 585 212

Statement of Cash Flow	Note	Balance as perviously reported	Correction of an error	Restated
	1	-	-	-

The municipality identified the errors that was made in 2023/24 financial year as follows :

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38. Prior period errors (continued)

Property, Plant & Equipment

1.1 **Land:** The Land carrying amount was restated by an amount of R 1 962 000 whilst the Building Carrying Value was adjusted by the same amount. The correction was due to an incorrect classification of three Land assets as Building assets. The effect of correction resulted in an increase in Land cost price and a decrease in Building cost price by an amount of R1 962 000.

1.2 **Building Carrying Value:** The correction of an error relate to prior years incorrect calculation of Residual values and remaining useful life of Assets which affected the calculation of previous years depreciation. The effect resulted in an increase in Carrying Values due to overstament of prior years depreciation of R755 179 and a decrease in accumulated surplus by R755.179. The total effect as per above prior period error note is R1 206 830 (which is R755 179 less R1 962 000 as per 1.1)

1.3 **Furniture & Fixtures Carrying Value:** The correction of an error relate to prior years incorrect calculation of Residual values, remaining useful life of Assets and assets found on the ground which were not recorded on Fixed asset register. The effect resulted in an increase in Carrying Values due to overstament of prior years depreciation and unrecording of assets purchased in prior years by R 20 800 and a decrease in accumulated surplus by R 20 800.

1.4 **Motor Vehicle Carrying Value:** The correction of an error relate to prior years incorrect calculation of Residual values and remaining useful life of Assets which affected the calculation of previous years depreciation. The effect resulted in a decrease in Carrying Values due to understatement of prior years depreciation by R 23 272.00 and a increase in accumulated surplus by R23 272.00

1.5 **Office Equipment Carrying Value:**The correction of an error relate to prior years incorrect calculation of Residual values, remaining useful life of Assets and assets found on the ground which were not recorded on Fixed asset register. The effect resulted in an increase in Carrying Values due to overstament of prior years depreciation and unrecording of assets purchased in prior years by R 6 549.00 and a decrease in accumulated surplus by R 6 549.00.

1.6 **IT Equipment Carrying Value:** The correction of an error relate to prior years incorrect calculation of Residual values and remaining useful life of Assets which affected the calculation of previous years depreciation. The effect resulted in a decrease in Carrying Value due to understatement of prior years depreciation by R 11 238.00 and a increase in accumulated surplus by R11 238.00.

1.7 **Infrastructure Carrying Value:** The correction of an error relate to prior years incorrect calculation of Residual values and remaining useful life of Assets which affected the calculation of previous years depreciation. The effect resulted in an increase in Carrying Value due to overstament of prior years depreciation by R 4 958 378.00 and a decrease in accumulated surplus by R4 958 378.00.

1.8 **Community Carrying Value:** The correction of an error relate to prior years incorrect calculation of Residual values and remaining useful life of Assets which affected the calculation of previous years depreciation. The effect resulted in an increase in Carrying Value due to overstament of prior years depreciation by R 3 662 759.00 and a decrease in accumulated surplus by R3 662 759.00.

1.9 **Other Property, plant & equipment Carrying Value:**The correction of an error relate to prior years incorrect calculation of Residual values and remaining useful life of Assets which affected the calculation of previous years depreciation. The effect resulted in an increase in Carrying Value due to overstament of prior years depreciation by R 12 801.00 and a decrease in accumulated surplus by R12 801.00.

1.10 **Investment Property** - The correction of error relate to prior years incorrectly recognition of the fair value adjustment of the ERF 30 and ERF 47 as these vacant land were already accounted as land (PPE) under the cost model, which required no fair value adjustment.

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39. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

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

The amount reflected within the trade and other payables from exchange transactions are for 2025:R 4 160 612 and for 2024:R 5 169 331.

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39. Risk management (continued)

Credit risk

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

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

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

Financial instrument	2025	2024
Cash and cash equivalents	17 664 657	36 774 166
Receivables from exchanges	4 051 405	2 723 536

40. Going concern

We draw attention to the fact that at 30 June 2025, the Municipality had an accumulated surplus of R 278 432 795 and that the Municipality's total assets exceeds its liabilities by R 279 686 195

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

The ability of the Municipality to continue as a going concern is dependent on a number of factors. The most significant of these factors is the ability of the Accounting Officer to continue procure funding for the ongoing operations for the Municipality.

The assumption is that the Municipality will be able to continue operating for a period of time that is sufficient to carry out its commitments, obligations, objectives, and so on. The Municipality will not have to liquidate or be forced out of business in the foreseeable future. The Municipal current cash and cash equivalent amount (R 17 664 657) is sufficient for the Municipality to pay its current obligation and continue to operate for more than six months without considering any income to be received by the Municipality during the six months period. Further the municipality expect to receive grants from government for the next financial year and in future.

41. Events after the reporting date

The incident occurred at Trapicana Hotel Gooderson on the 14 July 2025 ,three municipality laptops was stolen .The theft was reported to the SAPS and the case number is (CAS 89/7/2025) .

Makhokhaba Bridge project vandalism on the 23th of August 2025 .The bridge was constructed in accordance with the approved design and specification .Unfortunately ,the bridge guardrails were stolen after completion .The case for theft was opened with the SAPS on the 23th August 2025 and the case number is (CAS 70/08/2025)

42. Fruitless and wasteful expenditure

Opening balance as previously reported	1 701	2 567
Add: Fruitless and Wasteful Expenditure - current year	25 889	4 368
Opening balance as restated	27 590	6 935
Less: Amount written off - current	(7 979)	(2 667)
Less: Amount written off - prior period	(1 701)	(2 567)
Closing balance	17 910	1 701

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42. Fruitless and wasteful expenditure (continued)

In terms of the exemption notice in Government gazette No 43181, The amount of R 16 442 fruitless and wasteful expenditure has been recognised for interest on late payments. The amount of R 1 701 for prior year and R 7 979 for Current year (Q1 to Q3 expenditure) was investigated and the council resolved to write off as per the recommendation from MPAC after investigation.

The amount of R 8 463 is still under investigation, this expenditure incurred in Q4 and the council sat on the 31 July 2025 and resolved that MPAC must do the investigation for this expenditure.

The amount of R 9 447.41 this was due from the over payment we made for Banqobile retention.

43. Irregular expenditure

Opening balance as previously reported	168 600	1 514 558
Add: Irregular Expenditure - current year	828 475	995 575
Total	997 075	2 510 133
Add: Irregular Expenditure - prior period	-	81 800
Less: Amount written off - current	(828 475)	(908 775)
Less: Amount written off - prior period	(168 600)	(1 514 558)
Closing balance	-	168 600

The amount of R 168 600 for prior year and current year for amount of R 828 475 was written off by the council after the investigation

This resulted in non-compliance with the CIDB regulations and will thus result in irregular expenditure. Payment totaling R 828 475 was made to Masakhane-mining engineering cc.

44. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Amount paid - current year	647 225	1 055 150
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Audit fees

Amount paid - current year	1 811 379	1 971 354
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PAYE and UIF

Current year subscription / fee	10 239 119	7 540 783
Amount paid - current year	(10 239 119)	(7 540 783)
	-	-

The PAYE and UIF was all paid during the year no outstanding issues with SARS

Pension and Medical Aid Deductions

Current year subscription / fee	9 486 144	8 245 479
Amount paid - current year	(9 486 144)	(8 245 479)
	-	-

The Pension and Medical Aid deduction is made by the salaries increment and we also have new contributions for 2024/25 Financial year.

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

VAT Receivable

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

45. Deviation from procurement processes

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

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements. The transaction amounting to R 1 952 748 was incurred during the financial year and were reported to Council quarterly and all of them were approved by council.

Microsoft Volume Licensing	1 952 748	1 001 544
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45. Deviation from procurement processes (continued)

-	-
-	-
-	-
-	-
-	-
-	-

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46. Segment information

General information

Identification of segments

The municipality renders services in all 7 wards of Mkhambathini Municipality

The municipality is organised and operate in four key functional segments (business units) .The management monitoring the operating results of these business units for the purpose of making decision about resource allocations and assessment of performance .Revenue and Expenditure relating to these business units are allocated at transactional level . The below are the key business units

Government and Administration which includes municipal managers office,councillors and finance department

Community and public safety which includes community and social services,sport and recreation ,public safety ,health and housing

Economic and environmental services which includes planning and development , road ,transport and environmental protection services

Trading services which includes energy sources ,waste management and rates services

The general information and geographical information was only done on the 7 wards that the municipality rendered a service on during the financial year

Aggregated segments

The municipality operates under Umgungundlovu District Municipality and it has 7 wards . Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Mkhambathini Local Municipality were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment

Government and Administration
Community and Public Safety
Economic and Environment Services
Trade Services

Goods and/or services

Government and administration services
Social service delivery
Economic development services
Energy,water and forestry services

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46. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Government and Administration	Community and Public Safety	Economic and Trade Services Environmental Services	Total
Revenue From non-exchange Transactions				
Grants	92 815 000	1 311 000	18 475 124	- 112 601 124
Property Rates	31 930 366	-	-	- 31 930 366
Licenses and permits	4 054 503	-	-	- 4 054 503
Revenue for exchange transactions other income	-	42 121	1 521 983	- 1 564 104
Service Charges	-	-	-	672 353 672 353
Interest on short Term Investment	3 565 643	-	-	- 3 565 643
Agency Services	3 401 219	-	-	- 3 401 219
Construction Contracts	-	-	11 934 895	- 11 934 895
Total segment revenue	135 766 731	1 353 121	31 932 002	672 353 169 724 207
Entity's revenue				169 724 207
Expenditure				
Salaries and wages	43 804 088	12 008 018	6 863 263	- 62 675 369
Remuneration for councillors	6 786 619	-	-	- 6 786 619
Depreciation and Amortisation	13 592 283	-	-	- 13 592 283
Other expenses	64 783 282	16 706 515	15 487 353	856 128 97 833 278
Total segment expenditure	128 966 272	28 714 533	22 350 616	856 128 180 887 549
Total segmental surplus/(deficit)				(11 163 342)
Gain on Retention Savings				24 835
Gain on Fair Value Adjustmen				11 000
Entity's surplus (deficit) for the period				(11 127 507)

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	Government and Administration	Community and Public Safety	Economic and Trade Services Environmental Services	Total
46. Segment information (continued)				
Assets				
Current Assets	23 476 057	1 540 787	-	- 25 016 844
Non Current Assets	70 155 418	117 773 922	99 514 644	- 287 443 984
Total segment assets	93 631 475	119 314 709	99 514 644	- 312 460 828
Total assets as per Statement of financial Position				312 460 828
Liabilities				
Current liabilities	22 794 712	-	565 577	- 23 360 289
Non Current Liabilities	9 466 000	-	-	- 9 466 000
Total segment liabilities	32 260 712	-	565 577	- 32 826 289
Net Assets				279 634 539