

NQUTHU MUNICIPALITY (KZN 242)



MONTHLY BUDGET STATEMENT FOR MONTH ENDING 31 JANUARY 2026

TABLE OF CONTENTS

PART 1 – IN YEAR REPORT

1.1	MAYORS' REPORT	2
1.2	RESOLUTIONS	3
1.3	EXECUTIVE SUMMARY	4
1.4	IN-YEAR BUDGET STATEMENT TABLES	5

PART 2 – SUPPORTING DOCUMENTATION

2.1	DEBTOR'S ANALYSIS	13
2.2	CREDITOR'S ANALYSIS.....	15
2.3	INVESTMENT PORTFOLIO ANALYSIS	18
2.4	ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE.....	19
2.5	COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS.....	20
2.6	SUPPLY CHAIN MANAGEMENT	20
2.7	MATERIAL VARIANCES TO SDBIP	22
2.8	MUNICIPAL MANAGER'S QUALITY CERTIFICATE.....	24

LIST OF TABLES

Table 1	MBRR Table C1 -Monthly Budget Statement Summary	05
Table 2	MBRR Table C2_ Monthly Financial Performance (standard Classification	06
Table 3	MBRR Table C3 -Financial Performance (revenue and expenditure by municipal vote)	07
Table 4	MBRR Table C4 -Financial Performance (revenue and expenditure)	08
Table 5	MBRR Table C5 -Capital expenditure (municipal vote and funding).....	10
Table 6	MBRR Table C6 -Financial Position	11
Table 7	MBRR Table C7 - Cash Flow	12

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 January shapes the way forward in preparation for the budget adjustment. The monthly budget statement contribute to oversight and monitoring role of the mayor. 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, and the attempt to keep the investment balance at R100 million at close of the financial year.

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 R225 million rands with a variance of 8% based on comparison with approved budget of R358 million rands.
- Bulk electricity – actual figure amounts to R26.5 million rands.
- Employee costs and councillor remuneration contribute a sizeable expenditure for the period under reporting, thereby resulting in expenditure amount R58.9 million rands and R7.6 million rands respectively.

Capital Budget

The capital expenditure spending for the reporting period amounts to R36.5 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 report in terms of S72 MFMA was adopted by council on 30 January 2026.

Other matters

- **Audit matter**

The 24-25 audit report was tabled in council on 30 January 2026. The internal audit unit had no issued reports relating to finance section as yet, there are RFIs issued thus far.

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 - M07 January

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	43 070	36 260	6 810	19%	62 160	
Service charges	34 539	39 560	39 560	3 410	22 484	23 077	(593)	-3%	39 560	
Investment revenue	8 907	8 150	8 150	143	3 594	4 754	(1 160)	-24%	8 150	
Transfers and subsidies - Operational	215 489	215 536	215 423	-	150 598	125 663	24 935	0	215 423	
Other own revenue	18 424	33 333	33 407	676	6 025	19 487	(13 462)	-69%	33 407	
Total Revenue (excluding capital transfers and contributions)	334 809	358 739	358 700	10 391	225 772	209 242	16 531	8%	358 700	
Employee costs	111 037	124 644	127 540	549	58 925	74 194	(15 269)	-21%	127 540	
Remuneration of Councillors	15 731	15 974	15 402	-	7 614	8 984	(1 370)	-15%	15 402	
Depreciation and amortisation	40 486	37 000	37 000	-	-	21 583	(21 583)	-100%	37 000	
Interest	199	0	0	-	-	0	(0)	-100%	0	
Inventory consumed and bulk purchases	46 149	42 916	42 916	6 708	30 404	25 034	5 370	21%	42 916	
Transfers and subsidies	4 328	5 454	5 454	500	1 788	3 182	(1 394)	-44%	5 454	
Other expenditure	119 176	107 080	107 107	11 512	65 319	62 478	2 840	5%	107 107	
Total Expenditure	337 105	333 068	335 419	19 269	164 049	195 456	(31 406)	-16%	335 419	
Surplus/(Deficit)	(2 296)	25 671	23 281	(8 878)	61 723	13 786	47 937	348%	23 281	
Transfers and subsidies - capital (monetary allocations)	53 269	37 961	37 961	-	10 994	22 144	#	-50%	37 961	
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions	50 972	63 632	61 242	(8 878)	72 717	35 930	36 787	102%	61 242	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	
Surplus/ (Deficit) for the year	50 972	63 632	61 242	(8 878)	72 717	35 930	36 787	102%	61 242	
Capital expenditure & funds sources										
Capital expenditure	(8 810)	55 592	56 092	(134)	36 505	32 720	3 784	12%	56 092	
Capital transfers recognised	16 908	32 250	32 250	(134)	15 898	18 813	(2 914)	-15%	32 250	
Borrowing	-	-	-	-	-	-	-	-	-	
Internally generated funds	(25 717)	23 342	23 842	-	20 606	13 908	6 699	48%	23 842	
Total sources of capital funds	(8 810)	55 592	56 092	(134)	36 505	32 720	3 784	12%	56 092	
Financial position										
Total current assets	151 764	202 537	177 311	-	197 109	-	-	-	177 311	
Total non current assets	749 814	799 814	801 106	-	818 852	-	-	-	801 106	
Total current liabilities	72 138	111 751	82 486	-	81 271	-	-	-	82 486	
Total non current liabilities	1 508	875	1 488	-	1 508	-	-	-	1 488	
Community wealth/Equity	810 579	826 293	833 219	-	860 465	-	-	-	833 219	
Cash flows										
Net cash from (used) operating	(16 438)	81 222	66 276	(13 338)	(11 629)	65 924	77 553	118%	66 276	
Net cash from (used) investing	-	(101 890)	(101 890)	-	-	(59 436)	(59 436)	100%	(101 890)	
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	
Cash/cash equivalents at the month/year end	76 095	50 727	38 617	(13 338)	62 601	80 718	18 117	22%	38 617	
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	3 996	989	1 019	327	313	333	265	15 273	22 515	
Creditors Age Analysis										
Total Creditors	8 634	1 009	92	900	0	109	44	89	10 877	

The year-to-date actual revenue (excluding capital transfers and contributions) is R225 million rands.

The operating expenditure year to date is R 164 million rands.

The total sources of capital combined amount to R36.5 million rands. The amount includes capital transfers from National, Provincial Treasuries and internally generated funding.

The financial position shows that the municipality holds total current assets of R197 million rands, the non-current assets amounts to R818 million rands. The current liabilities totals to R81.2 million rands and the non-current liabilities totals to R1.5 million rands. The net results shows an equity balance of R860 million rands.

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

KZN242 Nquthu - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M07 January

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	6 759	202 328	175 987	26 341	15%	301 691
Executive and council		46 128	37 961	37 961	-	10 994	22 144	(11 150)	-50%	37 961
Finance and administration		271 927	263 730	263 730	6 759	191 334	153 843	37 491	24%	263 730
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		6 647	2 011	4 249	130	2 483	2 479	4	0%	4 249
Community and social services		4 570	25	2 263	4	1 602	1 320	281	21%	2 263
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		2 077	1 986	1 986	125	881	1 159	(277)	-24%	1 986
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		5 338	25 017	25 091	15	776	14 636	(13 861)	-95%	25 091
Planning and development		242	25 017	25 091	15	776	14 636	(13 861)	-95%	25 091
Road transport		5 096	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		58 037	67 980	65 629	3 487	31 180	38 284	(7 104)	-19%	65 629
Energy sources		55 820	65 245	62 894	3 218	29 346	36 688	(7 342)	-20%	62 894
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2 217	2 735	2 735	269	1 834	1 596	238	15%	2 735
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	388 077	396 700	396 661	10 391	236 766	231 385	5 381	2%	396 661
Expenditure - Functional										
<i>Governance and administration</i>		176 326	173 377	174 092	4 810	71 001	101 528	(30 526)	-30%	174 092
Executive and council		31 410	33 804	33 956	27	16 923	19 795	(2 872)	-15%	33 956
Finance and administration		141 634	136 656	137 219	4 783	51 142	80 031	(28 889)	-36%	137 219
Internal audit		3 282	2 917	2 917	-	2 936	1 701	1 234	73%	2 917
<i>Community and public safety</i>		34 872	39 359	39 677	146	17 676	23 132	(5 456)	-24%	39 677
Community and social services		17 229	22 384	22 702	68	8 224	13 230	(5 006)	-38%	22 702
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		17 643	16 975	16 975	77	9 452	9 902	(450)	-5%	16 975
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		34 052	34 745	35 198	804	23 104	20 495	2 609	13%	35 198
Planning and development		18 009	20 433	20 886	599	16 647	12 147	4 500	37%	20 886
Road transport		16 042	14 311	14 311	205	6 458	8 348	(1 891)	-23%	14 311
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		92 942	85 587	86 452	13 509	52 267	50 300	1 967	4%	86 452
Energy sources		76 485	68 757	69 622	13 276	42 986	40 483	2 503	6%	69 622
Water management		-	-	-	-	-	-	-	-	-
Waste water management		2 159	1 963	1 963	-	2 239	1 145	1 094	96%	1 963
Waste management		14 298	14 867	14 867	233	7 042	8 672	(1 630)	-19%	14 867
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	338 192	333 068	335 419	19 269	164 049	195 456	(31 406)	-16%	335 419
Surplus/ (Deficit) for the year		49 885	63 632	61 242	(8 878)	72 717	35 930	36 787	1,0238533	61 242

Table C3: Monthly Budget Statement_ Financial Performance

KZN242 Nquthu - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M07 January

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	22 144	(11 150)	-50,4%	37 961
Vote 2 - Planning and Economic Development		50	25 274	25 348	-	688	14 786	(14 098)	-95,3%	25 348
Vote 3 - Budget and Treasury		271 755	262 824	262 824	6 731	191 052	153 314	37 738	24,6%	262 824
Vote 4 - Corporate and Community Service		6 399	7 037	6 924	152	3 812	4 039	(227)	-5,6%	6 924
Vote 5 - Technical Services		63 745	63 604	63 604	3 507	30 220	37 102	(6 883)	-18,6%	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	396 661	10 391	236 766	231 385	5 381	2,3%	396 661
Expenditure by Vote	1									
Vote 1 - Office OfThe Municipal Manager		17 811	19 356	20 080	28	11 235	11 701	(466)	-4,0%	20 080
Vote 2 - Planning and Economic Development		18 009	20 413	20 849	599	16 647	12 125	4 522	37,3%	20 849
Vote 3 - Budget and Treasury		87 160	91 518	92 080	2 610	23 112	53 701	(30 589)	-57,0%	92 080
Vote 4 - Corporate and Community Service		62 932	71 130	71 448	1 445	37 410	41 665	(4 255)	-10,2%	71 448
Vote 5 - Technical Services		114 326	94 591	95 474	13 491	56 236	55 563	673	1,2%	95 474
Vote 6 - Council And General		17 119	17 739	17 167	13	8 827	10 014	(1 187)	-11,9%	17 167
Vote 7 - Community & Social Services		19 185	16 302	16 302	1 082	9 768	9 509	258	2,7%	16 302
Vote 8 - Corporate Services		1 650	2 019	2 019	-	815	1 178	(362)	-30,8%	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	335 419	19 269	164 049	195 456	(31 406)	-16,1%	335 419
Surplus/ (Deficit) for the year	2	49 885	63 632	61 242	(8 878)	72 717	35 930	36 787	102,4%	61 242

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) - M07 January

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	3 194	21 008	21 690	(682)	-3%	37 183
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		1 681	2 377	2 377	217	1 476	1 387	90	6%	2 377
Sale of Goods and Rendering of Services		810	236	236	18	147	137	9	7%	236
Agency services		-	-	-	-	-	-	-	-	-
Interest		19	0	0	-	-	0	(0)	-100%	0
Interest earned from Receivables		778	1 171	1 171	68	458	683	(225)	-33%	1 171
Interest from Current and Non Current Assets		8 907	8 150	8 150	143	3 594	4 754	(1 160)	-24%	8 150
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		860	1 043	1 043	48	896	609	287	47%	1 043
Licence and permits		-	-	-	-	-	-	-	-	-
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		649	25 331	25 405	9	1 079	14 819	(13 741)	-93%	25 405
Non-Exchange Revenue										
Property rates		57 450	62 160	62 160	6 161	43 070	36 260	6 810	19%	62 160
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 425	4 463	4 463	51	445	2 603	(2 158)	-83%	4 463
Licence and permits		862	1 088	1 088	98	551	635	(84)	-13%	1 088
Transfers and subsidies - Operational		215 489	215 536	215 423	-	150 598	125 663	24 935	20%	215 423
Interest		3 633	0	0	384	2 450	0	2 450	#####	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	358 700	10 391	225 772	209 242	16 531	8%	358 700
Expenditure By Type										
Employee related costs		111 037	124 644	127 540	549	58 925	74 194	(15 269)	-21%	127 540
Remuneration of councillors		15 731	15 974	15 402	-	7 614	8 984	(1 370)	-15%	15 402
Bulk purchases - electricity		45 257	40 870	40 870	6 633	26 513	23 841	2 672	11%	40 870
Inventory consumed		891	2 046	2 046	75	3 891	1 194	2 697	226%	2 046
Debt impairment		16 949	-	-	-	-	-	-	-	-
Depreciation and amortisation		40 486	37 000	37 000	-	-	21 583	(21 583)	-100%	37 000
Interest		199	0	0	-	-	0	(0)	-100%	0
Contracted services		59 228	51 147	51 219	7 858	34 099	29 878	4 221	14%	51 219
Transfers and subsidies		4 328	5 454	5 454	500	1 788	3 182	(1 394)	-44%	5 454
Irrecoverable debts written off		1 184	15 000	15 000	0	154	8 750	(8 596)	-98%	15 000
Operational costs		39 118	40 933	40 887	3 654	31 066	23 850	7 216	30%	40 887
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	335 419	19 269	164 049	195 456	(31 406)	-16%	335 419
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations)		(2 296)	25 671	23 281	(8 878)	61 723	13 786	47 937	0	23 281
Transfers and subsidies - capital (in-kind)		53 269	37 961	37 961	-	10 994	22 144	(11 150)	(0)	37 961
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		50 972	63 632	61 242	(8 878)	72 717	35 930	36 787	0	61 242
Surplus/(Deficit) after income tax										
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		50 972	63 632	61 242	(8 878)	72 717	35 930	36 787	0	61 242
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		50 972	63 632	61 242	(8 878)	72 717	35 930	36 787	0	61 242

TABLE C4: REVENUE BY SOURCE

Property rates

Property rates YTD actual for this month stands at R43 million rands, the comparison against the original budget of R62 million rands results in the variance of 19%. The actual amount is slight above the actual to date budget of R36.2 million rands. The reasons for variances are detailed in Section 2.7 of the Part 2.

Service charges electricity

The actual revenue from service charges electricity is R21.0 million rands, the comparison against the original budget of R37 million rands results in the variance of -3%.

Interest from Current and Non-Current Assets

The interest from current and non-current assets show the YTD actual figure of R3.5 million rands. The comparison against the original budget of R8.1 million rands results in the variance of -24%.

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 R150.5 million rands hence the variance amounts to -24%. In terms of actual budget the municipality should be at R4.7 million rands hence the variance as detailed in Part 2 of the report.

TABLE C4: EXPENDITURE BY TYPE

Employee related costs

The employee related costs amounts to R58.9 million rands, further details are entailed in Part 2.

Remuneration of Councillor's

The YTD actual for remuneration of councillors amounts to R7.6 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 R26.5 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) - M07 January

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	-	-	203	(203)	-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	0	36 505	30 293	6 212	21%	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	0	36 505	30 496	6 009	20%	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	-	-	203	(203)	-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)	-	2 021	(2 021)	-100%	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)	-	2 225	(2 225)	-100%	3 814
Total Capital Expenditure		(8 810)	55 592	56 092	(134)	36 505	32 720	3 784	12%	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	(134)	2 825	14 661	(11 837)	-81%	25 133
Community and social services		(20 862)	23 407	22 168	-	2 825	12 931	(10 107)	-78%	22 168
Sport and recreation		5 721	2 965	2 965	(134)	-	1 730	(1 730)	-100%	2 965
Public safety		98	0	0	-	-	0	(0)	-100%	0
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		(1 678)	28 805	30 544	0	33 680	17 818	15 863	89%	30 544
Planning and development		(8 652)	348	348	-	-	203	(203)	-100%	348
Road transport		6 974	28 457	30 197	0	33 680	17 615	16 065	91%	30 197
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		6 326	414	414	-	-	241	(241)	-100%	414
Energy sources		575	0	0	-	-	0	(0)	-100%	0
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		5 752	414	414	-	-	241	(241)	-100%	414
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	(8 810)	55 592	56 092	(134)	36 505	32 720	3 784	12%	56 092
Funded by:										
National Government		16 908	32 250	32 250	(134)	15 898	18 813	(2 914)	-15%	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 Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		16 908	32 250	32 250	(134)	15 898	18 813	(2 914)	-15%	32 250
Borrowing		-	-	-	-	-	-	-	-	-
Internally generated funds	6	(25 717)	23 342	23 842	-	20 606	13 908	6 699	48%	23 842
Total Capital Funding		(8 810)	55 592	56 092	(134)	36 505	32 720	3 784	12%	56 092

The total capital expenditure year to date figure by function classification stands at R36.5 million rands. The original budget shows an amount of R55.5 million rand hence the variance of 12%.

Capital expenditure funded by the national government year to date actual amount to R15.8 million rands, the approved original budget for transfers recognised (allocation from National Treasury) amounts to R32.2 million rands thereby creating a variance of -15%.

Table C6 – Monthly Budget Statement – Financial Position

KZN242 Nquthu - Table C6 Monthly Budget Statement - Financial Position - M07 January

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	54 683	95 462	54 683
Trade and other receivables from exchange transactions		9 988	10 218	10 526	10 845	10 526
Receivables from non-exchange transactions		36 308	84 007	64 608	53 727	64 608
Current portion of non-current receivables		–	–	–	–	–
Inventory		23 272	1 369	23 362	23 249	23 362
VAT		7 912	55 029	24 077	13 772	24 077
Other current assets		54	66	54	54	54
Total current assets		151 764	202 537	177 311	197 109	177 311
Non current assets						
Investments		–	–	–	–	–
Investment property		53 255	39 384	52 925	53 255	52 925
Property, plant and equipment		696 480	760 348	748 108	765 518	748 108
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		79	79	79	79	79
Intangible assets		–	3	(5)	–	(5)
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	801 106	818 852	801 106
TOTAL ASSETS		901 577	1 002 350	978 417	1 015 961	978 417
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		20	20	20	20	20
Consumer deposits		2 216	1 803	1 894	2 233	1 894
Trade and other payables from exchange transactions		55 342	49 725	56 973	30 427	56 973
Trade and other payables from non-exchange transactions		49	0	49	30 512	49
Provision		13 375	13 054	13 375	13 375	13 375
VAT		1 136	47 149	10 176	4 703	10 176
Other current liabilities		–	–	–	–	–
Total current liabilities		72 138	111 751	82 486	81 271	82 486
Non current liabilities						
Financial liabilities		(20)	(20)	(20)	(20)	(20)
Provision		1 529	896	1 508	1 529	1 508
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	0	0	–	0
Total non current liabilities		1 508	875	1 488	1 508	1 488
TOTAL LIABILITIES		73 646	112 626	83 975	82 780	83 975
NET ASSETS	2	827 931	889 724	894 442	933 182	894 442
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		810 417	826 141	833 057	860 303	833 057
Reserves and funds		162	152	162	162	162
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	810 579	826 293	833 219	860 465	833 219

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 - M07 January

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									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	35 404	35 404	-	-	20 652	(20 652)	-100%	35 404
Service charges		6 537	33 949	33 949	-	-	19 804	(19 804)	-100%	33 949
Other revenue		-	31 683	31 683	-	-	18 482	(18 482)	-100%	31 683
Transfers and Subsidies - Operational		452 602	221 926	221 926	7 006	262 434	129 457	132 977	103%	221 926
Transfers and Subsidies - Capital		-	75 066	75 066	-	-	43 789	(43 789)	-100%	75 066
Interest		-	(19 952)	(19 952)	-	8 062	(11 639)	19 700	-169%	(19 952)
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(475 577)	(296 855)	(311 800)	(20 343)	(282 124)	(154 620)	127 504	-82%	(311 800)
Interest		-	-	-	-	-	-	-		-
Transfers and Subsidies		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(16 438)	81 222	66 276	(13 338)	(11 629)	65 924	77 553	118%	66 276
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)	-	-	(59 436)	(59 436)	100%	(101 890)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(101 890)	(101 890)	-	-	(59 436)	(59 436)	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)	(35 613)	(13 338)	(11 629)	6 488			(35 613)
Cash/cash equivalents at beginning:		92 533	71 395	74 230	-	74 230	74 230			74 230
Cash/cash equivalents at month/year end:		76 095	50 727	38 617	(13 338)	62 601	80 718			38 617

The table C7 cash flow statement transactions from operating activities with a year to date actual figure of R-11.6 million rands. The operating activities represent the amount used by the municipalities for core business operations such as property rates, service charges etc (under receipts) furthermore the operating activities reflects suppliers and employees etc (under payment) over the period under reporting. 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 R136 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.

January 2026 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 -2 907 540,80	R -2 907 540,80	R -	R -	R -	R -	R -	R -
Adv-Pay Reverse	R 585,49	R -	R -	R 27,64	R -	R -	R -	R 557,85
Deposit: Waste Disposal	R 2 000,00	R -	R -	R -	R -	R -	R -	R 2 000,00
Electricity Basic	R 902 387,77	R 273 262,05	R 52 634,27	R 47 984,50	R 29 629,93	R 26 597,54	R 28 384,01	R 443 895,47
Electricity Metered	R 6 309 402,08	R 3 275 926,27	R 702 909,54	R 785 774,68	R 141 267,22	R 109 537,59	R 109 760,12	R 1 184 226,66
Market stalls	R 1 119 640,05	R 39 858,06	R 19 103,37	R 18 284,51	R 17 266,48	R 16 746,91	R 15 883,37	R 992 497,35
OFFICE RENTAL	R 172 678,45	R 34 891,39	R 17 332,56	R 13 650,50	R 11 177,33	R 11 106,67	R 12 036,00	R 72 484,00
Plaza Market Stalls	R 262 333,54	R 18 801,24	R 8 642,34	R 8 222,95	R 7 842,11	R 7 621,85	R 7 349,37	R 203 853,68
Property Rates	R 115 561 666,44	R 11 137 442,28	R 4 918 990,88	R 4 714 730,51	R 3 857 756,64	R 3 038 170,73	R 3 148 046,30	R 84 746 529,10
Rent (M001)	R 689 741,40	R 87 120,01	R 26 918,28	R 7 060,56	R 15 409,38	R 15 465,77	R 15 386,07	R 522 381,33
Repay: Waste Disposal	R 25 963,42	R -	R -	R -	R -	R -	R -	R 25 963,42
Signs (M001)	R 1 119,59	R -	R -	R -	R -	R -	R -	R 1 119,59
Stall rental	R 30 846,61	R 2 353,08	R 131,22	R 131,22	R 131,22	R 131,22	R 131,22	R 27 837,43
Sundries (VAT)	R 14 303,61	R 11 419,86	R 2 709,57	R 174,18	R -	R -	R -	R -
Tampering Fee	R 514 345,33	R 15 993,00	R 29 993,00	R 28 488,69	R 4 153,00	R -	R 1 000,00	R 434 717,64
Traffic Fines	R 4 634 071,02	R 87 000,00	R 47 700,00	R 43 000,00	R 22 400,00	R 56 100,00	R 81 200,00	R 4 296 671,02
Traffic Fines (M001)	R 1 734 180,76	R -	R -	R -	R -	R -	R -	R 1 734 180,76
Waste Disposal	R 7 003 320,25	R 422 202,27	R 133 232,18	R 114 564,58	R 107 119,85	R 95 941,44	R 90 497,53	R 6 039 762,40
Total	R 136 071 045,01	R 12 498 728,71	R 5 960 297,21	R 5 782 094,52	R 4 214 153,16	R 3 377 419,72	R 3 509 673,99	R 100 728 677,70

DEBT COLLECTION RATES

Collection Table 2.1.2.

Cash Collected for each Revenue Source via Billing (January 2026)				
	Cash collection	Ageing - January 2026	Collection rate per BT	Billed revenue - January 2026
Rates	R -2 332 555,42	R 115 561 666,44	-2%	R 6 555 020,64
Electricity	R -1 737 076,59	R 7 211 789,85	-24%	R 2 833 413,36
Refuse	R -185 013,61	R 7 031 283,67	-3%	R 271 923,13
Stalls Rental , Traffic fines &	R -73 216,67	R 8 016 540,77	-1%	R 81 028,94
Other Rentals	R -	R 1 156 719,59	0%	R -
Advance payments	R -1 070 979,10	R -2 906 955,31	37%	R -
	R 2 255,00			R -
TOTAL CASH RECEIVED (BI	R 5 396 586,39	R 136 071 045,01		R 9 741 386,07
Total Ageing	R 136 071 045,01		December 2025 Billing	R 9 086 248,20
Total debtors' payments	R 5 396 586,39		January 2026 Payment	R 5 396 586,39
		4%		59%

Cash collected under the reporting period amounts to R5.3 million rands resulting in collection rate of 4%. The comparison to the previous month billing against current month payments results to 59% collection rate, which is significantly below the norm of 95%.

DEBTOR’S RATIOS

Ratios table 2.1.3.

January 2026 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	2425,21	Net Debtors Days
(Period under review/s Total Revenue - previous period's Total Revenue)/ previous period's Total Revenue) x 100	7,21	Revenue Growth (%)

Collection rates stand at 56% using the ratios as provided by National Treasury circular 71. The net debtors’ days are increased to 2 425.21 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. The application phase is opened as from the 01st of February for pensioners and indigent customers.

ELECTRICITY LOSSES

The electricity losses for the period under review amounts to R2.8 million rands which translate to 10.89%. 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)	Ontec 3rd party sales	Fixed Costs - Basic Charge	SEBATA Billing 25/26	FBE	Own Consumption	Total Electricity	Profit / Loss on sale of electricity	% return from purchase	%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	70,33%	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	115,66%	-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	85,52%	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	89,26%	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	85,84%	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	87,38%	12,62%
January	Low	R 3 327 702,52	R 140 156,38	R 572 484,52	R 41 622,00	R 2 463 837,77	R 183 291,22	R 62 508,48	R 3 463 900,37	-R 136 197,85	104,09%	-4,09%
TOTALS		R26 512 838,13	R 1 395 388,21	R 4 007 599,47	R 276 675,00	R 16 187 567,32	R 1 330 721,78	R 427 055,74	R23 625 007,52	R 2 887 830,61	89,11%	10,89%

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 R32 thousand nine hundred and ninety one rands.

HALL HIRE REVENUE - JANUARY 2026			
Type	Revenue Description	BudgetOriginal1	Credit
Revenue	Exchange Revenue	-R 3 162,00	-R 32 991,16

2.2. CREDITOR’S ANALYSIS

The municipality takes into consideration the concerns of the auditor general (2024-25 audit) in relation to expenditure management. The reconciliation report below shows that the municipality ageing of creditors goes beyond the 30 day threshold contrary to MFMA prescript. The 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 Eskom for the provision of bulk electricity and other miscellaneous accounts for halls and offices. The municipality have no arrear debt with Eskom. The second highest creditor relates to Auditor General for external audit fees.

Creditors payment summary: Table 2.2.1

CREDITORS REPORT FOR JANUARY 2026			
TOP 10 CREDITOR'S PAYMENTS SUMMARY FOR THE MONTH OF JANUARY 2026			
No.	VENDOR NAME	DESCRIPTION	AMOUNT
1	ESKOM HOLDINGS 5140422473	JABAVU COMMUNITY HALL	2 922,53
	ESKOM HOLDINGS 5649601339	NONDWENI OFFICE	1 239,24
	ESKOM HOLDINGS 5687352660	NQUTHU COMMUNITY MULTI-PUPOSE HALL	7 423,73
	ESKOM HOLDINGS 5742571184	LUVISI COMMUNITY HALL	3 911,22
	ESKOM HOLDINGS 6033862343	FREE BASIC ELECTRICITY (FBE)	453 434,29
	ESKOM HOLDINGS 6126932137	POTSOANA LIBRARY	2 152,06
	ESKOM HOLDINGS 6642941367	LEKSAND RURAL COMMUNITY HALL	2 141,66
	ESKOM HOLDINGS 6916174790	TOWN BOARD LIBRARY NONDWENI	6 297,94
	ESKOM HOLDINGS 8505522436	MASOTSHENI HALL	3 143,38
	ESKOM HOLDINGS 8817457976	NONDWENI URBAN STREETLIGHT	6 474,80
	ESKOM HOLDINGS 9063390800	NGEDLA COMMUNITY HALL	420,65
	ESKOM HOLDINGS 9253164668	NGOLOKODO LIBRARY	6 615,96
	ESKOM HOLDINGS 9279445291	SGUBUDU COMMUNITY HALL	4 830,66
	ESKOM HOLDINGS 9426259616	BLOOD RIVER SPORTSFIELD	1 835,58
	ESKOM HOLDINGS BULK 8848733513	BULK ELECTRICITY PURCHASES	3 801 000,41
	ESKOM HOLDINGS BULK 8848733513	BULK ELECTRICITY PURCHASES	3 826 857,90
			8 130 702,01
2	AUDITOR GENERAL - SA	EXTERNAL AUDIT FEES	810 425,18
	AUDITOR GENERAL - SA	EXTRNAL AUDIT FEES	17 953,34
	AUDITOR GENERAL - SA	EXTERNAL AUDIT FEES	1 352 719,82
		2 181 098,34	
3	NQUTHU COMMUNITY TOURISM ORGANISATION	ISANDLWANA COMMEMORATION	500 000,00
			500 000,00
4	ESRI SOUTH AFRICA	ANNUAL SUBSCRIPTION LICENSE	264 098,40
			264 098,40
5	AROS PROTECTION SERVICES	PROVISION OF SERCURITY SERVICES TO MUNICIPAL PROPERTIES DAY AND NIGHT SHIFT FOR DEC 2025	248 766,39
			248 766,39
6	GARDASA SECURITY SERVICES	PROVISION OF SERCURITY SERVICES TO MUNICIPAL PROPERTIES DAY AND NIGHT SHIFT FOR DEC 2025	248 766,39
			248 766,39
7	OCEAN DAWN TRADING	PROVISION OF SERCURITY SERVICES TO MUNICIPAL PROPERTIES DAY AND NIGHT SHIFT FOR DEC 2025	248 766,39
			248 766,39
8	SIPHILE SECURITY SERVICES	PROVISION OF SERCURITY SERVICES TO MUNICIPAL PROPERTIES DAY AND NIGHT SHIFT FOR DEC 2025	248 766,39
			248 766,39
9	SIYJABULA SECURITY SOLUTION	PROVISION OF SERCURITY SERVICES TO MUNICIPAL PROPERTIES DAY AND NIGHT SHIFT FOR DEC 2025	248 766,39
			248 766,39
10	VODACOM (PTY) LTD	CELLPHONE SERVICE	31 094,71
	VODACOM (PTY) LTD	INTERNET SERVICE	77 400,87
	VODACOM (PTY) LTD	CELLPHONE SERVICE	31 094,71
		139 590,29	

CREDITORS AGE ANALYSIS: TABLE 2.2.2

Creditor's ageing reconciliation for the month ending 31 January 2026	
CREDITORS ACCOUNT RECONCILIATION REPORT	
MONTH ENDING JANUARY 2026	
Total Balances as per EMS INVOICE AGE ANALYSIS REPORT:	R 9 882 688,97
AGE ANALYSIS TOTAL AMOUNT:	R 9 882 688,97
CLOSING BALANCE FOR UNPAID CREDITORS AS PER AGE ANALYSIS REPORT	R 9 882 688,97
AGED ANALYSIS	R 9 882 688,97
Current (Transactions below 30 days)	R - R 0,00
<30 Days	R - R 8 127 328,21
<60 Days	R - R 521 609,82
<90 Days	R - R 92 028,20
<120 Days	R - R 900 055,47
<150 Days	R - R 495,33
<180 Days	R - R 108 754,65
>180 Days	R - R 132 417,29

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 R9.8 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 and root causes of creditors above a 30-day threshold are attended to.

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 R103 thousand rands.

ANIMAL POUND EXPENDITURE - JANUARY 2026				
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
COW CATCHERS	06/01/2026	NQU 12/26	R 17 250,00	Paid
			R 103 500,00	

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 R81.2 million rands.

Table 2.3.1 Investment register for the period ending 31 January 2026

SUMMARY OF INVESTMENT REGISTER						
2025/2026						
INSTITUTION	BALANCE	INVESTED IN CURRENT YEAR	INTEREST RECEIVED	WITHDRAWAL	BANK CHARGES	BALANCE
ABSA (1394) HOUSING A/C	R 2 023 002,85	R -	R 65 104,61	R -	R -	R 2 088 107,46
ABSA (4328)	R 24 857,33	R -	R 773,83	R -	R 300,00	R 25 331,16
ABSA (5014)	R 96 511,20	R -	R 3 302,84	R -	R -	R 99 814,04
ABSA CALL (5892)	R 16 552 594,49	R 5 680 720,54	R 622 430,46	R 500 000,00	R -	R 22 355 745,49
FNB CALL (1408)	R 10 845 156,72	R -	R 418 945,37	R -	R 1 062,00	R 11 263 040,09
NEDBANK (3)	R 1 330,19	R -	R 46,16	R -	R -	R 1 376,35
STANDARD BANK 014	R 7 756,20	R -	R 222,71	R -	R -	R 7 978,91
STANDARD BANK 063	R 27 549 828,32	R -	R 1 112 356,22	R -	R -	R 28 662 184,54
STANDARD BANK 068	R 16 236 626,89	R -	R 545 899,32	R -	R -	R 16 782 526,21
TOTAL	R 73 337 664,19	R 5 680 720,54	R 2 769 081,52	R 500 000,00	R 1 362,00	R 81 286 104,25

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 R13.4 million rands for the month under review.

BANK RECONCILIATION (PRIMARY ACCOUNT)	4053562762
Details	Amount
Cash book balance as at 31 January 2026	R13 446 003,89
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 January 2026	R13 446 003,89

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 January 2026	R99 814,04
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 January 2026	R99 814,04

2.4 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Grants register for the period ending 31 January 2026

Grant register Table 2.4.1

Summary of Grants received and expenditure to date								
	Grant Type	General Ledger Vote no.	Doral/Prov Allocation for year	Received	Spent & transferred to income	Balance as at	Available funds/not committed	% Spending
				2025/26	2025/26	2025/26	2025/26	
National Grants operational	Eletrification(INEP)	IL001007002001002005001003	(20 000 000,00)	(13 000 000,00)	13 730 102,62	730 102,62	730 102,62	-106%
	FMG	IL001007002002002005004003	(1 900 000,00)	(1 900 000,00)	1 047 408,90	(852 591,10)	(852 591,10)	55%
	EPWP	IL001007002002002005002003	(1 639 008,00)	(1 148 000,00)	1 574 638,80	426 638,80	426 638,80	-137%
National Grants Capital	MIG	IL001007002001002005002003	(37 961 004,00)	(31 000 000,00)	17 463 579,51	(13 536 420,49)	(13 536 420,49)	56%
KZN Grants Operational	Cybercadet	IL001007002002002008004013001003		(554 000,00)	414 555,47	(139 444,53)	(139 444,53)	75%
	Library Modular	IL001007002002002008004013009003		(1 560 000,00)	1 560 000,00	-	-	100%
	Library Volunteer	IL001007002002002008004013007003		(124 000,00)	56 000,00	(68 000,00)	(68 000,00)	45%
	Library support	IL001007002002002008004013008003	(4 493 000,00)	(2 142 000,00)	1 899 942,47	(242 057,53)	(242 057,53)	89%
International Grant	Bornem Grant	IL001007002002002003034001003		-	-	-	-	
TOTALS			(65 993 012,00)	(51 428 000,00)	37 746 227,76	(13 681 772,24)	(13 681 772,24)	

The grants spending is as follows:

1. INEP is overspent at 106%.
2. MIG grant 56% spent.
3. FMG 55% spent.
4. EPWP overspent at 137%.
5. Library support 89%
6. Cybercadet 75%
7. Library modular 100%
8. Library volunteer 45%

The total grant funding received amounts to R51.4 million rands. The total grant expenditure to date amounts to R37.7 million rands.

2.5 COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Expenditure on employee benefits

Employee benefits for the month under reporting amount to R65.5 million rands. The 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 8.9 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

Staff Benefits in terms of Section 66 of the MFMA

Actual staff benefits and Councillors allowances for the period ending 31 January 2026

Staff Benefits		
Item	Budget	Year to date actuals
Salaries & Wages	R91 550 207,00	R 45 248 147,86
Contributions to pension funds	R11 886 283,00	R 6 206 549,90
Contributions to medical aids	R2 377 963,00	R 2 261 360,70
Contributions to UIF	R626 907,00	R 341 832,98
Contributions to SDL	R964 369,00	R 543 090,91
Travel, motor car	R4 209 576,00	R 3 096 468,25
Salga	R40 066,00	R 25 250,60
Housing benefits and allowances	R749 160,00	R 122 874,15
Cellphone Allowance	R0,00	R0,00
Overtime payments	R1 913 336,00	R 1 812 902,92
Bonuses	R6 321 148,00	R 3 814 762,64
Other leave & long service	R624 578,00	R 573 385,52
Allowances (Standby and Drivers Allowance)	R1 796 316,00	R 1 536 986,15
Totals	R 123 059 909,00	R 65 583 612,58
Councillors Allowances		
Item	Budget	Year to date actuals
Councillors Allowances	R14 129 290,00	R 8 168 932,04
Cellphone/Data Allowance	R2 298 473,00	R 681 253,23
Contributions to SDL	R40 995,00	R 85 402,91
Totals	R16 468 758,00	R 8 935 588,18

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 R1.1 million rands there are additions through purchases amounting to R107 thousand rands and issued stock amount to R45 thousand rands hence the slight movement 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 107 274,60
	Inventory purchases for the month		R 107 274,60
LESS: TOTAL ISSUES			(R 45 368,94)
	Inventory issued from stores during the month		(R 45 368,94)
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 1 114 061,87
GENERAL LEDGER VOTE BALANCE:			R 1 114 061,87
VARIANCE: INVENTORY MODULE VS. GENERAL LEDGER			R 0,00

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 since November 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
OPENING BALANCE		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 shows the balance of R87 thousand rands since the month of November. The expenditure was kept at nil for the entire quarter one.

Fruitless expenditure balance for the period ending 31 January 2026

Annexure C Demarcation Board Code: KZN242 Register for Fruitless and wasteful Expenditure Year Ended 30 June 2026		Financial Year 2025/ 2026 Nquthu Local Municipality Month Ja 2026		
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 @ 31 January 2026				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 January 2026

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 06/02/2026