

NQUTHU MUNICIPALITY (KZN 242)



MONTHLY BUDGET STATEMENT FOR MONTH ENDING 31 DECEMBER 2025

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ACCRONYMS

MBRR – Municipal Budget Reporting Regulations

YTD – Year to Date

RMC – Risk Management Committee

SDBIP - Service Delivery Budget Implementation Plan

MFMA – Municipal Finance Management Act (Act 56 of 2003)

IYR- In Year Reporting

1.1. MAYORS' REPORT

The Section 71 report for the month of December assist to fulfil the mayor's responsibility in oversight and monitoring, the report serves as a detailed monitoring tool that further informs the quarterly financial reporting to council. The emphasis is placed on actual expenditure incurred and revenue generated to date with an aim to ensure compliance with budgetary requirements. The council of Nquthu supports clean administration and governance through improved compliance with financial management legislations. The cost-drivers are detailed in Part 2 to highlight the areas that the municipality attends to ensure authorised expenditure. The investment drivers include the sale and development of sites within Nquthu town, a project that is underway.

In terms of Section 54(1) of the MFMA the Mayor performed all the legislative requirements pertaining to this section to ensure that approved annual budget and adjustment budget is implemented in accordance with the approved Service Delivery Budget Implementation Plan (SDBIP). In this subject matter, the mayor further takes cognisance of the budget preparation prescripts thereby ensuring that the final funded budget was adopted within the timeline as set by the MFMA.

Operational Budget

The C-schedule tables show the movement of revenue and expenditure since the beginning of the financial year. Narrations are detailed under each table; however, the significant traits to revenue and expenditure line items are worth mentioning as follows:

- Total revenue – the C4-schedule generates actual figures compared to budgeted figures. Total revenue amounts to R207 million rands with a variance of 15% based on comparison with approved budget of R358 million rands.
- Bulk electricity – actual figure amounts to R19.8 million rands.
- Employee costs and councillor remuneration contribute a sizeable expenditure for the period under reporting, thereby resulting in expenditure amount R48 million rands and R6 million rands respectively.

Capital Budget

The capital expenditure spending for the reporting period amounts to R36.6 million rands. Grant register is affixed to provide further details on capital expenditure.

Cash Flow

The budget cash flows are shown in Table C7 below of this report. The quarterly circular 71 calculations are done to ensure that current ratios information is obtained to monitor the liquidity of the municipality.

Risk Management – Financial risks

The municipality is cognisant of financial risk exposure and impact thereof. The identified risks range from weak financial management emanating from poor budgeting, growth in fruitless and wasteful expenditure, decreased revenue from non-payment of services due to unemployment of customers. Global economic outlook results in stagnant economic growth risk which impacts municipal fund allocations through DoRA.

Additionally, risks related to infrastructure costs contribute to variation orders and unfunded mandates due to social pressures. Natural disasters are guaranteed to exacerbate financial strain on the municipality. The municipality incorporates all the risks mentioned above in the risk registers and reviews are conducted consistently to ensure that all risks are attended on merit basis.

Mid-year assessment Review – adjustment budget recommendation

The mid-year assessment review will be done in the current month of January 2026.

Other matters

- **AFS and audit 2024-25**

The 24-25 audit report was communicated with the management in November. The action plan will be formulated and communicated with implementing officials to track the progress of resolving the raised findings.

Electricity losses

The municipality experienced electricity losses in the past years and the challenge is still insistent. The report on electricity losses is affixed on PART 2 of the report. The mitigation attempts are underway, including the initiative to appoint a service provider to implement an all-encompassing approach that spans from metering, auditing, tempering to revenue generation.

1.2. RESOLUTIONS

The resolutions enclosed hereto will be presented to Council when the In-Year Report (IYR) is tabled. Recommendations are detailed hereunder in terms of the Municipal Budget and Reporting Regulations Schedule-C (In Year Reporting) requirements for consideration by council:

- a) That council notes the MFMA Section 71 monthly budget monitoring report and the supporting documentation.
- b) That Council notes the submission of MFMA Section 71 monthly budget monitoring report to National Treasury, Provincial Treasury and Auditor General.
- c) That the council authorise the Accounting Officer to sign the quality certificate.
- d) That the council authorise the Accounting Officer to place the report on the municipal website, within five working days after tabling in council.

1.3. EXECUTIVE SUMMARY

The objective of reporting on the financial results of the municipality is to enhance sound financial management and promote transparency and accountability of officials and councillors. Monthly budget statement report of a municipality must be in the format specified as per Schedule C and include all the required tables, charts and explanatory information.

In terms of S6 of MBRR, the Statement of Financial Performance shown in Table C4 for the current month serves as a consolidated municipality's performance in relation to both approved annual budget and the actual revenue & expenditure for the month end. The municipality advocates for prudent financial management thus ensuring sufficient revenue are collected and made available for operational and capital expenditures.

The PART1 of this month's Section 71 report details budget spending, movements of funds and factors underpinning the revenue and expenditure actual figures to date. Furthermore, the comparisons are analysed from the c-schedule report thereby giving a clear picture on the gaps noted between the original budget and the actual figures.

PART 1

1.4. IN-YEAR BUDGET STATEMENT TABLES

IN-YEAR ADJUSTMENT BUDGET STATEMENT TABLES – BUDGET SUMMARY - TABLE C1

KZN242 Nquthu - Table C1 Monthly Budget Statement Summary - M06 December

Description	2024/25			Budget Year 2025/26					
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	57 450	62 160	62 160	6 161	36 909	31 080	5 829	19%	62 160
Service charges	34 539	39 560	39 560	2 916	19 074	19 780	(706)	-4%	39 560
Investment revenue	8 907	8 150	8 150	65	2 331	4 075	(1 744)	-43%	8 150
Transfers and subsidies - Operational	215 489	215 536	215 423	62 501	143 815	108 386	35 429	0	215 423
Other own revenue	18 424	33 333	33 333	709	5 343	16 666	(11 323)	-68%	33 333
Total Revenue (excluding capital transfers and contributions)	334 809	358 739	358 626	72 353	207 473	179 988	27 485	15%	358 626
Employee costs	111 037	124 644	124 644	3	48 168	62 321	(14 153)	-23%	124 644
Remuneration of Councillors	15 731	15 974	15 974	-	6 378	7 987	(1 609)	-20%	15 974
Depreciation and amortisation	40 486	37 000	37 000	-	-	18 500	(18 500)	-100%	37 000
Interest	199	0	0	-	-	0	(0)	-100%	0
Inventory consumed and bulk purchases	46 149	42 916	42 916	5 328	23 696	21 458	2 238	10%	42 916
Transfers and subsidies	4 328	5 454	5 454	689	1 288	2 727	(1 439)	-53%	5 454
Other expenditure	119 176	107 080	107 080	12 676	52 918	53 540	(622)	-1%	107 080
Total Expenditure	337 105	333 068	333 068	18 696	132 448	166 533	(34 086)	-20%	333 068
Surplus/(Deficit)	(2 296)	25 671	25 558	53 657	75 025	13 454	61 571	458%	25 558
Transfers and subsidies - capital (monetary allocations)	53 269	37 961	37 961	-	10 994	18 981	(7 987)	-42%	37 961
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	50 972	63 632	63 519	53 657	86 020	32 435	53 585	165%	63 519
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	50 972	63 632	63 519	53 657	86 020	32 435	53 585	165%	63 519
Capital expenditure & funds sources									
Capital expenditure	(8 810)	55 592	56 092	19 261	36 639	27 246	9 393	34%	56 092
Capital transfers recognised	16 908	32 250	32 250	2 518	16 033	16 125	(92)	-1%	32 250
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	(25 717)	23 342	23 842	16 743	20 606	11 121	9 485	85%	23 842
Total sources of capital funds	(8 810)	55 592	56 092	19 261	36 639	27 246	9 393	34%	56 092
Financial position									
Total current assets	151 764	202 537	202 537	-	218 620	-	-	-	202 537
Total non current assets	749 814	799 814	800 314	-	816 986	-	-	-	800 314
Total current liabilities	72 138	111 751	111 751	-	89 614	-	-	-	111 751
Total non current liabilities	1 508	875	875	-	1 508	-	-	-	875
Community wealth/Equity	810 579	826 293	826 293	-	860 465	-	-	-	826 293
Cash flows									
Net cash from (used) operating	(16 438)	81 222	81 222	38 391	26 191	63 979	37 788	59%	81 222
Net cash from (used) investing	-	(101 890)	(101 890)	-	-	(50 945)	(50 945)	100%	(101 890)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	76 095	50 727	50 727	38 391	100 421	84 429	(15 992)	-19%	53 562
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	3 438	1 053	595	352	339	286	260	15 107	21 430
Debtors Age Analysis									
Total Creditors	1 420	399	900	11	98	-	132	-	2 960

The year-to-date actual revenue (excluding capital transfers and contributions) is R207 million rands.

The operating expenditure year to date is R 132 million rands, this figure is slightly under stated due to payroll transactions not captured on the system.

The year-to-date expenditure figure for employee costs and councillor allowances is supported by PART 2 payroll because the amount on the C-schedule is understated due to the information being not fully integrated with the financial system.

Table C2 provides the statement of financial performance by standard classification.

KZN242 Nquthu - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		318 055	301 691	301 691	69 242	194 443	150 846	43 598	29%	301 691
Executive and council		46 128	37 961	37 961	-	10 994	18 981	(7 986)	-42%	37 961
Finance and administration		271 927	263 730	263 730	69 242	183 449	131 865	51 584	39%	263 730
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		6 647	2 011	4 249	105	2 021	2 518	(497)	-20%	4 249
Community and social services		4 570	25	2 263	2	1 266	1 525	(259)	-17%	2 263
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		2 077	1 986	1 986	103	756	993	(237)	-24%	1 986
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		5 338	25 017	25 017	16	761	12 509	(11 748)	-94%	25 017
Planning and development		242	25 017	25 017	16	761	12 509	(11 748)	-94%	25 017
Road transport		5 096	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		58 037	67 980	65 629	2 990	21 241	33 096	(11 854)	-36%	65 629
Energy sources		55 820	65 245	62 894	2 722	19 676	31 728	(12 052)	-38%	62 894
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2 217	2 735	2 735	268	1 565	1 368	197	14%	2 735
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	388 077	396 700	396 587	72 353	218 467	198 968	19 499	10%	396 587
Expenditure - Functional										
<i>Governance and administration</i>		176 326	173 377	173 377	6 883	59 894	86 688	(26 794)	-31%	173 377
Executive and council		31 410	33 804	33 804	819	14 817	16 902	(2 085)	-12%	33 804
Finance and administration		141 634	136 656	136 656	5 455	42 245	68 328	(26 083)	-38%	136 656
Internal audit		3 282	2 917	2 917	609	2 832	1 458	1 374	94%	2 917
<i>Community and public safety</i>		34 872	39 359	39 359	1 567	15 325	19 679	(4 355)	-22%	39 359
Community and social services		17 229	22 384	22 384	893	7 314	11 192	(3 878)	-35%	22 384
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		17 643	16 975	16 975	674	8 011	8 488	(477)	-6%	16 975
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		34 052	34 745	34 745	6 563	21 110	17 372	3 738	22%	34 745
Planning and development		18 009	20 433	20 433	6 147	15 343	10 217	5 126	50%	20 433
Road transport		16 042	14 311	14 311	417	5 768	7 156	(1 388)	-19%	14 311
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		92 942	85 587	85 587	3 682	36 118	42 794	(6 675)	-16%	85 587
Energy sources		76 485	68 757	68 757	3 682	28 716	34 379	(5 663)	-16%	68 757
Water management		-	-	-	-	-	-	-	-	-
Waste water management		2 159	1 963	1 963	-	1 864	982	883	90%	1 963
Waste management		14 298	14 867	14 867	-	5 539	7 433	(1 895)	-25%	14 867
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	338 192	333 068	333 068	18 696	132 448	166 533	(34 086)	-20%	333 068
Surplus/ (Deficit) for the year		49 885	63 632	63 519	53 657	86 020	32 435	53 585	1.6520616	63 519

Table C3: Monthly Budget Statement_ Financial Performance

KZN242 Nquthu - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Office OfThe Municipal Manager		46 128	37 961	37 961	-	10 994	18 981	(7 986)	-42.1%	37 961
Vote 2 - Planning and Economic Development		50	25 274	25 274	1	688	12 637	(11 949)	-94.6%	25 274
Vote 3 - Budget and Treasury		271 755	262 824	262 824	69 165	183 195	131 412	51 783	39.4%	262 824
Vote 4 - Corporate and Community Service		6 399	7 037	6 924	194	3 328	4 137	(809)	-19.5%	6 924
Vote 5 - Technical Services		63 745	63 604	63 604	2 992	20 261	31 802	(11 541)	-36.3%	63 604
Vote 6 - Council And General		-	-	-	-	-	-	-	-	-
Vote 7 - Community & Social Services		-	-	-	-	-	-	-	-	-
Vote 8 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	388 077	396 700	396 587	72 353	218 467	198 968	19 499	9.8%	396 587
Expenditure by Vote	1									
Vote 1 - Office OfThe Municipal Manager		17 811	19 356	19 356	1 417	10 272	9 678	594	6.1%	19 356
Vote 2 - Planning and Economic Development		18 009	20 413	20 413	6 147	15 343	10 207	5 136	50.3%	20 413
Vote 3 - Budget and Treasury		87 160	91 518	91 518	1 796	17 605	45 759	(28 154)	-61.5%	91 518
Vote 4 - Corporate and Community Service		62 932	71 130	71 130	3 681	32 166	35 565	(3 399)	-9.6%	71 130
Vote 5 - Technical Services		114 326	94 591	94 591	4 132	40 547	47 295	(6 748)	-14.3%	94 591
Vote 6 - Council And General		17 119	17 739	17 739	27	7 566	8 870	(1 304)	-14.7%	17 739
Vote 7 - Community & Social Services		19 185	16 302	16 302	1 497	8 259	8 151	108	1.3%	16 302
Vote 8 - Corporate Services		1 650	2 019	2 019	-	690	1 009	(319)	-31.6%	2 019
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	338 192	333 068	333 068	18 696	132 448	166 533	(34 086)	-20.5%	333 068
Surplus/ (Deficit) for the year	2	49 885	63 632	63 519	53 657	86 020	32 435	53 585	165.2%	63 519

Table C4 Municipality Financial Performance

Table C4 provides information on the planned revenue and operational expenditures against the actual results for the period under reporting. Table C4 report analyses each major component under revenue by source and operational expenditure by type.

Nquthu Municipality Monthly Budget Statement

KZN242 Nquthu - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		32 858	37 183	37 183	2 699	17 814	18 592	(777)	-4%	37 183
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		1 681	2 377	2 377	217	1 260	1 189	71	6%	2 377
Sale of Goods and Rendering of Services		810	236	236	8	128	118	11	9%	236
Agency services		-	-	-	-	-	-	-	-	-
Interest		19	0	0	-	-	0	(0)	-100%	0
Interest earned from Receivables		778	1 171	1 171	65	390	586	(196)	-33%	1 171
Interest from Current and Non Current Assets		8 907	8 150	8 150	65	2 331	4 075	(1 744)	-43%	8 150
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		860	1 043	1 043	100	841	522	320	61%	1 043
Licence and permits		-	-	-	-	-	-	-	-	-
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		649	25 331	25 331	55	1 070	12 665	(11 595)	-92%	25 331
Non-Exchange Revenue										
Property rates		57 450	62 160	62 160	6 161	36 909	31 080	5 829	19%	62 160
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 425	4 463	4 463	52	394	2 231	(1 837)	-82%	4 463
Licence and permits		862	1 088	1 088	74	453	544	(91)	-17%	1 088
Transfers and subsidies - Operational		215 489	215 536	215 423	62 501	143 815	108 386	35 429	33%	215 423
Interest		3 633	0	0	356	2 066	0	2 066	#####	0
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		9 386	0	0	-	-	0	(0)	-100%	0
Other Gains		-	0	0	-	-	0	(0)	-100%	0
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		334 809	358 739	358 626	72 353	207 473	179 988	27 485	15%	358 626
Expenditure By Type										
Employee related costs		111 037	124 644	124 644	3	48 168	62 321	(14 153)	-23%	124 644
Remuneration of councillors		15 731	15 974	15 974	-	6 378	7 987	(1 609)	-20%	15 974
Bulk purchases - electricity		45 257	40 870	40 870	3 682	19 880	20 435	(555)	-3%	40 870
Inventory consumed		891	2 046	2 046	1 645	3 816	1 023	2 793	273%	2 046
Debt impairment		16 949	-	-	-	-	-	-	-	-
Depreciation and amortisation		40 486	37 000	37 000	-	-	18 500	(18 500)	-100%	37 000
Interest		199	0	0	-	-	0	(0)	-100%	0
Contracted services		59 228	51 147	51 219	4 209	26 241	25 598	643	3%	51 219
Transfers and subsidies		4 328	5 454	5 454	689	1 288	2 727	(1 439)	-53%	5 454
Irrecoverable debts written off		1 184	15 000	15 000	0	154	7 500	(7 346)	-98%	15 000
Operational costs		39 118	40 933	40 861	8 467	26 524	20 442	6 081	30%	40 861
Losses on Disposal of Assets		2 693	0	0	-	-	0	(0)	-100%	0
Other Losses		5	0	0	-	-	0	(0)	-100%	0
Total Expenditure		337 105	333 068	333 068	18 696	132 448	166 533	(34 086)	-20%	333 068
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations)		(2 296)	25 671	25 558	53 657	75 025	13 454	61 571	0	25 558
Transfers and subsidies - capital (in-kind)		53 269	37 961	37 961	-	10 994	18 981	(7 987)	(0)	37 961
Surplus/(Deficit) after capital transfers & contributions		50 972	63 632	63 519	53 657	86 020	32 435	53 585	0	63 519
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		50 972	63 632	63 519	53 657	86 020	32 435	53 585	0	63 519
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		50 972	63 632	63 519	53 657	86 020	32 435	53 585	0	63 519
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		50 972	63 632	63 519	53 657	86 020	32 435	53 585	0	63 519

TABLE C4: REVENUE BY SOURCE

Property rates

Property rates YTD actual for this month stands at R36.9 million rands, the comparison against the original budget of R62 million rands results in the variance of 19%.

Service charges electricity

The actual revenue from service charges electricity is R17.8 million rands, the comparison against the original budget of R37 million rands results in the variance of -4%.

Interest from Current and Non-Current Assets

The interest from current and non-current assets show the YTD actual figure of R2.3 million rands. The comparison against the original budget of R8.1 million rands results in the variance of -43%.

Transfers and subsidies (Operational)

The transfers and subsidies allocations from the DoRA for the first tranches of the current year are received and reflected in the grant register on Part 2 of this report. The original budget amounts to R215 million rands while the YTD actual figure is R143 million rands hence the variance amounts to 33%.

TABLE C4: EXPENDITURE BY TYPE

Employee related costs

The employee related costs amounts to R48 million rands, further details are entailed in Part 2.

Remuneration of Councillor's

The YTD actual for remuneration of councillors amounts to R6.3 million rands. Details of expenditure is available on Part 2.

Debt impairment

The YTD actuals reflects R0 amounts, the actuals will be prepared during the compilation of interim AFS. The budgeted figure in this regard is R0.

Depreciation & asset impairment

The YTD actuals reflects R0 amounts, the actuals will be prepared during the compilation of interim AFS. The budgeted figure in this regard is R37 million rands.

Bulk purchases

The YTD actual for electricity bulk purchase figure amounts to R19.8 million rands , the municipality pays the bulk account monthly and there are no interest charges on bulk account.

Monthly Budget Statement_ Capital Expenditure Table 5

KZN242 Nquthu - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Office Of The Municipal Manager		–	0	0	–	–	0	(0)	-100%	0
Vote 2 - Planning and Economic Development		–	0	0	–	–	0	(0)	-100%	0
Vote 3 - Budget and Treasury		–	348	348	–	–	174	(174)	-100%	348
Vote 4 - Corporate and Community Service		876	0	0	–	–	0	(0)	-100%	0
Vote 5 - Technical Services		(21 574)	50 191	51 930	19 127	36 505	25 344	11 161	44%	51 930
Vote 6 - Council And General		709	0	0	–	–	0	(0)	-100%	0
Vote 7 - Community & Social Services		–	–	–	–	–	–	–	–	–
Vote 8 - Corporate Services		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Capital Multi-year expenditure	4,7	(19 989)	50 539	52 278	19 127	36 505	25 518	10 987	43%	52 278
Single Year expenditure appropriation	2									
Vote 1 - Office Of The Municipal Manager		–	0	0	–	–	0	(0)	-100%	0
Vote 2 - Planning and Economic Development		–	348	348	–	–	174	(174)	-100%	348
Vote 3 - Budget and Treasury		–	0	0	–	–	0	(0)	-100%	0
Vote 4 - Corporate and Community Service		98	0	0	–	–	0	(0)	-100%	0
Vote 5 - Technical Services		11 081	4 705	3 465	134	134	1 554	(1 420)	-91%	3 465
Vote 6 - Council And General		–	–	–	–	–	–	–	–	–
Vote 7 - Community & Social Services		–	0	0	–	–	0	(0)	-100%	0
Vote 8 - Corporate Services		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Capital single-year expenditure	4	11 179	5 053	3 814	134	134	1 728	(1 594)	-92%	3 814
Total Capital Expenditure		(8 810)	55 592	56 092	19 261	36 639	27 246	9 393	34%	56 092
Capital Expenditure - Functional Classification										
Governance and administration		1 585	0	0	–	–	0	(0)	-100%	0
Executive and council		709	0	0	–	–	0	(0)	-100%	0
Finance and administration		876	0	0	–	–	0	(0)	-100%	0
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		(15 043)	26 372	25 133	769	2 959	12 388	(9 429)	-76%	25 133
Community and social services		(20 862)	23 407	22 168	634	2 825	10 905	(8 081)	-74%	22 168
Sport and recreation		5 721	2 965	2 965	134	134	1 482	(1 348)	-91%	2 965
Public safety		98	0	0	–	–	0	(0)	-100%	0
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		(1 678)	28 805	30 544	18 493	33 680	14 651	19 029	130%	30 544
Planning and development		(8 652)	348	348	–	–	174	(174)	-100%	348
Road transport		6 974	28 457	30 197	18 493	33 680	14 477	19 203	133%	30 197
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		6 326	414	414	–	–	207	(207)	-100%	414
Energy sources		575	0	0	–	–	0	(0)	-100%	0
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		5 752	414	414	–	–	207	(207)	-100%	414
Other		–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional Classification	3	(8 810)	55 592	56 092	19 261	36 639	27 246	9 393	34%	56 092
Funded by:										
National Government		16 908	32 250	32 250	2 518	16 033	16 125	(92)	-1%	32 250
Provincial Government		(0)	0	0	–	–	0	(0)	-100%	0
District Municipality		–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporators, Higher Educ Institutions)		–	–	–	–	–	–	–	–	–
Transfers recognised - capital		16 908	32 250	32 250	2 518	16 033	16 125	(92)	-1%	32 250
Borrowing	6	–	–	–	–	–	–	–	–	–
Internally generated funds		(25 717)	23 342	23 842	16 743	20 606	11 121	9 485	85%	23 842
Total Capital Funding		(8 810)	55 592	56 092	19 261	36 639	27 246	9 393	34%	56 092

The total capital expenditure year to date figure by function classification stands at R36.6 million rands. The original budget shows an amount of R55.5 million rand hence the variance of 34%.

Capital expenditure funded by the national government year to date actual amount to R16 million rands, the approved original budget on the C-schedule report amounts to R32.2 million rands thereby creating a variance of 1%.

Table C6 – Monthly Budget Statement – Financial Position

KZN242 Nquthu - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2024/25	Budget Year 2025/26			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		74 230	51 849	51 849	123 989	51 849
Trade and other receivables from exchange transactions		9 988	10 218	10 218	9 729	10 218
Receivables from non-exchange transactions		36 308	84 007	84 007	49 909	84 007
Current portion of non-current receivables		–	–	–	–	–
Inventory		23 272	1 369	1 369	23 187	1 369
VAT		7 912	55 029	55 029	11 751	55 029
Other current assets		54	66	66	54	66
Total current assets		151 764	202 537	202 537	218 620	202 537
Non current assets						
Investments		–	–	–	–	–
Investment property		53 255	39 384	39 384	53 255	39 384
Property, plant and equipment		696 480	760 348	760 848	765 652	760 848
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		79	79	79	79	79
Intangible assets		–	3	3	–	3
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	0	0	–	0
Total non current assets		749 814	799 814	800 314	818 986	800 314
TOTAL ASSETS		901 577	1 002 350	1 002 850	1 037 606	1 002 850
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		20	20	20	20	20
Consumer deposits		2 216	1 803	1 803	2 233	1 803
Trade and other payables from exchange transactions		55 342	49 725	49 725	32 515	49 725
Trade and other payables from non-exchange transactions		49	0	0	37 295	0
Provision		13 375	13 054	13 054	13 375	13 054
VAT		1 136	47 149	47 149	4 175	47 149
Other current liabilities		–	–	–	–	–
Total current liabilities		72 138	111 751	111 751	89 614	111 751
Non current liabilities						
Financial liabilities		(20)	(20)	(20)	(20)	(20)
Provision		1 529	896	896	1 529	896
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	0	0	–	0
Total non current liabilities		1 508	875	875	1 508	875
TOTAL LIABILITIES		73 646	112 626	112 626	91 122	112 626
NET ASSETS	2	827 931	889 724	890 224	946 484	890 224
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		810 417	826 141	826 141	860 303	826 141
Reserves and funds		162	152	152	162	152
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	810 579	826 293	826 293	860 465	826 293

The table C6 reflects R860 million rands actual accumulated surplus and R826 million rands original budget for accumulated surplus.

Table C7 – Monthly Budget Statement – Cash Flow

KZN242 Nquthu - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	35 404	35 404	-	-	17 702	(17 702)	-100%	35 404
Service charges		6 537	33 949	33 949	-	-	16 974	(16 974)	-100%	33 949
Other revenue		-	31 683	31 683	-	-	15 842	(15 842)	-100%	31 683
Transfers and Subsidies - Operational		452 602	221 926	221 926	83 786	255 428	110 963	144 465	130%	221 926
Transfers and Subsidies - Capital		-	75 066	75 066	-	-	37 533	(37 533)	-100%	75 066
Interest		-	(19 952)	(19 952)	-	6 943	(9 976)	16 919	-170%	(19 952)
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(475 577)	(296 855)	(296 854)	(45 395)	(236 180)	(125 059)	111 121	-89%	(296 854)
Interest		-	-	-	-	-	-	-	-	-
Transfers and Subsidies		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(16 438)	81 222	81 222	38 391	26 191	63 979	37 788	59%	81 222
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		-	(101 890)	(101 890)	-	-	(50 945)	(50 945)	100%	(101 890)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(101 890)	(101 890)	-	-	(50 945)	(50 945)	100%	(101 890)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(16 438)	(20 668)	(20 668)	38 391	26 191	13 034			(20 668)
Cash/cash equivalents at beginning:		92 533	71 395	71 395	-	74 230	71 395			74 230
Cash/cash equivalents at month/year end:		76 095	50 727	50 727	38 391	100 421	84 429			53 562

The table C7 cash flow statement transactions from operating activities with a year to date actual figure of R26 million rands. There are Rnil transactions under investing activities and financing activities.

PART 2 – SUPPORTING DOCUMENTATION

2.1 DEBTOR’S ANALYSIS

The table 2.1.1 shows the debtors ageing arranged per service type. The balance of debtor’s book amounts to R131 million rands. Collection strategies are implemented by the municipality to encourage customers to settle the bills on time. Monthly statements are emailed to customers and electricity cut-off is implemented.

DEBTORS AGE ANALYSIS

TABLE 2.1.1.

December 2025 Age Analysis									
Totals per Service Type	Total Balance	Current Amount	30 Days Amount	60 Days Amount	90 Days Amount	120 Days Amount	150 Days Amount	180+ Days Amount	
Advance Payment	R -2 302 834.04	R -2 302 834.04	R -	R -	R -	R -	R -	R -	R -
Adv-Pay Reverse	R 585.49	R -	R 27.64	R -	R -	R -	R -	R -	R 557.85
Deposit: Waste Disposal	R 2 000.00	R -	R -	R -	R -	R -	R -	R -	R 2 000.00
Electricity Basic	R 835 179.55	R 249 562.71	R 49 452.27	R 31 107.42	R 26 597.54	R 28 384.01	R 22 762.56	R	R 427 313.04
Electricity Metered	R 5 342 105.62	R 2 663 045.46	R 798 108.68	R 399 825.95	R 144 029.98	R 109 760.12	R 86 861.41	R	R 1 140 474.02
Market stalls	R 1 120 868.79	R 40 131.17	R 18 839.67	R 18 172.94	R 17 802.97	R 16 888.54	R 16 296.86	R	R 992 736.64
OFFICE RENTAL	R 160 487.39	R 34 740.53	R 17 257.15	R 12 863.04	R 11 106.67	R 12 036.00	R 11 965.33	R	R 60 518.67
Plaza Market Stalls	R 263 407.92	R 18 620.62	R 8 594.15	R 8 144.16	R 7 893.76	R 7 760.79	R 7 634.06	R	R 204 760.38
Property Rates	R 111 780 076.56	R 11 497 854.68	R 5 115 683.07	R 4 047 517.82	R 3 047 957.37	R 3 161 601.48	R 460 534.99	R	R 84 448 927.15
Rent (M001)	R 697 946.31	R 122 243.20	R 7 060.56	R 15 409.38	R 15 465.77	R 15 386.07	R 14 985.25	R	R 507 396.08
Repay: Waste Disposal	R 26 042.68	R -	R -	R -	R -	R -	R -	R	R 26 042.68
Signs (M001)	R 1 119.59	R -	R -	R -	R -	R -	R -	R	R 1 119.59
Stall rental	R 30 755.36	R 2 393.05	R 131.22	R 131.22	R 131.22	R 131.22	R 131.22	R	R 27 706.21
Sundries (VAT)	R 14 266.81	R 11 419.38	R 2 709.34	R 138.09	R -	R -	R -	R	R -
Tampering Fee	R 514 631.33	R 30 993.00	R 29 488.69	R 5 413.00	R -	R 1 000.00	R -	R	R 447 736.64
Traffic Fines	R 4 598 671.02	R 99 300.00	R 43 000.00	R 22 400.00	R 56 100.00	R 81 200.00	R 49 000.00	R	R 4 247 671.02
Traffic Fines (M001)	R 1 734 180.76	R -	R -	R -	R -	R -	R -	R	R 1 734 180.76
Waste Disposal	R 6 923 424.40	R 415 355.91	R 127 327.60	R 112 560.94	R 99 493.97	R 94 469.32	R 99 297.02	R	R 5 974 919.64
Total	R 131 742 915.54	R 12 882 825.67	R 6 217 680.04	R 4 673 683.96	R 3 426 579.25	R 3 528 617.55	R 769 468.70	R	R 100 244 060.37

DEBT COLLECTION RATES

Collection Table 2.1.2.

Cash Collected for each Revenue Source via Billing (December 2025)				
	Cash collection	Ageing - December 2025	Collection rate per BT	Billed revenue - December 2025
Rates	R -1 655 772.33	R 111 780 076.56	-1%	R 6 555 020.64
Electricity	R -3 028 838.55	R 6 177 285.17	-49%	R 2 148 275.49
Refuse	R -190 424.87	R 6 951 467.08	-3%	R 271 923.13
Stalls Rental , Traffic fines &	R -63 385.35	R 7 982 618.71	-1%	R 111 028.94
Other Rentals	R -	R 1 153 716.57	0%	R -
Advance payments	R -100 221.47	R -2 302 248.55	4%	R -
	R -			R -
TOTAL CASH RECEIVED (BI	R 5 038 642.57	R 131 742 915.54		R 9 086 248.20
Total Ageing	R 131 742 915.54		November 2025 Billing	R 9 425 628.54
Total debtors' payments	R 5 038 642.57		December 2025 Paym	R 5 038 642.57
	4%			53%

Cash collected under the reporting period amounts to R5 million rands resulting in collection rate of 4%. The comparison to the previous month billing against current month payments results to 53% collection rate, which is significantly below the norm of 95%.

DEBTOR’S RATIOS

Ratios table 2.1.3.

DECEMBER 2025 RATIOS		
(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100	56	Collection Rate
((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue)) × 365	2426.21	Net Debtors Days
(Period under review's Total Revenue - previous period's Total Revenue)/ previous period's Total Revenue) x 100	-3.60	Revenue Growth (%)

Collection rates stand at 56% using the ratios as provided by National Treasury circular 71. The net debtors’ days are increased to 2 426.21 against the days reported in the preceding month. It means that it takes the municipality above 5 years to collect the current debt, the debtors’ days signal cash flow challenges to fund certain expenditure items.

INDIGENT DEBTORS’ STATUS

The indigent debtor registration period started in February and closed in April. The total debtors that qualified for indigent debt relief rebates totals to 207. Physical verification was conducted. The rebates granted to eligible indigent debtors encompasses the 100% rebate on billed rates and services for the current year.

ELECTRICITY LOSSES

The electricity losses for the quarter under review amounts to R2.6 million rands which translate to 13.11%. The municipality through the management committee considered a decision to engage in a competitive bidding process in sourcing a service provider that will assist with all electricity challenges. Previously the municipality engaged in the RT29 transversal contract process, and unfortunately the application was decline by National Treasury.

ELECTRICITY OPERATION LOSS 25/26 (RAND VALUE)

Month	Season High/Low	Bulk Purchases Amount 25/26	Total kWh Amount 25/26 (Internal sales)	Ontec 3rd party sales	Fixed Costs - Basic Charge	SEBATA Billing 25/26	FBE	Own Consumption	Total Electricity	Profit / Loss on sale of electricity	%Profit/Loss
July	High	R 5 336 844.32	R 304 992.00	R 595 046.30	R 37 569.00	R 2 540 416.11	R 207 210.74	R 68 262.13	R 3 753 496.28	R 1 583 348.04	29.67%
August	High	R 3 080 617.17	R 230 201.69	R 602 808.39	R 38 829.00	R 2 419 647.64	R 205 205.48	R 66 412.44	R 3 563 104.64	-R 482 487.47	-15.66%
September	Both	R 3 988 798.14	R 199 281.36	R 529 742.29	R 39 060.00	R 2 401 917.60	R 185 238.02	R 56 060.33	R 3 411 299.60	R 577 498.54	14.48%
October	Low	R 3 791 556.82	R 199 928.16	R 569 723.72	R 40 278.00	R 2 330 503.42	R 186 016.74	R 57 874.34	R 3 384 324.38	R 407 232.44	10.74%
November	Low	R 3 682 101.41	R 163 571.72	R 547 180.46	R 40 719.00	R 2 163 179.07	R 185 627.38	R 60 404.09	R 3 160 681.72	R 521 419.69	14.16%
December	Low	R 3 305 217.75	R 157 256.90	R 590 613.79	R 38 598.00	R 1 868 065.71	R 178 132.20	R 55 533.93	R 2 888 200.53	R 417 017.22	12.62%
TOTALS		R 23 185 135.61	R 1 255 231.83	R 3 435 114.95	R 235 053.00	R 13 723 729.55	R 1 147 430.56	R 364 547.26	R 20 161 107.15	R 3 024 028.46	13.04%

The advert was placed on the newspaper on the 25th October 2025, thereby providing specification as summarised to state that the municipality aims to source an electricity meter management system that will improve service efficiency in meter reading, debt-collection, customer service, revenue collection, prevention of energy theft, restrict / identify / manage tampering and in general improve the financial position and standing of the municipality.

HALL HIRE REVENUE

The municipality rent outs the halls to public in line with the tariff of charges document approved by the council. The hall booking was budgeted for three thousand and total revenue received to date amounts to R26 thousand rands.

HALL HIRE REVENUE - NOVEMBER 2025			
Type	Revenue description	BudgetOriginal	Credit
Revenue	Exchange Revenue	-R 3 162.00	-R 26 817.29
		-R 26 817.29	

2.2. CREDITOR’S ANALYSIS

The municipality continues to pay creditors invoices in line with MFMA prescripts as stated that it should be within 30 days, end user departments are encouraged to attend to invoices timely to avoid delays, and to ensure accurate invoices are submitted to ensure the 30 days threshold is met.

The highest cost driver for the month under reporting relate to Spepimelelo (Pty) Ltd for the supply and delivery of fencing materials. The municipality have no arrear debt with Eskom. The second highest creditor relates to insurance expenditure.

Creditors payment summary: Table 2.2.1

CREDITORS REPORT FOR DECEMBER 2025			
No.	VENDOR NAME	DESCRIPTION	AMOUNT
1	SPEPIMELELO (PTY) LTD	SUPPLY AND DELIVER FENCING MATERIAL	4 894 130.88
			4 894 130.88
2	ESKOM HOLDINGS 5140422473	JABAVU COMMUNITY HALL	3 130.35
	ESKOM HOLDINGS 5140422473	JABAVU COMMUNITY HALL	2 497.46
	ESKOM HOLDINGS 5687352660	NQUTHU COMMUNITY MULTI-PUPOSE HALL	9 738.03
	ESKOM HOLDINGS 5687352660	NQUTHU COMMUNITY MULTI-PUPOSE HALL	3 922.37
	ESKOM HOLDINGS 5742571184	LUVISI COMMUNITY HALL	4 641.72
	ESKOM HOLDINGS 5742571184	LUVISI COMMUNITY HALL	2 399.84
	ESKOM HOLDINGS 6033862343	FREE BASIC ELECTRICITY (FBE)	433 654.05
	ESKOM HOLDINGS 6126932137	POTSOANA LIBRARY	1 962.18
	ESKOM HOLDINGS 6126932137	POTSOANA LIBRARY	1 772.29
	ESKOM HOLDINGS 6642941367	LEKSAND RURAL COMMUNITY HALL	2 396.70
	ESKOM HOLDINGS 6642941367	LEKSAND RURAL COMMUNITY HALL	2 765.08
	ESKOM HOLDINGS 6916174790	TOWN BOARD LIBRARY NONDWENI	5 627.25
	ESKOM HOLDINGS 6916174790	TOWN BOARD LIBRARY NONDWENI	7 683.36
	ESKOM HOLDINGS 8505522436	MASOTSHENI HALL	615.22
	ESKOM HOLDINGS 8817457976	NONDWENI URBAN STREETLIGHT	13 955.57
	ESKOM HOLDINGS 9063390800	NGEDLA COMMUNITY HALL	1 800.08
	ESKOM HOLDINGS 9253164668	NGOLOKODO LIBRARY	6 763.94
	ESKOM HOLDINGS 9253164668	NGOLOKODO LIBRARY	6 319.96
	ESKOM HOLDINGS 9279445291	SGUBUDU COMMUNITY HALL	3 284.63
	ESKOM HOLDINGS 9279445291	SGUBUDU COMMUNITY HALL	12 593.44
	ESKOM HOLDINGS 9426259616	BLOOD RIVER SPORTSFIELD	1 962.18
	ESKOM HOLDINGS 9426259616	BLOOD RIVER SPORTSFIELD	2 088.77
	ESKOM HOLDINGS BULK 8848733513	BULK ELECTRICITY PURCHASES	4 234 416.62
			4 765 991.09
3	AUDITOR GENERAL - SA	EXTERNAL AUDIT FEES 31DEC2025	1 187 840.43
			1 187 840.43
4	SEBATA MUNICIPAL SOLUTIONS	FINANCIAL SYSTEM SUPPORT	75 920.70
	SEBATA MUNICIPAL SOLUTIONS	FINANCIAL SYSTEM SUPPORT	98 230.59
	SEBATA MUNICIPAL SOLUTIONS	FINANCIAL SYSTEM SUPPORT	4 743.75
	SEBATA MUNICIPAL SOLUTIONS	BI-ANNUAL EMS LICENSE FEE 2025/2026	568 835.76
	SEBATA MUNICIPAL SOLUTIONS	BI-ANNUAL HOSTING FEE 2025/2026	416 791.45
			1 164 522.25
5	KWANONGOMA TRADING	FOOD VOUCHERS FOR YOUTH HEADED-HOUSEHOLDS	260 000.00
	KWANONGOMA TRADING	SPAR VOUCHERS	689 000.00
			949 000.00
6	NTSHIDI AND ASSOCIATES CC	INTERNAL AUDIT FEES FIRST VISIT	700 046.40
			700 046.40
7	NKOSINGIPHE INKAZIMULO TRADING AND PROJECTS	PREPARATION OF AFS NOV2025	605 894.75
			605 894.75

Nquthu Municipality Monthly Budget Statement

8	ADVENTURE TRAVEL	ACCOMMODATION OF 05 ASSET OFFICIALS ATTENDING ASSET TRAINING IN MIDRAND (30 NOV 2025 - 05 DEC 2025)	53 642.81
	ADVENTURE TRAVEL	ACCOMMODATION OF FINANCE INTERNS ATTENDING PFMA TRAINING IN DURBAN (30 NOV 2025 - 05 DEC 2025)	53 285.25
	ADVENTURE TRAVEL	ACCOMMODATION OF MB JIYANE IN PMB (05-06 NOV 2025)	2 021.13
	ADVENTURE TRAVEL	ACCOMMODATION OF N HLATSHWAYO ATTENDING MFMP IN VOLKRUST (02-07 NOV 2025)	10 465.00
	ADVENTURE TRAVEL	FLIGHTS AND ACCOMMODATION OF 07 DELEGATES FROM DURBAN AND JHB TO CAPETOWN (08-12 DEC 2025)	158 922.68
	ADVENTURE TRAVEL	ACCOMMODATION OF 03 MUNICIPAL OFFICIALS IN DURBAN (17-18 NOV 2025)	7 555.50
	ADVENTURE TRAVEL	ACCOMMODATION OF 04 MUNICIPAL OFFICIALS ATTENDING PFMA IN DURBAN (26-31 OCT 2025)	35 765.00
	ADVENTURE TRAVEL	CONFERENCE VENUE AND ACCOMMODATION OF 300 DELEGATES IN NCOME LODGE (20-21 NOV 2025)	18 434.50
	ADVENTURE TRAVEL	ACCOMMODATION OF SS ZULU IN NEWCASTLE (19-21 NOV 2025)	4 393.00
	ADVENTURE TRAVEL	ACCOMMODATION OF H NYANDENI AND B MNGUNI IN DURBAN (23-24 OCT 2025)	3 444.26
	ADVENTURE TRAVEL	ACCOMMODATION OF 02 MUNICIPAL OFFICIALS IN DURBAN (11-12 NOV 2025)	8 415.70
	ADVENTURE TRAVEL	ACCOMMODATION OF 05 DELEGATES IN DURBAN (24-28 NOV 2025)	45 932.49
	ADVENTURE TRAVEL	ACCOMMODATION OF BP SIBIYA AND M SIBISI ATTENDING DISCIPLINARY HEARING IN VRYHEID (06-07 NOV 2025)	3 381.00
	ADVENTURE TRAVEL	ACCOMMODATION OF J MOTLOUNG ATTENDING SALGA GAMES IN PMB (04-08 DEC 2025)	9 959.00
	ADVENTURE TRAVEL	ACCOMMODATION OF ME SIBIYA ATTENDING JOB EVALUATION MEETING IN NEWCASTLE (30 NOV 2025 - 04 DEC 2025)	7 935.00
	ADVENTURE TRAVEL	ACCOMMODATION OF M DUBE ATTENDING SALGA GAMES IN PMB (01-04 DEC 2025)	5 563.13
	ADVENTURE TRAVEL	ACCOMMODATION OF 04 MUNICIPAL OFFICIALS ATTENDING PFMA IN DURBAN (23-28 NOV 2025)	41 385.05
	ADVENTURE TRAVEL	ACCOMMODATION OF MAYOR AND HIS BODYGUARDS ATTENDING 2025 SALGA NATIONAL MEMBERS ASSEMBLY IN DURBAN (24-28 NOV 2025)	28 352.10
	ADVENTURE TRAVEL	ACCOMMODATION OF MV NYAWOSE AND S NDLOVU IN DURBAN (20-21 NOV 2025)	4 696.60
	ADVENTURE TRAVEL	ACCOMMODATION OF MB JIYANE ATTENDING 2025 SALGA NATIONAL MEMBERS ASSEMBLY IN DURBAN (24-27 NOV 2025)	5 658.00
	ADVENTURE TRAVEL	ACCOMMODATION OF 05 MUNICIPAL OFFICIALS IN DURBAN (25-26 NOV 2025)	9 200.00
	ADVENTURE TRAVEL	ACCOMMODATION OF ST GABELA ATTENDING SIBABEKILE DISABILITY MUSIC FESTIVAL IN DURBAN (21-23 NOV 2025)	3 874.35
	ADVENTURE TRAVEL	ACCOMMODATION OF M DUBE AND M MBATHA ATTENDING EMS TRAINING IN BLOEMFONTEIN (24-28 NOV 2025)	18 262.91
			540 544.46
9	NQUTHU COMMUNITY TOURISM ORGANISATION	PRINCESS MAGOGO RESEARCH AND ADVISORY	533 000.00
			533 000.00
10	KHANYA AFRIKA NETWORKS	SYSTEM ACCESS AND INFORMATION FEES	498 010.64
			498 010.64

CREDITORS AGE ANALYSIS: TABLE 2.2.2

Creditor's ageing reconciliation for the month ending 31 December 2025
CREDITORS ACCOUNT RECONCILIATION REPORT
MONTH ENDING DECEMBER 2025

Total Balances as per EMS INVOICE AGE ANALYSIS REPORT: **R 2 958 379.66**

AGE ANALYSIS TOTAL AMOUNT: **R 2 958 379.66**

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CLOSING BALANCE FOR UNPAID CREDITORS AS PER AGE ANALYSIS REPORT **R 2 958 379.66**

AGED ANALYSIS

	✔ R 2 958 379.66																								
Current (Transactions below 30 days)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10px;">R</td> <td style="width: 10px;">-</td> <td style="text-align: right;">R 0.00</td> </tr> <tr> <td>R</td> <td>-</td> <td style="text-align: right;">R 1 418 065.97</td> </tr> <tr> <td>R</td> <td>-</td> <td style="text-align: right;">R 398 590.95</td> </tr> <tr> <td>R</td> <td>-</td> <td style="text-align: right;">R 900 055.47</td> </tr> <tr> <td>R</td> <td>-</td> <td style="text-align: right;">R 11 120.33</td> </tr> <tr> <td>R</td> <td>-</td> <td style="text-align: right;">R 98 129.65</td> </tr> <tr> <td>R</td> <td>-</td> <td style="text-align: right;">R 0.00</td> </tr> <tr> <td>R</td> <td>-</td> <td style="text-align: right;">R 132 417.29</td> </tr> </table>	R	-	R 0.00	R	-	R 1 418 065.97	R	-	R 398 590.95	R	-	R 900 055.47	R	-	R 11 120.33	R	-	R 98 129.65	R	-	R 0.00	R	-	R 132 417.29
R	-	R 0.00																							
R	-	R 1 418 065.97																							
R	-	R 398 590.95																							
R	-	R 900 055.47																							
R	-	R 11 120.33																							
R	-	R 98 129.65																							
R	-	R 0.00																							
R	-	R 132 417.29																							
<30 Days																									
<60 Days																									
<90 Days																									
<120 Days																									
<150 Days																									
<180 Days																									
>180 Days																									

EARLY WARNING SIGNALS

The creditors above 90-day threshold pose the risk of creditors being flagged by Provincial Treasury in the Early Warning Signal (EWS) quarterly assessment. The total creditors balance amounts to R2.9 million rands. The municipality’s MFMA Section 71 report is assessed by the Provincial Treasury. The assessment performed in the last quarter indicated that there was one criterion which the municipality met to indicate financial problems. The concerns of creditors above a 30-day threshold are attended to and the implementation is underway.

ANIMAL POUND EXPENDITURE

The excerpt below shows the expenditure to date on the contracted services offered in respect of the catching roaming animals around town. The total paid since July 2025 amounts to R86 thousand rands.

ANIMAL POUND EXPENDITURE - DECEMBER 2025				
Vendor/Creditor	Payment Date	Invoice Number	Total Amount	Status
COW CATCHERS	29/07/2025	NQU 07/25	R 17 250.00	Paid
COW CATCHERS	16/09/2025	NQU 08/25	R 17 250.00	Paid
COW CATCHERS	16/10/2025	NQU09/25	R 17 250.00	Paid
COW CATCHERS	04/11/2025	NQU 10/25	R 17 250.00	Paid
COW CATCHERS	15/12/2025	NQU 11/25	R 17 250.00	Paid
			R 86 250.00	

2.3 INVESTMENT PORTFOLIO, BANK BALANCE ANALYSIS

The investment register reflects investment state of the municipality. Operating and capital expenditure requires that the municipality withdraws from time to time from investments to ensure cashflow suffice hence the withdrawals history of R500 thousand rands. The investment balance amounts to R80.1 million rands. There are no changes to reported information in the previous month.

Table 2.3.1 Investment register for the period ending 30 December 2025

INVESTMENT REGISTER- DECEMBER 2025							
INSTITUTION	BALANCE	INVESTED	INTEREST	WITHDRAWAL	BANK CHARGES	BALANCE	
		IN CURRENT YEAR	RECEIVED				
ABSA (1394) HOUSING A/C	R 2 023 002.85	R -	R 55 308.08	R -	R -	R 2 078 310.93	
ABSA (4328)	R 24 857.33	R -	R 647.28	R -	R 250.00	R 25 254.61	
ABSA (5014)	R 96 511.20	R -	R 2 834.55	R -	R -	R 99 345.75	
ABSA CALL (5892)	R 16 552 594.49	R 5 680 720.54	R 515 665.83	R 500 000.00	R -	R22 248 980.86	
FNB CALL (1408)	R 10 845 156.72	R -	R 359 474.37	R -	R 1 062.00	R11 203 569.09	
NEDBANK (3)	R 1 330.19	R -	R 38.41	R -	R -	R 1 368.60	
STANDARD BANK 014	R 7 756.20	R -	R 188.97	R -	R -	R 7 945.17	
STANDARD BANK 063	R 27 549 828.32	R -	R 949 558.35	R -	R -	R28 499 386.67	
STANDARD BANK 068	R 16 236 626.89	R -	R 545 899.32	R -	R -	R16 782 526.21	
TOTAL	R73 337 664.19	R5 680 720.54	R2 429 615.16	R500 000.00	R1 312.00	R80 946 687.89	

Withdrawal history is shown in the table below providing a telling picture on withdrawal movement since the start of the financial year. The municipal operational needs resulted in the withdrawal in July amounting to R500 thousand rands, there are no subsequent withdrawals.

INVESTMENTS WITHDRAWAL							
DATE	ACCOUNT FROM	AMOUNT	ACCOUNT TO		ACCOUNT TYPE	BALANCE BEFORE	WITHDRAWAL REASON
04-Jul-25	ABSA 5892	500 000.00	ABSA 2762		PRIMARY	2 950 471.60	pay for normal operations
		<u>500 000.00</u>					

Table 2.3.2 Bank Balance (Primary account)

Bank balance for primary account reflects the amount of R27.7 million rands for the month under review.

BANK RECONCILIATION (PRIMARY ACCOUNT)		4053562762
Details	Amount	
Cash book balance as at 31 December 2025	R	27 771 351.03
Outstanding deposits		R0.00
Unknown deposits		R0.00
Bank charges		R0.00
Outstanding cheques		R0.00
Transfers		R0.00
Sundries		R0.00
Outstanding receipts		R0.00
Bank statement balance as at 31 December 2025	R	27 771 351.03

Bank balance for grant account reflects the amount of R99 thousand rands for the month under review.

BANK RECONCILIATION (GRANTS ACCOUNT)	
Details	Amount
Cash book balance as at 31 December 2025	R99 345.75
Unknown deposits	R0
Outstanding cheques	R0
Bank charges	R0
Returned cheques	R0
Transfers	R0
Sundries	R0
Outstanding receipts	R0
Bank statement balance as at 31 December 2025	R99 345.75

2.4 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Grants register for the period ending 31 December 2025

Grant register Table 2.4.1

Summary of Grants received and expenditure to date								
	Grant Type	Pre-Audited Balance as at 1-Jul-2025	Dora/Prov Allocation for year	Received 2025/26	Spent & transferred to income 2025/26	Balance as at 2025/26	Available funds/not committed 2025/26	% Spending
National Grants operational	Eletrification(INEP)		(20 000 000.00)	(13 000 000.00)	6 451 384.08	(6 548 615.92)	(6 548 615.92)	-50%
	FMG		(1 900 000.00)	(1 900 000.00)	914 429.50	(985 570.50)	(985 570.50)	-48%
	EPWP		(1 639 008.00)	(1 148 000.00)	635 208.00	(512 792.00)	(512 792.00)	-55%
National Grants Capital	MIG		(37 961 004.00)	(31 000 000.00)	18 437 705.59	(12 562 294.41)	(12 562 294.41)	-59%
KZN Grants Operational	Cybercadet			(554 000.00)	305 205.12	(248 794.88)	(248 794.88)	-55%
	Library Modular			(1 560 000.00)	1 259 653.80	(300 346.20)	(300 346.20)	-81%
	Library Volunteer			(124 000.00)	40 000.00	(84 000.00)	(84 000.00)	-32%
	Library support		(4 493 000.00)	(2 142 000.00)	1 377 251.65	(764 748.35)	(764 748.35)	-64%
TOTALS		-	(65 993 012.00)	(51 428 000.00)	29 420 837.74	(22 007 162.26)	(22 007 162.26)	

The grants spending is as follows:

1. INEP 50% spent.
2. MIG grant 59% spent.
3. FMG 48% spent.
4. EPWP 55% spent.
5. Library support 64%
6. Cybercadet 55%
7. Library modular 81%
8. Library volunteer 32%

The total grant funding received amounts to R51.4 million rands. The total grant expenditure to date amounts to R29.4 million rands.

2.5 COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Expenditure on employee benefits

Employee benefits for the month under reporting amount to R56 million rands. New staff establishment was adopted by council in the last quarter of the previous financial year which will impact the staff benefits. Councillor allowances expenditure amounts to R 7.6 million rands. Table 2.5.1 below provide full details on both staff and councillor benefits.

Table 2.5.1 Staff benefits in terms of Section 66 of the MFMA

<i>Staff Benefits in terms of Section 66 of the MFMA</i>		
Actual staff benefits and Councillors allowances for the period ending 31 December 2025		
Staff Benefits		
Item	Budget	Year to date actuals
Salaries & Wages	R91 550 207.00	R 38 833 207.25
Contributions to pension funds	R11 886 283.00	R 5 312 275.60
Contributions to medical aids	R2 377 963.00	R 1 925 404.10
Contributions to UIF	R626 907.00	R 293 460.23
Contributions to SDL	R964 369.00	R 467 841.31
Travel, motor car	R4 209 576.00	R 2 648 640.85
Salga	R40 066.00	R 21 673.85
Housing benefits and allowances	R749 160.00	R 102 980.24
Cellphone Allowance	R0.00	R0.00
Overtime payments	R1 913 336.00	R 1 593 361.96
Bonuses	R6 321 148.00	R 3 449 979.07
Other leave & long service	R624 578.00	R 447 327.34
Allowances (Standby and Drivers Allowance)	R1 796 316.00	R 1 302 892.46
Totals	R 123 059 909.00	R 56 399 044.26
Councillors Allowances		
Item	Budget	Year to date actuals
Councillors Allowances	R14 129 290.00	R 7 030 368.97
Cellphone/Data Allowance	R2 298 473.00	R 583 931.34
Contributions to SDL	R40 995.00	R 73 495.32
Totals	R16 468 758.00	R 7 687 795.63

2.6 SCM REPORTS

INVENTORY

The municipality inventory levels are controlled through stock issues at the stores and recons are performed monthly to ensure that all inventory items are accounted for. Monthly reconciliations are performed to ensure that inventory items are accounted for. The inventory reconciliation below shows a balance of R1 million rands there are no movements from the previous month.

Table 2.6.1. Inventory reconciliation

Inventory Reconciliation				
INVENTORY MODULE				
OPENING BALANCE AS PER INVENTORY REPORT			R 1 052 156.21	
ADD: TOTAL RECEIPTS			R 0.00	
Inventory purchases for the month			R 0.00	
LESS: TOTAL ISSUES			R 0.00	
Inventory issued from stores during the month			R 0.00	
ADJUSTMENTS			R 0.00	
Add: stock surplus identified during the month			R 0.00	
Less: Stock losses identified during the month				
CLOSING BALANCE AS PER INVENTORY REPORT			R 1 052 156.21	
GENERAL LEDGER VOTE BALANCE:			R 1 052 155.89	

IRREGULAR & FRUITLESS EXPENDITURE

The municipality incurred the irregular expenditure amounting to R10.5 million rands for operational expenditure and R23.6 million rands for the month under reporting, hence the total irregular expenditure amounts to R34.2 million rands to date.

There are no changes to reported information in the previous month due to delays in finalisation of the current month report.

Table 2.6.2 Unauthorised and irregular expenditure summary

QUARTER 2 - NOVEMBER 2025 IRREGULAR EXPENDITURE				
MONTH No.	MONTH NAME	EXPENDITURE TYPE		MONTHLY TOTALS
		OPERATIONAL	CAPITAL	
		R 7 827 169.51	R 13 176 464.33	
1	October	R 1 946 973.25	R 5 607 569.07	R 7 554 542.32
2	November	R 773 117.06	R 4 881 668.97	R 5 654 786.03
3	December	R -	R -	R -
	CLOSING BALANCE	R 10 547 259.82	R 23 665 702.37	R 34 212 962.19
	TOTAL UIFW EXPENDITURE		R 34 212 962.19	

FRUITLESS EXPENDITURE

The municipality under the reporting period adds R118 to the fruitless expenditure register, thereby the total increase to R87 thousand rands. The expenditure was kept at nil for the entire quarter one.

Nquthu Municipality Monthly Budget Statement

Demarcation Board Code: KZN242 Register for Fruitless and wasteful Expenditure Year Ended 30 June 2026		Financial Year 2025/ 2026 Nquthu Local Municipality Month Nov-25
Description	Payment no./EFT no/ Cheque No. / Month	Amount
Other- Penalty fees paid in Aug 2024		R86 881.80
Compensation Fund- Sec83(6) Penalty	#79477	71 916.25
NJMPF-Super Annuation- Interest on salary invest	#79568	14 564.55
NJMPF-Super Annuation- Penalty 2023	#79567	30.63
NJMPF-Penalty 2023-Provident	#79566	370.37
Other -Driving Licences		R118.36
Penalty on late invoice payment	#81081	R118.36
Arrears on late payment		R0.00
TOTAL as @ 30 Nov 2025		R 87 000.16

DEVIATIONS

Deviations and all other matters relating to MFMA SCM Regulations Section 6 are reported monthly as a separate item.

2.7 MATERIAL VARIANCES TO SDBIP

The detailed SDBIP and Performance report is attended and reported by the Performance Management unit. Material variances on Table C4 based on actuals against budget are noted. The variance reasons between actuals vs budget figures are detailed below:

Nquthu Municipality Monthly Budget Statement

KZN242 Nquthu - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Budget Year 2025/26			Variance reasons
	Original Budget	YearTD actual	YTD variance %	
R thousands				
Revenue				
Exchange Revenue				
Service charges - Electricity	37 183	17 814	-4%	The charges are billed on accounts, the adjustment where necessary will be made mid year
Service charges - Waste management	2 377	1 260	6%	The charges are billed on accounts, the adjustment where necessary will be made mid year
Sale of Goods and Rendering of Services	236	128	9%	The sale of services is based on the needs by consumer affected by tariff increase and impact of illegal consumption.
Interest earned from Receivables	1 171	390	-33%	The interest is charged on outstanding accounts, the payment of account determine the outcome
Interest from Current and Non Current Assets	8 150	2 331	-43%	The interest is earned on investment premised on the balance invested.
Rental from Fixed Assets	1 043	841	61%	The rental income is fixed provided the escalation fees, the adjustment if necessary will be made mid-year.
Operational Revenue	25 331	1 070	-92%	The budget will be revised in line with actual transactions taken place
Non-Exchange Revenue				
Property rates	62 160	36 909	19%	The municipality charges 10 equal installments for property rates, journals are passed where errors are identified. The review will be made during adjustment if need arise.
Fines, penalties and forfeits	4 463	394	-82%	The fines are charged in line with road traffic offenders. Budget will be revised.
Licence and permits	1 088	453	-17%	The licences and permits are issued to compliant holders, review will made once the trends are studied
Transfers and subsidies - Operational	215 536	143 815	33%	The transfers and subsidies budget is reviewed during mid-year assessment
Interest	0	2 066	34439167%	There is no budget for this line item, the actuals shows interest is being charged. The adjustment will be made.
Discontinued Operations	-	-		
Total Revenue (excluding capital transfers and contributions)	358 739	207 473	15%	
Expenditure By Type				
Employee related costs	124 644	48 168	-23%	The employee costs actuals are partially captured on the system due to integration issues
Remuneration of councillors	15 974	6 378	-20%	The actuals are partially captured on the system due to integration issues
Bulk purchases - electricity	40 870	19 880	-3%	The bulk services are billed and paid monthly, no arrear payments are incurred.
Inventory consumed	2 046	3 816	273%	The line item include various expenditure items that are not necessarily classified as inventory, journals are made to allocate expenditure accurately.
Depreciation and amortisation	37 000	-	-100%	There is no calculation finalised yet.
Transfers and subsidies	5 454	1 288	-53%	The transfers and subsidies budget is reviewed during mid-year assessment
Irrecoverable debts written off	15 000	154	-98%	The figure represents the indigent customers rebate granted. There are no other debts written off yet.
Operational costs	40 933	26 524	30%	The costs are aligned with billed actuals e.g. copier machines
Losses on Disposal of Assets	0	-	-100%	There is no budget for this line item, there are no actuals. The adjustment budget will be done.
Other Losses	0	-	-100%	There is no budget for this line item, there are no actuals. The adjustment budget will be done.

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I Mpumelelo. B. Jiyane, the municipal manager of Nquthu Municipality, hereby certify that the:

Section 71 - for the month ending 31 December 2025

has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act,

Name Mr Mpumelelo B. Jiyane

Designation Municipal Manager of Nquthu Municipality (KZN 242)

Signature:

 _____

Date 06/01/2026