

**CITY OF CHOICE**



**PIETERMARITZBURG  
M S U N D U Z I**

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## General Information

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<b>Legal form of entity</b>	Category B Municipality in terms of section 1 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) read with section 155(1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
<b>Nature of business and principal activities</b>	<p>The primary function of the Msunduzi Municipality is to provide basic services i.e. water, electricity, sanitation and refuse to the Msunduzi jurisdiction.</p> <p>The Msunduzi Municipality is controlled by a Mayor, Deputy Mayor, the Accounting Officer, Speaker, ten Executive Committee members, and five General Managers who contribute to day-to-day management.</p>
<b>Grading of local authority</b>	Category - B
<b>Controlling entity</b>	The Msunduzi Municipality
<b>Municipal entity</b>	Safe City Msunduzi NPC
<b>Registered office</b>	The City Hall 260 Church Street Pietermaritzburg 3201
<b>Business address</b>	The City Hall 260 Church Street Pietermaritzburg 3201
<b>Postal address</b>	The City Hall Private Bag x321 3200
<b>Telephone</b>	(033)392 2206
<b>Facsimile</b>	(033) 392 2208
<b>Bankers</b>	First National Bank
<b>Auditors</b>	The Auditor General of South Africa
<b>Website</b>	<a href="http://www.msunduzi.gov.za">www.msunduzi.gov.za</a>
<b>Acting Accounting Officer</b>	Sizwe Hadebe
<b>Chief Finance Officer (CFO)</b>	Nelisiwe Margret Ngcobo
<b>Executive Committee</b>	Mayor - Njilo Mduduzi Jerome Deputy Mayor - Zuma Thobani Reginald Dlamini Tholakele Ignatia Khumalo Sphamandla Dennis Magubane Vusumuzi Truman Majola Jerome Sibongiseni Majola Nomagugu Eunice Mc Arthur Glenn Robert Msimang Prudence Nokuthula Ntombela Thinasonke Dennis

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## General Information

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### Councillors

Schalkwyk Mary  
Sithole Philisiwe

Ahmed Najmah Banu  
Ahmed Rooksana  
Amod Michael Ismail  
Atwaru Naleni  
Chetty Claudell Milany  
Dlamini Ambrosia Sibongile  
Dlamini Godman Nkosivelile  
Dlamini Sandile Wellington  
Dlela Nomalady Eleanor  
Duma Prince Dumisa  
Gambu Nkosinathi Chasewell  
Goga Mohammed Salim  
Gwala Nelisiwe Jennet  
Gwala Sindisiwe Cydy  
Haswell Uraisha Jasomay  
Inderjit Manilal  
Jugmohan Renesha  
Lambert William Francis  
Lyne Sandra Patricia  
Madlala Linda Linford  
Madlala Siphamandla Sydney  
Madonda Siphon Innocent  
Madondo Ignatia Thandiwe  
Majola Sboniso Terrence  
Mbanjwa Nkosinathi Maxwell  
Mhlongo Snothi Raphael  
Mkhize Dorcas Sibongile  
Mkhize Mtuza Bhekthemba  
Mncwango Gladness Sibongile  
Molefe Thabiso Patrick  
Mtshali Blessing Sbusiso  
Ndawonde Siphwe Caiphaz  
Ndlovu Nelisiwe Zanele  
Nene Jabulani  
Nene S'fiso Derrick  
Ngcobo Jeffrey Mbuyiselwa  
Ngcobo Kathrine Malindi  
Ngongoma Xolani Ellington  
Ngubane Sandile Duncan  
Ngube Gugu Mary-Jane  
Ngubo Jabulisile Joyce  
Ngubo Manqoba  
Nhlabathi Bongumusa Cyril  
Niemand Rienus  
Ntombela Ethel Zodwa  
Ntshangase Ntuthuko  
Oumar Mehmood-UI Hassan

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## General Information

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Phungula Dumisani Bernard  
Shange Sandile Cyril  
Singh Melika  
Sithole Thamsanqa Wonderboy  
Sivnath Rajdave  
Sokhela Balozile Cynthia  
Sokhela Mansizwa Simon  
Soobiah Rachel  
Strachan Ross Bryan  
Winterbach Ludwig Johann  
Zondi Dolo Phillip  
Zondi Hamilton Mlungisi  
Zondo Makhosazane Precious  
Zuma Bukelani Ephraim  
Zuma Michael Bhekabantu  
Zungu Ningi Jostinah  
Zungu Thandiwe Rose

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

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<b>Abbreviations</b>	
ASB	Accounting Standards Board
COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
FNB	First National Bank
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
KZN	Kwazulu Natal
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
NATIS	National Traffic Information System
NCT	Natal Co-operative Timber Tree Farming (Pty) Ltd
NJMPPF	Natal Joint Municipal Pension Fund
NPA	Natal Provincial Administration
PAYE	Pay As You Earn
RMB	Rand Merchant Bank
UIF	Unemployment Insurance Fund
VAT	Value Added Taxation

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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

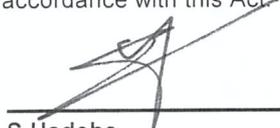
## Accounting Officer's Responsibilities and Approval

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Certification by the Acting City Manager

I am responsible for the preparation of these Consolidated Annual Financial Statements, which are set out on pages 1 to 139, in terms of Section 126(1) of the Municipal Finance Management Act (56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclose in note 39 of these Consolidated Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearer Act and the Minister of Provincial and Local Governments determination in accordance with this Act.

  
\_\_\_\_\_  
S Hadebe                      Date  
Acting Accounting Officer                      30/09/2016

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2017	2016 Restated*	2017	2016 Restated*
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	3	679,176,103	971,060,564	677,947,469	969,623,952
Consumer debtors	4	1,013,846,913	1,112,206,494	1,013,846,913	1,112,206,494
Inventories	5	66,137,638	66,505,235	66,137,638	66,505,235
Short term investment	6	8,799,357	8,318,183	8,799,357	8,318,183
Receivables from exchange transactions	7	51,375,449	111,895,227	51,372,949	111,892,727
Receivables from non-exchange transactions	8	31,715,987	30,398,380	31,715,987	30,398,380
VAT receivable	22	9,430,832	14,986	9,430,832	-
		<b>1,860,482,279</b>	<b>2,300,399,069</b>	<b>1,859,251,145</b>	<b>2,298,944,971</b>
<b>Non-Current Assets</b>					
Agricultural assets	9	54,067,683	54,275,801	54,067,683	54,275,801
Heritage assets	10	226,212,346	233,948,936	226,212,346	233,948,936
Intangible assets	11	50,602,956	39,881,947	50,602,956	39,881,947
Investment property	12	720,223,802	591,243,930	720,223,802	591,243,930
Property plant and equipment	13	6,876,074,290	6,848,958,327	6,862,667,396	6,834,781,494
Other financial assets	14	9,944,611	10,317,110	9,944,611	10,317,110
		<b>7,937,125,688</b>	<b>7,778,626,051</b>	<b>7,923,718,794</b>	<b>7,764,449,218</b>
<b>Total Assets</b>		<b>9,797,607,967</b>	<b>10,079,025,120</b>	<b>9,782,969,939</b>	<b>10,063,394,189</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Consumer deposits	15	101,381,633	93,516,204	101,381,633	93,516,204
Finance lease obligation	16	346,586	302,029	346,586	302,029
Other financial liabilities	17	79,368,332	67,761,975	79,368,332	67,761,975
Trade payables from exchange transactions	18	759,399,445	549,940,979	759,175,905	549,547,831
Provisions	19	7,540,923	6,977,878	7,177,630	6,690,279
Retirement benefit obligation	20	23,038,692	21,141,300	23,038,692	21,141,300
Unspent conditional grants and receipts	21	80,276,486	253,355,946	80,276,486	253,355,946
VAT payable	22	220,808	53,109,432	-	53,109,432
		<b>1,051,572,905</b>	<b>1,046,105,743</b>	<b>1,050,765,264</b>	<b>1,045,424,996</b>
<b>Non-Current Liabilities</b>					
Finance lease obligation	16	-	3,116,878	-	3,116,878
Provisions	19	56,007,366	67,041,163	56,007,366	67,041,163
Other financial liabilities	17	535,738,525	568,133,347	535,738,525	568,133,347
Retirement benefit obligation	20	608,579,819	625,699,203	608,579,819	625,699,203
		<b>1,200,325,710</b>	<b>1,263,990,591</b>	<b>1,200,325,710</b>	<b>1,263,990,591</b>
<b>Total Liabilities</b>		<b>2,251,898,615</b>	<b>2,310,096,334</b>	<b>2,251,090,974</b>	<b>2,309,415,587</b>
<b>Net Assets</b>		<b>7,545,709,352</b>	<b>7,768,928,786</b>	<b>7,531,878,965</b>	<b>7,753,978,602</b>
Accumulated surplus	23	7,250,819,631	7,488,338,476	7,236,989,244	7,473,388,292
Capital replacement reserve	24	164,290,005	151,935,999	164,290,005	151,935,999
Housing development fund	25	79,571,771	76,525,166	79,571,771	76,525,166
Revaluation reserve	26	51,027,945	52,129,145	51,027,945	52,129,145
<b>Total Net Assets</b>		<b>7,545,709,352</b>	<b>7,768,928,786</b>	<b>7,531,878,965</b>	<b>7,753,978,602</b>

\* See Note 64

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2017	2016 Restated*	2017	2016 Restated*
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Agency services	28	2,997,556	2,148,412	2,997,556	2,148,412
Interest - consumer debtors and receivables	29	96,347,327	80,450,051	96,347,327	80,450,051
Interest - bank, call and investment accounts	29	54,663,821	68,434,503	54,589,785	68,242,363
Licences and permits	30	520,627	272,395	520,627	272,395
Operational revenue	31	63,541,127	27,690,392	63,530,381	27,690,392
Rental of facilities and equipment	32	26,144,056	20,850,639	26,144,056	20,850,639
Rendering of services	33	11,165,945	9,169,185	11,165,945	9,169,185
Sale of goods	34	17,406,034	29,332,309	17,405,859	29,330,500
Service charges	35	2,539,976,104	2,482,050,261	2,540,096,629	2,482,198,877
<b>Total revenue from exchange transactions</b>		<b>2,812,762,597</b>	<b>2,720,398,147</b>	<b>2,812,798,165</b>	<b>2,720,352,814</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
Property rates	36	795,878,250	742,052,098	795,878,250	742,052,098
<b>Transfer revenue</b>					
Fines, penalties and forfeits	37	18,045,818	52,922,304	18,045,818	52,922,304
Government grants & subsidies	38	933,418,434	769,640,097	933,418,434	769,640,097
Other transfers	39	16,323,701	157,790	16,323,701	157,790
<b>Total revenue from non-exchange transactions</b>		<b>1,763,666,203</b>	<b>1,564,772,289</b>	<b>1,763,666,203</b>	<b>1,564,772,289</b>
<b>Total revenue</b>		<b>4,576,428,800</b>	<b>4,285,170,436</b>	<b>4,576,464,368</b>	<b>4,285,125,103</b>
<b>Expenditure</b>					
Bad debts written off	40	(332,295,447)	(102,368,859)	(332,295,447)	(102,368,859)
Bulk purchases	41	(1,866,282,816)	(1,799,213,567)	(1,866,282,816)	(1,799,213,567)
Contracted services	42	(556,910,088)	(462,500,867)	(556,405,753)	(462,004,971)
Depreciation and amortisation	43	(598,014,010)	(505,151,071)	(597,067,585)	(504,289,145)
Employee related costs	44	(995,636,874)	(953,468,706)	(990,110,883)	(948,875,302)
Finance costs	45	(68,463,041)	(75,071,691)	(68,463,041)	(75,071,685)
Inventory consumed	46	(46,064,824)	(32,211,930)	(46,024,976)	(32,181,388)
Operational cost	47	(156,466,034)	(143,732,598)	(155,564,492)	(143,533,608)
Operating leases	48	(46,112,235)	(21,396,430)	(46,104,919)	(21,391,902)
Remuneration of councillors	49	(43,574,297)	(41,763,039)	(43,574,297)	(41,763,039)
Transfers and Subsidies	50	(29,605,861)	(20,870,828)	(36,447,089)	(26,543,828)
<b>Total expenditure</b>		<b>(4,739,425,527)</b>	<b>(4,157,749,586)</b>	<b>(4,738,341,298)</b>	<b>(4,157,237,294)</b>
<b>Operating (deficit) surplus</b>		<b>(162,996,727)</b>	<b>127,420,850</b>	<b>(161,876,930)</b>	<b>127,887,809</b>
Fair value adjustments on investment property	51	128,979,872	(769,277)	128,979,872	(769,277)
Impairment of consumer and traffic fines debtors	52	(172,835,820)	(33,269,597)	(172,835,820)	(33,269,597)
Impairment loss	53	(8,354,509)	(49,690,326)	(8,354,509)	(49,690,326)
Inventories losses/write-downs	54	(10,262,570)	161,283	(10,262,570)	161,283
(Losses)/gains on agricultural assets	55	(4,255,584)	9,288,973	(4,255,584)	9,288,973
Loss on disposal of assets	56	(1,304,192)	(1,144,226)	(1,304,192)	(1,144,226)
Residual on take on of forestry service		(6,489,315)	-	(6,489,315)	-
		<b>(74,522,118)</b>	<b>(75,423,170)</b>	<b>(74,522,118)</b>	<b>(75,423,170)</b>
<b>(Deficit) surplus for the year</b>		<b>(237,518,845)</b>	<b>51,997,680</b>	<b>(236,399,048)</b>	<b>52,464,639</b>

\* See Note 64

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Statement of Changes in Net Assets

Figures in Rand	Share capital / contributions from owners	Housing development fund	Revaluation reserve	Capital replacement reserve	Total reserves	Accumulated surplus	Total net assets
<b>Economic entity</b>							
<b>Balance at 01 July 2015</b>	<b>100</b>	<b>53,882,712</b>	<b>52,129,145</b>	<b>151,935,999</b>	<b>257,947,856</b>	<b>7,613,182,963</b>	<b>7,871,130,919</b>
Changes in net assets							
Surplus for the year	-	-	-	-	-	51,997,680	51,997,680
Conversion from (Pty) Ltd to NPC	(100)	-	-	-	-	-	(100)
Adjustments	-	-	-	-	-	11,899,597	11,899,597
Transfer to HDF	-	18,276,063	-	-	18,276,063	(18,276,063)	-
Effects of prior period errors	-	-	-	-	-	(170,465,701)	(170,465,701)
<b>Total changes</b>	<b>(100)</b>	<b>18,276,063</b>	<b>-</b>	<b>-</b>	<b>18,276,063</b>	<b>(124,844,487)</b>	<b>(106,568,524)</b>
<b>Restated* Balance at 01 July 2016</b>	<b>-</b>	<b>72,158,775</b>	<b>52,129,145</b>	<b>151,935,999</b>	<b>276,223,919</b>	<b>7,488,338,476</b>	<b>7,764,562,395</b>
Changes in net assets							
Transfer to HDF	-	381,201	-	-	381,201	-	381,201
Transfer out of revaluation reserve	-	-	(1,101,200)	-	(1,101,200)	-	(1,101,200)
Transfer into CRR	-	-	-	12,354,006	12,354,006	-	12,354,006
Net income (losses) recognised directly in net assets	-	381,201	(1,101,200)	12,354,006	11,634,007	-	11,634,007
Surplus for the year	-	-	-	-	-	(237,518,845)	(237,518,845)
<b>Total recognised income and expenses for the year</b>	<b>-</b>	<b>381,201</b>	<b>(1,101,200)</b>	<b>12,354,006</b>	<b>11,634,007</b>	<b>(237,518,845)</b>	<b>(225,884,838)</b>
<b>Total changes</b>	<b>-</b>	<b>381,201</b>	<b>(1,101,200)</b>	<b>12,354,006</b>	<b>11,634,007</b>	<b>(237,518,845)</b>	<b>(225,884,838)</b>
<b>Balance at 30 June 2017</b>	<b>-</b>	<b>72,539,976</b>	<b>51,027,945</b>	<b>164,290,005</b>	<b>287,857,926</b>	<b>7,250,819,631</b>	<b>7,538,677,557</b>
Note(s)			26				
<b>Controlling entity</b>							
<b>Balance at 01 July 2015</b>	<b>-</b>	<b>53,882,711</b>	<b>52,129,145</b>	<b>151,935,999</b>	<b>257,947,855</b>	<b>7,605,572,689</b>	<b>7,863,520,544</b>
Changes in net assets							
Effects of prior period error	-	-	-	-	-	(178,463,022)	(178,463,022)
Adjustments	-	-	-	-	-	12,090,049	12,090,049
Transfer to HDF	-	18,276,063	-	-	18,276,063	(18,276,063)	-
Net income (losses) recognised directly in net assets	-	18,276,063	-	-	18,276,063	(184,649,036)	(166,372,973)
Surplus for the year	-	-	-	-	-	52,464,639	52,464,639
<b>Total recognised income and expenses for the year</b>	<b>-</b>	<b>18,276,063</b>	<b>-</b>	<b>-</b>	<b>18,276,063</b>	<b>(132,184,397)</b>	<b>(113,908,334)</b>

\* See Note 64

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Statement of Changes in Net Assets

Figures in Rand	Share capital / contributions from owners	Hedging reserve	Revaluation reserve	Capital replacement reserve	Total reserves	Accumulated surplus	Total net assets
Total changes	-	18,276,063	-	-	18,276,063	(132,184,397)	(113,908,334)
<b>Restated* Balance at 01 July 2016</b>	-	<b>72,158,774</b>	<b>52,129,145</b>	<b>151,935,999</b>	<b>276,223,918</b>	<b>7,473,388,292</b>	<b>7,749,612,210</b>
Changes in net assets							
Transfer to HDF	-	381,201	-	-	381,201	-	381,201
Transfer out of revaluation reserve	-	-	(1,101,200)	-	(1,101,200)	-	(1,101,200)
Transfer in to CRR	-	-	-	12,354,006	12,354,006	-	12,354,006
Net income (losses) recognised directly in net assets	-	381,201	(1,101,200)	12,354,006	11,634,007	-	11,634,007
Surplus for the year	-	-	-	-	-	(236,399,048)	(236,399,048)
Total recognised income and expenses for the year	-	381,201	(1,101,200)	12,354,006	11,634,007	(236,399,048)	(224,765,041)
Total changes	-	381,201	(1,101,200)	12,354,006	11,634,007	(236,399,048)	(224,765,041)
<b>Balance at 30 June 2017</b>	-	<b>72,539,975</b>	<b>51,027,945</b>	<b>164,290,005</b>	<b>287,857,926</b>	<b>7,236,989,244</b>	<b>7,524,847,170</b>

Note(s)

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\* See Note 64

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2017	2016 Restated*	2017	2016 Restated*
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Sale of goods and services		2,993,818,783	3,276,706,281	2,986,977,555	3,264,423,733
Government grants & subsidies	38	933,418,434	769,640,097	933,418,434	769,640,097
Interest revenue	29	151,011,148	148,884,554	150,937,112	148,692,414
		<u>4,078,248,365</u>	<u>4,195,230,932</u>	<u>4,071,333,101</u>	<u>4,182,756,244</u>
<b>Payments</b>					
Employee costs		(995,653,036)	(953,358,403)	(990,110,891)	(948,875,302)
Suppliers		(2,638,259,760)	(2,595,520,254)	(2,637,045,601)	(2,594,224,336)
Finance costs	45	(68,463,041)	(75,071,683)	(68,463,041)	(75,071,685)
		<u>(3,702,375,837)</u>	<u>(3,623,950,340)</u>	<u>(3,695,619,533)</u>	<u>(3,618,171,323)</u>
<b>Net cash flows from operating activities</b>	57	<b><u>375,872,528</u></b>	<b><u>571,280,592</u></b>	<b><u>375,713,568</u></b>	<b><u>564,584,921</u></b>
<b>Cash flows from investing activities</b>					
Purchase of property plant and equipment	13	(267,224,474)	(132,068,960)	(267,047,988)	(125,200,186)
Capital work in progress	13	(360,169,915)	(326,798,179)	(360,169,915)	(326,798,179)
Increase in short term investments	6	(481,174)	(383,475)	(481,174)	(383,475)
Purchase of other intangible assets	11	(23,899,771)	(23,145,411)	(23,899,771)	(23,145,411)
Increase in other financial assets	14	372,500	(1,084,005)	372,500	(1,084,005)
Purchases of heritage assets	10	(168,340)	(157,790)	(168,340)	(157,790)
<b>Net cash flows from investing activities</b>		<b><u>(651,571,174)</u></b>	<b><u>(483,637,820)</u></b>	<b><u>(651,394,688)</u></b>	<b><u>(476,769,046)</u></b>
<b>Cash flows from financing activities</b>					
Movement in borrowings		(23,860,791)	42,389,165	(23,860,791)	42,389,165
Movement in consumer deposits		7,865,429	6,485,652	7,865,428	6,485,654
Utilisation/receipt of unspent grant		(190,452)	(6,609,548)	-	-
Buy back of shares		-	(100)	-	-
<b>Net cash flows from financing activities</b>		<b><u>(16,185,814)</u></b>	<b><u>42,265,169</u></b>	<b><u>(15,995,363)</u></b>	<b><u>48,874,819</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(291,884,460)</u></b>	<b><u>129,907,941</u></b>	<b><u>(291,676,483)</u></b>	<b><u>136,690,694</u></b>
Cash and cash equivalents at the beginning of the year		971,060,563	841,152,623	969,623,952	832,933,258
<b>Cash and cash equivalents at the end of the year</b>	3	<b><u>679,176,103</u></b>	<b><u>971,060,564</u></b>	<b><u>677,947,469</u></b>	<b><u>969,623,952</u></b>

\* See Note 64

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Economic entity</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Agency services	670,000	19,528,000	<b>20,198,000</b>	2,997,556	<b>(17,200,444)</b>	
Interest - consumer debtors and receivables	110,179,000	600,000	<b>110,779,000</b>	96,347,327	<b>(14,431,673)</b>	
Interest - bank, call and investment accounts	49,270,000	-	<b>49,270,000</b>	54,663,821	<b>5,393,821</b>	
Licences and permits	92,000	(3,000)	<b>89,000</b>	520,627	<b>431,627</b>	
Operational revenue	83,339,000	193,094,000	<b>276,433,000</b>	63,541,127	<b>(212,891,873)</b>	
Rental of facilities and equipment	43,809,000	4,384,000	<b>48,193,000</b>	26,144,056	<b>(22,048,944)</b>	
Rendering of services	-	-	-	11,165,945	<b>11,165,945</b>	
Sale of goods	-	-	-	17,406,034	<b>17,406,034</b>	
Service charges	2,878,830,000	-	<b>2,878,830,000</b>	2,539,976,104	<b>(338,853,896)</b>	
<b>Total revenue from exchange transactions</b>	<b>3,166,189,000</b>	<b>217,603,000</b>	<b>3,383,792,000</b>	<b>2,812,762,597</b>	<b>(571,029,403)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	798,728,000	-	<b>798,728,000</b>	795,878,250	<b>(2,849,750)</b>	
<b>Transfer revenue</b>						
Fines, penalties and forfeits	18,538,000	4,948,000	<b>23,486,000</b>	18,045,818	<b>(5,440,182)</b>	
Government grants & subsidies	936,329,000	69,713,000	<b>1,006,042,000</b>	933,418,434	<b>(72,623,566)</b>	
Other transfers	-	-	-	16,323,701	<b>16,323,701</b>	
<b>Total revenue from non-exchange transactions</b>	<b>1,753,595,000</b>	<b>74,661,000</b>	<b>1,828,256,000</b>	<b>1,763,666,203</b>	<b>(64,589,797)</b>	
<b>Total revenue</b>	<b>4,919,784,000</b>	<b>292,264,000</b>	<b>5,212,048,000</b>	<b>4,576,428,800</b>	<b>(635,619,200)</b>	
<b>Expenditure</b>						
Bad debts written off	(120,815,000)	-	<b>(120,815,000)</b>	(332,295,447)	<b>(211,480,447)</b>	
Bulk purchases	(1,936,708,000)	(27,115,000)	<b>(1,963,823,000)</b>	(1,866,282,816)	<b>97,540,184</b>	
Contracted services	(35,108,000)	(409,669,000)	<b>(444,777,000)</b>	(556,910,088)	<b>(112,133,088)</b>	
Depreciation and amortisation	(506,103,000)	-	<b>(506,103,000)</b>	(598,014,010)	<b>(91,911,010)</b>	
Employee related costs	(1,035,660,000)	(47,566,000)	<b>(1,083,226,000)</b>	(995,636,874)	<b>87,589,126</b>	
Finance costs	(65,460,000)	(1,670,000)	<b>(67,130,000)</b>	(68,463,041)	<b>(1,333,041)</b>	
Inventory consumed	-	-	-	(46,064,824)	<b>(46,064,824)</b>	
Operational cost	(561,162,000)	195,477,000	<b>(365,685,000)</b>	(156,466,034)	<b>209,218,966</b>	
Operating leases	-	-	-	(46,112,235)	<b>(46,112,235)</b>	
Remuneration of councillors	(43,033,000)	-	<b>(43,033,000)</b>	(43,574,297)	<b>(541,297)</b>	
Transfers and Subsidies	(148,325,000)	-	<b>(148,325,000)</b>	(29,605,861)	<b>118,719,139</b>	
<b>Total expenditure</b>	<b>(4,452,374,000)</b>	<b>(290,543,000)</b>	<b>(4,742,917,000)</b>	<b>(4,739,425,527)</b>	<b>3,491,473</b>	
<b>Operating deficit</b>	<b>467,410,000</b>	<b>1,721,000</b>	<b>469,131,000</b>	<b>(162,996,727)</b>	<b>(632,127,727)</b>	
Fair value adjustments on investment property	-	-	-	128,979,872	<b>128,979,872</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Impairment of consumer and traffic debtors	-	-	-	(172,835,820)	<b>(172,835,820)</b>	
Impairment loss	-	-	-	(8,354,509)	<b>(8,354,509)</b>	
Inventories losses/write downs	-	-	-	(10,262,570)	<b>(10,262,570)</b>	
(Losses)/gains on agricultural assets	-	-	-	(4,255,584)	<b>(4,255,584)</b>	
Loss on disposal of assets	-	-	-	(1,304,192)	<b>(1,304,192)</b>	
Residual on take of forestry service	-	-	-	(6,489,315)	<b>(6,489,315)</b>	
	-	-	-	<b>(74,522,118)</b>	<b>(74,522,118)</b>	
<b>Deficit before taxation</b>	<b>467,410,000</b>	<b>1,721,000</b>	<b>469,131,000</b>	<b>(237,518,845)</b>	<b>(706,649,845)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>467,410,000</b>	<b>1,721,000</b>	<b>469,131,000</b>	<b>(237,518,845)</b>	<b>(706,649,845)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

### Statement of Financial Position

#### Assets

##### Current Assets

Cash and cash equivalents	1,051,657,000	-	<b>1,051,657,000</b>	679,176,103	<b>(372,480,897)</b>
Consumer debtors	965,247,000	-	<b>965,247,000</b>	1,013,846,913	<b>48,599,913</b>
Inventories	741,893,000	-	<b>741,893,000</b>	66,137,638	<b>(675,755,362)</b>
Short term investment	-	59,806,000	<b>59,806,000</b>	8,799,357	<b>(51,006,643)</b>
Payables from exchange transactions	-	-	-	51,375,449	<b>51,375,449</b>
Trade receivables from non-exchange transactions	376,487,000	-	<b>376,487,000</b>	31,715,987	<b>(344,771,013)</b>
VAT receivable	-	-	-	9,430,832	<b>9,430,832</b>
	<b>3,135,284,000</b>	<b>59,806,000</b>	<b>3,195,090,000</b>	<b>1,860,482,279</b>	<b>(1,334,607,721)</b>

##### Non-Current Assets

Agricultural assets	46,520,000	-	<b>46,520,000</b>	54,067,683	<b>7,547,683</b>
Trade and other receivables	9,455,000	-	<b>9,455,000</b>	-	<b>(9,455,000)</b>
Other non current assets	179,008,000	-	<b>179,008,000</b>	-	<b>(179,008,000)</b>
Heritage assets	-	-	-	226,212,346	<b>226,212,346</b>
Intangible assets	27,283,000	-	<b>27,283,000</b>	50,602,956	<b>23,319,956</b>
Investment property	356,914,000	-	<b>356,914,000</b>	720,223,802	<b>363,309,802</b>
Property plant and equipment	7,021,207,000	63,716,000	<b>7,084,923,000</b>	6,876,074,290	<b>(208,848,710)</b>
Other financial assets	-	-	-	9,944,611	<b>9,944,611</b>
	<b>7,640,387,000</b>	<b>63,716,000</b>	<b>7,704,103,000</b>	<b>7,937,125,688</b>	<b>233,022,688</b>

#### Total Assets

**10,775,671,000**    **123,522,000**    **10,899,193,000**    **9,797,607,967**    **(1,101,585,033)**

#### Liabilities

##### Current Liabilities

Consumer deposits	92,798,000	-	<b>92,798,000</b>	101,381,633	<b>8,583,633</b>
Finance lease obligation	-	-	-	346,586	<b>346,586</b>
Other financial liabilities	67,762,000	-	<b>67,762,000</b>	79,368,332	<b>11,606,332</b>
Trade payables from exchange transactions	1,152,457,000	-	<b>1,152,457,000</b>	759,399,445	<b>(393,057,555)</b>
Provisions	-	-	-	7,540,923	<b>7,540,923</b>
Retirement benefit obligation	-	-	-	23,038,692	<b>23,038,692</b>
Unspent conditional grants and receipts	-	-	-	80,276,486	<b>80,276,486</b>
Provisions	6,084,000	-	<b>6,084,000</b>	220,808	<b>(5,863,192)</b>
	<b>1,319,101,000</b>	<b>-</b>	<b>1,319,101,000</b>	<b>1,051,572,905</b>	<b>(267,528,095)</b>

##### Non-Current Liabilities

Other financial liabilities	511,999,000	-	<b>511,999,000</b>	535,738,525	<b>23,739,525</b>
Finance lease obligation	743,548,000	-	<b>743,548,000</b>	56,007,366	<b>(687,540,634)</b>
Retirement benefit obligation	-	-	-	608,579,819	<b>608,579,819</b>
	<b>1,255,547,000</b>	<b>-</b>	<b>1,255,547,000</b>	<b>1,200,325,710</b>	<b>(55,221,290)</b>

#### Total Liabilities

**2,574,648,000**    **-**    **2,574,648,000**    **2,251,898,615**    **(322,749,385)**

#### Net Assets

**8,201,023,000**    **123,522,000**    **8,324,545,000**    **7,545,709,352**    **(778,835,648)**

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	8,028,109,000	123,522,000	<b>8,151,631,000</b>	7,250,819,631	<b>(900,811,369)</b>	
Capital replacement reserve	-	-	-	164,290,005	<b>164,290,005</b>	
Housing development fund	-	-	-	79,571,771	<b>79,571,771</b>	
Revaluation reserve	-	-	-	51,027,945	<b>51,027,945</b>	
Reserves	172,914,000	-	<b>172,914,000</b>	-	<b>(172,914,000)</b>	
<b>Total Net Assets</b>	<b>8,201,023,000</b>	<b>123,522,000</b>	<b>8,324,545,000</b>	<b>7,545,709,352</b>	<b>(778,835,648)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	3,413,696,000	10,000,000	<b>3,423,696,000</b>	2,987,136,515	<b>(436,559,485)</b>	
Grants and subsidies	937,464,000	-	<b>937,464,000</b>	933,418,434	<b>(4,045,566)</b>	
Interest revenue	107,717,000	-	<b>107,717,000</b>	150,937,112	<b>43,220,112</b>	
	<b>4,458,877,000</b>	<b>10,000,000</b>	<b>4,468,877,000</b>	<b>4,071,492,061</b>	<b>(397,384,939)</b>	
<b>Payments</b>						
Employee costs	(3,619,264,000)	56,156,000	<b>(3,563,108,000)</b>	(990,110,891)	<b>2,572,997,109</b>	
Suppliers	-	-	-	(2,637,045,601)	<b>2,637,045,601</b>	
Finance costs	(65,474,000)	-	<b>(65,474,000)</b>	(68,463,041)	<b>(2,989,041)</b>	
Government grants and subsidies	(191,000)	(7,799,000)	<b>(7,990,000)</b>	-	<b>7,990,000</b>	
	<b>(3,684,929,000)</b>	<b>48,357,000</b>	<b>(3,636,572,000)</b>	<b>(3,695,619,533)</b>	<b>(59,047,533)</b>	
<b>Net cash flows from operating activities</b>	<b>773,948,000</b>	<b>58,357,000</b>	<b>832,305,000</b>	<b>375,872,528</b>	<b>(456,432,472)</b>	
Purchase of property plant equipment	(617,305,000)	(63,716,000)	<b>(681,021,000)</b>	(267,224,474)	<b>413,796,526</b>	
Capital work in progress	-	-	-	(360,169,915)	<b>(360,169,915)</b>	
Increase in short term investment	-	-	-	(481,174)	<b>(481,174)</b>	
Purchase of heritage assets	-	-	-	(168,340)	<b>(168,340)</b>	
Purchase of other intangible assets	-	-	-	(23,899,771)	<b>(23,899,771)</b>	
Increase in other financial assets	-	-	-	372,500	<b>372,500</b>	
<b>Net cash flows from investing activities</b>	<b>(617,305,000)</b>	<b>(63,716,000)</b>	<b>(681,021,000)</b>	<b>(651,571,174)</b>	<b>29,449,826</b>	
<b>Cash flows from financing activities</b>						
Movement in borrowings	(67,762,000)	-	<b>(67,762,000)</b>	(23,860,791)	<b>43,901,209</b>	
Movement in consumer deposits	50,000,000	-	<b>50,000,000</b>	7,865,429	<b>(42,134,571)</b>	
Utilisation/receipt of unspent grant	-	-	-	(190,452)	<b>(190,452)</b>	
<b>Net cash flows from financing activities</b>	<b>(17,762,000)</b>	-	<b>(17,762,000)</b>	<b>(16,185,814)</b>	<b>1,576,186</b>	
Net increase/(decrease) in cash and cash equivalents	138,881,000	(5,359,000)	<b>133,522,000</b>	(291,884,460)	<b>(425,406,460)</b>	
Cash and cash equivalents at the beginning of the year	912,709,000	-	<b>912,709,000</b>	971,060,563	<b>58,351,563</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>1,051,590,000</b>	<b>(5,359,000)</b>	<b>1,046,231,000</b>	<b>679,176,103</b>	<b>(367,054,897)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Economic entity - 2017</b>											
<b>Financial Performance</b>											
Property rates	842,558,000	-	842,558,000	-		842,558,000	795,878,250		(46,679,750)	94 %	94 %
Service charges	2,878,830,000	-	2,878,830,000	-		2,878,830,000	2,539,976,104		(338,853,896)	88 %	88 %
Investment revenue	49,330,000	-	49,330,000	-		49,330,000	151,011,148		101,681,148	306 %	306 %
Transfers recognised - operational	489,491,000	57,753,000	547,244,000	-		547,244,000	497,277,040		(49,966,960)	91 %	102 %
Other own revenue	212,797,000	222,551,000	435,348,000	-		435,348,000	285,124,736		(150,223,264)	65 %	134 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>4,473,006,000</b>	<b>280,304,000</b>	<b>4,753,310,000</b>	-		<b>4,753,310,000</b>	<b>4,269,267,278</b>		<b>(484,042,722)</b>	<b>90 %</b>	<b>95 %</b>
Employee costs	(1,040,938,000)	(47,566,000)	(1,088,504,000)	-		(1,088,504,000)	(995,636,874)		92,867,126	91 %	96 %
Remuneration of councillors	(43,033,000)	-	(43,033,000)	-		(43,033,000)	(43,574,297)		(541,297)	101 %	101 %
Debt impairment	-	-	-			-	(332,295,447)		(332,295,447)	DIV/0 %	DIV/0 %
Depreciation and asset impairment	(507,298,000)	-	(507,298,000)			(507,298,000)	(606,368,519)		(99,070,519)	120 %	120 %
Finance charges	(65,474,000)	(1,670,000)	(67,144,000)	-		(67,144,000)	(68,463,041)		(1,319,041)	102 %	105 %
Materials and bulk purchases	(2,118,107,000)	103,799,000	(2,014,308,000)	-		(2,014,308,000)	(1,866,282,816)		148,025,184	93 %	88 %
Transfers and grants	(140,526,000)	-	(140,526,000)	-		(140,526,000)	(29,605,861)		110,920,139	21 %	21 %
Other expenditure	(538,193,000)	(345,106,000)	(883,299,000)	-		(883,299,000)	(1,000,700,662)		(117,401,662)	113 %	186 %
<b>Total expenditure</b>	<b>(4,453,569,000)</b>	<b>(290,543,000)</b>	<b>(4,744,112,000)</b>	-		<b>(4,744,112,000)</b>	<b>(4,942,927,517)</b>		<b>(198,815,517)</b>	<b>104 %</b>	<b>111 %</b>
<b>Surplus/(Deficit)</b>	<b>19,437,000</b>	<b>(10,239,000)</b>	<b>9,198,000</b>	-		<b>9,198,000</b>	<b>(673,660,239)</b>		<b>(682,858,239)</b>	<b>(7,324)%</b>	<b>(7,324)%</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	447,414,000	11,960,000	459,374,000	-		459,374,000	436,141,394		(23,232,606)	95 %	97 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>466,851,000</b>	<b>1,721,000</b>	<b>468,572,000</b>	-		<b>468,572,000</b>	<b>(237,518,845)</b>		<b>(706,090,845)</b>	<b>(51)%</b>	<b>(51)%</b>
<b>Surplus/(Deficit) for the year</b>	<b>466,851,000</b>	<b>1,721,000</b>	<b>468,572,000</b>	-		<b>468,572,000</b>	<b>(237,518,845)</b>		<b>(706,090,845)</b>	<b>(51)%</b>	<b>(51)%</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	726,241,000	145,485,000	871,726,000	-		871,726,000	436,141,394		(435,584,606)	50 %	60 %
<b>Sources of capital funds</b>											
Transfers recognised - capital	447,973,000	11,401,000	459,374,000	-		459,374,000	400,234,108		(59,139,892)	87 %	89 %
Borrowing	158,268,000	-	158,268,000	-		158,268,000	40,245,431		(118,022,569)	25 %	25 %
Internally generated funds	120,000,000	134,084,000	254,084,000	-		254,084,000	208,705,170		(45,378,830)	82 %	174 %
<b>Total sources of capital funds</b>	<b>726,241,000</b>	<b>145,485,000</b>	<b>871,726,000</b>	-		<b>871,726,000</b>	<b>649,184,709</b>		<b>(222,541,291)</b>	<b>74 %</b>	<b>89 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Cash flows</b>											
Net cash from (used) operating	773,947,000	58,357,000	832,304,000	-		832,304,000	375,872,528		(456,431,472)	45 %	49 %
Net cash from (used) investing	(617,305,000)	(63,716,000)	(681,021,000)	-		(681,021,000)	(651,571,174)		29,449,826	96 %	106 %
Net cash from (used) financing	(17,762,000)	-	(17,762,000)	-		(17,762,000)	(16,185,814)		1,576,186	91 %	91 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>138,880,000</b>	<b>(5,359,000)</b>	<b>133,521,000</b>	<b>-</b>		<b>133,521,000</b>	<b>(291,884,460)</b>		<b>(425,405,460)</b>	<b>(219)%</b>	<b>(210)%</b>
Cash and cash equivalents at the beginning of the year	912,709,000	65,233,000	977,942,000	-		977,942,000	971,060,563		(6,881,437)	99 %	106 %
<b>Cash and cash equivalents at year end</b>	<b>1,051,589,000</b>	<b>59,874,000</b>	<b>1,111,463,000</b>	<b>-</b>		<b>1,111,463,000</b>	<b>679,176,103</b>		<b>(432,286,897)</b>	<b>61 %</b>	<b>65 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Economic entity - 2016</b>				
<b>Financial Performance</b>				
Property rates				742,052,098
Service charges				2,482,050,261
Investment revenue				148,884,554
Transfers recognised - operational				466,155,847
Other own revenue				151,993,682
<b>Total revenue (excluding capital transfers and contributions)</b>				<b>3,991,136,442</b>
Employee costs	-	-	-	(953,468,706)
Remuneration of councillors	-	-	-	(41,763,039)
Debt impairment	-	-	-	(102,368,859)
Depreciation and asset impairment	-	-	-	(554,841,397)
Finance charges	-	-	-	(75,071,691)
Materials and bulk purchases	-	-	-	(1,799,213,567)
Transfers and grants	-	-	-	(20,870,828)
Other expenditure	-	-	-	(695,024,925)
<b>Total expenditure</b>	-	-	-	<b>(4,242,623,012)</b>
<b>Surplus/(Deficit)</b>				<b>(251,486,570)</b>
Transfers recognised - capital				303,484,250
<b>Surplus (Deficit) after capital transfers and contributions</b>				<b>51,997,680</b>
<b>Surplus/(Deficit) for the year</b>				<b>51,997,680</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Capital expenditure and funds sources</b>				
Total capital expenditure				476,286,307
<b>Sources of capital funds</b>				
Transfers recognised - capital				292,498,173
Borrowing				62,181,455
Internally generated funds				121,606,679
<b>Total sources of capital funds</b>				<b>476,286,307</b>
<b>Cash flows</b>				
Net cash from (used) operating				571,280,592
Net cash from (used) investing				(483,637,820)
Net cash from (used) financing				42,265,169
<b>Net increase/(decrease) in cash and cash equivalents</b>				<b>129,907,941</b>
Cash and cash equivalents at the beginning of the year				841,152,623
<b>Cash and cash equivalents at year end</b>				<b>971,060,564</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Controlling entity - 2017</b>											
<b>Financial Performance</b>											
Property rates	842,558,000	-	842,558,000	-		842,558,000	795,878,250		(46,679,750)	94 %	94 %
Service charges	2,878,830,000	-	2,878,830,000	-		2,878,830,000	2,540,096,629		(338,733,371)	88 %	88 %
Investment revenue	49,330,000	-	49,330,000	-		49,330,000	54,589,785		5,259,785	111 %	111 %
Transfers recognised - operational	489,491,000	57,753,000	547,244,000	-		547,244,000	497,277,040		(49,966,960)	91 %	102 %
Other own revenue	212,797,000	222,551,000	435,348,000	-		435,348,000	465,394,680		30,046,680	107 %	219 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>4,473,006,000</b>	<b>280,304,000</b>	<b>4,753,310,000</b>	-		<b>4,753,310,000</b>	<b>4,353,236,384</b>		<b>(400,073,616)</b>	<b>92 %</b>	<b>97 %</b>
Employee costs	(1,040,938,000)	(47,566,000)	(1,088,504,000)	-		(1,088,504,000)	(990,110,883)		98,393,117	91 %	95 %
Remuneration of councillors	(43,033,000)	-	(43,033,000)	-		(43,033,000)	(43,574,297)		(541,297)	101 %	101 %
Depreciation and asset impairment	(507,298,000)	-	(507,298,000)			(507,298,000)	(597,067,585)		(89,769,585)	118 %	118 %
Finance charges	(65,474,000)	(1,670,000)	(67,144,000)	-		(67,144,000)	(68,463,041)		(1,319,041)	102 %	105 %
Materials and bulk purchases	(2,118,107,000)	103,799,000	(2,014,308,000)	-		(2,014,308,000)	(1,866,282,816)		148,025,184	93 %	88 %
Transfers and grants PAID	(140,526,000)	-	(140,526,000)	-		(140,526,000)	(36,447,089)		104,078,911	26 %	26 %
Other expenditure	(538,193,000)	(345,106,000)	(883,299,000)	-		(883,299,000)	(1,417,341,800)		(534,042,800)	160 %	263 %
<b>Total expenditure</b>	<b>(4,453,569,000)</b>	<b>(290,543,000)</b>	<b>(4,744,112,000)</b>	-		<b>(4,744,112,000)</b>	<b>(5,019,287,511)</b>		<b>(275,175,511)</b>	<b>106 %</b>	<b>113 %</b>
<b>Surplus/(Deficit)</b>	<b>19,437,000</b>	<b>(10,239,000)</b>	<b>9,198,000</b>	-		<b>9,198,000</b>	<b>(666,051,127)</b>		<b>(675,249,127)</b>	<b>(7,241)%</b>	<b>(3,427)%</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	447,414,000	11,960,000	459,374,000	-		459,374,000	436,141,394		(23,232,606)	95 %	97 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>466,851,000</b>	<b>1,721,000</b>	<b>468,572,000</b>	-		<b>468,572,000</b>	<b>(229,909,733)</b>		<b>(698,481,733)</b>	<b>(49)%</b>	<b>(49)%</b>
Operating deficit (surplus)	-	-	-	-		-	6,489,315		6,489,315	DIV/0 %	DIV/0 %
<b>Surplus/(Deficit) for the year</b>	<b>466,851,000</b>	<b>1,721,000</b>	<b>468,572,000</b>	-		<b>468,572,000</b>	<b>(236,399,048)</b>		<b>(704,971,048)</b>	<b>(50)%</b>	<b>(51)%</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	726,241,000	145,485,000	871,726,000	-		871,726,000	649,184,709		(222,541,291)	74 %	89 %
<b>Sources of capital funds</b>											
Transfers recognised - capital National	447,973,000	11,401,000	459,374,000	-		459,374,000	400,234,108		(59,139,892)	87 %	89 %
Borrowing	158,268,000	-	158,268,000	-		158,268,000	40,245,431		(118,022,569)	25 %	25 %
Internally generated funds	120,000,000	134,084,000	254,084,000	-		254,084,000	208,705,170		(45,378,830)	82 %	174 %
<b>Total sources of capital funds</b>	<b>726,241,000</b>	<b>145,485,000</b>	<b>871,726,000</b>	-		<b>871,726,000</b>	<b>649,184,709</b>		<b>(222,541,291)</b>	<b>74 %</b>	<b>89 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Cash flows</b>											
Net cash from (used) operating	773,947,000	58,357,000	832,304,000	-		832,304,000	375,713,568		(456,590,432)	45 %	49 %
Net cash from (used) investing	(617,305,000)	(63,716,000)	(681,021,000)	-		(681,021,000)	(651,394,688)		29,626,312	96 %	106 %
Net cash from (used) financing	(17,762,000)	-	(17,762,000)	-		(17,762,000)	(15,995,363)		1,766,637	90 %	90 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>138,880,000</b>	<b>(5,359,000)</b>	<b>133,521,000</b>	<b>-</b>		<b>133,521,000</b>	<b>(291,676,483)</b>		<b>(425,197,483)</b>	<b>(218)%</b>	<b>(210)%</b>
Cash and cash equivalents at the beginning of the year	912,709,000	65,233,000	977,942,000	-		977,942,000	969,623,952		(8,318,048)	99 %	106 %
<b>Cash and cash equivalents at year end</b>	<b>1,051,589,000</b>	<b>59,874,000</b>	<b>1,111,463,000</b>	<b>-</b>		<b>1,111,463,000</b>	<b>677,947,469</b>		<b>433,515,531</b>	<b>61 %</b>	<b>64 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Controlling entity - 2016</b>				
<b>Financial Performance</b>				
Property rates				742,052,098
Service charges				2,482,198,877
Investment revenue				68,242,363
Transfers recognised - operational				466,155,847
Other own revenue				242,615,226
<b>Total revenue (excluding capital transfers and contributions)</b>				<b>4,001,264,411</b>
Employee costs	-	-	-	(948,875,302)
Remuneration of councillors	-	-	-	(41,763,039)
Depreciation and asset impairment	-	-	-	(504,289,145)
Finance charges	-	-	-	(75,071,683)
Materials and bulk purchases	-	-	-	(1,799,213,567)
Transfers and grants	-	-	-	(26,543,828)
Other expenditure	-	-	-	(856,527,458)
<b>Total expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-(4,252,284,022)</b>
<b>Surplus/(Deficit)</b>				<b>(251,019,611)</b>
Transfers recognised - capital				303,484,250
<b>Surplus (Deficit) after capital transfers and contributions</b>				<b>52,464,639</b>
<b>Surplus/(Deficit) for the year</b>				<b>52,464,639</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Capital expenditure and funds sources</b>				
Total capital expenditure				476,286,307
<b>Sources of capital funds</b>				
Transfers recognised - capital				292,498,173
Borrowing				62,181,455
Internally generated funds				121,606,679
<b>Total sources of capital funds</b>				<b>476,286,307</b>
<b>Cash flows</b>				
Net cash from (used) operating				564,584,921
Net cash from (used) investing				(476,769,046)
Net cash from (used) financing				48,874,819
<b>Net increase/(decrease) in cash and cash equivalents</b>				<b>136,690,694</b>
Cash and cash equivalents at the beginning of the year				832,933,258
<b>Cash and cash equivalents at year end</b>				<b>969,623,952</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1. Presentation of Consolidated Annual Financial Statements

The Consolidated Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003). The reporting framework is as prescribed by the Accounting Standards Board in Directive 5.

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These Consolidated Annual Financial Statements are presented in South African Rand, which is the functional currency of the economic entity.

#### 1.2 Going concern assumption

These Consolidated Annual Financial Statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the Consolidated Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Consolidated Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Consolidated Annual Financial Statements.

#### Fair value estimation of financial instruments

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the economic entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The economic entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the economic entity for similar financial instruments.

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The reporting date reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors together with economic factors.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Useful lives of Property Plant and Equipment

The municipality's management determines the estimated useful lives and related depreciation charges for all assets. These estimates are based on National Treasury Guideline Template. Management will increase or decrease the depreciation charge where useful lives are less or more than previously estimated useful lives.

#### Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20.

#### Effective interest rate

The economic entity used the prime interest rate to discount future cash flows.

#### Allowance for doubtful debts

On receivables a impairment loss is recognised in the surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### Budget information

Deviation between budget and actual amounts exceeding 10 percent are obtained monthly for the preparation of the Section 71 reporting and used during the audit process.

### 1.4 Inventories

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

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

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

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

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

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

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

### 1.5 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Consolidated Statement of Financial Performance.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.6 Agricultural assets

The entity recognises agricultural assets or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity; and
- the fair value or cost of the asset can be measured reliably.

Agricultural assets are measured at their fair value less costs to sell.

The fair value of the tree plantations is based on the combined fair value of the land and the trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the trees.

A gain or loss arising on initial recognition of agricultural assets or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of agricultural assets is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

### 1.7 Heritage assets

Assets are resources controlled by an economic entity as a result of past events and from which future economic benefits or service potential are expected to flow to the economic entity.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an economic entity's operations that is shown as a single item for the purpose of disclosure in the consolidated annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements

### Recognition

The economic entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity, and the cost or fair value of the asset can be measured reliably.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.7 Heritage assets (continued)

#### Initial measurement

Heritage assets are measured at cost.

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

If at initial recognition the municipality cannot reliably measure its cost, the relevant and useful information about the heritage asset is disclosed in the notes to the Consolidated Annual Financial Statements.

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

#### Impairment

The economic entity assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the economic entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

#### Derecognition

The economic entity derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

### 1.8 Intangible assets

An asset is identifiable if it either:

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

The economic entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.8 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

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Item	Depreciation method	Average useful life
Computer software, internally generated	Straight line	3 - 5 years
Servitudes	Straight line	Indefinite

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised.

### 1.9 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

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

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.9 Investment property (continued)

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the economic entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

If the economic entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

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

### 1.10 Property plant and equipment

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

The cost of an item of property plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the economic entity; and
- the cost of the item can be measured reliably.

Property plant and equipment is initially measured at cost.

The cost of an item of property plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.10 Property plant and equipment (continued)

Major inspection costs which are a condition of continuing use of an item of property plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

Property plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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Item	Depreciation method	Average useful life
Land	Straight line	Infinite
Roads	Straight line	5 - 100 years
System security	Straight line	5 - 10 years
Storm water drainage	Straight line	25 - 120 years
Airport infrastructure	Straight line	20 years
Solid waste	Straight line	5 - 50 years
Water and sanitation	Straight line	10 - 100 years
Major substations:buildings	Straight line	5 - 50 years
Transformers and related equipment	Straight line	50 years
Mains	Straight line	45 years
Street lighting	Straight line	50 years
Buildings	Straight line	5 - 50 years
Recreational facilities	Straight line	5 - 50 years
Fresh produce and other markets	Straight line	5 - 50 years
Fire engines	Straight line	20 years
Landfill site	Straight line	5 - 50 years
Transport facilities	Straight line	5 - 50 years
Fencing	Straight line	10 years
Heavy and mobile plant	Straight line	10 - 15 years
Furniture and fittings	Straight line	7 - 10 years
Vehicles	Straight line	5 - 10 years
Bins and containers	Straight line	5 - 10 years
Plant and equipment	Straight line	5 - 15 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.11 Capital under construction

Incomplete construction work is recognised as capital under construction and measured at cost. Depreciation only commences when the asset is commissioned into use.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.12 Commitments

All commitment is a binding agreement to undertake operating and capital expenditure at some set time in the future which has not yet become an actual liability.

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

### 1.13 Leases

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

#### Finance leases

Finance leases are recognised as assets and liabilities in the Consolidated Statement of Financial Position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Consolidated Statement of Financial Position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases

Operating lease payments is recognised as an expense on a straight-line basis over the lease term.

This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

The Msunduzi Municipality is the lessee of all operating lease agreements.

#### Operating leases - lessee

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

### 1.14 Conditional Grants and receipts

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

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Consolidated Statement of Financial Performance.

Grants and receipts of a revenue nature: income is transferred as revenue to the Consolidated Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.15 Impairment of non-cash-generating assets

Non-cash generating assets are those assets held by the Economic Entity without an intention of generating a commercial return and held primarily for service delivery purposes. The Economic Entity classifies all assets held with the primary objective of generating a commercial return as cash generating assets.

The Economic Entity will apply its judgment and disclose the criteria used in making such judgment in cases where it's not clear whether the primary objective is to generate a commercial return.

The Economic Entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Economic Entity determines the recoverable service amount of the asset. The recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

If the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired and is recognised immediately in the Consolidated Statement of Financial Performance.

An impairment loss is when the asset's carrying amount exceeds its recoverable service amount and is recognised in the Consolidated Statement of Financial Performance.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Consolidated Statement of Financial Performance. The increase in the carrying amount of an asset due to the reversal of an impairment loss should not exceed what the carrying amount would have been if no impairment loss had been recognised. Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the Consolidated Statement of Financial Position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the economic entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the economic entity.

### Identification

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

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.15 Impairment of non-cash-generating assets (continued)

#### Value in use

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

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

#### Depreciated replacement cost approach

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

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

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

#### Reversal of an impairment loss

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

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

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

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.15 Impairment of non-cash-generating assets (continued)

#### Redesignation

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

### 1.16 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by an entity.

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

### 1.17 Budget information

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

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

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

The approved budget covers the fiscal period from 01-07-2016 to 30-06-2017.

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

The Consolidated Statement of Comparative and Actual information has been included in the consolidated annual financial statements as the recommended disclosure when the consolidated annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

### 1.18 Comparative figures

When the presentation or classification of items in the consolidated annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 1.19 First time adoption of Municipal Standard Chart of Accounts (“mSCOA”)

The municipality adopted the Municipal Standard Chart of Accounts “mSCOA” from the 1 July 2016, and have prepared the Consolidated Annual Financial Statements for the year ended 30 June 2017, in accordance with the mSCOA classification as stipulated in version 5.4. The adoption of mSCOA is not a deviation of Generally Recognised Accounting Practice (GRAP). The adoption of the mSCOA classification resulted in the municipality having to restate the prior year figures in accordance with the mSCOA classification. The municipality has far as practicability possible restated the prior year figures in line with current mSCOA classification. The result of the above is that some of the prior year figures are not comparable, and do not have the level of detail as current year mSCOA classification.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.20 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

#### Post-employment benefits: defined contribution plans

The municipality provides retirement benefits for its employees and councillors. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The Natal Joint Provident, Dynamique Ambrella (Pietermaritzburg Provident Fund) and Umgeni Provident Fund are defined contribution plans. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

The Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available

#### Post-employment benefits: Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation

The Natal Joint Pension Fund, Government Employees Pension Fund, Association Institution Pension Fund, South African Local Authorities Pension Fund and the Councillors Pension Fund are defined benefit. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.20 Employee benefits (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.20 Employee benefits (continued)

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

#### Pension obligations

The Municipality's employees contribute to different Pension Funds, of which the Natal Joint Provident and Retirement Pension Fund cater for the majority of the staff.

The following are defined contribution and benefit funds:

- \*The Natal Joint Provident fund,
- \*Dynamique Ambrella (Pietermaritzburg Provident Fund),
- \*Umgeni Water Provident Fund
- \*Government Employees Pension Fund,
- \*Association Institution Pension Fund,
- \*South African Local Authorities Pension Fund and
- \*Councillors Pension Fund
- \*LGM retirement for Municipal Manager

Actuarial valuations are conducted on an interim basis each year with a statutory valuation undertaken every three years. Consideration is given to any extent that could impact the Funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The Municipality has both defined benefit and defined contribution plans.

The liability / asset recognized in the statement of financial position in respect of defined benefit pension plans is equal to the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Past-service costs are recognised immediately against revenue.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan. Natal Joint Retirement Funds, Government Employee Pension Fund and Associated Institution Pension Fund are defined benefit funds. The Natal Joint Provident Fund, Pietermaritzburg and South African Local Authority are defined contribution funds.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.20 Employee benefits (continued)

#### Other post retirement obligations

The municipality provides post-retirement health care benefits, upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to revenue in the year that they arise.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to revenue in the year that they arise.

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- \* estimated future salary increases;
- \* the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- \* estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - \* those changes were enacted before the reporting date; or
  - \* past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.21 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed.

The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property based on category of property and the property value.

Service charges from sewerage and sanitation are based on water consumption and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

All other revenue is recognised as it accrues.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

### Measurement

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

### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.21 Revenue from exchange transactions (continued)

#### Rendering of services

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

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

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.22 Revenue from non-exchange transactions

Refers to transactions where the Municipality received revenue from another entity without giving approximately equal value in exchange.

Revenue from non exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount and the effective interest rate applicable.

Fines constitute both spot fines and summons. Fines are recognised when the fines are issued.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the fair value of the consideration received or receivable.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Income received from conditional grants, donations and subsidies is recognised to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds are invested until utilised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Consolidated Statement of Financial Performance.

Grants and receipts of a revenue nature: income is transferred as revenue to the Consolidated Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

The Municipality recognises the full amount of revenue of the fine issued at the transaction date when there is uncertainty about the Municipality's ability to collect such revenue from the fine, based on past history, the Municipality has an obligation to collect all revenue due to it.

Subsequent to initial recognition and measurement, the Municipality assess the collectability of the revenue and recognises an impairment loss where appropriate for example there the municipality may offer early settlement discounts or amnesty periods.

Where these reductions exist, the Municipality considers past history in assessing the likelihood of these discounts or reductions being taken up the debtors.

### 1.23 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Consolidated Statement of Financial Performance.

Where unauthorised expenditure is not approved, upon the finalisation of an investigation, it is recovered from the responsible person and the amount received is accounted for as revenue in the Consolidated Statement of Financial Performance.

### 1.24 Fruitless and wasteful expenditure

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.24 Fruitless and wasteful expenditure (continued)

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

### 1.25 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Consolidated Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Consolidated Statement of Financial Performance.

### 1.26 Provisions and contingencies

Provisions are recognised when:

- the economic entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 64.

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

### 1.27 Housing development fund

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.28 Internal reserves

#### Capital replacement reserve (CRR)

The CRR is an asset financing source that represents an alternative to the other funding sources available to the Municipality namely external loans (interest bearing borrowings) and government grants & subsidies. It is a GRAP requirement that the balance on the CRR must always be represented by cash, which must be held in a separate identifiable investment account.

Subsequent to the implementation of GRAP in 2008, Reserves and Funds had to be discontinued as they are not permissible in terms of GRAP. However, the National Treasury determined that the CRR is one of the few funds and reserves that are allowed. Therefore, it is a requirement that since fund accounting is not allowed in terms of GRAP, for disclosure in the Consolidated Annual Financial Statements, CRR forms part of Accumulated Surplus and should not be disclosed on the face of the Consolidated Statement of Financial Position.

As a matter of principle, the focus is the manner in which these reserves are created and accounted for, which in this instance the capital replacement of major components of Infrastructure Assets in the event of technical failure.

For accounting purposes, the CRR will be created by transferring amounts out of Accumulated surpluses/deficits to the respective reserve account, or vice versa, in the Consolidated Statement of Changes in Net Assets. The net effect of these transfers will be nil in the Consolidated Statement of Changes in Net Assets, and will not affect the value of reserves in totality. It is the requirement of GRAP that no transactions should be accounted for, directly to the Consolidated Statement of Changes in Net Assets other than those specifically allowed in terms of GRAP, i.e. Revaluation Surplus Reserve. Therefore, situations should be avoided where reserves are created and accounted for, by taking amounts directly to the Consolidated Statement of Changes in Net Assets thereby circumventing the Consolidated Statement of Financial Performance.

The Economic Entity has determined a policy on the revenue sources that will be used to maintain or increase the balance of the CRR. These revenue sources include, but not limited to, the following:

- Interest earned by the municipality on the CRR investment account;
- Cash proceeds from the sale of any item of PPE or Investment Property;
- Percentage of amount that was utilised in the previous financial year for the purchase of items of PPE and
- VAT input recovered from SARS.

The CRR will only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and will not be used for the maintenance of such items.

#### Revaluation reserve

The surplus arising from the revaluation of heritage assets is credited to a non-distributable reserve. The revaluation surplus is realised as revalued artworks are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the Consolidated Statement of Financial Performance.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.28 Internal reserves (continued)

#### Self insurance reserve

The municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally (adapt to specific circumstances).

Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

The municipality operates a self-insurance scheme under the Self-Insurance Reserve, which has a policy that is aligned with the practice in the Insurance Industry. The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception.

These surpluses arise from the differences between premiums charged against claims paid and various administrative expenditure incurred.

At the end of each financial year the surplus as computed per above is transferred from accumulated surplus to Self-Insurance Reserve.

Premiums are calculated on past claims experienced and are charged to the various Clusters.

The balance of the self-insurance fund is fully cash backed and is invested in fixed and negotiable deposits.

#### Compensation for occupational injuries and diseases (COID) reserve

The Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993) is to provide for payment of medical treatment and compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The contribution to the COID fund is 0.75% of the salary expense. The municipality is an exempt employer in terms of Section 84 (1) (a)(ii) & (2) and as such does not pay any assessments to the COID Commissioner. In terms of the exempt status the municipality is mandated to establish its own fund and administers this fund in terms of the COID Act.

### 1.29 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the consolidated annual financial statements.

### 1.30 Related parties

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

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the party in making financial and operating decisions or is a member of the key management of the municipality or entity.

### 1.31 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.32 Use of estimates

The preparation of Consolidated Annual Financial Statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the consolidated annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

### 1.33 Change in accounting policy, estimates and errors

When accounting errors have been identified in the current year, the correction is applied retrospectively as far as it is practicable and the prior year comparatives are restated accordingly. When there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practicable and the prior year comparative is restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustments is made retrospectively as far as is practicable and the prior year comparative are restated accordingly

### 1.34 Share capital / contributions from owners

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

### 1.35 Borrowing costs

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

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

### 1.36 Financial instruments

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

Financial instruments are initially recognised at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.36 Financial instruments (continued)

#### Classification

Financial Instruments are categorised according to their nature as either financial instruments at fair value, held at amortised cost, or held at cost. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

#### Trade and other receivables

Trade and other receivables are initially recognised at fair value plus any transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the trade and other receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the Statement of Financial Performance.

An estimate is made for doubtful debts based on the categorisation of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end.

#### Creditors

Trade payables are initially measured at fair value plus any transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

These are initially and subsequently recorded at fair value. For cash flow purposes cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

#### Loans and receivables

Loans and receivables are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in the Statement of Financial Performance for the period. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

#### Fixed and negotiable deposits

Fixed and negotiable deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that the municipality will hold to maturity. Fixed and negotiable deposits are initially and subsequently measured at fair value which in the case of investments that have an original maturity date of less than 12 months equates the cost. Fixed and negotiable deposits held for greater than 12 months are fair valued annually and the difference recognised in the statement of financial performance.

On disposal of fixed and negotiable deposits, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

#### Classification

Receivables from exchange transactions  
Receivables from non-exchange transactions  
Bank, cash and cash equivalents – notice deposits  
Bank, cash and cash equivalents – call deposits  
Bank, cash and cash equivalents – bank  
Bank, cash and cash equivalents – cash  
Other financial asset<sup>2</sup>

#### Category

Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at fair value  
Financial asset measured at fair value

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#### Class

#### Category

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.36 Financial instruments (continued)

Long term liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non exchange transactions	Financial liability measured at amortised cost
Current portion of long-term liabilities	Financial liability measured at amortised cost

## The Msunduzi Municipality

Consolidated The Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

Figures in Rand

2017

2016

#### 2. New standards and interpretations

##### 2.1 Standards and interpretations issued and adopted

Entities are required to apply the standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the following standards of GRAP:

<u>Reference</u>	<u>Topic</u>
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

IGRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers

## The Msunduzi Municipality

Consolidated The Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

Figures in Rand	2017	2016
IGRAP 13	Operating Leases – Incentives	
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services	
IGRAP 16	Intangible Assets – Website Costs	

#### 2.2 Standards and interpretations issued , but not yet effective

Standards of GRAP approved but, for which the Minister of Finance has not yet determined an effective date , that have been early adopted by the municipality

<u>Reference</u>	<u>Topic</u>
GRAP 18	Segment Reporting
GRAP 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 108	Statutory Receivables
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	65,732	54,491	58,301	51,485
Bank balances	9,427,753	83,806,714	8,206,550	82,373,108
Short term deposits - call	455,728,289	577,199,359	455,728,289	577,199,359
Short term deposits - fixed	213,954,329	310,000,000	213,954,329	310,000,000
	<b>679,176,103</b>	<b>971,060,564</b>	<b>677,947,469</b>	<b>969,623,952</b>

Average rate of return	7.15	10.00	7.15	10.00
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Due to the short term nature of these investments no amortisation was performed.

Fair value is taken at face value.

No cash and cash equivalents were pledged as security for any financial liabilities.

No restrictions exist with regard to the use of cash.

No portion is past due or impaired.

### Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed, the Municipality did not apply any methods to evaluate the credit quality.

### The municipality had the following bank accounts

First National Bank	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
Acc. No: 5094187782 ( Primary)	72,518,159	111,808,444	101,639,370	47,982,680	109,201,902	78,153,399
FNB - No: 50940058750 ( Electronic transfers)	-	-	-	(59,603,247)	(46,141,172)	(43,925,777)
Acc. No: 62058007264 (Slum clearance)	-	-	19,031,558	-	-	19,380,206
Acc. No: 50941840627 ( Market)	1,984,088	3,207,458	5,097,926	6,778,723	3,180,472	2,440,056
Acc. No: 62069378539 (Pietermaritzburg Airport)	7,337,308	4,409,873	3,244,011	7,316,438	4,409,873	3,244,011
Acc. No: 50930082248 ( Forestry)	-	63,225	72,177	-	63,225	72,177
Acc. No: 62003432846 ( Salaries PACs no.1)	68,195	181,002	149,813	4,099,149	181,002	149,813
Acc. No: 62279194650 ( Forestry)	-	11,658,008	5,127,561	-	11,658,008	5,127,561
Acc. No : 62006041157 (Post Office)	-	-	-	1,632,807	-	-
Acc No : 62035942392 (Safe City Msunduzi NPC)	1,169,207	1,238,742	8,122,716	1,169,207	1,238,742	8,122,716
Acc No : 62035467978 (Safe City Msunduzi NPC)	51,996	139,891	94,964	51,996	139,891	94,964
<b>Total</b>	<b>83,128,953</b>	<b>132,706,643</b>	<b>142,580,096</b>	<b>9,427,753</b>	<b>83,931,943</b>	<b>72,859,126</b>

The Electronic bank account (50940058750) is swept daily into the primary bank account and is reflected as an aggregated balance.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>3. Cash and cash equivalents (continued)</b>				
The municipality uses a prepaid electricity vendors, who provides a facility to the value of R 295,000 for the municipality to issue prepaid electricity tokens. This facility works on an imprest system.				
<b>4. Consumer debtors</b>				
<b>Gross balances</b>				
Electricity	579,699,153	599,219,229	579,699,153	599,219,229
Property rental	35,355,674	37,475,507	35,355,674	37,475,507
Rates	507,446,169	471,904,659	507,446,169	471,904,659
Refuse	80,120,473	82,552,107	80,120,473	82,552,107
Sanitation	147,924,105	154,894,593	147,924,105	154,894,593
Water	725,873,655	729,590,146	725,873,655	729,590,146
	<b>2,076,419,229</b>	<b>2,075,636,241</b>	<b>2,076,419,229</b>	<b>2,075,636,241</b>
<b>Less: Allowance for impairment</b>				
Electricity	(305,064,512)	(272,503,137)	(305,064,512)	(272,503,137)
Property rental	(18,382,501)	(16,837,935)	(18,382,501)	(16,837,935)
Rates	(270,530,912)	(244,503,750)	(270,530,912)	(244,503,750)
Refuse	(43,777,979)	(40,099,590)	(43,777,979)	(40,099,590)
Sanitation	(78,417,837)	(71,828,877)	(78,417,837)	(71,828,877)
Water	(346,398,575)	(317,656,458)	(346,398,575)	(317,656,458)
	<b>(1,062,572,316)</b>	<b>(963,429,747)</b>	<b>(1,062,572,316)</b>	<b>(963,429,747)</b>
<b>Net balance</b>				
Electricity	274,634,641	326,716,092	274,634,641	326,716,092
Property rental	16,973,173	20,637,572	16,973,173	20,637,572
Rates	236,915,257	227,400,909	236,915,257	227,400,909
Refuse	36,342,494	42,452,517	36,342,494	42,452,517
Sanitation	69,506,268	83,065,716	69,506,268	83,065,716
Water	379,475,080	411,933,688	379,475,080	411,933,688
	<b>1,013,846,913</b>	<b>1,112,206,494</b>	<b>1,013,846,913</b>	<b>1,112,206,494</b>
<b>Included in above is receivables from exchange transactions</b>				
Electricity	274,634,641	326,716,092	274,634,641	326,716,092
Property rental	16,973,173	20,637,572	16,973,173	20,637,572
Refuse	36,342,494	42,452,517	36,342,494	42,452,517
Sanitation	69,506,268	83,065,716	69,506,268	83,065,716
Water	379,475,080	411,933,688	379,475,080	411,933,688
	<b>776,931,656</b>	<b>884,805,585</b>	<b>776,931,656</b>	<b>884,805,585</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>				
Rates	236,915,257	227,400,909	236,915,257	227,400,909
	<b>236,915,257</b>	<b>227,400,909</b>	<b>236,915,257</b>	<b>227,400,909</b>
<b>Net balance</b>	<b>1,013,846,913</b>	<b>1,112,206,494</b>	<b>1,013,846,913</b>	<b>1,112,206,494</b>
<b>Rates</b>				
Current (0 -30 days)	91,256,484	54,246,731	91,256,484	54,246,731
31 - 60 days	15,510,440	25,614,226	15,510,440	25,614,226
61 - 90 days	13,756,436	12,116,706	13,756,436	12,116,706
91 - 120 days	12,452,993	9,030,477	12,452,993	9,030,477
121 - 365 days	8,728,638	25,433,276	8,728,638	25,433,276

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>4. Consumer debtors (continued)</b>				
> 365 days	365,741,178	345,463,243	365,741,178	345,463,243
	<b>507,446,169</b>	<b>471,904,659</b>	<b>507,446,169</b>	<b>471,904,659</b>
<b>Electricity</b>				
Current (0 -30 days)	286,651,020	174,545,364	286,651,020	174,545,364
31 - 60 days	28,877,163	68,223,513	28,877,163	68,223,513
61 - 90 days	10,384,336	23,501,402	10,384,336	23,501,402
91 - 120 days	7,061,091	6,497,356	7,061,091	6,497,356
121 - 365 days	3,130,715	18,244,826	3,130,715	18,244,826
> 365 days	243,594,828	308,206,768	243,594,828	308,206,768
	<b>579,699,153</b>	<b>599,219,229</b>	<b>579,699,153</b>	<b>599,219,229</b>
<b>Water</b>				
Current (0 -30 days)	48,806,005	46,694,902	48,806,005	46,694,902
31 - 60 days	30,839,163	29,647,055	30,839,163	29,647,055
61 - 90 days	20,084,681	19,022,079	20,084,681	19,022,079
91 - 120 days	19,505,686	18,622,500	19,505,686	18,622,500
121 - 365 days	52,132,511	53,952,387	52,132,511	53,952,387
> 365 days	554,501,441	561,651,223	554,501,441	561,651,223
	<b>725,869,487</b>	<b>729,590,146</b>	<b>725,869,487</b>	<b>729,590,146</b>
<b>Sanitation</b>				
Current (0 -30 days)	21,100,794	11,924,372	21,100,794	11,924,372
31 - 60 days	4,610,064	5,737,078	4,610,064	5,737,078
61 - 90 days	4,509,204	3,313,548	4,509,204	3,313,548
91 - 120 days	4,134,947	3,192,557	4,134,947	3,192,557
121 - 365 days	3,163,207	8,731,953	3,163,207	8,731,953
> 365 days	110,405,889	121,995,085	110,405,889	121,995,085
	<b>147,924,105</b>	<b>154,894,593</b>	<b>147,924,105</b>	<b>154,894,593</b>
<b>Refuse</b>				
Current (0 -30 days)	11,620,445	6,856,608	11,620,445	6,856,608
31 - 60 days	2,188,433	3,641,932	2,188,433	3,641,932
61 - 90 days	2,028,994	1,719,857	2,028,994	1,719,857
91 - 120 days	1,936,125	1,638,908	1,936,125	1,638,908
121 - 365 days	1,706,686	4,606,650	1,706,686	4,606,650
> 365 days	60,639,790	64,088,152	60,639,790	64,088,152
	<b>80,120,473</b>	<b>82,552,107</b>	<b>80,120,473</b>	<b>82,552,107</b>
<b>Property rental</b>				
Current (0 -30 days)	613,771	658,999	613,771	658,999
31 - 60 days	547,018	606,105	547,018	606,105
61 - 90 days	509,997	575,328	509,997	575,328
91 - 120 days	509,956	566,289	509,956	566,289
121 - 365 days	1,510,010	1,669,929	1,510,010	1,669,929
> 365 days	31,664,922	33,398,857	31,664,922	33,398,857
	<b>35,355,674</b>	<b>37,475,507</b>	<b>35,355,674</b>	<b>37,475,507</b>
<b>Summary by customer classification</b>				
<b>Consumers</b>				
Current (0 -30 days)	208,185,708	121,464,794	208,185,708	121,464,794
31 - 60 days	44,632,241	66,254,678	44,632,241	66,254,678

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>4. Consumer debtors (continued)</b>				
61 - 90 days	41,978,010	40,436,495	41,978,010	40,436,495
91 - 120 days	37,335,297	39,174,706	37,335,297	39,174,706
121 - 365 days	29,911,949	114,420,552	29,911,949	114,420,552
> 365 days	1,154,680,915	1,170,617,613	1,154,680,915	1,170,617,613
	<u>1,516,724,120</u>	<u>1,552,368,838</u>	<u>1,516,724,120</u>	<u>1,552,368,838</u>
Less: Allowance for impairment	(849,718,964)	(670,610,061)	(849,718,964)	(670,610,061)
	<b>667,005,156</b>	<b>881,758,777</b>	<b>667,005,156</b>	<b>881,758,777</b>
<b>Industrial/ commercial</b>				
Current (0 -30 days)	248,818,019	158,376,771	248,818,019	158,376,771
31 - 60 days	26,930,019	63,252,618	26,930,019	63,252,618
61 - 90 days	8,113,675	26,078,869	8,113,675	26,078,869
91 - 120 days	6,253,246	7,109,206	6,253,246	7,109,206
121 - 365 days	3,559,499	19,170,580	3,559,499	19,170,580
> 365 days	129,532,434	150,964,947	129,532,434	150,964,947
	<u>423,206,892</u>	<u>424,952,991</u>	<u>423,206,892</u>	<u>424,952,991</u>
Less: Allowance for impairment	(212,833,235)	(200,312,096)	(212,833,235)	(200,312,096)
	<b>210,373,657</b>	<b>224,640,895</b>	<b>210,373,657</b>	<b>224,640,895</b>
<b>National and provincial government</b>				
Current (0 -30 days)	42,870,003	25,421,050	42,870,003	25,421,050
31 - 60 days	4,789,563	14,048,546	4,789,563	14,048,546
61 - 90 days	4,706,574	3,466,154	4,706,574	3,466,154
91 - 120 days	4,617,199	2,769,675	4,617,199	2,769,675
121 - 365 days	2,020,896	6,322,334	2,020,896	6,322,334
> 365 days	77,483,982	46,286,653	77,483,982	46,286,653
	<u>136,488,217</u>	<u>98,314,412</u>	<u>136,488,217</u>	<u>98,314,412</u>
<b>Total</b>				
Current (0 -30 days)	499,873,730	305,262,615	499,873,730	305,262,615
31 - 60 days	76,351,823	143,555,843	76,351,823	143,555,843
61 - 90 days	54,798,260	69,981,518	54,798,260	69,981,518
91 - 120 days	48,205,742	49,053,587	48,205,742	49,053,587
121 - 365 days	35,492,345	139,913,466	35,492,345	139,913,466
> 365 days	1,361,697,329	1,367,869,212	1,361,697,329	1,367,869,212
	<u>2,076,419,229</u>	<u>2,075,636,241</u>	<u>2,076,419,229</u>	<u>2,075,636,241</u>
<b>Reconciliation of allowance for impairment</b>				
Balance at beginning of the year	(963,429,747)	(973,291,016)	(963,429,747)	(973,291,016)
Contributions to allowance	(99,142,569)	-	(99,142,569)	-
Reversal of allowance	-	9,861,269	-	9,861,269
	<b>(1,062,572,316)</b>	<b>(963,429,747)</b>	<b>(1,062,572,316)</b>	<b>(963,429,747)</b>
<b>5. Inventories</b>				
Agricultural	1,097,461	1,020,854	1,097,461	1,020,854
Consumables	20,366,799	21,138,274	20,366,799	21,138,274
Materials and supplies	37,755,373	37,827,466	37,755,373	37,827,466
Water	6,918,005	6,518,641	6,918,005	6,518,641
	<u>66,137,638</u>	<u>66,505,235</u>	<u>66,137,638</u>	<u>66,505,235</u>

Inventories has been recorded using the weighted average cost method.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 5. Inventories (continued)

Inventories are carried at lower of cost or net realisable value.

Impairment of inventories includes redundant and obsolete stock of R34 434 428 (2016:Rnil)

Inventories written up during the year amounted to R24 171 858 (2016:R161 283).

### 6. Short term investment

COID short term investment invested at 7.15% (2016: 8.9%)	8,799,357	8,318,183	8,799,357	8,318,183
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### 7. Receivables from exchange transactions

Accrued revenue	360,455	-	360,455	-
Fuel deposit	2,500	2,500	-	-
Housing debtors	-	1,334,595	-	1,334,595
Insurance claims	4,039,047	4,045,661	4,039,047	4,045,661
Land sale debtors	66,386	66,386	66,386	66,386
Market	2,676,290	2,204,302	2,676,290	2,204,302
Overpayment of contractors	5,235,380	5,235,380	5,235,380	5,235,380
Prepaid electricity	2,335,192	-	2,335,192	-
Skills development accrual	2,526,420	5,348,374	2,526,420	5,348,374
Water meter refunds	18,493	-	18,493	-
Independent Development Trust	34,115,286	93,658,029	34,115,286	93,658,029
	<b>51,375,449</b>	<b>111,895,227</b>	<b>51,372,949</b>	<b>111,892,727</b>

### Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired.

### Housing debtors

The housing debtors has been reclassified as part of consumer debtors for the current year.

### 8. Receivables from non-exchange transactions

Fines	31,715,987	30,398,380	31,715,987	30,398,380
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### Receivables from non-exchange transactions pledged as security

Receivables from non exchange transactions were not pledged as security for overdraft facilities.

### Credit quality of trade receivables from non-exchange transactions

Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

In terms of IGRAP 1( Applying the probability test on initial recognition of evenue ) trade and other receivables from non exchange transactions are accounted for on an accrual basis.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 9. Agricultural assets

Economic entity	2017			2016		
	Valuation	Nett movement for the year	Carrying value	Valuation	Nett movement for the year	Carrying value
Plantation forest	54,275,801	(208,118)	54,067,683	44,831,368	9,444,433	54,275,801

Controlling entity	2017			2016		
	Valuation	Nett movement for the year	Carrying value	Valuation	Nett movement for the year	Carrying value
Plantation forest	54,275,801	(208,118)	54,067,683	44,831,368	9,444,433	54,275,801

#### Reconciliation of agricultural assets - Economic entity - 2017

	Opening balance	Gains or losses arising from changes in fair value	Total
Plantation forest	54,275,801	(208,118)	54,067,683

#### Reconciliation of agricultural assets - Economic entity - 2016

	Opening balance	Nett increase in value	Total
Plantation forest	44,831,368	9,444,433	54,275,801

#### Reconciliation of agricultural assets - Controlling entity - 2017

	Opening balance	Nett decrease in value	Total
Plantation forest	54,275,801	(208,118)	54,067,683

#### Reconciliation of agricultural assets - Controlling entity - 2016

	Opening balance	Nett increase in value	Total
Plantation forest	44,831,368	9,444,433	54,275,801

#### Pledged as security

No agricultural assets have been pledged as security

#### Other information

The agricultural assets have been measured at fair value less costs to sell in accordance with GRAP 20.

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 10. Heritage assets

Economic entity	2017			2016		
	Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	233,039,049	(6,826,703)	226,212,346	233,971,909	(22,973)	233,948,936

Controlling entity	2017			2016		
	Cost / Valuation	Nett movement for the year	Carrying value	Cost / Valuation	Nett movement for the year	Carrying value
Heritage assets	233,039,049	(6,826,703)	226,212,346	233,971,909	(22,973)	233,948,936

#### Reconciliation of heritage assets Economic entity - 2017

	Opening balance	Donated	Devaluation	mpairment loss	Total
Heritage assets	233,948,935	168,341	(1,101,200)	(6,803,730)	226,212,346

#### Reconciliation of heritage assets Economic entity - 2016

	Opening balance	Donation received	Reclassificati on	Total
Heritage assets	232,025,463	157,791	1,765,682	233,948,936

#### Reconciliation of heritage assets Controlling entity - 2017

	Opening balance	Donated	Devaluation	Impairment losses	Total
Heritage assets	233,948,935	168,341	(1,101,200)	(6,803,730)	226,212,346

#### Reconciliation of heritage assets Controlling entity - 2016

	Opening balance	Donatation received	Reclassificati on	Total
Heritage assets	232,025,463	157,791	1,765,682	233,948,936

#### Pledged as security

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 10. Heritage assets (continued)

No heritage assets have been pledged as security for any financial liabilities.

#### Other information

The Msunduzi Municipality has elected to use the cost model when accounting for heritage assets, except for artworks.

Artworks whose fair value can be measured reliably are carried at the revalued amount, being their fair value at the date of valuation less any subsequent impairment losses.

Artworks were last valued in the 2014/2015 financial year. According to Msunduzi Municipality's accounting policy, artworks are being revalued after every 4 years.

The value of buildings measured using the cost model that are included in the above disclosure note is R39 710 389 (2016: R39 710 389).

The value of artworks measured using the revaluation model is R193 181 020 (2016: R193 181 020).

#### List of heritage assets where the values cannot be determined

##### 1. Legal Deposit collection at the Bessie Head Library

In 1916, the Natal Society Library (now the Msunduzi Municipal Library – Bessie Head Library) was identified as one of 5 libraries in South Africa accorded Legal Deposit status. This privilege helped make it into one of South Africa's major research and information libraries. Legal Deposit Libraries play a unique and very important role as custodians, in perpetuity, of this country's cultural wealth and information. They also have to make this information available, as widely as possible, to the citizens of South Africa. The Legal Deposit Collection has become an important asset. Since 1916, the Msunduzi Municipal Library has amassed a huge collection of South African books, pamphlets, periodicals, maps and newspapers which it has to preserve for future generations.

Due to the nature of the class of heritage assets the Department of Arts and Culture has confirmed that there is no monetary value as there is no active market.

#### Expenditure incurred to repair and maintain heritage assets

##### Expenditure incurred to repair and maintain heritage assets included in Statement of Financial Performance

Contracted services	14,846	-	14,846	-
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 11. Intangible assets

Economic entity	2017			2016		
	Cost	Nett movement for the year	Carrying value	Cost	Nett movement for the year	Carrying value
Computer software	85,628,394	(35,829,284)	49,799,110	61,728,623	(22,650,522)	39,078,101
Servitudes	803,846	-	803,846	803,846	-	803,846
<b>Total</b>	<b>86,432,240</b>	<b>(35,829,284)</b>	<b>50,602,956</b>	<b>62,532,469</b>	<b>(22,650,522)</b>	<b>39,881,947</b>

Controlling entity	2017			2016		
	Cost	Nett movement for the year	Carrying value	Cost	Nett movement for the year	Carrying value
Computer software	85,628,394	(35,829,284)	49,799,110	61,728,623	(22,650,522)	39,078,101
Servitudes	803,846	-	803,846	803,846	-	803,846
<b>Total</b>	<b>86,432,240</b>	<b>(35,829,284)</b>	<b>50,602,956</b>	<b>62,532,469</b>	<b>(22,650,522)</b>	<b>39,881,947</b>

#### Reconciliation of intangible assets - Economic entity - 2017

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	39,078,101	23,899,771	(13,078,423)	(100,339)	49,799,110
Servitudes	803,846	-	-	-	803,846
	<b>39,881,947</b>	<b>23,899,771</b>	<b>(13,078,423)</b>	<b>(100,339)</b>	<b>50,602,956</b>

#### Reconciliation of intangible assets - Economic entity - 2016

	Opening balance	Restatement of opening balance due to prior period error	Additions	Reclassification	Amortisation	Total
Computer software	16,407,753	363,383	23,145,411	(56,298)	(782,148)	39,078,101
Servitudes	803,846	-	-	-	-	803,846
	<b>17,211,599</b>	<b>363,383</b>	<b>23,145,411</b>	<b>(56,298)</b>	<b>(782,148)</b>	<b>39,881,947</b>

#### Reconciliation of intangible assets - Controlling entity - 2017

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	39,078,101	23,899,771	(13,078,423)	(100,339)	49,799,110
Servitudes	803,846	-	-	-	803,846
	<b>39,881,947</b>	<b>23,899,771</b>	<b>(13,078,423)</b>	<b>(100,339)</b>	<b>50,602,956</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 11. Intangible assets (continued)

#### Reconciliation of intangible assets - Controlling entity - 2016

	Opening balance as previously reported	Restatement of opening balance due to prior period error	Additions	Reclassification	Amortisation	Total
Computer software	16,407,753	363,383	23,145,411	(56,298)	(782,148)	39,078,101
Servitudes	803,846	-	-	-	-	803,846
	<b>17,211,599</b>	<b>363,383</b>	<b>23,145,411</b>	<b>(56,298)</b>	<b>(782,148)</b>	<b>39,881,947</b>

The prior period error relates to the correction of the ICT network that were previously treated as operating leases.

#### Pledged as security

No intangible assets have been pledged as security for any financial liabilities.

### 12. Investment property

Economic entity	2017			2016		
	Valuation	Nett movement for the year	Carrying value	Valuation	Nett movement for the year	Carrying value
Investment property	591,243,930	128,979,872	720,223,802	581,953,954	9,289,976	591,243,930

Controlling entity	2017			2016		
	Valuation	Nett movement for the year	Carrying value	Valuation	Nett movement for the year	Carrying value
Investment property	591,243,930	128,979,872	720,223,802	581,953,954	9,289,976	591,243,930

#### Reconciliation of investment property - Economic entity - 2017

	Opening balance	Fair value adjustments	Total
Investment property	591,243,930	128,979,872	720,223,802

#### Reconciliation of investment property - Economic entity - 2016

	Opening balance	Restatement of opening balance to prior period error	Disposals	Fair value adjustments	Total
Investment property	647,118,664	(65,164,710)	(1,740,000)	11,029,976	591,243,930

#### Reconciliation of investment property - Controlling entity - 2017

	Opening balance	Fair value adjustments	Total
Investment property	591,243,930	128,979,872	720,223,802

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 12. Investment property (continued)

#### Reconciliation of investment property - Controlling entity - 2016

	Opening balance as previously reported	Restatement of opening balance due to prior period error	Disposals	Fair value adjustments	Total
Investment property	647,118,664	(65,164,710)	(1,740,000)	11,029,976	591,243,930

#### Pledged as security

No investment property has been pledged as security for any financial liabilities.

The municipality appointed Metgovis Integrated Property Solutions, DDP and Ducharme Consulting to perform deeds searches to confirm ownership of Msunduzi properties in 2016/17 financial year. However due to incomplete information of property ownership obtained from Windeed searches, 170 properties to the value of R13 489 890 were still under investigation at year end. The investigation of assets not yet verified at year end will be finalised during the 2017/18 financial year.

The Msunduzi Municipality has adopted the fair value model in accounting for investment properties.

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

Investment property has been accounted for in terms of GRAP 16 comprises land and buildings owned by the Msunduzi Municipality. Investment property is not depreciated but valued annually at year end in order to determine their fair value as prescribed in GRAP 16.

The valuation at 30 June 2017 was performed by BGP Mass Appraisal (Pty) Ltd, independent valuers.

These are independent valuers that are not related to the municipality.

The valuations conform to South African Valuations standards and were arrived at by reference to market evidence of transaction prices for similar properties.

#### Adjustments to valuation in the reconciliation above are attributable to :

\* change in market value of investment property

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 13. Property plant and equipment

Economic entity

	2017			2016		
	Cost / Valuation	Nett movement for the year	Carrying value	Cost / Valuation	Nett movement for the year	Carrying value
Biological assets	769,726	-	769,726	936,220	(155,460)	780,760
Community	737,996,077	(317,093,444)	420,902,633	672,896,515	(271,380,463)	401,516,052
Finance leases	4,765,630	(2,990,413)	1,775,217	4,431,140	(2,507,049)	1,924,091
Infrastructure	7,102,680,594	(2,525,574,444)	4,577,106,150	6,635,472,089	(2,073,505,003)	4,561,967,086
Land and buildings	1,713,665,679	(246,888,599)	1,466,777,080	1,655,421,302	(225,848,865)	1,429,572,437
Other assets	957,303,472	(548,559,988)	408,743,484	934,816,319	(481,618,418)	453,197,901
<b>Total</b>	<b>10,517,181,178</b>	<b>(3,641,106,888)</b>	<b>6,876,074,290</b>	<b>9,903,973,585</b>	<b>(3,055,015,258)</b>	<b>6,848,958,327</b>

Controlling entity

	2017			2016		
	Cost / Valuation	Nett movement for the year	Carrying value	Cost / Valuation	Nett movement for the year	Carrying value
Biological assets	769,726	-	769,726	936,220	(155,460)	780,760
Community	737,996,077	(317,093,444)	420,902,633	672,896,515	(271,380,463)	401,516,052
Finance leases	4,765,630	(2,990,413)	1,775,217	4,431,140	(2,507,049)	1,924,091
Infrastructure	7,102,680,594	(2,525,574,444)	4,577,106,150	6,635,472,089	(2,073,505,003)	4,561,967,086
Land and buildings	1,713,665,679	(246,888,599)	1,466,777,080	1,655,421,302	(225,848,865)	1,429,572,437
Other assets	936,557,255	(541,220,665)	395,336,590	914,246,588	(475,225,520)	439,021,068
<b>Total</b>	<b>10,496,434,961</b>	<b>(3,633,767,565)</b>	<b>6,862,667,396</b>	<b>9,883,403,854</b>	<b>(3,048,622,360)</b>	<b>6,834,781,494</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 13. Property plant and equipment (continued)

#### Reconciliation of property plant and equipment - Economic entity - 2017

	Opening balance	Additions	Capitalised	Capital under construction	Disposals	Depreciation	Donation received	Impairment loss	Total
Biological assets	780,760	(11,034)	-	-	-	-	-	-	769,726
Community	401,516,052	15,560,096	(15,491,854)	60,060,767	-	(45,343,270)	4,970,553	(369,711)	420,902,633
Finance leases	1,924,091	334,495	-	-	-	(483,369)	-	-	1,775,217
Infrastructure	4,561,967,086	127,814,642	(43,920,253)	383,285,758	-	(451,923,073)	28,358	(146,368)	4,577,106,150
Land and buildings	1,429,572,437	42,775,719	(18,431,990)	33,889,048	(22,000)	(21,034,068)	33,600	(5,666)	1,466,777,080
Other assets	453,197,901	52,006,988	(39,221,560)	-	(1,282,191)	(66,151,809)	11,122,850	(928,695)	408,743,484
	<b>6,848,958,327</b>	<b>238,480,906</b>	<b>(117,065,657)</b>	<b>477,235,573</b>	<b>(1,304,191)</b>	<b>(584,935,589)</b>	<b>16,155,361</b>	<b>(1,450,440)</b>	<b>6,876,074,290</b>

#### Reconciliation of property plant and equipment - Economic entity - 2016

	Opening balance	Restatement of opening balance due to correction of prior period errors	Additions	Capital under construction	Reclassification	Disposals	Depreciation	Depreciation disposal	Impairment loss	Total
Biological assets	936,220	-	(155,460)	-	-	-	-	-	-	780,760
Community	393,138,595	55,421	7,545,093	32,253,765	(3,054,499)	(172,061)	(27,294,272)	496,763	(1,452,753)	401,516,052
Finance lease	2,778,847	-	-	-	-	-	(854,756)	-	-	1,924,091
Infrastructure	4,644,641,847	11,717,511	79,402,777	270,270,348	(100,834)	(10,486,312)	(385,579,232)	(30,007)	(47,869,012)	4,561,967,086
Land and buildings	1,547,758,135	(94,864,280)	4,809,682	-	(1,773,891)	(674,503)	(25,278,252)	-	(404,454)	1,429,572,437
Other assets	456,093,321	(1,505,554)	40,311,408	24,274,066	3,219,840	(3,718,065)	(65,362,411)	(150,597)	35,893	453,197,901
	<b>7,045,346,965</b>	<b>(84,596,902)</b>	<b>131,913,500</b>	<b>326,798,179</b>	<b>(1,709,384)</b>	<b>(15,050,941)</b>	<b>(504,368,923)</b>	<b>316,159</b>	<b>(49,690,326)</b>	<b>6,848,958,327</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 13. Property plant and equipment (continued)

#### Reconciliation of property plant and equipment - Controlling entity - 2017

	Opening balance	Additions	Capitalised	Capital under construction	Disposals	Depreciation	Donation received	Impairment loss	Total
Biological assets	780,760	(11,034)	-	-	-	-	-	-	769,726
Community	401,516,052	15,560,096	(15,491,854)	60,060,767	-	(45,343,270)	4,970,553	(369,711)	420,902,633
Finance leases	1,924,091	334,495	-	-	-	(483,369)	-	-	1,775,217
Infrastructure	4,561,967,086	127,814,642	(43,920,253)	383,285,758	-	(451,923,073)	28,358	(146,368)	4,577,106,150
Land and buildings	1,429,572,437	42,775,719	(18,431,990)	33,889,048	(22,000)	(21,034,068)	33,600	(5,666)	1,466,777,080
Other assets	439,021,068	51,830,502	(39,221,560)	-	(1,282,191)	(65,205,384)	11,122,850	(928,695)	395,336,590
	<b>6,834,781,494</b>	<b>238,304,420</b>	<b>(117,065,657)</b>	<b>477,235,573</b>	<b>(1,304,191)</b>	<b>(583,989,164)</b>	<b>16,155,361</b>	<b>(1,450,440)</b>	<b>6,862,667,396</b>

#### Reconciliation of property plant and equipment - Controlling entity - 2016

	Opening balance	Restatement of opening balance due to correction of prior period errors	Additions	Capital under construction	Reclassification	Disposals	Depreciation	Depreciation disposal	Impairment loss	Total
Biological assets	936,220	-	(155,460)	-	-	-	-	-	-	780,760
Community	393,138,595	55,421	7,545,093	32,253,765	(3,054,499)	(172,061)	(27,294,272)	496,763	(1,452,753)	401,516,052
Finance leases	2,778,847	-	-	-	-	-	(854,756)	-	-	1,924,091
Infrastructure	4,644,641,847	11,717,511	79,402,777	270,270,348	(100,834)	(10,486,312)	(385,579,232)	(30,007)	(47,869,012)	4,561,967,086
Land and buildings	1,547,758,135	(94,864,280)	4,809,682	-	(1,773,891)	(674,503)	(25,278,252)	-	(404,454)	1,429,572,437
Other assets	447,923,336	(1,505,554)	33,442,634	24,274,066	3,219,840	(3,718,065)	(64,500,485)	(150,597)	35,893	439,021,068
	<b>7,037,176,980</b>	<b>(84,596,902)</b>	<b>125,044,726</b>	<b>326,798,179</b>	<b>(1,709,384)</b>	<b>(15,050,941)</b>	<b>(503,506,997)</b>	<b>316,159</b>	<b>(49,690,326)</b>	<b>6,834,781,494</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 13. Property plant and equipment (continued)

#### Pledged as security

No property, plant and equipment has been placed as security for financial liabilities.

Refer to Appendix B for the detailed property plant and equipment schedule.

The Msunduzi Municipality has elected the cost model when accounting for property, plant and equipment with the exception of biological assets which are measured at fair value annually.

For the financial periods 2013/2014 to 2016/17, the municipality undertook conditional assessment of community and infrastructure assets, which culminated in the additional decrease in remaining useful lives of assets.

This also resulted in the significant increase in depreciation.

The municipality applies the depreciated replacement cost method to calculate impairment.

The impairment loss is as stated in notes above.

The municipality is required to measure the residual value of all items of property, plant and equipment.

Management has determined that none of its infrastructure assets has any active market value, and the net carrying value at the end of their useful lives would therefore be nil or insignificant during the current financial year.

During the current financial year, the municipality reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate.

The Municipality has appointed Metgovis Integrated Property Solutions and Ducharme to perform deed searches of all Msunduzi properties.

The properties with total value of R293 051 755 were de-recognised in the asset register, due to the fact that were registered in the name of private owners.

The physical verification is performed annually in compliance with GRAP. During the 2016/2017 financial year, 7784 assets with a net carrying amount of R 68 822 724.50 were not verified at year end. These assets were still under investigation which will be finalised during the 2017/2018 financial year.

#### Reconciliation of Work-in-Progress Controlling entity - 2017

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	435,274,049	87,650,918	26,141,841	549,066,808
Additions/capital expenditure	444,191,470	58,949,712	71,405,653	574,546,835
Prior period error	(4,385,965)	-	(350,430)	(4,736,395)
Transferred to completed items	(116,257,479)	(15,560,097)	(71,144,681)	(202,962,257)
	<b>758,822,075</b>	<b>131,040,533</b>	<b>26,052,383</b>	<b>915,914,991</b>

#### Expenditure incurred to repair and maintain property, plant and equipment

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

Contracted services	65,307,125	-	65,307,125	-
Cleaning services	382,470	-	382,470	-
Computer service	11,608,447	-	11,608,447	-
Consumables	531,230	-	531,230	-

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>13. Property plant and equipment (continued)</b>				
Internal charges - labour	15,452,430	-	15,452,430	-
Operating leases	10,003,064	-	10,003,064	-
Uniform and protective clothing	362	-	362	-
Material and supplies	2,138,155	-	2,138,155	-
Preservation and restoration	593,510	-	593,510	-
	<b>106,016,793</b>	<b>-</b>	<b>106,016,793</b>	<b>-</b>

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

### 14. Other financial assets

#### At amortised cost

Housing	9,944,611	10,317,110	9,944,611	10,317,110
Refer to table below on disclosure relating to housing loans per scheme.				

#### Non-current assets

At amortised cost	9,944,611	10,317,110	9,944,611	10,317,110
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#### Financial assets at amortised cost

Schemes	Average loan period	Average interest rate	Average purchase price	Loan balance	Arrears
Woodlands 7	31	14	7,940	1,881,661	64,422
Woodlands 8	30	14	6,830	33,183	56,112
Woodlands 9	30	14	6,830	104,699	11,817
Northdale 9	30	13	28,966	764,378	47,765
Northdale 10	30	14	13,779	488,193	207,312
Northdale 11	11	11	13,120	57,765	3,757
Northdale 12	30	15	31,485	156,201	19,795
Eastwood 1	29	14	12,802	1,071,580	70,333
Eastwood 2	30	14	10,594	946,620	104,264
Woodland 3	30	15	7,498	27,088	8,400
Northdale 1 sub - economic	30	14	16,487	75,997	1,178
Glenwood	31	14	29,163	1,933,586	117,808
Glenwood self - help	29	14	21,871	3,696,487	634,673
Riverbend 1	30	15	17,665	55,114	305
				<b>11,292,552</b>	<b>1,347,941</b>

### 15. Consumer deposits

Buildings plans and wayleaves	483	10,000	483	10,000
Electricity	79,529,953	73,463,011	79,529,953	73,463,011
Rates	180,785	180,785	180,785	180,785
Rental properties	1,921,669	1,715,719	1,921,669	1,715,719
Valuation appeals	8,907	6,714	8,907	6,714
Water	19,739,836	18,139,975	19,739,836	18,139,975
	<b>101,381,633</b>	<b>93,516,204</b>	<b>101,381,633</b>	<b>93,516,204</b>
Guarantees in lieu of electricity and water deposits	15,090,470	4,297,516	15,090,470	4,297,516

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>16. Finance lease obligation</b>				
<b>Minimum lease payments due</b>				
- within one year	389,172	3,251,483	389,172	3,251,483
- in second to fifth year inclusive	-	389,170	-	389,170
	389,172	3,640,653	389,172	3,640,653
less: future finance charges	(42,586)	(221,746)	(42,586)	(221,746)
<b>Present value of minimum lease payments</b>	<b>346,586</b>	<b>3,418,907</b>	<b>346,586</b>	<b>3,418,907</b>
<b>Present value of minimum lease payments due</b>				
- within one year	346,586	3,072,323	346,586	3,072,323
- in second to fifth year inclusive	-	346,584	-	346,584
	<b>346,586</b>	<b>3,418,907</b>	<b>346,586</b>	<b>3,418,907</b>
Non-current liabilities	-	3,116,878	-	3,116,878
Current liabilities	346,586	302,029	346,586	302,029
	<b>346,586</b>	<b>3,418,907</b>	<b>346,586</b>	<b>3,418,907</b>

The average lease term was 36 months and the average effective borrowing rate was 26% (2016: 9%).

Refer to Appendix A for further details on finance lease obligations.

### 17. Other financial liabilities

#### At amortised cost

External loans	535,738,525	568,133,347	535,738,525	568,133,347
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DBSA - funding required for capital expenditure. Loans bear an interest rate between 6.75% and 16.50% (2016: 6.75% and 16.50%). Loans are repayable over a period between 10 to 20 years, repayments are made quarterly and bi-annually.

During the reporting period the municipality did not default on any of the interest or capital repayments of the external loans.

Refer to Appendix A for further details on other financial liabilities.

#### Non-current liabilities

At amortised cost	535,738,525	568,133,347	535,738,525	568,133,347
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#### Current liabilities

At amortised cost	79,368,332	67,761,975	79,368,332	67,761,975
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>18. Trade payables from exchange transactions</b>				
Accrued Interest	2,966,048	3,630,763	2,966,048	3,630,763
Accrued leave pay	77,081,475	67,457,966	76,885,066	67,330,445
Advance payments	3,052,163	4,277,192	3,052,163	4,086,740
Auditor General and other audit service providers	70,883	122,686	70,885	122,685
Debtors with credit balances	82,324,083	71,804,680	82,324,083	71,804,680
Electricity bulk purchases	200,363,475	183,732,052	200,363,475	183,732,052
Payables and accruals	125,581,179	137,906,351	125,554,046	137,831,177
Retentions	8,665,453	15,143,278	8,665,453	15,143,278
Salary control	2,429,250	6,227,413	2,429,250	6,227,413
Trade payables	177,894,548	9,442,616	177,894,548	9,442,616
Unallocated deposits	28,202,854	14,358,590	28,202,854	14,358,590
Water bulk purchases	50,768,034	35,837,392	50,768,034	35,837,392
	<b>759,399,445</b>	<b>549,940,979</b>	<b>759,175,905</b>	<b>549,547,831</b>

### 19. Provisions

#### Reconciliation of provisions - Economic entity - 2017

	Opening Balance	Additions	Change in discount factor	Reduction due to re-measurement	Total
Annual bonus	253,749	65,516	-	-	319,265
Landfill rehabilitation	67,041,163	-	1,543,381	(12,577,178)	56,007,366
Long service awards	6,690,279	487,351	-	-	7,177,630
Performance bonus	33,850	10,178	-	-	44,028
	<b>74,019,041</b>	<b>563,045</b>	<b>1,543,381</b>	<b>(12,577,178)</b>	<b>63,548,289</b>

#### Reconciliation of provisions - Economic entity - 2016

	Opening Balance	Additions	Change in discount factor	Reduction due to re-measurement	Total
Annual bonus	-	253,749	-	-	253,749
Landfill rehabilitation	61,849,677	-	6,094,651	(903,165)	67,041,163
Long service awards	6,029,351	660,928	-	-	6,690,279
Performance bonus	-	33,850	-	-	33,850
	<b>67,879,028</b>	<b>948,527</b>	<b>6,094,651</b>	<b>(903,165)</b>	<b>74,019,041</b>

#### Reconciliation of provisions - Controlling entity - 2017

	Opening Balance	Additions	Change in discount factor	Reduction due to re-measurement	Total
Landfill rehabilitation	67,041,163	-	1,543,381	(12,577,178)	56,007,366
Long service awards	6,690,279	487,351	-	-	7,177,630
	<b>73,731,442</b>	<b>487,351</b>	<b>1,543,381</b>	<b>(12,577,178)</b>	<b>63,184,996</b>

#### Reconciliation of provisions - Controlling entity - 2016

	Opening Balance	Additions	Change in discount factor	Reduction due to re-measurement	Total
Landfill rehabilitation	61,849,677	-	6,094,651	(903,165)	67,041,163
Long service awards	6,029,351	660,928	-	-	6,690,279

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity		
	2017	2016	2017	2016	
<b>19. Provisions (continued)</b>	<b>67,879,028</b>	<b>660,928</b>	<b>6,094,651</b>	<b>(903,165)</b>	<b>73,731,442</b>
Non-current liabilities	56,007,336	67,041,163	56,007,366	67,041,163	
Current liabilities	7,540,923	6,977,878	7,177,630	6,690,279	
	<b>63,548,259</b>	<b>74,019,041</b>	<b>63,184,996</b>	<b>73,731,442</b>	

### Landfill rehabilitation

The landfill site provision represents management's best estimate of the municipality's rehabilitation liability based on a valuation provided by an external consultant on the remaining useful life of the landfill site.

One Pangaea Financials was appointed to provide the provision for the programme for closure of the New England Road landfill site.

### Alien vegetation provision

According to the National Environmental Management Act, 1998 (Act No. 107 of 1998) the municipality was encouraged to recognise a provision in this regard.

The Department of Agriculture has since 2006 provided considerable support to the Msunduzi Municipality in terms of clearing listed alien invasive plants.

The Msunduzi Municipality's involvement and responsibility is effectively operational support to the Department of Agriculture for the of clearing listed alien invasive plants.

During the last reporting period work was carried out in the following area:

\* Sickle bush : +/- 4HA in Bisley Valley Nature Reserve

An amount of R 59 904 was spent on wages for 8 contracted staff.

An amount of R 50 000 was utilised for the purchase of herbicide, equipment and personal protective clothing for the project.

No work has been carried out during the current reporting period.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

### Long service awards

The long service award provision is created to ensure adherence to SALGA's collective agreement requirements. The estimate is based on the monthly salaries rate at 30 June 2017.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 20. Retirement benefit obligations

#### Defined contribution benefit plan

The Council provides retirement benefits to its employees by contributing to either a pension or provident fund.

Membership to either a pension or provident fund is compulsory for all permanent employees.

The majority of the members and the Council contributes to the Natal Joint Municipal Pension and Provident funds (NJMP), employees contributes to the South African Local Authorities Pension Fund (SALA) and, Associated Institution Pension Fund (AIPF), Pietermaritzburg Provident Fund and Government Employees Pension Fund (GEPF). Employees contributing to SALA, AIPF, Pietermaritzburg Provident Fund and GEPF make up the minority of members contribution to the pension funds.

The Msunduzi Municipality's liability in these funds cannot be determined owing mainly to the assets not being allocated to each employer and one set of financial's being compiled for each fund and not for each contributing employer.

#### Defined contribution plan:

The majority of personnel are members of the following pension funds:

#### Kwa-Zulu-Natal Joint Municipal Provident Fund

An actuarial valuation was performed on 31 March 2016 by Argen Actuarial Solutions.

#### Results of the valuation

The Fund self-insures its risk benefits in excess of the full benefit. It therefore maintains a Risk Reserve Account as a measure of protection against volatility in claims experience. The amount of R 19 739 000 required to be held in the Risk Reserve Account.

The Fund is financially sound as at the valuation date.

#### Benefits of the fund:

- \* Pension age - 65 years
- \* Earliest retirement age - 58 years (55 years if more than 10 years continuous service)
- \* Full benefit - Initial transfer plus member's contributions plus employer's contributions for full benefits plus investment earnings and bonuses.
- \* Member's portion of full benefits - Initial transfer plus members contributions plus local authorities contributions for full benefits plus interim, special and final bonuses.
- \* Benefit on retirement after earliest retirement age or pension age - full benefit.
- \* Benefit on retirement because of ill health - full benefit.
- \* Benefit on death in service - Full benefit plus 0.7% of annual pensionable salary for each month of potential service to a maximum of 2.1 years salary.

#### Contributions to the fund:

#### Members contributions

Members may choose to contribute at a rate of 5%, 7% or 9.25% of their pensionable emoluments in terms of regulation 14(a).

#### Local Authorities Contributions

Participating employers contribute at a rate of 1.95 times of the rate of members contribution in terms of regulation 17(1)(b).

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 20. Retirement benefit obligations (continued)

*Benchmark:*

Investments:

Domestic Investments 2,426,410,000

International Investments 702,054,000

Risk Reserve Account 19,739,000

Membership 13,117

Natal Joint Municipal Pension Fund: (Superannuation) actuarial valuation

An actuarial valuation was performed on 31 March 2016 by Argen Actuarial Solutions.

The market value of the Fund's assets was R 10,505,210,000 as at 31 March 2016.

The regulations of the fund have been amended with effect from 1 July 2004, so that the Committee of Management is able to levy a separate surcharge on local authorities which grant excessive salary increases, thereby causing a financial strain on the Fund to the detriment of other stakeholders.

The employers are no longer permitting members to join the Fund, so that it is effectively closed to new members. This means that the average age will increase over time which, in turn, means that the required rate of contribution will also increase. Thus, once the surcharge ceases, the underlying rate of contribution will not be sufficient to meet the cost of the benefits. It is necessary to set aside a reserve to hold assets equal to the expected shortfall. For this reason a "Contribution Reserve is held equal to the present value of the shortfall in terms of the Financial Services Board's Circular PF117 for the 5 years to 2015 when it is expected that the surcharge will cease.

*Benefits of the fund:*

\* Members Contributions - 9.25% of pensionable salaries.

\* Pension age 65 years

\* Final average salary - average annual pensionable salaries during the last year of service.

\* Pension on retirement at pension age - 2.2% of final average emoluments per year of continuous service.

\* Lump sum on retirement at pension age - 8.25% of final average emoluments per year of service.

\* Pension on retirement because of ill-health (minimum ten years continuous service) - pension as for retirement at pension age

\* Lump sum on retirement because of ill-health (minimum 10 years continuous service) - lump sum as for retirement at pension age.

\* Lump sum on retirement because of ill health (less than ten years continuous service) - the greater of the resignation benefit or twice the members contributions.

\* Surviving Spouses pension on death in service - 1,2% of final average emoluments per year of continuous service that the member would have had at the pension age.

\* Surviving Spouses pension on death of pensioner - 1,22% (0,77% in the case of a pensioner who retired before 1 July 1999) of final average emoluments per year of continuous service

\* Lump sum on death in service - Annual pensionable emoluments.10.75% of final average salaries

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 20. Retirement benefit obligations (continued)

\* Withdrawal - members contribution plus 5/12% for each month of continuous service (the addition is approximately equal to compound interest at 10% a year) and increased by 5% for each complete year of service up to a maximum of 20 years.

*Benchmark :*

Investments

Domestic 7,983,640,000

International 2,650,168,000

Membership 4,485

#### The employees of the Council as well as the Council as employer contribute to municipal pension , retirement and various provident funds as listed below

Associated Institution pension Fund	122,366	153,176	122,366	153,176
Councillors Pension Fund	7,434,693	6,555,569	7,434,693	6,555,569
Dynamique Ambrella (Pietermaritzburg Provident Fund)	393,299	470,409	393,299	470,409
Government Employees Pension Fund	3,462,375	3,816,124	3,462,375	3,816,124
LGM retirement for Municipal Manager	95,903	191,807	95,903	191,807
Natal Joint Pension Fund	100,878,861	100,069,414	100,878,861	100,069,414
Natal Joint Provident Fund	79,946,814	51,340,121	79,946,814	51,340,121
South African Local Authorities Pension Fund	337,266	380,714	337,266	380,714
Umgeni Water Provident Fund	-	25,376	-	25,376
	<b>192,671,577</b>	<b>163,002,710</b>	<b>192,671,577</b>	<b>163,002,710</b>

### Post retirement medical aid plan

The municipality operates on 6 accredited medical aid schemes, namely:

- \* Bonitas,
- \* Discovery Health,
- \* Hosmed,
- \* Key-Health,
- \* LA Health and
- \* SAMWU Med,

Pensioners continue on the option they belonged to on the day of their retirement

An actuarial valuation was performed by Arch Actuarial Consulting for the period ended 30 June 2017.

The valuation undertaken in accordance with the requirements of Professional Guidance Note (PPN) 301 of the Actuarial Society of South Africa.

According to the last valuation the accrued liability amounted to R 631 618 511 (2016: R 646 840 503).

**A reconciliation of Msunduzi's accrued liability for the year ending 30 June 2017 is set out below:**

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

<b>Carrying value</b>				
Present value of the defined benefit obligation-wholly unfunded	631,618,511	646,840,503	631,618,511	646,840,503

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 20. Retirement benefit obligations (continued)

Non-current liabilities	608,579,819	625,699,203	608,579,819	625,699,203
Current liabilities	23,038,692	21,141,300	23,038,692	21,141,300
	<b>631,618,511</b>	<b>646,840,503</b>	<b>631,618,511</b>	<b>646,840,503</b>

### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	646,840,503	609,937,137	646,840,503	609,937,137
Net (gains)/loss recognised in the statement of financial performance	(15,221,992)	36,903,366	(15,221,992)	36,903,366
	<b>631,618,511</b>	<b>646,840,503</b>	<b>631,618,511</b>	<b>646,840,503</b>

### Net expense recognised in the statement of financial performance

Current service cost	19,368,373	21,484,513	19,368,373	21,484,513
Interest cost	59,781,354	52,709,999	59,781,354	52,709,999
Actuarial (gains) / losses	(73,230,418)	(19,253,454)	(73,230,418)	(19,253,454)
Expected return on plan assets	-	(18,037,692)	-	(18,037,692)
	<b>5,919,309</b>	<b>36,903,366</b>	<b>5,919,309</b>	<b>36,903,366</b>

### Changes in the present value of plan assets are as follows:

Opening balance	696,929,274	660,025,908	696,929,274	660,025,908
Contributions by employer	5,919,309	36,903,366	5,919,309	36,903,366
	<b>702,848,583</b>	<b>696,929,274</b>	<b>702,848,583</b>	<b>696,929,274</b>

### Key assumptions used

The projected unit credit method is used as the standard valuation methodology for the valuation done during the reporting period.

The basis used to determine the overall expected rate of return on assets is as follow:

Discount rates used	9.62 %	9.39 %	9.62 %	9.39 %
Expected rate of return on assets	7.90 %	8.45 %	7.90 %	8.45 %
Expected pension increases	5.55 %	5.96 %	5.55 %	5.96 %

### Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	683,720,000	570,935,000	683,720,000	570,935,000
Expected rate of return on assets	551,907,000	731,241,000	551,907,000	731,241,000
Effect on defined benefit obligation	650,957,000	-	650,957,000	-

Amounts for the current and previous four years are as follows:

The employees of the Council as well as employer contributes to the municipal medical aids as listed below:

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>20. Retirement benefit obligations (continued)</b>				
Bonitas	20,434,109	2,322,466	20,434,109	2,322,466
Discovery	160,080	559,757	160,080	559,757
Hosmed	606,410	145,740	606,410	145,740
Key Health	29,204,736	18,577,945	29,204,736	18,577,945
LA Health	48,982,527	45,055,204	48,982,527	45,055,204
Samwmed	5,787,395	30,538,349	5,787,395	30,538,349
	<b>105,175,257</b>	<b>97,199,461</b>	<b>105,175,257</b>	<b>97,199,461</b>

### 21. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Electricity	4,569	4,264	4,569	4,264
Electricity Smart Grids	247,097	230,783	247,097	230,783
Expanded Public Works Programme	2,896,487	-	2,896,487	-
Development of a Single Scheme	1,004,504	-	1,004,504	-
Greater Edendale Development Initiative	1,896,942	9,995,256	1,896,942	9,995,256
Housing	151,416	171,967	151,416	171,967
Housing Accreditation funding	33,846,353	38,147,554	33,846,353	38,147,554
Integrated National Electrification Programme	3,885,494	551,299	3,885,494	551,299
Market	940,793	878,636	940,793	878,636
Manaye Area Precinct Upgrade	4,350,712	-	4,350,712	-
Municipal Infrastructure Grant	1,063,876	1,097,944	1,063,876	1,097,944
Municipal Systems Improvement Grant	-	3,797	-	3,797
Municipal Water Services Infrastructure Grant	-	1,299,742	-	1,299,742
Neighbourhood Development Partnership Grant	20,154,850	29,767,728	20,154,850	29,767,728
Operation Dlulisumlando	1,500,000	1,500,000	1,500,000	1,500,000
Public Transportation Infrastructure	-	165,183,494	-	165,183,494
Library	495,876	4,064,345	495,876	4,064,345
Pietermaritzburg Airport	(1,417,762)	-	(1,417,762)	-
Publicity House Renovations	2,906	2,714	2,906	2,714
Spoornet	-	429,454	-	429,454
Tatham Art Gallery	-	26,969	-	26,969
Youth Enterprise Park	9,252,373	-	9,252,373	-
	<b>80,276,486</b>	<b>253,355,946</b>	<b>80,276,486</b>	<b>253,355,946</b>

#### Movement during the year

Balance at the beginning of the year	253,355,946	134,856,624	253,355,946	134,856,624
Funds paid back to National Treasury / grant provider	(196,604,262)	(63,249,000)	(196,604,262)	(63,249,000)
Current year receipts	520,537,644	570,146,557	520,537,644	570,146,557
Prior period error - interest not capitalised to housing accreditation grant	-	3,415,128	-	3,415,128
Current year interest received	4,543,092	1,899,066	4,543,092	1,899,066
Transfer to Municipal Housing Operating Account	(444,499)	(27,308,334)	(444,499)	(27,308,334)
VAT recovered from National grants as per MFMA circular 58	(36,068,797)	(14,471,095)	(36,068,797)	(14,471,095)
Conditions met - transferred to revenue	(465,042,638)	(351,933,000)	(465,042,638)	(351,933,000)
	<b>80,276,486</b>	<b>253,355,946</b>	<b>80,276,486</b>	<b>253,355,946</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 21. Unspent conditional grants and receipts (continued)

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as a liability in the Statement of Financial Performance.

The extent of government grants recognised in the statement of financial performance relates to the portion of the grant where the conditions have been fulfilled.

Due to the delay in receiving funding in respect to Pietermaritzburg Airport Grant from KZN Treasury, council funding was used to complete the projects. Funds were received subsequent to year end in the months of July and August 2017 to reimburse council funding.

Refer to Appendix E for details of Unspent Conditional Grants, Receipts and Transfers from National, Provincial, Government and other departments.

### 22. VAT receivable and payable

VAT receivable	<u>9,430,832</u>	<u>14,986</u>	<u>9,430,832</u>	<u>-</u>
VAT payable	<u>220,808</u>	<u>53,109,432</u>	<u>-</u>	<u>53,109,432</u>

VAT is payable on the receipt and payment basis.

VAT is only declared to SARS on receipt of payments from consumers.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 23. Accumulated surplus

#### Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2017

	<b>Accumulated surplus</b>	<b>Insurance reserve</b>	<b>COID reserve</b>	<b>Total</b>
Opening balance	7,433,609,391	46,892,076	7,837,009	7,488,338,476
Interest earned	-	-	481,174	481,174
Deficit for the year, excluding interest capitalised	(238,000,019)	-	-	(238,000,019)
	<b>7,195,609,372</b>	<b>46,892,076</b>	<b>8,318,183</b>	<b>7,250,819,631</b>

#### Ring-fenced internal funds and reserves within accumulated surplus - Controlling entity - 2017

	<b>Accumulated surplus</b>	<b>Insurance reserve</b>	<b>COID reserve</b>	<b>Total</b>
Opening balance	7,418,659,207	46,892,076	7,837,009	7,473,388,292
Interest earned	-	-	481,174	481,174
Deficit for the year, excluding interest capitalised	(236,880,222)	-	-	(236,880,222)
	<b>7,181,778,985</b>	<b>46,892,076</b>	<b>8,318,183</b>	<b>7,236,989,244</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 24. Capital replacement reserve

Based on the approval by the strategic management committee on the 7th April 2015 the CRR was created by transferring funds of R 151 935 999 from the accumulated surplus.

This reserve will be used for the funding of property, plant and equipment.

Included in the reserve is an amount of R12 354 006 of interest earned on the reserve.

The CRR is a cash backed reserve.

Opening balance	151,935,999	151,935,999	151,935,999	151,935,999
Interest earned	12,354,006	-	12,354,006	-
	<b>164,290,005</b>	<b>151,935,999</b>	<b>164,290,005</b>	<b>151,935,999</b>

### 25. Housing development fund

Unappropriated surplus	45,314,879	42,268,273	45,314,879	42,268,273
Loans extinguished by Government on 1 April 1998	34,256,892	34,256,892	34,256,892	34,256,892
	<b>79,571,771</b>	<b>76,525,165</b>	<b>79,571,771</b>	<b>76,525,165</b>

The housing development fund is represented by the following assets and liabilities

Bank and cash	34,305,288	35,347,990	34,305,288	35,347,990
Housing selling scheme loans	9,944,610	10,317,110	9,944,610	10,317,110
Trade and other receivables	35,321,873	30,860,065	35,321,873	30,860,065
<b>Assets</b>	<b>79,571,771</b>	<b>76,525,165</b>	<b>79,571,771</b>	<b>76,525,165</b>

### 26. Revaluation reserve

The municipality has elected to adopt the revaluation model when accounting for heritage assets - artworks, due to their nature.

Opening balance	52,129,145	52,129,145	52,129,145	52,129,145
Transfers out	(1,101,200)	-	(1,101,200)	-
	<b>51,027,945</b>	<b>52,129,145</b>	<b>51,027,945</b>	<b>52,129,145</b>

Artwork was devalued during the current year due to water damage on some of the artwork.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

2017

2016

### 27. Variance analysis comparison of budget against actual

Account Balance / Transaction / Disclosure	Current year-to-date actual amount as at: 30 June 2017	Current year budget amount, as per approved budget	Difference between current year actual and budget - R	Difference between current year actual and budget - %	Explanation for significant fluctuations
<b>Classes of income</b>					
Service charges	2,539,976,104.00	2,878,830,000.00	-338,853,896.00	-12%	Revenue from Service Charges is based on consumption levels. The consumption level was a bit lower than anticipated
Interest received - trade and other receivables	96,347,327.00	110,779,000.00	-14,431,673.00	-13%	The increase in bad debts written of resulted in a decrease in interest on trade and other receivables
Interest received - external investment	54,663,821.00	49,270,000.00	5,393,821.00	11%	The increase is due to the delay in implementation of internally funded projects. The delay meant funds remained unused and generated interest
Operational revenue	63,541,127.00	276,433,000.00	-212,891,873.00	-77%	This is due to classification of items in terms of mSCOA
<b>Classes of expenditure</b>					
Bad debts written off	332,295,447.00	120,815,000.00	211,480,447.00	175%	This is due to the increase debts written off during the year
Contracted services	556,910,088.00	444,777,000.00	112,133,088.00	25%	More and more items have been classified as contracted services as per mSCOA
Depreciation and amortisation	598,014,010.00	506,103,000.00	91,911,010.00	18%	This is due to the increase in assets value due to new acquisitions and increased depreciated replacement costs values
Inventory consumed	46,064,824.00	-	46,064,824.00	100%	This item wasn't budgeted for as a stand alone item but was budgeted for under various individual items
Operational cost	156,466,034.00	365,685,000.00	-209,218,966.00	-57%	This due to mSCOA reclassification of items. Some items which fell under this item are now under contracted services.
Operating leases	46,112,235.00	-	46,112,235.00	100%	This item was budgeted for under contracted services

# The Msunduzi Municipality and its Municipal Entity

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	2017	2016	2017	2016
<b>28. Agency services</b>				
Driver license renewals	2,729,560	1,880,416	2,729,560	1,880,416
Umgungunglovu District Municipality - Fire services	267,996	267,996	267,996	267,996
	<b>2,997,556</b>	<b>2,148,412</b>	<b>2,997,556</b>	<b>2,148,412</b>
<b>29. Interest</b>				
<b>Interest - consumer debtors and other receivables</b>				
Electricity	6,427,389	11,136,170	6,427,389	11,136,170
Merchandising, jobbing and contracts	262,964	2,395,652	262,964	2,395,652
Rates	27,666,061	20,236,112	27,666,061	20,236,112
Refuse	4,687,999	3,799,539	4,687,999	3,799,539
Sanitation	9,212,729	7,729,417	9,212,729	7,729,417
South African Revenue Services	1,469,613	-	1,469,613	-
Water	46,620,572	35,153,161	46,620,572	35,153,161
	<b>96,347,327</b>	<b>80,450,051</b>	<b>96,347,327</b>	<b>80,450,051</b>
<b>Interest revenue</b>				
Call and investment accounts	51,226,255	66,073,097	51,226,255	66,073,097
Current bank account	3,437,566	2,361,406	3,363,530	2,169,266
	<b>54,663,821</b>	<b>68,434,503</b>	<b>54,589,785</b>	<b>68,242,363</b>
	<b>151,011,148</b>	<b>148,884,554</b>	<b>150,937,112</b>	<b>148,692,414</b>
<b>30. License and permits</b>				
Abnormal loads	144,896	-	144,896	-
Hoarding (collecting/storing)	103,370	90,168	103,370	90,168
Market porters	38,600	-	38,600	-
Taxi ranks	141,320	182,227	141,320	182,227
Trading	92,441	-	92,441	-
	<b>520,627</b>	<b>272,395</b>	<b>520,627</b>	<b>272,395</b>
<b>31. Operational revenue</b>				
Administration and handling fees	2,126,835	362,815	2,126,835	362,815
Breakages and losses recovered	1,667	-	1,667	-
Bursary refund	2,950	-	2,950	-
Collection charges	6,034,828	-	6,034,828	-
Commission - insurance	196,463	-	196,463	-
Commission - transaction handling fees	20,410,431	20,206,823	20,410,431	20,206,823
Cost of free basic services	-	(3,140,466)	-	(3,140,466)
Discount and early settlement	6,021	808,711	6,021	808,711
Incidental cash surplus	702,802	38,547	702,802	38,547
Inspection fees facilities	525	-	525	-
Insurance refund	3,933,520	-	3,922,774	-
Landing fees	3,309,797	2,912,410	3,309,797	2,912,410
Merchandising, jobbing and contracts	19,842,006	1,749,459	19,842,006	1,749,459
Passenger levy	4,945,442	4,368,604	4,945,442	4,368,604
Request for information - Plan printing and duplicates	64,197	-	64,197	-
Request for information - Municipal information/stats	1,095	9,463	1,095	9,463
Sale of property	4,698	-	4,698	-
Skills Development Levy refund	1,784,327	370,086	1,784,327	370,086
Staff recoveries	173,523	3,940	173,523	3,940
	<b>63,541,127</b>	<b>27,690,392</b>	<b>63,530,381</b>	<b>27,690,392</b>

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

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	2017	2016	2017	2016
<b>32. Rental of facilities and equipment</b>				
<b>Premises</b>				
Non-residential	18,034,977	14,225,211	18,034,977	14,225,211
Residential	7,353,958	6,030,720	7,353,958	6,030,720
	<b>25,388,935</b>	<b>20,255,931</b>	<b>25,388,935</b>	<b>20,255,931</b>
<b>Facilities and equipment</b>				
Adhoc rentals	579,730	455,783	579,730	455,783
Recreational facilities	175,391	138,925	175,391	138,925
	<b>755,121</b>	<b>594,708</b>	<b>755,121</b>	<b>594,708</b>
	<b>26,144,056</b>	<b>20,850,639</b>	<b>26,144,056</b>	<b>20,850,639</b>
<b>33. Rending of services</b>				
Advertising	607,186	183,902	607,186	183,902
Building plan approval	1,913,392	2,129,161	1,913,392	2,129,161
Cemetery and burial fees	3,107,048	2,478,548	3,107,048	2,478,548
Encroachment fees	745,165	455,588	745,165	455,588
Entrance fees	281,068	434,220	281,068	434,220
Fire services	256,119	278,296	256,119	278,296
Housing administration fees	115,200	-	115,200	-
GIS data fees	-	1,355	-	1,355
Legal fees	1,345	16,936	1,345	16,936
Management fees	24,415	543	24,415	543
Rates clearance certificates	1,174,990	1,081,696	1,174,990	1,081,696
Removal of restrictions	177,700	-	177,700	-
Parking fees	2,098,967	1,573,400	2,098,967	1,573,400
Town planning and servitudes	574,215	267,647	574,215	267,647
Traffic control	76,892	267,893	76,892	267,893
Wayleave tariffs	12,243	-	12,243	-
	<b>11,165,945</b>	<b>9,169,185</b>	<b>11,165,945</b>	<b>9,169,185</b>
<b>34. Sale of goods</b>				
Posters and charts	94	4,896	94	4,896
Sale of scrap and waste	38,730	520,318	38,555	518,509
Sub-division and consolidation	21,452	126,025	21,452	126,025
Tender documents	629,026	682,282	629,026	682,282
Timber sales	15,782,869	27,998,788	15,782,869	27,998,788
Valuation services	16	-	16	-
Waste paper	933,847	-	933,847	-
	<b>17,406,034</b>	<b>29,332,309</b>	<b>17,405,859</b>	<b>29,330,500</b>
<b>35. Service charges</b>				
Electricity	1,865,037,594	1,798,399,142	1,865,158,119	1,798,547,758
Refuse	88,928,099	84,239,599	88,928,099	84,239,599
Sanitation	121,806,043	126,390,682	121,806,043	126,390,682
Water	464,204,368	473,020,838	464,204,368	473,020,838
	<b>2,539,976,104</b>	<b>2,482,050,261</b>	<b>2,540,096,629</b>	<b>2,482,198,877</b>

Service charges is net of revenue forgone.

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>36. Property rates</b>				
<b>Rates received</b>				
Commercial	392,809,776	381,155,011	392,809,776	381,155,011
Communal land other	8,482,806	2,608,956	8,482,806	2,608,956
Farm properties	933,886	822,227	933,886	822,227
Mining	79,420	-	79,420	-
Multiple purposes	2,170,638	-	2,170,638	-
Public benefit organisations	24,650	-	24,650	-
Residential	386,505,082	353,286,250	386,505,082	353,286,250
Small home business	2,085,867	1,956,112	2,085,867	1,956,112
Unauthorised use	2,786,125	2,223,542	2,786,125	2,223,542
	<b>795,878,250</b>	<b>742,052,098</b>	<b>795,878,250</b>	<b>742,052,098</b>

### Valuations

	Rate per category	2017	2016
Agriculture	0.0029	323,483,000	306,323,000
Commercial	-	21,211,122,624	20,482,892,624
Municipal properties	-	273,989,000	1,152,932,000
Residential	0.0119	36,937,211,527	37,624,058,102
Rural communal land	0.0162	523,630,000	523,630,000
Public benefit organisation	0.0029	650,810,000	629,090,000
Public service infrastructure	0.0029	108,831,000	108,831,000
Vacant land	0.0216	1,240,112,000	1,184,130,000
		<b>61,269,189,151</b>	<b>62,011,886,726</b>

General valuations on properties are performed every 4 years in terms of the Municipal Property Rates Act. The last general valuation came into effect on 1 July 2014. Supplementary valuations are take place on an annual basis to take into account building additions, changes, sub divisions and consolidations.

The valuation roll came into effect on 1 July 2014.

### 37. Fines, penalties and forfeits

Buildings	163,165	-	163,165	-
Law enforcement	17,757,971	52,834,045	17,757,971	52,834,045
Overdue books	43,735	-	43,735	-
Pound fees	77,438	88,259	77,438	88,259
Tender withdrawel	3,509	-	3,509	-
	<b>18,045,818</b>	<b>52,922,304</b>	<b>18,045,818</b>	<b>52,922,304</b>

In November 2015 the Director: Public Prosecution KwaZulu Natal removed the delegation in respect to speed prosecution by camera from the Municipality. This resulted in the revenue loss from law enforcement activities.

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>38. Government grants and subsidies</b>				
<b>Operating grants</b>				
Equitable share	432,307,000	395,786,000	432,307,000	395,786,000
Electricity	-	106,146	-	106,146
Expanded Public Works Programme	3,912,513	4,032,001	3,912,513	4,032,001
Finance Management	1,625,000	1,600,000	1,625,000	1,600,000
Greater Edendale Development Initiative	3,619,817	7,017,013	3,619,817	7,017,013
Housing	20,551	106,008	20,551	106,008
Housing Accreditation Funding	8,014,173	3,270,246	8,014,173	3,270,246
Library	15,386,462	9,939,791	15,386,462	9,939,791
Library Subsidies	-	7,450,000	-	7,450,000
Manaye Area Precinct Upgrade	799,519	-	799,519	-
Municipal Infrastructure	15,036,282	8,690,153	15,036,282	8,690,153
Municipal Systems Improvement	-	482,290	-	482,290
Pietermaritzburg Airport	1,075,059	-	1,075,059	-
Public Transportation Infrastructure	15,108,200	27,408,365	15,108,200	27,408,365
Tatham Art Gallery	26,969	267,834	26,969	267,834
Youth Enterprise Park	345,495	-	345,495	-
	<b>497,277,040</b>	<b>466,155,847</b>	<b>497,277,040</b>	<b>466,155,847</b>

### Capital grants

Electricity Smart Grids	-	4,385,965	-	4,385,965
Energy Efficiency Demand Side Management	8,000,000	-	8,000,000	-
Greater Edendale Development Initiative	5,115,210	4,809,683	5,115,210	4,809,683
Housing Accreditation Funding	9,431,221	5,795,300	9,431,221	5,795,300
Integrated National Electrification Programme	4,114,506	9,448,701	4,114,506	9,448,701
Library	8,597,776	3,539,919	8,597,776	3,539,919
Market and Freedom Square Tourism Hub	-	250,538	-	250,538
Municipal Infrastructure	174,516,842	182,668,484	174,516,842	182,668,484
Municipal Systems Improvement	-	443,913	-	443,913
Municipal Water Infrastructure	1,299,742	57,033,258	1,299,742	57,033,258
Neighbourhood Development Partnership	1,955,150	11,114,249	1,955,150	11,114,249
Pietermaritzburg Airport	1,467,147	1,004,166	1,467,147	1,004,166
Public Transport Infrastructure	184,922,800	20,679,382	184,922,800	20,679,382
Publicity House Renovations	-	25,709	-	25,709
Tatham Art Gallery	-	94,783	-	94,783
Urban Renewal	-	2,190,200	-	2,190,200
Water Services Infrastructure	36,721,000	-	36,721,000	-
	<b>436,141,394</b>	<b>303,484,250</b>	<b>436,141,394</b>	<b>303,484,250</b>
	<b>933,418,434</b>	<b>769,640,097</b>	<b>933,418,434</b>	<b>769,640,097</b>

### Government Grants and Subsidies

Included in above are the following grants and subsidies received:

Equitable share	432,307,000	395,786,000	432,307,000	395,786,000
Operating grants	62,765,910	59,434,827	62,765,910	59,434,827
Library subsidies	-	7,450,000	-	7,450,000
Capital grants	402,276,729	292,498,173	402,276,729	292,498,173
VAT recovered from National grants - operating	2,204,130	3,485,020	2,204,130	3,485,020
VAT recovered from National grants - capital	33,864,665	10,986,077	33,864,665	10,986,077
	<b>933,418,434</b>	<b>769,640,097</b>	<b>933,418,434</b>	<b>769,640,097</b>

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 38. Government grants and subsidies (continued)

#### Equitable Share

Current year receipts	432,307,000	395,786,000	432,307,000	395,786,000
Conditions met - transferred to revenue	(432,307,000)	(395,786,000)	(432,307,000)	(395,786,000)
	-	-	-	-

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

#### Finance Management Grant

Current-year receipts	1,625,000	1,600,000	1,625,000	1,600,000
Conditions met - transferred to revenue	(1,620,433)	(1,474,690)	(1,620,433)	(1,474,690)
VAT recovered from grant as per MFMA Circular 58	(4,567)	(125,310)	(4,567)	(125,310)
	-	-	-	-

The purpose of this grant is to promote and support reforms in financial management by building capacity in Local Government to implement the Local Government : Municipal Finance Management Act (MFMA).

#### Integrated National Electrification Programme

Balance unspent at beginning of year	551,299	25,345,276	551,299	25,345,276
Current-year receipts	8,000,000	10,000,000	8,000,000	10,000,000
Grant paid back to National Treasury	(551,299)	(25,345,275)	(551,299)	(25,345,275)
Conditions met - transferred to revenue	(3,960,459)	(8,770,830)	(3,960,459)	(8,770,830)
VAT recovered from grant as per MFMA Circular 58	(154,047)	(677,872)	(154,047)	(677,872)
	<b>3,885,494</b>	<b>551,299</b>	<b>3,885,494</b>	<b>551,299</b>

Conditions still to be met - remain liabilities (see note 21).

To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

#### Municipal Infrastructure Grant

Balance unspent at beginning of year	1,097,944	581	1,097,944	581
Current-year receipts	190,617,000	192,456,000	190,617,000	192,456,000
Grant paid back to National Treasury	(1,097,944)	-	(1,097,944)	-
Conditions met - transferred to revenue	(166,947,282)	(191,358,637)	(166,947,282)	(191,358,637)
VAT recovered from grant as per MFMA Circular 58	(22,605,842)	-	(22,605,842)	-
	<b>1,063,876</b>	<b>1,097,944</b>	<b>1,063,876</b>	<b>1,097,944</b>

Conditions still to be met - remain liabilities (see note 21).

The funding has been provided for addressing specific capital projects for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>38. Government grants and subsidies (continued)</b>				
<b>Municipal Water Services Infrastructure Grant</b>				
Balance unspent at beginning of year	1,299,742	-	1,299,742	-
Current-year receipts	-	58,333,000	-	58,333,000
Conditions met - transferred to revenue	(1,140,125)	(50,176,099)	(1,140,125)	(50,176,099)
VAT recovered from grant as per MFMA Circular 58	(159,617)	(6,857,159)	(159,617)	(6,857,159)
	-	<b>1,299,742</b>	-	<b>1,299,742</b>

Conditions still to be met - remain liabilities (see note 21).

To facilitate the planning, acceleration and implementation of various projects that will ensure water supply to those communities identified not receiving basic water supply service.

### Neighbourhood Development Partnership Grant

Balance unspent at beginning of year	29,767,728	9,304,976	29,767,728	9,304,976
Current-year receipts	22,110,000	31,577,000	22,110,000	31,577,000
Grant paid back to National Treasury	(29,767,728)	-	(29,767,728)	-
Conditions met - transferred to revenue	(1,652,961)	(10,231,474)	(1,652,961)	(10,231,474)
VAT recovered from grant as per MFMA Circular 58	(302,189)	(882,774)	(302,189)	(882,774)
	<b>20,154,850</b>	<b>29,767,728</b>	<b>20,154,850</b>	<b>29,767,728</b>

Conditions still to be met - remain liabilities (see note 21).

Funding provided for to support and facilitate the planning and development of neighbourhood development programs and projects that provide catalytic infrastructure to leverage third party public and private sector development towards improving the quality of life of residents in targeted underserved neighbourhoods.

### Public Transportation Infrastructure Grant

Balance unspent at beginning of year	165,183,494	37,903,968	165,183,494	37,903,968
Current-year receipts	200,031,000	213,271,000	200,031,000	213,271,000
Grant paid back to National Treasury	(165,183,494)	(37,903,726)	(165,183,494)	(37,903,726)
Conditions met - transferred to revenue	(191,342,358)	(42,230,642)	(191,342,358)	(42,230,642)
VAT recovered from grant as per MFMA Circular 58	(8,688,642)	(5,857,106)	(8,688,642)	(5,857,106)
	-	<b>165,183,494</b>	-	<b>165,183,494</b>

Conditions still to be met - remain liabilities (see note 21).

Funding provided for accelerated planning, construction and improvement of public and non-motorised transport infrastructure.

### Housing Accreditation Funding

Balance unspent at beginning of year	38,147,554	25,973,801	38,147,554	25,973,801
Current-year receipts	10,189,200	17,824,170	10,189,200	17,824,170
Conditions met - transferred to revenue	(17,445,394)	(9,065,545)	(17,445,394)	(9,065,545)
Prior period error - interest not capitalised to housing accreditation grant	-	3,415,128	-	3,415,128
Current year - interest received	2,954,993	-	2,954,993	-
	<b>33,846,353</b>	<b>38,147,554</b>	<b>33,846,353</b>	<b>38,147,554</b>

Conditions still to be met - remain liabilities (see note 21).

Funding provided for Level 1 accreditation subsidy for the operation of the Housing Delivery Unit within Msunduzi Municipality.

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 38. Government grants and subsidies (continued)

#### Greater Edendale Development Initiative

Balance unspent at beginning of year	9,995,256	2,812,008	9,995,256	2,812,008
Current-year receipts	-	18,194,256	-	18,194,256
Conditions met - transferred to revenue	(8,735,026)	(11,826,696)	(8,735,026)	(11,826,696)
Current year - interest received	636,712	815,688	636,712	815,688
	<b>1,896,942</b>	<b>9,995,256</b>	<b>1,896,942</b>	<b>9,995,256</b>

Conditions still to be met - remain liabilities (see note 21).

The funding was provided from the Department of Human Settlements to provide the following :

- \* To support GIS with the interrogation of housing layout against services in Edendale.
- \* Support the finalisation of the town planning scheme.
- \* Development of an integrated land use management system for Edendale.
- \* To value additional properties which are not within the 5 priority housing projects.
- \* Advertising costs for expropriation of properties.
- \* Costs relating to tenure conflicts, cadastral and deed office rectification.
- \* Increasing the resources for sales administration with regard to drawing up, signing and managing sales agreement.
- \* Provision of further training for personnel using GIS and property tracking systems.
- \* Employment of two planning interns to be employed by the Land Legal Committee for a period of two years.

#### Library

Balance unspent at beginning of year	4,064,345	639,567	4,064,345	639,567
Current-year receipts	19,896,000	16,159,000	19,896,000	16,159,000
Conditions met - transferred to revenue	(23,984,238)	(13,479,710)	(23,984,238)	(13,479,710)
Current year - interest received	519,769	745,488	519,769	745,488
	<b>495,876</b>	<b>4,064,345</b>	<b>495,876</b>	<b>4,064,345</b>

Conditions still to be met - remain liabilities (see note 21).

Funds provided by the Provincial Department of Arts and Culture for Libraries.

#### Market

Balance unspent at beginning of year	878,636	1,086,743	878,636	1,086,743
Conditions met - transferred to revenue	-	(250,538)	-	(250,538)
Current year - interest received	62,157	42,431	62,157	42,431
	<b>940,793</b>	<b>878,636</b>	<b>940,793</b>	<b>878,636</b>

Conditions still to be met - remain liabilities (see note 21).

Funds received from Department of Co-operative Governance and Traditional Affairs for the market. The purpose of this grant is for the renovations and improvement of the fresh produce market which entails short term repairs, maintenance and the upgrading of existing facilities.

#### Publicity House Renovations

Balance unspent at beginning of year	2,714	27,781	2,714	27,781
Current year - interest received	192	642	192	642
Conditions met - transferred to revenue	-	(25,709)	-	(25,709)
	<b>2,906</b>	<b>2,714</b>	<b>2,906</b>	<b>2,714</b>

Conditions still to be met - remain liabilities (see note 21).

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 38. Government grants and subsidies (continued)

Funds received from Co-operative Governance and Traditional Affairs to be used for the upgrade of the publicity house due to the building being structurally deteriorated.

#### Manaye Area Precinct Upgrade

Current-year receipts	5,000,000	-	5,000,000	-
Conditions met - transferred to revenue	(799,519)	-	(799,519)	-
Current year - interest received	150,231	-	150,231	-
	<b>4,350,712</b>	<b>-</b>	<b>4,350,712</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 21).

Funds received from Co-operative Governance and Traditional Affairs for the Manaye Area Precinct Upgrade.

#### Youth Enterprise Park

Current-year receipts	9,415,000	-	9,415,000	-
Conditions met - transferred to revenue	(345,495)	-	(345,495)	-
Current year - interest received	182,868	-	182,868	-
	<b>9,252,373</b>	<b>-</b>	<b>9,252,373</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 21).

Funds received from Co-operative Governance and Traditional Affairs for Youth Enterprise Park which emerged to address the challenges of finding appropriate localities for businesses. The concept of the park will be to cluster a purpose built park of 30 to 50 container enterprises in a particular locality either in community, small town or rural district or as part of urban or rural renewal programmes. The programme will also offer on site training facilities and support micro enterprises that operate within the park. The idea is to create a purpose built precinct at scale where the local community is able to take up local economic community opportunities to establish businesses. The Youth Enterprise Park should fundamentally be able to reconnect the economy with communities whose needs offer economic opportunity for its local entrepreneurs.

#### Expanded Public Works Programme

Current-year receipts	6,809,000	4,032,000	6,809,000	4,032,000
Conditions met - transferred to revenue	(3,912,513)	(4,032,000)	(3,912,513)	(4,032,000)
	<b>2,896,487</b>	<b>-</b>	<b>2,896,487</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 21).

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP Guidelines:

- \* road maintenance and the maintenance of buildings
- \* low traffic volume roads and rural roads
- \* basic services infrastructure, including water and sewer reticulation, sanitation and pipelines (excluding bulk infrastructure)\*-
- \* other economic and social infrastructure
- \* tourism and cultural industries
- \* waste management
- \* parks and beautification
- \* sustainable land-based livelihoods
- \* social services programmes
- \* health service programmes
- \* community safety.

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 38. Government grants and subsidies (continued)

#### Energy Efficiency and Demand Side Management Grant

Current-year receipts	8,000,000	-	8,000,000	-
Conditions met - transferred to revenue	(7,920,146)	-	(7,920,146)	-
VAT recovered from grant as per MFMA Circular 58	(79,854)	-	(79,854)	-
	-	-	-	-

The purpose of this grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

#### Municipal Systems Improvement Grant

Balance unspent at beginning of year	3,797	-	3,797	-
Current-year receipts	-	930,000	-	930,000
Grant paid back to National Treasury	(3,797)	-	(3,797)	-
Conditions met - transferred to revenue	-	(855,327)	-	(855,327)
VAT recovered from grant as per MFMA Circular 58	-	(70,876)	-	(70,876)
	-	<b>3,797</b>	-	<b>3,797</b>

Conditions still to be met - remain liabilities (see note 21).

Funding provided to assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act (MSA) and related legislation.

#### Housing

Balance unspent at beginning of year	171,967	27,561,119	171,967	27,561,119
Current year - interest received	-	25,190	-	25,190
Conditions met - transferred to revenue	(20,551)	(106,008)	(20,551)	(106,008)
Transfer to Municipal Housing Operating Account (MHOA)	-	(27,308,334)	-	(27,308,334)
	<b>151,416</b>	<b>171,967</b>	<b>151,416</b>	<b>171,967</b>

Conditions still to be met - remain liabilities (see note 21).

Funds received from Department of Human Settlements to provide funding for the creation of sustainable human settlements.

#### Water Services Infrastructure Grant

Current-year receipts	36,721,000	-	36,721,000	-
Conditions met - transferred to revenue	(32,646,964)	-	(32,646,964)	-
VAT recovered from grant as per MFMA Circular 58	(4,074,036)	-	(4,074,036)	-
	-	-	-	-

To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities. Provide interim, intermediate water and sanitation services that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes and on-site solutions. To support drought relief projects in affected municipalities.

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## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>38. Government grants and subsidies (continued)</b>				
<b>Electricity Smart Grids</b>				
Balance unspent at beginning of year	230,783	-	230,783	-
Current-year receipts	-	4,385,965	-	4,385,965
Conditions met - transferred to revenue	-	(4,385,965)	-	(4,385,965)
Current year - interest received	16,314	230,783	16,314	230,783
	<b>247,097</b>	<b>230,783</b>	<b>247,097</b>	<b>230,783</b>

Conditions still to be met - remain liabilities (see note 21).

The funding has been provided for the deployment of smart grid solutions to deal with municipal revenue enhancement and public building energy efficiency, data acquisition, collection, modelling and management together with the over-arching facilitation of stakeholder participation and collaboration, cognisant of human capital development and knowledge sharing or transfer to improve the application, adaptability and scalability of such technologies.

### Pietermaritzburg Airport

Current-year receipts	1,124,444	1,004,166	1,124,444	1,004,166
Conditions met - transferred to revenue	(2,542,206)	(1,004,166)	(2,542,206)	(1,004,166)
	<b>(1,417,762)</b>	<b>-</b>	<b>(1,417,762)</b>	<b>-</b>

The funding has been provided for the development and construction of a Pietermaritzburg Technology (Science) Park at the Pietermaritzburg Airport.

Due to the delay in receiving funding from KZN Treasury council funding was used to complete the projects.

### Operation Dlulisumlando

Balance unspent at beginning of year	1,500,000	1,500,000	1,500,000	1,500,000
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Conditions still to be met - remain liabilities (see note 21).

Funds provided by the Office of the Premier to support both the establishment and implementation of the Dlulisumlando Project, a national historical development initiative and imperative.

### Electricity Grant - COGTA

Balance unspent at beginning of year	4,264	105,421	4,264	105,421
Current year - interest received	305	4,990	305	4,990
Conditions met - transferred to revenue	-	(106,147)	-	(106,147)
	<b>4,569</b>	<b>4,264</b>	<b>4,569</b>	<b>4,264</b>

Conditions still to be met - remain liabilities (see note 21).

Funding provided by Corporate Governance and Traditional Affairs for the replacement of transformers and installation of solar powered street and traffic lighting.

### Library Subsidies

Current-year receipts	-	7,450,000	-	7,450,000
Conditions met - transferred to revenue	-	(7,450,000)	-	(7,450,000)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Library subsidies are used to pay for a portion of salaries at the library.

# The Msunduzi Municipality and its Municipal Entity

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>38. Government grants and subsidies (continued)</b>				
<b>Urban Renewal</b>				
Balance unspent at beginning of year	-	2,190,200	-	2,190,200
Conditions met - transferred to revenue	-	(2,190,200)	-	(2,190,200)
	-	-	-	-

Funds received from Coperative Governance and Traditional Affairs for the upgrading of sidewalks, street furniture, landscaping, pedestrain and special features.

### Development of a Single Scheme

Current-year receipts	1,000,000	-	1,000,000	-
Current year - interest received	4,504	-	4,504	-
	<b>1,004,504</b>	-	<b>1,004,504</b>	-

Conditions still to be met - remain liabilities (see note 21).

Funding provided by Co-operative Governance and Traditional Affairs for the replacement of transformers and installation of solar powered street and traffic lighting.

### Spornet

Balance unspent at beginning of year	429,454	403,381	429,454	403,381
Current year - interest received	15,045	26,073	15,045	26,073
Transfer to Municipal Housing Operating Account (MHOA)	(444,499)	-	(444,499)	-
	-	<b>429,454</b>	-	<b>429,454</b>

Conditions still to be met - remain liabilities (see note 21).

### Tatham Art Gallery

Balance unspent at beginning of year	26,969	1,802	26,969	1,802
Current-year receipts	-	380,000	-	380,000
Conditions met - transferred to revenue	(26,969)	(362,617)	(26,969)	(362,617)
Current year - interest received	-	7,784	-	7,784
	-	<b>26,969</b>	-	<b>26,969</b>

Conditions still to be met - remain liabilities (see note 21).

Funds provided by the Provincial Department of Arts and Culture for Tatham Art Gallery to provide financial support to the municipality with a focus on the development and maintenance of museum care and preservation of our culture heritage.

### 39. Other transfers

Artwork - various donors	168,341	157,790	168,341	157,790
Ingwe Municipality	4,975,330	-	4,975,330	-
KwaZulu Natal Department of Transport	11,122,850	-	11,122,850	-
Noshezi recreation facilities	57,180	-	57,180	-
	<b>16,323,701</b>	<b>157,790</b>	<b>16,323,701</b>	<b>157,790</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>40. Bad debt written off</b>				
Electricity	146,892,877	99,436,304	146,862,877	99,436,304
Rates	6,827,859	3,296,142	6,827,859	3,296,142
Water	178,604,711	(363,587)	178,604,711	(363,587)
	<b>332,325,447</b>	<b>102,368,859</b>	<b>332,295,447</b>	<b>102,368,859</b>

### Debt Recovery Plan

The debt that has been written off in the current financial year includes debts that relates to the previous financial years.

The Msunduzi Municipality has embarked on a debt recovery plan that is focusing on the key Industrial, Commercial and Government debtor categories. The approach is based on the fact that these categories of debtors have a greater potential to pay their service debts that are due enhancing the municipalities cash flow situation.

The Revenue Enhancement process deals with the escalating debtor's book in the following manner:

\*Analysis of our debtor's book to ascertain that there is no existence of debtor accounts balances with prescribed debt. All prescribed debt will be reviewed for its existence and valuation to establish if a consumer is consuming the services and are benefiting but not paying with an understanding that the municipality will write off the debt.

\*Converting indigent customer's meters into prepaid meters.

\*Illegal tampering by customers will result in immediate disconnection of services.

\*A dedicated team to handle disconnection services.

\*Installation of all new services installations will be strictly done through prepaid meters

\*Implementation of Msunduzi Municipality approved credit control policies  
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\*A dedicated team to handle disconnection services.

\*Installation of all new services installations will be strictly done through prepaid meters

\*Implementation of Msunduzi Municipality approved credit control policies

### 41. Bulk purchases

Electricity	1,479,188,329	1,337,393,951	1,479,188,329	1,337,393,951
Water	387,094,487	461,819,616	387,094,487	461,819,616
	<b>1,866,282,816</b>	<b>1,799,213,567</b>	<b>1,866,282,816</b>	<b>1,799,213,567</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>42. Contracted services</b>				
Consultants and professional fees	60,955,689	101,558,496	60,951,939	101,553,696
Contracted services	254,449,755	95,437,254	254,167,159	95,189,034
Outsourced services	241,504,644	265,505,117	241,286,655	265,262,241
	<b>556,910,088</b>	<b>462,500,867</b>	<b>556,405,753</b>	<b>462,004,971</b>
<b>Break down of contracted services - consultants and professional services</b>				
Business and advisory	41,323,922	6,802,365	41,323,922	6,802,365
Infrastructure and planning	629,640	73,364,194	629,640	73,364,194
Laboratory services	275,656	360,006	275,656	360,006
Legal costs	18,726,471	21,031,931	18,722,721	21,027,131
	<b>60,955,689</b>	<b>101,558,496</b>	<b>60,951,939</b>	<b>101,553,696</b>
<b>Break down of contracted services</b>				
Artists and performers	383,000	199,999	383,000	199,999
Building	3,377,196	-	3,377,196	-
Catering services	256,375	29,854	256,375	-
Electrical	179,006	-	179,006	-
Employee wellness	105,998	176,779	69,115	176,779
Event promoters	4,203,457	1,510,180	4,203,457	1,510,180
Fire protection and services	4,587	-	4,587	-
Gas	591	-	591	-
Graphic designers	156,861	-	156,861	-
Haulage	7,858,407	-	7,858,407	-
Maintenance of buildings and facilities	27,151,137	-	27,151,137	-
Maintenance of equipment	41,305,335	1,786,898	41,059,623	1,568,532
Maintenance of unspecified assets	55,752,376	-	55,752,376	-
Medical services	2,606,901	177,102	2,606,901	177,102
Pest control and fumigation	135,643	144,652	135,643	144,652
Plant, flowers and other decorations	7,984	-	7,984	-
Prepaid electricity vendors	2,541,861	1,917,485	2,541,861	1,917,485
Preservation/ restoration/ dismantling/ cleaning services	593,510	-	593,510	-
Safeguard and security	1,840,428	-	1,840,428	-
Sewerage services	102,750,181	89,043,112	102,750,181	89,043,112
Sport and recreation	132,846	-	132,846	-
Stage and sound crew	71,290	-	71,290	-
Stream cleaning and ditching	10,315	-	10,315	-
Traffic and street lights	1,534,113	329,942	1,534,113	329,942
Transportation	1,490,357	121,251	1,490,356	121,251
	<b>254,449,755</b>	<b>95,437,254</b>	<b>254,167,159</b>	<b>95,189,034</b>
<b>Break down of contracted services - outsourced services</b>				
Administrative and support staff	2,618,670	2,841,287	2,618,670	2,747,073
Alien vegetation control	58,887	-	58,887	-
Animal care	1,113,166	1,323,398	1,113,166	1,323,398
Burial services	260,764	233,982	260,764	233,982
Business and advisory - Business and financial management	82,049,177	105,602,179	82,049,177	105,601,361
Business and advisory - Accounting and auditing	1,132,505	-	1,120,801	-
Business and advisory - Communications	1,665,952	-	1,665,952	-
Business and advisory - Human resources	9,329,218	-	9,254,590	-
Business and advisory - Organisational	215,000	144,611	215,000	-
Business and advisory - Project management	9,237,163	-	9,237,163	-

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>42. Contracted services (continued)</b>				
Business and advisory - Quality control	210,277	-	186,228	-
Business and advisory - Research and advisory	1,046,750	-	1,046,750	-
Business and advisory - Valuer	4,876	-	4,876	-
Catering services	7,572	-	6,962	-
Cleaning services	4,010,411	62,320,474	4,010,411	62,317,241
Clearing and grass cutting services	3,210,741	-	3,210,741	-
Connection/ dis-connection	4,152,805	15,787,914	4,152,805	15,787,914
Hygiene services	941,095	-	938,487	-
Personnel and labour	35,921	-	35,921	-
Professional staff	153,291	-	133,100	-
Refuse removal	6,735,827	6,718,765	6,735,827	6,718,765
Security services	112,679,021	70,532,507	112,679,021	70,532,507
Traffic fines management	635,555	-	551,356	-
	<b>241,504,644</b>	<b>265,505,117</b>	<b>241,286,655</b>	<b>265,262,241</b>
<b>43. Depreciation and amortisation</b>				
Community	45,343,272	27,294,272	45,343,272	27,294,272
Computer software	13,078,423	782,148	13,078,423	782,148
Finance leases	483,365	854,757	483,365	854,757
Infrastructure	451,923,073	385,579,232	451,923,073	385,579,232
Property plant and equipment	21,034,068	25,278,252	21,034,068	25,278,252
Other assets	66,151,809	65,318,696	65,205,384	64,500,484
	<b>598,014,010</b>	<b>505,107,357</b>	<b>597,067,585</b>	<b>504,289,145</b>
<b>44. Employee related costs</b>				
Basic	659,804,964	625,114,930	655,679,095	621,617,307
Contributions for pensions and medical aids	204,055,881	150,236,133	203,386,811	149,747,714
Contributions for UIF, WCA and SALBC levy	5,691,352	11,520,643	5,691,352	11,520,643
Defined benefit plan expenses	(15,219,185)	36,903,366	(15,219,185)	36,903,366
Housing benefits and allowances	4,904,272	4,475,167	4,904,272	4,475,167
Long-service awards	15,040,914	22,244,365	15,040,914	22,244,365
Overtime payments	57,304,260	49,716,393	56,664,108	49,204,731
Travel, motor car, accommodation, subsistence and other allowances	64,054,416	53,257,709	63,963,516	53,162,009
	<b>995,636,874</b>	<b>953,468,706</b>	<b>990,110,883</b>	<b>948,875,302</b>
<b>Defined benefit plan (gains)/loss breakdown</b>				
Actuarial medical contributions	(21,141,300)	(18,037,692)	(21,141,300)	(18,037,692)
Current service costs	19,368,373	21,484,513	19,368,373	21,484,513
Interest costs	59,784,161	52,709,099	59,784,161	52,709,099
Net actuarial gains	(73,230,419)	(19,253,454)	(73,230,419)	(19,253,454)
	<b>(15,219,185)</b>	<b>36,902,466</b>	<b>(15,219,185)</b>	<b>36,902,466</b>

The municipalities' staff complement as at 30 June 2017 was 5,791(2016: 6,135)

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>44. Employee related costs (continued)</b>				
<b>Remuneration of Municipal Manager (MA Nkosi)</b>				
Annual Remuneration	743,656	1,410,625	743,656	1,410,625
Car Allowance	110,308	267,288	110,308	267,288
Cellphone allowance	9,000	18,000	9,000	18,000
Contributions to UIF, Medical and Pension Funds	97,568	187,506	97,568	187,506
Housing subsidy	90,000	180,000	90,000	180,000
	<b>1,050,532</b>	<b>2,063,419</b>	<b>1,050,532</b>	<b>2,063,419</b>
<b>Remuneration of Acting Municipal Manager</b>				
Annual Remuneration	1,606,269	-	1,606,269	-
Car Allowance	102,399	-	102,399	-
Cellphone	26,400	-	26,400	-
Contributions to UIF, Medical and Pension Funds	158,396	-	158,396	-
Housing subsidy	216,000	-	216,000	-
	<b>2,109,464</b>	<b>-</b>	<b>2,109,464</b>	<b>-</b>
<b>Remuneration of Chief Financial Officer</b>				
Annual Remuneration	1,206,717	1,263,575	1,206,717	1,263,575
Car Allowance	166,502	185,467	166,502	185,467
Cellphone	14,400	14,400	14,400	14,400
Contributions to UIF, Medical and Pension Funds	113,589	119,367	113,589	119,367
Housing subsidy	180,000	90,000	180,000	90,000
	<b>1,681,208</b>	<b>1,672,809</b>	<b>1,681,208</b>	<b>1,672,809</b>
<b>Remuneration of Deputy Municipal Manager Community Services</b>				
Annual Remuneration	1,281,423	1,272,018	1,281,423	1,272,018
Car Allowance	120,048	108,455	120,048	108,455
Cellphone allowance	14,400	14,400	14,400	14,400
Contributions to UIF, Medical and Pension Funds	187,769	176,060	187,769	176,060
Housing subsidy	82,680	69,314	82,680	69,314
	<b>1,686,320</b>	<b>1,640,247</b>	<b>1,686,320</b>	<b>1,640,247</b>
<b>Remuneration of Deputy Municipal Manager Corporate Services</b>				
Annual Remuneration	1,304,257	1,302,471	1,304,257	1,302,471
Car Allowance	132,215	61,369	132,215	61,369
Cellphone allowance	14,400	14,400	14,400	14,400
Contributions to UIF, Medical and Pension Funds	248,118	238,821	248,118	238,821
	<b>1,698,990</b>	<b>1,617,061</b>	<b>1,698,990</b>	<b>1,617,061</b>
<b>Remuneration of Deputy Municipal Manager Infrastructure Services</b>				
Annual Remuneration	1,165,493	1,226,406	1,165,493	1,226,406
Car Allowance	216,536	173,829	216,536	173,829
Cellphone allowance	18,000	16,500	18,000	16,500
Contributions to UIF, Medical and Pension Funds	165,756	126,515	165,756	126,515
Housing subsidy	120,000	60,000	120,000	60,000
Long service	-	36,533	-	36,533
	<b>1,685,785</b>	<b>1,639,783</b>	<b>1,685,785</b>	<b>1,639,783</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 44. Employee related costs (continued)

#### Remuneration of Deputy Municipal Manager Development Services

Annual Remuneration	1,171,044	1,236,540	1,171,044	1,236,540
Car Allowance	199,803	202,117	199,803	202,117
Cellphone allowance	14,400	14,400	14,400	14,400
Contributions to UIF, Medical and Pension Funds	116,054	123,751	116,054	123,751
Housing subsidy	180,000	90,000	180,000	90,000
	<b>1,681,301</b>	<b>1,666,808</b>	<b>1,681,301</b>	<b>1,666,808</b>

#### Remuneration of Executive Manager Internal Audit

Annual Remuneration	826,350	741,072	826,350	741,072
Car Allowance	153,262	153,262	153,262	153,262
Cellphone allowance	9,000	9,000	9,000	9,000
Contributions to UIF, Medical and Pension Funds	177,995	126,412	177,995	126,412
Housing subsidy	8,904	8,400	8,904	8,400
	<b>1,175,511</b>	<b>1,038,146</b>	<b>1,175,511</b>	<b>1,038,146</b>

#### Corporate and human resources (corporate services)

### 45. Finance costs

Finance leases	374,461	688,482	374,461	688,482
Non-current borrowings	68,067,562	74,179,394	68,067,562	74,179,396
Trade and other payables	21,018	203,815	21,018	203,807
	<b>68,463,041</b>	<b>75,071,691</b>	<b>68,463,041</b>	<b>75,071,685</b>

### 46. Inventory consumed

Consumables	39,602,686	32,211,930	39,562,838	32,181,388
Finished goods	26,302	-	26,302	-
Materials and supplies	6,435,836	-	6,435,836	-
	<b>46,064,824</b>	<b>32,211,930</b>	<b>46,024,976</b>	<b>32,181,388</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>47. Operational cost</b>				
Achievements and awards	4,894	-	4,894	-
Advertising, publicity and marketing	25,649,170	24,859,577	25,648,889	24,824,384
Bank charges, facility and card fees	6,061,038	5,822,904	6,049,555	5,810,988
Bursaries (employees)	461,351	1,411,206	461,351	1,411,206
Cash discount	12,148,636	7,092	12,148,636	7,092
Catering municipal activities	6,050,597	1,091,401	6,050,597	1,091,401
Cleaning services	23,926	-	23,926	-
Commission	11,408,978	-	11,408,978	-
Communication	12,677,430	12,293,504	12,626,504	12,246,815
Deed searches	1,528	95,434	1,528	95,434
Departmental charges	-	19,192,200	-	19,192,200
Drivers licences and permits	8,953	5,885	8,953	5,885
Entertainment	131,625	315,939	131,625	310,800
External audit fees	5,479,920	4,069,459	4,973,649	4,019,991
External computer service	15,854,095	10,371,375	15,854,095	10,371,375
Insurance underwriting	8,262,938	10,924,793	7,952,521	10,919,058
Learnerships and internships	3,609,937	1,319,142	3,609,937	1,319,142
Licences	2,745,645	2,427,429	2,745,645	2,427,429
Management fee	1,131,166	4,577,196	1,131,166	4,577,196
Office Decorations	48,862	34,824	48,862	34,824
Printing, publications and books	5,701,711	12,547,570	5,701,711	12,547,570
Professional bodies, membership and subscription	10,846,812	-	10,846,812	-
Registration fees	2,437,455	12,100,021	2,437,455	12,100,021
Remuneration to ward committees	36,800	4,655,183	36,800	4,655,183
Servitudes and land surveys	456,636	186,134	456,636	186,134
Signage	482,948	-	482,948	-
Skills Development Fund Levy	5,687,842	7,879,244	5,687,842	7,879,244
Toll gate fees	3,438	-	3,438	-
Travel agency fees	343,527	-	343,527	-
Travel and subsistence	10,957,896	2,650,711	10,957,896	2,645,875
Uniform and protective clothing	5,740,748	4,877,156	5,734,738	4,854,361
Vehicle tracking	1,453,100	-	1,453,100	-
Workmen's Compensation Fund	556,432	17,219	540,278	-
	<b>156,466,034</b>	<b>143,732,598</b>	<b>155,564,492</b>	<b>143,533,608</b>
<b>48. Operating lease</b>				
Buildings	1,688,100	19,968,536	1,688,100	19,968,536
Machinery and equipment	12,735,784	1,427,894	12,728,468	1,423,366
Transport	31,688,351	-	31,688,351	-
	<b>46,112,235</b>	<b>21,396,430</b>	<b>46,104,919</b>	<b>21,391,902</b>
<b>49. Remuneration of councillors</b>				
Basic	33,615,942	26,038,203	33,615,942	26,038,203
Cell phone and other allowances	5,415,102	11,071,349	5,415,102	11,071,349
Contribution for pensions and medical aids	4,543,253	4,653,487	4,543,253	4,653,487
	<b>43,574,297</b>	<b>41,763,039</b>	<b>43,574,297</b>	<b>41,763,039</b>
<b>In-kind benefits</b>				
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time councillors. Each is provided with an office and secretarial support at the cost of the Council.				
The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.				

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>49. Remuneration of councillors (continued)</b>				
The Mayor has three full-time bodyguards . The Deputy Mayor and speaker have two full-time bodyguards.				
<b>50. Transfers and Subsidies</b>				
<b>Other subsidies</b>				
Grants in aid	1,550,000	238,128	1,550,000	238,128
Injury on duty	4,356,584	-	4,356,584	-
Post retirement benefits	23,699,277	20,632,700	23,699,277	20,632,700
Safe City	-	-	6,841,228	5,673,000
	<b>29,605,861</b>	<b>20,870,828</b>	<b>36,447,089</b>	<b>26,543,828</b>
<b>51. Fair value adjustments - investment property</b>				
Gains on investment property	188,741,552	(769,277)	188,741,552	(769,277)
Loss on investment property	(59,761,680)	-	(59,761,680)	-
	<b>128,979,872</b>	<b>(769,277)</b>	<b>128,979,872</b>	<b>(769,277)</b>
<b>52. Impairment of consumer, IDT and traffic fines debtors</b>				
Electricity	32,561,375	(2,831,170)	32,561,375	(2,831,170)
Independent Development Trust	59,542,743	-	59,542,743	-
Rates	27,571,728	(2,681,279)	27,571,728	(2,681,279)
Refuse	3,678,390	(406,284)	3,678,390	(406,284)
Traffic fines	14,150,507	43,130,866	14,150,507	43,130,866
Santitation	6,588,960	(727,762)	6,588,960	(727,762)
Water	28,742,117	(3,214,774)	28,742,117	(3,214,774)
	<b>172,835,820</b>	<b>33,269,597</b>	<b>172,835,820</b>	<b>33,269,597</b>
<b>53. Impairment loss</b>				
<b>Impairments</b>				
Property plant and equipment	(8,254,170)	(49,690,326)	(8,254,170)	(49,690,326)
Property, plant and equipment The procedure used to determine if the asset was impaired was to physically inspect the asset and determine if the asset was impaired and what factors contributed to the impairment and then comparing the condition, age and cost of the asset to the current records in the asset register and if there was a change this was then adjusted accordingly				
Intangible assets	(100,339)	-	(100,339)	-
The impairment is in respect to software that were utilised by various business unit that are now redundant due to purchase of SAP ERP by the municipality.				
	<b>(8,354,509)</b>	<b>(49,690,326)</b>	<b>(8,354,509)</b>	<b>(49,690,326)</b>
<b>54. Inventories (losses)/gains</b>				
Inventories losses	(34,434,428)	(312,033)	(34,434,428)	(312,033)
Inventories gains	24,171,858	473,316	24,171,858	473,316

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
	<b>(10,262,570)</b>	<b>161,283</b>	<b>(10,262,570)</b>	<b>161,283</b>
<b>55. (Losses)/ gains on agricultural assets</b>				
Gains on valuation of agricultural assets	(4,255,584)	9,288,973	(4,255,584)	9,288,973
<b>56. Loss on disposal of assets</b>				
Land and building	(22,000)	(371,400)	(22,000)	(371,400)
Other assets	(1,282,192)	(772,826)	(1,282,192)	(772,826)
	<b>(1,304,192)</b>	<b>(1,144,226)</b>	<b>(1,304,192)</b>	<b>(1,144,226)</b>
<b>57. Cash generated from operations</b>				
(Deficit) surplus	(237,518,845)	58,607,228	(236,399,048)	52,464,639
<b>Adjustments for:</b>				
Depreciation and amortisation	598,014,010	505,151,071	597,067,585	504,289,145
Gain or loss on sale of assets	-	(9,288,973)	-	(9,288,973)
Loss on non current assets	5,559,776	1,144,226	5,559,776	1,144,226
Fair value adjustments	(128,979,872)	769,277	(128,979,872)	769,277
Impairment of inventory	10,262,570	-	10,262,570	-
Impairment of assets	8,354,508	49,690,326	8,354,508	49,690,326
Write up of inventory	-	(161,283)	-	(161,283)
Movements in retirement benefit obligation	(15,221,992)	36,903,366	(15,221,992)	36,903,366
Movements in current provisions	631,928	1,076,048	487,351	660,928
Movement in non current provisions	(11,033,797)	5,191,486	(11,033,797)	5,191,486
Movement on housing development fund	14,299,411	22,642,454	14,299,411	22,642,454
Other non-cash items	(620,618)	(31,372,392)	(620,618)	(31,558,227)
<b>Changes in working capital:</b>				
Inventories	367,597	(22,797,437)	367,597	(22,797,437)
Payables from exchange transactions	209,800,845	(17,451,684)	209,628,075	(16,556,871)
Trade and other receivables from exchange transactions	60,534,764	605,107,289	60,519,778	605,122,275
Trade and other receivables from non exchange transactions	(1,317,607)	346,159,571	(1,317,607)	346,159,571
Consumer debtors	98,359,580	(1,112,206,494)	98,359,581	(1,112,206,494)
VAT	(62,540,270)	13,617,191	(62,540,270)	13,617,191
Unspent conditional grants and receipts	(173,079,460)	118,499,322	(173,079,460)	118,499,322
	<b>375,872,528</b>	<b>571,280,592</b>	<b>375,713,568</b>	<b>564,584,921</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>58. Additional disclosure in terms of Municipal Finance Management Act</b>				
<b>Contributions to SALGA / Kwanaloga</b>				
Current year subscription / fee	849,157	489,187	849,157	489,187
Amount paid - current year	(849,157)	(489,187)	(849,157)	(489,187)
	-	-	-	-
<b>Audit fees</b>				
Opening balance	122,684	184,404	122,684	184,404
Audit fee invoiced	4,914,429	4,019,990	4,914,429	4,019,990
Amount paid - current year	(4,974,940)	(4,081,710)	(4,974,940)	(4,081,710)
	<b>62,173</b>	<b>122,684</b>	<b>62,173</b>	<b>122,684</b>
<b>PAYE and UIF</b>				
Current year subscription / fee	140,297,512	134,118,729	140,297,512	134,118,729
Amount paid - current year	(140,297,512)	(134,118,729)	(140,297,512)	(134,118,729)
	-	-	-	-
<b>Pension and Medical Aid Deductions</b>				
Current year payroll deductions	297,846,833	257,182,171	297,846,833	257,182,171
Amount paid - current year	(297,846,833)	(257,182,171)	(297,846,833)	(257,182,171)
	-	-	-	-
<b>VAT</b>				
VAT receivable	9,430,832	14,986	9,430,832	-
VAT payable	220,808	53,109,432	-	53,109,432
	-	-	-	-

VAT output payables and VAT input receivables are shown in note 22.

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

### Councillors' arrear consumer accounts

Normal credit control procedures have been applied for the recovery of all outstanding debt.

Councillors have made arrangements to re-pay outstanding debt.

The following Councillors had arrear accounts outstanding for more than 90 days as at :

30 June 2017	Outstanding more than 90 days
	R
Ahmed Najmah Banu	8,851
Dlamini Sandile Wellington	17,482
Magubane Vusumuzi Truman	58,334
Mbanjwa Nkosinathi Maxwell	2,532
Madondo Ignatia Thandiwe	1,553
Mkhize Dorcas Sibongile	62,363
Msimang Prudence Nokuthula	4,235

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

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

Ndawonde Siphwe Caiphas				73,686
Ntombela Thinasonke Dennis				2,532
Njilo Mduduzi Jerome				16,083
Phungula Dumisani Bernard				4,680
Zungu Thandiwe Rose				2,789
				<b>255,120</b>

### 30 June 2016

	<b>Outstanding more than 90 days R</b>
Dlamini Tholakele Igetia	3,441
Magubane Vusumuzi Truman	20,679
Thokozani Magwaza	1,462
Ndawonde Siphwe Caiphas	135,482
Zungu Thandiwe Rose	638
	<b>161,702</b>

### 59. Deviation from supply chain management regulations

Regulation 36 of the Municipal SCM Regulations of 2005 permits the Accounting Officer to "dispense with official procurement processes established by the policy and to procure any required goods or services through any convenient process".

This would typically include urgent and emergency cases, single-source goods, and any other cases where it impractical to follow normal SCM process. In the event of such a decision, the Accounting Officer is required to report this to the next Council meeting for noting. The expenses incurred as listed below have been written off.

Computer expenditure	2,542,026	-	2,542,026	-
Installation of property plant and equipment	-	6,609,548	-	-
Legal	420,276	-	420,276	-
Library	-	3,026,428	-	3,026,428
Other	1,188,076	-	1,188,076	-
Repairs and maintenance	135,972	-	135,972	-
Repairs to motor vehicles	6,864,235	7,744,925	6,864,235	7,744,925
Repairs to property, plant and equipment	5,034,494	-	4,876,125	-
Service delivery	4,081,054	-	4,081,054	-
Water quality testing	109,632	-	109,632	-
	<b>20,375,765</b>	<b>17,380,901</b>	<b>20,217,396</b>	<b>10,771,353</b>

### Regulation 45

Awards to close family members of persons in the service of the state .

Employee name	Job title	Amount paid
Mchunu Nomvula Teressa	General worker infrastructure business unit	446,183

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>60. Commitments</b>				
<b>Authorised capital expenditure</b>				
<b>Already contracted for but not provided for</b>				
• Cameras	-	189,633	-	-
• Electricity	33,185,010	81,144,065	33,185,010	81,144,065
• Information system	34,292,271	-	34,292,271	-
• Refuse	11,612,462	-	11,612,462	-
• Roads	124,200,669	597,902	124,200,669	597,902
• Sanitation	58,911,835	941,542	58,911,835	941,542
• Water	24,734,764	9,793,554	24,734,764	9,793,554
	<b>286,937,011</b>	<b>92,666,696</b>	<b>286,937,011</b>	<b>92,477,063</b>
<b>Total capital commitments</b>				
Already contracted for but not provided for	286,937,011	92,666,696	286,937,011	92,477,063
<b>Authorised operational expenditure</b>				
<b>Total commitments</b>				
<b>Total commitments</b>				
Authorised capital expenditure	286,937,011	92,666,696	286,937,011	92,477,063

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

### Operating leases - as lessee (expense)

#### Minimum lease payments due

- within one year	-	6,046,218	-	6,046,218
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Operating lease payments represents rentals payable to:

\* Xtec (Pty) Ltd for the rental of photocopies and fax machines and

\* Merchant West for computer servers and the leasing of ICT networks.

No contingent rent is payable.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 61. Contingencies

Refer to Appendix F for a detailed listing to contingent liabilities	38,970,191	41,619,628	38,970,191	41,619,628
Performance bonuses for senior management	-	1,456,896	-	1,456,896
	<b>38,970,191</b>	<b>43,076,524</b>	<b>38,970,191</b>	<b>43,076,524</b>

## The Msunduzi Municipality and its Municipal Entity

The Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

#### 62. Related Parties

Safe City NPC has been formed as partnership with the business community to combat crime in the city. Council allocates a grant in aid to the entity.

#### Related party balances

Grant paid to Safe City Msunduzi NPC	6,841,228	5,673,000
Conditional Grant paid to Safe City Msunduzi NPC		190,452
Electricity and Water paid to Msunduzi Municipality	120,525	148,616

#### Awards to close family members of persons in the service of the state

Contract value		
Enforce Security	886,175	382,000

The director of the company is married to Ms Dube MEC for Local Government and Traditional Affairs

#### Key management information

#### Remuneration of management

#### Councillors that were not re-elected

Councillors paid for the period 1 July 2017 to 31 August 2017 that were not re-elected.

Full Names	Basic salary	Transport	Cellphone allowance	Data card	Pension	Basic non retirement funding	Medical Aid	Total
Ashe Rodger Pryor	31,852	12,210	2,311	399	4,778	-	-	51,550
Baijoo Vidyavrata	85,246	17,777	4,631	399	3,164	-	12,166	123,383
Bhengu Patric	74,372	26,041	2,311	399	2,585	-	6,368	112,076
Bradley Chris	29,458	12,210	2,311	399	4,419	-	4,144	52,941
Buthelezi Dorren	30,112	12,210	2,311	399	4,517	-	3,012	52,561
Buthelezi Mercy Thandiwe	29,968	12,210	2,311	399	4,495	-	3,259	52,642
Dlamini Pretty Nokwazi	28,600	12,210	2,311	399	4,290	-	5,627	53,437
Dlomo Armstrong Bongani	31,851	12,210	2,311	399	4,778	-	-	51,549
Govender Soobramoney	32,874	12,210	2,311	399	1,220	-	5,651	54,665
Gumede Noxolo Faith	34,543	4,884	2,311	399	5,181	-	3,184	50,502
Jaca Patrick Vela	31,852	12,210	2,311	399	4,778	-	-	51,550
Lawrence Judith Marry	89,489	1,250	2,311	399	13,423	-	-	106,872
Magwaza Thokozani Shakesper	29,069	12,210	2,311	399	4,360	-	4,816	53,165
Makhathini Falakhe Michael	27,378	12,210	2,311	399	4,107	-	7,742	54,147
Maphumulo Msawenkosi	32,398	12,210	2,311	399	1,202	-	6,368	54,888
Matiwane Thandi	42,469	-	2,311	399	6,370	-	-	51,549
Mbanjwa Amos Lucky	28,600	12,210	2,311	399	4,290	-	5,627	53,437
Mbatha Faith Ntombizonke	35,693	5,128	2,311	399	5,354	-	4,011	52,896
Mkhize Mantombi Agness	31,851	12,210	2,311	399	4,778	-	-	51,549
Mkhize Mbusiswa Henceforth	28,956	12,210	2,311	399	4,344	-	5,010	53,230
Mkhize Sbusiso Alfred	29,262	12,210	2,311	399	4,389	-	4,483	53,054
Mlete Vusumuzi Garnet	21,385	8,861	1,086	187	3,208	-	3,184	37,911
Ndlela Chris Juba	117,310	-	4,631	399	17,597	-	4,011	143,948
Ndlovu Mandlenkosi David	28,940	12,210	2,311	399	4,341	-	5,038	53,239
Ndlovu Thandi Patience	45,753	18,378	3,478	600	6,863	-	2,517	77,589
Ngcobo Bethwell Bhekumuzi	31,580	9,768	2,311	399	4,737	-	4,144	52,939
Ngcobo Lindiwe Conellia	28,381	12,210	2,311	399	4,257	-	6,008	53,566
Ngcobo Msizi Alex	40,729	-	2,311	399	6,109	-	3,012	52,560
Ngcobo Thulisile Penelope	28,956	12,210	2,311	399	4,344	-	5,010	53,230
Ngidi Philani Goodwill	22,661	9,189	1,739	300	3,399	-	1,506	38,794
Ryder David Francis	36,629	12,210	2,311	399	1,359	-	-	52,908
Shozi Phillip Bonga	38,222	4,884	2,311	399	5,733	-	-	51,549
Sikhakhane Lungisni Nkhaso	31,851	12,210	2,311	399	4,778	-	-	51,549
Singh Jaiheen	30,397	12,210	2,311	399	4,560	-	2,517	52,394
Singh Radhia Bee	42,469	-	2,311	399	6,370	-	-	51,549
Tarr Michael Ashton	78,120	26,041	2,311	399	2,899	-	-	109,770
Xulu Thulani Vincent	102,160	-	2,311	399	3,792	-	3,012	111,674
	<b>1,541,436</b>	<b>388,611</b>	<b>89,517</b>	<b>14,653</b>	<b>181,168</b>	<b>-</b>	<b>121,427</b>	<b>2,336,812</b>

## The Msunduzi Municipality and its Municipal Entity

The Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

#### 62. Related Parties continued

##### Key management information

##### Remuneration of management

##### Newly appointed and Re-elected councillors

\* Newly elected councillors received their remuneration from 24 August 2017 to 30 June 2017

Full Names	Basic salary	Transport	Cellphone allowance	Data card	Pension	Basic non retirement funding	Medical Aid	Total
Ahmed Najma Banu	316,690	61,529	20,973	2,400	43,443	8,693	14,349	468,077
Ahmed Roosana	275,140	102,547	20,973	2,400	37,744	7,671	17,170	463,645
* Amod Michael Ismail	317,484	44,425	18,753	2,017	41,952	15,535	13,838	454,004
Atwaru Naleni	323,297	46,514	20,973	2,400	50,785	50,705	31,262	525,936
* Chetty Claudell Milany	381,476	25,428	18,753	2,017	-	18,651	-	446,325
* Dlamini Ambrosia Sibongile	343,386	-	18,753	2,017	45,402	17,439	15,295	442,292
* Dlamini Nkosivelile Godman	347,513	-	18,753	2,017	41,905	17,439	2,637	430,264
* Dlamini Sandile Wellinton	338,852	18,163	18,753	2,017	44,831	16,567	-	439,183
Dlamini Tholakele Ignatia	549,849	219,232	32,757	2,400	76,507	-10,396	31,262	901,611
* Dlala Nomalady Eleanor	307,642	90,816	18,753	2,017	-	15,041	-	434,269
* Duma Prince Dumisa	356,687	-	18,753	2,017	47,190	17,439	-	442,086
* Gambu Nkosinathi Nhlakanipho	356,686	-	18,753	2,017	47,190	17,439	-	442,085
* Goga Mohamed Salim	264,672	90,816	22,753	2,017	34,125	12,839	-	427,222
* Gwala Nelisiwe Jannet	267,515	90,816	18,753	2,017	35,393	13,079	-	427,573
Gwala Sindisiwe Cyndy	273,805	102,547	20,973	2,400	37,561	7,670	20,333	465,289
Haswell Urashia Jasomay	297,020	96,706	20,973	2,400	40,743	7,819	-	465,661
Inderjit Manilal	393,765	42,899	20,973	2,400	55,818	17,893	22,725	556,473
* Jugmohan Renesha	346,735	18,878	18,753	2,017	28,880	17,126	14,324	446,713
* Khumalo Sphamandla Dennis	674,835	82,739	18,592	2,017	97,129	28,067	-	903,379
Lambert William Francis	468,787	9,297	20,973	2,400	12,985	19,486	-	533,928
* Lotz Clive Otis	98,942	7,853	5,308	916	13,608	8,225	-	134,852
Lyne Sandra Patric	291,486	102,547	20,973	2,400	39,983	7,670	-	465,059
Madlala Linda Linford	273,805	102,547	20,973	2,400	37,561	7,670	20,333	465,289
* Madlala Siphamandla Sydney	266,081	84,170	31,501	2,017	33,350	15,522	-	432,641
Madonda Siphon Innocent	295,956	61,528	20,973	2,400	40,601	8,693	37,554	467,705
* Madondo Ignatia Thandiwe	250,982	90,816	18,753	2,017	33,195	13,079	19,013	427,855
Magubane Truman Vusumuzi	719,839	94,068	20,812	2,400	107,976	-	18,797	963,892
* Majola Jerome Sibongiseni	550,893	206,848	18,592	2,017	79,220	23,389	13,191	894,150
Majola Nomagugu Eunice	485,824	40,763	13,912	2,400	72,874	-	27,659	643,432
Majola Sboniso Terence	278,028	102,547	20,973	2,400	38,139	7,670	15,477	465,234
* Mbanjwa Nkosinathi Maxwell	345,287	36,326	18,753	2,017	-	14,865	27,068	444,316
McArthur Glen Robert	693,390	19,113	20,812	2,400	104,588	3,860	-	844,163
* Mhlongo Snothi Raphael	267,515	90,816	18,753	2,017	35,393	13,079	-	427,573
* Mkhize Dorcas Sibongiseni	342,960	-	18,753	2,017	45,344	17,439	15,785	442,298
Mkhize Muntuza Bhekithemba	272,608	102,547	20,973	2,400	37,397	7,671	21,709	465,305
* Mncwango Gladness Sibongile	257,086	74,981	18,753	2,017	33,911	15,841	30,370	432,959
* Molefe Thabiso Patrick	254,301	90,816	18,753	2,017	30,662	13,079	7,598	417,226
Msimang Prudence Nokuthula	732,927	131,539	20,812	2,400	-	-4,900	31,262	914,040
* Mtshali Blessing Sbusiso	356,687	-	18,753	2,017	47,190	17,439	-	442,086
Ndawonde Siphwe Caiphas	350,476	-	22,261	2,400	49,685	10,227	43,359	478,408
Ndlovu Nelisiwe Zanele	269,722	102,547	20,973	2,400	37,001	7,670	25,029	465,342
* Nene Jabulani	356,687	-	18,753	2,017	46,837	17,439	2,705	444,438
* Nene Sfiso Derrick	353,490	2,765	18,753	2,017	46,844	16,462	-	440,331
Ngcobo Jeffrey Mbuyiselwa	291,487	102,547	20,973	2,400	39,983	7,670	-	465,060
Ngcobo Kathrine Malindi	213,162	102,547	20,973	2,400	37,418	67,479	21,294	465,273

## The Msunduzi Municipality and its Municipal Entity

The Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity				Controlling entity		Medical Aid	Total
	2017	2016			2017	2016		
			<b>Cellphone allowance</b>	<b>Data card</b>	<b>Pension</b>	<b>Basic non retirement funding</b>		
<b>Full Names</b>	<b>Basic salary</b>	<b>Transport</b>						
* Ngongoma Xolani Ellington	356,687	-	18,753	2,017	47,190	17,439	-	442,086
* Ngubane Sandile Duncan	318,683	-	31,501	2,017	40,010	17,439	33,346	442,996
* Ngube Gugu Marry-Jane	247,281	90,816	18,753	2,017	32,384	17,019	25,773	434,043
Ngubo Jabulisile Joyce	825,611	72,000	40,478	2,400	81,573	-6,942	-	1,015,120
* Ngubo Manqoba	288,289	74,981	18,753	2,017	33,991	17,306	-	435,337
* Ngubo Regina Zinhle	346,090	-	18,753	2,017	45,726	17,439	12,986	443,011
* Nhlabathi Bongumusa Cyril	267,515	90,816	18,753	2,017	35,393	13,079	-	427,573
* Niemand Rienus	361,371	15,290	18,753	2,017	16,866	19,735	8,727	442,759
* Njilo Mduduzi Jerome	1,112,211	-	37,997	2,017	-	47,216	30,535	1,229,976
Ntombela Dennis Thinasonke	572,542	219,232	20,812	2,400	83,718	-	15,861	914,565
* Ntombela Ethel Zodwa	244,042	90,816	18,753	2,017	31,905	15,848	30,178	433,559
* Ntshangase Ntuthuko	270,289	74,981	18,753	2,017	35,873	15,841	15,187	432,941
* Oumar Mehmood-Ul-Hassan	307,642	90,816	18,753	2,017	-	15,041	-	434,269
Phungula Dumisani Bernard	251,093	102,547	20,973	2,400	34,429	7,670	46,452	465,564
Schalkwyk Mary	553,307	235,170	20,812	2,400	87,923	32,846	31,434	963,892
* Shange Sandile Cyril	356,687	-	18,753	2,017	47,190	17,439	-	442,086
* Singh Melika	381,476	25,428	18,753	2,017	-	18,651	-	446,325
Sithole Philwise	706,906	78,130	20,812	2,400	102,142	-14,423	15,709	911,676
* Sithole Thamsanqa Wonderboy	267,515	90,816	18,753	2,017	35,393	13,079	-	427,573
* Sivnath Rajdave	356,687	-	18,753	2,017	47,190	17,439	-	442,086
Sokhela Balozile Cynthia	339,679	38,968	14,618	2,400	46,604	12,188	12,595	467,052
Sokhela Mansizwa Simon	273,651	102,547	20,973	2,400	34,237	7,670	16,750	458,228
Soobiah Rachel	291,487	102,547	20,973	2,400	39,983	7,670	-	465,060
* Strachan Ross	395,160	-	18,753	2,017	-	21,574	13,510	451,014
Winterbach Lubwig Johann	291,486	105,120	22,100	2,400	40,990	7,670	-	469,766
Zondi Dolo Philip	330,350	61,528	20,973	2,400	45,315	8,693	-	469,259
* Zondi Hamilton Mlungisi	335,983	-	18,753	2,017	44,118	14,670	26,993	442,534
* Zondo Precious Makhosazane	356,686	-	18,753	2,017	47,190	17,439	-	442,085
Zuma Bukelani Ephraim	291,486	102,547	20,973	2,400	39,983	7,670	-	465,059
Zuma Michael Bhekabantu	277,826	102,547	20,973	2,400	38,112	7,670	15,709	465,237
Zuma Thobani Reginald	732,913	160,543	43,020	2,400	109,937	-	-	1,048,813
Zungu Ningi Jostinah	227,455	102,547	20,973	2,400	39,983	71,702	-	465,060
Zungu Thandiwe Rosemary	277,826	102,547	20,973	2,400	38,112	7,670	15,709	465,237
	<b>28,885,369</b>	<b>5,226,863</b>	<b>1,618,996</b>	<b>170,013</b>	<b>3,311,803</b>	<b>1,124,887</b>	<b>928,852</b>	<b>41,266,783</b>

#### Municipal Entity

##### Remuneration of management

Safe City NPC - Management

Full Names	Basic salary	Transport	Cellphone allowance	Data card	Pension	Basic non retirement funding	Medical Aid	Total
Holtzhausen Riaan	293,033	18,000	3,600	-	15,620	-	21,580	351,833
Holtzhausen Charlene	127,210	18,000	8,624	-	-	-	13,392	167,226
	<b>867,243</b>	<b>54,000</b>	<b>15,824</b>	<b>-</b>	<b>15,620</b>	<b>-</b>	<b>56,552</b>	<b>1,009,239</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 63. Events after the reporting date

No events to report on after the reporting date.

### 64. Prior period errors

The comparative statements for 2015 / 2016 financial year have been restated to recognise the amendments relating to all of the errors below.

The effects of the changes are detailed below:

#### Statement of Financial Position

##### Property plant and equipment

##### Land and buildings

Land that was not owned by the municipality was incorrectly included in the Fixed Asset Register. The municipality conducted deeds search and identified that the land was never owned by the municipality.

Operating expenses was incorrectly included in Work in Progress in the previous financial period.

##### Depreciation for Bank Charter Housing that was incorrectly classified as other assets

Restated balance previously reported	- 1,547,758,135	- 1,547,758,135
Depreciation for Bank Charter Housing that was incorrectly classified as other assets.		
Recognition of land not recognised	- (78,318,719)	- (78,318,719)
The Land not owned by the Municipality have been removed from the Fixed Asset Register	- (2,219,300)	- (2,219,300)
Land was duplicated on the fixed asset register	- (13,969,000)	- (13,969,000)
Buildings operating costs included in the work in progress	- (350,430)	- (350,430)
Depreciation for Bank Charter Housing reclassified (buildings)	- (6,831)	- (6,831)
<b>Restated balance</b>	<b>- 1,452,893,855</b>	<b>- 1,452,893,855</b>

##### Infrastructure assets

Work in Progress that was not recorded in the previous financial period due to accruals that were not recognized.

##### Bank Charter Housing infrastructure was incorrectly classified.

Restated balance previously reported	- 4,644,641,847	- 4,644,641,847
Accruals that were not recognized	- 11,414,663	- 11,414,663
Bank Charter Housing infrastructure that was incorrectly classified.	- 302,848	- 302,848
<b>Restated balance</b>	<b>- 4,656,359,358</b>	<b>- 4,656,359,358</b>

##### Other assets

Bank Charter, finance lease assets and brush cutters that were not recorded in the previous financial year

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>64. Prior period errors (continued)</b>				
Restated balance previously reported	-	456,093,321	-	447,923,336
Other assets incorrectly recognised or not previously recognised	-	(1,505,554)	-	(1,505,554)
Correction of the transfer of assets from Msunduzi to Safe City in 2015 which was initially recognised at carrying value. The subsequent correction has adjusted the cost of the assets, additions the depreciation.	-	7,977,698	-	-
Restated balance	-	462,565,465	-	446,417,782
<b>Community assets</b>				
<b>Work in Progress was not recorded in the previous financial period.</b>				
Restated balance previously reported	-	393,138,595	-	393,138,595
Community Assets Work In Progress not previously recognised	-	55,421	-	55,421
Restated balance	-	393,194,016	-	393,194,016
<b>Investment property</b>				
<b>Investment property (land) that is not owned by the municipality was incorrectly included in the Fixed Asset Register. The municipality conducted deeds search and identified that the investment property was never owned by the municipality.</b>				
Restated balance previously reported	-	656,408,640	-	656,408,640
Land was duplicated on the fixed asset register	-	(27,889,000)	-	(27,889,000)
Land not owned by the Municipality	-	(18,066,800)	-	(18,066,800)
Land not owned by the Municipality	-	(3,158,910)	-	(3,158,910)
Land was duplicated on the fixed asset register	-	(16,050,000)	-	(16,050,000)
Restated balance	-	591,243,930	-	591,243,930
<b>Intangible assets</b>				
<b>Development cost incorrectly capitalised</b>				
Balance previously reported	-	39,518,564	-	39,518,564
Development cost incorrectly capitalised	-	363,383	-	363,383
Restated balance	-	39,881,947	-	39,881,947
<b>Inventory</b>				
<b>Write up of inventory due to understatement during the take on of inventory onto SAP</b>				
Balance previously reported	-	65,151,366	-	65,151,366
Inventory has been understated	-	1,353,869	-	1,353,869
Restated balance	-	66,505,235	-	66,505,235
<b>Receivables from non exchange transactions</b>				
<b>During the 2015/16 the Municipality erroneously disclosed the balance of the prepayment to IDT as trade receivable from non exchange transactions instead of disclosing it as a contingent asset.</b>				
<b>Prepaid vendor cash float recognised as a debtor.</b>				
Restated balance previously reported	-	370,234,597	-	370,234,597
Prepaid vendor cash float incorrectly recognised as a debtor	-	(245,000)	-	(245,000)
Restated balance	-	369,989,597	-	369,989,597
<b>Unspent government grants</b>				

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>64. Prior period errors (continued)</b>				
<b>During the 2014/2015 and 2015/2016 financial years interest received on the housing accreditation funding investment was not capitalised to the housing accreditation grant.</b>				
Restated balance previously reported	-	249,940,818	-	249,940,818
Interest not capitalised on grant	-	3,415,128	-	3,415,128
Restated balance	-	253,355,946	-	253,355,946
<b>Trade payables from exchange transactions</b>				
<b>Accrual for estimated unused electricity purchased via prepaid tokens</b>				
<b>Accrual for unrecorded expenditure relating to the prior year.</b>				
Restated balance previously reported	-	540,482,321	-	540,089,172
Accrual for estimated electricity	-	1,359,459	-	1,359,459
Accrual for unrecorded expenditure	-	8,099,199	-	8,099,200
Restated balance	-	549,940,979	-	549,547,831
<b>Finance lease obligation</b>				
<b>Derecognition of finance lease as lease option to purchase the asset was elected.</b>				
Restated balance previously reported	-	1,216,793	-	1,216,793
Recognition of assets due to end of finance lease	-	(1,518,822)	-	(1,518,822)
Restated balance	-	302,029	-	302,029
<b>Provisions</b>				
<b>Recognition of provisions for performance bonus and 13th cheque.</b>				
Restated balance previously reported	-	127,521	-	-
Recognition of provision	-	287,599	-	-
Restated balance	-	415,120	-	-
<b>Accumulated surplus</b>				
Balance previously reported	-	7,659,111,402	-	7,651,851,316
Recognition of land not recognised	-	(78,318,719)	-	(78,318,719)
The land not owned by the Municipality have been removed from the Fixed Asset Register	-	(2,775,300)	-	(2,775,300)
Land was duplicated on the fixed asset register	-	(13,413,000)	-	(13,413,000)
Buildings operating costs included in the work in progress	-	(350,430)	-	(350,430)
Depreciation for Bank Charter Housing reclassified (buildings)	-	(6,831)	-	(6,831)
Bank Charter Housing infrastructure that was incorrectly classified.	-	302,848	-	302,848
Other assets incorrectly recognised or not previously recognised	-	(1,505,554)	-	(1,505,554)
Community Assets Work In Progress not previously recognised	-	55,421	-	55,421
Land was duplicated on the fixed asset register	-	(27,889,000)	-	(27,889,000)
Land not owned by the Municipality	-	(18,066,800)	-	(18,066,800)
Land not owned by the Municipality	-	(3,158,910)	-	(3,158,910)
Land was duplicated on the fixed asset register	-	(16,050,000)	-	(16,050,000)
Development cost incorrectly capitalised	-	363,383	-	363,383
Inventory has been understated	-	1,353,869	-	1,353,869
Interest capitalised to Housing Development Fund	-	(4,366,394)	-	(4,366,394)
Prepaid vendor cash float incorrectly recognised as debtor	-	(245,000)	-	(245,000)

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
<b>64. Prior period errors (continued)</b>				
Interest not capitalised on grant	-	(3,415,128)	-	(3,415,128)
Accrual for estimated electricity	-	(1,359,459)	-	(1,359,459)
Accrual for unrecorded expenditure	-	(8,099,199)	-	(8,099,199)
Recognition of assets due to end of finance lease	-	(1,518,822)	-	(1,518,822)
Assets incorrectly recognised at carrying value	-	7,977,698	-	-
Recognition of provisions	-	(287,599)	-	-
Restated balance	-	7,488,338,476	-	7,473,388,292
<b>Housing development fund</b>				
Restated balance previously reported	-	72,158,774	-	72,158,774
Interest capitalised	-	4,366,391	-	4,366,391
Restated balance	-	76,525,165	-	76,525,165

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 65. Change in estimate

#### Property plant and equipment

Review of useful life for fully depreciated assets according to GRAP 17 and the reclassification of property, plant and equipment to investment property. The effect of this revision has increased the depreciation by R 155 619 105.

#### Provisions

The leave pay provision is created to ensure adherence to SALGA collective agreement requirements. It states that at the end of a leave cycle, an employee may not have more than 48 days annual leave to his credit. The effect of this revision has increased the provision by R 9 623 503.

The long service award provision is created to ensure adherence to SALGA collective agreement requirements. The estimate is based on the monthly salaries rate at 30 June 2016. The effect of this revision has decreased the provision by R487 351.

### 66. Irregular expenditure

Opening balance	232,001,605	13,845,402	231,583,669	13,845,402
Add: Irregular Expenditure - current year	150,207,118	218,156,203	150,103,360	217,738,267
	<b>382,208,723</b>	<b>232,001,605</b>	<b>381,687,029</b>	<b>231,583,669</b>

#### Analysis of expenditure awaiting condonation per age classification

2008 / 2009	4,077,827	4,077,827	4,077,827	4,077,827
2009 / 2010	5,458,355	5,458,355	5,458,355	5,458,355
2010 / 2011	3,551,576	3,551,576	3,551,576	3,551,576
2011 / 2012	38,200	38,200	38,200	38,200
2013 / 2014	11,000	11,000	11,000	11,000
2014 / 2015	708,444	708,444	708,444	708,444
2015 / 2016	218,156,203	218,156,203	217,738,267	217,738,267
2016 / 2017	150,207,118	-	150,103,360	-
	<b>382,208,723</b>	<b>232,001,605</b>	<b>381,687,029</b>	<b>231,583,669</b>

Irregular expenditure not yet written off

Section 32(4) of the Municipal Finance Management Act requires that Council can deal with these matters in the manner prescribed.

In the case of irregular and fruitless and wasteful expenditure, it is only after an investigation has been conducted that irregular expenditure can be certified as irrecoverable and written off by Council hence there were no movement between financial years 2008/2009 to 2014/2015 as the investigations are still open and as soon as they are closed Council will write off this expenditure

#### Details of irregular expenditure – current year

Service of the state	863,165
Service of the auditee	308,800
Expired contracts	12,306,711
Contractors	92,082,776
Bids not advertised within 30 days	36,015,926
CIDB registration -NRB	8,059,033
No proof of tender register	466,949
Three quotations not obtained	103,758
	<b>150,207,118</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 67. Comparative figures

Certain comparative figures have been reclassified due to corrections being made relating to prior period errors and reclassification due to adoption Municipal Standard Chart of Accounts (mSCOA).

The effects of the reclassification are as follows:

	As previously reported	Restated opening balance	Prior year error accruals	mSCOA classification consumer debtors	mSCOA classification consumer debtors	Restated 2016
<b>Non-current Assets</b>						
Property, plant and equipment	-	-	11,414,662	-	-	11,414,662
<b>Current Assets</b>						
Consumer debtors	-	-	-	,112,206,494	-	,112,206,494
Trade and receivables from exchange transactions	-	899,150,116	-	(875,299,872)	(5,615,546)	18,234,698
Trade and other receivables from non exchange transactions	-	258,033,437	-	(236,906,622)	9,271,565	30,398,380
	-	-	-	-	3,656,019	-
<b>Current Liabilities</b>						
Consumer deposits	-	92,378,188	-	-	1,138,016	93,516,204
Payables from exchange transactions	-	551,609,925	11,414,662	-	(4,794,035)	558,230,552
VAT payable	55,841,372	-	-	-	-	55,841,372
	-	-	-	-	(3,656,019)	-

## The Msunduzi Municipality and its Municipality Entity

The Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

Figures in Rand	2017	2016	
<b>67. Comparative figures continued</b>			
The municipality early adopted Municipal Standard Chart of Accounts (mSCOA) from 1 July 2016. The municipality restated, revenue, expenditure and gains or losses in line with mSCOA. The overall impact was nil as the surplus for the year of R 51 997 680 was not adjusted.			
	<b>2016 Audited</b>	<b>2016 Restated</b>	<b>Variance</b>
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Agency services	532,141	2,148,412	1,616,271
Interest - consumer debtors and receivables	68,242,363	80,450,051	12,207,688
Interest - bank, call and investment accounts	60,213,939	68,434,503	8,220,564
Licences and permits	90,168	272,395	182,227
Operational revenue		27,690,392	27,690,392
Other revenue	87,807,692		(87,807,692)
Rental of facilities and equipment	20,222,252	20,850,639	628,387
Rendering of services		9,169,185	9,169,185
Sale of goods		29,332,309	29,332,309
Service charges	2,468,236,938	2,482,050,261	13,813,323
<b>Total revenue from exchange transactions</b>	<b>2,705,345,493</b>	<b>2,720,398,147</b>	<b>15,052,654</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	742,052,098	742,052,098	0
Property rates - penalties imposed	20,236,112		(20,236,112)
<b>Transfer revenue</b>			
Fines, penalties and forfeits	52,657,723	52,922,304	264,581
Government grants and subsidies	769,640,097	769,640,097	0
Other transfers		157,790	157,790
<b>Total revenue from non-exchange transactions</b>	<b>1,584,586,030</b>	<b>1,564,772,289</b>	<b>(19,813,741)</b>
<b>Total revenue</b>	<b>4,289,931,523</b>	<b>4,285,170,436</b>	<b>(4,761,087)</b>
<b>Expenditure</b>			
Bad debts written off		(102,368,859)	(102,368,859)
Bulk purchases	(1,799,213,567)	(1,799,213,567)	0
Contracted services	(65,468,010)	(462,500,867)	(397,032,857)
Depreciation and amortisation	(504,289,144)	(505,151,071)	(861,927)
Employee related costs	(938,283,004)	(953,468,706)	(15,185,702)
Finance costs	(75,094,944)	(75,071,691)	23,253
Inventory consumed		(32,211,930)	(32,211,930)
Operational costs		(143,732,598)	(143,732,598)
Operating leases		(21,396,430)	(21,396,430)
Remuneration of councillors	(41,763,039)	(41,763,039)	0
Impairment of assets	(50,002,359)		50,002,359
Conditional grant expenditure	(73,364,194)		73,364,194
Debt impairment	(92,507,590)		92,507,590
Collection costs	(12,528,519)		12,528,519
Repairs and maintenance	(151,360,353)		151,360,353
Grants and subsidies paid	(5,911,128)		5,911,128
General expenses	(435,687,609)		435,687,609
Transfers and subsidies		(20,870,828)	(20,870,828)
<b>Total expenditure</b>	<b>(4,245,473,460)</b>	<b>(4,157,749,586)</b>	<b>87,723,874</b>
<b>Operating (deficit) / surplus</b>	<b>44,458,063</b>	<b>127,420,850</b>	<b>82,962,787</b>
Fair value adjustment of investment properties	11,029,976	(769,277)	(11,799,253)
Impairment of consumer and traffic debtors		(33,269,597)	(33,269,597)
Impairment loss		(49,690,326)	(49,690,326)
Inventory write up or (write downs)	473,316	161,283	(312,033)
Gain or (Loss) on agricultural assets	9,288,973	9,288,973	0
Loss on disposal of assets		(1,144,226)	(1,144,226)
Gain or (Loss) on movable assets	(1,291,947)		1,291,947
Gain or (Loss) on immovable assets	(11,799,253)		11,799,253
Gain or (Loss) on donated assets	156,182		(156,182)
Gain or (Loss) on disposal of assets	149,329		(149,329)
	<b>8,006,576</b>	<b>(75,423,170)</b>	<b>(83,429,746)</b>
<b>Surplus for the year</b>	<b>52,464,639</b>	<b>51,997,680</b>	<b>(466,959)</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 68. Fruitless and wasteful expenditure

<b>Fruitless and wasteful expenditure</b>	<b>16,094,523</b>	<b>4,823,989</b>	<b>16,080,807</b>	<b>4,810,273</b>
<b>Reconciliation of fruitless and wasteful expenditure</b>				
Opening balance	4,823,989	4,581,004	4,810,273	4,567,296
Add:fruitless and wasteful expenditure current year	11,270,534	242,985	11,270,534	242,977
<b>Fruitless and wasteful expenditure awaiting to be written off / recovered</b>	<b>16,094,523</b>	<b>4,823,989</b>	<b>16,080,807</b>	<b>4,810,273</b>
Interest on : Late payment of Eskom accounts	3,790	2,770	3,790	2,770
Interest on : Late payment of Telkom accounts	9,341	139	9,341	139
Cancellation of tenders	211,997	240,000	211,997	240,000
Interest on : Late payment of SABC TV license	-	53	-	53
Interest on : Late payment of Auditor General and accountants	7,887	8	7,887	-
Interest on : Late payment to Umgungundlovu District Municipality	-	15	-	15
Employees salaries and wages that are on suspension and unresolved within prescribed time frame.	11,037,519	-	11,037,519	-
	<b>11,270,534</b>	<b>242,985</b>	<b>11,270,534</b>	<b>242,977</b>

A system has been put in place to stream-line the payment process to ensure non occurrence of interest costs. Staff have been advised on possible recovery of costs due to negligence.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 69. Unauthorised expenditure

Unauthorised expenditure	402,022,709	5,234,379	402,022,709	5,234,379
Opening balance	5,234,379	12,197,882	5,234,379	12,197,882
Add: Year end entries in respect of bad debts resulted in this amount being disclosed in the income statement. Previously this amount was credited against the Trade Debtors in the statement of financial position but this year, there has been a change in approach which is informed by mSCOA and GRAP.	332,295,447	-	332,295,447	-
Less: amounts recovered from Fairfields Developments	(1,500,000)	(3,000,000)	(1,500,000)	(3,000,000)
Less: amounts still to be recovered from Fairfield Developments	(1,763,503)	(3,963,503)	(1,763,503)	(3,963,503)
Add: Change in treatment of the IDT outstanding payment resulted in an impairment amount which resulted in the budget not being sufficient	59,542,743	-	59,542,743	-
Add: Expenditure not budgeted	8,213,643	-	8,213,643	-
	<b>402,022,709</b>	<b>5,234,379</b>	<b>402,022,709</b>	<b>5,234,379</b>

### 70. Electricity and water losses

#### Electricity losses

Units purchased - kWh	1,790,378,694	1,760,184,665	1,790,378,694	1,760,184,665
Units sold - kWh	(1,509,681,276)	(1,552,064,288)	(1,509,681,276)	(1,552,064,288)
Loss - kWh	280,697,418	207,580,377	280,697,418	207,580,377
Electricity loss as a percentage	15.68	11.82	15.68	11.82
Costs per kWh in cents	0.93477	0.87660	0.93477	0.87660
Electricity loss in rand value	279,122,476	181,961,139	279,122,476	181,961,139
	-	-	-	-

The significant electricity losses of 280 697 418 kWh (2016 : 207 580 377 kWh) occurred during the year under review, which resulted in material revenue losses to the municipality.

The acceptable norm of electricity loss is between 7% and 10% as per MFMA circular 71 dated January 2014.

The increase in the loss is due to illegal connections to consumers.

#### Water losses

Units purchased - kl	62,562,814	7,025,603	62,562,814	70,025,603
Units sold - kl	(44,499,100)	(48,110,888)	(44,499,100)	(48,110,888)
Losses - kl	13,367,148	16,216,889	13,367,148	16,216,889
Apparent losses - kl	4,696,566	5,697,826	4,696,566	5,697,826
Real losses - kl	18,063,714	21,914,715	18,063,714	21,914,715
Water loss as a percentage	28.9	31.3	28.9	31.3
Costs per kl in cents	6.04600	5.46300	6.04600	5.46300
Water loss in rand value	109,213,215	119,720,088	109,213,215	119,720,088
	-	-	-	-

For the 2016/2017 reporting period there has been a change in the methodology for the calculation of the water losses as per MFMA circular dated January 2014.

The accepted norm as per the Financial Norms and Standards circular for Water Losses is between 15% and 30%

A material water loss of 18 063 714 kl (2016: 21 914 715 kl) occurred during the year under review.

A contributing factor to the increase in the water losses is the aging and fragile water pipeline infrastructure.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 70. Electricity and water losses (continued)

In regards to significant burst water mains; 2 138 were reported during the year under review (2016/2017) and 2 138 were attended to and repaired/ replaced.

9.4 km of water mains were replaced during the year under review. This contributed to significantly reducing the burst frequency.

1 076 water meters were replaced. This measure increased the accuracy in meter reading and billing which subsequently contributed to increase in revenue for water sales.

### 71. Risk management

#### Financial risk management

The Municipality's activities expose it to the following financial risks:

- \* Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk).
- \* Credit risk and
- \* Liquidity risk.

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

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Municipality's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Column heading</b>	<b>Total</b>
<b>At 30 June 2017</b>					
Borrowings	79,368,332	405,418,032	130,320,492	-	615,106,856
<b>At 30 June 2016</b>					
Borrowings	67,758,162	381,631,317	186,505,843	-	635,895,322
	<b>147,126,494</b>	<b>787,049,349</b>	<b>316,826,335</b>	<b>-</b>	<b>1,251,002,178</b>

#### Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

The municipality as part of its credit policy performs a credit risk profile of each debtor.

#### Market risk

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

### 71. Risk management (continued)

#### Interest rate risk

The Municipality has significant interest-bearing assets, the Municipality's income and operating cash flows are not substantially independent of changes in market interest rates.

The Municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the Municipality to fair value interest rate risk.

### 72. Going concern

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

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**

**APPENDIX A - SCHEDULE OF EXTERNAL LOANS**

**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017**

<b>EXTERNAL LOANS</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30/06/2016</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30/06/2017</b>
			<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>LONG-TERM LOANS</b>						
DBSA - 15.5%	11158	30/09/2018	4,491,967	-	1,599,569	2,892,398
DBSA - 15.5%	11159	31/03/2019	6,301,714	-	1,796,975	4,504,738
DBSA - 15.5%	11160	31/03/2019	5,370,669	-	1,531,482	3,839,188
DBSA - 16.5%	13446	31/03/2020	12,216,093	-	2,372,058	9,844,035
DBSA - 16.5%	13447	31/03/2020	5,207,242	-	1,011,116	4,196,126
DBSA - 16.5%	13448	31/03/2020	7,710,017	-	1,497,092	6,212,926
DBSA - 14.27%	102091	11/02/2020	2,668,714	-	441,895	2,226,818
DBSA - 14.27%	102416	28/06/2021	25,309,533	-	3,832,371	21,477,162
DBSA - 9.31%	101922	30/09/2020	11,456,998	-	2,166,231	9,290,767
DBSA - 8.7%	102797	30/09/2022	52,928,046	-	6,365,591	46,562,455
DBSA - 10.79%	103059/1	30/09/2023	43,982,226	-	4,062,922	39,919,304
DBSA - 6.75%	103059/2	30/09/2023	9,949,743	-	1,058,339	8,891,404
DBSA -12.02%	103594/1	31/12/2024	85,633,982	-	6,247,049	79,386,933
DBSA - 6.75%	103594/2	31/12/2024	25,641,682	-	2,321,356	23,320,325
DBSA - 12.10%	103721	31/03/2025	155,703,027	-	10,731,411	144,971,615
DBSA - 9.19%	61007262	31/03/2025	181,323,669	50,000,000	23,753,008	207,570,661
<b>DBSA Total</b>			<b>635,895,322</b>	<b>50,000,000</b>	<b>70,788,465</b>	<b>615,106,856</b>
<b>Total Long-term Loans</b>			<b>635,895,322</b>	<b>50,000,000</b>	<b>70,788,465</b>	<b>615,106,856</b>
<b>LEASE LIABILITY</b>						
Nedbank - 10.500%	Nedbank 12	30/06/2017	302,030	-	302,030	-
<b>Nedbank Total</b>			<b>302,030</b>	<b>-</b>	<b>302,030</b>	<b>-</b>
<b>Total lease liability</b>			<b>302,030</b>	<b>-</b>	<b>302,030</b>	<b>-</b>
<b>Finance lease</b>						
<b>Computer equipment</b>			<b>3,200,154</b>	<b>-</b>	<b>2,853,570</b>	<b>346,584.81</b>
<b>TOTAL EXTERNAL LOANS</b>			<b>639,397,506</b>	<b>50,000,000</b>	<b>73,944,065</b>	<b>615,453,441</b>

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX B**  
**ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2017**

	Cost								Accumulated Depreciation							
	Opening Balance	Restated Balance	Additions	Capital under Construction	Capitalised capital under construction	Donated Assets	disposals	Closing Balance	Opening Balance	Restated Balance	Additions (Depreciation)	Disposals adjustments	Disposals Acc. Depreciation	Impairment	Closing Balance	Carrying Value
<b>LAND AND BUILDINGS</b>																
Land	1,312,762,799.07	-291,538,019	-600,476	0	0	0	-22,000	1,020,602,304	0	0	0	0	0	0	0	1,020,602,304
Buildings	43,515,952.56	-350,430	43,376,196	33,889,047	-18,431,990	33,600	0	496,032,375	225,842,035	6,830	21,034,068	0	0	5,666	246,888,599	249,143,776
<b>Total Land and Buildings</b>	<b>1,750,278,751.63</b>	<b>-291,888,450</b>	<b>42,775,720</b>	<b>33,889,047</b>	<b>-18,431,990</b>	<b>33,600</b>	<b>-22,000</b>	<b>1,516,634,679</b>	<b>225,842,035</b>	<b>6,830</b>	<b>21,034,068</b>	<b>0</b>	<b>0</b>	<b>5,666</b>	<b>246,888,599</b>	<b>1,269,746,080</b>
<b>ELECTRICITY</b>																
HV Overhead Lines	66,159,099.64	0	0	0	0	0	0	66,159,100	19,763,648	0	4,574,752	0	0	0	24,338,400	41,820,700
HV Substations	296,492,691.72	0	0	0	0	0	0	296,492,692	85,237,836	0	11,418,849	0	0	0	96,656,685	199,836,007
HV Underground Cables	15,087,569.28	0	0	0	0	0	0	15,087,569	5,810,822	0	662,727	0	0	0	6,473,549	8,614,021
Electricity reticulation	95,406,465.17	-4,385,965	4,019,438	53,651,615	0	0	0	148,691,493	0	0	40,107	0	0	0	148,651,386	148,651,386
LV Street Lighting	95,802,768.53	0	17,934,485	14,920,596	-17,934,485	0	0	110,723,365	14,640,715	0	5,165,590	0	0	0	19,806,305	90,917,060
MV Ground Mounted Transformers	65,579,520.00	0	0	0	0	0	0	65,579,520	6,969,650	0	2,706,880	0	0	0	9,676,530	55,902,890
MV Mini Substations	121,149,406.36	0	3,840,335	0	-780,864	0	0	124,208,677	29,777,177	0	7,049,987	16,726	0	0	36,843,990	87,364,687
MV Overhead Lines	24,894,369.14	0	0	0	0	0	0	24,894,369	10,350,291	0	2,408,745	0	0	0	12,759,036	12,045,413
MV Substations	144,280,212.10	0	0	0	0	0	0	144,280,212	32,909,536	0	6,180,010	-16,583	0	0	39,072,963	105,207,249
MV Underground Cables	706,464,739.69	0	0	0	0	0	0	706,464,740	188,334,712	0	44,784,298	0	0	0	233,119,010	473,345,730
MV Pole Mounted Transformers	23,099,296.03	0	1,267,435	0	0	0	0	24,366,731	4,282,822	0	1,189,956	0	0	0	5,472,778	28,893,954
MV Ring Main Unit	32,550,780.06	0	0	0	0	0	0	32,550,780	8,173,399	0	1,923,492	-142	0	0	10,096,749	22,454,031
	<b>1,696,876,857.72</b>	<b>-4,385,965</b>	<b>27,061,692</b>	<b>68,572,211</b>	<b>-18,715,348</b>	<b>0</b>	<b>0</b>	<b>1,769,409,448</b>	<b>406,250,529</b>	<b>88,105,492</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>494,356,022</b>	<b>1,275,053,426</b>	
<b>ROADS</b>																
Overhead Gantry	130,000.00	0	0	595,810	0	0	0	725,810	20,085	0	5,237	0	0	0	25,272	700,538
Concrete Roads	38,386,053.46	6,013,922	0	0	0	0	0	44,399,975	8,580,891	2,503,273	2,606,882	0	0	0	13,691,046	30,708,929
Flexible Roads	1,877,725,746.29	10,011,933	51,223,807	11,580,241	-21,948,554	0	0	1,928,591,173	739,701,462	696,217	102,791,359	29,775	0	0	843,130,808	1,085,462,370
Unpaved Roads	132,448,299.25	0	0	31,363,147	0	0	0	163,811,446	87,809,710	0	6,551,466	0	0	0	94,361,176	69,450,270
Other Roads	145,222,256.47	0	0	0	0	0	0	145,222,256	24,027,185	0	4,320,270	0	0	0	28,347,455	116,874,802
Structures	237,933,673.36	0	1,020,025	177,443,552	0	0	0	416,396,249	35,302,884	0	11,968,669	0	0	0	47,271,553	369,124,696
Signalized Intersections	47,527,826.31	0	1,039,328	23,000	0	0	0	48,590,154	25,868,178	0	3,433,637	0	0	0	29,301,815	19,288,339
Airport Runway	71,403,797.44	0	2,170,588	0	-2,170,588	0	0	71,403,797	17,138,506	0	4,572,945	0	0	0	21,711,451	49,692,346
	<b>2,550,777,653.58</b>	<b>16,025,854</b>	<b>55,453,748</b>	<b>221,004,750</b>	<b>-24,119,143</b>	<b>0</b>	<b>0</b>	<b>2,819,142,861</b>	<b>938,448,841</b>	<b>3,109,490</b>	<b>136,252,465</b>	<b>29,775</b>	<b>0</b>	<b>0</b>	<b>1,077,840,571</b>	<b>1,741,302,290</b>
<b>SANITATION</b>																
Sewer Treatment Works	2,034,057.77	0	0	0	0	0	0	2,034,058	1,062,151	0	114,498	0	0	0	1,176,649	857,409
Pump Stations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bulk Sewers	63,876,412.38	0	0	0	0	0	0	63,876,412	18,835,530	0	2,713,713	0	0	0	21,549,243	42,327,169
Sewer Reticulation	511,046,147.73	628,700	0	38,515,963	0	0	0	550,190,805	107,397,175	261,694	15,511,700	0	0	0	123,170,569	427,020,237
	<b>576,956,612.88</b>	<b>628,700</b>	<b>0</b>	<b>38,515,963</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>616,101,275</b>	<b>127,294,856</b>	<b>261,694</b>	<b>18,339,911</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>145,856,460</b>	<b>470,204,815</b>
<b>WATER</b>																
Water Reticulation	854,178,941.08	2,820,106	3,375,020	46,220,299	0	0	0	906,594,366	225,015,685	0	21,865,154	0	0	0	246,880,839	659,713,527
Pump Stations	16,207,288.81	0	0	0	0	0	0	16,207,289	8,320,613	0	523,773	0	39,897	0	9,084,383	7,123,006
Reservoirs	168,405,737.30	0	38,533,825	0	0	0	0	206,939,562	53,452,690	0	16,976,600	0	0	108,472	70,535,762	136,403,800
Water Supply Bulk Water Pipelines	447,373,773.76	0	0	0	0	0	0	447,373,774	220,861,912	0	156,898,849	0	0	0	377,760,761	69,613,013
Water Supply Pressure Reduce Valves	3,917,223.66	0	0	0	0	0	0	3,917,223	2,257,438	0	1,613,185	0	0	0	3,870,623	46,607
Water Meters	43,042,614.84	0	0	0	0	0	0	43,042,615	1,107,739	0	2,671,934	0	0	0	3,779,673	39,262,942
	<b>1,533,126,586.45</b>	<b>2,820,106</b>	<b>41,908,845</b>	<b>46,220,299</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,624,074,835</b>	<b>511,216,077</b>	<b>0</b>	<b>200,549,496</b>	<b>0</b>	<b>0</b>	<b>146,368</b>	<b>711,811,841</b>	<b>912,162,895</b>
<b>SECURITY</b>																
Fencing	4,806,891.44	0	0	0	0	28,358	0	4,835,250	3,639,364	0	280	0	0	0	3,639,644	1,195,606
Security Systems	22,754,227.91	38,631	29,639	-18,425	0	0	0	22,804,073	18,091,351	0	1,111,549	0	0	0	19,202,900	3,601,173
Access Control	276,127.53	0	0	0	0	0	0	276,128	591,232	0	21,524	-6,830	0	0	305,917	70,369
	<b>27,837,246.88</b>	<b>0</b>	<b>38,631</b>	<b>29,639</b>	<b>-18,425</b>	<b>28,358</b>	<b>0</b>	<b>27,915,500</b>	<b>21,921,838</b>	<b>0</b>	<b>1,133,353</b>	<b>-6,830</b>	<b>0</b>	<b>0</b>	<b>23,048,361</b>	<b>4,867,139</b>
<b>STORMWATER</b>																
Major Culverts	43,186,172.48	0	413,560	0	0	0	0	43,599,732	7,133,857	0	928,718	-22,945	0	0	8,039,630	35,560,103
Minor Culverts	662,608.48	0	0	0	0	0	0	662,608	112,800	0	7,478	0	0	120,279	542,330	
Kerb Inlets	87,153,218.58	0	1,644,160	0	0	0	0	88,797,379	29,027,221	0	3,240,239	0	0	0	32,267,460	56,529,919
Manholes	56,558,780.00	0	0	0	0	0	0	56,558,780	18,885,292	0	2,094,958	0	0	0	20,980,249	35,608,539
Open Channels	26,961,325.33	0	226,668	0	0	0	0	27,187,993	2,956,100	0	602,751	0	0	0	3,558,851	23,629,142
Reticulation	349,482.65	0	0	534,394	0	0	0	883,876	0	0	0	0	0	0	883,876	0
Head and Wingwalls	5,754,510.00	0	0	0	0	0	0	5,754,510	1,658,456	0	215,429	0	0	0	2,073,885	3,680,624
	<b>220,626,114.52</b>	<b>0</b>	<b>2,284,387</b>	<b>534,394</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>223,444,896</b>	<b>59,943,726</b>	<b>0</b>	<b>7,089,573</b>	<b>-22,945</b>	<b>0</b>	<b>0</b>	<b>67,010,333</b>	<b>156,434,542</b>
<b>RAILWAY LINES</b>																
Railway Lines	3,509,480.47	0	0	0	0	0	0	3,509,480	1,977,451	0	123,922	0	0	0	2,101,373	1,408,108
	<b>3,509,480.47</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,509,480</b>	<b>1,977,451</b>	<b>0</b>	<b>123,922</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,101,373</b>	<b>1,408,108</b>
<b>SOLID WASTE</b>																
Garden Refuse	2,597,445.27	0	529,339	0	-529,339	0	0	2,597,445	1,341,235	0	87,405	0	0	0	1,428,640	1,168,806
Landfill Site	8,075,607.10	0	0	7,809,294	0	0	0	15,884,901	1,739,065	0	232,411	0	0	0	1,971,476	13,913,425
Sorting Stations	538,000	0	780,94	-298,208	-318,081	0	0	599,950	0	0	9,065	0	0	0	9,065	590,703
	<b>10,673,793.31</b>	<b>0</b>	<b>1,067,339</b>	<b>8,408,993</b>	<b>-1,067,339</b>	<b>0</b>	<b>0</b>	<b>19,082,297</b>	<b>3,080,502</b>	<b>0</b>	<b>328,861</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,409,363</b>	<b>15,672,934</b>
<b>Total Infrastructure Assets</b>	<b>6,620,383,392.81</b>	<b>15,088,695</b>	<b>127,814,642</b>	<b>383,285,759</b>												

**APPENDIX B THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2017**

	Cost							Accumulated Depreciation								
	Opening Balance	Restated Balance	Additions	Capital under Construction	Capitalised capital under construction	Donated Assets	disposals	Closing Balance	Opening Balance	Restated Balance	Additions (Depreciation)	Disposals adjustments	Disposals Acc. Depreciation	Impairment	Closing Balance	Carrying Value
<b>COMMUNITY ASSETS</b>																
<b>Community Buildings</b>																
Fire Stations	23,464,095.15	0	0	0	0	0	0	23,464,095	12,159,018	0	622,143	0	0	0	12,781,161	10,682,935
Stadiums	236,946,437.00	55,421	15,377,271	39,787,084	-15,377,271	1,260,405	0	278,049,348	110,768,513	22,174,110	0	0	0	0	132,942,623	145,106,725
Public Conveniences	31,788,789.25	0	0	0	0	548,538	0	32,337,327	13,574,875	1,252,673	0	0	0	0	15,126,548	17,210,780
Clinics	29,442,063.10	0	0	0	0	0	0	29,442,063	13,274,958	0	775,872	0	0	0	14,550,830	15,091,233
Libraries	82,385,494.76	0	0	6,647,711	0	89,033,206	0	99,033,206	37,715,428	0	3,396,859	0	0	0	41,112,287	47,520,919
Community Centres	95,238,586.45	0	0	3,884,226	0	3,161,009	0	102,284,421	43,821,229	0	8,867,808	0	0	0	369,711	53,059,348
Cemeteries	7,349,338.65	0	114,584	675,500	-114,584	0	0	8,024,838	2,831,991	0	92,985	0	0	0	2,924,977	5,099,862
Civic Theatres	11,713,673.63	0	0	0	0	0	0	11,713,673	7,596,947	0	1,663,022	0	0	0	9,259,969	4,473,703
<b>520,348,475.99</b>	<b>55,421</b>	<b>15,491,855</b>	<b>50,994,522</b>	<b>-15,491,855</b>	<b>4,970,553</b>	<b>0</b>	<b>576,368,971</b>	<b>242,342,559</b>	<b>0</b>	<b>38,845,472</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>369,711</b>	<b>281,557,742</b>	<b>294,811,229</b>
<b>Community Recreational Facilities</b>																
Swimming Pools	45,847,917.90	0	68,241	8,066,282	0	0	0	53,982,441	19,018,227	0	4,627,556	0	0	0	23,645,783	30,336,657
Sports Facilities	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Squash Courts	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Parks	106,644,700.09	0	0	999,965	0	0	0	107,644,665	10,019,076	0	1,870,242	0	0	0	11,889,318	95,754,746
Sports Grounds	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>152,492,617.99</b>	<b>0</b>	<b>68,241</b>	<b>9,066,246</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>161,627,105</b>	<b>29,037,904</b>	<b>0</b>	<b>6,497,798</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,535,702</b>	<b>126,091,404</b>
<b>Total Community Assets</b>	<b>672,841,093.98</b>	<b>55,421</b>	<b>15,560,096</b>	<b>60,660,768</b>	<b>-15,491,855</b>	<b>4,970,553</b>	<b>0</b>	<b>737,996,076</b>	<b>271,380,462</b>	<b>0</b>	<b>45,343,270</b>	<b>0</b>	<b>0</b>	<b>369,711</b>	<b>317,093,443</b>	<b>420,902,633</b>
<b>OTHER ASSETS</b>																
<b>Other Properties</b>																
Housing Schemes	140,639,469	-8,115,419	0	0	0	0	0	132,524,050	46,849,674	-3,378,014	2,472,839	0	0	0	45,944,500	86,579,550
Markets	236,963,857	0	0	0	0	0	0	236,963,857	131,095,977	0	5,973,420	0	0	0	137,069,397	99,894,460
Sewerage works and Dump Site	796,654	0	0	0	0	0	0	796,654	599,881	7,797	0	0	0	607,678	188,976	
Workshops and Depots	31,508,703	0	0	0	0	0	0	31,508,703	17,683,492	1,062,170	0	0	0	18,745,662	12,763,041	
Hostels	1,557,492	0	0	0	0	0	0	1,557,492	974,341	36,354	0	0	0	1,010,695	546,797	
Traffic Control	4,298,468	0	0	4,298,468	0	0	0	4,298,468	2,169,222	170,178	0	0	0	2,339,400	1,959,069	
Landfill Site	55,143,932	0	-12,577,178	0	0	0	0	42,566,754	11,837,149	0	7,116,956	0	0	0	18,954,105	23,612,649
Beer Halls	1,299,999.96	0	0	0	0	-1,300,000	0	0	28,669	31,217	0	0	-59,886	0	0	
Old Age Homes	924,086	0	0	924,086	0	0	0	924,086	594,070	22,387	0	0	0	617,457	307,028	
Transport Facility	38,249,531	0	498,509	0	-498,509	0	0	38,249,531	15,925,665	2,393,100	0	0	0	18,318,765	19,930,766	
Crematoriums	7,004,221	0	0	0	0	0	0	7,004,221	2,962,764	575,581	0	0	0	3,538,345	3,465,876	
Nurseries	10,666,075	0	168,828	0	-168,828	0	0	10,666,075	6,278,454	0	456,570	0	0	6,735,024	3,911,652	
Airport Buildings	113,966,567.00	0	13,993	0	-13,993	0	0	113,966,567	3,492,654	0	933,008	0	0	4,425,662	9,540,905	
Creches	15,717,655	0	0	0	0	0	0	15,717,655	6,129,066	0	393,138	0	0	6,522,204	9,195,451	
Substations	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>558,737,310.37</b>	<b>-8,115,419</b>	<b>-11,895,848</b>	<b>0</b>	<b>-681,330</b>	<b>0</b>	<b>-1,300,000</b>	<b>536,744,713</b>	<b>246,621,679</b>	<b>-3,378,014</b>	<b>21,644,715</b>	<b>0</b>	<b>-59,886</b>	<b>0</b>	<b>264,828,454</b>	<b>271,916,220</b>	
<b>Plant and Equipment</b>																
Graders	5,206,864	0	0	0	0	0	0	5,206,864	4,614,584	0	15,994	0	0	17,859	4,648,434	638,529
Tractors	9,081,024	0	3,965,659	0	0	0	0	13,046,683	7,772,491	0	185,957	0	0	40,589	7,999,037	5,047,645
Farm Equipment	18,270,000	0	0	0	0	0	0	18,270	16,845	0	475	0	0	17,320	950	
Lawnmowers	2,749,223	8,359	555,762	0	0	-8,071	3,228,273	1,890,129	1,890,129	3,783	383,394	0	-65,747	0	2,211,559	1,016,714
Compressors	88,423	0	0	0	0	0	0	88,423	87,109	0	254	0	0	87,363	1,060	
Laboratory Equipment	618,220	0	23,226	0	0	0	0	641,446	568,254	0	8,908	0	0	577,162	64,285	
Radio Equipment	1,729,239	0	0	0	0	0	1,729,239	970,882	0	181,680	0	0	190	1,152,752	576,488	
Firearms	640,484	0	0	0	0	0	640,484	33,351	0	122,979	0	0	0	156,330	484,154	
Telecommunication	5,993,292	0	0	0	0	0	5,993,292	4,978,689	0	417,322	0	0	0	5,396,011	597,281	
Plant and Equipment	41,917,371	24,765	6,489,460	0	-38,289,690	-17,400	10,124,506	20,496,988	20,496,988	1,873	6,619,911	0	-8,783	399	27,110,388	-16,985,882
Cremators	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>68,122,510.76</b>	<b>33,124</b>	<b>11,034,107</b>	<b>0</b>	<b>-38,289,690</b>	<b>0</b>	<b>-102,471</b>	<b>40,797,580</b>	<b>41,429,319</b>	<b>5,656</b>	<b>7,936,974</b>	<b>0</b>	<b>-74,530</b>	<b>59,038</b>	<b>49,356,357</b>	<b>-8,558,777</b>	
<b>Office Equipment</b>																
Computer Hardware	48,803,192	6,246,486	23,339,937	0	0	0	-18,655	79,730,960	23,436,478	3,042,104	12,651,896	0	0	14,073	39,144,551	40,226,409
Computer Hardware(Finance Lease)	4,431,140.24	0	334,490	0	0	0	4,765,630	2,507,049	2,507,049	0	483,365	-4,518	0	2,985,896	1,779,734	
Office Machines	5,508,463	0	409,244	0	0	0	5,917,707	3,420,990	0	942,752	0	0	556	4,364,298	1,553,409	
AirConditioners	16,345,878.34	0	1,020,892	0	0	0	17,366,770	9,732,091	0	2,806,355	0	0	0	12,538,446	4,825,234	
<b>75,089,679.25</b>	<b>6,246,486</b>	<b>26,104,563</b>	<b>0</b>	<b>-18,655</b>	<b>107,418,068</b>	<b>0</b>	<b>107,418,068</b>	<b>39,096,608</b>	<b>3,042,104</b>	<b>16,884,368</b>	<b>0</b>	<b>-4,518</b>	<b>0</b>	<b>59,033,191</b>	<b>48,384,877</b>	
<b>Furniture and Fittings</b>																
Chairs	7,555,325	0	740,282	0	0	0	8,305,607	5,088,675	0	597,712	0	0	0	5,686,387	2,619,220	
Tables and Desks	6,786,403	0	719,756	0	0	0	7,506,159	5,300,652	0	366,640	0	0	0	5,467,292	2,038,867	
Cabinets and Cupboards	9,364,712.48	0	178,870	0	0	0	9,543,583	0	0	0	0	0	0	9,543,583	0	
Furniture and Fittings Other	4,252,209	0	114,674	0	0	0	4,366,883	9,589,658	0	1,055,144	0	107	0	10,655,309	6,288,426	
<b>27,968,649.66</b>	<b>0</b>	<b>1,753,582</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,722,231</b>	<b>19,778,384</b>	<b>0</b>	<b>2,030,496</b>	<b>0</b>	<b>107</b>	<b>0</b>	<b>21,808,987</b>	<b>7,913,244</b>	
<b>Containers</b>																
Household Refuse Bins	114,337	0	0	0	0	0	114,337	106,677	0	2,622	0	0	0	109,299	5,038	
Bulk Containers	2,145,543.16	0	0	0	0	0	2,145,543	838,239	0	166,412	0	0	0	1,004,751	1,140,793	
<b>2,259,879.73</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,259,880</b>	<b>945,015</b>	<b>0</b>	<b>169,034</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,114,049</b>	<b>1,145,830</b>	
<b>Fire and Medical Equipment</b>																
Fire Equipment	3,795,902	0	1,177,462	0	-250,538	0	4,722,826	2,307,091	0	172,021	0	0	0	2,479,112	2,243,714	
Medical Equipment Clinics	573,490	0	17,882	0	0	0	591,372	431,174	0	29,265	0	0	0	460,439	125,924	
<b>4,369,392.71</b>	<b>0</b>	<b>1,195,344</b>	<b>0</b>	<b>-250,538</b>	<b>0</b>	<b>0</b>	<b>5,314,198</b>	<b>2,738,265</b>	<b>0</b>							

APPENDIX B  
THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY  
ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2017

	Cost							Accumulated Depreciation								
	Opening Balance	Restated Balance	Additions	Capital under Construction	Capitalised capital under construction	Donated Assets	disposals	Closing Balance	Opening Balance	Restated Balance	Additions (Depreciation)	Disposals adjustments	Disposals Acc. Depreciation	Impairment	Closing Balance	Carrying Value
	<b>Heritage Assets</b>															
artworks	193,181,021.15	0	-1,101,200	0	0	168,340	0	192,248,161	22,973	0	0	0	0	6,803,730	6,826,703	185,421,458
Mayoral Chain	133,500.00	0	0	0	0	0	0	133,500	0	0	0	0	0	0	0	133,500
Highfield Road - Site no. 156	1,000.00	0	0	0	0	0	0	1,000	0	0	0	0	0	0	0	1,000
City Hall Surrounding Gardens and Men	1,000.00	0	0	0	0	0	0	1,000	0	0	0	0	0	0	0	1,000
Mahatma Gandhi Statue	925,000.00	0	0	0	0	0	0	925,000	0	0	0	0	0	0	0	925,000
Stadiums	3,961,962.71	0	0	0	0	0	0	3,961,963	0	0	0	0	0	0	0	3,961,963
Swimming Pool	1,785,373.32	0	0	0	0	0	0	1,785,373	0	0	0	0	0	0	0	1,785,373
Museums and Art Gallery	17,315,795.90	0	0	0	0	0	0	17,315,796	0	0	0	0	0	0	0	17,315,796
Parks	2,485,907.87	0	0	0	0	0	0	2,485,908	0	0	0	0	0	0	0	2,485,908
Crematorium	8,181,347.71	0	0	0	0	0	0	8,181,348	0	0	0	0	0	0	0	8,181,348
Land (Heritage)	6,000,000.00	0	0	0	0	0	0	6,000,000	0	0	0	0	0	0	0	6,000,000
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Heritage assets</b>	<b>233,971,908.66</b>	<b>0</b>	<b>-1,101,200</b>	<b>0</b>	<b>0</b>	<b>168,340</b>	<b>0</b>	<b>233,039,049</b>	<b>22,973</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,803,730</b>	<b>6,826,703</b>	<b>226,212,346</b>
<b>Investment Property</b>																
Buildings	72,280,000.39	0	120,368,872	0	0	0	0	192,648,872	0	0	0	0	0	0	0	192,648,872
Land	584,128,640.00	-73,849,320	8,610,000	0	0	0	0	518,889,320	0	0	0	0	0	0	0	518,889,320
<b>Total Investment Property</b>	<b>656,408,640.39</b>	<b>-73,849,320</b>	<b>128,978,872</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>711,539,192</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>711,539,192</b>
<b>Intangible Assets</b>																
Computer Software	47,260,724.68	682,279	245,577	0	0	0	0	48,188,581	9,120,616	318,895	12,868,187	0	0	21,663	22,329,361	25,859,220
Intangible Assets/software	13,785,621.30	0	23,654,193	0	0	0	0	37,439,815	13,211,011	0	210,236	0	0	78,675	13,499,923	23,939,892
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Intangible Assets</b>	<b>61,046,345.98</b>	<b>682,279</b>	<b>23,899,771</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>85,628,395</b>	<b>22,331,627</b>	<b>318,895</b>	<b>13,078,423</b>	<b>0</b>	<b>0</b>	<b>100,339</b>	<b>35,829,284</b>	<b>49,799,112</b>
<b>Service Assets</b>																
Service Assets	803,846.28	0	0	0	0	0	0	803,846	0	0	0	0	0	0	0	803,846
	803,846.28	0	0	0	0	0	0	803,846	0	0	0	0	0	0	0	803,846
<b>Agricultural assets</b>																
Plantation	54,275,800.56	0	-208,124	0	0	0	0	54,067,677	0	0	0	0	0	0	0	54,067,677
	54,275,800.56	0	-208,124	0	0	0	0	54,067,677	0	0	0	0	0	0	0	54,067,677
<b>Grand Total Assets</b>	<b>10,971,804,076.35</b>	<b>-351,747,181</b>	<b>889,874,735</b>	<b>477,235,674</b>	<b>-117,065,659</b>	<b>16,823,701</b>	<b>-1,443,126</b>	<b>11,884,482,118</b>	<b>3,067,773,731</b>	<b>3,366,651</b>	<b>597,067,582</b>	<b>21</b>	<b>-138,934</b>	<b>8,354,509</b>	<b>3,676,423,552</b>	<b>7,208,058,566</b>

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY  
SEGMENTAL ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2017

DESCRIPTION	HISTORICAL COSTS								ACCUMULATED DEPRECIATION							
	OPENING BALANCE	RESTATED BALANCE	ADDITIONS	UNDERCONSTRUCT	CAPITALISED UNDE	DISPOSALS	DONATED ASSETS	CLOSING BALANCE	OPENING BALANCE	RESTATED BALANCE	ADDITIONS	DEPRE. ADJUSTMEN	DEPRE. DISPOS	IMPAIRMENT	CLOSING BALANCE	NET BOOK VALUE
Executive and Cou	65,916,650.00	18,376,550.75	188,295.86	33,889,047.08	-57,403,010.92	0.00	0.00	60,967,532.77	-36,844,507	-3,360,999.13	-14,354,890.69	0.00	0.00	-28,254	-54,588,650.77	6,378,882.00
Finance and Adm	2,294,875,780.97	-365,387,339.22	0.00	0.00	0.00	0	0.00	1,929,488,441.75	-183,634,466	-1,872.64	-33,140,714.32	0.00	73,187	-860,897	-217,564,762.77	1,711,923,678.98
Planning and Dev	16,870,333.75	0.00	183,835	0.00	0.00	0.00	0.00	17,054,168.35	-8,103,997	0.00	-1,130,926.25	0.00	0.00	-325	-9,235,248.08	7,818,920.27
Health	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community and S	785,565,643.77	0.00	4,343,616	0.00	-16,809,732.08	-1,405,895	16,323,700.00	788,017,332.43	-213,129,617.08	0.00	-44,506,129.03	0.00	34,835	-7,227,031	-264,827,942.18	523,189,390.25
Housing	12,324,519.16	0.00	589,444.78	0.00	0.00	0.00	0.00	12,913,963.94	-4,912,806	0.00	-528,654.18	0.00	0.00	0.00	-5,441,460.03	7,472,503.91
Public Safety	49,438,912.53	0.00	1,283,352	0.00	-18,424.80	0.00	0.00	50,703,839.69	-36,655,217	0.00	-3,225,413.34	0.00	0.00	-4,693	-39,885,323.52	10,818,516.17
Sport and Recreat	262,965,677.69	0.00	4,619,350	0.00	0.00	-29,623	0.00	267,555,405.62	-129,767,791	-3,783.37	-24,603,376.18	0.00	24,525.00	-5,810	-154,356,235.17	113,199,170.45
Road Transport	3,054,089,309.21	0.00	27,976,673	281,065,517.65	-24,119,142.74	-7,609	0.00	3,339,004,748.39	-1,081,695,442	0.00	-154,295,821.82	0.00	6,388.00	-2,188	-1,235,987,064.02	2,103,017,684.37
Environmental Pr	895,929.85	0.00	0.00	0.00	0.00	0.00	0.00	895,929.85	-451,618	0.00	-74,053.05	0.00	0.00	0.00	-525,670.86	370,258.99
Water	1,071,083,017.00	0.00	1,170,440.00	0.00	0.00	0.00	0.00	1,072,253,457.00	-450,125,642.00	0.00	-155,609,280.91	0.00	0.00	-117,832.00	-605,852,754.91	466,400,702.09
Waste Water Man	497,562,674.14	0.00	0.00	0.00	0.00	0.00	0.00	497,562,674.14	-134,394,192.00	0.00	-19,443,285.19	0.00	0.00	-39,897	-153,877,374.00	343,685,300.14
Electricity	1,632,650,752.00	0.00	0.00	68,572,211.41	-18,715,348.46	0.00	0.00	1,682,507,614.95	-428,360,337.00	0.00	-118,257,380.86	0.00	0.00	-61,916	-546,679,633.81	1,135,827,981.14
Other	1,227,064,876.80	-4,736,395	349,519,730	93,708,797.63	0.00	0	0.00	1,665,557,009.13	-359,698,105	0.00	-27,897,656.60	0.00	0.00	-5,667	-387,601,428.35	1,277,955,580.78
<b>TOTALS</b>	<b>10,971,304,076.87</b>	<b>-351,747,183.75</b>	<b>389,874,736.33</b>	<b>477,235,573.77</b>	<b>-117,065,659.00</b>	<b>-1,443,126.21</b>	<b>16,323,700.00</b>	<b>11,384,482,118.01</b>	<b>-3,067,773,737.27</b>	<b>-3,366,655.14</b>	<b>-597,067,582.42</b>	<b>0.00</b>	<b>138,935.30</b>	<b>-8,354,508.94</b>	<b>-3,676,423,548.47</b>	<b>7,708,058,569.54</b>

**THE MSUNDUZI MUNICIPALITY AND  
APPENDIX D: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)  
ACTUAL VERSUS BUDGET (ACQUISITION OF ALL NON-CURRENT ASSETS ) FOR THE YEAR ENDED 30 JUNE 2017**

Description	2017 Budget R	2017 Actual R	2017 Under construction R	2017 Additions R	2017 Variance R	2017 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive and Council	27,327,324	188,296	33,889,047	-	27,139,028	1	
Finance and Administration	31,245,768	-	-	-	31,245,768	1	
Planning and Development	30,192,645	183,835	-	-	30,008,810	1	
Public Safety	1,399,928	1,283,352	-	-	116,576	0	
Community and Social Services	57,279,014	4,343,616	-	-	52,935,398	1	
Health	1,316,638	-	-	-	1,316,638	1	
Sport and Recreation	52,192,266	4,619,350	-	-	47,572,915	1	
Road Transport	101,923,241	27,976,673	281,065,518	-	73,946,568	1	
Water	97,790,631	1,170,440	-	-	96,620,191	1	
Waste Water Management	42,513,641	-	-	-	42,513,641	1	
Electricity	204,415,132	-	68,572,211	-	204,415,132	1	
Housing	30,407,710	589,445	-	-	29,818,265	1	
Other	198,952,011	349,519,730	93,708,798	-	(150,567,719)	(1)	
Environment Protection	-	-	-	-	-	-	
<b>TOTALS</b>	<b>876,955,950</b>	<b>389,874,736</b>	<b>477,235,574</b>	<b>-</b>	<b>487,081,213</b>	<b>1</b>	

NOTE : Total additions included donated assets

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY										
APPENDIX E										
DETAILS OF UNSPENT CONDITIONAL GRANTS, RECEIPTS AND TRANSFERS TO INCOME AS AT 30 JUNE 2017										
Account Description	Unspent balance @ 01 July 2016	Transfers to income	Prior period error	Inter project/trf to MHOA/Prior Period Error	Funds paid back to National Treasury	VAT recovered from NT grants	Current year interest earned	Current year receipts	Unspent balance @ 30 June 2017	Source Code
GRANTS:CP-NT-INEP	-551,299	3,960,459			551,299	154,047		-8,000,000	-3,885,494	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-MWIG	-1,299,742	1,140,125				159,617			-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-NDPG	-29,767,728	1,652,961			29,767,728	302,189		-22,110,000	-20,154,850	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-WSIG	-	32,646,964				4,074,036		-36,721,000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:OP-NT-EPWP	-	3,912,513						-6,809,000	-2,896,487	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:OP-NT-FMG	-	1,620,433				4,567		-1,625,000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:OP-NT-MSIG	-3,797				3,797				-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-EEDG	-	7,920,146				79,854		-8,000,000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-PTCG	-164,535,876	177,229,127		-4,891,800	164,535,876	7,693,673		-180,031,000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:OP-NT-PTCG	-647,618	14,113,230		4,891,800	647,618	994,970		-20,000,000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-MIG	-1,097,944	153,115,594		5,318,236	1,097,944	21,155,481		-180,653,187	-1,063,876	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:OP-NT-MIG	-	13,831,689		-5,318,236	-	1,450,361		-9,963,813	0	UNSPENT CG - NATIONAL GOVERNMENT
	<b>-197,904,003</b>	<b>411,143,240</b>	<b>-</b>	<b>-</b>	<b>196,604,262</b>	<b>36,068,794</b>	<b>-</b>	<b>-473,913,000</b>	<b>-28,000,707</b>	
GRANTS:OP-KZ-DEV OF	-						-4,504	-1,000,000	-1,004,504	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-HOUSING	-171,967	20,551							-151,416	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-P/HOUSE	-2,714						-192		-2,906	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-S/LIGHT	-4,264						-305		-4,569	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-MARKET	-878,636						-62,158		-940,793	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-TAG	-26,969	26,969							-	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-GEVDI	-1,880,030	3,619,817		-2,500,000			-150,379		-910,592	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-GEVDI	-8,115,226	5,115,210		2,500,000			-486,333		-986,349	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-LIBRARY	-3,800,554	8,597,776		6,654,740			-408,340	-11,088,290	-44,668	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-LIBRARY	-263,791	15,386,462		-6,654,740			-111,430	-8,807,710	-451,209	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-ACCRED	-1,500,000	9,431,221					-156,699	-10,189,000	-2,414,478	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-ACCRED	-33,232,426	8,014,173	-3,415,128				-2,798,294	-200	-31,431,875	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-MANAYE	-						-111,874	-3,700,000	-3,811,874	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-MANAYE	-	799,519					-38,357	-1,300,000	-538,838	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-YOUTH	-						-157,568	-8,415,000	-8,572,568	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-YOUTH	-	345,495					-25,301	-1,000,000	-679,806	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-AIRPORT	-	1,467,147							1,467,147	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZNPMBAIRP	-	1,075,059						-1,124,444	-49,385	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-DLULIS	-1,000,000								-1,000,000	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-DLULIS	-500,000								-500,000	UNSPENT CG - PROVINCIAL GOVERNMENT
	<b>-51,376,577</b>	<b>53,899,398</b>	<b>-3,415,128</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-4,511,733</b>	<b>-46,624,644</b>	<b>-52,028,683</b>	
GRANTS:CP-KZ-SANEDI	-230,783						-16,314		-247,097	UNSPENT CG - OTHER
GRANTS:OP-KZ-SP/NET	-429,454			444,499			-15,045		-	UNSPENT CG - OTHER
	<b>-660,236</b>	<b>-</b>	<b>-</b>	<b>444,499</b>	<b>-</b>	<b>-</b>	<b>-31,359</b>	<b>-</b>	<b>-247,097</b>	
	<b>-249,940,816</b>	<b>465,042,638</b>	<b>-3,415,128</b>	<b>444,499</b>	<b>196,604,262</b>	<b>36,068,794</b>	<b>-4,543,092</b>	<b>-520,537,644</b>	<b>-80,276,488</b>	

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX F1**  
**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017**

<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at 31 July 2017 and quantum, where applicable.</b>	<b>AMOUNT</b>	<b>PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES</b>	<b>DISCLOSURE</b>
2	Kheswa v. Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2009	Internal	Ongoing.	35,470.12	Not probable	CONTINGENT LIABILITY
3	Orion Telecom v. Msunduzi Municipality	Contractual Claim: Plaintiff sued the Municipality for outstanding fees in terms of a contract.	2007	Internal	Plea filed. Plaintiff did not proceed any further.	115,236.90	Not probable	CONTINGENT LIABILITY
4	Nzaba IN v Msunduzi Municipality	Delictual Claim. The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2008	File retrieved from Bhamjee Attorneys	Set down for trial was part-heard. Ongoing.	73,500.00	Not probable	CONTINGENT LIABILITY
5	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Memorandum of Agreement Dispute. Plaintiff owed monies by the Municipality in terms of a contract.	2007	Internal	In court.	210,749.00	Not probable	CONTINGENT LIABILITY
6	Hampton College v. Msunduzi Muni	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality on the validity of training courses provided by the Plaintiff.	2007	Alfal Akoo and Partners Tel: 033 394 7274 Fax: 033 345 0938. Physical Address 187 Boshoff Street, Pietermaritzburg, 3201. Postal Address PO Box 7836, Cumberwood, 3235, and Kruger Ngcobo Inc. Tel 031 306 4352 Fax: 031 305 4340 Physical Address 25 Field Street, Suite 1102, Durban Postal Address PO Box 49467 Qualbert 4078. and ADV Flemming Tel: 033 845 3576 Fax: 033 394 8374. Physical Address Advocates Chambers, Block B3 17 Prince Edward Street, Pietermaritzburg, 3201.	Part - heard. Ongoing.	85,470.00	Not probable	CONTINGENT LIABILITY
7	Chetty K. v. Msunduzi Municipality	Delictual Claim. The claim herein arises from a motor vehicle collision involving Plaintiff's vehicle and a Municipal vehicle.	2006	Internal	Ongoing.	26,169.86	Not probable	CONTINGENT LIABILITY
8	R. Terty v Msunduzi Municipality	Delictual Claim: The claim arises from a cremation that was allegedly not done correctly. The Plaintiff's are suing for the trauma they were subjected to.	2007	Insurance	Ongoing	50,000.00	Not probable	CONTINGENT LIABILITY
9	Terwolbeek PJ v Msunduzi Municipality	Delictual Claim: A water pipe allegedly causing flooding at Plaintiff's property and damaging his household appliances.	2008	Insurance	Ongoing.	1,121,620.00	Not probable	CONTINGENT LIABILITY
10	Govender RS v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2008	Internal	A discovery affidavit has been filed. The matter is ongoing.	75,000.00	Not probable	CONTINGENT LIABILITY
11	A and F Mall v Msunduzi Municipality	Disputed Electricity Account.	2007	Internal	Various correspondence exchanged between attorneys of record. The matter is ongoing.	17,181.33	Not probable	CONTINGENT LIABILITY
12	Mkungisa E v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee within the course and scope of his employment.	2007	Internal	Part-heard. The Defendant filed an amended plea (defence). The matter is ongoing.	6,213.00	Not probable	CONTINGENT LIABILITY
13	F. Osman V Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2007	Internal	A defendants plea has been filed. The matter is ongoing.	306,666.44	Not probable	CONTINGENT LIABILITY
14	Zulu TE v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	Correspondence exchanged between attorneys of record. The matter is ongoing.	8,709.22	Not probable	CONTINGENT LIABILITY
15	Rabikisoan R v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained during a fall on an uneven pavement on Retief Street.	2007	Internal	Ongoing.	20,000.00	Not probable	CONTINGENT LIABILITY
16	Zurma NG v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2008	Internal	Correspondence exchanged between attorneys of record. The matter is ongoing.	100,000.00	Not probable	CONTINGENT LIABILITY
17	Van Straaten W(DR) v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2008	Internal	Ongoing.	96,401.43	Not probable	CONTINGENT LIABILITY
18	Majozzi NV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Retief Street.	2007	Uys Matyeka Schwartz: Tel 031 312 2064 Fax: 031 304 2379. Physical Address Suite 301 Nedbank Centre, Postal Address PO Box 1328, Durban, 4000.	Part-heard. CURRENT STATUS : This matter has been archived.	110,046.28	Not probable	CONTINGENT LIABILITY

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX F1**  
**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017**

<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at 31 July 2017 and quantum, where applicable.</b>	<b>AMOUNT</b>	<b>PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES</b>	<b>DISCLOSURE</b>
19	Zondi PS v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	The matter is ongoing.	15,080.00	Not probable	CONTINGENT LIABILITY
20	Omarjee M. v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality because of injuries sustained due to an act of assault by Municipal Traffic Officers in the course and scope of their employment.	2005	Internal	Settlement negotiations have been initiated. The matter is ongoing.	31,000.00	Not probable	CONTINGENT LIABILITY
21	Painter LV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle after a tree had fallen on top of Plaintiff's vehicle.	2006	Internal	Pre-trial notices have been exchanged. The matter is ongoing.	45,361.38	Not probable	CONTINGENT LIABILITY
22	Diadla G v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2006	Internal	Further particulars were requested from Plaintiff. The matter is ongoing.	20,000.00	Not probable	CONTINGENT LIABILITY
23	Roelelse v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Drumond Street.	2002	Internal	A defendant's plea was filed. The matter is ongoing.	41,032.58	Not probable	CONTINGENT LIABILITY
24	Premier of KZN v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to its property as a result of a tree that had fallen.	2003	Internal	Various correspondence exchanged between attorneys of record. Ongoing.	11,340.00	Not probable	CONTINGENT LIABILITY
25	Suilaiman R v Msunduzi Municipality	Delictual Claim: Plaintiff fell into a manhole when its cover caved in under her foot and sustained injuries.	1998	Internal	Pre-trial notices have been exchanged. The matter is ongoing.	50,000.00	Not probable	CONTINGENT LIABILITY
26	Haffejee RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2004	Internal	Ongoing	98,800.00	Not probable	CONTINGENT LIABILITY
28	Zondi M. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for alleged unlawful arrest and detention by Municipal Traffic Officers.	2006	Internal	Matter set down. Part-heard. Unlawful arrest.	50,000.00	Not probable	CONTINGENT LIABILITY
35	Ngcobo RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2003	Internal	Matter ongoing.	11,375.27	Not probable	CONTINGENT LIABILITY
37	Mamusa Marketing v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after having been involved in a collision with a Municipal vehicle driven by an employee in the course and scope of his employment.	2007	Internal	The matter is part-head.	9,823.48	Not probable	CONTINGENT LIABILITY
39	Ogilvie I v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality for injury caused by trenches on public road.	2006	Insurance	Ongoing.	166,160.54	Not probable	CONTINGENT LIABILITY
40	Ngcobo DV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality on behalf of a minor child who was knocked by a bobcat tractor driven by a Municipal employee in the course and scope of his employment.	2007	Insurance	A Defendant's plea was filed. The matter is handled by external insurers. Ongoing.	1,800,000.00	Not probable	CONTINGENT LIABILITY
41	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew. Matter held in abeyance.	2,424.50	Not probable	CONTINGENT LIABILITY
42	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew. Matter held in abeyance.	5,519.06	Not probable	CONTINGENT LIABILITY
43	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew. Matter held in abeyance.	5,586.00	Not probable	CONTINGENT LIABILITY
44	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew. Matter held in abeyance.	1,721.40	Not probable	CONTINGENT LIABILITY

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX F1**  
**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017**

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable.	AMOUNT	PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES	DISCLOSURE
45	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew.Matter held in abeyance.	4,902.00	Not probable	CONTINGENT LIABILITY
46	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew.Matter held in abeyance.	5,163.06	Not probable	CONTINGENT LIABILITY
47	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew.Matter held in abeyance.	5,506.20	Not probable	CONTINGENT LIABILITY
48	Naidoo Kogulan v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality caused by having fallen into an uncovered manhole.	2010	Internal	Matter is ongoing.	100,000.00	Not probable	CONTINGENT LIABILITY
49	Majozi HS v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for injuries sustained as a result of having fallen into an uncovered manhole.	2010	Internal	Matter is ongoing.	95,000.00	Not probable	CONTINGENT LIABILITY
50	Dlamini BM v Msunduzi Municipality	Delictual Claim: Plaintiff's minor child fell into an open trench/ drainage system and sustained injuries to their lower limbs.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	The matter is ongoing	300,000.00	Not probable	CONTINGENT LIABILITY
51	Bishop's roadworks v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2009	Internal	Appearance to defend has been filed. Matter is ongoing.	120,000.00	Not probable	CONTINGENT LIABILITY
53	Daljeeth Daljeeth v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality after he fell and sustained injuries due to certain steel rods that were protruding dangerously on the pavement.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	Matter is ongoing. Claimant is deceased and Plaintiff's Attorneys has no further instructions to proceed.	200,000.00	Not probable	CONTINGENT LIABILITY
55	Ngubane TT v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his property after a stream overflowed into his property as a result of municipal employee's negligence.	2010	Insurance	An assessment was conducted by an independent assessor. Matter is ongoing.	118,490.00	Not probable	CONTINGENT LIABILITY
58	Gayer Gail v Msunduzi Municipality	Delictual Claim: Plaintiff fell off her bicycle due to a collision with a pothole/ an uneven road surface.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	A defendant's plea has been filed. The matter is ongoing. CURRENT STATUS - Pre-Trial has been finalised. Merits have been conceded by the other side. Proceeding on Quantum alone. Pleadings have closed and the Plaintiff's Attorney's are applying for a Trial date. We therefore currently await a trial date to be allocated.	262,473.98	Not probable	CONTINGENT LIABILITY
59	Selepe H v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2010	Internal	Ongoing.	5,189.35	Not probable	CONTINGENT LIABILITY
60	Mahlaba B o.b.o. Mahlaba AY v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for a shooting incident that resulted in the death of a minor child. A municipal employee fired a shot whilst in the course and scope of his employment.	2010	Internal/Insurance	A letter of demand was received and sent to the Insurance Section for an investigation. The matter is ongoing.	1,000,000.00	Not probable	CONTINGENT LIABILITY
63	Reddy Ronald v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	The matter is part-heard.	282,818.08	Not probable	CONTINGENT LIABILITY
65	Mavundla AB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for being allegedly unlawfully arrested and detained by Municipal Traffic Officers.	2010	Internal	A notice of application in terms of Rule 55 (A) has been received. Ongoing.	100,000.00	Not probable	CONTINGENT LIABILITY
66	Ngidi SS v. Msunduzi Municipality	Delictual claim. Plaintiff suing Municipality on behalf of a minor child for injuries caused by leaving electricity wires uncovered.	2010	Internal/Insurance	Ongoing.	2,200,000.00	Not probable	CONTINGENT LIABILITY
68	Mbatha BC v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2010	Internal	A letter of demand has been received and sent to the Insurance Section for investigation. The matter is ongoing.	16,794.48	Not probable	CONTINGENT LIABILITY
74	Nondzanga Z. v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for allegedly confiscating his trolley and his goods subsequently going missing.	2011	Internal	Ongoing.	22,232.97	Not probable	CONTINGENT LIABILITY

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX F1**  
**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017**

<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at 31 July 2017 and quantum, where applicable.</b>	<b>AMOUNT</b>	<b>PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES</b>	<b>DISCLOSURE</b>
75	Union Risk Management Alliance (PTY) LTD v. Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to its property as a result of a fire allegedly caused by electrical faults.	2011	External Insurance	A letter of demand was received and sent to external insurers. The matter is ongoing.	152,948.84	Not probable	CONTINGENT LIABILITY
76	Diadla NB v. Msunduzi Municipality	Overpayment of Rates. The Plaintiff is disputing a rates account and is seeking reimbursement.	2011	Internal	A defendant's plea has been filed. The matter is ongoing.	109,038.97	Not probable	CONTINGENT LIABILITY
83	KZN-Digi connect	Claim by contractor for payment for IT services allegedly rendered.	2012	Alwyn Volsum & Associates. 4 Geore street, Pietermaritzburg, 3201. james@kwelalaw.co.za. Fax:096 715 1379 Tel: 033 394 8116	Matter not being pursued by plaintiff.	505,000.00	Not probable	CONTINGENT LIABILITY
87	Joubert ML v. Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2011	Internal	ongoing.	100,550.00	Not probable	CONTINGENT LIABILITY
91	Sayed J t/a Metro Taxis and yellow cabs v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2012	Internal	A letter of demand has been received and sent to the Insurance Section for investigation. The matter is ongoing.	15,950.52	Not probable	CONTINGENT LIABILITY
92	Bishop's roadworks v. Msunduzi Municipality	Contractual claim. Plaintiff suing the Municipality in terms of a contract.	2012	Internal	Ongoing.	32,548.93	Not probable	CONTINGENT LIABILITY
95	Govender K v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2012	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	A Discovery affidavit has been filed. The matter is ongoing. CURRENT STATUS : This matter is dormant and the last activity was in 2013. Therefore, we have archived our file.	180,000.00	Not probable	CONTINGENT LIABILITY
97	Check One Supermarket (PTY) LTD v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for overcharges in relation to a water account.	2012	Internal	Ongoing.	139,961.45	Not probable	CONTINGENT LIABILITY
101	Smith JC v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to her vehicle due to colliding with a pothole.	Dec-12	Internal	The matter is part-heard.	17,847.94	Not probable	CONTINGENT LIABILITY
104	Mkhonza B. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to a fall on an uneven pavement slab.	Oct-12	Internal	Ongoing.	293,000.00	Not probable	CONTINGENT LIABILITY
106	Ibrahim M. v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	Apr-13	Internal	Ongoing.	7,000.00	Not probable	CONTINGENT LIABILITY
107	Bukus HM v Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving Plaintiff's vehicle and a Municipal vehicle driven by an employee in the course and scope of his employment.	May-13	Internal	Ongoing.	17,270.24	Not probable	CONTINGENT LIABILITY
109	Wood DM v. Msunduzi Municipality	Delictual Claim: The Plaintiff sustained injuries due to a fall caused by an uneven pavement.	Oct-12	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	The Defendant has filed an amended plea. The matter is ongoing. CURRENT STATUS : Pleadings closed in November 2014. The Defendant (Msunduzi Municipality) filed its discovery affidavit and the Plaintiff (Wood) filed its discovery affidavit. Therefore, the matter is ready for trial. The Plaintiff has taken no further steps	123,000.00	Not probable	CONTINGENT LIABILITY
110	Ramharak RJ v Msunduzi Municipality	Delictual Claim: The Plaintiff is a Municipal employee. He is suing the Municipality because he was assaulted by a fellow employee within the premises of the Municipality whilst they were in the course and scope of their employment.	Nov-12	Internal	Pre-Trial notices have been exchanged. Ongoing.	300,000.00	Not probable	CONTINGENT LIABILITY
111	Ogle COO v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	Dec-12	Internal/Insurance	An appearance to defend has been filed. The matter is ongoing.	300,000.00	Not probable	CONTINGENT LIABILITY
113	Makhaye SB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	Mar-13	Internal	An application to dismiss was received and opposed. Various correspondences exchanged between attorneys of record. The matter is ongoing.	8,688.46	Not probable	CONTINGENT LIABILITY

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX F1**  
**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017**

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable.	AMOUNT	PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES	DISCLOSURE
114	Transnet (PTY)LTD v Msunduzi Municipality	Delictual claim. The claim arises from a motor vehicle collision involving a municipal vehicle and the plaintiff's vehicle.	Mar-13	Internal	Ongoing.	48,409.10	Not probable	CONTINGENT LIABILITY
115	Ngcobo NP v Msunduzi Municipality	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	Apr-13	Internal	A letter of demand has been received and sent to the Insurance Section for an investigation.Ongoing.	1,639.11	Not probable	CONTINGENT LIABILITY
116	Barnard S. v. Msunduzi Municipality	Delictual Claim: The claim arises from a power surge claim where Plaintiff's goods were damaged.	Feb-13	Internal	A letter of demand has been received and sent to the insurance Section for an investigation.Ongoing.	8,369.97	Not probable	CONTINGENT LIABILITY
117	Karim S. v. Msunduzi Municipality	Disputed Account for electricity and Rates. Mr Karim claims that he has sold the property.	Sep-12	Internal	A letter of demand has been received. The matter is ongoing.	4,211.52	Not probable	CONTINGENT LIABILITY
123	I. Hansa	Delictual Claim: Plaintiff fell into an uncovered manhole in the vicinity of Mountain rise.	2013	Internal	A letter of demand has been received and sent to Insurance Section for an investigation. Ongoing. A summons was issued in November 2015. The matter is being defended internally.	21,394.50	Not probable	CONTINGENT LIABILITY
124	Y. Maharaj	Delictual Claim: A power surge caused damage to Plaintiff's household appliances.	2013	Internal	A letter of demand has been received and sent to Insurance for an investigation. Ongoing.	30,924.99	Not probable	CONTINGENT LIABILITY
125	V. Maharaj	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	2013	internal	A letter of demand has been received and sent to the Insurance Section for an investigation. Ongoing.	20,497.49	Not probable	CONTINGENT LIABILITY
126	N.I. Dlamini	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	2013	Internal	A letter of demand has been received and sent to the Insurance Section for an investigation. Ongoing.	1,012.83	Not probable	CONTINGENT LIABILITY
129	CDK Investments Trust CC	Electricity Disconnection Acc number 2915243. The Plaintiff is disputing the disconnection.	2013	Internal	Costs cannot be quantified at this stage.Ongoing.		Not probable	CONTINGENT LIABILITY
130	CDK Investments Trust CC	Electricity Disconnection Acc number 2976214. The Plaintiff is disputing the disconnection.	2013	Internal	Costs cannot be quantified at this stage.Ongoing.		Not probable	CONTINGENT LIABILITY
133	ABI Soft Drinks Division	Rates Recovery: The Plaintiff is disputing a rates account and is seeking reimbursement.	2014	Internal	A letter of demand has been received and various meeting held with the Billing Section. Ongoing.	125,837.97	Not probable	CONTINGENT LIABILITY
136	Transnet/ Occupiers of Woodlands and Msunduzi Municipality	Application for eviction of illegal occupiers from railway sidings. Msunduzi a party because it previously agreed to move occupiers.Social survey now completed. Application for funding to relocate the occupiers made to DOHS.	2013	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za, Advocate Moodley	Costs if unsuccessful and costs of relocation. Matter on-going and building has commenced. Costs and further legal fees cannot be quantified at this stage.		Not probable	CONTINGENT LIABILITY
142	Gonal Construction CC	claim for breach of contract for non-payment	2014	Internal	Ongoing	901,118.93	Not probable	CONTINGENT LIABILITIES
146	Mabusu Contractor	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2014	Internal	The plaintiff issued a letter of demand against the Municipality for monies owed in terms of a contract. The matter has been referred to the relevant departments for a response. The matter is ongoing.	8,000,000.00	Not probable	CONTINGENT LIABILITIES
148	Telkom SA SOC LTD/ Msunduzi Municipality (127 Waterwork Road-Edendale) Case No. 13903/2015	Delictual claim: The plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	2014	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za, Adv AJ Dickson, 17 Prince Edward Street, Advocate's Chambers, tel: 38453542/3, fax: 38453544, e-mail: adickson@law.co.za	The matter is ongoing. Awaiting judgement in another case.	74,803.90	Not probable	CONTINGENT LIABILITIES
157	Farouk Jasat N.O & 3 others/ Msunduzi Municipality	Delictual Claim for damages:Plaintiff's motor vehicle collided with a pothole on Scania Road Intersection. Action instituted in the Magistrates Court under case number 2219/2015	2014	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za	matter being defended. Pre-Trial Notices have been exchanged.	54,588.60	Not probable	CONTINGENT LIABILITIES
163	Bermin Investments CC t/a Magalela electrical	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	This is a claim arising from a contractual dispute. The claim is being defended and an appearance to defend as well as a defendant's plea have been filed.	170,100.69	Not probable	CONTINGENT LIABILITY
166	Lloyd Mentory/ Msunduzi Municipality	Delictual Claim for damages: The plaintiff is suing the Municipality for damages as a result of his motor vehicle having collided with a pothole in the vicinity of Otto's Bluff Road.	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za, Advocate Anton Flemming	The matter is ongoing.	31,487.02	Not probable	CONTINGENT LIABILITY
176	Southern African Music Rights Organisation/ Msunduzi Municipality	Breach of contract in terms of copyright laws. Action instituted in the Magistrates Court under case number 5701/2015	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za, Advocate V. Moodley	Matter is ongoing.	170,265.21	Not probable	CONTINGENT LIABILITY
188	Moosa Omar	Debatem of Electricity Account.	2015	Xaba Attorneys, 251 Church Street, Suit 201, 2nd floor, Fedsure Building, Pietermaritzburg,3200, tel: 0333457927, fax:0333456985, cell0720390353, e-mail: dumixaba@xabainc.com	Debatem meeting took place. Finance to interrogate services account and advise on correctness. Matter ongoing		Not Probable	CONTINGENT LIABILITY

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX F1**  
**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017**

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable.	AMOUNT	PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES	DISCLOSURE
195	Belinda Lisa Bramdaw	Interdict: To prevent the Municipality from disconnecting electricity.	2015	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200 and Adv R. Padayachee SC Tel: 033 845 3546 Fax 033 394 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	Opposing papers have been filed and awaiting applicant to file responding papers to set matter down. Matter ongoing.		Not probable	CONTINGENT LIABILITY
197	Anthoo Marion and Associates	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	An appearance to defend has been filed at court.	12,935.00	Not probable	CONTINGENT LIABILITY
222	Ilitha Research and Management CC	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Internal	The summons was issued in the Magistrates Court. Further particulars were sought from ICT and an appearance to defend has been filed. The matter is ongoing.	62,768.00	Not probable	CONTINGENT LIABILITIES
226	Various Employees from Community Services (31)/ Msunduzi Municipality	Delictual Claim: Plaintiffs are suing the municipality for alleged assault that took place during an unprotected strike.	2016	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za,	The matter is ongoing.	10,850,000.00	Not probable	CONTINGENT LIABILITIES
227	Bigen Afrika Services (PTY) Ltd.	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za,	A summons has been received. An appearance to defend will be filed at court. Matter on-going.	919,979.00	Not probable	CONTINGENT LIABILITIES
234	Mr Mduduzi Collen Sosibo, Mrs Sosibo	Delictual Claim:The plaintiff is suing the Municipality in respect of rates, taxes and services owed by the previous owner of the property.	2016	internal	summons were received from the plaintiff. Discovery notices have been filed and served on the plaintiff.	132,431.96	Not probable	CONTINGENT LIABILITIES
235	AMA-Grace Business Enterprises	Delictual Claim:The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered damages as a result of a burst pipe which then allegedly caused damage to the plaintiff's property.	2016	Internal	Notices in terms of Rule 23 have been filed and served on the plaintiff.	59,042.52	Not probable	CONTINGENT LIABILITIES
236	Philani Kenneth Sikhosana	Delictual Claim: The plaintiff is suing the Municipality for damages incurred as a result of the alleged failure of the defendant to keep the Hall in good condition for the Plaintiff's event on time.	2016	Internal	A plea has been filed and served on the plaintiff.	90,000.00	Not probable	CONTINGENT LIABILITIES
239	Prethabran Govender	Delictual Claim:The Plaintiff is suing the municipality for an incident wherein the municipality allegedly caused damages to the properties of eight tenants as a result of a power surge.	2016	Internal	A summons in the amount of were received. A Notice of Exception in terms of Rule 19 (1) to Plaintiff's Particulars of claim has been filed in court and served on the plaintiff	48,200.00	Not probable	CONTINGENT LIABILITY
244	Elizabeth Fredrica Jepson and The Msunduzi Local Municipality	Delictual Claim:The Plaintiff is suing the Municipality for an incident wherein Plaintiff allegedly tripped over the pavement and was injured.	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv Deon Schaup 033-8453501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	During the month of March, an Appearance to Defend was filed in court and served on the Plaintiff. Possible settlement.	545,540.00	Not probable	CONTINGENT LIABILITY
250	Qalapha Jacob Ngubane and Msunduzi Municipality	Delictual claim:The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered a loss as a result of a power outage which resulted in a power surge.	2017	Internal	During the month of May 2017, and Appearance to defend was filed and served on the Plaintiff.	21,862.00	Not probable	CONTINGENT LIABILITY
252	Telkom SA SOC LTD/ Msunduzi Municipality (Zwartkop, Blackridge) Case No. 15793/2015	Delictual claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly cause by Municipal water pipes.	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail:mail@mflaw.co.za, Adv AJ Dickson, 17 Prince Edward Street, Advocate's Chambers, tel: 38453542/3, fax: 38453544, e-mail:adickson@law.co.za	Costs and further legal fees cannot be quantified at this stage as the matter is ongoing. Awaiting judgement in another case.	25,554.55	Not probable	CONTINGENT LIABILITY
254	Zama Traffic Signals	Contractual dispute: Applicant sought an order to review the Municipality's decision to cancel a contract of services.	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, advocate A. De Wet ,17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941,e-mail:dewet@group8.co.za	Matter is ongoing.	1,076,846.01	Not probable	CONTINGENT LIABILITY
255	Msunduzi Municipality/Gubela Trading	Contractual dispute: Applicant sought an order to review the Municipality's decision to cancel a contract of services.	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, advocate A. De Wet ,17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941,e-mail:dewet@group8.co.za	The matter is ongoing.	595,337.26	Not probable	CONTINGENT LIABILITY

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX F1**  
**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017**

<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at 31 July 2017 and quantum, where applicable.</b>	<b>AMOUNT</b>	<b>PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES</b>	<b>DISCLOSURE</b>
256	Various Employees from Community Services (8)	Delictual Claim: Plaintiffs are suing the municipality for alleged assault that took place during an unprotected strike.	2016	Internal	Letters of demand received	2,900,000.00	Not probable	CONTINGENT LIABILITY
304	SAMWU	Labour Dispute	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv Deon Schaup 033- 8453501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	Risk. Settlement of Risk Allowance and legal fees estimate		Not probable	CONTINGENT LIABILITY
<b>TOTAL</b>						<b>38,970,191.39</b>		

THE MSUNDUZI MUNICIPALITY						
APPENDIX F2						
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2016						
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 30 June 2016 and quantum, where applicable	AMOUNT
6	Kheswa v. Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2009	Internal	Ongoing.	30,470.12
7	FBI Khan and RY Khan v Msunduzi Municipality	Delictual Claim. The claim arises from Plaintiff's motor vehicle colliding with a street lamp belonging to the Municipality.	2009	Internal	Matter was previously set down for trial and is part heard.	64,547.39
8	Orion Telecom v. Msunduzi Municipality	Contractual Claim: Plaintiff sued the Municipality for outstanding fees in terms of a contract.	2007	Internal	Plea filed. Plaintiff did not proceed any further.	115,236.90
10	Nzaba IN v Msunduzi Municipality	Delictual Claim. The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2008	Bhamjee Attorneys: Tel 033 394 2007 Fax 033 394 2033 Physical Address 191 Burger Street, Pietermaritzburg, 3201. Postal Address PO Box 1336, Pietermaritzburg, 3200.	Set down for trial was part-heard. Ongoing.	73,500.00
12	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Memorandum of Agreement Dispute. Plaintiff owed monies by the Municipality in terms of a contract.	2007	Internal	In court.	210,749.00
13	Hampton College v. Msunduzi Muni	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality on the validity of training courses provided by the Plaintiff.	2007	Afzal Akoo and Partners Tel: 033 394 7274 Fax: 033 345 0938. Physical Address 187 Boshoff Street, Pietermaritzburg, 3201. Postal Address PO Box 7836, Cumberwood, 3235. and Kruger Ngcobo Inc. Tel 031 306 4352 Fax: 031 305 4340 Physical Address 25 Field Street, Suite 1102, Durban Postal Address PO Box 49467 Qualbert 4078. and ADV Flemming Tel: 033 845 3576 Fax: 033 394 8374. Physical Address Advocates Chambers, Block B3 17 Prince Edward Street, Pietermaritzburg, 3201.	Part - heard. Ongoing.	85,470.00
14	Chetty K. v. Msunduzi Municipality	Delictual Claim. The claim herein arises from a motor vehicle collision involving Plaintiffs vehicle and a Municipal vehicle.	2006	Internal	percent per annum. Ongoing.	26,169.86
15	R. Terty v Msunduzi Municipality	Delictual Claim: The claim arises from a cremation that was allegedly not done correctly. The Plaintiff's are suing for the trauma they were subjected to.	2007	Insurance	Ongoing	50,000.00
16	Terwolbeek PJ v Msunduzi Municipality	Delictual Claim: A water pipe allegedly causing flooding at Plaintiff's property and damaging his household appliances.	2008	Insurance	Ongoing.	1,121,620.00
17	Govender RS v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2008	Internal	A discovery affidavit has been filed. The matter is ongoing.	75,000.00
18	A and F Mall v Msunduzi Municipality	Disputed Electricity Account.	2007	Internal	Various correspondence exchanged between attorneys of record. The matter is ongoing.	17,181.33
19	Mkungisa E v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee within the course and scope of his employment.	2007	Internal	The Defendant filed an amended plea (defence). The matter is ongoing.	6,213.00
20	F. Osman V Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2007	Internal	A defendants plea has been filed. The matter is ongoing.	306,666.44
21	Zulu TE v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	Correspondence exchanged between attorneys of record. The matter is ongoing.	8,709.22
22	Rabikisoan R v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained during a fall on an uneven pavement on Retief Street.	2007	Internal	Ongoing.	20,000.00
23	Zuma NG v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2008	Internal	Correspondence exchanged between attorneys of record. The matter is ongoing.	100,000.00
24	Van Straaten W(DR) v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2008	Internal	Ongoing.	96,401.43

THE MSUNDUZI MUNICIPALITY						
APPENDIX F2						
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2016						
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 30 June 2016 and quantum, where applicable	AMOUNT
25	Majozi NV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Relief Street.	2007	Uys Matyeka Schwartz: Tel 031 312 2064 Fax: 031 304 2379. Physical Address Suite 301 Nedbank Centre, Postal Address PO Box 1328, Durban, 4000.	Part-heard	110,046.28
26	Zondi PS v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	The matter is ongoing.	15,080.00
27	Omarjee M. v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality because of injuries sustained due to an act of assault by Municipal Traffic Officers in the course and scope of their employment.	2005	Internal	Settlement negotiations have been initiated. The matter is ongoing.	31,000.00
28	Painter LV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle after a tree had fallen on top of Plaintiff's vehicle.	2006	Internal	Pre-trial notices have been exchanged. The matter is ongoing.	45,361.38
29	Dladla G v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2006	Internal	Further particulars were requested from Plaintiff. The matter is ongoing.	20,000.00
30	Roelelse v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Drummond Street.	2002	Internal	A defendant's plea was filed. The matter is ongoing.	41,032.58
31	Premier of KZN v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to its property as a result of a tree that had fallen.	2003	Internal	Various correspondence exchanged between attorneys of record. Ongoing.	11,340.00
32	Sulaiman R v Msunduzi Municipality	Delictual Claim: Plaintiff fell into a manhole when its cover caved in under her foot and sustained injuries.	1998	Internal	Pre-trial notices have been exchanged. The matter is ongoing.	50,000.00
33	Haffejee RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2004	Internal	Ongoing	98,800.00
34	Makhaye S v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2005	Internal	Matter finalised. Municipality successfully defended claim motor vehicle collision.	42,704.96
35	Zondi M. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for alleged unlawful arrest and detention by Municipal Traffic Officers.	2006	Internal	Matter set down. Part-heard. Unlawful arrest.	50,000.00
42	Ngcobo RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2003	Internal	Matter ongoing.	11,375.27
44	Mamusa Marketing v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after having been involved in a collision with a Municipal vehicle driven by an employee in the course and scope of his employment.	2007	Internal	The matter is part-heard.	9,823.48
46	Ogilvie I v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality for injury caused by trenches on public road.	2006	Insurance	Ongoing.	166,160.54
47	Ngcobo DV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality on behalf of a minor child who was knocked by a bobcat tractor driven by a Municipal employee in the course and scope of his employment.	2007	Insurance	A Defendant's plea was filed. The matter is handled by external insurers. Ongoing.	1,800,000.00
48	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew. Matter held in abeyance.	2,424.50
49	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew. Matter held in abeyance.	5,519.06
50	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew. Matter held in abeyance.	5,586.00

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NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 30 June 2016 and quantum, where applicable	AMOUNT
51	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew. Matter held in abeyance.	1,721.40
52	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew. Matter held in abeyance.	4,902.00
53	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew. Matter held in abeyance.	5,163.06
54	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew. Matter held in abeyance.	5,506.20
55	Naidoo Kogulan v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality caused by having fallen into an uncovered manhole.	2010	Internal	Matter is ongoing.	100,000.00
56	Majozi HS v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for injuries sustained as a result of having fallen into an uncovered manhole.	2010	Internal	Matter is ongoing.	95,000.00
57	Dlamini BM v Msunduzi Municipality	Delictual Claim: Plaintiff's minor child fell into an open trench/ drainage system and sustained injuries to their lower limbs.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	The matter is ongoing.	300,000.00
58	Bishop's roadworks v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2009	Internal	Appearance to defend has been filed. Matter is ongoing.	120,000.00
60	Daljeeth Daljeeth v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality after he fell and sustained injuries due to certain steel rods that were protruding dangerously on the pavement.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	Matter is ongoing.	200,000.00
62	Ngubane TT v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his property after a stream overflowed into his property as a result of municipal employee's negligence.	2010	Insurance	An assesment was conducted by an independent assessor. Matter is ongoing.	118,490.00
67	Gayer Gail v Msunduzi Municipality	Delictual Claim: Plaintiff fell of her bicycle due to a collision with a pothol/ an uneven road surface.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	A defendant's plea has been filed. The matter is ongoing.	262,473.98
68	Selepe H v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2010	Internal	Ongoing.	5,189.35
69	Mahlaba B o.b.o. Mahlaba AY v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for a shooting incident that resulted in the death of a minor child. A municipal employee fired a shot whilst in the course and scope of his employment.	2010	Internal/Insurance	A letter of demand was received and sent to the Insurance Section for an investigation. The matter is ongoing.	1,000,000.00
72	Reddy Ronald v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	The matter is part-heard.	282,818.08
73	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Ongoing.	8,051,632.79
74	Mavundla AB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for being allegedly unlawfully arrested and detained by Municipal Traffic Officers.	2010	Internal	A notice of application in terms of Rule 55 (A) has been recived. Ongoing.	100,000.00
75	Ngidi SS v. Msunduzi Municipality	Delictual claim. Plaintiff suing Municipality on behalf of a minor child for injuries caused by leaving electricity wires uncovered.	2010	Internal/Insurance	Ongoing.	2,200,000.00
78	Mbatha BC v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2010	Internal	A letter of demand has been received and sent to the Insurance Section for investigation. The matter is ongoing.	16,794.48
84	Nondzanga Z. v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for allegedley confiscating his trolley and his goods subsequently going missing.	2011	Internal	Ongoing.	22,232.97

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NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 30 June 2016 and quantum, where applicable	AMOUNT
85	Union Risk Management Alliance (PTY) LDT v. Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to its property as a result of a fire allegedly caused by electrical faults.	2011	Internal	A letter of demand was received and sent to external insurers. The matter is ongoing.	152,948.84
86	Dladla NB v. Msunduzi Municipality	Overpayment of Rates. The Plaintiff is disputing a rates account and is seeking reimbursement.	2011	Internal	A defendant's plea has been filed. The matter is ongoing.	109,038.97
102	KZN-Digi connect	Claim by contractor for payment for IT services allegedly rendered.	2012	Mr. Alwyn Volsum: 033 394 8116; 4 George Street, Pietermaritzburg, tel: 3948116, fax: 0866215902, e-mail: vcl@iafrica.com, Advocate VM . Naidoo: 033 845 3535.	Matter not being pursued by plaintiff.	505,000.00
111	Joubert ML v. Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2011	Internal	ongoing.	100,550.00
115	Sayed J t/a Metro Taxis and yellow cabs v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2012	Internal	A letter of demand has been received and sent to the Insurance Section for investigation. The matter is ongoing.	15,950.52
117	Bishop's roadworks v. Msunduzi Municipality	Contractual claim. Plaintiff suing the Municipality in terms of a contract.	2012	Internal	Ongoing.	19,609.98
120	Govender K v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2012	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre, Postal Address PO Box 1328, Durban, 4000.	A Discovery affidavit has been filed. The matter is ongoing.	180,000.00
122	Check One Supermarket (PTY) LTD v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for overcharges in relation to a water account.	2012	Internal	Ongoing.	139,961.45
127	Smith JC v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to her vehicle due to colliding with a pothole.	Dec-12	Internal	The matter is part-heard.	17,847.94
130	Mkhonza B. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to a fall on an uneven pavement slab.	Oct-12	Internal	Ongoing.	293,000.00
132	Ibrahim M. v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	Apr-13	Internal	Ongoing.	7,000.00
133	Bukus HM v Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving Plaintiff's vehicle and a Municipal vehicle driven by an employee in the course and scope of his employment.	May-13	Internal	Ongoing.	17,270.24
135	Wood DM v. Msunduzi Municipality	Delictual Claim: The Plaintiff sustained injuries due to a fall caused by an uneven pavement.	Oct-12	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre, Postal Address PO Box 1328, Durban, 4000.	The Defendant has filed an amended plea. The matter is ongoing.	123,000.00
137	Ramharak RJ v Msunduzi Municipality	Delictual Claim: The Plaintiff is a Municipal employee. He is suing the Municipality because he was assaulted by a fellow employee within the premises of the Municipality whilst they were in the course and scope of their employment.	Nov-12	Internal	An appearance to defend has been filed. Ongoing.	300,000.00
139	Ogle COO v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	Dec-12	Internal/Insurance	An appearance to defend has been filed. The matter is ongoing.	300,000.00
141	Makhaye SB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	Mar-13	Internal	An application to dismiss was received and opposed. Various correspondences exchanged between attorneys of record. The matter is ongoing.	8,688.46
142	Transnet (PTY)LTD v Msunduzi Municipality	Delictual claim. The claim arises from a motor vehicle collision involving a municipal vehicle and the plaintiff's vehicle.	Mar-13	Internal	Ongoing.	48,409.10

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143	Ngcobo NP v Msunduzi Municipality	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	Apr-13	Internal	A letter of demand has been received and sent to the Insurance Section for an investigation.Ongoing.	1,639.11
144	Barnard S. v. Msunduzi Municipality	Delictual Claim: The claim arises from a power surge claim where Plaintiff's goods were damaged.	Feb-13	Internal	A letter of demand has been received and sent to the insurance Section for an investigation.Ongoing.	8,369.97
145	Karim S. v. Msunduzi Municipality	Disputed Account for electricity and Rates. Mr Karim claims that he has sold the property.	Sep-12	Internal	A letter of demand has been received. The matter is ongoing.	4,211.52
172	I. Hansa	Delictual Claim: Plaintiff fell into an uncovered manhole in the vicinity of Mountain rise.	2013	Internal	A letter of demand has been received and sent to Insurance Section for an investigation. Ongoing. A summons was issued in November 2015. The matter is being defended internally.	21,394.50
173	Y. Maharaj	Delictual Claim: A power surge caused damage to Plaintiff's household appliances.	2013	Internal	A letter of demand has been received and sent of Insurance for an investigation. Ongoing.	30,924.99
174	V. Maharaj	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	2013	internal	A letter of demand has been received and sent to the Insurance Section for an investigation. Ongoing.	20,497.49
175	N.I. Dlamini	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	2013	Internal	A letter of demand has been received and sent to the Insurance Section for an investigation. Ongoing.	1,012.83
177	K.Shangase	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2013	Internal	Ongoing.	11,099.60
178	CDK Investments Trust CC	Electricity Disconnection Acc number 2915243. The Plaintiff is disputing the disconnection.	2013	Internal	Costs cannot be quantified at this stage.Ongoing.	
179	CDK Investments Trust CC	Electricity Disconnection Acc number 2976214. The Plaintiff is disputing the disconnection.	2013	Internal	Costs cannot be quantified at this stage.Ongoing.	
183	K. Murugan	Disputed Electricity Account	2014	Internal	No monetary value at this stage. A letter of demand has been received and sent to the Billing Section.Ongoing.	
184	ABI Soft Drinks Division	Rates Recovery: The Plaintiff is disputing a rates account and is seeking reimbursement.	2014	Internal	A letter of demand has been received and various meeting held with the Billing Section. Ongoing.	125,837.97
192	Transnet / Occupiers of Woodlands and Msunduzi Municipality	application for eviction of illegal occupiers from railway sidings. Msunduzi a party because it previously agreed to move occupiers.Social survey now completed. Application for funding to relocate the occupiers made to DOHS.	2013	Matthew Francis Inc.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mflaw.co.za, advocate AJ Dickson, 17 Prince Edward Street, Advocates' Chambers, tel: 38453542/3, fax: 38453544,e-mail:adickson@law.co.za	Costs if unsuccessful and costs of relocation. Matter on-going.	
205	Gonal Construction CC	claim for breach of contract for non-payment	2014	Internal	On going	901,118.93
214	Mabusi Contractor	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2014	Internal	The plaintiff issued a letter of demand against the Municipality for monies owed in terms of a contract. The matter has been referred to the relevant departments for a reponse. The matter is ongoing.	8,000,000.00
227	Farouk Jasat	Delictual Claim:Plaintiffs motor vehicle collided with a pothole on Scania Road Intersection.	2014	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za	The matter is being defended, during May pre-trial notices exchanged.	54,588.60

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228	SBB Ngcobo	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2014	Internal	The rule nisi has been extended until discharged and the matter has been adjourned sine die to prevent accrual of further costs. Attorneys in the process of settling the matter.	
242	Bermin Investments CC t/a Magalela electrical	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	This is a claim arising from a contractual dispute. The claim is being defended and an appearance to defend as well as a defendant's plea have been filed.	170,100.69
247	L. Mentory	Delictual Claim: The plaintiff is suing the Municipality for damages as a result of his motor vehicle having collided with a pothole in the vicinity of Otto's Bluff Road.	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel:033 940 1497, fax:0862428747, e-mail:mail@mfilaw.co.za, Advocate Anton Flemming	The matter is ongoing.	31,487.02
259	Southern African Music Rights Organisation	Breach of contract in terms of copyright laws.	2015	Matthew Francis Inc. 221 pietermaritz street, tel:0873510600, fax:0862428747, e-mail:mail@mfilaw.co.za	Summons received. Municipality entering an appearance to defend. Matter on-going.	170,265.21
277	Barleda Plant and Civils	Contractual Dispute	2015	Matthew Francis Inc. 221 pietermaritz street, tel:0873510600, fax:0862428747, e-mail:mail@mfilaw.co.za,	Plaintiff advised Municipality that it was unable to perform in terms of a contract awarded for the upgrading of District Road D 2069, Vulindlela, on 3 October 2014. A letter confirming cancellation of the contract was transmitted by Supply Chain Management to Plaintiff. On 17 Oct 2014. We have cancelled the contract and placed plaintiff on terms. We have also attended to invoke the performance guarantee.	
280	Moosa Omar	Debatement of Electricity Account.	2015	Xaba Attorneys, 251 Church Street, Suit 201, 2nd floor, Fedsure Building, Pietermaritzburg, 3200, tel: 0333457927, fax:0333456985, cell:0720390353, e-mail: dumixaba@xabainc.com	Debatement meeting took place. Finance to interrogate services account and advise on correctness. Matter ongoing	
288	Belinda Lisa Bramdaw	Interdict: To prevent the Municipality from disconnecting electricity.	2015	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200 and Adv R Padayachee SC Tel: 033 845 3546 Fax 033 394 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	The application is against the Municipality. Our instructing Attorneys received letter from Applicant's Attorneys wanting to meet to settle matter. Matter ongoing.	
290	Anthoo Marion and Associates	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	An appearance to defend has been filed at court.	12,935.00

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**APPENDIX F2**

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<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at 30 June 2016 and quantum, where applicable</b>	<b>AMOUNT</b>
291	Order: Kestner Plant Manufacturers (pty) Ltd, Englington Family Trust, Lindy Le Roux, Telabib (PTY) Ltd	Court order	Dec-15	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200 and Adv R Padayachee SC Tel: 033 845 3546 Fax 033 394 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	No Risk. Estimate of legal fees	
317	S.S.Nyoka	Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle.	2016	Internal	The summons herein was issued in the Magistrates Court. An appearance to defend has been filed.	67,008.77
318	Ilitha Research and Management CC	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Internal	The summons was issued in the Magistrates Court. Further particulars were sought from ICT and an appearance to defend has been filed. The matter is ongoing.	62,768.00
322	Various Employees from Community Services (31)	Delictual Claim: Plaintiffs are suing the municipality for alleged assault that took place during an unprotected strike.	2016	Matthew Francis Inc.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mfilaw.co.za,	Letters of demand have been received and forwarded to external insurers.	10,850,000.00
323	Bigen Afrika Services (PTY) Ltd.	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Matthew Francis Inc.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mfilaw.co.za,	A summons has been received. An appearance to defend will be filed at court. Matter on-going.	919,979.31
						<b>41,619,628.06</b>