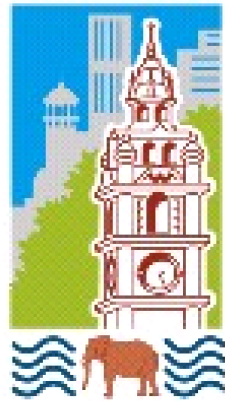


**CITY OF CHOICE**



**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 2018**

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## 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>Accounting Officer</b>	Sizwe Hadebe
<b>Chief Finance Officer (CFO)</b>	Nelisiwe Margret Ngcobo
<b>Legislation governing the municipality's operations</b>	Municipal Finance Management Act, (Act 56 of 2003) The Constitution of the Republic of South Africa ( Act 108 of 1996), Municipal Structures Act (Act 117 of 1998) Municipal Systems Act, (Act 32 of 2000)
<b>Executive Committee</b>	Mayor - Njilo Mduduzi Jerome Deputy Mayor - Zuma Thobani Reginald Dlamini Tholakele Ignatia Khumalo Sphamandla Dennis Magubane Vusumuzi Truman - Chief Whip Majola Jerome Sibongiseni Majola Nomagugu Eunice

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## General Information

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### Councillors

Mc Arthur Glenn Robert  
Msimang Prudence Nokuthula  
Ntombela Thinasonke Dennis  
Sithole Philiswe  
Ahmed Najmah Banu  
Ahmed Rooksana  
Amod Michael Ismail  
Atkins Shawn  
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  
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  
Mkhize Nkululeko Fortune  
Mtshali Blessing Sbusiso  
Ndawonde Sipiwe Caiphas  
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 - Speaker  
Ngubo Manqoba  
Ngubo Zinhle Regina  
Nhlabathi Bongumusa Cyril  
Niemand Rienus

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## General Information

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Ntombela Ethel Zodwa  
Ntshangase Ntuthuko  
Oumar Mehmood-UI Hassan  
Phungula Dumisani Bernard  
Schalkwyk Mary  
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 2018

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### Abbreviations

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 2018

## 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 set out on page 1 to 141, 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 disclosed in note 50 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.

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**Accounting Officer**  
**City Manager**

28/09/2018

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Statement of Financial Position as at 30 June 2018

	Note(s)	Economic entity		Controlling entity	
		2018	2017 Restated*	2018	2017 Restated*
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	3	465,479,458	675,995,631	464,085,657	674,766,997
Consumer debtors	4	1,346,513,563	1,010,800,351	1,346,513,563	1,010,800,351
Inventories	5	76,793,052	59,599,470	76,793,052	59,599,470
Receivables from exchange transactions	6	28,321,545	81,968,621	28,319,045	81,966,121
Receivables from non-exchange transactions	7	36,514,651	31,483,422	36,514,653	31,483,422
Short term investment	8	8,981,927	8,799,357	8,981,927	8,799,357
VAT receivable	23	26,350	-	-	-
		<b>1,962,630,546</b>	<b>1,868,646,852</b>	<b>1,961,207,897</b>	<b>1,867,415,718</b>
<b>Non-Current Assets</b>					
Agricultural assets	9	63,863,790	54,067,677	63,863,790	54,067,677
Heritage assets	10	226,835,646	226,212,346	226,835,646	226,212,346
Intangible assets	11	41,752,452	50,602,956	41,752,452	50,602,956
Investment property	12	718,291,602	708,752,912	718,291,602	708,752,912
Living resources	13	928,494	769,726	928,494	769,726
Property plant and equipment	14	7,220,183,530	7,075,461,449	7,207,673,390	7,062,054,555
Other financial assets	15	9,944,611	9,944,611	9,944,611	9,944,611
		<b>8,281,800,125</b>	<b>8,125,811,677</b>	<b>8,269,289,985</b>	<b>8,112,404,783</b>
<b>Total Assets</b>		<b>10,244,430,671</b>	<b>9,994,458,529</b>	<b>10,230,497,882</b>	<b>9,979,820,501</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Consumer deposits	16	103,713,767	101,381,633	103,713,767	101,381,633
Finance lease obligation	17	-	346,586	-	346,586
Other financial liabilities	18	84,512,317	79,368,332	84,512,317	79,368,332
Payables from exchange transactions	19	945,964,932	745,195,629	945,647,956	744,972,092
Provisions	20	11,059,171	9,084,718	10,628,923	8,721,425
Retirement benefit obligation	21	25,880,067	23,038,692	25,880,067	23,038,692
Unspent conditional grants and receipts	22	122,349,562	80,276,486	122,349,562	80,276,486
VAT payable	23	81,342,959	12,377,006	81,342,959	12,156,198
		<b>1,374,822,775</b>	<b>1,051,069,082</b>	<b>1,374,075,551</b>	<b>1,050,261,444</b>
<b>Non-Current Liabilities</b>					
Other financial liabilities	18	451,226,205	535,738,525	451,226,205	535,738,525
Provisions	20	128,207,247	117,979,254	128,207,247	117,979,254
Retirement benefit obligation	21	603,974,632	608,579,819	603,974,632	608,579,819
		<b>1,183,408,084</b>	<b>1,262,297,598</b>	<b>1,183,408,084</b>	<b>1,262,297,598</b>
<b>Total Liabilities</b>		<b>2,558,230,859</b>	<b>2,313,366,680</b>	<b>2,557,483,635</b>	<b>2,312,559,042</b>
<b>Net Assets</b>		<b>7,686,199,812</b>	<b>7,681,091,849</b>	<b>7,673,014,247</b>	<b>7,667,261,459</b>
Accumulated surplus	24	7,454,565,168	7,385,243,820	7,441,379,603	7,371,413,430
Capital replacement reserve (CRR)	25	92,323,393	164,290,005	92,323,393	164,290,005
Housing development fund	26	87,653,806	80,530,079	87,653,806	80,530,079
Revaluation reserve	27	51,657,445	51,027,945	51,657,445	51,027,945
<b>Total Net Assets</b>		<b>7,686,199,812</b>	<b>7,681,091,849</b>	<b>7,673,014,247</b>	<b>7,667,261,459</b>

\* See Note 65

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Statement of Financial Performance

	Note(s)	Economic entity		Controlling entity	
		2018	2017 Restated*	2018	2017 Restated*
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Agency services	29	2,577,730	2,997,556	2,577,730	2,997,556
Interest - consumer debtors and receivables	30	192,218,488	120,869,107	192,218,488	120,869,107
Interest - bank, call and investment accounts	30	39,129,952	53,705,513	39,046,190	53,631,477
Licences and permits	31	901,053	520,627	901,053	520,627
Operational revenue	32	68,509,952	68,466,379	68,509,952	68,455,633
Rental of facilities and equipment	33	27,295,067	26,144,056	27,295,067	26,144,056
Rendering of services	34	8,884,320	11,165,945	8,884,320	11,165,945
Sale of goods	35	433,943	17,406,034	433,499	17,405,859
Service charges	36	2,709,017,465	2,537,458,384	2,709,165,355	2,537,578,909
<b>Total revenue from exchange transactions</b>		<b>3,048,967,970</b>	<b>2,838,733,601</b>	<b>3,049,031,654</b>	<b>2,838,769,169</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
Property rates	37	863,739,575	793,014,215	863,739,575	793,014,215
<b>Transfer revenue</b>					
Fines, penalties and forfeits	38	14,284,733	17,813,254	14,284,733	17,813,254
Government grants and subsidies	39	928,344,709	933,418,434	928,344,709	933,418,434
Other transfers	40	14,897,250	16,323,701	14,897,250	16,323,701
<b>Total revenue from non-exchange transactions</b>		<b>1,821,266,267</b>	<b>1,760,569,604</b>	<b>1,821,266,267</b>	<b>1,760,569,604</b>
<b>Total revenue</b>		<b>4,870,234,237</b>	<b>4,599,303,205</b>	<b>4,870,297,921</b>	<b>4,599,338,773</b>
<b>Expenditure</b>					
Bad debts written off	41	(849,890)	(40,800,039)	(849,890)	(40,800,039)
Bulk purchases	42	(1,956,998,980)	(1,866,282,816)	(1,956,998,980)	(1,866,282,816)
Contracted services	43	(619,233,675)	(556,909,479)	(619,009,304)	(556,405,754)
Depreciation and amortisation	44	(466,378,218)	(598,014,010)	(465,428,234)	(597,067,585)
Employee related costs	45	(1,127,191,949)	(1,059,152,557)	(1,120,867,733)	(1,053,626,565)
Finance costs	46	(63,181,252)	(68,463,041)	(63,181,252)	(68,463,041)
Inventory consumed	47	(69,267,465)	(46,064,824)	(69,227,304)	(46,024,976)
Operational cost	48	(113,021,770)	(156,779,802)	(112,122,833)	(155,877,653)
Operating leases	49	(42,122,028)	(46,112,235)	(42,112,234)	(46,104,919)
Remuneration of councillors	50	(45,020,093)	(43,574,297)	(45,020,093)	(43,574,297)
Transfers and Subsidies	51	(18,099,660)	(42,911,569)	(25,890,640)	(49,752,797)
<b>Total expenditure</b>		<b>(4,521,364,980)</b>	<b>(4,525,064,669)</b>	<b>(4,520,708,497)</b>	<b>(4,523,980,442)</b>
<b>Operating surplus</b>		<b>348,869,257</b>	<b>74,238,536</b>	<b>349,589,424</b>	<b>75,358,331</b>
Fair value adjustments on investment property	52	9,538,690	128,979,872	9,538,690	128,979,872
(Gains)/losses on agricultural assets and living resources	53	9,954,881	(4,255,584)	9,954,881	(4,255,584)
Impairment of consumer and other debtors	54	(349,274,392)	(510,440,038)	(349,274,392)	(510,440,038)
Impairment loss relating to non current assets	55	(3,728,759)	(8,638,561)	(3,728,759)	(8,638,561)
Inventories losses	56	(4,743,012)	(15,779,884)	(4,743,012)	(15,779,884)
Loss on disposal of assets	57	(932,263)	(1,304,192)	(871,236)	(1,304,192)
		<b>(339,184,855)</b>	<b>(411,438,387)</b>	<b>(339,123,828)</b>	<b>(411,438,387)</b>
<b>Surplus (deficit) for the year</b>		<b>9,684,402</b>	<b>(337,199,851)</b>	<b>10,465,596</b>	<b>(336,080,056)</b>

\* See Note 65



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Statement of Changes in Net Assets

	Revaluation reserve	Housing development fund	Capital replacement reserve	Total reserves	Accumulated surplus	Total net assets
<b>Economic entity</b>						
<b>Balance at 01 July 2016</b>	<b>52,129,999</b>	<b>76,525,166</b>	<b>151,935,999</b>	<b>280,591,164</b>	<b>7,488,338,477</b>	<b>7,768,929,641</b>
Changes in net assets						
Transfer to HDF	-	3,046,605	-	3,046,605	-	3,046,605
Transfer out of revaluation reserve	(1,101,200)	-	-	(1,101,200)	-	(1,101,200)
Transfer to CRR	-	-	12,354,006	12,354,006	-	12,354,006
Effects of prior period error	(854)	958,308	-	957,454	234,105,194	235,062,648
Net income (losses) recognised directly in net assets	(1,102,054)	4,004,913	12,354,006	15,256,865	234,105,194	249,362,059
Surplus for the year	-	-	-	-	(337,199,851)	(337,199,851)
Total recognised income and expenses for the year	(1,102,054)	4,004,913	12,354,006	15,256,865	(103,094,657)	(87,837,792)
Total changes	(1,102,054)	4,004,913	12,354,006	15,256,865	(103,094,657)	(87,837,792)
<b>Restated* Balance at 01 July 2017</b>	<b>51,027,945</b>	<b>80,530,079</b>	<b>164,290,005</b>	<b>295,848,029</b>	<b>7,385,243,820</b>	<b>7,681,091,849</b>
Changes in net assets						
Transfer to HDF	-	(5,342,308)	-	(5,342,308)	-	(5,342,308)
Revaluation of heritage assets	629,500	-	-	629,500	-	629,500
Cash utilised for capital expenditure	-	-	(80,439,527)	(80,439,527)	80,439,523	(4)
Safe City - Prior period error	-	-	-	-	136,373	136,373
Net income (losses) recognised directly in net assets	629,500	(5,342,308)	(80,439,527)	(85,152,335)	80,575,896	(4,576,439)
Surplus for the year	-	-	-	-	9,684,402	9,684,402
Total recognised income and expenses for the year	629,500	(5,342,308)	(80,439,527)	(85,152,335)	90,260,298	5,107,963
Interest earned on investment account	-	2,466,035	8,472,915	10,938,950	(10,938,950)	-
Other transfers from KwaZulu-Natal Department of Human Settlement	-	10,000,000	-	10,000,000	(10,000,000)	-
Total changes	629,500	7,123,727	(71,966,612)	(64,213,385)	69,321,348	5,107,963
<b>Balance at 30 June 2018</b>	<b>51,657,445</b>	<b>87,653,806</b>	<b>92,323,393</b>	<b>231,634,644</b>	<b>7,454,565,168</b>	<b>7,686,199,812</b>
Note(s)	27	26	25		24	

\* See Note 65

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Statement of Changes in Net Assets

	Revaluation reserve	Capital replacement reserve	Capitalisation reserve	Total reserves	Accumulated surplus	Total net assets
<b>Controlling entity</b>						
<b>Balance at 01 July 2016</b>	<b>52,129,999</b>	<b>76,525,166</b>	<b>151,935,999</b>	<b>280,591,164</b>	<b>7,473,388,292</b>	<b>7,753,979,456</b>
Changes in net assets						
Effects of prior period error	(854)	958,308	-	957,454	234,105,194	235,062,648
Transfer to HDF	-	3,046,605	-	3,046,605	-	3,046,605
Transfer out of revaluation reserve	(1,101,200)	-	-	(1,101,200)	-	(1,101,200)
Transfer to CRR	-	-	12,354,006	12,354,006	-	12,354,006
Net income (losses) recognised directly in net assets	(1,102,054)	4,004,913	12,354,006	15,256,865	234,105,194	249,362,059
Surplus for the year	-	-	-	-	(336,080,056)	(336,080,056)
Total recognised income and expenses for the year	(1,102,054)	4,004,913	12,354,006	15,256,865	(101,974,862)	(86,717,997)
Total changes	(1,102,054)	4,004,913	12,354,006	15,256,865	(101,974,862)	(86,717,997)
<b>Restated* Balance at 01 July 2017</b>	<b>51,027,945</b>	<b>80,530,079</b>	<b>164,290,005</b>	<b>295,848,029</b>	<b>7,371,413,430</b>	<b>7,667,261,459</b>
Changes in net assets						
Transfer to HDF	-	(5,342,308)	-	(5,342,308)	-	(5,342,308)
Revaluation of heritage assets	629,500	-	-	629,500	-	629,500
Cash utilised for capital expenditure	-	-	(80,439,527)	(80,439,527)	80,439,527	-
Net income (losses) recognised directly in net assets	629,500	(5,342,308)	(80,439,527)	(85,152,335)	80,439,527	(4,712,808)
Surplus for the year	-	-	-	-	10,465,596	10,465,596
Total recognised income and expenses for the year	629,500	(5,342,308)	(80,439,527)	(85,152,335)	90,905,123	5,752,788
Interest earned on investment account	-	2,466,035	8,472,915	10,938,950	(10,938,950)	-
Other transfers from KwaZulu-Natal Department of Human Settlement	-	10,000,000	-	10,000,000	(10,000,000)	-
Total changes	629,500	7,123,727	(71,966,612)	(64,213,385)	69,966,173	5,752,788
<b>Balance at 30 June 2018</b>	<b>51,657,445</b>	<b>87,653,806</b>	<b>92,323,393</b>	<b>231,634,644</b>	<b>7,441,379,603</b>	<b>7,673,014,247</b>
Note(s)	27	26	25			24

\* See Note 65

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Cash Flow Statement

	Note(s)	Economic entity		Controlling entity	
		2018	2017 Restated*	2018	2017 Restated*
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Sale of goods and services		3,368,355,233	2,947,020,906	3,360,564,252	2,940,179,678
Government grants and subsidies	38	928,344,709	933,418,434	928,344,709	933,418,434
Interest revenue	29	231,348,886	174,585,540	231,264,678	174,500,584
		<u>4,528,048,828</u>	<u>4,055,024,880</u>	<u>4,520,173,639</u>	<u>4,048,098,696</u>
<b>Payments</b>					
Employee costs		(1,127,191,949)	(1,059,168,710)	(1,120,867,733)	(1,053,626,566)
Suppliers		(2,861,424,251)	(2,576,923,693)	(2,860,152,703)	(2,575,698,611)
Finance costs	45	(63,181,252)	(68,463,041)	(63,181,252)	(68,463,041)
		<u>(4,051,797,452)</u>	<u>(3,704,555,444)</u>	<u>(4,044,201,688)</u>	<u>(3,697,788,218)</u>
<b>Net cash flows from operating activities</b>	<b>58</b>	<b><u>476,251,376</u></b>	<b><u>350,469,436</u></b>	<b><u>475,971,951</u></b>	<b><u>350,310,478</u></b>
<b>Cash flows from investing activities</b>					
Purchase of property plant and equipment	14	(285,592,495)	(238,491,937)	(285,478,237)	(238,315,451)
Increase capital work in progress	14	(314,575,311)	(366,848,183)	(314,575,311)	(366,848,183)
Decrease in short term investments	8	(182,570)	(481,174)	(182,570)	(481,174)
Purchase of intangible assets	11	(8,968,380)	(23,899,771)	(8,968,380)	(23,899,771)
Increase in other financial assets	15	-	372,500	-	372,500
Additions to living resources	13	(66,006)	-	(66,006)	-
<b>Net cash flows from investing activities</b>		<b><u>(609,384,762)</u></b>	<b><u>(629,348,565)</u></b>	<b><u>(609,270,504)</u></b>	<b><u>(629,172,079)</u></b>
<b>Cash flows from financing activities</b>					
Movement in borrowings		(79,714,921)	(24,051,236)	(79,714,921)	(23,860,784)
Movement in consumer deposits	16	2,332,134	7,865,433	2,332,134	7,865,429
<b>Net cash flows from financing activities</b>		<b><u>(77,382,787)</u></b>	<b><u>(16,185,803)</u></b>	<b><u>(77,382,787)</u></b>	<b><u>(15,995,355)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(210,516,173)</u></b>	<b><u>(295,064,932)</u></b>	<b><u>(210,681,340)</u></b>	<b><u>(294,856,956)</u></b>
Cash and cash equivalents at the beginning of the year		675,995,631	971,060,563	674,766,997	969,623,953
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b><u>465,479,458</u></b>	<b><u>675,995,631</u></b>	<b><u>464,085,657</u></b>	<b><u>674,766,997</u></b>

\* See Note 65

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Economic entity</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Agency services	713,000	-	<b>713,000</b>	2,577,730	<b>1,864,730</b>	(Refer to note 27 for variance budget vs actual)
Interest - consumer debtors and receivables	66,259,000	44,931,000	<b>111,190,000</b>	192,218,488	<b>81,028,488</b>	
Interest - bank, call and investment accounts	52,489,000	(14,456,000)	<b>38,033,000</b>	39,129,952	<b>1,096,952</b>	
Licences and permits	97,000	5,669,000	<b>5,766,000</b>	901,053	<b>(4,864,947)</b>	
Operational revenue	267,351,000	(71,179,000)	<b>196,172,000</b>	68,509,952	<b>(127,662,048)</b>	
Rental of facilities and equipment	22,085,000	2,297,000	<b>24,382,000</b>	27,295,067	<b>2,913,067</b>	
Rendering of services	-	-	-	8,884,320	<b>8,884,320</b>	
Sale of goods	-	-	-	433,943	<b>433,943</b>	
Service charges	3,018,340,000	(137,487,000)	<b>2,880,853,000</b>	2,709,017,465	<b>(171,835,535)</b>	
<b>Total revenue from exchange transactions</b>	<b>3,427,334,000</b>	<b>(170,225,000)</b>	<b>3,257,109,000</b>	<b>3,048,967,970</b>	<b>(208,141,030)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	849,846,000	-	<b>849,846,000</b>	863,739,575	<b>13,893,575</b>	
<b>Transfer revenue</b>						
Government grants and subsidies	589,271,000	30,305,000	<b>619,576,000</b>	928,344,709	<b>308,768,709</b>	
Fines, penalties and forfeits	71,432,000	(565,000)	<b>70,867,000</b>	14,284,733	<b>(56,582,267)</b>	
Other transfers	-	-	-	14,897,250	<b>14,897,250</b>	
<b>Total revenue from non-exchange transactions</b>	<b>1,510,549,000</b>	<b>29,740,000</b>	<b>1,540,289,000</b>	<b>1,821,266,267</b>	<b>280,977,267</b>	
<b>Total revenue</b>	<b>4,937,883,000</b>	<b>(140,485,000)</b>	<b>4,797,398,000</b>	<b>4,870,234,237</b>	<b>72,836,237</b>	
<b>Expenditure</b>						
Bad debts written off	-	(850,000)	<b>(850,000)</b>	(849,890)	<b>110</b>	
Bulk purchases	(2,050,950,000)	98,494,000	<b>(1,952,456,000)</b>	(1,956,998,980)	<b>(4,542,980)</b>	
Contracted services	(420,727,000)	(242,504,000)	<b>(663,231,000)</b>	(619,233,675)	<b>43,997,325</b>	
Depreciation and amortisation	(537,298,000)	66,506,000	<b>(470,792,000)</b>	(466,378,218)	<b>4,413,782</b>	
Employee related costs	(1,152,204,000)	(11,264,000)	<b>(1,163,468,000)</b>	(1,127,191,949)	<b>36,276,051</b>	
Finance costs	(62,142,000)	(1,978,000)	<b>(64,120,000)</b>	(63,181,252)	<b>938,748</b>	
Inventory consumed	(86,252,000)	17,831,000	<b>(68,421,000)</b>	(69,267,465)	<b>(846,465)</b>	
Operational cost	(446,129,000)	243,062,000	<b>(203,067,000)</b>	(113,021,770)	<b>90,045,230</b>	
Operating leases	-	-	-	(42,122,028)	<b>(42,122,028)</b>	
Remuneration of councillors	(45,185,000)	165,000	<b>(45,020,000)</b>	(45,020,093)	<b>(93)</b>	
Transfers and Subsidies	460,259,000	(91,415,000)	<b>368,844,000</b>	(18,099,660)	<b>(386,943,660)</b>	
<b>Total expenditure</b>	<b>(4,340,628,000)</b>	<b>78,047,000</b>	<b>(4,262,581,000)</b>	<b>(4,521,364,980)</b>	<b>(258,783,980)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Operating surplus</b>	<b>597,255,000</b>	<b>(62,438,000)</b>	<b>534,817,000</b>	<b>348,869,257</b>	<b>(185,947,743)</b>	
Fair value adjustments on investment property	-	-	-	9,538,690	<b>9,538,690</b>	
Impairment of consumer and traffic debtors	(103,942,000)	(244,672,000)	<b>(348,614,000)</b>	(349,274,392)	<b>(660,392)</b>	
Impairment loss relating to non current assets	-	-	-	(3,728,759)	<b>(3,728,759)</b>	
(Gains)/losses on agricultural assets	-	-	-	9,954,881	<b>9,954,881</b>	
Losses on disposal of assets	-	(871,000)	<b>(871,000)</b>	(932,263)	<b>(61,263)</b>	
Inventories losses	-	-	-	(4,743,012)	<b>(4,743,012)</b>	
	<b>(103,942,000)</b>	<b>(245,543,000)</b>	<b>(349,485,000)</b>	<b>(339,184,855)</b>	<b>10,300,145</b>	
<b>Surplus before taxation</b>	<b>493,313,000</b>	<b>(307,981,000)</b>	<b>185,332,000</b>	<b>9,684,402</b>	<b>(175,647,598)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>493,313,000</b>	<b>(307,981,000)</b>	<b>185,332,000</b>	<b>9,684,402</b>	<b>(175,647,598)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	100,000,000	-	<b>100,000,000</b>	465,479,458	<b>365,479,458</b>	
Consumer debtors	-	-	-	1,346,513,563	<b>1,346,513,563</b>	
Inventories	741,893,000	-	<b>741,893,000</b>	76,793,052	<b>(665,099,948)</b>	
Other financial assets	43,000	-	<b>43,000</b>	-	<b>(43,000)</b>	
Receivables from exchange transactions	1,229,705,000	-	<b>1,229,705,000</b>	28,321,545	<b>(1,201,383,455)</b>	
Receivables from non-exchange transactions	376,444,000	-	<b>376,444,000</b>	36,514,651	<b>(339,929,349)</b>	
Short term investment	909,281,000	(480,329,000)	<b>428,952,000</b>	8,981,927	<b>(419,970,073)</b>	
VAT receivable	-	-	-	26,350	<b>26,350</b>	
	<b>3,357,366,000</b>	<b>(480,329,000)</b>	<b>2,877,037,000</b>	<b>1,962,630,546</b>	<b>(914,406,454)</b>	
<b>Non-Current Assets</b>						
Agricultural assets	46,520,000	-	<b>46,520,000</b>	63,863,790	<b>17,343,790</b>	
Investment property	356,914,000	-	<b>356,914,000</b>	718,291,602	<b>361,377,602</b>	
Property plant and equipment	7,181,022,000	195,647,000	<b>7,376,669,000</b>	7,220,183,530	<b>(156,485,470)</b>	
Living resources	-	-	-	928,494	<b>928,494</b>	
Intangible assets	27,283,000	-	<b>27,283,000</b>	41,752,452	<b>14,469,452</b>	
Heritage assets	-	-	-	226,835,646	<b>226,835,646</b>	
Long term receivables	9,455,000	-	<b>9,455,000</b>	-	<b>(9,455,000)</b>	
Other financial assets	179,011,000	-	<b>179,011,000</b>	9,944,611	<b>(169,066,389)</b>	
	<b>7,800,205,000</b>	<b>195,647,000</b>	<b>7,995,852,000</b>	<b>8,281,800,125</b>	<b>285,948,125</b>	
<b>Total Assets</b>	<b>11,157,571,000</b>	<b>(284,682,000)</b>	<b>10,872,889,000</b>	<b>10,244,430,671</b>	<b>(628,458,329)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	1,210,493,000	(979,749,000)	<b>230,744,000</b>	945,964,932	<b>715,220,932</b>	
VAT payable	-	-	-	81,342,959	<b>81,342,959</b>	
Consumer deposits	-	106,451,000	<b>106,451,000</b>	103,713,767	<b>(2,737,233)</b>	
Retirement benefit obligation	-	-	-	25,880,067	<b>25,880,067</b>	
Unspent conditional grants and receipts	-	-	-	122,349,562	<b>122,349,562</b>	
Provisions	-	-	-	11,059,171	<b>11,059,171</b>	
Other financial liabilities	(79,368,000)	-	<b>(79,368,000)</b>	84,512,317	<b>163,880,317</b>	
	<b>1,131,125,000</b>	<b>(873,298,000)</b>	<b>257,827,000</b>	<b>1,374,822,775</b>	<b>1,116,995,775</b>	
<b>Non-Current Liabilities</b>						
Other financial liabilities	432,631,000	-	<b>432,631,000</b>	451,226,205	<b>18,595,205</b>	
Retirement benefit obligation	-	-	-	603,974,632	<b>603,974,632</b>	
Provisions	784,208,000	-	<b>784,208,000</b>	128,207,247	<b>(656,000,753)</b>	
	<b>1,216,839,000</b>	-	<b>1,216,839,000</b>	<b>1,183,408,084</b>	<b>(33,430,916)</b>	
<b>Total Liabilities</b>	<b>2,347,964,000</b>	<b>(873,298,000)</b>	<b>1,474,666,000</b>	<b>2,558,230,859</b>	<b>1,083,564,859</b>	
<b>Net Assets</b>	<b>8,809,607,000</b>	<b>588,616,000</b>	<b>9,398,223,000</b>	<b>7,686,199,812</b>	<b>(1,712,023,188)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	8,656,693,000	588,616,000	<b>9,245,309,000</b>	7,454,565,168	<b>(1,790,743,832)</b>	
Housing development fund	152,914,000	-	<b>152,914,000</b>	51,657,445	<b>(101,256,555)</b>	
Capital replacement reserve	-	-	-	87,653,806	<b>87,653,806</b>	
Capitalisation reserve	-	-	-	92,323,393	<b>92,323,393</b>	
<b>Total Net Assets</b>	<b>8,809,607,000</b>	<b>588,616,000</b>	<b>9,398,223,000</b>	<b>7,686,199,812</b>	<b>(1,712,023,188)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	3,806,878,000	(202,748,000)	<b>3,604,130,000</b>	3,368,355,233	<b>(235,774,767)</b>	
Grants and subsidies	1,002,668,000	(63,277,000)	<b>939,391,000</b>	928,344,709	<b>(11,046,291)</b>	
Interest revenue	106,814,000	27,428,000	<b>134,242,000</b>	231,348,886	<b>97,106,886</b>	
	<b>4,916,360,000</b>	<b>(238,597,000)</b>	<b>4,677,763,000</b>	<b>4,528,048,828</b>	<b>(149,714,172)</b>	
<b>Payments</b>						
Employee costs	-	-	-	(1,127,191,949)	<b>(1,127,191,949)</b>	
Suppliers	(4,045,101,000)	109,503,000	<b>(3,935,598,000)</b>	(2,861,424,251)	<b>1,074,173,749</b>	
Finance costs	(62,128,000)	5,896,000	<b>(56,232,000)</b>	(63,181,252)	<b>(6,949,252)</b>	
	<b>(4,107,229,000)</b>	<b>115,399,000</b>	<b>(3,991,830,000)</b>	<b>(4,051,797,452)</b>	<b>(59,967,452)</b>	
<b>Net cash flows from operating activities</b>	<b>809,131,000</b>	<b>(123,198,000)</b>	<b>685,933,000</b>	<b>476,251,376</b>	<b>(209,681,624)</b>	
Purchase of property plant equipment	(698,424,000)	(64,167,000)	<b>(762,591,000)</b>	(285,592,495)	<b>476,998,505</b>	
Increase capital work in progress	-	-	-	(314,575,311)	<b>(314,575,311)</b>	
Decrease in short term investment	-	-	-	(182,570)	<b>(182,570)</b>	
Purchase of other intangible assets	-	-	-	(8,968,380)	<b>(8,968,380)</b>	
Additions to living resources	-	-	-	(66,006)	<b>(66,006)</b>	
<b>Net cash flows from investing activities</b>	<b>(698,424,000)</b>	<b>(64,167,000)</b>	<b>(762,591,000)</b>	<b>(609,384,762)</b>	<b>153,206,238</b>	
<b>Cash flows from financing activities</b>						
Movement in borrowings	(79,368,000)	-	<b>(79,368,000)</b>	(79,714,921)	<b>(346,921)</b>	
Movement in consumer deposits	-	-	-	2,332,134	<b>2,332,134</b>	
<b>Net cash flows from financing activities</b>	<b>(79,368,000)</b>	-	<b>(79,368,000)</b>	<b>(77,382,787)</b>	<b>1,985,213</b>	
Net increase/(decrease) in cash and cash equivalents	31,339,000	(187,365,000)	<b>(156,026,000)</b>	(210,516,173)	<b>(54,490,173)</b>	
Cash and cash equivalents at the beginning of the year	977,942,000	-	<b>977,942,000</b>	675,995,631	<b>(301,946,369)</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>1,009,281,000</b>	<b>(187,365,000)</b>	<b>821,916,000</b>	<b>465,479,458</b>	<b>(356,436,542)</b>	



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Appropriation Statement

	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 - 2018</b>											
<b>Financial Performance</b>											
Investment revenue	118,748,000	30,475,000	149,223,000	-		149,223,000	231,348,440		82,125,440	155 %	195 %
Property rates	849,846,000	-	849,846,000	-		849,846,000	863,739,575		13,893,575	102 %	102 %
Service charges	3,018,339,000	(137,487,000)	2,880,852,000	-		2,880,852,000	2,709,017,464		(171,834,536)	94 %	90 %
Other own revenue	361,679,000	(63,778,000)	297,901,000	-		297,901,000	157,277,619		(140,623,381)	53 %	43 %
Transfers recognised - operational	589,271,000	30,305,000	619,576,000	-		619,576,000	534,424,026		(85,151,974)	86 %	91 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>4,937,883,000</b>	<b>(140,485,000)</b>	<b>4,797,398,000</b>	<b>-</b>		<b>4,797,398,000</b>	<b>4,495,807,124</b>		<b>(301,590,876)</b>	<b>94 %</b>	<b>91 %</b>
Debt impairment	(103,942,000)	(244,672,000)	(348,614,000)			(348,614,000)	(349,274,392)	-	(660,392)	100 %	336 %
Depreciation and asset impairment	(537,298,000)	66,506,000	(470,792,000)			(470,792,000)	(470,106,976)	-	685,024	100 %	87 %
Employee costs	(1,152,204,000)	(11,264,000)	(1,163,468,000)	-		(1,163,468,000)	(1,127,191,949)	-	36,276,051	97 %	98 %
Finance charges	(62,142,000)	(1,978,000)	(64,120,000)	-		(64,120,000)	(63,181,252)	-	938,748	99 %	102 %
Materials and bulk purchases	(2,050,950,000)	98,494,000	(1,952,456,000)	-		(1,952,456,000)	(1,956,998,980)	-	(4,542,980)	100 %	95 %
Other expenditure	(953,107,000)	16,667,000	(936,440,000)	-		(936,440,000)	(850,170,103)	-	86,269,897	91 %	89 %
Remuneration of councillors	(45,185,000)	165,000	(45,020,000)	-		(45,020,000)	(45,020,093)	-	(93)	100 %	100 %
Transfers and grants	-	(42,514,000)	(42,514,000)	-		(42,514,000)	(18,099,660)	-	24,414,340	43 %	DIV/0 %
<b>Total expenditure</b>	<b>(4,904,828,000)</b>	<b>(118,596,000)</b>	<b>(5,023,424,000)</b>	<b>-</b>		<b>(5,023,424,000)</b>	<b>(4,880,043,405)</b>	<b>-</b>	<b>143,380,595</b>	<b>97 %</b>	<b>99 %</b>
<b>Surplus/(Deficit)</b>	<b>33,055,000</b>	<b>(259,081,000)</b>	<b>(226,026,000)</b>	<b>-</b>		<b>(226,026,000)</b>	<b>(384,236,281)</b>		<b>(158,210,281)</b>	<b>170 %</b>	<b>170 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Appropriation Statement

	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	460,258,000	(48,900,000)	411,358,000	-		411,358,000	393,920,683		(17,437,317)	96 %	86 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>493,313,000</b>	<b>(307,981,000)</b>	<b>185,332,000</b>	<b>-</b>		<b>185,332,000</b>	<b>9,684,402</b>		<b>(175,647,598)</b>	<b>5 %</b>	<b>2 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>493,313,000</b>	<b>(307,981,000)</b>	<b>185,332,000</b>	<b>-</b>		<b>185,332,000</b>	<b>9,684,402</b>		<b>(175,647,598)</b>	<b>5 %</b>	<b>2 %</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	698,424,000	64,168,000	762,592,000	-		762,592,000	584,184,278		(178,407,722)	77 %	84 %
<b>Sources of capital funds</b>											
Transfers recognised - capital	460,257,000	(48,348,000)	411,909,000	-		411,909,000	356,589,907		(55,319,093)	87 %	77 %
Borrowing	38,800,000	50,000,000	88,800,000	-		88,800,000	88,896,143		96,143	100 %	229 %
Internally generated funds	199,367,000	62,516,000	261,883,000	-		261,883,000	138,698,228		(123,184,772)	53 %	70 %
<b>Total sources of capital funds</b>	<b>698,424,000</b>	<b>64,168,000</b>	<b>762,592,000</b>	<b>-</b>		<b>762,592,000</b>	<b>584,184,278</b>		<b>(178,407,722)</b>	<b>77 %</b>	<b>84 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Appropriation Statement

	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	809,131,000	(123,198,000)	685,933,000	-		685,933,000	476,251,376		(209,681,624)	69 %	59 %
Net cash from (used) investing	(698,424,000)	(64,167,000)	(762,591,000)	-		(762,591,000)	(609,384,762)		153,206,238	80 %	87 %
Net cash from (used) financing	(79,368,000)	-	(79,368,000)	-		(79,368,000)	(77,382,787)		1,985,213	97 %	97 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>31,339,000</b>	<b>(187,365,000)</b>	<b>(156,026,000)</b>	<b>-</b>		<b>(156,026,000)</b>	<b>(210,516,173)</b>		<b>(54,490,173)</b>	<b>135 %</b>	<b>(672)%</b>
Cash and cash equivalents at the beginning of the year	977,942,000	-	977,942,000	-		977,942,000	675,995,631		(301,946,369)	69 %	69 %
<b>Cash and cash equivalents at year end</b>	<b>1,009,281,000</b>	<b>(187,365,000)</b>	<b>821,916,000</b>	<b>-</b>		<b>821,916,000</b>	<b>465,479,458</b>		<b>(356,436,542)</b>	<b>57 %</b>	<b>46 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Appropriation Statement

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Economic entity - 2017</b>				
<b>Financial Performance</b>				
Investment revenue				174,574,620
Property rates				793,014,215
Service charges				2,537,458,384
Other own revenue				289,817,424
Transfers recognised - operational				436,141,394
<b>Total revenue (excluding capital transfers and contributions)</b>				<b>4,231,006,037</b>
Debt impairment	-	-	-	(510,440,038)
Depreciation and asset impairment	-	-	-	(606,652,571)
Employee costs	-	-	-	(1,059,152,557)
Finance charges	-	-	-	(68,463,041)
Materials and bulk purchases	-	-	-	(1,866,282,816)
Other expenditure	-	-	-	(868,006,039)
Transfers and grants	-	-	-	(42,911,569)
Remuneration of councillors	-	-	-	(43,574,297)
<b>Total expenditure</b>	-	-	-	<b>(5,065,482,928)</b>
<b>Surplus/(Deficit)</b>				<b>(834,476,891)</b>
Transfers recognised - capital				497,277,040
<b>Surplus (Deficit) after capital transfers and contributions</b>				<b>(337,199,851)</b>
<b>Surplus/(Deficit) for the year</b>				<b>(337,199,851)</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Appropriation Statement

	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				649,184,709
<b>Sources of capital funds</b>				
Transfers recognised - capital				400,234,108
Borrowing				40,245,431
Internally generated funds				208,705,170
<b>Total sources of capital funds</b>				<b>649,184,709</b>
<b>Cash flows</b>				
Net cash from (used) operating				350,469,436
Net cash from (used) investing				(629,348,565)
Net cash from (used) financing				(16,185,803)
<b>Net increase/(decrease) in cash and cash equivalents</b>				<b>(295,064,932)</b>
Cash and cash equivalents at the beginning of the year				971,060,563
<b>Cash and cash equivalents at year end</b>				<b>675,995,631</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## 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.

The accounting policies applied are consistent with those used to present the previous year's financial statements.

#### 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. Significant judgements include:

##### 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. 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 20 - Provisions.

##### 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 21.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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

#### 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.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

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.

### 1.6 Agricultural assets

The entity recognises a 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.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.6 Agricultural assets (continued)

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 a 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 Living resources

Living resources are initially measured at cost and at fair value if acquired through a non-exchange transaction. Subsequent costs shall only be recognised in the carrying amount if service potential associated with the game animals.

Subsequently living resources are carried at revalued amount less accumulated impairment.

### 1.8 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.

Heritage assets are measured at cost less impairment except for Artworks.

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 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.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements(see note 10).

The municipality measures Artwork at fair value.

### 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.

### 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.



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.8 Heritage assets (continued)

#### 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.

### 1.9 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.

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.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.9 Intangible assets (continued)

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.

The residual value of an intangible asset with a finite useful life is assumed to be zero unless there is a commitment by a third party to acquire the asset at the end of its useful life or there is an active market for the asset and it is probable that such a market will exist at the end of the asset's useful life.

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	Straight line	3 - 5 years
Servitudes	Straight line	Indefinite

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

### 1.10 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 2018

## Accounting Policies

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### 1.10 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.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 12).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 12)

### 1.11 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 Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.11 Property plant and equipment (continued)

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.

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 depreciated replacement cost, being the cost at the date of assessment less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Assessments are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using cost at the reporting period.

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.

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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.12 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.

### 1.13 Commitments

A 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.

### 1.14 Financial instruments

#### Classification

The municipality classifies financial assets and liabilities into the following categories:

- Loans and receivables
- Financial liabilities
- Cash and cash equivalents

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition.

#### Class

Receivables from exchange transactions  
Receivables from non exchange transactions  
Consumer debtors  
Short term investment  
Cash and cash equivalents

#### Category

Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at amortised cost

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

#### Class

Payables from exchange transactions  
Consumer deposits  
Unspent conditional grants  
Other financial liabilities

#### Category

Financial liability measured at amortised cost  
Financial liability measured at amortised cost  
Financial liability measured at amortised cost  
Financial liability measured at amortised cost

#### Initial recognition

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

#### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.

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

### 1.15 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.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.15 Leases (continued)

#### 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 - 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.

### 1.16 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.

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

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

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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

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

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

Useful life is either:

- the period of time over which an asset is expected to be used by the economic entity; or

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

- the number of production or similar units expected to be obtained from the asset by the economic entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

#### 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.

#### Value in use

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

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

#### Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the 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.

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

#### 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.

#### 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.

### 1.18 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:



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### 1.19 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 01-07-2017 to 30-06-2018.

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

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.

Comparative information is not required.

### 1.20 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.

### 1.21 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.

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### 1.21 Employee benefits (continued)

#### Post-employment benefits

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.

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 entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.21 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.

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.

# The Msunduzi Municipality and its Municipal Entity

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## Accounting Policies

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### 1.21 Employee benefits (continued)

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.

#### 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. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

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

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

### 1.22 Revenue from exchange transactions

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

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

#### 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 2018

## Accounting Policies

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### 1.22 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.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.23 Revenue from non-exchange transactions

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

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

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

# The Msunduzi Municipality and its Municipal Entity

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## Accounting Policies

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### 1.23 Revenue from non-exchange transactions (continued)

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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

### 1.24 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

### 1.25 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the 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.

### 1.26 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.

### 1.27 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.

# The Msunduzi Municipality and its Municipal Entity

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### 1.27 Provisions and contingencies (continued)

Where the effect is material, non-current provisions are discounted to their present value using a prevailing prime rate at year end which reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability, if any (for example in the case of obligations for the rehabilitation of land). The municipality uses the prevailing prime rate at year end.

Future events that may affect the amount required to settle an obligation shall be reflected in the amount of a provision where there is sufficient evidence of occurrence.

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.

Future events that may affect the amount required to settle an obligation shall be reflected in the amount of a provision where there is sufficient evidence of occurrence.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 62.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset is disclosed where an inflow of economic benefits or service potential is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

A contingent liability is:

- (a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. If it becomes probable that an outflow of future economic benefits or service potential will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made

### 1.28 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.

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### 1.29 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 is 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.

#### 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.



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.29 Internal reserves (continued)

#### 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.

### 1.30 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.

### 1.31 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

The economic entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the economic entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the economic entity is exempt from the disclosures in accordance with the above, the economic entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its consolidated annual financial statements.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.32 Offsetting

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

### 1.33 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.

### 1.34 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

### 1.35 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.

### 1.36 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.

## The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

### Notes to the Consolidated Annual Financial Statements

Figures in Rand

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#### 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>Standard/Intepretation</u>	<u>Standard Title</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 10	Financial Reporting in Hyperinflationary Economies
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 18	Segment Reporting
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
IGRAP 11	Consolidation-Special Purpose Entities
IGRAP 12	Jointly Controlled Entities- Non-Monetary Contributions

## The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

### Notes to the Consolidated Annual Financial Statements

Figures in Rand

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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. The financial impact is unknown.

<u>Standard/Interpretation</u>	<u>Standard Title</u>
GRAP 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interest in Other Entities
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-Living Resources
IGRAP 17	Intepretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
IGRAP 18	Intepretation of the Standard of GRAP on Recognition and Derecognition of Land
IGRAP 19	Liabilities to Pay levies

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	44,063,355	6,247,281	42,673,271	5,026,078
Cash on hand	67,862	65,732	64,145	58,301
Short-term deposits - call	421,348,241	455,728,289	421,348,241	455,728,289
Short term deposits - fixed	-	213,954,329	-	213,954,329
	<b>465,479,458</b>	<b>675,995,631</b>	<b>464,085,657</b>	<b>674,766,997</b>

Average rate of return	6.15%	7.15%	6.15%	7.15%
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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

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
Acc. No: 5094187782 ( Primary)	63,685,283	72,518,159	111,808,444	34,011,195	47,982,681	109,201,902
FNB - No: 50940058750 ( Electronic transfers)	-	-	-	(15,494,090)	(59,603,247)	(46,141,172)
Acc. No: 50941840627 ( Market)	5,873,398	1,984,088	3,207,458	5,873,398	3,598,251	3,180,472
Acc. No: 62069378539 (Pietermaritzburg Airport)	5,525,356	7,337,308	4,409,873	7,222,442	7,316,438	4,409,873
Acc. No: 50930082248 ( Forestry)	-	-	63,225	-	-	63,225
Acc. No: 62003432846 ( Salaries PACs no.1)	311,980	68,195	181,002	311,133	4,099,148	181,002
Acc. No: 62279194650 ( Forestry)	-	-	11,658,008	-	-	11,658,008
Acc. No : 62006041157 (Post Office)	-	-	-	10,749,193	1,632,808	-
Acc. No: 62035467978 (Safe City)	45,593	51,996	139,891	45,593	51,996	139,891
Acc. No: 62035942392 (Safe City)	1,344,491	1,169,207	1,238,742	1,344,491	1,169,206	1,238,742
<b>Total</b>	<b>76,786,101</b>	<b>83,128,953</b>	<b>132,706,643</b>	<b>44,063,355</b>	<b>6,247,281</b>	<b>83,931,943</b>

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>3. Cash and cash equivalents (continued)</b>				
The municipality uses prepaid electricity vendors, who provides a facility to the value of R 295,000 (2017:R295,000) 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	518,732,147	495,915,670	518,732,147	495,915,670
Other service charges	233,751,191	193,792,326	233,751,191	193,792,326
Property rental	48,063,082	39,242,649	48,063,082	39,242,649
Rates	650,357,938	504,582,135	650,357,938	504,582,135
Refuse	126,287,716	97,260,510	126,287,716	97,260,510
Sanitation	235,815,083	180,002,736	235,815,083	180,002,736
Water	1,206,527,448	900,180,860	1,206,527,448	900,180,860
	<b>3,019,534,605</b>	<b>2,410,976,886</b>	<b>3,019,534,605</b>	<b>2,410,976,886</b>
<b>Less: Allowance for impairment</b>				
Electricity	(389,572,441)	(412,084,839)	(389,572,441)	(412,084,839)
Other service charges	(3,348,937)	(3,030,321)	(3,348,937)	(3,030,321)
Property rental	(31,487,041)	(22,269,476)	(31,487,041)	(22,269,476)
Rates	(78,702,280)	(270,530,912)	(78,702,280)	(270,530,912)
Refuse	(34,957,006)	(60,929,132)	(34,957,006)	(60,929,132)
Sanitation	(176,891,493)	(110,528,529)	(176,891,493)	(110,528,529)
Water	(958,061,844)	(520,803,326)	(958,061,844)	(520,803,326)
	<b>(1,673,021,042)</b>	<b>(1,400,176,535)</b>	<b>(1,673,021,042)</b>	<b>(1,400,176,535)</b>
<b>Net balance</b>				
Electricity	129,159,706	83,830,831	129,159,706	83,830,831
Other service charges	230,402,254	190,762,005	230,402,254	190,762,005
Property rental	16,576,041	16,973,173	16,576,041	16,973,173
Rates	571,655,658	234,051,223	571,655,658	234,051,223
Refuse	91,330,710	36,331,378	91,330,710	36,331,378
Sanitation	58,923,590	69,474,207	58,923,590	69,474,207
Water	248,465,604	379,377,534	248,465,604	379,377,534
	<b>1,346,513,563</b>	<b>1,010,800,351</b>	<b>1,346,513,563</b>	<b>1,010,800,351</b>
<b>Included in above is receivables from exchange transactions</b>				
Electricity	129,159,706	83,830,831	129,159,706	83,830,831
Other service charges	230,402,254	190,762,005	230,402,254	190,762,005
Property rental	16,576,041	16,973,173	16,576,041	16,973,173
Refuse	91,330,710	36,331,378	91,330,710	36,331,378
Sanitation	58,923,590	69,474,207	58,923,590	69,474,207
Water	248,465,604	379,377,534	248,465,604	379,377,534
	<b>774,857,905</b>	<b>776,749,128</b>	<b>774,857,905</b>	<b>776,749,128</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>				
Rates	571,655,658	234,051,223	571,655,658	234,051,223
<b>Net balance</b>	<b>1,346,513,563</b>	<b>1,010,800,351</b>	<b>1,346,513,563</b>	<b>1,010,800,351</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>4. Consumer debtors (continued)</b>				
<b>Electricity</b>				
Current (0 -30 days)	257,617,188	192,322,569	257,617,188	192,322,569
31 - 60 days	17,455,559	19,374,535	17,455,559	19,374,535
61 - 90 days	11,997,139	6,967,155	11,997,139	6,967,155
91 - 120 days	11,670,999	4,737,493	11,670,999	4,737,493
121 - 365 days	936,866	2,100,488	936,866	2,100,488
> 365 days	219,054,396	270,413,430	219,054,396	270,413,430
	<b>518,732,147</b>	<b>495,915,670</b>	<b>518,732,147</b>	<b>495,915,670</b>
<b>Other service charges</b>				
Current (0 -30 days)	10,446,183	-	10,446,183	-
31 - 60 days	(1,177,221)	-	(1,177,221)	-
61 - 90 days	(2,322,482)	-	(2,322,482)	-
91 - 120 days	(1,013,107)	-	(1,013,107)	-
121 - 365 days	1,193,941	-	1,193,941	-
> 365 days	226,623,877	193,792,326	226,623,877	193,792,326
	<b>233,751,191</b>	<b>193,792,326</b>	<b>233,751,191</b>	<b>193,792,326</b>
<b>Property rental</b>				
Current (0 -30 days)	3,654,468	613,771	3,654,468	613,771
31 - 60 days	1,463,039	547,018	1,463,039	547,018
61 - 90 days	1,068,914	509,997	1,068,914	509,997
91 - 120 days	1,976,910	509,956	1,976,910	509,956
121 - 365 days	67,381	1,510,010	67,381	1,510,010
> 365 days	39,832,370	35,551,897	39,832,370	35,551,897
	<b>48,063,082</b>	<b>39,242,649</b>	<b>48,063,082</b>	<b>39,242,649</b>
<b>Rates</b>				
Current (0 -30 days)	123,553,864	91,256,484	123,553,864	91,256,484
31 - 60 days	67,490	15,510,440	67,490	15,510,440
61 - 90 days	18,571,349	13,756,436	18,571,349	13,756,436
91 - 120 days	30,135,939	124,529,936	30,135,939	12,452,993
121 - 365 days	7,312,638	8,728,638	7,312,638	8,728,638
> 365 days	470,716,658	362,877,144	470,716,658	362,877,144
	<b>650,357,938</b>	<b>616,659,078</b>	<b>650,357,938</b>	<b>504,582,135</b>
<b>Refuse</b>				
Current (0 -30 days)	19,306,015	11,620,445	19,306,015	11,620,445
31 - 60 days	319,214	2,188,433	319,214	2,188,433
61 - 90 days	3,289,201	2,028,994	3,289,201	2,028,994
91 - 120 days	5,103,420	1,936,125	5,103,420	1,936,125
121 - 365 days	1,253,889	1,706,686	1,253,889	1,706,686
> 365 days	97,015,977	77,779,827	97,015,977	77,779,827
	<b>126,287,716</b>	<b>97,260,510</b>	<b>126,287,716</b>	<b>97,260,510</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>4. Consumer debtors (continued)</b>				
<b>Sanitation</b>				
Current (0 -30 days)	28,904,648	21,100,794	28,904,648	21,100,794
31 - 60 days	720,438	4,610,064	720,438	4,610,064
61 - 90 days	6,211,079	4,509,204	6,211,079	4,509,204
91 - 120 days	10,154,596	4,134,947	10,154,596	4,134,947
121 - 365 days	3,391,399	3,163,207	3,391,399	3,163,207
> 365 days	186,432,923	142,484,520	186,432,923	142,484,520
	<b>235,815,083</b>	<b>180,002,736</b>	<b>235,815,083</b>	<b>180,002,736</b>
<b>Water</b>				
Current (0 -30 days)	132,247,104	88,631,217	132,247,104	88,631,217
31 - 60 days	2,684,572	24,618,704	2,684,572	24,618,704
61 - 90 days	31,148,289	23,609,293	31,148,289	23,609,293
91 - 120 days	54,176,212	22,110,630	54,176,212	22,110,630
121 - 365 days	15,256,692	17,253,088	15,256,692	17,253,088
> 365 days	971,014,579	723,957,928	971,014,579	723,957,928
	<b>1,206,527,448</b>	<b>900,180,860</b>	<b>1,206,527,448</b>	<b>900,180,860</b>
<b>Summary by customer classification</b>				
<b>Consumers</b>				
Current (0 -30 days)	307,240,115	168,900,119	307,240,115	168,900,119
31 - 60 days	228,937	39,077,382	228,937	39,077,382
61 - 90 days	50,624,975	39,360,291	50,624,975	39,360,291
91 - 120 days	84,677,950	35,535,673	84,677,950	35,535,673
121 - 365 days	22,294,484	29,043,703	22,294,484	29,043,703
> 365 days	1,880,389,636	1,532,163,818	1,880,389,636	1,532,163,818
	2,345,456,097	1,844,080,986	2,345,456,097	1,844,080,986
Less: Allowance for impairment	(1,411,469,677)	(849,718,964)	(1,411,469,677)	(849,718,964)
	<b>933,986,420</b>	<b>994,362,022</b>	<b>933,986,420</b>	<b>994,362,022</b>
<b>Industrial/ commercial</b>				
Current (0 -30 days)	222,219,472	201,864,925	222,219,472	201,864,925
31 - 60 days	21,183,213	23,578,350	21,183,213	23,578,350
61 - 90 days	11,391,669	7,607,712	11,391,669	7,607,712
91 - 120 days	15,368,728	5,951,829	15,368,728	5,951,829
121 - 365 days	4,872,106	3,456,178	4,872,106	3,456,178
> 365 days	197,023,070	171,878,568	197,023,070	171,878,568
	472,058,258	414,337,562	472,058,258	414,337,562
Less: Allowance for impairment	(261,551,365)	(212,833,235)	(261,551,365)	(212,833,235)
	<b>210,506,893</b>	<b>201,504,327</b>	<b>210,506,893</b>	<b>201,504,327</b>
<b>National and provincial government</b>				
Current (0 -30 days)	46,269,881	34,780,238	46,269,881	34,780,238
31 - 60 days	120,941	4,193,461	120,941	4,193,461
61 - 90 days	7,946,845	4,413,076	7,946,845	4,413,076
91 - 120 days	12,158,291	4,394,642	12,158,291	4,394,642
121 - 365 days	2,246,217	1,962,236	2,246,217	1,962,236
> 365 days	133,278,076	102,814,685	133,278,076	102,814,685
	<b>202,020,251</b>	<b>152,558,338</b>	<b>202,020,251</b>	<b>152,558,338</b>
<b>Total</b>				



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>4. Consumer debtors (continued)</b>				
Current (0 -30 days)	575,729,468	405,545,280	575,729,468	405,545,280
31 - 60 days	21,533,091	66,849,194	21,533,091	66,849,194
61 - 90 days	69,963,489	51,381,079	69,963,489	51,381,079
91 - 120 days	112,204,969	45,882,144	112,204,969	45,882,144
121 - 365 days	29,412,807	34,462,117	29,412,807	34,462,117
> 365 days	2,210,690,781	1,806,857,072	2,210,690,781	1,806,857,072
	<b>3,019,534,605</b>	<b>2,410,976,886</b>	<b>3,019,534,605</b>	<b>2,410,976,886</b>

### Reconciliation of allowance for impairment

Balance at beginning of the year	(1,400,176,535)	(963,429,747)	(1,400,176,535)	(963,429,747)
Contributions to allowance	(272,844,507)	(436,746,788)	(272,844,507)	(436,746,788)
	<b>(1,673,021,042)</b>	<b>(1,400,176,535)</b>	<b>(1,673,021,042)</b>	<b>(1,400,176,535)</b>

### 5. Inventories

Agricultural	-	76,607	-	76,607
Consumables	31,975,714	20,366,799	31,975,714	20,366,799
Materials and supplies	43,393,519	37,755,373	43,393,519	37,755,373
Water	1,423,819	1,400,691	1,423,819	1,400,691
	<b>76,793,052</b>	<b>59,599,470</b>	<b>76,793,052</b>	<b>59,599,470</b>

Inventories has been recorded using the weighted average cost method.

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

Impairment of inventories includes redundant and obsolete stock of R 38 114 813 (2017:R39 947 315).

Inventories written up during the year amounted to R 36 116 169 (2017:R 24 171 858).

### 6. Receivables from exchange transactions

Accrued revenue	698,934	360,455	698,934	360,455
Advance payments	11,423,027	2,500	11,420,527	-
Independent Development Trust	-	69,247,952	-	69,247,952
Insurance claims	3,020,221	4,039,047	3,020,221	4,039,047
Land sale debtors	66,386	66,386	66,386	66,386
Market	1,969,025	471,988	1,969,025	471,988
Overpayment of contractors	-	5,235,380	-	5,235,380
Skills development accrual	3,209,374	2,526,420	3,209,374	2,526,420
Water meter refunds	18,493	18,493	18,493	18,493
Uncleared debit orders	7,916,085	-	7,916,085	-
	<b>28,321,545</b>	<b>81,968,621</b>	<b>28,319,045</b>	<b>81,966,121</b>

### Receivables from exchange transaction pledged as security

Receivables from exchange transactions are not pledged as security for any liabilities.

### Credit quality of receivables from exchange transactions

The credit quality of receivables that are neither past nor due nor impaired except for Independent Development Trust and Insurance claims.

### Housing debtors

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 6. Receivables from exchange transactions (continued)

#### Reconciliation of provision for impairment of receivables from exchange transactions

2018	Insurance claims	Independent Development Trust
Gross balance	4,039,047	128,790,695
Impairment	(1,018,826)	(128,790,695)
<b>Net balance</b>	<b>3,020,221</b>	<b>-</b>

2017	Independent Development Trust
Gross balance	93,658,028
Prior period error	35,132,665
Impairment	(59,542,741)
<b>Net balance</b>	<b>69,247,952</b>

### 7. Receivables from non-exchange transactions

Fines	36,514,653	31,483,422	36,514,653	31,483,422
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#### Receivables from non-exchange transactions pledged as security

Receivables from non exchange transactions are not pledged as security for any liabilities.

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

The credit quality of receivables from non-exchange transactions are neither past due nor impaired.

### 8. Short term investment

COID short term investment invested at 8.66% (2017: 7.15%)	8,981,927	8,799,357	8,981,927	8,799,357
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The fixed deposit expires on the 4 April 2019.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 9. Agricultural assets

Economic entity	2018			2017		
	Valuation	Nett movement for the year	Carrying value	Valuation	Nett movement for the year	Carrying value
Consumable biological assets	54,067,677	9,796,113	63,863,790	54,275,801	(208,124)	54,067,677

Controlling entity	2018			2017		
	Valuation	Nett movement for the year	Carrying value	Valuation	Nett movement for the year	Carrying value
Consumable biological assets	54,067,677	9,796,113	63,863,790	54,275,801	(208,124)	54,067,677

#### Reconciliation of agricultural assets - Economic entity - 2018

	Opening balance	Gains or losses arising from changes in fair value	Total
Consumable biological assets	54,067,677	9,796,113	63,863,790

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

	Opening balance	Losses arising from changes in fair value	Total
Consumable biological assets	54,275,801	(208,124)	54,067,677

#### Reconciliation of agricultural assets - Controlling entity - 2018

	Opening balance	Gains or losses arising from changes in fair value	Total
Consumable biological assets	54,067,677	9,796,113	63,863,790

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

	Opening balance	Losses arising from changes in fair value	Total
Consumable biological assets	54,275,801	(208,124)	54,067,677

#### General information

The Municipality owns a plantation forest that produces felled trees for timber production separated as consumable biological assets.

During the financial year 163 tons of timber to the value of R58 468.58 was harvested.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 9. Agricultural assets (continued)

#### Pledged as security

No agricultural assets have been pledged as security

#### Details of valuation

Agricultural assets has been accounted for in terms of GRAP 27 and is comprising of plantation owned by the Municipality.

Agricultural assets are not depreciated but annually valued at year end in order to determine their fair value as prescribed in GRAP 27.

The valuation at 30 June 2018 was performed by Malcolm Gardiner.

Malcolm Gardiner is a member of the South African Council for Propert Valuers Profession (SACPVP), and has the required qualifications and expertise in the valuation of Agricultural assets.

The valuations conform to South African Valuation Standards and were arrived at by reference to market evidence of transaction prices.

#### Other information

The agricultural assets have been measured at fair value less costs to sell in accordance with GRAP 27.

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 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 10. Heritage assets

Economic entity	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	233,668,549	(6,832,903)	226,835,646	233,039,049	(6,826,703)	226,212,346

Controlling entity	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	233,668,549	(6,832,903)	226,835,646	233,039,049	(6,826,703)	226,212,346

#### Reconciliation of heritage assets Economic entity - 2018

	Opening balance	Revaluation	Impairment losses	Total
Heritage assets	226,212,346	629,500	(6,200)	226,835,646

#### Reconciliation of heritage assets Economic 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 - 2018

	Opening balance	Revaluation	Impairment losses	Total
Heritage assets	226,212,346	629,500	(6,200)	226,835,646

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

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

#### Restrictions on heritage assets

There are no restrictions on heritage assets title and disposal thereof.

There are no contractual commitments for the acquisitions, maintenance and restoration of heritage assets.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 10. Heritage assets (continued)

#### Pledged as security

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 and jewellery.

Artworks and jewellery 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.

Jewellery was last valued in the 2017/18 financial year.

According to municipality's accounting policy, jewellery are revalued every 2 years.

#### 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	110,644	14,846	110,644	14,846
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 11. Intangible assets

Economic entity	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	94,596,774	(53,648,168)	40,948,606	85,628,394	(35,829,284)	49,799,110
Servitudes	803,846	-	803,846	803,846	-	803,846
<b>Total</b>	<b>95,400,620</b>	<b>(53,648,168)</b>	<b>41,752,452</b>	<b>86,432,240</b>	<b>(35,829,284)</b>	<b>50,602,956</b>

Controlling entity	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	94,596,774	(53,648,168)	40,948,606	85,628,394	(35,829,284)	49,799,110
Servitudes	803,846	-	803,846	803,846	-	803,846
<b>Total</b>	<b>95,400,620</b>	<b>(53,648,168)</b>	<b>41,752,452</b>	<b>86,432,240</b>	<b>(35,829,284)</b>	<b>50,602,956</b>

#### Reconciliation of intangible assets - Economic entity - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	49,799,110	8,968,380	(17,818,884)	40,948,606
Servitudes	803,846	-	-	803,846
	<b>50,602,956</b>	<b>8,968,380</b>	<b>(17,818,884)</b>	<b>41,752,452</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 - Controlling entity - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	49,799,110	8,968,380	(17,818,884)	40,948,606
Servitudes	803,846	-	-	803,846
	<b>50,602,956</b>	<b>8,968,380</b>	<b>(17,818,884)</b>	<b>41,752,452</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 11. Intangible assets (continued)

#### 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>

#### Pledged as security

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

#### Reconciliation of work in progress 2017

Additions	-	5,435,000	-	5,435,000
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#### Expenditure incurred to repair intangible assets

Computer software	-	2,093,129	-	2,093,129
Contracted services	-	43,019	-	43,019
	-	<b>2,136,148</b>	-	<b>2,136,148</b>

#### Other information

The municipality has elected to use the cost model when accounting for intangible assets. After initial recognition, an intangible asset shall be carried at cost less any accumulated amortisation and any accumulated impairment losses.

### 12. Investment property

Economic entity	2018			2017		
	Cost / Valuation	Fair value adjustments	Carrying value	Cost / Valuation	Fair value adjustments	Carrying value
Investment property	708,752,912	9,538,690	718,291,602	579,773,040	128,979,872	708,752,912

Controlling entity	2018			2017		
	Cost / Valuation	Fair value adjustments	Carrying value	Cost / Valuation	Fair value adjustments	Carrying value
Investment property	708,752,912	9,538,690	718,291,602	579,773,040	128,979,872	708,752,912



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 12. Investment property (continued)

#### Reconciliation of investment property - Economic entity - 2018

	Opening balance	Fair value adjustments	Total
Investment property	708,752,912	9,538,690	718,291,602

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

	Opening balance	Prior period restatement	Fair value adjustments	Total
Investment property	591,243,930	(11,470,890)	128,979,872	708,752,912

#### Reconciliation of investment property - Controlling entity - 2018

	Opening balance	Fair value adjustments	Total
Investment property	708,752,912	9,538,690	718,291,602

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

	Opening balance	Prior period restatement	Fair value adjustments	Total
Investment property	591,243,930	(11,470,890)	128,979,872	708,752,912

#### Pledged as security

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

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

- change in market value of investment property.
- take on off investment property that was not previously recognised

#### Disposals

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

The valuation at 30 June 2018 was performed by Malcolm Gardiner.

Malcolm Gardiner is a member of the South African Council for Propert Valuers Profession (SACPVP), and has the required qualifications and expertise in the valuation of Investment properties. The valuations conform to South African Valuation Standards and were arrived at by refence to market evidence of transaction prices for similar properties.

#### Repairs and maintainance

There were no repairs, maintance and direct operating expenses related to investment property. Tenants are responsible for repairs and maintenance.

#### Rental from investment property

Rental from Investment properties R1 691 065.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 12. Investment property (continued)

#### Other information

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

The municipality does not hold any operating property interest.

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.

### 13. Living resources

Economic entity	2018			2017		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Game animals	769,726	158,768	928,494	780,760	(11,034)	769,726

Controlling entity	2018			2017		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Game animals	769,726	158,768	928,494	780,760	(11,034)	769,726

#### Reconciliation of living resources - Economic entity - 2018

	Opening balance	Gains arising from changes in fair value	Additions	Total
Game animals	769,726	92,762	66,006	928,494

#### Reconciliation of living resources - Economic entity - 2017

	Opening balance	Losses arising from changes in fair value	Total
Game animals	780,760	(11,034)	769,726

#### Reconciliation of living resources - Controlling entity - 2018

	Opening balance	Gains arising from changes in fair value	Additions	Total
Game animals	769,726	92,762	66,006	928,494

#### Reconciliation of living resources - Controlling entity - 2017

	Opening balance	Losses arising from changes in fair value	Total
Game animals	780,760	(11,034)	769,726

#### Pledged as security

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 13. Living resources (continued)

No living resources has been pledged as security for any financial liabilities

#### General Information

The Msunduzi Municipality Bisley Nature Reserve's main purpose is the conservation of a representative system of biodiversity encompassing fauna, flora and unique scenery within the nature reserve. The municipality does not manage the reserve for reproduction of biodiversity.

The municipality is involved in biological transformation of fauna and flora primarily as a service to the community for the main purpose of recreation rather than for sale.

#### Other information

The living animals assets have measured at fair value.

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.

#### Details of valuation

The valuation as at 30 June 2018 was performed internally.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 14. Property plant and equipment

#### Economic entity

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Community	755,572,179	(310,318,536)	445,253,643	754,442,920	(317,093,444)	437,349,476
Finance leases	-	-	-	4,765,629	(2,990,413)	1,775,216
Infrastructure	7,444,255,103	(2,592,414,915)	4,851,840,188	7,239,584,017	(2,525,574,443)	4,714,009,574
Land and buildings	1,725,819,291	(269,454,656)	1,456,364,635	1,720,955,049	(247,172,651)	1,473,782,398
Other assets	1,041,275,286	(574,550,222)	466,725,064	997,104,772	(548,559,987)	448,544,785
<b>Total</b>	<b>10,966,921,859</b>	<b>(3,746,738,329)</b>	<b>7,220,183,530</b>	<b>10,716,852,387</b>	<b>(3,641,390,938)</b>	<b>7,075,461,449</b>

#### Controlling entity

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Community	755,572,179	(310,318,536)	445,253,643	754,442,920	(317,093,444)	437,349,476
Finance leases	-	-	-	4,765,629	(2,990,413)	1,775,216
Infrastructure	7,444,255,103	(2,592,414,915)	4,851,840,188	7,239,584,017	(2,525,574,443)	4,714,009,574
Land and buildings	1,725,819,291	(269,454,656)	1,456,364,635	1,720,955,049	(247,172,651)	1,473,782,398
Other assets	1,020,540,435	(566,325,511)	454,214,924	976,358,555	(541,220,664)	435,137,891
<b>Total</b>	<b>10,946,187,008</b>	<b>(3,738,513,618)</b>	<b>7,207,673,390</b>	<b>10,696,106,170</b>	<b>(3,634,051,615)</b>	<b>7,062,054,555</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

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

#### Reconciliation of property plant and equipment - Economic entity - 2018

	Opening balance	Additions	Capital under construction	Disposals	Adjustments	Capitalised	Depreciation	Impairment loss	Total
Community	437,376,476	5,704,318	67,693,714	-	-	100,953,499	(31,086,937)	-	580,641,070
Infrastructure	4,714,009,574	41,249,518	234,291,480	-	624	59,659,828	(329,154,766)	(3,603,497)	4,716,452,761
Land and buildings	1,473,782,398	297,084	5,903,302	-	(404,461)	(931,700)	(22,281,988)	-	1,456,364,635
Other assets	450,293,001	78,659,948	6,686,815	(2,851,265)	91,236	-	(66,035,609)	(119,062)	466,725,064
	<b>7,075,461,449</b>	<b>125,910,868</b>	<b>314,575,311</b>	<b>(2,851,265)</b>	<b>(312,601)</b>	<b>159,681,627</b>	<b>(448,559,300)</b>	<b>(3,722,559)</b>	<b>7,220,183,530</b>

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

	Opening balance	Additions	Capitalised	Capital under construction	Depreciation	Prior period adjustments	Disposals	Donation received	Impairment loss	Total
Community	402,695,350	-	15,560,097	43,389,615	(45,343,271)	16,473,844	-	4,970,553	(369,712)	437,376,476
Finance lease	1,924,091	334,490	-	-	(483,365)	-	-	-	-	1,775,216
Infrastructure	4,573,040,330	45,584,491	90,345,570	323,548,026	(455,294,257)	136,903,424	-	28,358	(146,368)	4,714,009,574
Land and buildings	1,524,458,716	(69,617,188)	18,431,990	-	(21,040,898)	21,827,896	(22,000)	33,600	(289,718)	1,473,782,398
Other assets	431,960,173	55,953,811	(7,203,757)	(89,458)	(65,682,621)	24,667,673	(1,282,191)	11,122,850	(928,695)	448,517,785
	<b>6,934,078,660</b>	<b>32,255,604</b>	<b>117,133,900</b>	<b>366,848,183</b>	<b>(587,844,412)</b>	<b>199,872,837</b>	<b>(1,304,191)</b>	<b>16,155,361</b>	<b>(1,734,493)</b>	<b>7,075,461,449</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

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

#### Reconciliation of property plant and equipment - Controlling entity - 2018

	Opening balance	Additions	Capital under construction	Disposals	Adjustments	Capitalised	Depreciation	Impairment loss	Total
Community	437,376,476	5,704,318	67,693,714	-	-	100,953,499	(31,086,937)	-	580,641,070
Infrastructure	4,714,009,574	41,249,518	234,291,480	-	624	59,659,828	(329,154,766)	(3,603,497)	4,716,452,761
Land and buildings	1,473,782,398	297,084	5,903,302	-	(404,461)	(931,700)	(22,281,988)	-	1,456,364,635
Other assets	436,886,107	78,545,690	6,686,815	(2,790,236)	91,236	-	(65,085,626)	(119,062)	454,214,924
	<b>7,062,054,555</b>	<b>125,796,610</b>	<b>314,575,311</b>	<b>(2,790,236)</b>	<b>(312,601)</b>	<b>159,681,627</b>	<b>(447,609,317)</b>	<b>(3,722,559)</b>	<b>7,207,673,390</b>

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

	Opening balance	Additions	Capitalised	Capitalised under construction	Depreciation	Prior period adjustments	Disposal	Donation received	Impairment loss	Total
Community	402,695,350	-	15,560,097	43,389,615	(45,343,271)	16,473,844	-	4,970,553	(369,712)	437,376,476
Finance leases	1,924,091	334,490	-	-	(483,365)	-	-	-	-	1,775,216
Infrastructure	4,573,040,330	45,584,491	90,345,570	323,548,026	(455,294,257)	136,903,424	-	28,358	(146,368)	4,714,009,574
Land and buildings	1,524,458,716	(69,617,188)	18,431,990	-	(21,040,898)	21,827,896	(22,000)	33,600	(289,718)	1,473,782,398
Other assets	417,783,340	55,777,325	(7,203,757)	(89,458)	(64,736,196)	24,667,673	(1,282,191)	11,122,850	(928,695)	435,110,891
	<b>6,919,901,827</b>	<b>32,079,118</b>	<b>117,133,900</b>	<b>366,848,183</b>	<b>(586,897,987)</b>	<b>199,872,837</b>	<b>(1,304,191)</b>	<b>16,155,361</b>	<b>(1,734,493)</b>	<b>7,062,054,555</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 14. 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.

Quartex and Dynamic Dash Solutions are currently conducting a conditional assessment of all infrastructure assets and physical verification of all moveable assets.

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.

#### Reconciliation of Work-in-Progress Controlling entity - 2018

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	758,822,075	131,040,533	26,052,383	915,914,991
Additions/capital expenditure	(59,659,828)	(100,953,499)	931,700	(159,681,627)
Additions	429,338,735	33,259,786	11,658,415	474,256,936
	<b>1,128,500,982</b>	<b>63,346,820</b>	<b>38,642,498</b>	<b>1,230,490,300</b>

#### 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

Cleaning services	-	382,470	-	382,470
Computer service	6,871	11,608,447	6,871	11,608,447
Contracted services	127,431,123	65,307,125	127,431,123	65,307,125
Consumables	-	531,230	-	531,230
Internal charges - labour	16,533,625	15,452,430	16,533,625	15,452,430
Inventory consumed	21,052,272	10,003,064	21,052,272	10,003,064
Material and supplies	-	2,138,155	-	2,138,155
Operating leases	36,678	-	36,678	-
Preservation and restoration	199,658	593,510	199,658	593,510
Uniform and protective clothing	5,212	362	5,212	362
	<b>165,265,439</b>	<b>106,016,793</b>	<b>165,265,439</b>	<b>106,016,793</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

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

#### The following projects took longer than originally planned

	Amount	Reasons
IRPTN Project	288,856,482	Multi year project budget constraints, technical delays and relocation of underground services.
Sewer reticulation- AZALEA - PH 2	30,679,602	Multi year project, and technical delays -Service Provider on penalties.
	<b>319,536,084</b>	

#### The following projects were halted

	Amount	Reasons
The Hollingwood Cementry project	4,874,038	The community boycotted the project
Sewer Reticulation -Ward 16	3,108,368	Contract cancelled due to non compliance with Tender requirements
Sewer Reticulation -Ward 16 -Unit H	7,846,191	Contract cancelled due to non compliance with Tender requirements
	<b>15,828,597</b>	

There was no impairment identified in relation to work in progress as at 30 June 2018.

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.

### 15. Other financial assets

#### At amortised cost

Housing	9,944,611	9,944,611	9,944,611	9,944,611
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#### Non-current assets

At amortised cost	9,944,611	9,944,611	9,944,611	9,944,611
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### 16. Consumer deposits

Buildings plans and wayleaves	483	483	483	483
Electricity	81,145,957	79,529,953	81,145,957	79,529,953
Poster applications	180,785	180,785	180,785	180,785
Rental properties	1,962,036	1,921,669	1,962,036	1,921,669
Refuse	2,200	-	2,200	-
Sewer	1,500	-	1,500	-
Valuation appeals	8,907	8,907	8,907	8,907
Water	20,411,899	19,739,836	20,411,899	19,739,836
	<b>103,713,767</b>	<b>101,381,633</b>	<b>103,713,767</b>	<b>101,381,633</b>



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>16. Consumer deposits (continued)</b>				
Guarantees in lieu of electricity and water deposits	18,961,516	15,090,470	18,961,516	15,090,470
<b>17. Finance lease obligation</b>				
<b>Minimum lease payments due</b>				
- within one year	-	389,172	-	389,172
less: future finance charges	-	(42,586)	-	(42,586)
<b>Present value of minimum lease payments</b>	<b>-</b>	<b>346,586</b>	<b>-</b>	<b>346,586</b>
<b>Present value of minimum lease payments due</b>				
- within one year	-	346,586	-	346,586
<p>The finance lease was fully paid during the year under review, the prior year average effective borrowing cost was 26%.</p> <p>Refer to Appendix A for further details on finance lease obligations.</p>				
<b>18. Other financial liabilities</b>				
<b>At amortised cost</b>				
External loans	535,738,522	615,106,857	535,738,522	615,106,857
<p>DBSA - funding required for capital expenditure. Loans bear an interest rate between 6.75% and 16.50% (2017: 6.75% and 16.50%). Loans are repayable over a period between 10 to 20 years, repayments are made quarterly and bi-annually.</p> <p>During the reporting period the municipality did not default on any of the interest or capital repayments of the external loans.</p> <p>Refer to Appendix A for further details on other financial liabilities.</p>				
<b>Non-current liabilities</b>				
At amortised cost	451,226,205	535,738,525	451,226,205	535,738,525
<b>Current liabilities</b>				
At amortised cost	84,512,317	79,368,332	84,512,317	79,368,332

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>19. Payables from exchange transactions</b>				
Accrued Interest	2,230,386	2,966,048	2,230,386	2,966,048
Accrued leave pay	90,544,627	77,081,470	90,230,250	76,885,066
Advance payments	3,548,319	3,052,163	3,548,319	3,052,163
Auditor General and other audit service providers	113,265	70,877	113,265	70,877
Debtors with credit balances	99,458,745	82,324,083	99,458,745	82,324,083
Electricity bulk purchases	206,120,912	200,363,475	206,120,912	200,363,475
Housing selling schemes	351,760	-	351,760	-
Payables and accruals	248,172,603	113,806,624	248,170,004	113,779,491
Retentions	19,759,518	8,665,453	19,759,518	8,665,453
Trade payables	111,154,423	177,894,548	111,154,423	177,894,548
Unallocated deposits	99,887,793	28,202,854	99,887,793	28,202,854
Water bulk purchases	64,622,581	50,768,034	64,622,581	50,768,034
	<b>945,964,932</b>	<b>745,195,629</b>	<b>945,647,956</b>	<b>744,972,092</b>

Included in the unallocated deposit account is an amount of R 72 504 190 on the electronic funds transfer bank account which was banked for the period ended 30 June 2018. This amount was subsequently receipted to the debtors in July 2018.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 20. Provisions

#### Reconciliation of provisions - Economic entity - 2018

	Opening Balance	Current year charges	Utilised during the year	Actuarial gain	Change in discount factor	Total
Bonus	363,293	66,955	-	-	-	430,248
Landfill rehabilitation	56,007,366	6,921,510	-	-	1,741,829	64,670,705
Long service awards	70,693,313	11,666,723	(8,721,425)	526,854	-	74,165,465
	<b>127,063,972</b>	<b>18,655,188</b>	<b>(8,721,425)</b>	<b>526,854</b>	<b>1,741,829</b>	<b>139,266,418</b>

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

	Opening Balance	Current year charges	Utilised during the year	Actuarial gain	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Bonus	287,599	75,694	-	-	-	-	363,293
Landfill rehabilitation	67,041,163	-	-	-	1,543,381	(12,577,178)	56,007,366
Long service awards	67,690,022	10,794,224	(7,341,278)	(449,655)	-	-	70,693,313
	<b>135,018,784</b>	<b>10,869,918</b>	<b>(7,341,278)</b>	<b>(449,655)</b>	<b>1,543,381</b>	<b>(12,577,178)</b>	<b>127,063,972</b>

#### Reconciliation of provisions - Controlling entity - 2018

	Opening Balance	Current year charges	Utilised during the year	Actuarial gain	Change in discount factor	Total
Landfill rehabilitation	56,007,366	6,921,510	-	-	1,741,829	64,670,705
Long service awards	70,693,313	11,666,723	(8,721,425)	526,854	-	74,165,465
	<b>126,700,679</b>	<b>18,588,233</b>	<b>(8,721,425)</b>	<b>526,854</b>	<b>1,741,829</b>	<b>138,836,170</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 20. Provisions (continued)

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

	Opening Balance	Current year charges	Utilised during the year	Actuarial gain	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Landfill rehabilitation	67,041,163	-	-	-	1,543,381	(12,577,178)	56,007,366
Long service awards	67,690,022	10,794,224	(7,341,278)	(449,655)	-	-	70,693,313
	<b>134,731,185</b>	<b>10,794,224</b>	<b>(7,341,278)</b>	<b>(449,655)</b>	<b>1,543,381</b>	<b>(12,577,178)</b>	<b>126,700,679</b>
Non-current liabilities	128,207,247	117,979,254	128,207,247	117,979,254			
Current liabilities	11,059,171	9,084,718	10,628,923	8,721,425			
	<b>139,266,418</b>	<b>127,063,972</b>	<b>138,836,170</b>	<b>126,700,679</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.

At the end of the life of the landfill site, the municipality is expected to restore the landfill site to the condition it was before its use.

According to the National Environmental Management Act, Act 107 of 1998, the operation of a landfill results in an obligation to rehabilitate the landfill and prevent any further pollution after closure thereof. The landfill site provision was created to ensure that the site is environmentally and publicly acceptable and suited to the implementation of the proposed end-use. The rehabilitation cost is anticipated to be spent in 2024, the end expected end of life of the landfill site.

As at 30 June 2018, the estimated remaining life of the landfill site is six years. The expert One Pangea used the following key assumptions:

Net discount rate 3.63%

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 20. Provisions (continued)

Type of waste – Domestic waste

Average density of waste- 0.75 tonnes per cubic metre

Expected growth rate of waste generation- 1.12%

Excavatable cover depth- 2.5 metres

Cover to waste ratio – 1: 4

At the reporting date there were no future events that could affect the cost of rehabilitating the land fill 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 municipality in terms of clearing listed alien invasive plants.

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rands	2018	2017	2018	2017

### 20. Provisions (continued)

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

#### Long service awards

The long service awards provision represents the amount of money that should be set aside in present day terms to cover all expected long service awards for current employees.

Arch Actuarial Consulting was appointed to provide the provision for the long service awards.

The long service award provision is created to ensure adherence to SALGA collective agreement requirements. The liability was estimated by an Actuary in terms of GRAP 25 (Employee Benefits).

Long service awards payments are expected on the anniversary of appointment for all the qualifying employees.

At the reporting date there were no future events that could affect the future payment costs for long service awards.

As at 30 June 2018, the liability was estimated by experts, Arch Actuarial Consulting.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rands	2018	2017	2018	2017

### 20. Provisions (continued)

The key assumptions used by the experts are:

Net effective discount rate- 2.25%

Average retirement age- 63 years

Mortality during employment- SA 85-90.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 21. 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 2017 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 22 793 000 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



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 21. Retirement benefit obligations (continued)

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

Benchmark:

Investments:

Domestic Investments 2,426,410,000

International Investments 702,054,000

Risk Reserve Account 22,793,000

Membership 13,117

Natal Joint Municipal Pension Fund: (Superannuation) actuarial valuation

An actuarial valuation was performed on 31 March 2017 by Argen Actuarial Solutions.

The market value of the Fund's assets was R 11 054 038 000 as at 31 March 2017.

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 21. Retirement benefit obligations (continued)

- Lump sum on death in service - Annual pensionable emoluments.10.75% of final average salaries
- 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 8 179 719

International 2,946 960

Membership 4,340

#### 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	124,131	122,366	124,131	122,366
Councillors Pension Fund	7,436,514	7,434,693	7,436,514	7,434,693
Dynamique Ambrella (Pietermaritzburg Provident Fund)	136,042	393,299	136,042	393,299
Government Employees Pension Fund	3,158,544	3,462,375	3,158,544	3,462,375
LGM retirement for Municipal Manager	-	95,903	-	95,903
Natal Joint Pension Fund	100,578,494	100,878,861	100,578,494	100,878,861
Natal Joint Provident Fund	90,473,201	79,946,814	90,473,201	79,946,814
South African Local Authorities Pension Fund	366,022	337,266	366,022	337,266
	<b>202,272,948</b>	<b>192,671,577</b>	<b>202,272,948</b>	<b>192,671,577</b>

### Post retirement medical aid plan

The municipality's employees and councillors are members 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 2018.

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 629 854 699 (2017: R 631 618 511).

A reconciliation of Msunduzi's accrued liability for the year ending 30 June 2018 is set out below:

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 21. Retirement benefit obligations (continued)

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

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	629,854,699	631,618,511	629,854,699	631,618,511
Non-current liabilities	603,974,632	608,579,819	603,974,632	608,579,819
Current liabilities	25,880,067	23,038,692	25,880,067	23,038,692
	<b>629,854,699</b>	<b>631,618,511</b>	<b>629,854,699</b>	<b>631,618,511</b>

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

Opening balance	631,618,511	646,840,503	631,618,511	646,840,503
Current service cost	21,466,589	19,368,373	21,446,589	19,368,373
Interest cost	59,682,706	59,781,354	59,682,706	59,781,354
Benefits paid	(25,554,019)	(21,141,300)	(25,554,019)	(21,141,300)
Actuarial losses	(57,339,088)	(73,230,419)	(57,339,088)	(73,230,419)
	<b>629,874,699</b>	<b>631,618,511</b>	<b>629,854,699</b>	<b>631,618,511</b>

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

Current service cost	21,446,589	19,368,373	21,446,589	19,368,373
Interest cost	59,682,706	38,642,861	59,682,706	38,642,861
Actuarial (gains) losses	(57,339,088)	(73,230,418)	(57,339,088)	(73,230,418)
	<b>23,790,207</b>	<b>(15,219,184)</b>	<b>23,790,207</b>	<b>(15,219,184)</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	9.52 %	9.62 %	9.52 %	9.62 %
Expected rate of return on assets	7.32 %	7.90 %	7.32 %	7.90 %
Expected pension increases	5.12 %	5.55 %	5.12 %	5.55 %

#### 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
Health care inflation on accrued liability	684,482,000	683,720,000	684,482,000	568,556,000
Expected rate of return on assets	553,027,000	551,907,000	553,027,000	725,000,497

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>21. Retirement benefit obligations (continued)</b>				
<b>The employees of the Council as well as employer contributes to the municipal medical aids as listed below:</b>				
Bonitas	22,996,805	20,434,109	22,996,805	20,434,109
Discovery	179,727	160,080	179,727	160,080
Hosmed	602,131	606,410	602,131	606,410
Key Health	32,838,935	29,204,736	32,838,935	29,204,736
LA Health	56,166,918	48,982,527	56,166,918	48,982,527
Samwmed	3,465,572	5,787,395	3,465,572	5,787,395
	<b>116,250,088</b>	<b>105,175,257</b>	<b>116,250,088</b>	<b>105,175,257</b>

## 22. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

### Unspent conditional grants and receipts

Beneficiary Audit and Transfers	9,602,390	-	9,602,390	-
Development of a Single Scheme	715,102	1,004,504	715,102	1,004,504
Electricity Grant - COGTA	4,877	4,569	4,877	4,569
Electricity Smart Grids	-	247,097	-	247,097
Expanded Public Works Programme	-	2,896,487	-	2,896,487
Greater Edendale Development Initiative	14,858,424	1,896,942	14,858,424	1,896,942
Housing	-	151,416	-	151,416
Housing Accreditation funding	36,401,052	33,846,353	36,401,052	33,846,353
Integrated National Electrification Programme	-	3,885,494	-	3,885,494
Library	811,497	495,876	811,497	495,876
Market	925,534	940,793	925,534	940,793
Manaye Area Precinct Upgrade	4,154,687	4,350,712	4,154,687	4,350,712
Military Veterans	8,624,156	-	8,624,156	-
Municipal Infrastructure Grant	6,865,803	1,063,876	6,865,803	1,063,876
Neighbourhood Development Partnership Grant	603,783	20,154,850	603,783	20,154,850
Operation Dlulisumlando	1,500,000	1,500,000	1,500,000	1,500,000
Oribi Village	689,836	-	689,836	-
Pietermaritzburg Airport	54,118	(1,417,762)	54,118	(1,417,762)
Public Transportation Infrastructure	26,145,263	-	26,145,263	-
Publicity House Renovations	3,108	2,906	3,108	2,906
Tatham Art Gallery	719,459	-	719,459	-
Youth Enterprise Park	9,670,473	9,252,373	9,670,473	9,252,373
	<b>122,349,562</b>	<b>80,276,486</b>	<b>122,349,562</b>	<b>80,276,486</b>

### Movement during the year

Balance at the beginning of the year	80,276,486	253,355,946	80,276,486	253,355,946
Funds paid back to National Treasury	(26,936,831)	(196,604,262)	(26,936,831)	(196,604,262)
Current year receipts	523,438,335	520,537,644	523,438,335	520,537,644
Current year interest received	5,733,379	4,543,092	5,733,379	4,543,092
Transfer to Municipal Housing Operating Account	-	(444,499)	-	(444,499)
VAT recovered from National grants as per MFMA circular 58	(39,398,187)	(36,068,797)	(39,398,187)	(36,068,797)
Conditions met - transferred to revenue	(420,516,523)	(465,042,638)	(420,516,523)	(465,042,638)
Refund to grant provider	(247,097)	-	(247,097)	-
	<b>122,349,562</b>	<b>80,276,486</b>	<b>122,349,562</b>	<b>80,276,486</b>

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

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

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.

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

### 23. VAT receivable and payable

VAT receivable	26,350	-	-	-
VAT payable	81,342,959	12,377,006	81,342,959	12,156,198
	<b>81,369,309</b>	<b>12,377,006</b>	<b>81,342,959</b>	<b>12,156,198</b>

VAT is payable on the receipt and payment basis.

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

The Municipality claimed a refund of R10,206,821 in VAT period June 2018.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 24. Accumulated surplus

#### Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2018

	Accumulated surplus	Insurance reserve	COID reserve	Total
Opening balance	7,326,489,376	50,436,261	8,318,183	7,385,243,820
Transfer from capital replacement reserve	80,439,527	-	-	80,439,527
Insurance claims	3,611,099	(3,611,099)	-	-
Interest on capital replacement reserve	(8,472,915)	-	-	(8,472,915)
Interest earned on COID reserve	(551,274)	-	551,274	-
Interest on housing development fund	(2,466,035)	-	-	(2,466,035)
Interest earned on insurance reserve	(3,731,761)	3,731,761	-	-
Other transfers from KwaZulu-Natal Department of Human Settlement	(10,000,000)	-	-	(10,000,000)
Safe City - Prior period error	136,370	-	-	136,370
Surplus for the year	9,684,401	-	-	9,684,401
	<b>7,395,138,788</b>	<b>50,556,923</b>	<b>8,869,457</b>	<b>7,454,565,168</b>

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

	Accumulated surplus	Insurance reserve	COID reserve	Total
Opening balance	7,433,609,393	46,892,076	7,837,009	7,488,338,478
Analysis of surplus	(341,225,211)	3,544,185	481,174	(337,199,852)
Prior period error	234,105,194	-	-	234,105,194
	<b>7,326,489,376</b>	<b>50,436,261</b>	<b>8,318,183</b>	<b>7,385,243,820</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 24. Accumulated surplus (continued)

#### Ring-fenced internal funds and reserves within accumulated surplus - Controlling entity 2018

	Accumulated surplus	Insurance reserve	COID reserve	Total
Opening balance	7,312,658,986	50,436,261	8,318,183	7,371,413,430
Insurance claims	3,611,099	(3,611,099)	-	-
Transfer to capital replacement reserve	80,439,527	-	-	80,439,527
Interest on capital replacement reserve	(8,472,915)	-	-	(8,472,915)
Interest earned on COID reserve	(551,274)	-	551,274	-
Interest on housing development fund	(2,466,035)	-	-	(2,466,035)
Interest earned on insurance reserve	(3,731,761)	3,731,761	-	-
Other transfers from KwaZulu-Natal Department of Human Settlement	(10,000,000)	-	-	(10,000,000)
Surplus for the year	10,465,596	-	-	10,465,596
	<b>7,381,953,223</b>	<b>50,556,923</b>	<b>8,869,457</b>	<b>7,441,379,603</b>

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

	Accumulated surplus	Insurance reserve	COID reserve	Total
Opening balance	7,418,659,207	46,892,076	7,837,009	7,473,388,292
Analysis of surplus	(340,105,415)	3,544,185	481,174	(336,080,056)
Prior period error	234,105,194	-	-	234,105,194
	<b>7,312,658,986</b>	<b>50,436,261</b>	<b>8,318,183</b>	<b>7,371,413,430</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 25. Capital replacement reserve

Based on the approval by the strategic management committee on the 7th April 2015 the capital replacement reserve 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 R8 472 914 (2017: R12 354 006) of interest earned on the reserve.

The capital replacement reserve is a cash backed reserve.

Opening balance	164,290,005	151,935,999	164,290,005	151,935,999
Interest earned	8,472,914	12,354,006	8,472,914	12,354,006
Utilised for capital expenditure	(80,439,526)	-	(80,439,526)	-
	<b>92,323,393</b>	<b>164,290,005</b>	<b>92,323,393</b>	<b>164,290,005</b>

### 26. Housing development fund

Unappropriate surplus	53,396,914	45,314,879	53,396,914	46,273,187
Loans extinguished by Government on 1 April 1998	34,256,892	34,256,892	34,256,892	34,256,892
	<b>87,653,806</b>	<b>79,571,771</b>	<b>87,653,806</b>	<b>80,530,079</b>

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

Bank and cash	44,195,553	45,046,986	44,195,553	45,046,986
Housing selling scheme loans	9,944,611	9,944,611	9,944,611	9,944,611
Trade and other receivables	30,161,377	25,538,482	30,161,377	25,538,482
Share of deficit	3,352,265	-	3,352,265	-
<b>Assets</b>	<b>87,653,806</b>	<b>80,530,079</b>	<b>87,653,806</b>	<b>80,530,079</b>

### 27. Revaluation reserve

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

Opening balance	51,027,945	52,129,145	51,027,945	52,129,145
Change during the year	629,500	(1,101,200)	629,500	(1,101,200)
	<b>51,657,445</b>	<b>51,027,945</b>	<b>51,657,445</b>	<b>51,027,945</b>



## The Msunduzi Municipality and its Municipali Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

### Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

Account Balance / Transaction / Disclosure	Current year budget final amount	Current year budget amount, as per approved budget	Current year budget adjustment	Current year-to-date actual amount as at: 30 June 2018	Difference between current year actual and budget - R	Difference between current year actual and budget - %	Explanation for significant fluctuations
<b>Classes of revenue</b>							
Agency services	713,000.00	-	713,000.00	2,577,730.00	1,864,730.00	262%	This is sundry revenue which is dependent on services that the municipality will be requested to render on behalf of other organisations. It is not possible to accurately estimate this amount. The municipality tries to be as conservative as possible when the estimate is done
Interest - consumer debtors and receivables	66,259,000.00	44,931,000.00	111,190,000.00	192,218,488.00	81,028,488.00	73%	The huge variance is due to the increase in debtors which obviously resulted in the increase in interest levied on those debtors.
Licences and Permits	97,000.00	5,669,000.00	5,766,000.00	901,053.00	-4,864,947.00	-84%	This is sundry revenue which is dependent on services that the municipality will be requested to render on behalf of other organisations. It is not possible to accurately estimate this amount. The municipality tries to be as conservative as possible when the estimate is done
Operational revenue	267,351,000.00	(71,179,000.00)	196,172,000.00	68,509,952.00	-127,662,048.00	-65%	This is sundry revenue which is dependent on services that the municipality will be requested to render on behalf of other organisations. It is not possible to accurately estimate this amount. The municipality tries to be as conservative as possible when the estimate is done
Rental of facilities and equipment	22,085,000.00	2,297,000.00	24,382,000.00	27,295,067.00	2,913,067.00	12%	Revenue on this item is dependent on usage of municipal facilities by the public. During the year, usage became more than what was anticipated.
Government grants and subsidies	589,271,000.00	30,305,000.00	619,576,000.00	928,327,736.00	308,751,736.00	50%	The amount for actuals is inclusive of capital grants while the operational budget only includes operating grants on this item
Fines, penalties and forfeits	71,432,000.00	(565,000.00)	70,867,000.00	14,284,733.00	-56,582,267.00	-80%	This is sundry revenue which is dependent on services that the municipality will be requested to render on behalf of other organisations. It is not possible to accurately estimate this amount. The municipality tries to be as conservative as possible when the estimate is done

## The Msunduzi Municipality and its Municipali Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

### Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

Account Balance / Transaction / Disclosure	Current year budget final amount	Current year budget amount, as per approved budget	Current year budget adjustment	Current year-to-date actual amount as at: 30 June 2018	Difference between current year actual and budget - R	Difference between current year actual and budget - %	Explanation for significant fluctuations
<b>Classes of expenditure</b>							
Operational costs	(446,129,000.00)	242,212,000.00	-203,917,000.00	-113,016,872.00	90,900,128.00	-45%	The municipality implemented cost containment measures during the year and the results was a reduction in spending on operational costs
Transfers and Subsidies	460,259,000.00	(91,415,000.00)	368,844,000.00	-18,082,686.00	-386,926,686.00	-105%	The municipality is currently embarking on a process of getting indigents to come forward and register which will result in expenditure against this item picking up
<b>Classes of capital expenditure</b>							
Capital Expenditure	698,424,000.00	64,167,000.00	762,591,000.00	608,866,039.00	153,724,961.00	20%	The variance is due to delays that are experienced in implementation of various projects

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>29. Agency services</b>				
Driver license renewals	2,577,730	2,729,560	2,577,730	2,729,560
Umgungunglovu District Municipality - Fire services	-	267,996	-	267,996
	<b>2,577,730</b>	<b>2,997,556</b>	<b>2,577,730</b>	<b>2,997,556</b>
<b>30. Interest</b>				
<b>Interest - consumer debtors and other receivables</b>				
Electricity	38,525,745	15,600,560	38,525,745	15,600,560
Merchandising, jobbing and contracts	459,762	262,964	459,762	262,964
Property rental debtors	375,253	333,169	375,253	333,169
Rates	45,817,144	27,666,061	45,817,144	27,666,061
Sanitation	16,928,904	11,965,074	16,928,904	11,965,074
Service charges	318,617	259,742	318,617	259,742
South African Revenue Services	35,637	1,469,613	35,637	1,469,613
Water	81,031,396	57,153,827	81,031,396	57,153,827
Waste Management	8,726,030	6,158,097	8,726,030	6,158,097
	<b>192,218,488</b>	<b>120,869,107</b>	<b>192,218,488</b>	<b>120,869,107</b>
<b>Interest revenue</b>				
Call and investment accounts	22,199,189	50,267,947	22,115,427	50,267,947
Current bank account	16,930,763	3,437,566	16,930,763	3,363,530
	<b>39,129,952</b>	<b>53,705,513</b>	<b>39,046,190</b>	<b>53,631,477</b>
	<b>231,348,440</b>	<b>174,574,620</b>	<b>231,264,678</b>	<b>174,500,584</b>
<b>31. License and permits</b>				
Abnormal loads	576,940	144,896	576,940	144,896
Hoarding (collecting/storing)	-	103,370	-	103,370
Market porters	2,922	38,600	2,922	38,600
Taxi ranks	198,155	141,320	198,155	141,320
Trading	123,036	92,441	123,036	92,441
	<b>901,053</b>	<b>520,627</b>	<b>901,053</b>	<b>520,627</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>32. Operational revenue</b>				
Administration and handling fees	1,700,548	2,126,835	1,700,548	2,126,835
Breakages and losses recovered	1,987	1,667	1,987	1,667
Bursary refund	186,143	2,950	186,143	2,950
Collection charges	9,870,545	6,034,828	9,870,545	6,034,828
Commission - insurance	633,368	196,463	633,368	196,463
Commission - transaction handling fees	20,659,584	20,410,431	20,659,584	20,410,431
Discount and early settlement	-	6,021	-	6,021
Forestry	-	4,925,252	-	4,925,252
Incidental cash surplus	1,765,841	702,802	1,765,841	702,802
Inspection fees facilities	-	525	-	525
Insurance refund	23,318	3,933,520	23,318	3,922,774
Landing fees	3,365,225	3,309,797	3,365,225	3,309,797
Market	4,438,202	-	4,438,202	-
Merchandising, jobbing and contracts	17,371,613	19,842,006	17,371,613	19,842,006
Passenger levy	6,830,866	4,945,442	6,830,866	4,945,442
Request for information - Plan printing and duplicates	49,676	64,197	49,676	64,197
Request for information - Municipal information/stats	-	1,095	-	1,095
Sale of property	227,052	4,698	227,052	4,698
Skills Development Levy refund	1,385,256	1,784,327	1,385,256	1,784,327
Staff recoveries	728	173,523	728	173,523
	<b>68,509,952</b>	<b>68,466,379</b>	<b>68,509,952</b>	<b>68,455,633</b>
<b>33. Rental of facilities and equipment</b>				
<b>Premises</b>				
Non-residential	18,503,743	18,034,977	18,503,743	18,034,977
Residential	8,556,572	7,353,958	8,556,572	7,353,958
	<b>27,060,315</b>	<b>25,388,935</b>	<b>27,060,315</b>	<b>25,388,935</b>
<b>Facilities and equipment</b>				
Adhoc rentals	-	579,730	-	579,730
Recreational facilities	234,752	175,391	234,752	175,391
	<b>234,752</b>	<b>755,121</b>	<b>234,752</b>	<b>755,121</b>
	<b>27,295,067</b>	<b>26,144,056</b>	<b>27,295,067</b>	<b>26,144,056</b>
<b>34. Rending of services</b>				
Advertising	280,050	607,186	280,050	607,186
Building plan approval	2,268,049	1,913,392	2,268,049	1,913,392
Camping fees	-	115,200	-	115,200
Cemetery and burial fees	2,993,253	3,107,048	2,993,253	3,107,048
Encroachment fees	-	745,165	-	745,165
Entrance fees	276,978	281,068	276,978	281,068
Fire services	236,382	256,119	236,382	256,119
Legal fees	139,660	1,345	139,660	1,345
Management fees	134,123	24,415	134,123	24,415
Rates clearance certificates	1,179,240	1,174,990	1,179,240	1,174,990
Removal of restrictions	-	177,700	-	177,700
Parking fees	589,448	2,098,967	589,448	2,098,967
Town planning and servitudes	760,931	574,215	760,931	574,215
Traffic control	-	76,892	-	76,892
Wayleave tariffs	25,465	12,243	25,465	12,243
Weighbridge fees	741	-	741	-
	<b>8,884,320</b>	<b>11,165,945</b>	<b>8,884,320</b>	<b>11,165,945</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>35. Sale of goods</b>				
Cleaning and removal	35,576	-	35,576	-
Demolition application fees	2,233	-	2,233	-
Photocopies and faxes	5,487	-	5,487	-
Posters and charts	-	94	-	94
Sale of scrap and waste	2,490	38,730	2,046	38,555
Sub-division and consolidation	19,870	21,452	19,870	21,452
Tender documents	189,564	629,026	189,564	629,026
Timber sales	150,000	15,782,869	150,000	15,782,869
Valuation services	26,440	16	26,440	16
Waste paper	2,283	933,847	2,283	933,847
	<b>433,943</b>	<b>17,406,034</b>	<b>433,499</b>	<b>17,405,859</b>

### 36. Service charges

Electricity	1,903,452,529	1,862,660,596	1,903,600,419	1,862,781,121
Refuse	100,292,577	88,916,983	100,292,577	88,916,983
Sanitation	142,280,802	121,773,982	142,280,802	121,773,982
Water	562,991,557	464,106,823	562,991,557	464,106,823
	<b>2,709,017,465</b>	<b>2,537,458,384</b>	<b>2,709,165,355</b>	<b>2,537,578,909</b>

Service charges is net of revenue forgone.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>37. Property rates</b>				
<b>Rates received</b>				
Commercial	235,737,331	390,014,619	235,737,331	390,014,619
Communal land other	6,963,006	8,482,806	6,963,006	8,482,806
Farm properties	1,042,645	933,886	1,042,645	933,886
Industrial	119,304,148	-	119,304,148	-
Mining	84,360	79,420	84,360	79,420
Other categories	5,438,089	2,170,638	5,438,089	2,170,638
Public benefit organisations	1,909,108	24,650	1,909,108	24,650
Residential	487,646,981	386,436,204	487,646,981	386,436,204
Small home business	2,292,592	2,085,867	2,292,592	2,085,867
Unauthorised use	3,321,315	2,786,125	3,321,315	2,786,125
	<b>863,739,575</b>	<b>793,014,215</b>	<b>863,739,575</b>	<b>793,014,215</b>

### Valuations

	Rate per category	2018	2017
Agriculture	0.0031	335,762,000	323,483,000
Commercial/Mining/Industrial/Unauthorised	-	21,459,009,424	21,211,122,624
Municipal properties	-	371,771,000	273,989,000
Residential	0.0127	37,243,415,027	36,937,211,527
Rural communal land	0.0031	533,290,000	523,630,000
Public benefit organisation	0.0031	720,676,000	650,810,000
Public service infrastructure	0.0172	112,787,000	108,831,000
Vacant land	0.0230	1,259,803,000	1,240,112,000
		<b>62,036,513,451</b>	<b>61,269,189,151</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.

### 38. Fines, penalties and forfeits

Buildings	71,671	163,165	71,671	163,165
Court fines	2,341,205	-	2,341,205	-
Law enforcement	11,826,205	17,525,407	11,826,205	17,525,407
Overdue books	13,652	43,735	13,652	43,735
Pound fees	-	77,438	-	77,438
Tender withdrawel	32,000	3,509	32,000	3,509
	<b>14,284,733</b>	<b>17,813,254</b>	<b>14,284,733</b>	<b>17,813,254</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

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>39. Government grants and subsidies</b>				
<b>Operating grants</b>				
Development of a Single Scheme	350,000	-	350,000	-
Equitable share	468,430,000	432,307,000	468,430,000	432,307,000
Expanded Public Works Programme	8,022,000	3,912,513	8,022,000	3,912,513
Finance Management	1,700,000	1,625,000	1,700,000	1,625,000
Greater Edendale Development Initiative	1,630,281	3,619,817	1,630,281	3,619,817
Housing	151,416	20,551	151,416	20,551
Housing Accreditation Funding	8,555,915	8,014,173	8,555,915	8,014,173
Library	14,704,467	15,386,462	14,704,467	15,386,462
Manaye Area Precinct Upgrade	339,591	799,519	339,591	799,519
Municipal Infrastructure	17,747,663	15,036,282	17,747,663	15,036,282
Pietermaritzburg Airport	(4,733)	1,075,059	(4,733)	1,075,059
Public Transportation Infrastructure	12,798,631	15,108,200	12,798,631	15,108,200
Tatham Art Gallery	126,533	26,969	126,533	26,969
Youth Enterprise Park	(127,738)	345,495	(127,738)	345,495
	<b>534,424,026</b>	<b>497,277,040</b>	<b>534,424,026</b>	<b>497,277,040</b>

### Capital grants

Energy Efficiency Demand Side Management	-	8,000,000	-	8,000,000
Greater Edendale Development Initiative	14,095,539	5,115,210	14,095,539	5,115,210
Housing Accreditation Funding	994,631	9,431,221	994,631	9,431,221
Integrated National Electrification Programme	-	4,114,506	-	4,114,506
Library	6,426,362	8,597,776	6,426,362	8,597,776
Manaye Area Precinct Upgrade	149,110	-	149,110	-
Market	77,653	-	77,653	-
Municipal Infrastructure	177,589,410	174,516,842	177,589,410	174,516,842
Municipal Water Infrastructure	-	1,299,742	-	1,299,742
Neighbourhood Development Partnership	37,492,217	1,955,150	37,492,217	1,955,150
Pietermaritzburg Airport	-	1,467,147	-	1,467,147
Public Transport Infrastructure	118,568,105	184,922,800	118,568,105	184,922,800
Water Services Infrastructure	38,191,000	36,721,000	38,191,000	36,721,000
Youth Enterprise Park	336,656	-	336,656	-
	<b>393,920,683</b>	<b>436,141,394</b>	<b>393,920,683</b>	<b>436,141,394</b>
	<b>928,344,709</b>	<b>933,418,434</b>	<b>928,344,709</b>	<b>933,418,434</b>

### Government Grants and Subsidies

Included in above are the following grants and subsidies received:

Equitable Share	468,430,000	432,307,000	468,430,000	432,307,000
Operating grants	62,504,563	62,765,910	62,504,563	62,765,910
Capital grants	358,011,959	402,276,729	358,011,959	402,276,729
VAT recovered from National grants - operating	3,489,463	2,204,130	3,489,463	2,204,130
VAT recovered from National grants - capital	35,908,724	33,864,665	35,908,724	33,864,665
	<b>928,344,709</b>	<b>933,418,434</b>	<b>928,344,709</b>	<b>933,418,434</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

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

#### Equitable Share

Current-year receipts	468,430,000	432,307,000	468,430,000	432,307,000
Conditions met - transferred to revenue	(468,430,000)	(432,307,000)	(468,430,000)	(432,307,000)
	-	-	-	-

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	1,700,000	1,625,000	1,700,000	1,625,000
Conditions met - transferred to revenue	(1,699,160)	(1,620,433)	(1,699,160)	(1,620,433)
VAT recovered from grant as per MFMA Circular 58	(840)	(4,567)	(840)	(4,567)
	-	-	-	-

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	3,885,495	551,300	3,885,495	551,300
Current-year receipts	-	8,000,000	-	8,000,000
Grant paid back to National Treasury	(3,885,495)	(551,299)	(3,885,495)	(551,299)
Conditions met - transferred to revenue	-	(3,960,459)	-	(3,960,459)
VAT recovered from grant as per MFMA Circular 58	-	(154,047)	-	(154,047)
	-	<b>3,885,495</b>	-	<b>3,885,495</b>

Conditions still to be met - remain liabilities (see note 22).

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	1,063,876	1,097,944	1,063,876	1,097,944
Current-year receipts	201,139,000	190,617,000	201,139,000	190,617,000
Grant paid back to National Treasury	-	(1,097,944)	-	(1,097,944)
Conditions met - transferred to revenue	(174,838,655)	(166,947,282)	(174,838,655)	(166,947,282)
VAT recovered from grant as per MFMA Circular 58	(20,498,418)	(22,605,842)	(20,498,418)	(22,605,842)
	<b>6,865,803</b>	<b>1,063,876</b>	<b>6,865,803</b>	<b>1,063,876</b>

Conditions still to be met - remain liabilities (see note 22).

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

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>39. 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
Conditions met - transferred to revenue	-	(1,140,125)	-	(1,140,125)
Other	-	(159,617)	-	(159,617)
	-	-	-	-

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	20,154,850	29,767,727	20,154,850	29,767,727
Current-year receipts	38,096,000	22,110,000	38,096,000	22,110,000
Grant paid back to National Treasury	(20,154,850)	(29,767,728)	(20,154,850)	(29,767,728)
Conditions met - transferred to revenue	(36,498,954)	(1,652,961)	(36,498,954)	(1,652,961)
VAT recovered from grant as per MFMA Circular 58	(993,263)	(302,188)	(993,263)	(302,188)
	<b>603,783</b>	<b>20,154,850</b>	<b>603,783</b>	<b>20,154,850</b>

Conditions still to be met - remain liabilities (see note 22).

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	-	165,183,494
Current-year receipts	157,512,000	200,031,000	157,512,000	200,031,000
Grant paid back to National Treasury	-	(165,183,494)	-	(165,183,494)
Conditions met - transferred to revenue	(114,924,460)	(191,342,358)	(114,924,460)	(191,342,358)
VAT recovered from grant as per MFMA Circular 58	(16,442,277)	(8,688,642)	(16,442,277)	(8,688,642)
	<b>26,145,263</b>	<b>-</b>	<b>26,145,263</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 22).

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

### Housing Accreditation Funding

Balance unspent at beginning of year	33,846,353	38,147,554	33,846,353	38,147,554
Current-year receipts	9,545,040	10,189,200	9,545,040	10,189,200
Conditions met - transferred to revenue	(9,550,546)	(17,445,394)	(9,550,546)	(17,445,394)
Current year interest received	2,560,205	2,954,993	2,560,205	2,954,993
	<b>36,401,052</b>	<b>33,846,353</b>	<b>36,401,052</b>	<b>33,846,353</b>

Conditions still to be met - remain liabilities (see note 22).

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 Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

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

#### Greater Edendale Development Initiative

Balance unspent at beginning of year	1,896,942	9,995,255	1,896,942	9,995,255
Current-year receipts	27,705,656	-	27,705,656	-
Conditions met - transferred to revenue	(15,725,820)	(8,735,026)	(15,725,820)	(8,735,026)
Current year interest received	981,646	636,713	981,646	636,713
	<b>14,858,424</b>	<b>1,896,942</b>	<b>14,858,424</b>	<b>1,896,942</b>

Conditions still to be met - remain liabilities (see note 22).

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	495,876	4,064,345	495,876	4,064,345
Current-year receipts	20,715,000	19,896,000	20,715,000	19,896,000
Conditions met - transferred to revenue	(21,130,829)	(23,984,238)	(21,130,829)	(23,984,238)
Current year interest received	731,450	519,769	731,450	519,769
	<b>811,497</b>	<b>495,876</b>	<b>811,497</b>	<b>495,876</b>

Conditions still to be met - remain liabilities (see note 22).

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

#### Market

Balance unspent at beginning of year	940,793	878,636	940,793	878,636
Conditions met - transferred to revenue	(77,653)	-	(77,653)	-
Current year interest received	62,394	62,157	62,394	62,157
	<b>925,534</b>	<b>940,793</b>	<b>925,534</b>	<b>940,793</b>

Conditions still to be met - remain liabilities (see note 22).

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.

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

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

#### Publicity House Renovations

Balance unspent at beginning of year	2,906	2,714	2,906	2,714
Current year interest received	202	192	202	192
	<b>3,108</b>	<b>2,906</b>	<b>3,108</b>	<b>2,906</b>

Conditions still to be met - remain liabilities (see note 22).

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

Balance unspent at beginning of year	4,350,712	-	4,350,712	-
Current-year receipts	-	5,000,000	-	5,000,000
Conditions met - transferred to revenue	(488,702)	(799,519)	(488,702)	(799,519)
Current year interest received	292,677	150,231	292,677	150,231
	<b>4,154,687</b>	<b>4,350,712</b>	<b>4,154,687</b>	<b>4,350,712</b>

Conditions still to be met - remain liabilities (see note 22).

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

#### Youth Enterprise Park

Balance unspent at beginning of year	9,252,373	-	9,252,373	-
Current-year receipts	-	9,415,000	-	9,415,000
Conditions met - transferred to revenue	(208,918)	(345,495)	(208,918)	(345,495)
Current year interest received	627,018	182,868	627,018	182,868
	<b>9,670,473</b>	<b>9,252,373</b>	<b>9,670,473</b>	<b>9,252,373</b>

Conditions still to be met - remain liabilities (see note 22).

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

Balance unspent at beginning of year	2,896,487	-	2,896,487	-
Current-year receipts	8,022,000	6,809,000	8,022,000	6,809,000
Conditions met - transferred to revenue	(8,022,000)	(3,912,513)	(8,022,000)	(3,912,513)
Grant paid back to National Treasury	(2,896,487)	-	(2,896,487)	-
	-	<b>2,896,487</b>	-	<b>2,896,487</b>

Conditions still to be met - remain liabilities (see note 22).

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

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

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

- 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.

#### 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
Grant paid back to National Treasury	-	(3,797)	-	(3,797)
	-	-	-	-

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	151,416	171,967	151,416	171,967
Conditions met - transferred to revenue	(151,416)	(20,551)	(151,416)	(20,551)
	-	151,416	-	151,416

Conditions still to be met - remain liabilities (see note 22).

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

#### Water Services Infrastructure Grant

Current-year receipts	38,191,000	36,721,000	38,191,000	36,721,000
Conditions met - transferred to revenue	(36,727,610)	(32,646,964)	(36,727,610)	(32,646,964)
VAT recovered from grant as per MFMA Circular 58	(1,463,390)	(4,074,036)	(1,463,390)	(4,074,036)
	-	-	-	-

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

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

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.

#### Electricity Smart Grids

Balance unspent at beginning of year	247,097	230,783	247,097	230,783
Current year interest received	-	16,314	-	16,314
Refund to grant provider	(247,097)	-	(247,097)	-
	<b>-</b>	<b>247,097</b>	<b>-</b>	<b>247,097</b>

Conditions still to be met - remain liabilities (see note 22).

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

Balance unspent at beginning of year	(1,417,762)	-	(1,417,762)	-
Current-year receipts	1,467,147	1,124,444	1,467,147	1,124,444
Conditions met - transferred to revenue	4,733	(2,542,206)	4,733	(2,542,206)
	<b>54,118</b>	<b>(1,417,762)</b>	<b>54,118</b>	<b>(1,417,762)</b>

Conditions still to be met - remain liabilities (see note 22).

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

In the prior year there was a 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 22).

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	4,569	4,265	4,569	4,265
Current year interest received	308	304	308	304
	<b>4,877</b>	<b>4,569</b>	<b>4,877</b>	<b>4,569</b>

Conditions still to be met - remain liabilities (see note 22).

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

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

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

#### Oribi Village

Current-year receipts	689,836	-	689,836	-
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Conditions still to be met - remain liabilities (see note 22).

Funding provided by the Department of Human Settlements for the preparation of a detailed planning, design and construction of Oribi Village.

#### Development of a Single Scheme

Balance unspent at beginning of year	1,004,504	-	1,004,504	-
Current-year receipts	-	1,000,000	-	1,000,000
Conditions met - transferred to revenue	(350,000)	-	(350,000)	-
Current year interest received	60,598	4,504	60,598	4,504
	<b>715,102</b>	<b>1,004,504</b>	<b>715,102</b>	<b>1,004,504</b>

Conditions still to be met - remain liabilities (see note 22).

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

#### Spoornet

Balance unspent at beginning of year	-	429,454	-	429,454
Current-year receipts	-	15,045	-	15,045
Other	-	(444,499)	-	(444,499)
	-	-	-	-

#### Tatham Art Gallery

Balance unspent at beginning of year	-	26,969	-	26,969
Current-year receipts	820,000	-	820,000	-
Conditions met - transferred to revenue	(126,533)	(26,969)	(126,533)	(26,969)
Current year interest received	25,992	-	25,992	-
	<b>719,459</b>	-	<b>719,459</b>	-

Conditions still to be met - remain liabilities (see note 22).

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.

#### Beneficiary Audit and Transfers

Current-year receipts	9,211,500	-	9,211,500	-
Current year interest received	390,890	-	390,890	-
	<b>9,602,390</b>	-	<b>9,602,390</b>	-

Conditions still to be met - remain liabilities (see note 22).

Funding provided by Department of Human Settlements as part of the restoration programme to assist in fast tracking the issuing of title deeds to the people in Msunduzi. The funding is provided for the appointment of social facilitators and a panel of conveyancers to undertake this process.

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Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

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

#### Military Veterans

Current-year receipts	8,624,156	-	8,624,156	-
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Conditions still to be met - remain liabilities (see note 22).

Intervention and funding to undertake planning and servicing of 180 proposed residential sites for the military veterans in the Msunduzi Municipal area of jurisdiction. Funding provided by Department of Human Settlements for this project.

### 40. Other transfers

Artwork - various donors	-	168,341	-	168,341
Ingwe Municipality	-	4,975,330	-	4,975,330
KwaZulu-Natal Department of Human Settlement	10,000,000	-	10,000,000	-
KwaZulu-Natal Department of Transport	4,897,250	11,122,850	4,897,250	11,122,850
Noshezi recreation facilities	-	57,180	-	57,180
	<b>14,897,250</b>	<b>16,323,701</b>	<b>14,897,250</b>	<b>16,323,701</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>41. Bad debt written off</b>				
Electricity	296,322	8,933,184	296,322	8,933,184
Housing	147,498	-	147,498	-
Property rental	28,519	827,703	28,519	827,703
Other services charges	-	4,025,473	-	4,025,473
Rates	60,638	-	60,638	-
Refuse	84,354	2,174,825	84,354	2,174,825
Sanitation	29,771	4,061,016	29,771	4,061,016
Water	202,788	20,777,838	202,788	20,777,838
	<b>849,890</b>	<b>40,800,039</b>	<b>849,890</b>	<b>40,800,039</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 the hope that the municipality will write off the debt.
- Converting indigent customer's meters into prepaid meters.
- In the pipe line, is the plan to convert water credit meters into water prepaid meters.
- A dedicated team to handle disconnection services.
- We are also doing disconnection over the weekend.
- Installation of all new services installations will be strictly done through prepaid meters.
- Implementation of municipality approved credit control policies.
- Installation of all new services installations will be strictly done through prepaid meters.
- Illegal tampering by customers will result in immediate disconnection of services

### 42. Bulk purchases

Electricity	1,483,727,730	1,479,188,329	1,483,727,730	1,479,188,329
Water	473,271,250	387,094,487	473,271,250	387,094,487
	<b>1,956,998,980</b>	<b>1,866,282,816</b>	<b>1,956,998,980</b>	<b>1,866,282,816</b>

### 43. Contracted services

#### Totals per category

Outsourced services	269,818,790	241,405,359	269,818,790	241,286,656
Consultants and professional services	71,703,255	61,054,365	71,598,506	60,951,938
Contractors	277,711,630	254,449,755	277,592,008	254,167,160
	<b>619,233,675</b>	<b>556,909,479</b>	<b>619,009,304</b>	<b>556,405,754</b>



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>43. Contracted services (continued)</b>				
<b>Outsourced Services</b>				
Administrative and Support Staff	3,536,528	2,618,672	3,536,528	2,618,672
Air pollution	24,000	6,962	24,000	6,962
Alien Vegetation Control	28,581	58,887	28,581	58,887
Animal Care	1,178,842	1,113,166	1,178,842	1,113,166
Burial Services	361,913	260,764	361,913	260,764
Business and Advisory	88,715,380	83,384,978	88,715,380	83,384,978
Cleaning Services	4,111,545	4,010,410	4,111,545	4,010,410
Clearing and Grass Cutting Services	11,073,664	3,210,741	11,073,664	3,210,741
Communication	225,103	1,665,952	225,103	1,665,952
Human resources	12,280,121	9,274,781	12,280,121	9,254,590
Hygiene Services	1,794,291	941,095	1,794,291	938,487
Personnel and Labour	-	35,921	-	35,921
Project management	24,680,461	9,237,163	24,680,461	9,237,163
Professional Staff	3,000,379	137,650	3,000,379	133,100
Research and Advisory	6,635,427	4,152,805	6,635,427	4,152,805
Refuse Removal	5,948,280	6,735,827	5,948,280	6,735,827
Researcher	2,327,260	1,046,750	2,327,260	1,046,750
Security Services	100,929,718	112,679,021	100,929,718	112,679,021
Sewerage Services	1,576,050	-	1,576,050	-
Traffic Fines Management	149,232	635,556	149,232	551,356
Qualification verification	157,025	193,382	157,025	186,228
Valuer	1,084,990	4,876	1,084,990	4,876
<b>Consultants and Professional Services</b>				
Business and Advisory	33,889,756	41,398,549	33,797,907	41,323,921
Infrastructure and Planning	6,397,222	653,689	6,397,222	629,640
Laboratory Services	246,171	275,656	246,171	275,656
Legal Cost	31,170,106	18,726,471	31,157,206	18,722,721
<b>Contractors</b>				
Artists and Performers	475,000	383,000	475,000	383,000
Audio-visual Services	27,500	-	27,500	-
Building	8,757,440	3,377,194	8,757,440	3,377,194
Catering services	62,575	256,375	62,575	256,375
Electrical	10,361,041	179,006	10,361,041	179,006
Employee Wellness	108,155	105,999	80,139	69,116
Event Promoters	-	4,203,457	-	4,203,457
Fire Protection	-	560	-	560
Fire Services	-	4,027	-	4,027
Forestry	2,899,550	-	2,899,550	-
Gas	811	591	811	591
Graphic Designers	258,772	156,862	258,772	156,862
Haulage	-	7,858,407	-	7,858,407
Maintenance of Buildings and Facilities	20,373,362	27,151,137	20,373,362	27,151,137
Maintenance of Equipment	41,516,106	41,413,893	41,424,500	41,168,181
Maintenance of Unspecified Assets	64,496,593	55,643,818	64,496,593	55,643,818
Medical Services	267,082	2,606,901	267,082	2,606,901
Pest Control and Fumigation	-	135,643	-	135,643
Plants, Flowers and Other Decorations	-	7,984	-	7,984
Prepaid Electricity Vendors	2,447,594	2,541,861	2,447,594	2,541,861
Preservation/Restoration/Dismantling/Cleaning Serv	-	593,510	-	593,510
Safeguard and Security	379,000	1,840,428	379,000	1,840,428
Sewerage Services	121,685,550	102,750,182	121,685,550	102,750,182
Sports and Recreation	7,725	132,846	7,725	132,846
Stage and Sound Crew	13,000	71,290	13,000	71,290
Stream Cleaning and Ditching	176,000	10,315	176,000	10,315
Traffic and Street Lights	1,051,091	1,534,113	1,051,091	1,534,113
Transportation	2,347,683	1,490,356	2,347,683	1,490,356

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>43. Contracted services (continued)</b>				
	<b>619,233,675</b>	<b>556,909,479</b>	<b>619,009,304</b>	<b>556,405,754</b>
<b>44. Depreciation and amortisation</b>				
Community	31,086,937	45,343,272	31,086,937	45,343,272
Computer software	17,818,884	13,078,423	17,818,884	13,078,423
Finance leases	-	483,365	-	483,365
Infrastructure	329,154,799	451,923,073	329,154,799	451,923,073
Other assets	66,035,610	66,151,809	65,085,626	65,205,384
Property plant and equipment	22,281,988	21,034,068	22,281,988	21,034,068
	<b>466,378,218</b>	<b>598,014,010</b>	<b>465,428,234</b>	<b>597,067,585</b>
<b>45. Employee related costs</b>				
Basic	720,448,165	644,351,958	716,247,923	640,606,239
Contributions for pensions and medical aids	186,694,739	202,757,312	185,956,198	202,108,181
Contributions for UIF, WCA and SALBC levy	11,809,524	11,463,383	11,792,304	11,463,383
Defined benefit plan expenses	23,790,207	(15,219,185)	23,790,207	(15,219,185)
Housing benefits and allowances	3,842,879	4,026,688	3,842,879	4,026,688
Long-service awards	29,120,065	78,556,597	29,120,065	78,556,597
Overtime payments	60,161,694	57,304,260	59,438,461	56,664,108
Travel, motor car, accommodation, subsistence and other allowances	78,486,350	62,720,743	78,395,150	62,651,443
	<b>1,114,353,623</b>	<b>1,045,961,756</b>	<b>1,108,583,187</b>	<b>1,040,857,454</b>
<b>Defined benefit plan (gains)/loss breakdown</b>				
Actuarial medical contributions	(25,554,020)	(21,141,300)	(25,554,020)	(21,141,300)
Current service costs	21,446,589	19,368,373	21,446,589	19,368,373
Interest costs	59,682,706	59,784,161	59,682,706	59,784,161
Net actuarial gains	(31,785,068)	-	(31,785,068)	-
	<b>23,790,207</b>	<b>58,011,234</b>	<b>23,790,207</b>	<b>58,011,234</b>

The municipality's staff complement as at 30 June 2018 was 5,786 (2017: 5,791)

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 45. Employee related costs (continued)

#### Remuneration of Municipal Manager (MA Nkosi)

Annual remuneration	-	743,656	-	743,656
Car allowance	-	110,308	-	110,308
Contributions to UIF, medical and pension funds	-	97,568	-	97,568
Housing allowance	-	90,000	-	90,000
Performance bonuses	-	9,000	-	9,000
	-	<b>1,050,532</b>	-	<b>1,050,532</b>

#### Remuneration of Municipal Manager

Annual remuneration	1,831,654	1,606,269	1,831,654	1,606,269
Car allowance	115,199	102,399	115,199	102,399
Contributions to UIF, medical and pension funds	180,731	158,396	180,371	158,396
Housing allowance	216,000	216,000	216,000	216,000
Non-pensionable allowance	99	-	99	-
Phone allowance	26,561	26,400	26,561	26,400
	<b>2,369,884</b>	<b>2,109,464</b>	<b>2,369,884</b>	<b>2,109,464</b>

#### Remuneration of Chief Financial Officer

Annual remuneration	1,370,564	1,206,717	1,370,564	1,206,717
Car allowance	186,483	166,502	186,483	166,502
Contributions to UIF, medical and pension funds	129,565	113,589	129,565	113,589
Housing allowance	180,000	180,000	180,000	180,000
Leave pay	34,890	-	34,890	-
Non-pensionable allowance	99	-	99	-
Phone allowance	15,465	14,400	15,465	14,400
	<b>1,917,066</b>	<b>1,681,208</b>	<b>1,917,066</b>	<b>1,681,208</b>

#### Remuneration of Deputy Municipal Manager Community Services

Annual remuneration	1,433,593	1,281,423	1,433,593	1,281,423
Car allowance	134,454	120,048	134,454	120,048
Contributions to UIF, medical and pension funds	207,956	187,769	207,956	187,769
Housing allowance	82,680	82,680	82,680	82,680
Leave pay	17,127	-	17,127	-
Phone allowance	17,417	14,400	17,417	14,400
Non-pensionable allowance	99	-	99	-
	<b>1,893,326</b>	<b>1,686,320</b>	<b>1,893,326</b>	<b>1,686,320</b>

#### Remuneration of Deputy Municipal Manager Corporate Services

Annual remuneration	1,434,117	1,304,257	1,434,117	1,304,257
Car allowance	134,454	132,215	134,454	132,215
Contributions to UIF, medical and pension funds	272,990	248,118	272,990	248,118
Leave pay	30,057	-	30,057	-
Phone allowance	15,753	14,400	15,753	14,400
Non-pensionable allowance	99	-	99	-
	<b>1,887,470</b>	<b>1,698,990</b>	<b>1,887,470</b>	<b>1,698,990</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 45. Employee related costs (continued)

#### Remuneration of Deputy Municipal Manager Infrastructure Services

Annual remuneration	1,274,805	1,165,493	1,274,805	1,165,493
Car allowance	226,501	216,536	226,501	216,536
Contributions to UIF, medical and pension funds	187,238	165,756	187,238	165,756
Housing allowance	120,000	120,000	120,000	120,000
Leavy pay	(56,249)	-	(56,249)	-
Phone allowance	20,831	18,000	20,831	18,000
Non-pensionable allowance	2,089	-	2,089	-
	<b>1,775,215</b>	<b>1,685,785</b>	<b>1,775,215</b>	<b>1,685,785</b>

#### Remuneration of Deputy Municipal Manager Development Services

Annual remuneration	883,096	1,171,044	883,096	1,171,044
Car allowance	105,341	199,803	105,341	199,803
Contributions to UIF, medical and pension funds	61,149	116,054	61,149	116,054
Housing allowance	75,000	180,000	75,000	180,000
Phone allowance	6,139	14,400	6,139	14,400
Non-pensionable allowance	41	-	41	-
	<b>1,130,766</b>	<b>1,681,301</b>	<b>1,130,766</b>	<b>1,681,301</b>

#### Remuneration of Executive Manager Internal Audit

Annual remuneration	913,399	826,350	913,399	826,350
Car allowance	153,262	153,262	153,262	153,262
Contributions to UIF, medical and pension funds	199,562	177,995	199,562	177,995
Housing allowance	9,559	8,904	9,559	8,904
Leave pay	25,938	-	25,938	-
Non-pensionable allowance	99	-	99	-
Phone allowance	9,000	9,000	9,000	9,000
	<b>1,310,819</b>	<b>1,175,511</b>	<b>1,310,819</b>	<b>1,175,511</b>

#### Remuneration of senior management Safe City

Annual remuneration	510,408	380,150	-	-
Car allowance	18,000	18,000	-	-
Contributions to UIF, medical and pension funds	21,772	19,940	-	-
Phone allowance	3,600	3,600	-	-
	<b>553,780</b>	<b>421,690</b>	-	-

#### Reconciliation of employee related costs

Remuneration of other municipal employees	1,114,353,623	1,045,961,756	1,108,583,187	1,040,857,454
Section 57 employees	12,284,546	12,769,111	12,284,546	12,769,111
Safe City senior management	553,780	421,690	-	-
	<b>1,127,191,949</b>	<b>1,059,152,557</b>	<b>1,120,867,733</b>	<b>1,053,626,565</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>46. Finance costs</b>				
Finance leases	42,586	374,461	42,586	374,461
Non-current borrowings	63,136,161	68,067,562	63,136,161	68,067,562
Payables from exchange transactions	2,505	21,018	2,505	21,018
	<b>63,181,252</b>	<b>68,463,041</b>	<b>63,181,252</b>	<b>68,463,041</b>
<b>47. Inventory consumed</b>				
Agricultural assets	76,607	-	76,607	-
Consumables	66,056,088	39,602,686	66,015,927	39,562,838
Finished goods	-	26,302	-	26,302
Materials and supplies	3,134,770	6,435,836	3,134,770	6,435,836
	<b>69,267,465</b>	<b>46,064,824</b>	<b>69,227,304</b>	<b>46,024,976</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>48. Operational cost</b>				
Achievements and awards	-	4,894	-	4,894
Advertising, publicity and marketing	11,704,941	12,343,462	11,699,896	12,343,181
Bank charges, facility and card fees	5,466,605	6,061,038	5,446,736	6,049,555
Bursaries (employees)	483,480	461,351	483,480	461,351
Cash discount	1,228,901	12,148,636	1,228,901	12,148,636
Catering municipal activities	3,393,921	6,050,597	3,393,921	6,050,597
Cleaning services	26,407	23,926	26,407	23,926
Commission	11,800,028	11,408,978	11,800,028	11,408,978
Communication	11,648,244	12,677,430	11,595,144	12,626,504
Courier and delivery services	7,601	-	395	-
Deed searches	31,980	1,528	31,980	1,528
Drivers licences and permits	4,360	8,953	4,360	8,953
Entertainment	202,646	131,625	202,646	131,625
External audit fees	7,350,124	5,479,920	6,882,197	4,973,649
External computer service	10,982,813	15,854,095	10,982,813	15,854,095
Insurance underwriting	3,923,795	8,262,938	3,611,099	7,952,521
Learnerships and internships	2,795,867	3,609,937	2,795,867	3,609,937
Licences	2,251,563	2,745,645	2,250,861	2,745,645
Management fee	336,572	1,131,166	336,572	1,131,166
Market	-	13,618,869	-	13,618,869
Municipal services	17,254	-	17,254	-
Office decorations	65,543	48,862	65,543	48,862
Parking fees	2,901	-	122	-
Printing, publications and books	4,768,692	5,701,711	4,768,692	5,701,711
Professional bodies, membership and subscription	12,354,734	10,846,812	12,354,734	10,846,812
Registration fees	898,728	2,438,065	893,828	2,437,455
Remuneration to ward committees	-	36,800	-	36,800
Servitudes and land surveys	428,893	456,636	428,893	456,636
Signage	373,438	482,948	373,438	482,948
Skills Development Fund Levy	8,819,310	5,687,842	8,801,167	5,687,842
Storage of files	11,194	-	11,194	-
Toll gate fees	963	3,438	963	3,438
Travel agency fees	129,935	343,527	129,935	343,527
Travel and subsistence	1,507,821	10,957,896	1,503,454	10,957,896
Uniform and protective clothing	6,381,759	5,740,748	6,381,759	5,734,738
Vehicle tracking	2,220,321	1,453,100	2,218,117	1,453,100
Workmen's Compensation Fund	1,400,437	556,432	1,400,437	540,278
	<b>113,021,771</b>	<b>156,779,805</b>	<b>112,122,833</b>	<b>155,877,653</b>

### 49. Operating lease

Buildings	2,311,810	1,688,100	2,311,810	1,688,100
Machinery and equipment	10,958,326	12,735,784	10,948,532	12,728,468
Transport	28,851,892	31,688,351	28,851,892	31,688,351
	<b>42,122,028</b>	<b>46,112,235</b>	<b>42,112,234</b>	<b>46,104,919</b>

The contracts relating to the above lease agreements do not extend over a year and are used as and when the equipment are required for hire.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>50. Remuneration of councillors</b>				
<b>Total remuneration of councillors</b>	<b>45,020,093</b>	<b>43,574,297</b>	<b>45,020,093</b>	<b>43,574,297</b>
<b>Remuneration of Chief Whip</b>				
Basic salary	718,869	719,839	718,869	719,839
Phone allowance	26,400	23,212	26,400	23,212
Medical aid	19,913	18,797	19,913	18,797
Contribution for pensions	107,830	107,976	107,830	107,976
Travel allowance	74,470	94,068	74,470	94,068
	<b>947,482</b>	<b>963,892</b>	<b>947,482</b>	<b>963,892</b>
<b>Remuneration of Mayor</b>				
Basic salary	1,197,607	1,159,427	1,197,607	1,159,427
Phone allowance	45,420	40,014	45,420	40,014
Medical Aid	44,792	30,535	44,792	30,535
	<b>1,287,819</b>	<b>1,229,976</b>	<b>1,287,819</b>	<b>1,229,976</b>
<b>Remuneration of Deputy Mayor</b>				
Basic salary	732,913	732,913	732,913	732,913
Phone allowance	45,420	45,420	45,420	45,420
Travel allowance	159,778	160,543	159,778	160,543
Contribution to pension fund	109,937	109,937	109,937	109,937
	<b>1,048,048</b>	<b>1,048,813</b>	<b>1,048,048</b>	<b>1,048,813</b>
<b>Remuneration of Speaker</b>				
Basic salary	809,907	818,669	809,907	818,669
Phone allowance	45,420	42,878	45,420	42,878
Contribution to pension fund	121,042	81,573	121,042	81,573
Travel allowance	72,765	72,000	72,765	72,000
	<b>1,049,134</b>	<b>1,015,120</b>	<b>1,049,134</b>	<b>1,015,120</b>
<b>Remuneration of Executive councillors</b>				
Basic salary	3,366,732	5,578,916	3,366,732	5,578,916
Phone allowance	151,200	208,747	151,200	208,747
Contribution to medical aids	100,470	166,378	100,470	166,378
Travel allowance	512,471	1,232,766	512,471	1,232,766
Contributions to pension funds	377,751	704,101	377,751	704,101
	<b>4,508,624</b>	<b>7,890,908</b>	<b>4,508,624</b>	<b>7,890,908</b>
<b>Remuneration of other councillors</b>				
Basic salary	24,423,713	23,308,006	24,423,713	23,308,006
Phone allowance	1,829,700	1,428,738	1,829,700	1,428,738
Housing allowance	126,738	-	126,738	-
Travel allowance	5,358,256	3,667,486	5,358,256	3,667,486
Contributions to medical aids	1,277,220	713,142	1,277,220	713,142
Contributions to pension funds	3,163,359	2,308,216	3,163,359	2,308,216
	<b>36,178,986</b>	<b>31,425,588</b>	<b>36,178,986</b>	<b>31,425,588</b>

### In-kind benefits

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 Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>50. Remuneration of councillors (continued)</b>				
The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.				
The Mayor has three full-time bodyguards . The Deputy Mayor and speaker have two full-time bodyguards.				
<b>51. Transfers and Subsidies</b>				
<b>Other subsidies</b>				
Arbitration awards	462,818	-	462,818	-
Grants in aid	12,030,747	14,855,708	12,030,747	14,855,708
Injury on duty	1,695,247	4,356,584	1,695,247	4,356,584
Post retirement benefits	3,893,874	23,699,277	3,893,874	23,699,277
Safe City	16,974	-	7,807,954	6,841,228
	<b>18,099,660</b>	<b>42,911,569</b>	<b>25,890,640</b>	<b>49,752,797</b>
<b>52. Fair value adjustments - investment property</b>				
Gains on investment property	9,638,690	188,741,552	9,638,690	188,741,552
Loss on investment property	(100,000)	(59,761,680)	(100,000)	(59,761,680)
	<b>9,538,690</b>	<b>128,979,872</b>	<b>9,538,690</b>	<b>128,979,872</b>
<b>53. Gains/losses on agricultural assets and living resources</b>				
Gains/(losses) on biological assets and agriculture	9,954,881	(4,255,584)	9,954,881	(4,255,584)
<b>54. Impairment of consumer and other debtors</b>				
Electricity	22,512,399	(139,581,703)	22,512,399	(139,581,703)
Independent Development Trust	63,037,936	(59,542,743)	63,037,936	(59,542,743)
Rates	(9,562,218)	(34,489,024)	(9,562,218)	(34,489,024)
Refuse	25,972,125	(20,829,542)	25,972,125	(20,829,542)
Traffic fines	53,405,673	(14,150,507)	53,405,673	(14,150,507)
Santitation	(66,362,963)	(38,699,652)	(66,362,963)	(38,699,652)
Water	(437,258,518)	(203,146,867)	(437,258,518)	(203,146,867)
Insurance	(1,018,826)	-	(1,018,826)	-
	<b>349,274,392</b>	<b>(510,440,038)</b>	<b>349,274,392</b>	<b>(510,440,038)</b>
<b>55. Impairment loss relating to non current assets</b>				
<b>Impairments</b>				
<b>Property plant and equipment</b>	(3,722,559)	(8,238,222)	(3,722,559)	(8,538,222)
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				
<b>Intangible assets</b>	-	(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.				



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>55. Impairment loss relating to non current assets (continued)</b>				
<b>Heritage assets</b>	(6,200)	-	(6,200)	-
The impairment is in respect to a flooding that occurred at the Tatham Art Gallery.				
	<b>(3,728,759)</b>	<b>(8,338,561)</b>	<b>(3,728,759)</b>	<b>(8,638,561)</b>
<b>56. Inventories losses</b>				
Inventories gains	33,371,801	24,167,431	33,371,801	24,167,431
Inventories losses	(38,114,813)	(39,947,315)	(38,114,813)	(39,947,315)
	<b>(4,743,012)</b>	<b>(15,779,884)</b>	<b>(4,743,012)</b>	<b>(15,779,884)</b>
<b>57. Loss on disposal of assets</b>				
Machinery and equipment	(932,263)	(1,304,192)	(871,236)	(1,304,192)
<b>58. Cash generated from operations</b>				
Surplus (deficit)	9,684,400	(337,199,852)	10,465,596	(336,080,057)
<b>Adjustments for:</b>				
Depreciation and amortisation	466,378,218	598,014,010	465,428,234	597,067,585
(Gain)/loss on agricultural and living resources	(9,954,881)	4,255,584	(9,954,881)	4,255,584
Loss on disposal of assets	932,263	1,304,192	871,236	1,304,192
Operating loss - forestry	-	8,693,617	-	8,693,617
Inventory losses	(4,743,012)	15,779,884	(4,743,012)	15,779,884
Fair value adjustments	(9,538,690)	(128,979,872)	(9,538,690)	(128,979,872)
Income received relating to prior year	136,373	-	-	-
Impairment loss relating to non current assets	3,728,759	8,638,560	3,728,759	8,638,560
Movement in revaluation reserve	629,500	(1,101,200)	629,500	(1,101,200)
Movement in capital replacement reserve	(71,966,612)	12,354,006	(71,966,612)	12,354,006
Movement in retirement benefit obligation	(1,763,812)	(15,221,992)	(1,763,812)	(15,221,992)
Movement in current provisions	2,092,426	2,175,723	1,907,498	2,031,146
Movement in non current provisions	10,227,993	50,938,091	10,227,993	50,938,091
Movement on housing development fund	7,123,727	4,004,913	7,123,727	4,004,913
Other non-cash items	66,572,546	12,937,411	66,572,546	12,937,411
<b>Changes in working capital:</b>				
Inventories	(17,193,582)	1,388,451	(17,193,582)	1,388,451
Payables from exchange transactions	200,430,523	195,597,027	200,675,864	195,424,261
Receivables from exchange transactions	52,959,842	30,602,476	52,986,192	30,587,490
Receivables from non exchange transactions	(5,031,230)	(1,085,042)	(5,031,230)	(1,085,042)
Consumer debtors	(335,713,212)	101,406,143	(335,713,212)	101,406,143
VAT	69,186,761	(40,953,234)	69,186,761	(40,953,234)
Unspent conditional grants and receipts	42,073,076	(173,079,460)	42,073,076	(173,079,459)
	<b>476,251,376</b>	<b>350,469,436</b>	<b>475,971,951</b>	<b>350,310,478</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 59. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to SALGA / Kwanaloga

Current year subscription / fee	945,192	849,157	945,192	849,157
Amount paid - current year	(945,192)	(849,157)	(945,192)	(849,157)
	-	-	-	-

#### Audit fees

Opening balance	62,173	122,684	62,173	122,684
Current year subscription / fee	6,882,196	4,914,429	6,882,196	4,914,429
Amount paid - current year	(6,845,878)	(4,974,940)	(6,845,878)	(4,974,940)
	<b>98,491</b>	<b>62,173</b>	<b>98,491</b>	<b>62,173</b>

#### PAYE and UIF

Current year subscription / fee	152,149,632	140,297,512	152,149,632	140,297,512
Amount paid - current year	(152,149,632)	(140,297,512)	(152,149,632)	(140,297,512)
	-	-	-	-

#### Pension and Medical Aid Deductions

Current year subscription / fee	268,399,720	297,846,833	268,399,720	297,846,833
Amount paid - current year	(268,399,720)	(297,846,833)	(268,399,720)	(297,846,833)
	-	-	-	-

#### VAT

VAT receivable	26,350	-	-	-
VAT payable	81,342,959	12,377,006	81,342,959	12,156,198

VAT output payables and VAT input receivables are shown in note 23.

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

The Municipality claimed a refund of R10,206,821 in VAT period June 2018.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 59. Remuneration of councillors (continued)

#### 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 2018

	<b>Outstanding more than 90 days R</b>
Dolo Zondi	7,054
Ignatia Madondo	1,036
Mduduzi Njilo	37,608
Nkosinathi Mbanjwa	2,093
Sandile Dlamini	26,440
Siphiwe Ndawonde	43,417
Thandiwe Zungu	2,876
Thinasonke Ntombela	2,093
Vusumuzi Magubane	71,518
	<b>194,135</b>

#### 30 June 2017

	<b>Outstanding more than 90 days R</b>
Najmah Ahmed	8,851
Sandile Dlamini	17,482
Vusumuzi Magubane	58,334
Nkosinathi Mbanjwa	2,532
Ignatia Madondo	1,553
Dorcas Mkhize	62,363
Prudence Msimang	4,235
Siphiwe Ndawonde	73,686
Thinasonke Ntombela	2,532
Mduduzi Njilo	16,083
Dumisani Phungula	4,680
Thandiwe Zungu	2,789
	<b>255,120</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 60. 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.

Computer expenditure	1,682,777	2,542,026	1,682,777	2,542,026
Equipment	115,765	158,369	-	-
Legal	-	420,276	-	420,276
Health and safety	406,143	-	406,143	-
Other	7,014,188	1,188,076	7,014,188	1,188,076
Repairs and maintenance	4,477,844	135,972	4,477,844	135,972
Repairs to motor vehicles	5,707,391	6,864,235	5,707,391	6,864,235
Repairs to property, plant and equipment	3,255,447	4,876,125	3,255,447	4,876,125
Service delivery	6,063,840	4,081,054	6,063,840	4,081,054
Water quality testing	-	109,632	-	109,632
	<b>28,723,395</b>	<b>20,375,765</b>	<b>28,607,630</b>	<b>20,217,396</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	698,201
Mthembu Samkelisiwe	Creditors clerk	221,292
Enforce Security	MEC COGTA	502,155
Brenden Sivparsad	Senior Manager Water and Sanitation	12,739,945
		<b>14,161,593</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>61. Commitments</b>				
<b>Authorised capital expenditure</b>				
• Approved and contracted	439,282,124	400,418,024	439,282,124	400,418,024
Total capital commitments	439,282,124	400,418,024	439,282,124	400,418,024
<b>Authorised operational expenditure</b>				
• Approved and contracted	507,397,498	76,728,165	507,397,498	76,728,165
Total operational commitments	507,397,498	76,728,165	507,397,498	76,728,165
<b>Total commitments</b>	<b>946,679,622</b>	<b>477,146,189</b>	<b>946,679,622</b>	<b>477,146,189</b>

Commitments are exclusive of Value Added Taxation.

### 62. Contingencies

Refer to Appendix F for a detailed listing to contingent liabilities

55,864,793	38,970,191	55,864,793	38,970,191
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### 63. Events after the reporting date

No events to report on after the reporting date.

## The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

### Notes to the Consolidated Annual Financial Statements

Figures in Rand

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#### 64. Related Parties

Safe City Msunduzi 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	7,790,981	6,841,228
Brenden Sivparsad - Senior Manager Water & Sanitation	12,739,945	-
Enforce Security - MEC COGTA	502,155	886,175
Electricity and water paid to Msunduzi Municipality	147,891	120,525

Remuneration of management for the current year refer to note 50.

Full Names	Basic Salary	Cellphone		Housing Subsidy	Medical Aid	Pension	Subsistence & Travel		Grand Total
		Allowance	Data Card				Allowance	Transport	
Adkins Shawn	358,987	22,800	4,500	-	-	53,848	-	45,871	486,006
Ahmed Najmah Banu	324,577	22,800	3,600	-	16,637	48,686	-	68,806	485,106
Ahmed Rooksana	281,840	22,800	3,600	-	19,913	42,276	-	114,676	485,106
Amod Michael	362,353	22,800	3,600	-	43,361	54,353	-	42,000	528,467
Atwaru Naleni	330,186	22,800	3,600	-	33,122	49,371	-	45,871	484,949
Chetty Claudell	426,597	22,800	3,600	-	-	-	-	32,109	485,106
Dlamini Ambrosia	381,824	22,800	3,600	-	19,609	57,273	-	-	485,106
Dlamini Godman	370,800	22,800	3,600	-	32,286	55,620	-	-	485,106
Dlamini Sandile	378,931	22,800	3,600	-	-	56,840	-	22,935	485,106
Dlamini Tholakele Ignatia	551,428	22,800	3,600	38,246	33,122	82,714	-	235,170	967,080
Dlela Normalady	303,859	22,800	3,600	-	15,277	24,893	-	114,677	485,106
Duma Prince	398,875	22,800	3,600	-	-	59,831	-	-	485,106
Gambu Nkosinathi	398,875	22,800	3,600	-	-	59,831	-	-	485,106
Goga Mohammed	288,721	22,800	3,600	12,000	-	43,308	-	114,677	485,106
Gwala Nelisiwe	299,156	22,800	3,600	-	-	44,873	-	114,677	485,106
Gwala Sindisiwe Cydy	273,132	22,800	3,600	-	29,927	40,970	-	114,677	485,106
Haswell Uraisha Jasomay	25,403	1,900	300	-	-	3,811	-	9,012	40,426
Inderjit Manilal	377,089	22,800	3,600	-	25,053	56,563	-	-	485,106
Jugmohan Renesha	438,400	22,800	3,600	-	16,637	-	-	3,669	485,106
Khumalo Sphamandla	736,184	22,800	3,600	-	-	110,428	-	94,068	967,080
Lambert William Francis	449,532	22,800	3,600	-	-	-	-	9,174	485,106
Lyne Sandra Patricia	299,156	22,800	3,600	-	-	44,873	-	114,677	485,106
Madlala Linda Linford	280,264	22,800	3,600	-	21,533	42,065	-	114,677	484,938
Madlala Siphamandla	265,899	22,800	3,600	38,246	-	39,885	-	114,677	485,106
Madonda Siphon Innocent	301,998	22,800	3,600	-	42,602	45,300	-	68,806	485,106
Madondo Ignatia	278,050	22,800	3,600	-	24,272	41,707	-	114,676	485,106
Magubane Vusumuzi Truman	718,869	22,800	3,600	-	19,913	107,830	-	94,068	967,080
Majola Jerome	599,020	22,800	3,600	-	16,637	89,853	-	235,170	967,080
Majola Nomagugu Eunice	724,503	22,800	3,600	-	46,206	108,695	-	61,144	966,949
Majola Sboniso Terrence	284,661	22,800	3,600	-	16,669	42,699	-	114,677	485,106
Mbanjwa Nkosinathi	370,757	22,800	3,600	-	42,078	-	-	45,871	485,106
Mc Arthur Glenn Robert	817,983	22,800	3,600	-	-	122,697	-	-	967,080
Mhlongo Snothi	299,156	22,800	3,600	-	-	44,873	-	114,677	485,106
Mkhize Dorcas	381,559	22,800	3,600	-	19,913	57,234	-	-	485,106
Mkhize Mtuza Bhekthemba	274,059	22,800	3,600	-	28,862	41,109	-	114,677	485,106
Mkhize Nkululeko	306,678	20,900	3,300	-	20,019	46,002	-	47,782	444,680
Mncwango Gladness	264,584	22,800	3,600	-	39,758	39,688	-	114,677	485,106
Molefe Thabiso	259,069	22,800	3,600	-	46,019	38,871	-	114,677	485,035
Msimang Prudence Nokuthula	766,456	22,800	3,600	-	33,122	-	-	141,102	967,080
Mtshali Blessing	398,875	22,800	3,600	-	-	59,831	-	-	485,106
Ndawonde Sipiwe Caiphas	358,319	22,800	3,600	-	46,559	53,758	-	-	485,035
Ndlovu Nelisiwe Zanele	266,134	22,800	3,600	-	37,975	39,456	-	114,677	484,642
Nene Jabulani	295,284	22,800	3,600	-	33,122	44,293	-	86,007	485,106
Nene Sifiso	398,875	22,800	3,600	-	-	59,831	-	-	485,106
Ngcobo Jeffrey Mbuyiselwa	299,156	22,800	3,600	-	-	44,873	-	114,677	485,106
Ngcobo Katherine	281,840	22,800	3,600	-	19,913	42,276	-	114,677	485,106
Ngongoma Xolani	358,788	22,800	3,600	-	46,019	53,829	-	-	485,035
Ngubane Sandile	250,741	22,800	3,600	38,246	46,019	37,622	-	86,007	485,035
Ngube Gugu	269,436	22,800	3,600	-	34,178	40,278	-	114,677	484,968
Ngubo Jabulisile Joyce	809,907	41,820	3,600	-	-	121,042	-	72,000	1,048,369
Ngubo Manqoba	299,156	22,800	3,600	-	-	44,873	-	114,677	485,106
Ngubo Regina	373,444	22,800	3,600	-	29,245	56,017	-	-	485,106
Nhlabathi Bongumusa	297,204	22,800	3,600	-	2,245	44,581	-	114,677	485,106
Niemand Rienus	340,080	22,800	3,600	-	21,749	51,011	-	45,871	485,111

## The Msunduzi Municipality and its Municipal Entity

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand

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#### 64. Related Parties

Full Names	Basic Salary	Cellphone		Housing		Medical Aid	Pension	Subsistence & Travel		Grand Total
		Allowance	Data Card	Subsidy				Allowance	Transport	
Njilo Mduduzi	1,197,607	41,820	3,600	-	44,792	-	-	195	-	1,288,014
Ntombela Ethel	269,626	22,800	3,600	-	33,960	40,558	-	-	114,677	485,220
Ntombela Thinasonke Dennis	581,136	22,800	3,600	-	37,203	87,254	-	-	235,170	967,163
Ntshangase Ntuthuko	266,824	22,800	3,600	-	37,182	40,024	-	-	114,677	485,106
Oumar Mehmood UI	344,029	22,800	3,600	-	-	-	-	-	114,677	485,106
Phungula Dumisani Bernard	258,763	22,800	3,600	-	46,452	38,814	-	-	114,676	485,106
Schalkwyk Mary	584,532	22,800	3,600	-	33,298	87,680	-	-	235,170	967,080
Shange Sandile	398,875	22,800	3,600	-	-	59,831	-	-	-	485,106
Singh Melika	426,597	22,800	3,600	-	-	-	-	-	32,109	485,106
Sithole Philisiwe	762,617	22,800	3,600	-	16,637	114,393	-	-	47,034	967,080
Sithole Thamsanqa	299,156	22,800	3,600	-	-	44,873	-	-	114,677	485,106
Sivnath Rajdave	398,875	22,800	3,600	-	-	59,831	-	-	-	485,106
Sokhela Balozile Cynthia	358,533	22,800	3,600	-	2,815	53,780	-	-	43,577	485,106
Sokhela Mansizwa Simon	271,916	22,800	3,600	-	31,326	40,787	-	-	114,677	485,106
Soobiah Rachel	262,443	22,800	3,600	-	42,220	39,366	-	-	114,677	485,106
Strachan Ross	436,957	22,800	3,600	-	21,749	-	-	-	-	485,106
Winterbach Ludwig Johann	299,156	22,800	3,600	-	-	44,873	-	-	114,677	485,106
Zondi Dolo Phillip	339,044	22,800	3,600	-	-	50,856	-	-	68,806	485,106
Zondi Hamilton	287,496	22,800	3,600	-	42,078	43,124	-	-	86,007	485,106
Zondo Makhosazane Precious	375,607	22,800	3,600	-	-	56,341	-	-	26,758	485,106
Zuma Bukelani Ephraim	299,156	22,800	3,600	-	-	44,873	-	-	114,677	485,106
Zuma Michael Bhekabantu	284,689	22,800	3,600	-	16,637	42,703	-	-	114,677	485,106
Zuma Thobani Reginald	732,913	41,820	3,600	-	-	109,937	195	-	160,543	1,049,008
Zungu Ningi	299,156	22,800	3,600	-	-	44,873	-	-	114,677	485,106
Zungu Thandiwe Rose	284,689	22,800	3,600	-	16,637	42,703	-	-	114,677	485,106
	<b>30,867,102</b>	<b>1,835,460</b>	<b>281,700</b>	<b>126,738</b>	<b>1,442,558</b>	<b>3,879,919</b>	<b>390</b>	<b>6,197,338</b>	<b>44,631,205</b>	

#### Municipal Entity

##### Related party balances

Safe City Msunduzi NPC

Full Names	Basic Salary	Cellphone		Housing		Medical Aid	Pension	Subsistence & Travel		Grand Total
		Allowance	Data Card	Subsidy				Allowance	Transport	
Holtzhausen Lucas	494,600	3,600	-	-	21,624	-	-	-	18,000	537,824
Holtzhausen Riaan	275,000	3,600	-	-	14,521	18,900	-	-	18,000	330,021
Holtzhausen Charlene	142,275	-	-	-	14,521	9,797	-	-	18,000	184,593
	<b>911,875</b>	<b>7,200</b>	<b>-</b>	<b>-</b>	<b>50,666</b>	<b>28,697</b>	<b>-</b>	<b>-</b>	<b>54,000</b>	<b>1,052,438</b>

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>65. Prior Period Error</b>				
<b>Statement of Financial Position</b>				
<b>Property plant and equipment</b>				
<b>Land and buildings</b>				
During the current financial year the municipality conducted an investigation to identify properties owned by the municipality but not included on the Fixed Asset Register and properties that are privately owned but incorrectly included on the Fixed Asset Register. Further the municipality identified impairment losses on buildings that were not previously recognised.				
Balance previously reported		1,480,183,974		1,466,777,080
Properties owned by the Municipality previously written off		14,388,000		14,388,000
Properties previously not recognised on the asset register		8,008,000		8,008,000
Impairment loss not previously recognised		(284,052)		(284,052)
<b>Restated balance</b>		<b>1,502,295,922</b>		<b>1,488,889,028</b>
<b>Infrastructure Assets</b>				
During the current year the municipality identified assets whose useful life was not reviewed and had stopped depreciating.				
Balance previously reported		4,577,106,149		4,577,106,149
Effect of reviewing useful life resulting in reduction in depreciation charge and increasing the carrying amount		136,903,424		136,903,424
<b>Restated balance</b>		<b>4,714,009,573</b>		<b>4,714,009,573</b>
<b>Community Assets</b>				
During the current year the municipality identified assets whose useful life was not reviewed and had stopped depreciating				
Balance previously reported		420,902,632		420,902,632
Effect of reviewing useful life resulting in reduction in depreciation charge and increasing the carrying amount		16,473,844		16,473,844
<b>Restated balance</b>		<b>437,376,476</b>		<b>437,376,476</b>
<b>Other assets</b>				
During the current year the municipality identified assets whose useful life was not reviewed and had stopped depreciating. Furthermore during the current year the municipality identified assets that were found on the floor during asset verification but not on the fixed asset register and valued assets that were previously recorded at nil values.				
Balance previously reported		395,336,588		395,336,588
Addition of assets found on the floor not recorded on Fixed Asset Register		3,924,213		3,924,213
Valuation of assets that were recorded at nil value		12,313,274		12,313,274
Effect of reviewing useful life resulting in reduction in depreciation charge and increasing the carrying amount		8,430,187		8,430,187
<b>Restated balance</b>		<b>420,004,262</b>		<b>420,004,262</b>
<b>Investment property</b>				
During the current financial year the municipality conducted an investigation to identify properties owned by the municipality but not included on the Fixed Asset Register and properties that are privately owned but incorrectly included on the fixed asset register.				
Balance previously reported		720,223,802		720,223,802
Properties not owned by the Municipality		(13,086,890)		(13,086,890)
Properties owned by the Municipality		1,616,000		1,616,000
<b>Restated balance</b>		<b>708,752,912</b>		<b>708,752,912</b>
<b>Living resources</b>				
Being the correction of accounting of living resources at Bisley Nature Reserve				
Balance previously reported		-		-
Correction of accounting of living resources		769,726		769,726
<b>Restated balance</b>		<b>769,726</b>		<b>769,726</b>
<b>Property plant and equipment - Biological assets</b>				
Being the correction of accounting of living resources as part of property, plant and equipment and reclassified to living resources.				
Balance previously reported		769,726		769,726
Correction of accounting of living resources		(769,726)		(769,726)
<b>Restated balance</b>		<b>-</b>		<b>-</b>



Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>Provisions - (Current liability)</b>				
<b>In terms of GRAP 25, recognition of long service awards provisions based on an actuary valuation.</b>				
<b>Balance previously reported</b>		<b>(7,177,630)</b>		<b>(7,177,630)</b>
Correction of the basis underpinning of the long service awards provisions i.e. Actuary valuation in line with GRAP 25		(1,543,795)		(1,543,795)
<b>Restated balance</b>		<b>(8,721,425)</b>		<b>(8,721,425)</b>
<b>Inventory</b>				
<b>Derecognition of stock incorrectly recorded</b>				
<b>Balance previously reported</b>		<b>66,137,638</b>		<b>66,137,638</b>
Reversal of agricultural stock incorrectly recorded		(1,020,854)		(1,020,854)
Correction of water stock incorrectly recorded		(5,517,314)		(5,517,314)
<b>Restated balance</b>		<b>59,599,471</b>		<b>59,599,471</b>
<b>Payables from exchange transactions - salary control</b>				
<b>Correction of prior year top notch increases.</b>				
<b>Balance previously reported</b>		<b>(2,429,250)</b>		<b>(2,429,250)</b>
Reversal of accrual of increases		2,429,250		2,429,250
<b>Restated balance</b>		<b>-</b>		<b>-</b>
<b>Payables from exchange transactions - payables and accruals</b>				
<b>Correction of accruals and payables</b>				
<b>Balance previously reported</b>		<b>87,402,237</b>		<b>87,402,237</b>
Correction of accruals and payables		11,774,556		11,774,556
<b>Restated balance</b>		<b>99,176,793</b>		<b>99,176,932</b>
<b>Receivables of exchange transactions-Prepaid electricity</b>				
<b>Being correction of prepaid sales duplicated</b>				
<b>Balance previously reported</b>		<b>2,335,192</b>		<b>2,335,192</b>
Being correction of Prepaid sales duplicated		(2,335,192)		(2,335,192)
<b>Restated balance</b>		<b>-</b>		<b>-</b>
<b>Receivables of exchange transactions-IDT</b>				
<b>Being restatement of IDT debtors previously identified by legal team as not recoverable.</b>				
<b>Balance previously reported</b>		<b>34,115,286</b>		<b>34,115,286</b>
Reversal of IRPTN duplicated invoices		23,319,153		23,319,153
Reversal of COGTA duplicated invoices		2,110,050		2,110,050
Reallocation of IDT debt from consumer debtors		9,090,007		9,090,007
Correction of VAT		614,035		614,035
VAT correction assets		(580)		(580)
<b>Restated balance</b>		<b>69,247,952</b>		<b>69,247,952</b>
<b>Receivables of exchange transactions-Market</b>				
<b>Correction of market debtors-reversal 2016/17</b>				
<b>Balance previously reported</b>		<b>2,676,290</b>		<b>2,676,290</b>
Correction of market debtors-reversal 2016/17		(2,204,302)		(2,204,302)
<b>Restated balance</b>		<b>471,988</b>		<b>471,988</b>
<b>Receivables from non-exchange-Traffic fines</b>				
<b>Correction of traffic fines</b>				
<b>Balance previously reported</b>		<b>45,866,494</b>		<b>45,866,494</b>
Correction of traffic fines		(232,564)		(232,564)
<b>Restated balance</b>		<b>45,633,929</b>		<b>45,633,929</b>

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>Consumer debtors</b>				
<b>Being write back of bad debts written off 2016/2017</b>				
<b>Balance previously reported</b>		<b>1,013,846,913</b>		<b>1,013,846,913</b>
Msunduzi debtor- correction of debtor		(3,046,563)		(3,046,563)
Reversal of debt write off		291,495,408		291,495,408
Correction of debtors impairment 2017		(337,604,219)		(337,604,219)
Interest accrual- Debts written back		24,521,781		24,521,781
Written back debtors -VAT		21,587,030		21,587,030
<b>Restated balance</b>		<b>1,010,800,350</b>		<b>1,010,800,350</b>
<b>Cash and cash equivalents-Market account</b>				
<b>Correction of market account-Market link</b>				
<b>Balance previously reported</b>		<b>6,778,722</b>		<b>6,778,722</b>
Correction of market account		(3,180,472)		(3,180,472)
<b>Restated balance</b>		<b>3,598,250</b>		<b>3,598,250</b>
<b>VAT</b>				
<b>Correction of VAT with regards to bad debts written off</b>				
<b>Balance previously reported</b>		<b>9,430,832</b>		<b>9,430,832</b>
Correction of vat		(21,587,030)		(21,587,030)
<b>Restated balance</b>		<b>(12,156,198)</b>		<b>(12,156,198)</b>
<b>Accumulated surplus</b>				
<b>Balance previously reported</b>		<b>(7,250,819,634)</b>		<b>(7,236,989,244)</b>
Correction of payables from exchange transactions - salary control		(2,429,250)		(2,429,250)
Correction receivables from exchange transactions- prepaid electricity		2,335,192		2,335,192
Correction of payables from exchange transactions-accruals and payables		(11,774,556)		(11,774,556)
Cash and cash equivalents-corrected of Market account		3,180,472		3,180,472
Housing Development Fund- Correction of interest		958,308		958,308
Correction of investment property- land		11,470,890		11,470,890
Correction of Property, Plant and Equipment		(200,440,941)		(200,440,941)
Receivables from non- exchange transactions(Market)		2,204,302		2,204,302
Receivables from-exchange transactions - IDT		(35,132,661)		(35,132,661)
Consumer debtors -Msunduzi Debtor		3,046,563		3,046,563
Inventory (Forestry) reversal of stock		1,020,854		1,020,854
Consumer debtors -Bad debts write back		(291,495,408)		(291,495,408)
Correction consumer debtors-Interest(written back debtors)		(24,521,781)		(24,521,781)
Consumer debtors written back-impairment		337,604,219		337,604,219
Correction of Long service awards provision		60,512,392		60,512,392
Correction of Traffic fines debtor		232,564		232,564
Long service awards correction - GRAP 25 valuation		3,003,291		3,003,291
Correction of water stock incorrectly recorded		5,517,312		5,517,312
Land and building - impairment correction		284,052		284,052
<b>Restated balance</b>		<b>(7,385,243,820)</b>		<b>(7,371,413,430)</b>
<b>Provisions-Long service awards(Non current liability)</b>				
Correction of the basis underpinning of the long service awards provisions i.e. Actuary valuation in line with GRAP 25		(61,971,888)		(61,971,888)
<b>Restated balance</b>		<b>(61,971,888)</b>		<b>(61,971,888)</b>
<b>Housing Development Fund</b>				
During the 2014/2015 financial year the interest due to the Msunduzi Housing Association was understated by R 958 308 in error. It was disclosed as interest received by the Municipality.				
<b>Balance previously reported</b>		<b>(79,571,771)</b>		<b>(79,571,771)</b>
Correction of interest		(958,308)		(958,308)
<b>Restated balance</b>		<b>(80,530,079)</b>		<b>(80,530,079)</b>

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>Statement of Financial Performance</b>				
<b>Deficit for the year previously reported</b>				
<b>Balance previously reported</b>		<b>(237,518,844)</b>		<b>(236,399,048)</b>
Interest - consumer debtors and receivables		24,521,781		24,521,781
Interest - bank, call and investment accounts		(958,308)		(958,308)
Contour debtors		(2,335,192)		(2,335,192)
Property rates		(2,890,109)		(2,890,109)
Fines, penalties and forfeits.		(232,564)		(232,564)
Bad debts written off		291,495,408		291,495,408
Employee related costs		(63,515,683)		(63,515,683)
Impairment of consumer and traffic fines debtors		(337,604,219)		(337,604,219)
Operational revenue - market		(2,204,302)		(2,204,302)
Inventories losses		(5,517,314)		(5,517,314)
Impairment loss - land and building		(284,052)		(284,052)
Operational revenue - forestry		(156,454)		(156,454)
<b>Restated balance</b>		<b>(337,199,852)</b>		<b>(336,080,056)</b>
<b>Fines, penalties and forfeits - Traffic fines</b>				
<b>Correction of traffic fines</b>				
<b>Balance previously reported</b>		<b>18,045,818</b>		<b>18,045,818</b>
Correction of traffic fines		(232,564)		(232,564)
<b>Restated balance</b>		<b>17,813,254</b>		<b>17,813,254</b>
<b>Interest - bank, call and investment accounts</b>				
<b>Correction of interest housing development</b>				
<b>Balance previously reported</b>		<b>54,589,785</b>		<b>54,589,785</b>
Correction of interest housing development		(958,308)		(958,308)
<b>Restated balance</b>		<b>53,631,477</b>		<b>53,631,477</b>
<b>Interest consumer debtors</b>				
<b>Reversal of bad debt written off-interest raised</b>				
<b>Balance previously reported</b>		<b>(96,347,327)</b>		<b>(96,347,327)</b>
Reversal of bad debt written off-interest raised		(24,521,781)		(24,521,781)
<b>Restated balance</b>		<b>(120,869,108)</b>		<b>(120,869,108)</b>
<b>Bad debts written off</b>				
<b>Write back of bad debts off in 2016/2017</b>				
<b>Balance previously reported</b>		<b>332,295,447</b>		<b>332,295,447</b>
Write back of bad debts in 2016/2017		(291,495,408)		(291,495,408)
<b>Restated balance</b>		<b>40,800,039</b>		<b>40,800,039</b>
<b>Employee related costs - long service awards</b>				
<b>Long service awards correction - GRAP 25 valuation</b>				
<b>Balance previously reported</b>		<b>990,110,883</b>		<b>990,110,883</b>
Long service awards correction		63,515,682		63,515,682
<b>Restated balance</b>		<b>1,053,626,565</b>		<b>1,053,626,565</b>
<b>Impairment of consumer and traffic fines debtors</b>				
<b>Impairment on debtors written back in 2016/2017</b>				
<b>Balance previously reported</b>		<b>172,835,820</b>		<b>172,835,820</b>
Impairment on debtors written back		337,604,218		337,604,218
<b>Restated balance</b>		<b>510,440,038</b>		<b>510,440,038</b>

The Msunduzi Municipality and its Municipali Entity  
 Consolidated Annual Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>Service charges</b>				
<b>Balance previously reported</b>		<b>2,540,096,629</b>		<b>2,540,096,629</b>
Msunduzi raised as a debtor - 2017/2018		(134,741)		(134,741)
Overstatement of prepaid electricity sales for Sobantu vendor		(2,335,192)		(2,335,192)
Msunduzi raised as a debtor - 2016/2017		(47,788)		(47,788)
<b>Restated balance</b>		<b><u>2,537,578,908</u></b>		<b><u>2,537,578,908</u></b>
<b>Property rates</b>				
<b>Balance previously reported</b>		<b>795,878,250</b>		<b>795,878,250</b>
Msunduzi raised as a debtor - 2017/2018		(2,755,368)		(2,755,368)
Msunduzi raised as a debtor - 2016/2017		(108,667)		(108,667)
<b>Restated balance</b>		<b><u>793,014,215</u></b>		<b><u>793,014,215</u></b>
<b>Operational revenue</b>				
<b>Balance previously reported</b>				
Reclassification of Forestry revenue		63,530,381		63,530,381
		4,925,252		4,925,252
<b>Restated balance</b>		<b><u>68,455,633</u></b>		<b><u>68,455,633</u></b>
<b>Inventory losses</b>				
<b>Balance previously reported</b>		<b>(10,262,570)</b>		<b>(10,262,570)</b>
Correction of water stock incorrectly recorded		(5,517,314)		(5,517,314)
<b>Restated balance</b>		<b><u>(15,779,884)</u></b>		<b><u>(15,779,884)</u></b>
<b>Reclassifications</b>				
The following reclassifications adjustment occurred:				
<b>Transfers and subsidies</b>				
<b>Reclassification of payment paid to Maritzburg United from operating costs to transfer and subsidies</b>				
<b>Balance previously reported</b>		36,447,089		36,447,089
Reclassification		13,305,708		13,305,708
<b>Restated balance</b>		<b><u>49,752,797</u></b>		<b><u>49,752,797</u></b>
<b>Operational costs</b>				
<b>Reclassification of payment paid to Maritzburg United from operating costs to transfer and subsidies</b>				
<b>Balance previously reported</b>		155,564,492		155,564,492
Reclassification		(13,305,708)		(13,305,708)
Reclassification - forestry expenses		13,618,869		13,618,869
<b>Restated balance</b>		<b><u>155,877,653</u></b>		<b><u>155,877,653</u></b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 66. Change in estimate

#### Property plant and equipment

Landfill site provision is created to ensure that the municipality will be able to restore the landfill site to its original condition at the end of its life. The provision represents management's best estimate of the municipality liability with regards to aforementioned restoration costs. The effect of the current year's revision is an increase of R8 663 339 due to change in discount factor and effect of re-measurement.

#### Retirement benefit obligation

The municipality provides post-employment medical benefits to certain staff members. The provision represents management's best estimate of the municipality liability with regards to aforementioned post-employment medical benefits. The effect of the current year's revision is a decrease of R1 763 813 to R629 854 698 owing to the net effect of actuarial gain, current service cost and interest cost.

#### Leave accrual

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 their credit. The effect of this revision has increased the accrual by R13 345 184 to R 90 230 250.

### 67. Irregular expenditure

Opening balance	164,470,456	14,263,338	163,948,762	13,845,402
Add: Irregular Expenditure - current year	132,590,191	150,207,118	132,509,961	150,103,360
	<b>297,060,647</b>	<b>164,470,456</b>	<b>296,458,723</b>	<b>163,948,762</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	1,126,380	1,126,380	708,444	708,444
2016 / 2017	150,207,118	150,207,118	150,103,360	150,103,360
2017 / 2018	132,590,191	-	132,509,961	-
	<b>297,060,647</b>	<b>164,470,456</b>	<b>296,458,723</b>	<b>163,948,762</b>

Irregular expenditure has not been yet written off or condoned.

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 2017/2018 as the investigations are still open and as soon as they are closed Council will write off this expenditure.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>67. Irregular expenditure (continued)</b>				
<b>Details of irregular expenditure – current year</b>				
Bids not advertised within 30 days			30,536,804	
CIDB registration			578,100	
Contractors			101,313,057	
Service of state			44,500	
Service of the municipality			37,500	
Three quotations not obtained - Safe City			80,230	
Msunduzi NPC				
			<b>132,590,191</b>	

### 68. Comparative figures

Certain comparative amounts have been restated.

### 69. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	27,051,662	16,094,523	27,051,662	16,080,807
<b>Reconciliation of fruitless and wasteful expenditure</b>				
Opening balance	16,080,807	4,823,989	16,080,807	4,810,273
Add: fruitless and wasteful expenditure current year	10,970,855	11,270,534	10,970,855	11,270,534
<b>Fruitless and wasteful expenditure awaiting to be written off / recovered</b>	<b>27,051,662</b>	<b>16,094,523</b>	<b>27,051,662</b>	<b>16,080,807</b>
Cancellation of tenders	113,363	211,997	113,363	211,997
Employees salaries and wages that are on suspension and unresolved within prescribed time frame	10,854,986	11,037,519	10,854,986	11,037,519
Interest on : Late payment of Eskom accounts	1,872	3,790	1,872	3,790
Interest on : Late payment of SABC TV license	-	7,887	-	7,887
Interest on : Late payment of Telkom accounts	634	9,341	634	9,341
	<b>10,970,855</b>	<b>11,270,534</b>	<b>10,970,855</b>	<b>11,270,534</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.

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017
<b>70. Unauthorised expenditure</b>				
Unauthorised expenditure	361,222,670	361,222,270	361,222,670	361,222,670
Opening balance	361,222,670	5,234,379	361,222,670	5,234,379
Add: Year end entries in respect of bad debts resulted in this amount being disclosed in the income statement	-	291,495,408	-	291,495,408
Less: amounts recovered from Fairfields Developments	-	(1,500,000)	-	(1,500,000)
Add: amounts still to be recovered from Fairfield Developments	-	(1,763,503)	-	(1,763,503)
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>361,222,670</b>	<b>361,222,670</b>	<b>361,222,670</b>	<b>361,222,670</b>

## 71. Electricity and water losses

### Electricity losses

Units purchased - kWh	1,784,678,530	1,790,378,694	1,784,678,530	1,790,378,694
Units sold - kWh	(1,511,945,987)	(1,509,681,276)	(1,511,945,987)	(1,509,681,276)
Loss - kWh	272,732,542	280,697,418	272,732,542	280,697,418
Electricity loss as a percentage	15.30	15.68	15.30	15.68
Costs per kWh in cents	0.94196	0.93477	0.94196	0.93477
Electricity loss in rand value	256,903,790	279,122,476	256,903,790	279,122,476
	-	-	-	-

The significant electricity losses of 272 732 542 kWh (2017 : 280 697 418 kWh) occurred during the year under review, which resulted in material revenue losses to the municipality.

The slight decrease of losses from previous financial year may be as a result of the following

- Commissioning of the City Grid 132kV underground cables network that replaced the ageing 33kV networks - Commissioning of new 40MVA Power Transformers.
- The commissioning of new Electrification Project in the Informal Settlements areas resulting in the reduced illegal connections in the network.

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

### Some of the main contributing factors to increased electricity losses are

#### Non –Technical Losses

- Illegal connections
- Infrastructure vandalism
- Metering inaccuracies (due to faulty meters)
- Unmetered energy (meter tempering or bypassing the meter at the customer meter)

Technical losses (these are inherent in the distribution networks and cannot be eliminated)

- Ageing infrastructure that results in increased power dissipation during transmission and distribution on lines, cables and transformers in the system.
- Overloading
- Poor standard of equipment installed

How are these losses being addressed.

- Electrification of informal settlement areas





# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated Annual Financial Statements

Figures in Rands	Economic entity		Controlling entity	
	2018	2017	2018	2017

### 72. Change in estimate (continued)

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.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
<b>At 30 June 2018</b>				
Borrowings	84,512,318	400,915,552	50,310,656	535,738,526
<b>At 30 June 2017</b>				
Borrowings	79,368,332	405,418,032	130,320,492	615,106,856
	<b>163,880,650</b>	<b>806,333,584</b>	<b>180,631,148</b>	<b>1,150,845,382</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

#### 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.

### 73. 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 AS AT 30 JUNE 2018**

<b>EXTERNAL LOANS</b>	<b>ACCOUNT NO</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30/06/2017</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30/06/2018</b>
				<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>LONG-TERM LOANS</b>							
DBSA - 15.5%	PMB8108710930	11158	30/09/2018	2,892,398	-	1,856,160	1,036,238
DBSA - 15.5%	PMB8108710930	11159	31/03/2019	4,504,738	-	2,085,150	2,419,589
DBSA - 15.5%	PMB8108710930	11160	31/03/2019	3,839,188	-	1,777,080	2,062,107
DBSA - 16.5%	PMB8108710930	13446	31/03/2020	9,844,035	-	2,777,651	7,066,383
DBSA - 16.5%	PMB8108710930	13447	31/03/2020	4,196,126	-	1,184,004	3,012,122
DBSA - 16.5%	PMB8108710930	13448	31/03/2020	6,212,926	-	1,753,076	4,459,850
DBSA - 14.27%	PMB8108710930	102091	11/02/2020	2,226,818	-	483,590	1,743,229
DBSA - 14.27%	PMB8108710930	102416	28/06/2021	21,477,162	-	4,142,636	17,334,527
DBSA - 9.31%	PMB8108710930	101922	30/09/2020	9,290,767	-	2,366,829	6,923,938
DBSA - 8.7%	PMB8108710930	102797	30/09/2022	46,562,455	-	6,928,860	39,633,595
DBSA - 10.79%	PMB8108710930	103059/1	30/09/2023	39,919,304	-	4,514,423	35,404,881
DBSA - 6.75%	PMB8108710930	103059/2	30/09/2023	8,891,404	-	1,131,140	7,760,264
DBSA - 12.02%	PMB8108710930	103594/1	31/12/2024	79,386,933	-	7,023,203	72,363,730
DBSA - 6.75%	PMB8108710930	103594/2	31/12/2024	23,320,325	-	2,481,063	20,839,262
DBSA - 12.10%	PMB8108710930	103721	31/03/2025	144,971,615	-	12,080,156	132,891,459
DBSA - 9.19%	PMB8108710930	61007262	31/03/2025	207,570,662	-	26,783,314	180,787,348
<b>DBSA Total</b>				615,106,857	-	79,368,335	535,738,522
<b>LEASE LIABILITY</b>							
<b>Finance Lease</b>							
Computer Equipment				346,586	-	346,586	-
<b>TOTAL EXTERNAL LOANS</b>				<b>615,453,443</b>	<b>-</b>	<b>79,714,921</b>	<b>535,738,522</b>

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**

**APPENDIX B**

**ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2018**

	Cost									Accumulated Depreciation							
	Opening Balance	Adjustment to Opening Balance	Adjustments current year	Additions/Fair value adjustments	Capital under Construction	Capitalised capital under construction	Donated	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	1,217,633,303.91			-404,461.81			0.00		1,217,228,842.10	0.00		0.00	0.00	0.00	0.00	0.00	1,217,228,842.10
Buildings	480,925,764.67	22,111,947.75	284,052.25	297,084.35	5,903,299.61	-931,700.00		0.00	508,590,448.63	247,172,651.48		22,371,224.50	0.00	-89,236.16		269,454,639.82	239,135,808.81
<b>Total Land and Buildings</b>	<b>1,698,559,068.58</b>	<b>22,111,947.75</b>	<b>284,052.25</b>	<b>107,377.46</b>	<b>5,903,299.61</b>	<b>-931,700.00</b>	<b>-</b>	<b>-</b>	<b>1,725,819,290.73</b>	<b>247,172,651.48</b>	<b>-</b>	<b>22,371,224.50</b>	<b>-</b>	<b>-89,236.16</b>	<b>-</b>	<b>269,454,639.82</b>	<b>1,456,364,650.91</b>
<b>ELECTRICITY</b>																	
HV Overhead Lines	66,159,099.64	0.00		0.00			0.00	0.00	66,159,099.64	24,338,400.05		4,574,751.75	0.00	0.00	0.00	28,913,151.80	37,245,947.84
HV Substations	296,492,691.72	0.00		0.00	44,449,017.50		0.00	0.00	340,941,709.22	96,656,684.60	-0.02	15,123,225.44	0.00	0.00	0.00	111,779,910.06	229,161,799.16
HV Underground Cables	15,087,569.28	0.00		0.00			0.00	0.00	15,087,569.28	6,473,548.75	0.00	662,726.59	0.00	0.00	0.00	7,136,275.34	7,951,293.94
Electricity reticulation	4,019,437.59	0.00		198,207.54	54,921,147.31		0.00	0.00	59,139,792.44	40,107.09	0.00	83,419.30	0.00	0.00	0.00	123,526.39	15,266.05
LV Street Lighting	113,737,253.25	0.00		0.00			0.00	0.00	113,737,253.25	19,806,304.57	0.00	6,503,826.59	0.00	0.00	0.00	26,310,131.16	87,427,122.09
MV Ground Mounted Transformer	65,579,520.00	0.00		0.00			0.00	0.00	65,579,520.00	9,676,630.14	0.00	2,706,979.76	0.00	0.00	0.00	12,383,609.90	53,195,910.10
MV Mini Substations	124,989,741.07	0.00		4,893,574.40			0.00	0.00	129,883,315.47	36,843,890.05	0.00	7,212,405.18	0.00	0.00	0.00	44,056,295.23	85,827,020.24
MV Overhead Lines	24,804,369.14	0.00		0.00			0.00	0.00	24,804,369.14	12,758,956.00	0.00	2,408,745.41	0.00	0.00	0.00	15,167,701.41	9,636,667.73
MV Substations	144,280,212.10	0.00		0.00			0.00	0.00	144,280,212.10	39,072,962.30	0.00	6,163,426.05	0.00	0.00	0.00	45,236,388.35	99,043,823.75
MV Underground Cables	706,464,739.69	0.00		0.00		650,617.59	0.00	0.00	707,115,357.28	233,119,010.05	0.00	44,785,439.29	0.00	0.00	0.00	277,904,449.34	429,210,907.94
MV Pole Mounted Transformers	34,366,731.39	0.00		0.00			0.00	0.00	34,366,731.39	5,472,777.84	0.00	1,207,075.20	0.00	0.00	0.00	6,679,853.04	27,688,878.35
MV Ring Main Unit	32,550,780.06	0.00		5,438,042.98			0.00	0.00	37,988,823.04	10,096,748.88	0.00	1,962,717.24	0.00	0.00	0.00	12,059,466.12	25,929,356.92
	<b>1,628,532,144.93</b>	<b>0.00</b>	<b>0.00</b>	<b>10,529,824.92</b>	<b>99,370,164.81</b>	<b>650,617.59</b>	<b>0.00</b>	<b>0.00</b>	<b>1,739,082,752.25</b>	<b>494,356,020.32</b>	<b>93,394,737.80</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>587,750,758.14</b>	<b>1,151,331,994.11</b>
<b>ROADS</b>																	
Overhead Gantry	130,000.00	0.00		0.00			0.00	0.00	130,000.00	25,271.95	0.00	5,237.12	0.00	0.00	0.00	30,509.07	99,490.93
Concrete Roads	44,399,974.99	0.00		746,051.93	97,651,692.62	12,665,296.51	0.00	0.00	155,463,016.05	13,691,046.00	0.00	3,092,864.93	0.00	0.00	0.00	16,783,910.93	138,679,105.12
Flexible Roads	1,816,325,702.63	0.00		7,579,836.46	6,435,085.32	18,649,125.53	0.00	0.00	1,848,989,749.94	843,130,803.33	0.00	105,324,580.19	0.00	0.00	0.00	948,455,383.52	900,534,366.42
Unpaved Roads	132,448,299.25	0.00		0.00			0.00	0.00	132,448,299.25	94,361,175.56	0.00	6,551,465.82	0.00	0.00	0.00	100,912,641.38	31,535,657.87
Other Roads	145,222,256.47	0.00		0.00	105,166,379.27		0.00	0.00	250,388,635.74	28,347,454.79	0.00	4,320,270.22	0.00	0.00	0.00	32,667,725.01	217,720,910.73
Structures	238,953,697.36	0.00		0.00	21,634.10	-895,631.25	0.00	0.00	238,079,700.21	47,271,552.90	0.00	11,963,688.41	0.00	-7,729.42	0.00	59,227,511.89	178,852,188.32
Signalized Intersections	48,567,153.83	0.00		296,029.57		791,805.59	0.00	0.00	49,654,988.99	29,301,815.32	0.00	3,596,471.46	0.00	0.00	0.00	32,898,286.78	16,756,702.21
Airport Runway	73,574,385.72	0.00		0.00			0.00	0.00	73,574,385.72	21,711,451.32	0.00	4,577,404.97	0.00	0.00	0.00	26,288,856.29	47,285,529.43
	<b>2,499,621,470.25</b>	<b>-</b>	<b>-</b>	<b>8,621,917.96</b>	<b>209,274,791.31</b>	<b>31,210,596.38</b>	<b>-</b>	<b>-</b>	<b>2,748,728,775.90</b>	<b>1,077,840,571.17</b>	<b>-</b>	<b>139,431,983.12</b>	<b>-</b>	<b>7,729.42</b>	<b>-</b>	<b>1,217,264,824.87</b>	<b>1,531,463,951.03</b>
<b>SANITATION</b>																	
Sewer Treatment Works	2,034,057.77	0.00		0.00	1,997,375.37		0.00	0.00	4,031,433.14	1,176,648.82	0.00	114,497.71	0.00	0.00	0.00	1,291,146.53	2,740,286.61
Pump Stations	11,683,838.11	0.00		0.00			0.00	0.00	11,683,838.11	5,798,359.44	0.00	487,857.53	0.00	0.00	0.00	6,286,216.97	5,397,621.14
Bulk Sewers	63,876,412.38	0.00		0.00		11,674,822.49	0.00	0.00	63,876,412.38	21,549,242.89	0.00	2,713,712.87	0.00	0.00	0.00	24,262,955.76	39,613,456.62
Sewer Reticulation	416,631,939.27	0.00		4,536,290.91	1,997,375.37	11,674,822.49	0.00	0.00	432,843,052.67	123,170,568.97	0.00	15,824,013.90	0.00	0.00	0.00	138,994,582.87	293,844,469.80
	<b>494,226,247.53</b>	<b>-</b>	<b>-</b>	<b>4,536,290.91</b>	<b>1,997,375.37</b>	<b>11,674,822.49</b>	<b>-</b>	<b>-</b>	<b>512,434,736.30</b>	<b>151,694,820.12</b>	<b>-</b>	<b>19,140,082.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>170,834,902.13</b>	<b>341,599,834.17</b>
<b>WATER</b>																	
Water Reticulation	398,482,535.27	0.00		0.00	54,704,334.83	3,361,330.09	0.00	0.00	456,548,200.19	179,761,387.00	-795,170.00	14,328,209.39	0.00	0.00	3,927.62	193,298,354.01	263,249,846.18
Pump Stations	4,523,450.70	0.00		0.00			0.00	0.00	4,523,450.70	3,285,924.15	0.00	64,197.28	0.00	0.00	0.00	3,350,121.43	1,173,329.27
Reservoirs	206,939,561.99	0.00		0.00			0.00	0.00	206,939,561.99	70,535,761.89	-3,524,953.50	13,298,152.12	0.00	0.00	0.00	80,308,960.51	126,630,601.48
Water Supply Bulk Water Pipeline	447,373,773.76	0.00		3,117,637.98		2,388,866.07	0.00	0.00	452,880,277.81	377,760,760.93	-257,591,344.85	33,308,559.52	0.00	0.00	0.00	153,477,975.60	299,402,302.21
Water Supply Pressure Reduce V	3,917,229.66	0.00		0.00			0.00	0.00	3,917,229.66	3,870,622.62	0.00	253,597.17	0.00	0.00	0.00	464,067.91	3,453,161.75
Water Meters	43,042,614.84	0.00		0.00			0.00	0.00	43,042,614.84	3,779,672.73	0.00	2,693,033.17	0.00	0.00	0.00	6,472,705.90	36,569,908.94
	<b>1,104,279,166.22</b>	<b>-</b>	<b>-</b>	<b>3,117,637.98</b>	<b>54,704,334.83</b>	<b>5,750,196.16</b>	<b>-</b>	<b>-</b>	<b>1,167,851,335.19</b>	<b>638,994,129.32</b>	<b>-265,571,620.23</b>	<b>63,945,748.65</b>	<b>-</b>	<b>-</b>	<b>3,927.62</b>	<b>437,372,185.36</b>	<b>730,479,149.83</b>
<b>SECURITY</b>																	
Fencing	4,835,249.77	0.00		0.00			0.00	0.00	4,835,249.77	3,639,643.95	0.00	-3,259,672.11	0.00	0.00	3,599,568.92	3,979,540.76	855,709.01
Security Systems	22,792,858.71	0.00		846,985.81		29,639.04	0.00	0.00	23,669,483.56	19,202,900.12	-250,915.44	1,375,654.80	0.00	0.00	0.00	20,327,639.48	3,341,844.08
Access Control	276,177.53	0.00		0.00			0.00	0.00	276,177.53	205,817.06	0.00	28,480.31	0.00	0.00	0.00	234,297.37	41,880.16
	<b>27,904,286.01</b>	<b>-</b>	<b>-</b>	<b>846,985.81</b>	<b>-</b>	<b>29,639.04</b>	<b>-</b>	<b>-</b>	<b>28,780,910.86</b>	<b>23,048,361.13</b>	<b>-250,915.44</b>	<b>1,855,537.00</b>	<b>-</b>	<b>-</b>	<b>3,599,568.92</b>	<b>24,541,477.61</b>	<b>4,239,433.25</b>
<b>STORMWATER</b>																	
Major Culverts	43,599,732.38	0.00		0.00			0.00	0.00	43,599,732.38	8,039,629.17	0.00	930,866.76	0.00	0.00	0.00	8,970,495.93	34,629,236.45
Minor Culverts	662,608.48	0.00		0.00			0.00	0.00	662,608.48	120,278.91	0.00	7,478.46	0.00	0.00	0.00	127,757.37	534,851.11
Kerb Inlets	88,797,378.58	0.00		0.00			0.00	0.00	88,797,378.58	32,267,459.59	0.00	3,294,969.26	0.00	0.00	0.00	35,562,428.85	53,234,949.73
Manholes	56,558,788.00	0.00		0.00			0.00	0.00	56,558,788.00	20,950,249.19	0.00	2,094,957.56	0.00	0.00	0.00	23,045,206.75	33,513,581.25
Open Channels	27,187,992.83	0.00		0.00			0.00	0.00	27,187,992.83	3,568,851.49	0.00	606,968.01	0.00	0.00	0.00	4,164,819.50	23,023,173.33
Reticulation	351,483,571.00	0.00		13,596,859.99		10,343,955.95	0.00	0.00	375,424,386.94								

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX B**

**ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2018**

	Cost									Accumulated Depreciation							
	Opening Balance	Adjustment to Opening Balance	Adjustments current year	Additions/Fair value adjustments	Capital under Construction	Capitalised capital under construction	Donated	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	0.00		0.00			0.00	0.00	23,464,095.15	12,781,160.56	0.00	874,195.33	0.00	0.00	0.00	13,655,355.89	9,808,739.26
Stadiums	85,637,876.17	0.00		0.00			0.00	0.00	85,637,876.17	50,827,803.10	-4,461,071.10	5,174,805.05	0.00	0.00	0.00	51,541,537.05	34,096,339.12
Public Conveniences	32,337,327.39	0.00		0.00			0.00	0.00	32,337,327.39	15,126,547.68	0.00	1,653,267.51	0.00	0.00	0.00	16,779,815.19	15,557,512.20
Clinics	29,442,063.10	0.00		0.00	4,739,134.06		0.00	0.00	34,181,197.16	14,350,829.70	0.00	776,101.92	0.00	0.00	0.00	15,126,931.62	19,054,265.54
Libraries	82,385,494.76	0.00		0.00		4,737,123.36	0.00	0.00	87,001,297.93	41,112,287.27	0.00	3,529,469.32	0.00	0.00	0.00	44,641,756.59	42,359,541.34
Community Centres	98,400,195.38	0.00		0.00	-121,320.19		0.00	0.00	102,183,083.37	53,059,347.85	-8,941,634.75	5,957,177.24	0.00	0.00	0.00	50,074,890.34	52,108,193.03
Cemeteries	6,551,265.08	0.00		0.00			0.00	0.00	2,924,976.73	2,924,976.73	0.00	129,071.32	0.00	0.00	0.00	3,054,048.05	3,497,217.03
Civic Theatres	13,733,671.63	0.00		0.00			0.00	0.00	13,733,671.63	9,259,968.81	0.00	1,667,105.40	0.00	0.00	0.00	10,927,074.21	2,806,597.42
	<b>371,951,968.66</b>	-		-	<b>8,400,701.86</b>	<b>4,737,123.36</b>	-	-	<b>385,089,813.88</b>	<b>199,442,921.70</b>	<b>- 13,402,705.85</b>	<b>19,761,193.09</b>	-	-	-	<b>205,801,408.94</b>	<b>179,288,404.94</b>
<b>Community Recreational Facilities</b>																	
Swimming Pools	45,916,159.06	0.00		-	4,344,828.01		-	-	50,260,987.07	23,645,783.25	-6,142,130.52	1,967,187.47	0.00	0.00	0.00	19,470,840.20	30,790,146.87
Sports Facilities	48,643,282.06	0.00		0.00	-43,742,456.67		0.00	0.00	4,900,825.39	18,846,188.83	-3,691,020.92	2,008,143.80	0.00	0.00	0.00	17,163,311.71	-12,262,486.32
Squash Courts	-	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
Parks	21,141,158.09	0.00		0.00	-36,696,786.56		0.00	0.00	-15,555,628.47	11,873,399.75	-2,247,944.68	824,648.45	0.00	0.00	0.00	10,450,103.52	-26,005,731.99
Sports Grounds	119,302,955.43	16,473,844.00		5,704,318.27	0.00	96,216,375.98	0.00	0.00	237,697,493.68	63,285,150.37	-12,378,046.23	6,525,764.45	0.00	0.00	0.00	57,432,868.59	180,264,625.09
	<b>235,003,554.64</b>	<b>16,473,844.00</b>		<b>5,704,318.27</b>	<b>- 76,094,415.22</b>	<b>96,216,375.98</b>	-	-	<b>277,303,677.67</b>	<b>117,650,522.20</b>	<b>- 24,459,142.35</b>	<b>11,325,744.17</b>	-	-	-	<b>104,517,124.02</b>	<b>172,786,553.65</b>
<b>Total Community Assets</b>	<b>606,955,543.30</b>	<b>16,473,844.00</b>		<b>5,704,318.27</b>	<b>- 67,693,713.36</b>	<b>100,953,499.34</b>	-	-	<b>662,393,491.55</b>	<b>317,093,443.90</b>	<b>- 37,861,848.20</b>	<b>31,086,937.26</b>	-	-	-	<b>310,318,532.96</b>	<b>445,253,643.43</b>
<b>OTHER ASSETS</b>																	
<b>Other Properties</b>																	
Housing Schemes	82,356,735.53	0.00		0.00	6,015,554.14		0.00	0.00	88,372,289.67	45,944,499.57	-33,387.63	3,086,866.64	0.00	0.00	0.00	48,997,978.58	39,374,311.09
Markets	236,963,857.23	0.00		0.00			0.00	0.00	236,963,857.23	137,069,397.42	0.00	8,604,368.99	0.00	0.00	0.00	145,673,766.41	91,290,090.82
Sewerage works and Dump Site	796,653.56	0.00		0.00			0.00	0.00	796,653.56	607,677.97	0.00	7,797.06	0.00	0.00	0.00	615,475.03	181,178.53
Workshops and Depots	31,508,703.13	0.00		0.00			0.00	0.00	31,508,703.13	18,745,662.31	0.00	1,202,401.96	0.00	0.00	0.00	19,948,064.27	11,560,638.86
Hostels	1,557,492.33	0.00		0.00			0.00	0.00	1,557,492.33	1,010,695.00	0.00	36,354.33	0.00	0.00	0.00	1,047,049.33	510,443.00
Training Centre	4,298,468.38	0.00		0.00			0.00	0.00	4,298,468.38	2,339,399.87	0.00	195,004.04	0.00	0.00	0.00	2,534,403.91	1,764,064.47
Landfill Site	42,566,754.06	0.00		6,921,510.00			0.00	0.00	49,488,264.06	18,954,104.95	0.00	2,191,716.86	0.00	0.00	0.00	21,145,821.81	28,342,442.25
Beer Halls	-	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
Old Age Homes	924,085.61	0.00		0.00			0.00	0.00	924,085.61	617,056.55	0.00	29,701.64	0.00	0.00	0.00	646,758.19	277,327.42
Transport Facility	38,748,040.48	0.00		895,631.25	0.00		0.00	0.00	39,643,671.73	18,318,764.74	0.00	2,410,703.98	0.00	7,729.42	0.00	20,737,198.14	18,906,473.59
Crematoriums	7,004,221.09	0.00		0.00			0.00	0.00	7,004,221.09	3,538,345.50	0.00	575,581.26	0.00	0.00	0.00	4,113,926.76	2,890,294.33
Nurseries	10,835,503.47	0.00		0.00			0.00	0.00	10,835,503.47	6,735,023.73	0.00	383,212.09	0.00	0.00	0.00	7,118,235.82	3,717,265.33
Airport Buildings	13,980,560.22	0.00		0.00			0.00	0.00	13,980,560.22	4,425,661.74	0.00	932,447.49	0.00	0.00	0.00	5,358,109.23	8,622,450.99
Creches	15,717,654.62	24,667,673.00	91,219.00	0.00			0.00	0.00	40,476,546.62	6,522,204.40	0.00	659,759.34	0.00	0.00	0.00	7,181,963.74	33,294,582.88
Substations	-	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
<b>Total Other Assets</b>	<b>487,258,729.71</b>	<b>24,667,673.00</b>	<b>91,219.00</b>	<b>7,817,141.25</b>	<b>6,015,554.14</b>	-	-	-	<b>525,850,317.10</b>	<b>264,828,493.75</b>	<b>- 33,387.63</b>	<b>20,315,915.68</b>	-	<b>7,729.42</b>	-	<b>285,118,751.22</b>	<b>240,731,565.88</b>
<b>Plant and Equipment</b>																	
Graders	5,286,963.57	0.00		5,204,818.80			0.00	-689.64	10,491,092.73	4,648,434	0.00	203,832.39	0.00	-27,354.36	0.00	4,824,912.21	5,666,180.52
Tractors	13,046,882.62	0.00		2,550,409			0.00	-40.53	15,597,051.49	7,999,037	0.00	487,036.90	0.00	-798,004.31	146.83	7,688,216.51	7,909,834.98
Farm Equipment	18,270.00	0.00		0.00			0.00	-474.06	17,320.57	17,320.57	0.00	475.37	0.00	-17,795.94	0.00	17,795.94	0.00
Lawnmowers	3,228,272.89	0.00		193,382.46			0.00	-147,887	3,273,768.42	2,211,559.08	-1,441,969.17	433,714.73	0.00	0.00	0.00	1,203,304.64	2,070,463.78
Compressors	88,423.02	0.00		238,868.04			0.00	-95.58	327,195.48	87,362.08	-44,112.92	3,139.10	0.00	0.00	0.00	46,388.26	280,807.22
Laboratory Equipment	641,446.20	0.00		10,070.00			0.00	-6,664.80	644,851.40	577,161.09	-290,437.43	25,977.58	0.00	0.00	0.00	312,701.24	332,150.16
Radio Equipment	1,729,239.49	0.00		2,044,956.80			0.00	-183,774.26	3,590,423.03	1,152,752	-566,560.73	211,668.49	0.00	864.28	0.00	798,723.59	2,791,698.44
Firearms	640,484.37	0.00		0.00			0.00	0.00	640,484.37	156,329.26	0.00	122,876.43	0.00	0.00	0.00	279,205.69	361,278.68
Telecommunication	5,993,291.73	0.00		331,588.58			0.00	-26,123.29	6,298,757.02	5,396,011	-502,489.43	373,612.48	0.00	7,400.08	0.00	5,274,534.47	1,024,222.55
Plant and Equipment	48,414,196.31	0.00		14,520,526	671,261.30		0.00	-1,188,362.33	62,417,621.72	27,110,388	-4,401,129.96	6,672,501.26	0.00	0.00	0.00	29,381,758.90	33,035,862.82
Cremators	-	0.00		0.00			0.00	0.00	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>79,087,270.20</b>	-		<b>25,094,620.52</b>	<b>671,261.30</b>	-	-	<b>- 1,554,111.42</b>	<b>103,299,040.60</b>	<b>49,356,353.84</b>	<b>- 7,246,699.64</b>	<b>8,534,834.73</b>	-	<b>- 843,154.61</b>	<b>8,411.20</b>	<b>49,809,745.52</b>	<b>53,489,295.08</b>
<b>Office Equipment</b>																	
Computer Hardware	79,370,960.25	0.00		3,900,673			0.00	-425,899	82,845,733.96	39,140,033	-8,601,237.63	13,445,077.77	0.00	0.00	9,363.14	43,993,236.59	38,852,497.37
Computer Hardware/Finance Lea	4,765,629.84	0.00		0.00			0.00	0.00	4,765,629.84	2,990,413.72	0.00	587,312.09	0.00	0.00	0.00	3,577,725.81	1,187,904.03
Office Machines	5,917,707.06	0.00		467,197.55			0.00	-89,014.47	6,295,890.14	4,364,299	-1,206,215.90	797,894.43	0.00	0.00	16,943.08	3,972,920.18	2,322,969.96
Airconditioners	17,363,770.44	0.00		1,853,746.45			0.00	-142,887.89	19,074,629.00	12,538,446	-2,029,896.45	1,954,745.08	0.00	89,236.16	0.00	12,552,630.92	6,522,098.08
	<b>107,418,067.59</b>	-		<b>6,221,616.68</b>	-	-	-	<b>- 657,801.33</b>	<b>112,981,882.94</b>	<b>59,033,191.73</b>	<b>- 11,837,349.98</b>	<b>16,785,029.37</b>	-	<b>89,236.16</b>	<b>26,306.22</b>	<b>64,096,413.50</b>	<b>48,</b>

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX B**

**ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2018**

	Cost									Accumulated Depreciation							
	Opening Balance	Adjustment to Opening Balance	Adjustments current year	Additions/Fair value adjustments	Capital under Construction	Capitalised capital under construction	Donated	Disposals	Closing Balance	Opening Balance	Restated Balance	Additions (Depreciation)	Disposals adjustments	Disposals Acc. Depreciation	Impairment	Closing Balance	Carrying Value
	Medical Equipment Clinics	586,362.50	0.00		0			0.00	-34,236.07	552,126.43	460,438.93	-223,589.87	33,890.18	0.00	0.00	0.00	270,739.24
	<b>5,559,725.94</b>	-		-			-	<b>-113,144.69</b>	<b>5,446,581.25</b>	<b>2,939,551.17</b>	<b>-410,984.43</b>	<b>270,373.26</b>	-	-	-	<b>2,798,940.00</b>	<b>2,647,641.25</b>
<b>Motor Vehicles</b>																	
Fire Engines	27,775,657.95	0.00		4,497,272.78			0.00	0.00	32,272,930.73	12,074,377	-270,683.15	1,123,727.92	0.00	0.00	0.00	12,927,422.22	19,345,508.51
Buses	2,165,154.10	0.00		259,555.84			0.00	0.00	2,424,709.94	625,493.72	0.00	225,829.71	0.00	0.00	0.00	851,323.43	1,573,386.51
Motor Vehicles	31,918,530.59	0.00		9,837,730			0.00	-182.61	41,756,078.05	19,807,146	-3,313,602.73	3,434,215.16	0.00	0.00	0.00	19,927,758.45	21,828,319.60
Motor Cycles	2,033,725.82	0.00		0			0.00	0.00	2,033,725.82	1,044,184.07	-248,007.78	509,705.96	0.00	0.00	0.00	1,305,882.25	727,843.57
Trucks and Bakkies	153,617,545.04	0.00		24,142,442			0.00	-124,447.46	177,635,540.01	110,042,709	-14,816,215.92	11,193,066.29	0.00	0.00	0.00	106,419,559.10	71,215,980.91
Trailers	1,560,611.32	0.00		0.00	0.00		0.00	-4,580.07	1,556,031.25	1,536,540	-418,337.91	-19,652.94	0.00	0.00	30,661.01	1,129,210.19	426,821.06
	<b>219,071,224.82</b>	-		<b>38,737,001.12</b>	-	-	-	<b>-129,210.14</b>	<b>257,679,015.80</b>	<b>145,130,450.02</b>	<b>-19,066,847.49</b>	<b>16,466,892.10</b>	-	-	<b>30,661.01</b>	<b>142,561,155.64</b>	<b>115,117,860.16</b>
<b>Living Resources</b>																	
Living Resources	769,726.00	0.00		158,768.00			0.00	0.00	928,494.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	928,494.00
<b>Total Living Resources</b>	<b>769,726.00</b>			<b>158,768.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>928,494.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>928,494.00</b>
<b>Total Movable Assets</b>	<b>930,377,129.23</b>	<b>24,667,673.00</b>	<b>91,219.00</b>	<b>78,545,690.26</b>	<b>6,686,815.44</b>	-	-	<b>-2,790,236.27</b>	<b>1,037,578,290.66</b>	<b>544,211,077.88</b>	<b>-42,247,101.19</b>	<b>64,988,660.44</b>	-	<b>-746,189.03</b>	<b>119,062.14</b>	<b>566,325,510.24</b>	<b>454,214,907.62</b>
<b>TOTAL PPE</b>	<b>9,580,519,984.95</b>	<b>200,156,888.75</b>	<b>375,896.25</b>	<b>125,550,916.64</b>	<b>314,575,308.53</b>	<b>159,681,626.95</b>	-	<b>-2,790,236.27</b>	<b>10,378,070,385.80</b>	<b>3,634,051,616.50</b>	<b>-346,026,756.14</b>	<b>447,609,317.43</b>	-	<b>-843,154.61</b>	<b>3,722,558.68</b>	<b>3,738,513,581.88</b>	<b>7,207,673,390.23</b>
<b>Heritage Assets</b>																	
artworks	192,248,161.15	0.00		629,500.00			0.00	0.00	192,877,661.15	6,803,730.00	0.00	0.00	0.00	0.00	6,200.00	6,809,930.00	186,067,731.15
Mayoral Chain	133,500.00	0.00		0.00			0.00	0.00	133,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	133,500.00
Mahatma Gandhi Statue	925,000.00	0.00		0.00			0.00	0.00	925,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	925,000.00
Stadiums	3,961,962.71	0.00		0.00			0.00	0.00	3,961,962.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,961,962.71
Swimming Pool	1,785,373.32	0.00		0.00			0.00	0.00	1,785,373.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,785,373.32
Museums and Art Gallery	17,315,795.90	0.00		0.00			0.00	0.00	17,315,795.90	22,973.21	0.00	0.00	0.00	0.00	0.00	22,973.21	17,292,822.69
Parks	2,485,907.87	0.00		0.00	0.00	0.00	0.00	0.00	2,485,907.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,485,907.87
Crematorium	8,181,347.71	0.00		0.00	0.00	0.00	0.00	0.00	8,181,347.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,181,347.71
Land (heritage )	6,002,000.00	0.00		0.00			0.00	0.00	6,002,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,002,000.00
<b>Total Heritage assets</b>	<b>233,039,048.66</b>	-		<b>629,500.00</b>	-	-	-	-	<b>233,668,548.66</b>	<b>6,826,703.21</b>	-	-	-	-	<b>6,200.00</b>	<b>6,832,903.21</b>	<b>226,835,645.45</b>
<b>Investment Property</b>																	
Land and Building	720,223,802.39	-11,470,890.00		9,538,690.04			0.00	0.00	718,291,602.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	718,291,602.43
<b>Total Investment Property</b>	<b>720,223,802.39</b>	<b>-11,470,890.00</b>		<b>9,538,690.04</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>718,291,602.43</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>718,291,602.43</b>
<b>Intangible Assets</b>																	
Computer Software	48,188,580.72	0.00		0.00			0.00	0.00	48,188,580.72	22,329,361.16	0.00	12,927,133.96	0.00	0.00	0.00	35,256,495.12	12,932,085.60
Intangible Assets/software	37,439,814.64			8,968,380.12	0.00		0.00	0.00	46,408,194.76	13,499,922.62	0.00	4,891,750.31	0.00	0.00	0.00	18,391,672.93	28,016,521.83
	<b>85,628,395.36</b>	-		<b>8,968,380.12</b>	-	-	-	-	<b>94,596,775.48</b>	<b>35,829,283.78</b>	-	<b>17,818,884.27</b>	-	-	-	<b>53,648,168.05</b>	<b>40,948,607.43</b>
Servitudes	803,846.28	0.00		0.00			0.00	0.00	803,846.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	803,846.28
	<b>803,846.28</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>803,846.28</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>803,846.28</b>
<b>Total Intangible Assets</b>	<b>86,432,241.64</b>	-	-	<b>8,968,380.12</b>	-	-	-	-	<b>95,400,621.76</b>	<b>35,829,283.78</b>	-	<b>17,818,884.27</b>	-	-	-	<b>53,648,168.05</b>	<b>41,752,453.71</b>
<b>Agricultural assets</b>																	
Plantation	54,067,677.00	0.00		9,796,113.00			0.00	0.00	63,863,790.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	63,863,790.00
	<b>54,067,677.00</b>	-		<b>9,796,113.00</b>	-	-	-	-	<b>63,863,790.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>63,863,790.00</b>
<b>Grand Total Assets</b>	<b>10,674,282,754.64</b>	<b>188,685,998.75</b>		<b>154,483,599.80</b>	<b>314,575,308.53</b>	<b>159,681,626.95</b>	-	<b>-2,790,236.27</b>	<b>11,489,294,948.65</b>	<b>3,676,707,603.49</b>	<b>-346,026,756.14</b>	<b>465,428,201.70</b>	-	<b>-843,154.61</b>	<b>3,728,758.68</b>	<b>3,798,994,653.14</b>	<b>8,259,345,375.82</b>

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY  
APPENDIX C

SEGMENTAL ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2018

DESCRIPTION	HISTORICAL COSTS								ACCUMULATED DEPRECIATION							
	OPENING BALANCE	RESTATED BALANCE	ADDITIONS	UNDERCONSTRUCTION	REVALUATION	DISPOSALS	DONATED ASSETS	CLOSING BALANCE	OPENING BALANCE	RESTATED BALANCE	ADDITIONS	DEPRE. ADJUSTMENT	DEPRE. DISPOSALS CURR	IMPAIRMENT	CLOSING BALANCE	NET BOOK VALUE
Executive and Council	22,469,814	-40,689	-3,838,850	9,949,570	629,500	-229,420	0	29,169,345	-9,432,584	1,134,560	-2,897,601	1,453,389	-6,313	-8,543	-9,750,779	19,418,566
Finance and Administration	1,717,364,413	16,278,954	1,928,150	18,601,529	0	-561,258	0	1,754,173,045	-356,319,656	20,237,433	-56,364,169	12,714,917	-126,387	-1,197,989	-380,929,464	1,373,243,581
Planning and Development	203,143,157	-981,304	-257,852	96,621,098	0	-232,351	0	298,525,099	-73,418,770	2,199,642	-7,874,100	981,819	-9,147	-421,817	-78,533,226	219,991,874
Health	5,931,619	-250,067	217,597	0	0	-138,582	0	5,899,148	-3,310,495	694,023	-774,290	-33,293	-1,909	-5,788	-3,429,842	2,469,306
Community and Social Services	295,627,575	841,558	18,800,908	11,158,286	73,497,935	-209,692	0	399,926,262	-59,142,682	1,647,388	-8,013,770	-9,483,391	-9,743	-6,902,997	-81,895,452	318,030,810
Housing	868,148,677	-13,135,978	32,319,657	19,473,420	0	-27,611	0	906,805,776	-60,070,742	267,573	-6,345,558	-69,201	-1,134	-87,068	-66,304,996	840,500,780
Public Safety	62,440,854	-604,673	20,766,515	3,587,115	0	-161,629	0	86,189,811	-31,985,789	2,331,425	-3,504,392	-9,440,046	-11,875	-27,471	-42,626,274	43,563,537
Sport and Recreation	409,312,969	-18,367,744	108,994,311	37,352,216	71,850	-405,906	0	537,363,602	-200,631,624	31,617,099	-20,302,668	-2,365,703	-47,735	-1,848,786	-193,531,683	343,831,920
Road Transport	3,256,673,636	-12,025,674	93,229,182	468,470,225	1,300	-50,825	0	3,806,348,670	-1,348,402,713	14,795,549	-162,439,891	-5,116,998	-52,082	-1,357,874	-1,502,521,927	2,303,826,743
Environmental Protection	0	0	3,790	85,874	0	0	0	89,664	0	0	-6,701	3,341	0	0	-3,360	86,304
Water	1,121,418,524	-129,860,850	976,836	168,881,858	45,000	-382,512	0	1,161,461,368	-587,943,573	267,031,279	-65,702,482	1,191,512	-1,949,837	-57,152,672	-442,575,937	718,885,431
Waste Water Management	569,787,853	-455,762	30,183,864	151,111,008	0	-164,043	0	750,626,964	-181,395,877	1,103,857	-22,976,254	992,226	-839	-472,640	-202,748,688	547,878,276
Electricity	1,667,741,522	-1,924,804	-2,765,992	234,871,686	3,450	-190,574	0	1,897,925,864	-515,492,548	3,266,565	-92,962,526	9,949,674	-13,629	-8,705,731	-603,944,565	1,293,981,298
Other	400,602,590	-71,291	12,977,612	10,326,416	0	-35,835	0	423,835,326	-174,682,348	543,517	-15,263,833	-778,246	-174	-17,585	-190,198,495	233,636,831
<b>TOTALS</b>	<b>10,600,663,204</b>	<b>-160,598,323</b>	<b>313,535,727</b>	<b>1,230,490,301</b>	<b>74,249,035</b>	<b>-2,790,236</b>	<b>0</b>	<b>12,058,339,943</b>	<b>-3,602,229,400</b>	<b>346,869,911</b>	<b>-465,428,234</b>	<b>0</b>	<b>-2,230,804</b>	<b>-78,206,962</b>	<b>-3,798,994,686</b>	<b>8,259,345,258</b>

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX D**  
**ACTUAL VERSUS BUDGET (ACQUISITION OF ALL NON-CURRENT ASSETS ) FOR THE YEAR ENDED 30 JUNE 2018**

Description	2018 Budget R	2018 Actual R	2018 Under construction R	2018 Additions R	2018 Variance R	2018 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive and Council	7,135,324.00	841,206.61		841,206.61	6,294,117.39	88%	
Finance and Administration	53,449,054.02	25,185,205.66	6,080,201.08	19,105,004.58	28,263,848.36	53%	
Planning and Development	89,225,292.04	54,705,398.05	52,374,561.28	2,330,836.77	34,519,893.99	39%	
Public Safety	9,679,546.39	8,512,120.99	3,265,735.82	5,246,385.17	1,167,425.40	12%	
Community and Social Services	7,705,885.00	1,810,558.92		1,810,558.92	5,895,326.08	77%	
Health	462,164.00	177,739.44		177,739.44	284,424.56	62%	
Sport and Recreation	34,380,993.09	29,921,343.71	19,636,194.49	10,285,149.22	4,459,649.38	13%	
Road Transport	241,826,431.85	230,438,759.92	197,412,551.69	33,026,208.23	11,387,671.93	5%	
Water	94,035,379.15	60,485,947.92	53,523,456.07	6,962,491.85	33,549,431.23	36%	
Waste Water Management	86,979,890.00	65,819,330.14	28,657,759.29	37,161,570.85	21,160,559.86	24%	
Electricity	120,400,000.00	110,138,804.11	99,456,099.19	10,682,704.92	10,261,195.89	9%	
Housing	25,380,231.78	30,223,820.65	8,455,347.93	21,768,472.72	-4,843,588.87	-19%	
Other	11,158,457.68	10,371,524.93	77,653.21	10,293,871.72	786,932.75	7%	
Environment Protection	272,372.00	173,105.70	85,874.00	87,231.70	99,266.30	36%	
<b>TOTALS</b>	<b>782,091,021.00</b>	<b>628,804,866.75</b>	<b>469,025,434.05</b>	<b>159,779,432.70</b>	<b>153,286,154.25</b>	<b>20%</b>	

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**

**APPENDIX E**

**DETAILS OF UNSPENT CONDITIONAL GRANTS, RECEIPTS AND TRANSFERS TO INCOME AS AT 30 JUNE 2018**

<u>Account Description</u>	<u>Unspent balance @ 01 July 2017</u>	<u>Transfers to income</u>	<u>Inter project</u>	<u>Refund to grant provider</u>	<u>Funds paid back to National Treasury</u>	<u>VAT recovered from NT grants</u>	<u>Current year interest earned</u>	<u>Current year receipts</u>	<u>Unspent balance @ 30 June 2018</u>	<u>Source Code</u>
GRANTS:CP-NT-INEP	-3,885,495				3,885,495				-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-NDPG	-20,154,850	36,498,954			20,154,850	993,263		-38,096,000	-603,783	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-WSIG	-	36,727,610				1,463,390		-38,191,000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:OP-NT-EPWP	-2,896,487	8,022,000			2,896,487			-8,022,000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:OP-NT-FMG	-	1,699,160				840		-1,700,000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-PTCG	-	104,188,518			-	14,379,587		-130,074,592	-11,506,487	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:OP-NT-PTCG	-	10,735,942			-	2,062,690		-27,437,408	-14,638,776	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-MIG	-1,063,876	158,516,926				19,072,484		-183,391,337	-6,865,803	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:OP-NT-MIG	-	16,321,729				1,425,934		-17,747,663	-	UNSPENT CG - NATIONAL GOVERNMENT
	<b>-28,000,708</b>	<b>372,710,839</b>	<b>-</b>	<b>-</b>	<b>26,936,832</b>	<b>39,398,188</b>	<b>-</b>	<b>-444,660,000</b>	<b>-33,614,849</b>	
GRANTS:OP-KZ-DEV OF	-1,004,504	350,000					-60,598		-715,102	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-HOUSING	-151,416	151,416							-	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-P/HOUSE	-2,906						-202		-3,108	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-S/LIGHT	-4,570						-307		-4,877	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-MARKET	-940,793	77,653					-62,394		-925,534	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS: OP-KZN-DOHS-ORIBI VILLAGE	-							-689,836	-689,836	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS: OP-KZN-DOHS-BENEFIT AUDIT/TRANSFER	-						-390,890	-9,211,500	-9,602,390	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS: OP-KZN-DOHS-MILITARY VETERANS	-							-8,624,156	-8,624,156	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-TAG	-	126,533					-3,712	-135,000	-12,179	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-TAG	-						-22,280	-685,000	-707,280	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-GEVDI	-910,592	1,630,281					-248,625	-6,000,000	-5,528,936	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-GEVDI	-986,349	14,095,539					-733,022	-21,705,656	-9,329,488	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-LIBRARY	-394,914	6,426,362					-273,470	-6,056,548	-298,570	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-LIBRARY	-100,962	14,704,467					-457,980	-14,658,452	-512,927	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-ACCRED	-2,414,478	994,631					-223,670	-2,857,040	-4,500,557	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-ACCRED	-31,431,875	8,555,915					-2,336,535	-6,688,000	-31,900,495	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-MANAYE	-3,811,874	149,110					-256,283		-3,919,047	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-MANAYE	-538,838	339,592					-36,394		-235,640	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-YOUTH	-8,572,568	336,656	600,000				-548,449		-8,184,361	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-YOUTH	-679,805	-127,738	-600,000				-78,569		-1,486,112	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-AIRPORT	1,467,147							-1,467,147	-	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZNPMBAIRP	-49,385	-4,733							-54,118	UNSPENT CG - PROVINCIAL GOVERNMENT



THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY

APPENDIX E

DETAILS OF UNSPENT CONDITIONAL GRANTS, RECEIPTS AND TRANSFERS TO INCOME AS AT 30 JUNE 2018

<u>Account Description</u>	<u>Unspent balance @ 01 July 2017</u>	<u>Transfers to income</u>	<u>Inter project</u>	<u>Refund to grant provider</u>	<u>Funds paid back to National Treasury</u>	<u>VAT recovered from NT grants</u>	<u>Current year interest earned</u>	<u>Current year receipts</u>	<u>Unspent balance @ 30 June 2018</u>	<u>Source Code</u>
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>-52,028,682</b>	<b>47,805,684</b>	-	-	-	-	<b>-5,733,380</b>	<b>-78,778,335</b>	<b>-88,734,713</b>	
GRANTS:CP-KZ-SANEDI	-247,097			247,097					-	UNSPENT CG - OTHER
	<b>-247,097</b>	-	-	<b>247,097</b>	-	-	-	-	-	
	<b>-80,276,487</b>	<b>420,516,523</b>	-	<b>247,097</b>	<b>26,936,832</b>	<b>39,398,188</b>	<b>-5,733,380</b>	<b>-523,438,335</b>	<b>-122,349,562</b>	

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX F1**  
**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018**

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount	Probability of outflow
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	R30 470.12 Plus interest at 15.5 per cent per annum. Ongoing.	111,458	Not probable
3	Orion Telecom v. Msunduzi Municipality	Contractual Claim: Plaintiff sued the Municipality for outstanding fees in terms of a contract.	2007	Internal	R 92 189.52 and R23047.38 Plus interest at 15.5 per cent per annum. Plea filed. Plaintiff did not proceed any further.	562,333	Not probable
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	R73 500.00 Plus interest at 15.5 per cent per annum. Set down for trial was part-heard. Ongoing.	310,533	Not probable
5	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Memorandum of Agreement Dispute. Plaintiff owed monies by the Municipality in terms of a contract.	2007	Internal	R 210 749.00 Plus Vat at 14 per cent. In court.	890,674	Not probable
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	R1 121 620. 00 plus interest at 15.5 per cent per annum. Ongoing.	4,738,770	Not probable
12	Makungisa 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	R 6 213.00 plus interest at 15.5 per cent per annum. Part-heard. The Defendant filed an amended plea (defence). The matter is ongoing.	30,318	Not probable
13	F. Osman V Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2007	Internal	R 198 840.00 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	970,299	Not probable
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	R20 000.00 plus interest at 15.5 per cent per annum. Ongoing.	97,596	Not probable
16	Zuma NG v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2008	Internal	R100 000.00 Plus interest at 15.5 per cent per annum. Correspondence exchanged between attorneys of record. The matter is ongoing.	422,493	Not probable
18	Majazi 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.	R 110 046.28 plus interest at 15.5 per cent per annum. Part-heard. R110 046.28 plus interest at 15.5 per cent per annum. Part-heard. CURRENT STATUS: This matter has been archived.	537,004	Not probable
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	R15 080.00 plus interests at 15.5 per cent per annum. The matter is ongoing.	73,587	Not probable
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	R45 361.38 plus interest at 15.5 per cent per annum. Pre-trial notices have been exchanged. The matter is ongoing.	255,664	Not probable
22	Dladla G v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2006	Internal	R20 000.00 plus interest at 15.5 per cent per annum. Further particulars were requested from Plaintiff. The matter is ongoing.	112,723	Not probable
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	R98 800.00 plus interest at 15.5 per cent per annum. Ongoing	742,856	Not probable
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	R50 000.00 plus interest at 15.5 per cent per annum. Matter set down. Part-heard. Unlawful arrest.	281,808	Not probable

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX F1**  
**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018**

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount	Probability of outflow
36	Mthimkhulu S. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality on behalf of a minor child who was injured when an electrical meter box exploded and caught fire in the vicinity of Wonderers Crescent.	2009	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.	R 204 650.00 plus interest at 15.5 per cent per annum. The matter has been finalised. Plaintiff served a notice of withdrawal of action. R. 204 650.00 plus interest at 15.5 per cent per annum. The matter has been finalised. Plaintiff served a notice of withdrawal of action. CURRENT STATUS : This matter has been archived.	748,600	Not probable
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	R 9823.48 plus interest at 15.5 per cent per annum. The matter is part-head.	47,937	Not probable
48	Naidoo Kogulan v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality caused by having fallen into an uncovered manhole.	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing.	316,706	Not probable
49	Majazi 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	R 95 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing.	300,870	Not probable
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.	R 300 000.00 plus interest at 15.5 per cent per annum. The matter is ongoing. R. 300 000.00 plus interest at 15.5 per cent per annum. CURRENT STATUS : This matter has been archived.	950,117	Not probable
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	R 120 000.00 plus interest at 15.5 per cent per annum.	438,954	Not probable
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.	R 200 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing. Claimant is deceased and Plaintiff's Attorneys has no further instructions to proceed.	633,411	Not probable
58	Gayer Gail v Msunduzi Municipality	Delictual Claim: Plaintiff fell off 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.	R 262 473.98 plus interest at 15.5 per cent per annum. 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.	831,270	Not probable
63	Reddy Ronald v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R282 818.08 plus interest at 15.5 per cent per annum. The matter is part-head.	895,701	Not probable
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	R 200 000.00 plus interest at 15.5 per cent per annum. Ongoing.	633,411	Not probable
76	Dladla NB v. Msunduzi Municipality	Overpayment of Rates. The Plaintiff is disputing a rates account and is seeking reimbursement.	2011	Internal	R109 038.97 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	298,989	Not probable
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	Claim for R505 000.00 plus legal interest @ 15.5% plus legal costs. Matter laying dormant not being pursued by plaintiff.	1,198,901	Not probable
85	L Naidoo & another/ Msunduzi Municipality	Delictual Claim: An embankment collapsed into Plaintiff's property causing damage.	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,	R 6 000. Matter was settled. Attorneys in the process of recovering costs in the matter	9,245	Not Probable

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX F1**  
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NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount	Probability of outflow
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.	R 180 000.00 plus interest at 15.5 per cent per annum. 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.	427,331	Not probable
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	R139 961.45 plus interest at 15.5 per cent per annum.Ongoing.	332,277	Not probable
100	Wozatainment CC v. Msunduzi Municipality	Contractual claim: Summons was issued in the Regional Court for an alleged contract for the supply of a marquee, stage chairs and a band to the Municipality.	2012	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	R 214 400.00 plus interest at 15.5 per cent per annum.Awaiting ruling from Magistrate.Matter is still ongoing.	508,999	Not Probable
104	Mkhonza B. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to a fall on an uneven pavement slab.	2012	Internal	R 293 000.00 plus interest at 15.5 per cent per annum.Ongoing.	695,600	Not probable
109	Wood DM v. Msunduzi Municipality	Delictual Claim: The Plaintiff sustained injuries due to a fall caused by an uneven pavement.	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.	R 123 000.00 plus interest at 15.5 per cent per annum. 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	292,010	Not probable
111	Ogle COO v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2012	Internal/Insurance	R 267 660.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed. The matter is ongoing.	635,441	Not probable
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 employee in the course and scope of his employment.	2013	Internal	R8688.46 plus interest at 15.5 per cent per annum. An application to dismiss was received and opposed. Various correspondences exchanged between attorneys of record. The matter is ongoing.	17,859	Not probable
123	I. Hansa	Delictual Claim: Plaintiff fell into an uncovered manhole in the vicinity of Mountain rise.	2013	Internal	R 124 734,50. Matter ongoing.	124,735	Not probable
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.	0	Not probable
141	M.E. Mnguni/ Msunduzi Municipality	Action instituted to compel the Municipality to build a road under case number 10250/2014, out of the High Court, Pietermaritzburg	2014	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	No monetary claim. Matter has not been enrolled for trial as yet by the plaintiff.	0	Not probable
151	E. G. Alexander	Delictual Claim: The Plaintiff is suing the Municipality as a result of colliding with a pothole whilst cycling in the vicinity of Murray Road.	2014	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg,3201; Tel 033 345 4022. 17 Prince Edward Street, PMB, 3201, Adv A Flemming 7 Prince Edward Street, PMB, 3201, Tel: 033 845 3539. Email: aflemming@group1pmb.co.za	R83 499.16 plus interest at 15.5 per cent per annum.Matter postponed for Pre-Trial Conference. Awaiting date from Applicant.	148,597	Not Probable
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	R 170 100.69. 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.	170,101	Not probable
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	Action instituted against the municipality for R 31 487.02 but absolution from the instance granted in the municipality's favour. Costs still to be recovered.	31,487	Not probable

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NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount	Probability of outflow
173	AJC White	Delictual Claim: The matter arises from plaintiff having fallen into an uncovered meter box in the vicinity of Flemming Street/Prince Alfred Street.	2015	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	R100 000.00. Plaintiff's attorneys have withdrawn as attorneys of record. Plaintiff to set matter down for trial.	100,000	Not Probable
197	Anthoo Marion and Associates	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R12 935.00. An appearance to defend has been filed at court.	12,935	Not probable
222	Ilitha Research and Management CC	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Internal	R62 768.00. 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	Not probable
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@mfilaw.co.za,	R350 000.00 claimed by each employee. The matter is ongoing.	10,850,000	Not probable
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@mfilaw.co.za,	R919 979.31. A summons has been received. An appearance to defend will be filed at court. Matter on-going.Matter settled.	919,979	Not probable
234	Mr Mduzuzi Colleen 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 in the amount of R 132 431, 96 were received from the plaintiff. Discovery notices have been filed and served on the plaintiff.	132,432	Not probable
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	The Plaintiff has claimed an amount of R59 042.52. Notices in terms of Rule 23 have been filed and served on the plaintiff.	59,043	Not probable
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	The plaintiff has claimed an amount of R 90 000. a plea has been filed and served on the plaintiff.	90,000	Not probable
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 R R48 200.00 was 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	Not probable
245	Electro Technical Agencies cc and Msunduzi Municipality/ Mohamed Shaik	Deductual Claim:The plaintiff is suing the Municipality for an incident wherein the Plaintiff's vehicle was allegedly involved in a collision with a Municipal driven by a Municipal employee in the course and scope of his employment.	2017	Internal	The plaintiff has claimed an amount of R 10 817.73.A notice to withdraw the action was received from the Plaintiff.	10,818	Not Probable
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	The Plaintiff has claimed an amount of R 21 862, 00. During the month of May 2017, and Appearance to defend was filed and served on the Plaintiff.	21,862	Not probable
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@mfilaw.co.za, advocate A. De Wet, 17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941,e-mail:dewet@group8.co.za	R1 076 846.01 plus costs of the application. We managed to successfully oppose the application. Costs and further legal fees cannot be quantified at this stage as the matter is ongoing.	1,076,846	Not probable

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NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount	Probability of outflow
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@mfilaw.co.za, advocate A. De Wet, 17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941,e-mail:dewet@group8.co.za	R595 337.26 plus costs of the application. Costs and further legal fees cannot be quantified at this stage as the matter is ongoing.	595,337	Not probable
264	Lawrence Ngcobo	Town planning matter: contravention of the Planning and Development Act by running business in special residential area.	2015	Dieдрикс 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 Schaupp 033-8453501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	Order granted in favour of the Municipality.In process of recovering costs.	0	Not probable.
	Musa Edward Mthembu	Unfair Labour Practice relating to an application of a collective agreement. Before the Labour Court.	Apr-18	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	Arbitration on the 31st May 2018. Application for condonation – refused. Applicants are seeking reinstatement and compensation (Back pay) of R57 252.00 per annum from 1999. Municipality successfully opposed application for condonation. Matter finalised	1,087,788	Not Probable
	Deveng Africa Consulting (PTY) LTD and Municipal Manager, The Msunduzi Municipality/ The Msunduzi Municipality	Contractual Claim	2018 February	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	R5 309 127.01. Exception raised and awaiting set down on opposed roll.	5,309,127	Not Probable
	Khuselani Security: Case number 4474/16	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@mfilaw.co.za,	R14 660 993.31. This is a High Court matter. This matter was settled.	14,660,993	Not Probable
	NP Mbanjwa, N Dlamini, S Madlala case no.66/2015	Application in terms of the pie act : application for eviction	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za	No financial implication, Municipality ordered to furnish report or alternative accomodation.We proceeded to file the report as well as the affidavit opposing the contempt application and on 18 April 2016 the application for contempt of court was withdrawn by the applicant with each party to bear its own costs.	0	Not probable
<b>Total</b>						<b>55,864,793</b>	

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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 31 July 2017 and quantum, where applicable</b>	<b>AMOUNT</b>	<b>PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES</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	Not probable
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.	115,237	Not probable
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	Not probable
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	Not probable
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	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	Not probable
7	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	Ongoing.	26,170	Not probable
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	Not probable
9	Tenwolbeek 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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
15	Rabikisoon R v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained during a fall on an uneven pavement on Relief Street.	2007	Internal	Ongoing.	20,000	Not probable
16	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	Not probable

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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 31 July 2017 and quantum, where applicable</b>	<b>AMOUNT</b>	<b>PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES</b>
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	Not probable
18	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 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	Not probable
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	Not probable
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	Not probable
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	Not probable
22	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	Not probable
23	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.	41,033	Not probable
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	Not probable
25	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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
39	Ogilvie I v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality for injury caused by trenches on public road.	2006	Insurance	Ongoing.	166,161	Not probable



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<u>NO.</u>	<u>MATTER</u>	<u>MATTER TYPE</u>	<u>YEAR INITIATED</u>	<u>ATTORNEY/ADVOCATE INSTRUCTED</u>	<u>Current status as at 31 July 2017 and quantum, where applicable</u>	<u>AMOUNT</u>	<u>PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES</u>
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	Not probable
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.	2,425	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
58	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. 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.	262,474	Not probable

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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	Not probable
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	Not probable
63	Reddy Ronald v Msunduzi Municipality	Contactual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	The matter is part-heard.	282,818	Not probable
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	Not probable
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	Not probable
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	Not probable
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.	22,233	Not probable
75	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	External Insurance	A letter of demand was received and sent to external insurers. The matter is ongoing.	152,949	Not probable
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.	109,039	Not probable
83	KZN-Digi connect	Claim by contractor for payment for IT services allegedly rendered.	2012	Alwyn Volsom & 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	Not probable
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	Not probable
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.	15,951	Not probable
92	Bishop's roadworks v. Msunduzi Municipality	Contractual claim. Plaintiff suing the Municipality in terms of a contract.	2012	Internal	Ongoing.	32,549	Not probable
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	Not probable
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	Not probable

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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.	17,848	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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.	8,370	Not probable
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.	4,212	Not probable
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.	21,395	Not probable
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.	30,925	Not probable
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	Not probable

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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.	1,013	Not probable
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
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
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.	125,838	Not probable
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, tel:033 940 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
142	Gonal Construction CC	claim for breach of contract for non-payment	2014	Internal	Ongoing	901,119	Not probable
146	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 response. The matter is ongoing.	8,000,000	Not probable
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.	74,804	Not probable
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, tel:033 940 1497, fax:0862428747, e-mail:mail@mfilaw.co.za	matter being defended. Pre-Trial Notices have been exchanged.	54,589	Not probable
163	Bermin Investments CC Va 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.	170,101	Not probable
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, tel:033 940 1497, fax:0862428747, e-mail:mail@mfilaw.co.za, Advocate Anton Flemming	The matter is ongoing.	31,487	Not probable
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, tel:033 940 1497, fax:0862428747, e-mail:mail@mfilaw.co.za, Advocate V. Moodley	Matter is ongoing.	170,265	Not probable
188	Moosa Omar	Debatement 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	Debatement meeting took place. Finance to interrogate services account and advise on correctness. Matter ongoing		Not Probable
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
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	Not probable

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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	Not probable
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, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za	The matter is ongoing.	10,850,000	Not probable
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, tel: 033 940 1497, 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	Not probable
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.	132,432	Not probable
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.	59,043	Not probable
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	Not probable
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	Not probable
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	Not probable
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	Not probable
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@mfilaw.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.	25,555	Not probable
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, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.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	Not probable
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, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.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	Not probable

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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	Not probable
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
<b>TOTAL</b>						<b>38,970,191</b>	