



**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPALITY ENTITY  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## 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) and Municipal Finance Management Act No. 56 of 2003.                                                                                                                    |
| <b>Nature of business and principal activities</b> | <p>The primary function of Msunduzi Local Municipality is to provide basic services i.e. water, electricity, sanitation and refuse to the Msunduzi jurisdiction.</p> <p>Msunduzi Local Municipality is controlled by a Mayor, Deputy Mayor, Speaker, Chief Whip, ten Executive Committee members, the Accounting Officer and five General Managers who contribute to day to day management.</p> |
| <b>Grading of local authority</b>                  | Category - B                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Controlling entity</b>                          | Msunduzi Local Municipality                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Economic entity</b>                             | Safe City Msunduzi NPC                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Business address</b>                            | The City Hall<br>260 Church Street<br>Pietermaritzburg<br>3201                                                                                                                                                                                                                                                                                                                                  |
| <b>Postal address</b>                              | The City Hall<br>Private Bag X321<br>Pietermaritzburg<br>3200                                                                                                                                                                                                                                                                                                                                   |
| <b>Telephone</b>                                   | (033) 392 2002                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Facsimile</b>                                   | (033) 392 2208                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Legislation</b>                                 | Municipal Finance Management Act (Act 56 of 2003)<br>The Constitution of the Republic of South Africa ( Act 108 of 1996)<br>Municipal Structures Act ( Act 117 of 1998)<br>Municipal Systems Act ( Act 32 of 2000)<br>Municipal Property Rates Act (act of 6 2004)<br>Division of Revenue Act (Act 1 of 2007)<br>Municipal Demarcation Act (Act 27 of 1998)                                     |
| <b>Bankers</b>                                     | First National Bank                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Website</b>                                     | <a href="http://www.msunduzi.gov.za">www.msunduzi.gov.za</a>                                                                                                                                                                                                                                                                                                                                    |
| <b>Accounting Officer</b>                          | Nelisiwe Margret Ngcobo (Acting)                                                                                                                                                                                                                                                                                                                                                                |
| <b>Auditors</b>                                    | The Auditor General of South Africa                                                                                                                                                                                                                                                                                                                                                             |
| <b>Chief Finance Officer (CFO)</b>                 | Dudu Gambu (Acting)                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Executive Committee</b>                         | Mayor - Njilo Mduduzi Jerome - Refer to note 64 (Events after reporting date)                                                                                                                                                                                                                                                                                                                   |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## General Information

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### Councillors

Deputy Mayor - Zuma Thobani - Refer to note 64 (Events after reporting date)  
Speaker - Ngubo Jabu - Refer to note 64 (Events after reporting date)  
Chief Whip - Magubane Truman V. - Refer to note 64 (Events after reporting date)  
Chairperson : Community Services portfolio - Khumalo Sphamandla Dennis - Refer to note 64 (Events after reporting date)  
Chairperson : Corporate services portfolio - Sithole Philisiwe - Refer to note 64 (Events after reporting date)  
Chairperson : Sustainable development and city enterprises portfolio - Majola Nomagugu Eunice - Refer to note 64 (Events after reporting date)  
Executive Committee member - Dlamini Tholakele Ignatia - Refer to note 64 (Events after reporting date)  
Executive Committee member - Majola Jerome Sibongiseni  
Executive Committee member - McArthur Glenn Robert  
Executive Committee member - Msimang Prudence Nokuthula - Refer to note 64 (Events after reporting date)  
Executive Committee member - Ntombela Dennis T.  
Municipal Public Accounts Committee Chairperson - Schalkwyk Mary Adkins Shawn  
Ahmed Najmah Banu  
Ahmed Rooksana  
Amod Michael Ismail  
Chetty Claudell Milany (resigned)  
Dlamini Ambrosia Sibongile  
Dlamini Godman Nkosivelile  
Dlamini Sandile Wellington  
Dlela Nomalady Eleanor  
Duma Prince Dumisa  
Gambu Nkosinathi Chasewell  
Goga Mohammed Salim  
Gwala Nelisiwe Jannet  
Gwala Sindisiwe Cydy (deceased)  
Inderjit Manilal  
Jugmohan Renesha (resigned)  
Lambert William Francis  
Lyne Sandra Patricia  
Madlala Linda Linford  
Madlala Siphamandla Sydney  
Madonda Siphon Innocent  
Madondo Ignatia Thandiwe  
Majola Terrence Sboniso  
Mbanjwa Nkosinathi Maxwell  
Mhlongo Snothi Raphael  
Mkhize Dorcas Sibongile  
Mkhize Mtuza Bhekithemba  
Mkhize Nkululeko Fortune  
Mncwango Gladness Sibongile  
Molefe Thabiso Patrick  
Mtshali Blessing Sbusiso  
Ndawonde Sipiwe Caiphaz

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## General Information

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Ndlovu Nelisiwe Zanele  
Nene Jabulani  
Nene S'fiso Derrick  
Ngcobo Jeffrey Mbuyiselwa  
Ngcobo Katherine Malindi  
Ngongoma Xolani Ellington  
Ngubane Sandile Duncan  
Ngubo Gugu Mary-Jane  
Ngubo Jabulisile Joyce - Speaker  
Ngubo Manqoba  
Ngubo Zinhle Regina  
Nhlabathi Bongumusa Cyril  
Niemand Rienus  
Ntombela Ethel Zodwa (resigned)  
Nontobeko Khumalo  
Ntshangase Ntuthuko  
Oumar Mehmood-UI Hassan  
Phungula Dumisani Bernard  
Shange Sandile Cyril  
Singh Melika  
Sithole Thamsanqa Wonderboy  
Sivnath Rajdave  
Sokhela Balozile Cynthia  
Sokhela Mansizwa Simon  
Soobiah Rachel  
Strachan Ross Bryan  
Winterbach Ludwig Johann  
Zondi Dolo Phillip  
Zondi Hamilton Mlungisi  
Zondo Makhosazane Precious  
Zuma Bukelani Ephraim  
Zuma Michael Bhekabantu  
Zungu Ningi Jostinah  
Zungu Thandiwe Rose (resigned)

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

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### Abbreviations

|        |                                                     |
|--------|-----------------------------------------------------|
| ASB    | Accounting Standards Board                          |
| COID   | Compensation for Occupational Injuries and Diseases |
| CPI    | Consumer Price Index                                |
| CRR    | Capital Replacement Reserve                         |
| DBSA   | Development Bank of South Africa                    |
| DSB    | Development Services Board                          |
| 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 Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

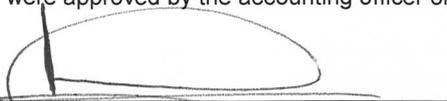
The accounting officer has reviewed the municipality and its entity's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, she is satisfied that the municipality and its entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, she is supported by the municipality's audit committee, internal and external auditors's external auditors.

The external auditors are responsible for independently auditing and reporting on the municipality and its entity's consolidated annual financial statements.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 51 of these Consolidated Annual Financial Statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with Remuneration of Public Officer Bearer Act and the Minister of Provincial and Local Governments determination in accordance with this Act.

The consolidated annual financial statements set out on page 1 - 164 which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2019 and were signed on its behalf by:



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**Accounting Officer**  
**Nelsiwe Margret Ngcobo (Acting)**

**Pietermaritzburg**

**Monday, 30 September 2019**

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Statement of Financial Position as at 30 June 2019

| Figures in Rand                            | Note(s) | Economic entity      |                      | Controlling entity   |                      |
|--------------------------------------------|---------|----------------------|----------------------|----------------------|----------------------|
|                                            |         | 2019                 | 2018<br>Restated*    | 2019                 | 2018<br>Restated*    |
| <b>Assets</b>                              |         |                      |                      |                      |                      |
| <b>Current Assets</b>                      |         |                      |                      |                      |                      |
| Inventories                                | 3       | 329 159 386          | 357 737 917          | 329 159 386          | 357 737 917          |
| Short term investment                      | 4       | 15 674 518           | 8 869 457            | 15 674 518           | 8 869 457            |
| Receivables from exchange transactions     | 5       | 5 002 845            | 32 375 434           | 5 000 345            | 32 351 926           |
| Receivables from non-exchange transactions | 6       | 2 568 619            | 2 600 669            | 2 568 619            | 2 600 669            |
| VAT receivable                             | 7       | -                    | 25 495               | -                    | -                    |
| Consumer debtors                           | 8       | 454 837 531          | 424 770 387          | 454 837 531          | 424 770 387          |
| Cash and cash equivalents                  | 9       | 308 202 578          | 512 622 307          | 305 056 164          | 511 228 506          |
|                                            |         | <b>1 115 445 477</b> | <b>1 339 001 666</b> | <b>1 112 296 563</b> | <b>1 337 558 862</b> |
| <b>Non-Current Assets</b>                  |         |                      |                      |                      |                      |
| Agricultural assets                        | 10      | 79 700 000           | 63 863 790           | 79 700 000           | 63 863 790           |
| Heritage assets                            | 11      | 272 674 007          | 226 909 607          | 272 674 007          | 226 909 607          |
| Intangible assets                          | 12      | 41 057 963           | 52 109 485           | 41 057 963           | 52 109 485           |
| Investment property                        | 13      | 816 690 000          | 849 500 000          | 816 690 000          | 849 500 000          |
| Living resources                           | 14      | 948 425              | 928 494              | 948 425              | 928 494              |
| Property, plant and equipment              | 15      | 7 003 790 703        | 6 967 433 290        | 6 992 153 551        | 6 954 987 873        |
| Other financial assets                     | 16      | 2 642 997            | 4 664 290            | 2 642 997            | 4 664 290            |
|                                            |         | <b>8 217 504 095</b> | <b>8 165 408 956</b> | <b>8 205 866 943</b> | <b>8 152 963 539</b> |
| <b>Total Assets</b>                        |         | <b>9 332 949 572</b> | <b>9 504 410 622</b> | <b>9 318 163 506</b> | <b>9 490 522 401</b> |
| <b>Liabilities</b>                         |         |                      |                      |                      |                      |
| <b>Current Liabilities</b>                 |         |                      |                      |                      |                      |
| Consumer deposits                          | 17      | 107 229 302          | 108 809 333          | 107 229 302          | 108 809 333          |
| Other financial liabilities                | 18      | 114 310 751          | 113 888 397          | 114 310 751          | 113 888 397          |
| Payables from exchange transactions        | 19      | 935 345 680          | 899 859 935          | 935 062 364          | 899 588 775          |
| Provisions                                 | 20      | 7 257 332            | 2 750 943            | 6 746 548            | 2 347 547            |
| Employee benefit obligation                | 21      | 36 198 896           | 36 508 990           | 36 198 896           | 36 508 990           |
| Unspent conditional grants and receipts    | 22      | 127 958 878          | 122 349 562          | 127 958 878          | 122 349 562          |
| VAT payable                                | 23      | 145 090 018          | 83 659 588           | 144 732 097          | 83 659 588           |
|                                            |         | <b>1 473 390 857</b> | <b>1 367 826 748</b> | <b>1 472 238 836</b> | <b>1 367 152 192</b> |
| <b>Non-Current Liabilities</b>             |         |                      |                      |                      |                      |
| Other financial liabilities                | 18      | 366 291 537          | 451 226 205          | 366 291 537          | 451 226 205          |
| Provisions                                 | 20      | 62 662 384           | 62 323 158           | 62 662 384           | 62 323 158           |
| Employee benefit obligation                | 21      | 562 080 514          | 667 511 174          | 562 080 514          | 667 511 174          |
|                                            |         | <b>991 034 435</b>   | <b>1 181 060 537</b> | <b>991 034 435</b>   | <b>1 181 060 537</b> |
| <b>Total Liabilities</b>                   |         | <b>2 464 425 292</b> | <b>2 548 887 285</b> | <b>2 463 273 271</b> | <b>2 548 212 729</b> |
| <b>Net Assets</b>                          |         | <b>6 868 524 280</b> | <b>6 955 523 337</b> | <b>6 854 890 235</b> | <b>6 942 309 672</b> |
| Reserves                                   |         |                      |                      |                      |                      |
| Accumulated surplus                        | 24      | 6 639 611 022        | 6 723 888 693        | 6 625 976 977        | 6 710 675 028        |
| Capital replacement reserve                | 25      | 40 992 378           | 92 323 393           | 40 992 378           | 92 323 393           |
| Housing development fund                   | 26      | 90 761 936           | 87 653 806           | 90 761 936           | 87 653 806           |
| Revaluation reserve                        | 27      | 97 158 944           | 51 657 445           | 97 158 944           | 51 657 445           |
| <b>Total Net Assets</b>                    |         | <b>6 868 524 280</b> | <b>6 955 523 337</b> | <b>6 854 890 235</b> | <b>6 942 309 672</b> |

\* See Note 65

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Statement of Financial Performance

| Figures in Rand                                            | Note(s) | Economic entity        |                        | Controlling entity     |                        |
|------------------------------------------------------------|---------|------------------------|------------------------|------------------------|------------------------|
|                                                            |         | 2019                   | 2018<br>Restated*      | 2019                   | 2018<br>Restated*      |
| <b>Revenue</b>                                             |         |                        |                        |                        |                        |
| <b>Revenue from exchange transactions</b>                  |         |                        |                        |                        |                        |
| Agency services                                            | 28      | 1 970 390              | 2 577 730              | 1 970 390              | 2 577 730              |
| Interest - consumer debtors and receivables                | 29      | 218 926 060            | 201 961 916            | 218 926 060            | 201 961 916            |
| Interest received - bank, call and investment accounts     | 30      | 20 507 403             | 39 129 952             | 20 378 755             | 39 046 190             |
| Licences and permits                                       | 31      | 829 644                | 898 614                | 829 644                | 898 614                |
| Operational revenue                                        | 32      | 55 087 695             | 59 737 126             | 55 087 695             | 59 737 126             |
| Rental of facilities and equipment                         | 33      | 20 617 910             | 27 295 067             | 20 617 910             | 27 295 067             |
| Rendering of services                                      | 34      | 8 265 686              | 8 879 826              | 8 265 686              | 8 879 826              |
| Sale of goods                                              | 35      | 421 129                | 433 853                | 421 042                | 433 409                |
| Service charges                                            | 36      | 2 942 462 111          | 2 710 643 839          | 2 942 608 164          | 2 710 791 730          |
| <b>Total revenue from exchange transactions</b>            |         | <b>3 269 088 028</b>   | <b>3 051 557 923</b>   | <b>3 269 105 346</b>   | <b>3 051 621 608</b>   |
| <b>Revenue from non-exchange transactions</b>              |         |                        |                        |                        |                        |
| <b>Taxation revenue</b>                                    |         |                        |                        |                        |                        |
| Property rates                                             | 37      | 930 980 085            | 864 164 006            | 930 980 085            | 864 164 006            |
| <b>Transfer revenue</b>                                    |         |                        |                        |                        |                        |
| Fines, penalties and forfeits                              | 38      | 12 557 144             | 14 284 733             | 12 557 144             | 14 284 733             |
| Government grants and subsidies                            | 39      | 1 007 479 072          | 928 477 180            | 1 007 479 072          | 928 477 180            |
| Other transfers                                            | 40      | 9 162 557              | 14 897 250             | 9 162 557              | 14 897 250             |
| <b>Total revenue from non-exchange transactions</b>        |         | <b>1 960 178 858</b>   | <b>1 821 823 169</b>   | <b>1 960 178 858</b>   | <b>1 821 823 169</b>   |
| <b>Total revenue</b>                                       |         | <b>5 229 266 886</b>   | <b>4 873 381 092</b>   | <b>5 229 284 204</b>   | <b>4 873 444 777</b>   |
| <b>Expenditure</b>                                         |         |                        |                        |                        |                        |
| Bulk purchases                                             | 41      | (2 132 173 417)        | (1 956 998 980)        | (2 132 173 417)        | (1 956 998 980)        |
| General expenses                                           | 42      | (573 766 833)          | (617 652 766)          | (573 481 213)          | (617 351 919)          |
| Debt impairment                                            | 43      | (697 521 846)          | (908 868 803)          | (697 521 846)          | (908 868 803)          |
| Depreciation and amortisation                              | 44      | (455 235 329)          | (466 377 349)          | (454 389 103)          | (465 428 234)          |
| Employee related costs                                     | 45      | (1 310 730 366)        | (1 194 821 260)        | (1 303 016 615)        | (1 188 564 523)        |
| Finance costs                                              | 46      | (52 462 384)           | (61 439 423)           | (52 462 384)           | (61 439 423)           |
| Impairment loss/ reversal of impairments                   | 47      | (5 719 754)            | (3 728 759)            | (5 719 754)            | (3 728 759)            |
| Inventory consumed                                         | 48      | (56 479 898)           | (69 327 347)           | (56 436 683)           | (69 287 186)           |
| Operational costs                                          | 49      | (124 539 723)          | (136 728 072)          | (123 606 611)          | (135 847 278)          |
| Operating leases                                           | 50      | (33 079 463)           | (42 558 828)           | (33 068 023)           | (42 549 034)           |
| Remuneration of councillors                                | 51      | (44 130 681)           | (45 020 093)           | (44 130 681)           | (45 020 093)           |
| Transfers and subsidies                                    | 52      | (15 819 791)           | (19 201 984)           | (26 090 875)           | (27 009 938)           |
| <b>Total expenditure</b>                                   |         | <b>(5 501 659 485)</b> | <b>(5 522 723 664)</b> | <b>(5 502 097 205)</b> | <b>(5 522 094 170)</b> |
| <b>Operating deficit</b>                                   |         | <b>(272 392 599)</b>   | <b>(649 342 572)</b>   | <b>(272 813 001)</b>   | <b>(648 649 393)</b>   |
| Gain/(loss) on disposal of assets                          |         | 2 876 825              | (932 651)              | 2 876 825              | (871 236)              |
| Fair value gains/(losses) on investment property           | 53      | (32 810 000)           | 62 795 307             | (32 810 000)           | 62 795 307             |
| Actuarial gains                                            | 54      | 162 153 669            | 56 812 234             | 162 153 669            | 56 812 234             |
| Gains/(losses) on agricultural assets and living resources | 55      | 15 856 141             | 9 954 881              | 15 856 141             | 9 954 881              |
| Inventory losses                                           | 56      | (16 453 277)           | (4 743 013)            | (16 453 277)           | (4 743 013)            |
|                                                            |         | <b>131 623 358</b>     | <b>123 886 758</b>     | <b>131 623 358</b>     | <b>123 948 173</b>     |
| <b>Deficit for the year</b>                                |         | <b>(140 769 241)</b>   | <b>(525 455 814)</b>   | <b>(141 189 643)</b>   | <b>(524 701 220)</b>   |

\* See Note 65

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Statement of Changes in Net Assets

|                                                                | Revaluation<br>reserve | Housing<br>development<br>fund | Capital<br>replacement<br>reserve | Total reserves     | Accumulated<br>surplus | Total net<br>assets  |
|----------------------------------------------------------------|------------------------|--------------------------------|-----------------------------------|--------------------|------------------------|----------------------|
| Figures in Rand                                                |                        |                                |                                   |                    |                        |                      |
| <b>Economic entity</b>                                         |                        |                                |                                   |                    |                        |                      |
| <b>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>7 385 380 058</b>   | <b>7 681 228 087</b> |
| Changes in net assets                                          |                        |                                |                                   |                    |                        |                      |
| Transfer to housing development fund                           | -                      | (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             | -                    |
| Effects of prior period error                                  | -                      | -                              | -                                 | -                  | (195 536 128)          | (195 536 128)        |
| Net income (losses) recognised directly in net assets          | 629 500                | (5 342 308)                    | (80 439 527)                      | (85 152 335)       | (115 096 601)          | (200 248 936)        |
| Deficit for the year                                           | -                      | -                              | -                                 | -                  | (525 455 814)          | (525 455 814)        |
| Total recognised income and expenses for the year              | 629 500                | (5 342 308)                    | (80 439 527)                      | (85 152 335)       | (640 552 415)          | (725 704 750)        |
| Interest earned on investment account                          | -                      | 2 466 035                      | 8 472 915                         | 10 938 950         | (10 938 950)           | -                    |
| Other transfers transfers from Kwazulu natal human settlements | -                      | 10 000 000                     | -                                 | 10 000 000         | (10 000 000)           | -                    |
| Total changes                                                  | 629 500                | 7 123 727                      | (71 966 612)                      | (64 213 385)       | (661 491 365)          | (725 704 750)        |
| <b>Restated* Balance at 01 July 2018</b>                       | <b>51 657 445</b>      | <b>87 653 806</b>              | <b>92 323 393</b>                 | <b>231 634 644</b> | <b>6 723 888 690</b>   | <b>6 955 523 334</b> |
| Changes in net assets                                          |                        |                                |                                   |                    |                        |                      |
| Revaluation of heritage assets                                 | 45 501 499             | -                              | -                                 | 45 501 499         | -                      | 45 501 499           |
| Cash utilised for capital expenditure                          | -                      | -                              | (65 401 584)                      | (65 401 584)       | 65 401 584             | -                    |
| Transfer to capital replacement reserve                        | -                      | -                              | 12 095 137                        | 12 095 137         | (12 095 137)           | -                    |
| Net income (losses) recognised directly in net assets          | 45 501 499             | -                              | (53 306 447)                      | (7 804 948)        | 53 306 447             | 45 501 499           |
| Deficit for the year                                           | -                      | -                              | -                                 | -                  | (140 769 241)          | (140 769 241)        |
| Total recognised income and expenses for the year              | 45 501 499             | -                              | (53 306 447)                      | (7 804 948)        | (87 462 794)           | (95 267 742)         |
| Housing development fund utilisation                           | -                      | 106 929                        | -                                 | 106 929            | -                      | 106 929              |
| Interest earned on investment                                  | -                      | 3 001 201                      | 1 975 432                         | 4 976 633          | (4 976 633)            | -                    |
| Adjustments in accumulated surplus                             | -                      | -                              | -                                 | -                  | 8 161 759              | 8 161 759            |
| Total changes                                                  | 45 501 499             | 3 108 130                      | (51 331 015)                      | (2 721 386)        | (84 277 668)           | (86 999 054)         |
| <b>Balance at 30 June 2019</b>                                 | <b>97 158 944</b>      | <b>90 761 936</b>              | <b>40 992 378</b>                 | <b>228 913 258</b> | <b>6 639 611 022</b>   | <b>6 868 524 280</b> |
| Note(s)                                                        | 27                     | 26                             | 25                                |                    | 24                     |                      |
| <b>Controlling entity</b>                                      |                        |                                |                                   |                    |                        |                      |
| <b>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>7 371 413 290</b>   | <b>7 667 261 319</b> |
| Changes in net assets                                          |                        |                                |                                   |                    |                        |                      |
| Prior year adjustment                                          | -                      | -                              | -                                 | -                  | (195 537 619)          | (195 537 619)        |
| Transfer to housing development fund                           | -                      | (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)       | (115 098 092)          | (200 250 427)        |
| Deficit for the year                                           | -                      | -                              | -                                 | -                  | (524 701 220)          | (524 701 220)        |

\* See Note 65

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Statement of Changes in Net Assets

| Figures in Rand                                                    | Revaluation reserve | Capital replacement reserve | Capitalisation reserve | Total reserves      | Accumulated surplus  | Total net assets     |
|--------------------------------------------------------------------|---------------------|-----------------------------|------------------------|---------------------|----------------------|----------------------|
| Total recognised income and expenses for the year                  | 629 500             | (5 342 308)                 | (80 439 527)           | (85 152 335)        | (639 799 312)        | (724 951 647)        |
| Interest earned on investment                                      | -                   | 2 466 035                   | 8 472 915              | 10 938 950          | (10 938 950)         | -                    |
| Other transfers from KwaZulu Natal Department of Human Settlements | -                   | 10 000 000                  | -                      | 10 000 000          | (10 000 000)         | -                    |
| <b>Total changes</b>                                               | <b>629 500</b>      | <b>7 123 727</b>            | <b>(71 966 612)</b>    | <b>(64 213 385)</b> | <b>(660 738 262)</b> | <b>(724 951 647)</b> |
| <b>Restated* Balance at 01 July 2018</b>                           | <b>51 657 445</b>   | <b>87 653 806</b>           | <b>92 323 393</b>      | <b>231 634 644</b>  | <b>6 710 675 028</b> | <b>6 942 309 672</b> |
| Changes in net assets                                              |                     |                             |                        |                     |                      |                      |
| Revaluation of heritage assets                                     | 45 501 499          | -                           | -                      | 45 501 499          | -                    | 45 501 499           |
| Cash utilised for capital expenditure                              | -                   | -                           | (65 401 584)           | (65 401 584)        | 65 401 584           | -                    |
| Transfer to capital replacement reserve                            | -                   | -                           | 12 095 137             | 12 095 137          | (12 095 137)         | -                    |
| Net income (losses) recognised directly in net assets              | 45 501 499          | -                           | (53 306 447)           | (7 804 948)         | 53 306 447           | 45 501 499           |
| Deficit for the year                                               | -                   | -                           | -                      | -                   | (141 189 643)        | (141 189 643)        |
| Total recognised income and expenses for the year                  | 45 501 499          | -                           | (53 306 447)           | (7 804 948)         | (87 883 196)         | (95 688 144)         |
| Housing development fund utilisation                               | -                   | 106 929                     | -                      | 106 929             | -                    | 106 929              |
| Adjustments to accumulated surplus                                 | -                   | -                           | -                      | -                   | 8 161 778            | 8 161 778            |
| Interest earned on investment                                      | -                   | 3 001 201                   | 1 975 432              | 4 976 633           | (4 976 633)          | -                    |
| <b>Total changes</b>                                               | <b>45 501 499</b>   | <b>3 108 130</b>            | <b>(51 331 015)</b>    | <b>(2 721 386)</b>  | <b>(84 698 051)</b>  | <b>(87 419 437)</b>  |
| <b>Balance at 30 June 2019</b>                                     | <b>97 158 944</b>   | <b>90 761 936</b>           | <b>40 992 378</b>      | <b>228 913 258</b>  | <b>6 625 976 977</b> | <b>6 854 890 235</b> |
| Note(s)                                                            | 27                  | 26                          | 25                     |                     | 24                   |                      |

\* See Note 65

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Cash Flow Statement

| Figures in Rand                                             | Note(s) | Economic entity             |                             | Controlling entity          |                             |
|-------------------------------------------------------------|---------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                                             |         | 2019                        | 2018<br>Restated*           | 2019                        | 2018<br>Restated*           |
| <b>Cash flows from operating activities</b>                 |         |                             |                             |                             |                             |
| <b>Receipts</b>                                             |         |                             |                             |                             |                             |
| Sale of goods and services                                  |         | 3 478 167 925               | 3 370 155 091               | 3 478 167 838               | 3 370 154 647               |
| Government grants                                           |         | 1 040 688 595               | 1 001 868 335               | 1 040 688 598               | 1 001 868 335               |
| Interest income                                             |         | 20 129 691                  | 39 017 482                  | 20 001 043                  | 38 933 720                  |
| Interest received - consumer debtors                        |         | 17 352 420                  | 3 033 634                   | 17 352 420                  | 3 033 634                   |
| Tax received                                                |         | 1 488                       | 136 375                     | -                           | -                           |
|                                                             |         | <u>4 556 340 119</u>        | <u>4 414 210 917</u>        | <u>4 556 209 899</u>        | <u>4 413 990 336</u>        |
| <b>Payments</b>                                             |         |                             |                             |                             |                             |
| Employee costs                                              |         | (1 272 475 817)             | (1 164 372 452)             | (1 264 948 625)             | (1 158 133 857)             |
| Suppliers                                                   |         | (2 865 452 678)             | (2 619 895 706)             | (2 874 640 217)             | (2 626 127 943)             |
| Finance costs                                               |         | (47 404 408)                | (54 960 155)                | (47 404 409)                | (54 960 155)                |
|                                                             |         | <u>(4 185 332 903)</u>      | <u>(3 839 228 313)</u>      | <u>(4 186 993 251)</u>      | <u>(3 839 221 955)</u>      |
| <b>Net cash flows from operating activities</b>             | 57      | <b><u>371 007 216</u></b>   | <b><u>574 982 604</u></b>   | <b><u>369 216 648</u></b>   | <b><u>574 768 381</u></b>   |
| <b>Cash flows from investing activities</b>                 |         |                             |                             |                             |                             |
| Purchase of property, plant and equipment                   |         | (477 407 058)               | (668 363 578)               | (477 369 103)               | (668 314 522)               |
| Proceeds from sale of property, plant and equipment         |         | 3 715 678                   | -                           | 3 715 678                   | -                           |
| Purchase of other intangible assets                         |         | (800 000)                   | (8 968 380)                 | (800 000)                   | (8 968 380)                 |
| Receipts from other financial assets                        |         | 186 254                     | 351 760                     | 186 254                     | 351 760                     |
| (Increase)/decrease in short term investment                |         | (6 155 452)                 | 306 236                     | (6 155 452)                 | 306 236                     |
| <b>Net cash flows from investing activities</b>             |         | <b><u>(480 460 578)</u></b> | <b><u>(676 673 962)</u></b> | <b><u>(480 422 623)</u></b> | <b><u>(676 624 906)</u></b> |
| <b>Cash flows from financing activities</b>                 |         |                             |                             |                             |                             |
| Repayment of other financial liabilities                    |         | (94 966 367)                | (61 681 966)                | (94 966 367)                | (61 681 966)                |
| <b>Net cash flows from financing activities</b>             |         | <b><u>(94 966 367)</u></b>  | <b><u>(61 681 966)</u></b>  | <b><u>(94 966 367)</u></b>  | <b><u>(61 681 966)</u></b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b><u>(204 419 729)</u></b> | <b><u>(163 373 324)</u></b> | <b><u>(206 172 342)</u></b> | <b><u>(163 538 491)</u></b> |
| Cash and cash equivalents at the beginning of the year      |         | 512 622 307                 | 675 995 631                 | 511 228 506                 | 674 766 997                 |
| <b>Cash and cash equivalents at the end of the year</b>     | 9       | <b><u>308 202 578</u></b>   | <b><u>512 622 307</u></b>   | <b><u>305 056 164</u></b>   | <b><u>511 228 506</u></b>   |

\* See Note 65

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

|                                                      | Approved budget      | Adjustments         | Final Budget           | Actual amounts on comparable basis | Difference between final budget and actual | Reference                                         |
|------------------------------------------------------|----------------------|---------------------|------------------------|------------------------------------|--------------------------------------------|---------------------------------------------------|
| Figures in Rand                                      |                      |                     |                        |                                    |                                            |                                                   |
| <b>Economic entity</b>                               |                      |                     |                        |                                    |                                            |                                                   |
| <b>Statement of Financial Performance</b>            |                      |                     |                        |                                    |                                            |                                                   |
| <b>Revenue</b>                                       |                      |                     |                        |                                    |                                            |                                                   |
| <b>Revenue from exchange transactions</b>            |                      |                     |                        |                                    |                                            |                                                   |
| Sale of goods                                        | -                    | -                   | -                      | 421 129                            | <b>421 129</b>                             | Refer to note 75 for variance analysis comparison |
| Service charges                                      | 3 024 881 461        | (39 278 846)        | <b>2 985 602 615</b>   | 2 942 462 111                      | <b>(43 140 504)</b>                        |                                                   |
| Rendering of services                                | -                    | -                   | -                      | 8 265 686                          | <b>8 265 686</b>                           |                                                   |
| Rental of facilities and equipment                   | 35 220 144           | (8 968 634)         | <b>26 251 510</b>      | 20 617 910                         | <b>(5 633 600)</b>                         |                                                   |
| Interest received - consumer debtors and receivables | 118 141 277          | 64 631 851          | <b>182 773 128</b>     | 218 926 060                        | <b>36 152 932</b>                          |                                                   |
| Agency services                                      | -                    | 543 380             | <b>543 380</b>         | 1 970 390                          | <b>1 427 010</b>                           |                                                   |
| Licences and permits                                 | 100 067              | 910 648             | <b>1 010 715</b>       | 829 644                            | <b>(181 071)</b>                           |                                                   |
| Operational revenue                                  | 176 830 803          | (20 994 812)        | <b>155 835 991</b>     | 55 087 695                         | <b>(100 748 296)</b>                       |                                                   |
| Interest received - bank, call investment            | 39 956 400           | (13 009 315)        | <b>26 947 085</b>      | 20 507 403                         | <b>(6 439 682)</b>                         |                                                   |
| <b>Total revenue from exchange transactions</b>      | <b>3 395 130 152</b> | <b>(16 165 728)</b> | <b>3 378 964 424</b>   | <b>3 269 088 028</b>               | <b>(109 876 396)</b>                       |                                                   |
| <b>Revenue from non-exchange transactions</b>        |                      |                     |                        |                                    |                                            |                                                   |
| <b>Taxation revenue</b>                              |                      |                     |                        |                                    |                                            |                                                   |
| Property rates                                       | 900 836 973          | 14 726 977          | <b>915 563 950</b>     | 930 980 085                        | <b>15 416 135</b>                          |                                                   |
| <b>Transfer revenue</b>                              |                      |                     |                        |                                    |                                            |                                                   |
| Government grants and subsidies                      | 1 077 020 301        | (1 272 608)         | <b>1 075 747 693</b>   | 1 007 479 072                      | <b>(68 268 621)</b>                        |                                                   |
| Fines, penalties and forfeits                        | 75 203 073           | (60 048 349)        | <b>15 154 724</b>      | 12 557 144                         | <b>(2 597 580)</b>                         |                                                   |
| Other transfers                                      | -                    | -                   | -                      | 9 162 557                          | <b>9 162 557</b>                           |                                                   |
| <b>Total revenue from non-exchange transactions</b>  | <b>2 053 060 347</b> | <b>(46 593 980)</b> | <b>2 006 466 367</b>   | <b>1 960 178 858</b>               | <b>(46 287 509)</b>                        |                                                   |
| <b>Total revenue</b>                                 | <b>5 448 190 499</b> | <b>(62 759 708)</b> | <b>5 385 430 791</b>   | <b>5 229 266 886</b>               | <b>(156 163 905)</b>                       |                                                   |
| <b>Expenditure</b>                                   |                      |                     |                        |                                    |                                            |                                                   |
| Employee related costs                               | (1 274 330 598)      | (3 499 448)         | <b>(1 277 830 046)</b> | (1 310 730 366)                    | <b>(32 900 320)</b>                        |                                                   |
| Remuneration of councillors                          | (48 573 498)         | (1)                 | <b>(48 573 499)</b>    | (44 130 681)                       | <b>4 442 818</b>                           |                                                   |
| Depreciation and amortisation                        | (468 636 492)        | 5 799 987           | <b>(462 836 505)</b>   | (455 235 329)                      | <b>7 601 176</b>                           |                                                   |
| Impairment loss/ Reversal of impairments             | -                    | (5 800 000)         | <b>(5 800 000)</b>     | (5 719 754)                        | <b>80 246</b>                              |                                                   |
| Finance costs                                        | (50 687 782)         | (6 988 694)         | <b>(57 676 476)</b>    | (52 462 384)                       | <b>5 214 092</b>                           |                                                   |
| Operating leases                                     | -                    | (33 100 000)        | <b>(33 100 000)</b>    | (33 079 463)                       | <b>20 537</b>                              |                                                   |
| Debt Impairment                                      | (110 178 020)        | (130 000 000)       | <b>(240 178 020)</b>   | (697 521 846)                      | <b>(457 343 826)</b>                       |                                                   |
| Bulk purchases                                       | (2 050 322 398)      | (84 737 457)        | <b>(2 135 059 855)</b> | (2 132 173 417)                    | <b>2 886 438</b>                           |                                                   |
| General expenses                                     | (606 222 117)        | (65 538 594)        | <b>(671 760 711)</b>   | (573 766 833)                      | <b>97 993 878</b>                          |                                                   |
| Transfers and Subsidies                              | (57 139 566)         | 14 647 322          | <b>(42 492 244)</b>    | (15 819 791)                       | <b>26 672 453</b>                          |                                                   |
| Inventory consumed                                   | (63 796 788)         | 4 728 049           | <b>(59 068 739)</b>    | (56 479 898)                       | <b>2 588 841</b>                           |                                                   |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

|                                                                                                      | Approved budget        | Adjustments          | Final Budget           | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|------------------------------------------------------------------------------------------------------|------------------------|----------------------|------------------------|------------------------------------|--------------------------------------------|-----------|
| Figures in Rand                                                                                      |                        |                      |                        |                                    |                                            |           |
| Operating costs                                                                                      | (210 836 991)          | 52 208 656           | <b>(158 628 335)</b>   | (124 539 723)                      | <b>34 088 612</b>                          |           |
| <b>Total expenditure</b>                                                                             | <b>(4 940 724 250)</b> | <b>(252 280 180)</b> | <b>(5 193 004 430)</b> | <b>(5 501 659 485)</b>             | <b>(308 655 055)</b>                       |           |
| <b>Operating deficit</b>                                                                             | <b>507 466 249</b>     | <b>(315 039 888)</b> | <b>192 426 361</b>     | <b>(272 392 599)</b>               | <b>(464 818 960)</b>                       |           |
| Gain on disposal of assets and liabilities                                                           | -                      | (22 000 000)         | <b>(22 000 000)</b>    | 2 876 825                          | <b>24 876 825</b>                          |           |
| Fair value gains/(losses) on investment property                                                     | -                      | -                    | -                      | (32 810 000)                       | <b>(32 810 000)</b>                        |           |
| Actuarial gains                                                                                      | -                      | (163 000 000)        | <b>(163 000 000)</b>   | 162 153 669                        | <b>325 153 669</b>                         |           |
| Gain/ on agricultural assets and living resources                                                    | -                      | (15 900 000)         | <b>(15 900 000)</b>    | 15 856 141                         | <b>31 756 141</b>                          |           |
| Inventory losses                                                                                     | -                      | -                    | -                      | (16 453 277)                       | <b>(16 453 277)</b>                        |           |
|                                                                                                      | -                      | <b>(200 900 000)</b> | <b>(200 900 000)</b>   | <b>131 623 358</b>                 | <b>332 523 358</b>                         |           |
| <b>Deficit before taxation</b>                                                                       | <b>507 466 249</b>     | <b>(515 939 888)</b> | <b>(8 473 639)</b>     | <b>(140 769 241)</b>               | <b>(132 295 602)</b>                       |           |
| <b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b> | <b>507 466 249</b>     | <b>(515 939 888)</b> | <b>(8 473 639)</b>     | <b>(140 769 241)</b>               | <b>(132 295 602)</b>                       |           |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

|                                            | Approved budget      | Adjustments            | Final Budget         | Actual amounts on comparable basis | Difference between final budget and actual | Reference                                         |
|--------------------------------------------|----------------------|------------------------|----------------------|------------------------------------|--------------------------------------------|---------------------------------------------------|
| Figures in Rand                            |                      |                        |                      |                                    |                                            |                                                   |
| <b>Statement of Financial Position</b>     |                      |                        |                      |                                    |                                            |                                                   |
| <b>Assets</b>                              |                      |                        |                      |                                    |                                            |                                                   |
| <b>Current Assets</b>                      |                      |                        |                      |                                    |                                            |                                                   |
| Inventories                                | 74 312 250           | 70 401 793             | <b>144 714 043</b>   | 329 159 386                        | <b>184 445 343</b>                         | Refer to note 75 for variance analysis comparison |
| Other financial assets                     | 43 081               | (43 081)               | -                    | -                                  | -                                          |                                                   |
| Short term investment                      | 640 227 284          | (278 308 276)          | <b>361 919 008</b>   | 15 674 518                         | <b>(346 244 490)</b>                       |                                                   |
| Receivables from exchange transactions     | -                    | -                      | -                    | 5 002 845                          | <b>5 002 845</b>                           |                                                   |
| Receivables from non-exchange transactions | 376 446 120          | (292 571 154)          | <b>83 874 966</b>    | 2 568 619                          | <b>(81 306 347)</b>                        |                                                   |
| Consumer debtors                           | 1 512 750 100        | (693 613 451)          | <b>819 136 649</b>   | 454 837 531                        | <b>(364 299 118)</b>                       |                                                   |
| Cash and cash equivalents                  | 100 096 000          | -                      | <b>100 096 000</b>   | 308 202 578                        | <b>208 106 578</b>                         |                                                   |
|                                            | <b>2 703 874 835</b> | <b>(1 194 134 169)</b> | <b>1 509 740 666</b> | <b>1 115 445 477</b>               | <b>(394 295 189)</b>                       |                                                   |
| <b>Non-Current Assets</b>                  |                      |                        |                      |                                    |                                            |                                                   |
| Agricultural assets                        | 46 520 046           | (46 520 046)           | -                    | 79 700 000                         | <b>79 700 000</b>                          |                                                   |
| Investment property                        | 356 913 816          | 366 664 184            | <b>723 578 000</b>   | 816 690 000                        | <b>93 112 000</b>                          |                                                   |
| Property, plant and equipment              | 7 486 873 599        | (472 158 271)          | <b>7 014 715 328</b> | 7 003 790 703                      | <b>(10 924 625)</b>                        |                                                   |
| Living resources                           | -                    | -                      | -                    | 948 425                            | <b>948 425</b>                             |                                                   |
| Intangible assets                          | 27 283 200           | (1 931 430)            | <b>25 351 770</b>    | 41 057 963                         | <b>15 706 193</b>                          |                                                   |
| Heritage assets                            | -                    | -                      | -                    | 272 674 007                        | <b>272 674 007</b>                         |                                                   |
| Other non current assets                   | 179 008 295          | (179 008 295)          | -                    | -                                  | -                                          |                                                   |
| Other financial assets                     | 9 455 112            | (9 455 112)            | -                    | 2 642 997                          | <b>2 642 997</b>                           |                                                   |
|                                            | <b>8 106 054 068</b> | <b>(342 408 970)</b>   | <b>7 763 645 098</b> | <b>8 217 504 095</b>               | <b>453 858 997</b>                         |                                                   |
| <b>Total Assets</b>                        | <b>0 809 928 903</b> | <b>(1 536 543 139)</b> | <b>9 273 385 764</b> | <b>9 332 949 572</b>               | <b>59 563 808</b>                          |                                                   |
| <b>Liabilities</b>                         |                      |                        |                      |                                    |                                            |                                                   |
| <b>Current Liabilities</b>                 |                      |                        |                      |                                    |                                            |                                                   |
| Other financial liabilities                | 83 216 956           | 1 295 361              | <b>84 512 317</b>    | 114 310 751                        | <b>29 798 434</b>                          |                                                   |
| Payables from exchange transactions        | 304 817 996          | 674 655 285            | <b>979 473 281</b>   | 935 345 680                        | <b>(44 127 601)</b>                        |                                                   |
| VAT payable                                | -                    | -                      | -                    | 145 090 018                        | <b>145 090 018</b>                         |                                                   |
| Consumer deposits                          | 113 354 210          | (9 640 441)            | <b>103 713 769</b>   | 107 229 302                        | <b>3 515 533</b>                           |                                                   |
| Employee benefit obligation                | -                    | -                      | -                    | 36 198 896                         | <b>36 198 896</b>                          |                                                   |
| Unspent conditional grants and receipts    | -                    | -                      | -                    | 127 958 878                        | <b>127 958 878</b>                         |                                                   |
| Provisions                                 | -                    | 127 344 954            | <b>127 344 954</b>   | 7 257 332                          | <b>(120 087 622)</b>                       |                                                   |
|                                            | <b>501 389 162</b>   | <b>793 655 159</b>     | <b>1 295 044 321</b> | <b>1 473 390 857</b>               | <b>178 346 536</b>                         |                                                   |
| <b>Non-Current Liabilities</b>             |                      |                        |                      |                                    |                                            |                                                   |
| Other financial liabilities                | 349 414 044          | 101 812 168            | <b>451 226 212</b>   | 366 291 537                        | <b>(84 934 675)</b>                        |                                                   |
| Employee benefit obligation                | -                    | -                      | -                    | 562 080 514                        | <b>562 080 514</b>                         |                                                   |
| Provisions                                 | 838 082 450          | (106 506 289)          | <b>731 576 161</b>   | 62 662 384                         | <b>(668 913 777)</b>                       |                                                   |
|                                            | <b>1 187 496 494</b> | <b>(4 694 121)</b>     | <b>1 182 802 373</b> | <b>991 034 435</b>                 | <b>(191 767 938)</b>                       |                                                   |
| <b>Total Liabilities</b>                   | <b>1 688 885 656</b> | <b>788 961 038</b>     | <b>2 477 846 694</b> | <b>2 464 425 292</b>               | <b>(13 421 402)</b>                        |                                                   |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

|                                                                    | Approved<br>budget   | Adjustments            | Final Budget         | Actual amounts<br>on comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference |
|--------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------------------------|-----------------------------------------------------|-----------|
| Figures in Rand                                                    |                      |                        |                      |                                          |                                                     |           |
| <b>Net Assets</b>                                                  | <b>9 121 043 247</b> | <b>(2 325 504 177)</b> | <b>6 795 539 070</b> | <b>6 868 524 280</b>                     | <b>72 985 210</b>                                   |           |
| <b>Net Assets</b>                                                  |                      |                        |                      |                                          |                                                     |           |
| <b>Net Assets Attributable to<br/>Owners of Controlling Entity</b> |                      |                        |                      |                                          |                                                     |           |
| <b>Reserves</b>                                                    |                      |                        |                      |                                          |                                                     |           |
| Revaluation reserve                                                | -                    | -                      | -                    | 97 158 944                               | <b>97 158 944</b>                                   |           |
| Housing development fund                                           | 152 914 142          | 130 870 939            | <b>283 785 081</b>   | 90 761 936                               | <b>(193 023 145)</b>                                |           |
| Capitalisation reserve                                             | -                    | -                      | -                    | 40 992 378                               | <b>40 992 378</b>                                   |           |
| Accumulated surplus                                                | 8 968 129 105        | (2 456 375 116)        | <b>6 511 753 989</b> | 6 639 611 022                            | <b>127 857 033</b>                                  |           |
| <b>Total Net Assets</b>                                            | <b>9 121 043 247</b> | <b>(2 325 504 177)</b> | <b>6 795 539 070</b> | <b>6 868 524 280</b>                     | <b>72 985 210</b>                                   |           |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

|                                                         | Approved budget        | Adjustments          | Final Budget           | Actual amounts on comparable basis | Difference between final budget and actual | Reference                                         |
|---------------------------------------------------------|------------------------|----------------------|------------------------|------------------------------------|--------------------------------------------|---------------------------------------------------|
| Figures in Rand                                         |                        |                      |                        |                                    |                                            |                                                   |
| <b>Cash Flow Statement</b>                              |                        |                      |                        |                                    |                                            |                                                   |
| <b>Cash flows from operating activities</b>             |                        |                      |                        |                                    |                                            |                                                   |
| <b>Receipts</b>                                         |                        |                      |                        |                                    |                                            |                                                   |
| Sale of goods and services                              | 3 781 144 705          | (89 183 540)         | <b>3 691 961 165</b>   | 3 478 167 925                      | <b>(213 793 240)</b>                       | Refer to note 75 for variance analysis comparison |
| Government grants                                       | 1 077 020 300          | 19 662 820           | <b>1 096 683 120</b>   | 1 040 688 595                      | <b>(55 994 525)</b>                        |                                                   |
| Interest income                                         | 146 283 550            | 45 175 655           | <b>191 459 205</b>     | 20 129 691                         | <b>(171 329 514)</b>                       |                                                   |
| Interest received - consumer debtors                    | -                      | -                    | -                      | 17 352 420                         | <b>17 352 420</b>                          |                                                   |
| Tax received                                            | -                      | -                    | -                      | 1 488                              | <b>1 488</b>                               |                                                   |
|                                                         | <b>5 004 448 555</b>   | <b>(24 345 065)</b>  | <b>4 980 103 490</b>   | <b>4 556 340 119</b>               | <b>(423 763 371)</b>                       |                                                   |
| <b>Payments</b>                                         |                        |                      |                        |                                    |                                            |                                                   |
| Employee costs                                          | (1 186 906)            | (138 328)            | <b>(1 325 234)</b>     | (1 272 475 817)                    | <b>(1 271 150 583)</b>                     |                                                   |
| Suppliers                                               | (4 107 863 891)        | (145 551 654)        | <b>(4 253 415 545)</b> | (2 865 452 678)                    | <b>1 387 962 867</b>                       |                                                   |
| Finance costs                                           | (50 688 170)           | 15 999               | <b>(50 672 171)</b>    | (47 404 408)                       | <b>3 267 763</b>                           |                                                   |
|                                                         | <b>(4 159 738 967)</b> | <b>(145 673 983)</b> | <b>(4 305 412 950)</b> | <b>(4 185 332 903)</b>             | <b>120 080 047</b>                         |                                                   |
| <b>Net cash flows from operating activities</b>         | <b>844 709 588</b>     | <b>(170 019 048)</b> | <b>674 690 540</b>     | <b>371 007 216</b>                 | <b>(303 683 324)</b>                       |                                                   |
| Purchase of property, plant and equipment               | (571 382 146)          | (24 293 889)         | <b>(595 676 035)</b>   | (477 407 058)                      | <b>118 268 977</b>                         |                                                   |
| Proceeds from sale of property, plant and equipment     | -                      | -                    | -                      | 3 715 678                          | <b>3 715 678</b>                           |                                                   |
| Purchase of other intangible assets                     | -                      | -                    | -                      | (800 000)                          | <b>(800 000)</b>                           |                                                   |
| Net movement in financial assets                        | -                      | -                    | -                      | 186 254                            | <b>186 254</b>                             |                                                   |
| Increase / decrease in short investments                | -                      | -                    | -                      | (6 155 452)                        | <b>(6 155 452)</b>                         |                                                   |
| <b>Net cash flows from investing activities</b>         | <b>(571 382 146)</b>   | <b>(24 293 889)</b>  | <b>(595 676 035)</b>   | <b>(480 460 578)</b>               | <b>115 215 457</b>                         |                                                   |
| <b>Cash flows from financing activities</b>             |                        |                      |                        |                                    |                                            |                                                   |
| Repayment of other financial liabilities                | (83 374 956)           | -                    | <b>(83 374 956)</b>    | (94 966 367)                       | <b>(11 591 411)</b>                        |                                                   |
| Consumer deposits                                       | 6 903 495              | (6 903 495)          | -                      | -                                  | -                                          |                                                   |
| <b>Net cash flows from financing activities</b>         | <b>(76 471 461)</b>    | <b>(6 903 495)</b>   | <b>(83 374 956)</b>    | <b>(94 966 367)</b>                | <b>(11 591 411)</b>                        |                                                   |
| Net increase/(decrease) in cash and cash equivalents    | 196 855 981            | (201 216 432)        | <b>(4 360 451)</b>     | (204 419 729)                      | <b>(200 059 278)</b>                       |                                                   |
| Cash and cash equivalents at the beginning of the year  | 465 479 458            | -                    | <b>465 479 458</b>     | 512 622 307                        | <b>47 142 849</b>                          |                                                   |
| <b>Cash and cash equivalents at the end of the year</b> | <b>662 335 439</b>     | <b>(201 216 432)</b> | <b>461 119 007</b>     | <b>308 202 578</b>                 | <b>(152 916 429)</b>                       |                                                   |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## 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.

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These consolidated annual financial statements are presented in South African Rand, which is the functional currency of the economic entity.

#### 1.2 Going concern assumption

These consolidated annual financial statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

#### 1.4 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:

##### **Allowance for slow moving, damaged and obsolete stock**

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

##### **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 economic entity 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 tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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

#### 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 waste and water network and other assets

The economic entity's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less 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.

#### Effective interest rate

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

#### Debt Impairment

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

### 1.5 Agricultural assets

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

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

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

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

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

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

### 1.6 Investment property

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

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

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

---

### 1.6 Investment property (continued)

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.

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

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.

#### Fair value

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

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

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

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

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

### 1.7 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.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

---

### 1.7 Property, plant and equipment (continued)

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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 are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

---

| Item                               | Depreciation method | Average useful life |
|------------------------------------|---------------------|---------------------|
| Land                               | Straight line       | Infinite            |
| Buildings                          | Straight line       | 5 - 50 years        |
| Roads                              | Straight line       | 5 - 50 years        |
| Plant and machinery                | Straight line       | 5 - 15 years        |
| Furniture and fixtures             | Straight line       | 7 - 10 years        |
| Motor vehicles                     | Straight line       | 5 - 10 years        |
| System security                    | Straight line       | 5 - 10 years        |
| Storm water drainage               | Straight line       | 25 - 50 years       |
| Airport Infrastructure             | Straight line       | 20 years            |
| Solid waste infrastructure         | Straight line       | 5 - 10 years        |
| Water and sanitation               | Straight line       | 10 - 50 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            |
| Recreational facilities            | Straight line       | 5 - 50 years        |
| Fresh produce and other markets    | Straight line       | 5 - 50 years        |
| Fire engines                       | Straight line       | 20 years            |
| Transport facilities               | Straight line       | 5 - 50 years        |
| Fencing                            | Straight line       | 10 years            |
| Office equipment                   | Straight line       | 5 - 10 years        |
| Emergency equipment                | Straight line       | 5 - 15 years        |
| Electricity                        | Straight line       | 5 - 50 years        |
| Security                           | Straight line       | 5 - 10 years        |
| Landfill site                      | Straight line       | 5 - 50 years        |
| Heavy and mobile plant             | Straight line       | 10 - 15 years       |
| Bins and containers                | Straight line       | 5 - 10 years        |

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

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

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

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

### 1.8 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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.

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

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.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

---

### 1.8 Intangible assets (continued)

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

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

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

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

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          |

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Intangible assets are derecognised:

- 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 intangible assets is included in surplus or deficit when the asset is derecognised.

### 1.9 Heritage assets

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

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses except for artworks and jewellery.

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

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

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

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

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

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

An inalienable item is an asset that an economic entity is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

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.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.9 Heritage assets (continued)

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

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

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

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

The Municipality measures Artworks and jewellery using revaluation model.

#### 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.

#### Subsequent measurement

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

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

If Artworks 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 Artworks 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 assesses 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.

# The Msunduzi Municipality and its Municipality Entity

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### 1.10 Living resources

Living resources are assets that undergo biological transformation.

A living resource shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and
- (b) the cost or fair value of the asset can be measured reliably.

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 is expected to flow to the municipality.

Subsequently living resources are measured at cost less impairment.

### 1.11 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

#### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

| <b>Class</b>                               | <b>Category</b>                            |
|--------------------------------------------|--------------------------------------------|
| Receivables from exchange transactions     | Financial asset measured at amortised cost |
| Receivables from non exchange transactions | Financial asset measured at amortised cost |
| Consumer debtors                           | Financial asset measured at amortised cost |
| Short term investment                      | Financial asset measured at amortised cost |
| Cash and cash equivalents                  | Financial asset measured at amortised cost |
| Housing selling schemes                    | 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:

| <b>Class</b>                        | <b>Category</b>                                |
|-------------------------------------|------------------------------------------------|
| Payables from exchange transactions | Financial liability measured at amortised cost |
| Consumer deposits                   | Financial liability measured at amortised cost |
| Unspent conditional grants          | Financial liability measured at amortised cost |
| Other financial liabilities         | Financial liability measured at amortised cost |

The entity has the following types of residual interests (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

#### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.11 Financial instruments (continued)

#### 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.

### 1.12 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Operating leases - 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.

### 1.13 Inventories

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

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

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

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

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

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

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

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

The cost of inventories is assigned using the 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.

# The Msunduzi Municipality and its Municipality Entity

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## Accounting Policies

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### 1.14 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
- the number of production or similar units expected to be obtained from the asset by the economic entity.

### Designation

At initial recognition, the economic entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an economic entity's objective of using the asset.

The economic entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The economic entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the economic entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the economic entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

### 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.

### 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:

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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

#### 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 oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

#### Reversal of an impairment loss

The economic entity assesses 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.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.15 Employee benefits

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

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

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

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

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

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

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

### 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.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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 measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.15 Employee benefits (continued)

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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 an 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.

#### **Multi-employer plans and/or State plans and/or Composite social security programmes**

The entity classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan.

Where a plan is a defined contribution plan, the entity accounts for in the same way as for any other defined contribution plan.

#### **Post-employment benefits: Defined contribution plans**

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

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

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

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

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.15 Employee benefits (continued)

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

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.

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 entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

# The Msunduzi Municipality and its Municipality Entity

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## Accounting Policies

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### 1.15 Employee benefits (continued)

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

#### Pension obligations

The Municipality's employees contribute to 7 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 economic entity has both defined benefit and defined contribution plans.

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

Past-service costs are recognised immediately against revenue.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Natal Joint Retirement Funds, Government Employee Pension Fund and Associated Institution Pension Fund are defined benefit funds

The Natal Joint Provident Fund, Pietermaritzburg and South African Local Authority are defined contribution funds

#### Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities 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 Msunduzi Municipality and its Municipality Entity

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## Accounting Policies

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### 1.15 Employee benefits (continued)

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.

### 1.16 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.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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

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

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

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 municipality 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.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

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

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

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

Provisions are not recognised for future operating surplus (deficit).

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

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.16 Provisions and contingencies (continued)

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.

### 1.17 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.

### 1.18 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.

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.

#### Measurement

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

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.18 Revenue from exchange transactions (continued)

#### 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.

#### 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 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.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

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

### 1.19 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.

Non - 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.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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

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.

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.

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.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

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

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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

#### Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

#### Transfers

Apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

#### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

#### Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.20 Bad debts written off

Before any debt is written off it is proved that the debt has become irrecoverable.

Irrecoverable debt is debt which can not be traced successfully; and after all reasonable steps were taken to recover the debt

Bad debt write offs are considered in terms of cost benefit; when it becomes too costly to recover and the chances of collecting the debt are remote, a write off is considered.

### 1.21 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.22 Borrowing costs

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

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

### 1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the 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.

### 1.24 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 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.

### 1.26 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 Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.26 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.27 Housing development fund

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

### 1.28 Internal reserves

#### Capital replacement reserve (CRR)

The CRR is an asset financing source that represents an alternative to the other funding sources available to the Municipality namely external loans (interest bearing borrowings) and government grants & subsidies.

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.

As a matter of principle, the focus is the manner in which these reserves are created and accounted for, which in this instance the capital replacement of major components of Infrastructure Assets in the event of technical failure. For accounting purposes, the CRR will be created by transferring amounts out of Accumulated surpluses/deficits to the respective reserve account, or vice versa, in the Statement of Changes in Net Assets. The net effect of these transfers will be nil in the 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 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 Statement of Changes in Net Assets thereby circumventing the Statement of Financial Performance.

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.

#### 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.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.28 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.

#### 1.29 Revaluation reserve

The surplus arising from the revaluation of Heritage assets is credited to a revaluation reserve. The revaluation surplus is realised upon disposal of artworks and jewellery. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

#### 1.30 Tax

##### Income tax

The Municipality is exempted from income tax in terms of section 10(1)(a) of the Income Tax Act.

#### 1.31 Expenditure

An expense is a decrease in the net financial position of the entity, other than decreases arising from ownership distributions

An expense arise from exchange and non-exchange transactions, other events such as unrealised increases and decreases in the value of assets and the consumption of assets through depreciation and erosion of service potential and ability to generate economic benefits through impairments.

An expense may arise from individual transactions or groups of transactions.

Expenses are recognised in the statement of financial performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. The recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets

Expenses encompasses losses as well as those expenses that arise in the course of the operating activities of the municipality

Losses represent other items that meet the definition of expenses and may, or may not, arise in the course of the operating activities of the entity. Losses represent decreases in economic benefits or service potential and as such, they are no different in nature from other expenses.

#### 1.32 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 2018/07/01 to 2019/06/30.

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.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.32 Budget information (continued)

Deviations 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.

### 1.33 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.

A 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.

### 1.34 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 financial statements.

### 1.35 Value Added Tax (VAT)

VAT is payable on the receipt and payment basis.

The transaction date is referred to as the "time of supply". Time of supply applies to certain supplies as the prevailing rate of VAT on that date will apply to the transaction concerned.

- before 1 April 2018 – a VAT rate of 14% will apply;
- on or after 1 April 2018 – a VAT rate of 15% will apply.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the economic entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard/ Interpretation:                                                                                             | Effective date:<br>Years beginning on or after | Expected impact:                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>GRAP 16 (as amended 2016): Investment Property</li> </ul>                      | 01 April 2018                                  | The adoption of this has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the financial statements. |
| <ul style="list-style-type: none"> <li>GRAP 17 (as amended 2016): Property, Plant and Equipment</li> </ul>            | 01 April 2018                                  | The adoption of this has not had a material impact on the results of municipality, but has resulted in more disclosure than would have previously been provided in the financial statements.     |
| <ul style="list-style-type: none"> <li>GRAP 21 (as amended 2016): Impairment of non-cash-generating assets</li> </ul> | 01 April 2018                                  | The impact of the standard is not material.                                                                                                                                                      |
| <ul style="list-style-type: none"> <li>GRAP 26 (as amended 2016): Impairment of cash-generating assets</li> </ul>     | 01 April 2018                                  | The impact of the is not material.                                                                                                                                                               |

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

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2019 or later periods:

| Standard/ Interpretation:                                                                                                            | Effective date:<br>Years beginning on or after | Expected impact:                                                                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>GRAP 34: Separate Financial Statements</li> </ul>                                             | 01 April 2020                                  | Unlikely there will be a material impact                                                                                                                                     |
| <ul style="list-style-type: none"> <li>IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue</li> </ul> | 01 April 2020                                  | Impact is currently not known. It is unlikely to result in a material impact on the financial statements.                                                                    |
| <ul style="list-style-type: none"> <li>Directive 7 (revised): The Application of Deemed Cost</li> </ul>                              | 01 April 2019                                  | The directive affects future transfer of assets, mergers and assets acquired prior to measurement whose historic cost information is not available. Impact is not yet known. |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

### 2. New standards and interpretations (continued)

|                                                                                                                                                                  |                               |                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Guideline: Guideline on Accounting for Landfill Sites</li> </ul>                                                          | Effective date not determined | The municipality operates a landfill site, after the end of life of the landfill site, disclosure and rehabilitation is required in terms of legislation. Therefore, accounting for land, provision, expenses, discount rate has to be done in line of the guidance. Full impact of the guideline is not yet known. |
| <ul style="list-style-type: none"> <li>Guideline: Guideline on the Application of Materiality to Financial Statements</li> </ul>                                 | Effective date not determined | Materiality decisions on developing policies, disclosure and assessment of misstatements is provided by this guideline. Full impact of the application of the guide                                                                                                                                                 |
| <ul style="list-style-type: none"> <li>GRAP 104 (revised): Financial Instruments</li> </ul>                                                                      | Effective date not determined | Full impact of the standard is not yet known. However, additional disclosure is expected and unlikely to result in a material impact.                                                                                                                                                                               |
| <ul style="list-style-type: none"> <li>GRAP 35: Consolidated Financial Statements</li> </ul>                                                                     | 01 April 2020                 | Unlikely there will be a material impact                                                                                                                                                                                                                                                                            |
| <ul style="list-style-type: none"> <li>GRAP 36: Investments in Associates and Joint Ventures</li> </ul>                                                          | 01 April 2020                 | Unlikely there will be a material impact                                                                                                                                                                                                                                                                            |
| <ul style="list-style-type: none"> <li>GRAP 37: Joint Arrangements</li> </ul>                                                                                    | 01 April 2020                 | Impact is currently not known. It is unlikely to result in a material impact on the financial                                                                                                                                                                                                                       |
| <ul style="list-style-type: none"> <li>GRAP 38: Disclosure of Interests in Other Entities</li> </ul>                                                             | 01 April 2020                 | Impact is currently not known. It is unlikely to result in a material impact on the financial statements.                                                                                                                                                                                                           |
| <ul style="list-style-type: none"> <li>GRAP 18 (as amended 2016): Segment Reporting</li> </ul>                                                                   | 01 April 2019                 | Unlikely there will be a material impact                                                                                                                                                                                                                                                                            |
| <ul style="list-style-type: none"> <li>GRAP 20: Related parties</li> </ul>                                                                                       | 01 April 2019                 | Unlikely there will be a material impact                                                                                                                                                                                                                                                                            |
| <ul style="list-style-type: none"> <li>GRAP 32: Service Concession Arrangements: Grantor</li> </ul>                                                              | 01 April 2019                 | Unlikely there will be a material impact                                                                                                                                                                                                                                                                            |
| <ul style="list-style-type: none"> <li>GRAP 108: Statutory Receivables</li> </ul>                                                                                | 01 April 2019                 | Unlikely there will be a material impact                                                                                                                                                                                                                                                                            |
| <ul style="list-style-type: none"> <li>GRAP 109: Accounting by Principals and Agents</li> </ul>                                                                  | 01 April 2019                 | Unlikely there will be a material impact                                                                                                                                                                                                                                                                            |
| <ul style="list-style-type: none"> <li>GRAP 110 (as amended 2016) : Living and Non- living Resources</li> </ul>                                                  | 01 April 2020                 | The municipality has a game reserve, accounting for the fauna and flora, will be provided by this standard. Impact is currently being assessed and is not expected to be material.                                                                                                                                  |
| <ul style="list-style-type: none"> <li>IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset</li> </ul> | 01 April 2019                 | Unlikely there will be a material impact                                                                                                                                                                                                                                                                            |
| <ul style="list-style-type: none"> <li>IGRAP 19: Liabilities to Pay Levies</li> </ul>                                                                            | 01 April 2019                 | Unlikely there will be a material impact                                                                                                                                                                                                                                                                            |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

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### 2. New standards and interpretations (continued)

The municipality formulated its own accounting policy in 2017/18 regarding the treatment of Living resources. The living resources accounting policy is based on the principles of GRAP 110 (Living and non living and resources).

### 3. Inventories

|                        |                    |                    |                    |                    |
|------------------------|--------------------|--------------------|--------------------|--------------------|
| Consumable stores      | 26 888 323         | 31 975 714         | 26 888 323         | 31 975 714         |
| Land inventory         | 274 827 186        | 272 748 814        | 274 827 186        | 272 748 814        |
| Materials and supplies | 25 679 243         | 51 589 570         | 25 679 243         | 51 589 570         |
| Water                  | 1 764 634          | 1 423 819          | 1 764 634          | 1 423 819          |
|                        | <b>329 159 386</b> | <b>357 737 917</b> | <b>329 159 386</b> | <b>357 737 917</b> |

Inventories are recorded using the weighted average cost method.

Inventories expensed during the year 2019: R56 479 898(2018 : R69 327 347)

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

Inventories losses - consumables for the year ((R16 453 277 ) (2018 : (R4 743 013)).

The land inventory includes land that is earmarked for housing projects as per the municipality's Housing Development Plans and Housing Sector Plans by Human Settlements.

The land will be transferred to beneficiaries once the legal title is transferred to the beneficiaries.

#### Inventory pledged as security

No inventory was pledged as security for either overdraft facilities or any financial liabilities of the municipality.

### 4. Short term investment

|                                                            |                   |                  |                   |                  |
|------------------------------------------------------------|-------------------|------------------|-------------------|------------------|
| Compensation For Occupational Injuries and Diseases (COID) | 15 674 518        | 8 869 457        | 15 674 518        | 8 869 457        |
| <b>Reconciliation of short term investment</b>             |                   |                  |                   |                  |
| Opening balance                                            | 8 869 457         | 8 318 183        | 8 869 457         | 8 318 183        |
| Interest received                                          | 649 609           | 857 510          | 649 609           | 857 510          |
| Redemption                                                 | (9 519 066)       | (9 175 693)      | (9 519 066)       | (9 175 693)      |
| Re-investment                                              | 15 674 518        | 8 869 457        | 15 674 518        | 8 869 457        |
|                                                            | <b>15 674 518</b> | <b>8 869 457</b> | <b>15 674 518</b> | <b>8 869 457</b> |

COID short term investment invested at 8.69 % (2018: 8.66%).

The current fixed deposit is invested with Standard Bank and matures on the 24th of April 2020.

The 12 month fixed deposit is re-invested annually.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                  | Economic entity  |                   | Controlling entity |                   |
|--------------------------------------------------|------------------|-------------------|--------------------|-------------------|
|                                                  | 2019             | 2018              | 2019               | 2018              |
| <b>5. Receivables from exchange transactions</b> |                  |                   |                    |                   |
| Accrued revenue                                  | 54 947           | 718 454           | 54 947             | 698 934           |
| Advance payments                                 | 4 113 303        | 11 445 201        | 4 110 803          | 11 442 701        |
| Cashier's shortages                              | 44 442           | 22 268            | 44 442             | 22 268            |
| Cash receipts due from third parties             | 384              | 7 072 957         | 384                | 7 072 957         |
| Current tax receivable                           | -                | 1 488             | -                  | -                 |
| Independent Development Trust                    | -                | -                 | -                  | -                 |
| Insurance claims                                 | -                | 3 020 221         | -                  | 3 020 221         |
| Interest accrual on bank and call accounts       | 126 100          | -                 | 126 100            | -                 |
| Interest accrual on investment                   | 251 612          | 112 470           | 251 612            | 112 470           |
| Land sale debtors                                | -                | 66 386            | -                  | 66 386            |
| Market                                           | -                | 1 969 025         | -                  | 1 969 025         |
| Payroll related                                  | -                | 12 386            | -                  | 12 386            |
| Uncleared staff deductions                       | -                | 7 916 085         | -                  | 7 916 085         |
| Water meter refunds                              | -                | 18 493            | -                  | 18 493            |
| Staff recoveries                                 | 412 057          | -                 | 412 057            | -                 |
|                                                  | <b>5 002 845</b> | <b>32 375 434</b> | <b>5 000 345</b>   | <b>32 351 926</b> |

| Reconciliation of provision for impairment of receivables from exchange transactions | Land sale debtors | Insurance claims | Independent Development Trust |
|--------------------------------------------------------------------------------------|-------------------|------------------|-------------------------------|
| <b>2019</b>                                                                          |                   |                  |                               |
| Gross balance                                                                        | 66 386            | 3 020 221        | 108 836 507                   |
| Allowance for impairment                                                             | (66 386)          | (3 020 221)      | (108 836 507)                 |
|                                                                                      | -                 | -                | -                             |
| <b>2018</b>                                                                          |                   |                  |                               |
| Gross balance                                                                        |                   |                  | 108 836 507                   |
| Allowance for impairment                                                             |                   |                  | (108 836 507)                 |
|                                                                                      |                   |                  | -                             |

### Receivables from exchange transactions pledged as security

There are no receivables from exchange transactions pledged as security for any financial liabilities of the municipality.

### Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

The credit quality of receivables from exchange transactions are neither past due nor impaired except for land sale debtors, insurance claims and IDT.

There is an ongoing dispute between IDT and Msunduzi Municipality on an amount that was paid by Msunduzi Municipality to IDT for the implementation of infrastructure projects. IDT was appointed as an implementing agent and advance payments were made to IDT during 2011/12 and 2012/13 financial years. The projects were implemented; however, IDT was unable to account for work amounting to R108 836 507. The municipality referred the matter to the legal team for a civil litigation and has not been finalised a yet. The receivable has been fully impaired since IDT is disputing the receivable and the matter is still under litigation.

### 6. Receivables from non-exchange transactions

|       |           |           |           |           |
|-------|-----------|-----------|-----------|-----------|
| Fines | 2 568 619 | 2 600 669 | 2 568 619 | 2 600 669 |
|-------|-----------|-----------|-----------|-----------|

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                                                                        | Economic entity   |                   | Controlling entity |                   |
|------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|--------------------|-------------------|
|                                                                                                                        | 2019              | 2018              | 2019               | 2018              |
| <b>6. Receivables from non-exchange transactions (continued)</b>                                                       |                   |                   |                    |                   |
| There are no receivables from non exchange transactions pledged as security for any of the Municipality's obligations. |                   |                   |                    |                   |
| <b>Receivables from non-exchange transactions impaired</b>                                                             |                   |                   |                    |                   |
| The amount of the provision was R 64 622 491 as of 30 June 2019 (2018: R 54 201 559).                                  |                   |                   |                    |                   |
| Fines impairment are based on past trends of non payment by offenders and amounts outstanding for over 365 days.       |                   |                   |                    |                   |
| <b>Reconciliation of fines receivable</b>                                                                              |                   |                   |                    |                   |
| Gross debtors                                                                                                          | 67 191 110        | 56 802 228        | 67 191 110         | 56 802 228        |
| Allowance for impairment                                                                                               | (64 622 491)      | (54 201 559)      | (64 622 491)       | (54 201 559)      |
|                                                                                                                        | <b>2 568 619</b>  | <b>2 600 669</b>  | <b>2 568 619</b>   | <b>2 600 669</b>  |
| <b>Gross balances</b>                                                                                                  |                   |                   |                    |                   |
| Current (0-30 days)                                                                                                    | 105 100           | 1 286 150         | 105 100            | 1 286 150         |
| 31 - 60 days                                                                                                           | 2 078 550         | 1 210 219         | 2 078 550          | 1 210 219         |
| 61 - 90 days                                                                                                           | 3 389 450         | 2 141 350         | 3 389 450          | 2 141 350         |
| 91 - 120 days                                                                                                          | 4 221 960         | 4 026 600         | 4 221 960          | 4 026 600         |
| 121 - 365 days                                                                                                         | 972 737           | 1 510 800         | 972 737            | 1 510 800         |
| > 365 days                                                                                                             | 56 423 313        | 46 627 109        | 56 423 313         | 46 627 109        |
|                                                                                                                        | <b>67 191 110</b> | <b>56 802 228</b> | <b>67 191 110</b>  | <b>56 802 228</b> |
| <b>7. VAT receivable</b>                                                                                               |                   |                   |                    |                   |
| VAT                                                                                                                    | -                 | 25 495            | -                  | -                 |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                                              | Economic entity        |                        | Controlling entity     |                        |
|----------------------------------------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|
|                                                                                              | 2019                   | 2018                   | 2019                   | 2018                   |
| <b>8. Consumer debtors</b>                                                                   |                        |                        |                        |                        |
| <b>Gross balances</b>                                                                        |                        |                        |                        |                        |
| Electricity                                                                                  | 435 790 233            | 502 696 929            | 435 790 233            | 502 696 929            |
| Other service charges                                                                        | 394 485 783            | 195 175 698            | 394 485 783            | 195 175 698            |
| Property rental                                                                              | 46 076 843             | 47 913 495             | 46 076 843             | 47 913 495             |
| Rates                                                                                        | 810 574 134            | 647 121 161            | 810 574 134            | 647 121 161            |
| Refuse                                                                                       | 168 202 781            | 130 012 852            | 168 202 781            | 130 012 852            |
| Sanitation                                                                                   | 293 941 294            | 234 513 690            | 293 941 294            | 234 513 690            |
| Water                                                                                        | 1 518 020 053          | 1 209 118 117          | 1 518 020 053          | 1 209 118 117          |
|                                                                                              | <b>3 667 091 121</b>   | <b>2 966 551 942</b>   | <b>3 667 091 121</b>   | <b>2 966 551 942</b>   |
| <b>Less: Allowance for impairment</b>                                                        |                        |                        |                        |                        |
| Electricity                                                                                  | (320 651 422)          | (242 873 022)          | (320 651 422)          | (242 873 022)          |
| Other services charges                                                                       | (371 729 853)          | (194 993 615)          | (371 729 853)          | (194 993 615)          |
| Property rental                                                                              | (44 303 593)           | (40 974 212)           | (44 303 593)           | (40 974 212)           |
| Rates                                                                                        | (610 019 520)          | (629 672 338)          | (610 019 520)          | (629 672 338)          |
| Refuse                                                                                       | (146 045 214)          | (115 293 929)          | (146 045 214)          | (115 293 929)          |
| Sanitation                                                                                   | (267 859 486)          | (194 575 165)          | (267 859 486)          | (194 575 165)          |
| Water                                                                                        | (1 451 644 502)        | (1 123 399 274)        | (1 451 644 502)        | (1 123 399 274)        |
|                                                                                              | <b>(3 212 253 590)</b> | <b>(2 541 781 555)</b> | <b>(3 212 253 590)</b> | <b>(2 541 781 555)</b> |
| <b>Net balance</b>                                                                           |                        |                        |                        |                        |
| Electricity                                                                                  | 115 138 811            | 259 823 907            | 115 138 811            | 259 823 907            |
| Other service charges                                                                        | 22 755 930             | 182 083                | 22 755 930             | 182 083                |
| Property rental                                                                              | 1 773 250              | 6 939 283              | 1 773 250              | 6 939 283              |
| Rates                                                                                        | 200 554 614            | 17 448 823             | 200 554 614            | 17 448 823             |
| Refuse                                                                                       | 22 157 567             | 14 718 923             | 22 157 567             | 14 718 923             |
| Sanitation                                                                                   | 26 081 808             | 39 938 525             | 26 081 808             | 39 938 525             |
| Water                                                                                        | 66 375 551             | 85 718 843             | 66 375 551             | 85 718 843             |
|                                                                                              | <b>454 837 531</b>     | <b>424 770 387</b>     | <b>454 837 531</b>     | <b>424 770 387</b>     |
| <b>Included in above is receivables from exchange transactions</b>                           |                        |                        |                        |                        |
| Electricity                                                                                  | 115 138 811            | 259 823 907            | 115 138 811            | 259 823 907            |
| Other services charges                                                                       | 22 755 930             | 182 083                | 22 755 930             | 182 083                |
| Property rental                                                                              | 1 773 250              | 6 939 283              | 1 773 250              | 6 939 283              |
| Refuse                                                                                       | 22 157 567             | 14 718 923             | 22 157 567             | 14 718 923             |
| Sanitation                                                                                   | 26 081 808             | 39 938 525             | 26 081 808             | 39 938 525             |
| Water                                                                                        | 66 375 551             | 85 718 843             | 66 375 551             | 85 718 843             |
|                                                                                              | <b>254 282 917</b>     | <b>407 321 564</b>     | <b>254 282 917</b>     | <b>407 321 564</b>     |
| <b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b> |                        |                        |                        |                        |
| Rates                                                                                        | 200 554 614            | 17 448 823             | 200 554 614            | 17 448 823             |
|                                                                                              | <b>200 554 614</b>     | <b>17 448 823</b>      | <b>200 554 614</b>     | <b>17 448 823</b>      |
| <b>Net balance</b>                                                                           |                        |                        |                        |                        |
|                                                                                              | <b>454 837 531</b>     | <b>424 770 387</b>     | <b>454 837 531</b>     | <b>424 770 387</b>     |
| <b>Rates</b>                                                                                 |                        |                        |                        |                        |
| Current (0 -30 days)                                                                         | 134 087 367            | 119 189 000            | 134 087 367            | 119 189 000            |
| 31 - 60 days                                                                                 | 5 220 534              | (532 953)              | 5 220 534              | (532 953)              |
| 61 - 90 days                                                                                 | 21 423 618             | 18 557 120             | 21 423 618             | 18 557 120             |
| 91 - 120 days                                                                                | 19 238 633             | 31 215 563             | 19 238 633             | 31 215 563             |
| 121 - 365 days                                                                               | 147 705 852            | 111 327 147            | 147 705 852            | 111 327 147            |
| > 365 days                                                                                   | 482 898 130            | 367 365 284            | 482 898 130            | 367 365 284            |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                        | Economic entity      |                      | Controlling entity   |                      |
|----------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                        | 2019                 | 2018                 | 2019                 | 2018                 |
| <b>8. Consumer debtors (continued)</b> |                      |                      |                      |                      |
|                                        | <b>810 574 134</b>   | <b>647 121 161</b>   | <b>810 574 134</b>   | <b>647 121 161</b>   |
| <b>Electricity</b>                     |                      |                      |                      |                      |
| Current (0 -30 days)                   | 265 570 532          | 281 461 095          | 265 570 532          | 281 461 095          |
| 31 - 60 days                           | (8 568 541)          | 16 423 317           | (8 568 541)          | 16 423 317           |
| 61 - 90 days                           | 8 350 546            | 4 655 143            | 8 350 546            | 4 655 143            |
| 91 - 120 days                          | 3 999 316            | 13 677 362           | 3 999 316            | 13 677 362           |
| 121 - 365 days                         | 31 929 176           | 33 760 723           | 31 929 176           | 33 760 723           |
| > 365 days                             | 134 509 204          | 152 719 289          | 134 509 204          | 152 719 289          |
|                                        | <b>435 790 233</b>   | <b>502 696 929</b>   | <b>435 790 233</b>   | <b>502 696 929</b>   |
| <b>Water</b>                           |                      |                      |                      |                      |
| Current (0 -30 days)                   | 165 924 746          | 128 351 753          | 165 924 746          | 128 351 753          |
| 31 - 60 days                           | 8 467 367            | 842 776              | 8 467 367            | 842 776              |
| 61 - 90 days                           | 40 746 149           | 29 510 594           | 40 746 149           | 29 510 594           |
| 91 - 120 days                          | 34 183 303           | 52 597 846           | 34 183 303           | 52 597 846           |
| 121 - 365 days                         | 275 807 702          | 213 797 877          | 275 807 702          | 213 797 877          |
| > 365 days                             | 992 890 786          | 784 017 271          | 992 890 786          | 784 017 271          |
|                                        | <b>1 518 020 053</b> | <b>1 209 118 117</b> | <b>1 518 020 053</b> | <b>1 209 118 117</b> |
| <b>Sanitation</b>                      |                      |                      |                      |                      |
| Current (0 -30 days)                   | 32 254 944           | 27 816 056           | 32 254 944           | 27 816 056           |
| 31 - 60 days                           | 1 576 074            | 315 063              | 1 576 074            | 315 063              |
| 61 - 90 days                           | 6 861 797            | 5 584 337            | 6 861 797            | 5 584 337            |
| 91 - 120 days                          | 6 468 250            | 9 195 424            | 6 468 250            | 9 195 424            |
| 121 - 365 days                         | 49 444 398           | 41 856 479           | 49 444 398           | 41 856 479           |
| > 365 days                             | 197 335 831          | 149 745 331          | 197 335 831          | 149 745 331          |
|                                        | <b>293 941 294</b>   | <b>234 512 690</b>   | <b>293 941 294</b>   | <b>234 512 690</b>   |
| <b>Other service charges</b>           |                      |                      |                      |                      |
| Current (0 -30 days)                   | 2 312 170            | 3 435 750            | 2 312 170            | 3 435 750            |
| 31 - 60 days                           | 2 654 783            | 266 222              | 2 654 783            | 266 222              |
| 61 - 90 days                           | 2 587 380            | 1 657 595            | 2 587 380            | 1 657 595            |
| 91 - 120 days                          | 2 846 465            | 2 127 992            | 2 846 465            | 2 127 992            |
| 121 - 365 days                         | 20 162 118           | 16 259 428           | 20 162 118           | 16 259 428           |
| > 365 days                             | 363 922 867          | 171 428 711          | 363 922 867          | 171 428 711          |
|                                        | <b>394 485 783</b>   | <b>195 175 698</b>   | <b>394 485 783</b>   | <b>195 175 698</b>   |
| <b>Refuse</b>                          |                      |                      |                      |                      |
| Current (0 -30 days)                   | 18 470 726           | 20 182 459           | 18 470 726           | 20 182 459           |
| 31 - 60 days                           | 1 470 419            | 865 106              | 1 470 419            | 865 106              |
| 61 - 90 days                           | 3 954 262            | 3 124 567            | 3 954 262            | 3 124 567            |
| 91 - 120 days                          | 3 906 384            | 5 638 249            | 3 906 384            | 5 638 249            |
| 121 - 365 days                         | 31 379 344           | 19 879 416           | 31 379 344           | 19 879 416           |
| > 365 days                             | 109 021 646          | 80 323 055           | 109 021 646          | 80 323 055           |
|                                        | <b>168 202 781</b>   | <b>130 012 852</b>   | <b>168 202 781</b>   | <b>130 012 852</b>   |
| <b>Property rental</b>                 |                      |                      |                      |                      |
| Current (0 -30 days)                   | 539 219              | 3 586 605            | 539 219              | 3 586 605            |
| 31 - 60 days                           | 1 296 994            | 1 428 981            | 1 296 994            | 1 428 981            |
| 61 - 90 days                           | 1 165 917            | 1 034 640            | 1 165 917            | 1 034 640            |
| 91 - 120 days                          | 160 820              | 1 945 167            | 160 820              | 1 945 167            |
| 121 - 365 days                         | 7 729 975            | 7 164 782            | 7 729 975            | 7 164 782            |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                                                 | Economic entity        |                        | Controlling entity     |                        |
|-------------------------------------------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|
|                                                                                                 | 2019                   | 2018                   | 2019                   | 2018                   |
| <b>8. Consumer debtors (continued)</b>                                                          |                        |                        |                        |                        |
| > 365 days                                                                                      | 35 183 918             | 32 753 320             | 35 183 918             | 32 753 320             |
|                                                                                                 | <b>46 076 843</b>      | <b>47 913 495</b>      | <b>46 076 843</b>      | <b>47 913 495</b>      |
| <b>Summary of debtors by customer classification</b>                                            |                        |                        |                        |                        |
| <b>Consumers</b>                                                                                |                        |                        |                        |                        |
| Current (0 -30 days)                                                                            | 304 093 748            | 271 805 068            | 304 093 748            | 271 805 068            |
| 31 - 60 days                                                                                    | 12 835 843             | 2 776 824              | 12 835 843             | 2 776 824              |
| 61 - 90 days                                                                                    | 63 219 212             | 51 845 732             | 63 219 212             | 51 845 732             |
| 91 - 120 days                                                                                   | 54 707 737             | 86 481 035             | 54 707 737             | 86 481 035             |
| 121 - 365 days                                                                                  | 454 800 604            | 354 567 868            | 454 800 604            | 354 567 868            |
| > 365 days                                                                                      | 1 980 643 725          | 1 533 080 254          | 1 980 643 725          | 1 533 080 254          |
|                                                                                                 | <b>2 870 300 869</b>   | <b>2 300 556 781</b>   | <b>2 870 300 869</b>   | <b>2 300 556 781</b>   |
| <b>Industrial/ commercial</b>                                                                   |                        |                        |                        |                        |
| Current (0 -30 days)                                                                            | 262 175 210            | 257 145 689            | 262 175 210            | 257 145 689            |
| 31 - 60 days                                                                                    | (1 327 833)            | 16 666 469             | (1 327 833)            | 16 666 469             |
| 61 - 90 days                                                                                    | 14 359 574             | 6 112 699              | 14 359 574             | 6 112 699              |
| 91 - 120 days                                                                                   | 9 535 466              | 19 765 381             | 9 535 466              | 19 765 381             |
| 121 - 365 days                                                                                  | 72 744 880             | 47 069 175             | 72 744 880             | 47 069 175             |
| > 365 days                                                                                      | 225 236 705            | 136 296 148            | 225 236 705            | 136 296 148            |
|                                                                                                 | <b>582 724 002</b>     | <b>483 055 561</b>     | <b>582 724 002</b>     | <b>483 055 561</b>     |
| <b>National and provincial government</b>                                                       |                        |                        |                        |                        |
| Current (0 -30 days)                                                                            | 52 888 534             | 55 071 961             | 52 888 534             | 55 071 961             |
| 31 - 60 days                                                                                    | 604 366                | 165 219                | 604 366                | 165 219                |
| 61 - 90 days                                                                                    | 7 509 321              | 6 166 565              | 7 509 321              | 6 166 565              |
| 91 - 120 days                                                                                   | 6 559 656              | 10 151 187             | 6 559 656              | 10 151 187             |
| 121 - 365 days                                                                                  | 36 626 319             | 42 408 809             | 36 626 319             | 42 408 809             |
| > 365 days                                                                                      | 109 878 054            | 68 975 859             | 109 878 054            | 68 975 859             |
|                                                                                                 | <b>214 066 250</b>     | <b>182 939 600</b>     | <b>214 066 250</b>     | <b>182 939 600</b>     |
| <b>Total</b>                                                                                    |                        |                        |                        |                        |
| Current (0 -30 days)                                                                            | 619 157 492            | 584 022 718            | 619 157 492            | 584 022 718            |
| 31 - 60 days                                                                                    | 12 112 376             | 19 608 512             | 12 112 376             | 19 608 512             |
| 61 - 90 days                                                                                    | 85 088 107             | 64 124 996             | 85 088 107             | 64 124 996             |
| 91 - 120 days                                                                                   | 70 802 859             | 116 397 603            | 70 802 859             | 116 397 603            |
| 121 - 365 days                                                                                  | 564 171 803            | 444 045 852            | 564 171 803            | 444 045 852            |
| > 365 days                                                                                      | 2 315 758 484          | 1 738 352 261          | 2 315 758 484          | 1 738 352 261          |
|                                                                                                 | <b>3 667 091 121</b>   | <b>2 966 551 942</b>   | <b>3 667 091 121</b>   | <b>2 966 551 942</b>   |
| <b>Reconciliation of allowance for impairment</b>                                               |                        |                        |                        |                        |
| Balance at beginning of the year                                                                | (2 541 781 555)        | (1 673 021 042)        | (2 541 781 555)        | (1 673 021 042)        |
| Contributions to allowance                                                                      | (680 817 745)          | (869 579 701)          | (680 817 745)          | (869 579 701)          |
| Debt impairment written off against allowance                                                   | 10 345 710             | 819 188                | 10 345 710             | 819 188                |
|                                                                                                 | <b>(3 212 253 590)</b> | <b>(2 541 781 555)</b> | <b>(3 212 253 590)</b> | <b>(2 541 781 555)</b> |
| <b>Consumer debtors pledged as security</b>                                                     |                        |                        |                        |                        |
| There are no consumer debtors pledged as security for overdraft facilities of the municipality. |                        |                        |                        |                        |
| <b>Consumer debtors impaired</b>                                                                |                        |                        |                        |                        |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 8. Consumer debtors (continued)

The amount of the provision was R3 212 253 590 as of 30 June 2019 (2018: R 2 541 781 555).

### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

|                     |                    |                    |                    |                    |
|---------------------|--------------------|--------------------|--------------------|--------------------|
| Cash on hand        | 58 661             | 66 112             | 50 925             | 62 395             |
| Bank balances       | 30 436 602         | 89 863 463         | 30 356 115         | 89 817 870         |
| Short-term deposits | 277 707 315        | 422 692 732        | 274 649 124        | 421 348 241        |
|                     | <b>308 202 578</b> | <b>512 622 307</b> | <b>305 056 164</b> | <b>511 228 506</b> |

Average rate of return is based on average interest rate on all bank and investment accounts 6.79 % (2018: 6.15%)

Due to the short term nature of these investments, no amortisation was performed.

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.

### The municipality had the following bank accounts

| Account number / description                         | Bank statement balances |              | Cash book balances |              |
|------------------------------------------------------|-------------------------|--------------|--------------------|--------------|
|                                                      | 30 June 2019            | 30 June 2018 | 30 June 2019       | 30 June 2018 |
| FNB - Primary - 50941827782                          | 11 687 594              | 63 685 283   | 12 598 152         | 67 356 542   |
| FNB - Market - 50941840627                           | 3 276 208               | 5 873 398    | 3 276 208          | 5 873 398    |
| FNB - Airport - 62069378539                          | 1 063 538               | 5 525 356    | 1 063 538          | 5 525 356    |
| Post Office - Account - 62006041157                  | -                       | -            | 13 348 925         | 10 750 594   |
| FNB - Salaries - 62003432846                         | 69 291                  | 311 980      | 69 291             | 311 980      |
| FNB - Call (Airport Development Fund) - 62548639725  | 2 981 779               | 2 794 599    | 2 981 779          | 2 794 599    |
| FNB - Call (MIG Grant) - 62548629403                 | 17 299 699              | 40 988 477   | 17 299 699         | 40 988 477   |
| FNB - Call (Unspent Conditional Grant) - 62548623231 | 103 110 455             | 138 451 872  | 103 110 455        | 138 451 872  |
| FNB - Call (Insurance Fund) - 62548634460            | 17 246 717              | 59 021 154   | 17 246 717         | 59 021 154   |
| FNB - Call (MHOA) - 62548632901                      | 47 166 754              | 44 195 553   | 47 166 754         | 44 195 553   |
| FNB - Call (Housing Accreditation) - 62548630822     | 44 420 702              | 40 471 354   | 44 420 702         | 40 471 354   |
| FNB - Call (Vat Recovery on Grants) - 62551687563    | 343 132                 | 918 540      | 343 132            | 918 540      |
| FNB - Call (Vat Refunds - CRR) - 62600253984         | 40 992 378              | 92 323 393   | 40 992 378         | 92 323 393   |
| FNB - Call (General Reserves) - 62531891879          | -                       | 1 162 574    | -                  | 1 162 574    |
| ABSA - 7 day notice - 9309193266                     | 1 087 509               | 1 020 725    | 1 087 509          | 1 020 725    |
| FNB - current account - 62035467978                  | 80 487                  | 45 593       | 80 487             | 45 593       |
| FNB - money market - 9317549203                      | 3 058 191               | 1 344 491    | 3 058 191          | 1 344 491    |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                 | Economic entity    |                    | Controlling entity |                    |
|-------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                 | 2019               | 2018               | 2019               | 2018               |
| <b>9. Cash and cash equivalents (continued)</b> |                    |                    |                    |                    |
| <b>Total</b>                                    | <b>293 884 434</b> | <b>498 134 342</b> | <b>308 143 917</b> | <b>512 556 195</b> |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 10. Agricultural assets

#### Economic entity

|                                | 2019                                   |                           |                       | 2018                               |                           |                       |
|--------------------------------|----------------------------------------|---------------------------|-----------------------|------------------------------------|---------------------------|-----------------------|
|                                | Valuation at the beginning of the year | Net movement for the year | Valuation at year end | Valuation at beginning of the year | Net movement for the year | Valuation at year end |
| Biological assets - Consumable | 63 863 790                             | 15 836 210                | 79 700 000            | 54 067 677                         | 9 796 113                 | 63 863 790            |

#### Controlling entity

|                                | 2019                                   |                           |                       | 2018                                   |              |                       |
|--------------------------------|----------------------------------------|---------------------------|-----------------------|----------------------------------------|--------------|-----------------------|
|                                | Valuation at the beginning of the year | Net movement for the year | Valuation at year end | Valuation at the beginning of the year | Net movement | Valuation at year end |
| Biological assets - Consumable | 63 863 790                             | 15 836 210                | 79 700 000            | 54 067 677                             | 9 796 113    | 63 863 790            |

#### Reconciliation of agricultural assets - Economic entity - 2019

|                                | Valuation at the beginning of the year | Fair value adjustments | Valuation at year end |
|--------------------------------|----------------------------------------|------------------------|-----------------------|
| Biological assets - Consumable | 63 863 790                             | 15 836 210             | 79 700 000            |

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

|                                | Opening balance | Fair value adjustments | Valuation at year end |
|--------------------------------|-----------------|------------------------|-----------------------|
| Biological assets - Consumable | 54 067 677      | 9 796 113              | 63 863 790            |

#### Reconciliation of agricultural assets - Controlling entity - 2019

|                                | Opening balance | Fair value adjustments | Total      |
|--------------------------------|-----------------|------------------------|------------|
| Biological assets - Consumable | 63 863 790      | 15 836 210             | 79 700 000 |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 10. Agricultural assets (continued)

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

|                                | Opening<br>balance | Fair value<br>adjustments | Total      |
|--------------------------------|--------------------|---------------------------|------------|
| Biological assets - Consumable | 54 067 677         | 9 796 113                 | 63 863 790 |

#### Non-financial information

The municipality owns a plantation forest that produces felled trees for timber production, separately disclosed as consumable biological assets.

There were no harvests or sales made during the year.

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

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

Refer to note 72 for risk management strategies on agricultural assets

#### Pledged as security

No agricultural assets have been pledged as security.

#### Restrictions imposed by regulations

There are no agricultural assets whose use or capacity to sell is subject to restrictions imposed by regulation.

#### Methods and assumptions used in determining fair value

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 10. Agricultural assets (continued)

Agricultural assets has been accounted for in terms of GRAP 27 and comprises of plantation owned by the municipality. Agricultural assets are not depreciated annually but valued at year end in order to determine their fair value as prescribed in GRAP 27.

The valuation at 30 June 2019 was performed by Malcolm Gardiner.

Malcolm Gardiner is a member of the South African Council for Property 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.

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 Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 11. Heritage assets

| Economic entity         | 2019               |                               |                    | 2018               |                               |                    |
|-------------------------|--------------------|-------------------------------|--------------------|--------------------|-------------------------------|--------------------|
|                         | Cost / Valuation   | Accumulated impairment losses | Carrying value     | Cost / Valuation   | Accumulated impairment losses | Carrying value     |
| Artworks                | 238 589 522        | (6 809 930)                   | 231 779 592        | 193 247 122        | (6 809 930)                   | 186 437 192        |
| Crematoriums            | 8 181 348          | -                             | 8 181 348          | 8 181 348          | -                             | 8 181 348          |
| Jewellery               | 1 185 000          | -                             | 1 185 000          | 763 000            | -                             | 763 000            |
| Museums and art gallery | 23 315 796         | (22 973)                      | 23 292 823         | 23 315 796         | (22 973)                      | 23 292 823         |
| Other                   | 1 785 373          | -                             | 1 785 373          | 1 785 373          | -                             | 1 785 373          |
| Parks                   | 2 487 908          | -                             | 2 487 908          | 2 487 908          | -                             | 2 487 908          |
| Stadiums                | 3 961 963          | -                             | 3 961 963          | 3 961 963          | -                             | 3 961 963          |
| <b>Total</b>            | <b>279 506 910</b> | <b>(6 832 903)</b>            | <b>272 674 007</b> | <b>233 742 510</b> | <b>(6 832 903)</b>            | <b>226 909 607</b> |

| Controlling entity      | 2019               |                               |                    | 2018               |                               |                    |
|-------------------------|--------------------|-------------------------------|--------------------|--------------------|-------------------------------|--------------------|
|                         | Cost / Valuation   | Accumulated impairment losses | Carrying value     | Cost / Valuation   | Accumulated impairment losses | Carrying value     |
| Artworks                | 238 589 522        | (6 809 930)                   | 231 779 592        | 193 247 122        | (6 809 930)                   | 186 437 192        |
| Crematoriums            | 8 181 348          | -                             | 8 181 348          | 8 181 348          | -                             | 8 181 348          |
| Jewellery               | 1 185 000          | -                             | 1 185 000          | 763 000            | -                             | 763 000            |
| Museums and art gallery | 23 315 796         | (22 973)                      | 23 292 823         | 23 315 796         | (22 973)                      | 23 292 823         |
| Other                   | 1 785 373          | -                             | 1 785 373          | 1 785 373          | -                             | 1 785 373          |
| Parks                   | 2 487 908          | -                             | 2 487 908          | 2 487 908          | -                             | 2 487 908          |
| Stadiums                | 3 961 963          | -                             | 3 961 963          | 3 961 963          | -                             | 3 961 963          |
| <b>Total</b>            | <b>279 506 910</b> | <b>(6 832 903)</b>            | <b>272 674 007</b> | <b>233 742 510</b> | <b>(6 832 903)</b>            | <b>226 909 607</b> |

### Reconciliation of heritage assets Economic entity - 2019

|                         | Opening balance    | Additions      | Revaluation       | Total              |
|-------------------------|--------------------|----------------|-------------------|--------------------|
| Artworks                | 186 437 192        | 262 900        | 45 079 500        | 231 779 592        |
| Crematoriums            | 8 181 348          | -              | -                 | 8 181 348          |
| Jewellery               | 763 000            | -              | 422 000           | 1 185 000          |
| Museums and art gallery | 23 292 823         | -              | -                 | 23 292 823         |
| Other                   | 1 785 373          | -              | -                 | 1 785 373          |
| Parks                   | 2 487 908          | -              | -                 | 2 487 908          |
| Stadiums                | 3 961 963          | -              | -                 | 3 961 963          |
|                         | <b>226 909 607</b> | <b>262 900</b> | <b>45 501 500</b> | <b>272 674 007</b> |

### Reconciliation of heritage assets Economic entity - 2018

|                         | Opening balance    | Prior period error | Revaluation    | Impairment     | Total              |
|-------------------------|--------------------|--------------------|----------------|----------------|--------------------|
| Artworks                | 186 369 431        | 73 961             | -              | (6 200)        | 186 437 192        |
| Crematoriums            | 8 181 348          | -                  | -              | -              | 8 181 348          |
| Jewellery               | 133 500            | -                  | 629 500        | -              | 763 000            |
| Museums and art gallery | 23 292 823         | -                  | -              | -              | 23 292 823         |
| Other                   | 1 785 373          | -                  | -              | -              | 1 785 373          |
| Parkd                   | 2 487 908          | -                  | -              | -              | 2 487 908          |
| Stadiums                | 3 961 963          | -                  | -              | -              | 3 961 963          |
|                         | <b>226 212 346</b> | <b>73 961</b>      | <b>629 500</b> | <b>(6 200)</b> | <b>226 909 607</b> |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 11. Heritage assets (continued)

#### Reconciliation of heritage assets Controlling entity - 2019

|                         | Opening balance    | Additions      | Revaluation increase/(decrease) | Total              |
|-------------------------|--------------------|----------------|---------------------------------|--------------------|
| Crematoriums            | 8 181 348          | -              | -                               | 8 181 348          |
| Jewellery               | 763 000            | -              | 422 000                         | 1 185 000          |
| Museums and art gallery | 23 292 823         | -              | -                               | 23 292 823         |
| Parks                   | 2 487 908          | -              | -                               | 2 487 908          |
| Stadiums                | 3 961 963          | -              | -                               | 3 961 963          |
| Other                   | 1 785 373          | -              | -                               | 1 785 373          |
| Artworks                | 186 437 192        | 262 900        | 45 079 500                      | 231 779 592        |
|                         | <b>226 909 607</b> | <b>262 900</b> | <b>45 501 500</b>               | <b>272 674 007</b> |

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

|                         | Opening balance    | Prior period error | Revaluation    | Impairment losses | Total              |
|-------------------------|--------------------|--------------------|----------------|-------------------|--------------------|
| Crematoriums            | 8 181 348          | -                  | -              | -                 | 8 181 348          |
| Jewellery               | 133 500            | -                  | 629 500        | -                 | 763 000            |
| Museums and art gallery | 23 292 823         | -                  | -              | -                 | 23 292 823         |
| Parks                   | 2 487 908          | -                  | -              | -                 | 2 487 908          |
| Stadiums                | 3 961 963          | -                  | -              | -                 | 3 961 963          |
| Other                   | 1 785 373          | -                  | -              | -                 | 1 785 373          |
| Artworks                | 186 369 431        | 73 961             | -              | (6 200)           | 186 437 192        |
|                         | <b>226 212 346</b> | <b>73 961</b>      | <b>629 500</b> | <b>(6 200)</b>    | <b>226 909 607</b> |

#### Restrictions on heritage assets

There are no ownership and disposal restrictions on heritage assets.

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

#### Pledged as security

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

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

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

|                         |   |         |   |         |
|-------------------------|---|---------|---|---------|
| Sale of goods/Inventory | - | 110 644 | - | 110 644 |
|-------------------------|---|---------|---|---------|

#### Other information

# The Msunduzi Municipality and its Municipality Entity

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## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 11. Heritage assets (continued)

The 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 has been valued on 30 June 2019 for the 2018/19 financial year.

According to the municipality's accounting policy, artworks are revalued every 4 years.

Artworks were last valued in the 2014/15 financial year.

Jewellery was last valued in the 2018/19 financial year.

According to the municipality's accounting policy, jewellery are revalued every year.

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

##### 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 five 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.

The valuation of artworks was performed by Harriet Marry Gilfillan who is an independent professional Appraiser and has experience in the valuation of artworks and jewellery.

The valuations were arrived at by reference to market analysis, market records and trends relating to each artist and type of artwork was researched in order to arrive at a fair value.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 12. Intangible assets

| Economic entity   | 2019               |                                                     |                   | 2018              |                                                              |                   |
|-------------------|--------------------|-----------------------------------------------------|-------------------|-------------------|--------------------------------------------------------------|-------------------|
|                   | Cost / Valuation   | Accumulated amortisation and accumulated impairment | Carrying value    | Restated cost     | Restated accumulated amortisation and accumulated impairment | Carrying value    |
| Computer software | 107 616 190        | (67 362 073)                                        | 40 254 117        | 92 879 543        | (41 573 904)                                                 | 51 305 639        |
| Servitudes        | 803 846            | -                                                   | 803 846           | 803 846           | -                                                            | 803 846           |
| <b>Total</b>      | <b>108 420 036</b> | <b>(67 362 073)</b>                                 | <b>41 057 963</b> | <b>93 683 389</b> | <b>(41 573 904)</b>                                          | <b>52 109 485</b> |

| Controlling entity | 2019               |                                                     |                   | 2018              |                                                              |                   |
|--------------------|--------------------|-----------------------------------------------------|-------------------|-------------------|--------------------------------------------------------------|-------------------|
|                    | Cost / Valuation   | Accumulated amortisation and accumulated impairment | Carrying value    | Restated costs    | Restated Accumulated amortisation and accumulated impairment | Carrying value    |
| Computer software  | 107 616 190        | (67 362 073)                                        | 40 254 117        | 92 879 543        | (41 573 904)                                                 | 51 305 639        |
| Servitudes         | 803 846            | -                                                   | 803 846           | 803 846           | -                                                            | 803 846           |
| <b>Total</b>       | <b>108 420 036</b> | <b>(67 362 073)</b>                                 | <b>41 057 963</b> | <b>93 683 389</b> | <b>(41 573 904)</b>                                          | <b>52 109 485</b> |

#### Reconciliation of intangible assets - Economic entity - 2019

|                   | Opening balance   | Additions      | Amortisation        | Total             |
|-------------------|-------------------|----------------|---------------------|-------------------|
| Computer software | 51 305 639        | 800 000        | (11 851 522)        | 40 254 117        |
| Servitudes        | 803 846           | -              | -                   | 803 846           |
|                   | <b>52 109 485</b> | <b>800 000</b> | <b>(11 851 522)</b> | <b>41 057 963</b> |

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

|                   | Opening balance   | Additions        | Amortisation        | Total             |
|-------------------|-------------------|------------------|---------------------|-------------------|
| Computer software | 60 156 141        | 8 968 381        | (17 818 883)        | 51 305 639        |
| Servitudes        | 803 846           | -                | -                   | 803 846           |
|                   | <b>60 959 987</b> | <b>8 968 381</b> | <b>(17 818 883)</b> | <b>52 109 485</b> |

#### Reconciliation of intangible assets - Controlling entity - 2019

|                   | Opening balance   | Additions      | Amortisation        | Total             |
|-------------------|-------------------|----------------|---------------------|-------------------|
| Computer software | 51 305 639        | 800 000        | (11 851 522)        | 40 254 117        |
| Servitudes        | 803 846           | -              | -                   | 803 846           |
|                   | <b>52 109 485</b> | <b>800 000</b> | <b>(11 851 522)</b> | <b>41 057 963</b> |

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

|  | Opening balance | Additions | Amortisation | Total |
|--|-----------------|-----------|--------------|-------|
|--|-----------------|-----------|--------------|-------|

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                          | Economic entity   |                  | Controlling entity  |                   |
|------------------------------------------|-------------------|------------------|---------------------|-------------------|
|                                          | 2019              | 2018             | 2019                | 2018              |
| <b>12. Intangible assets (continued)</b> |                   |                  |                     |                   |
| Computer software                        | 60 156 141        | 8 968 381        | (17 818 883)        | 51 305 639        |
| Servitudes                               | 803 846           | -                | -                   | 803 846           |
|                                          | <b>60 959 987</b> | <b>8 968 381</b> | <b>(17 818 883)</b> | <b>52 109 485</b> |

### Pledged as security

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

### Restricted title

There are no intangible assets whose title is restricted.

### Details of valuation

The municipality 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.

Intangible assets were assessed for impairment using the depreciated replacement cost method.

Servitudes have an infinite useful life as they are rights held by the Municipality to property.

### 13. Investment property

| Economic entity     | 2019             |                        |             | 2018             |                        |             |
|---------------------|------------------|------------------------|-------------|------------------|------------------------|-------------|
|                     | Cost / Valuation | Fair value adjustments | Fair value  | Cost / Valuation | Fair value adjustments | Fair value  |
| Investment property | 849 500 000      | (32 810 000)           | 816 690 000 | 786 704 692      | 62 795 308             | 849 500 000 |

| Controlling entity  | 2019             |                        |             | 2018             |                        |             |
|---------------------|------------------|------------------------|-------------|------------------|------------------------|-------------|
|                     | Cost / Valuation | Fair value adjustments | Fair value  | Cost / Valuation | Fair value adjustments | Fair value  |
| Investment property | 849 500 000      | (32 810 000)           | 816 690 000 | 786 704 692      | 62 795 308             | 849 500 000 |

### Reconciliation of investment property - Economic entity - 2019

|                     | Valuation at the beginning of the year | Fair value adjustments | Total       |
|---------------------|----------------------------------------|------------------------|-------------|
| Investment property | 849 500 000                            | (32 810 000)           | 816 690 000 |

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

|                     | Valuation previously reported | Restated fair value adjustments | Total       |
|---------------------|-------------------------------|---------------------------------|-------------|
| Investment property | 786 704 692                   | 62 795 308                      | 849 500 000 |

### Reconciliation of investment property - Controlling entity - 2019

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 13. Investment property (continued)

|                     | Valuation at the beginning of the year | Fair value adjustments | Total       |
|---------------------|----------------------------------------|------------------------|-------------|
| Investment property | 849 500 000                            | (32 810 000)           | 816 690 000 |

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

|                     | Valuation previously reported | Restated fair value adjustments | Total       |
|---------------------|-------------------------------|---------------------------------|-------------|
| Investment property | 786 704 692                   | 62 795 308                      | 849 500 000 |

### Pledged as security

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

### Details of property

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 effective date of the latest revaluations was 30 June 2019. Revaluations were performed by an independent valuer, Martin Ficht who is not connected to the municipality and has recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

Adjustments to the valuation is attributable to change in market value of investment property.

These assumptions are based on current market conditions.

Martin Fichet and Mike Hanlsoo are members of the South African Council for Property Valuers Profession (SACPVP), and have the required qualifications and expertise in the valuation of investment properties. The valuations conform to South African Valuation Standards and were arrived at by reference to market evidence of transaction prices for similar properties.

Investment property has been accounted for in terms of GRAP 16 and comprises both land and buildings owned by the municipality.

### Amounts recognised in surplus or deficit

|                                         |           |           |           |           |
|-----------------------------------------|-----------|-----------|-----------|-----------|
| Rental revenue from Investment property | 1 111 112 | 1 691 065 | 1 111 112 | 1 691 065 |
|-----------------------------------------|-----------|-----------|-----------|-----------|

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 13. Investment property (continued)

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal of investment property.

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

The municipality does not hold any operating property interest.

There were no repairs, maintenance and direct operating expenses related to investment property.

Tenants are responsible for repairs and maintenance.

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.

Included in Investment is vacant land which has been invaded/illegally occupied. The land has a carrying value R 25 330 000.

The illegally occupied land is not considered impaired by management as the service potential is not considered affected as this land is addressed by the Rapid urbanisation management within the parameters of the approved land use scheme.

### 14. Living resources

| Economic entity | 2019      |              |                | 2018      |              |                |
|-----------------|-----------|--------------|----------------|-----------|--------------|----------------|
|                 | Valuation | Net movement | Carrying value | Valuation | Net movement | Carrying value |
| Game animals    | 928 494   | 19 931       | 948 425        | 769 726   | 158 768      | 928 494        |

| Controlling entity | 2019      |              |                | 2018      |              |                |
|--------------------|-----------|--------------|----------------|-----------|--------------|----------------|
|                    | Valuation | Net movement | Carrying value | Valuation | Net movement | Carrying value |
| Game animals       | 928 494   | 19 931       | 948 425        | 769 726   | 158 768      | 928 494        |

#### Reconciliation of living resources - Economic entity - 2019

|              | Opening balance | Additions | Fair value adjustments | Disposals | Total   |
|--------------|-----------------|-----------|------------------------|-----------|---------|
| Game animals | 928 494         | 207 375   | (170 644)              | (16 800)  | 948 425 |

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

|              | Opening balance | Additions | Fair value adjustments | Total   |
|--------------|-----------------|-----------|------------------------|---------|
| Game animals | 769 726         | 66 006    | 92 762                 | 928 494 |

#### Reconciliation of living resources - Controlling entity - 2019

|              | Opening balance | Additions | Fair value adjustments | Disposal | Total   |
|--------------|-----------------|-----------|------------------------|----------|---------|
| Game animals | 928 494         | 207 375   | (170 644)              | (16 800) | 948 425 |

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

|              | Opening balance | Additions | Fair value adjustments | Total   |
|--------------|-----------------|-----------|------------------------|---------|
| Game animals | 769 726         | 66 006    | 92 762                 | 928 494 |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 14. Living resources (continued)

#### Pledged as security

No living resources have 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 been 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 2019 was performed internally, using values provided by Ezemvelo KZN Wildlife as a guide.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 15. Property, plant and equipment

#### Economic entity

|                    | 2019                  |                                                                 |                      | 2018                  |                                                                 |                      |
|--------------------|-----------------------|-----------------------------------------------------------------|----------------------|-----------------------|-----------------------------------------------------------------|----------------------|
|                    | Cost /<br>Valuation   | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value       | Cost /<br>Valuation   | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value       |
| Land and buildings | 1 510 593 745         | (291 846 048)                                                   | 1 218 747 697        | 1 508 822 237         | (269 454 656)                                                   | 1 239 367 581        |
| Infrastructure     | 7 808 981 281         | (2 926 281 246)                                                 | 4 882 700 035        | 7 415 407 677         | (2 592 414 915)                                                 | 4 822 992 762        |
| Community assets   | 784 173 008           | (335 768 178)                                                   | 448 404 830          | 756 150 153           | (310 279 136)                                                   | 445 871 017          |
| Other assets       | 1 026 855 165         | (572 917 024)                                                   | 453 938 141          | 1 034 373 418         | (575 171 488)                                                   | 459 201 930          |
| <b>Total</b>       | <b>11 130 603 199</b> | <b>(4 126 812 496)</b>                                          | <b>7 003 790 703</b> | <b>10 714 753 485</b> | <b>(3 747 320 195)</b>                                          | <b>6 967 433 290</b> |

#### Controlling entity

|                    | 2019                  |                                                                 |                      | 2018                  |                                                                 |                      |
|--------------------|-----------------------|-----------------------------------------------------------------|----------------------|-----------------------|-----------------------------------------------------------------|----------------------|
|                    | Cost /<br>Valuation   | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value       | Cost /<br>Valuation   | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value       |
| Land and buildings | 1 510 593 745         | (291 846 048)                                                   | 1 218 747 697        | 1 508 822 237         | (269 454 656)                                                   | 1 239 367 581        |
| Infrastructure     | 7 808 981 281         | (2 926 281 246)                                                 | 4 882 700 035        | 7 415 407 677         | (2 592 414 915)                                                 | 4 822 992 762        |
| Community assets   | 784 173 008           | (335 768 178)                                                   | 448 404 830          | 756 150 153           | (310 279 136)                                                   | 445 871 017          |
| Other assets       | 1 006 178 442         | (563 877 453)                                                   | 442 300 989          | 1 013 729 730         | (566 973 217)                                                   | 446 756 513          |
| <b>Total</b>       | <b>11 109 926 476</b> | <b>(4 117 772 925)</b>                                          | <b>6 992 153 551</b> | <b>10 694 109 797</b> | <b>(3 739 121 924)</b>                                          | <b>6 954 987 873</b> |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 15. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Economic entity - 2019

|                    | Carrying value opening balance | Additions          | Disposals        | Capital under construction | Transfers        | Depreciation         | Impairment loss    | Total                |
|--------------------|--------------------------------|--------------------|------------------|----------------------------|------------------|----------------------|--------------------|----------------------|
| Land and buildings | 1 239 367 581                  | 579 541            | -                | 1 866 159                  | (670 880)        | (22 394 704)         | -                  | 1 218 747 697        |
| Infrastructure     | 4 822 992 762                  | 172 580 098        | -                | 218 564 286                | 2 430 469        | (330 746 904)        | (3 120 676)        | 4 882 700 035        |
| Community          | 445 871 017                    | 7 882 627          | -                | 21 445 806                 | (1 253 571)      | (25 539 698)         | (1 351)            | 448 404 830          |
| Other assets       | 459 201 930                    | 26 756 705         | (379 171)        | 36 556 373                 | (897 469)        | (64 702 501)         | (2 597 726)        | 453 938 141          |
|                    | <b>6 967 433 290</b>           | <b>207 798 971</b> | <b>(379 171)</b> | <b>278 432 624</b>         | <b>(391 451)</b> | <b>(443 383 807)</b> | <b>(5 719 753)</b> | <b>7 003 790 703</b> |

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

|                    | Carrying value opening balance | Additions          | Disposals          | Capital under construction | Transfers    | Derecognition    | Depreciation         | Impairment loss    | Total                |
|--------------------|--------------------------------|--------------------|--------------------|----------------------------|--------------|------------------|----------------------|--------------------|----------------------|
| Land and buildings | 1 256 281 677                  | 297 085            | -                  | 6 406 986                  | (931 700)    | (404 462)        | (22 282 005)         | -                  | 1 239 367 581        |
| Infrastructure     | 4 684 714 917                  | 41 249 517         | -                  | 414 620 362                | 15 166 244   | -                | (329 154 782)        | (3 603 496)        | 4 822 992 762        |
| Community          | 436 956 419                    | 5 704 319          | -                  | 34 297 216                 | -            | -                | (31 086 937)         | -                  | 445 871 017          |
| Other assets       | 444 914 814                    | 76 767 411         | (2 851 651)        | 20 759 701                 | (14 234 544) | -                | (66 034 740)         | (119 061)          | 459 201 930          |
|                    | <b>6 822 867 827</b>           | <b>124 018 332</b> | <b>(2 851 651)</b> | <b>476 084 265</b>         | <b>-</b>     | <b>(404 462)</b> | <b>(448 558 464)</b> | <b>(3 722 557)</b> | <b>6 967 433 290</b> |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 15. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Controlling entity - 2019

|                    | Opening<br>balance   | Additions          | Disposals        | Capital under<br>construction | Transfers        | Depreciation         | Impairment<br>loss | Total                |
|--------------------|----------------------|--------------------|------------------|-------------------------------|------------------|----------------------|--------------------|----------------------|
| Land and buildings | 1 239 367 581        | 579 541            | -                | 1 866 159                     | (670 880)        | (22 394 704)         | -                  | 1 218 747 697        |
| Infrastructure     | 4 822 992 762        | 172 580 098        | -                | 218 564 286                   | 2 430 469        | (330 746 904)        | (3 120 676)        | 4 882 700 035        |
| Community          | 445 871 017          | 7 882 627          | -                | 21 445 806                    | (1 253 571)      | (25 539 698)         | (1 351)            | 448 404 830          |
| Other assets       | 446 756 513          | 26 718 743         | (379 171)        | 36 556 373                    | (897 469)        | (63 856 273)         | (2 597 727)        | 442 300 989          |
|                    | <b>6 954 987 873</b> | <b>207 761 009</b> | <b>(379 171)</b> | <b>278 432 624</b>            | <b>(391 451)</b> | <b>(442 537 579)</b> | <b>(5 719 754)</b> | <b>6 992 153 551</b> |

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

|                    | Opening<br>balance   | Additions          | Disposals          | Capital under<br>construction | Transfers    | Derecognition<br>s | Depreciation         | Impairment<br>loss | Total                |
|--------------------|----------------------|--------------------|--------------------|-------------------------------|--------------|--------------------|----------------------|--------------------|----------------------|
| Land and buildings | 1 256 281 677        | 297 085            | -                  | 6 406 986                     | (931 700)    | (404 462)          | (22 282 005)         | -                  | 1 239 367 581        |
| Infrastructure     | 4 684 714 917        | 41 249 517         | -                  | 414 620 362                   | 15 166 244   | -                  | (329 154 782)        | (3 603 496)        | 4 822 992 762        |
| Community          | 436 956 419          | 5 704 319          | -                  | 34 297 216                    | -            | -                  | (31 086 937)         | -                  | 445 871 017          |
| Other assets       | 431 507 920          | 76 718 359         | (2 790 236)        | 20 759 701                    | (14 234 544) | -                  | (65 085 626)         | (119 061)          | 446 756 513          |
|                    | <b>6 809 460 933</b> | <b>123 969 280</b> | <b>(2 790 236)</b> | <b>476 084 265</b>            | <b>-</b>     | <b>(404 462)</b>   | <b>(447 609 350)</b> | <b>(3 722 557)</b> | <b>6 954 987 873</b> |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 15. Property, plant and equipment (continued)

#### Pledged as security

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

#### Other information

Refer to Appendix A for detailed property, plant and equipment schedule.

The Msunduzi Municipality has elected the Cost Model when accounting for property, plant and equipment, and property, plant and equipment is depreciated using the straight line method.

During the year the municipality undertook a conditional assessment of fixed assets, which culminated in the additional decreases/increases in remaining useful lives of assets.

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

Property, plant and equipment were assessed for impairment.

Property plant and equipment were impaired by R5 719 753 (2018 : R3 722 558) as a result of conditional assessment.

Included in property, plant and equipment is vacant land which has been invaded/illegally occupied. The land has a carrying value of R52 437 457.

The illegally occupied land is not considered impaired by management as the service potential is not considered affected as this land is addressed by the Rapid urbanisation management within the parameters of the approved land use scheme.

#### Reconciliation of Work-in-Progress Economic entity - 2019

| Reconciliation of Work-in-Progress 2019 | Included within buildings | Included within Infrastructure | Included within community assets | Included with other PPE | Total                |
|-----------------------------------------|---------------------------|--------------------------------|----------------------------------|-------------------------|----------------------|
| Opening balance                         | 20 012 055                | 1 099 646 394                  | 63 924 797                       | 46 907 055              | 1 230 490 301        |
| Additions                               | 1 866 159                 | 218 564 286                    | 21 445 806                       | 36 556 373              | 278 432 624          |
| Transferred to completed assets         | (806 434)                 | (251 891 623)                  | (13 694 118)                     | (14 353 919)            | (280 746 094)        |
|                                         | <b>21 071 780</b>         | <b>1 066 319 057</b>           | <b>71 676 485</b>                | <b>69 109 509</b>       | <b>1 228 176 831</b> |

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

| Reconciliation of Work-in-Progress 2018 | Included within Buildings | Included within Infrastructure | Included within Community assets | Included within other PPE | Total                |
|-----------------------------------------|---------------------------|--------------------------------|----------------------------------|---------------------------|----------------------|
| Opening balance                         | 13 605 069                | 729 519 615                    | 130 581 080                      | 42 209 228                | 915 914 992          |
| Additions                               | 6 406 986                 | 414 620 362                    | 34 297 216                       | 20 759 702                | 476 084 266          |
| Transferred to completed assets         | -                         | (44 493 583)                   | (100 953 499)                    | (16 061 875)              | (161 508 957)        |
|                                         | <b>20 012 055</b>         | <b>1 099 646 394</b>           | <b>63 924 797</b>                | <b>46 907 055</b>         | <b>1 230 490 301</b> |

#### Reconciliation of Work-in-Progress Controlling entity - 2019

| Reconciliation of Work-in-Progress 2019 | Included within Buildings | Included within Infrastructure | Included within Community assets | Included with other PPE | Total         |
|-----------------------------------------|---------------------------|--------------------------------|----------------------------------|-------------------------|---------------|
| Opening balance                         | 20 012 055                | 1 099 646 394                  | 63 924 797                       | 46 907 055              | 1 230 490 301 |
| Additions                               | 1 866 159                 | 218 564 286                    | 21 445 806                       | 36 556 373              | 278 432 624   |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                      | Economic entity   |                      | Controlling entity   |                   |
|------------------------------------------------------|-------------------|----------------------|----------------------|-------------------|
|                                                      | 2019              | 2018                 | 2019                 | 2018              |
| <b>15. Property, plant and equipment (continued)</b> |                   |                      |                      |                   |
| Transferred to completed assets                      | (806 434)         | (251 891 623)        | (13 694 118)         | (14 353 919)      |
|                                                      | <b>21 071 780</b> | <b>1 066 319 057</b> | <b>71 676 485</b>    | <b>69 109 509</b> |
|                                                      |                   |                      | <b>1 228 176 831</b> |                   |

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

| Reconciliation of Work-in-Progress 2018 | Included within buildings | Included within Infrastructure | Included with community assets | Included with other PPE | Total                |
|-----------------------------------------|---------------------------|--------------------------------|--------------------------------|-------------------------|----------------------|
| Opening balance                         | 13 605 069                | 729 519 615                    | 130 581 080                    | 42 209 228              | 915 914 992          |
| Additions                               | 6 406 986                 | 414 620 362                    | 34 297 216                     | 20 759 702              | 476 084 266          |
| Transferred to completed assets         | -                         | (44 493 583)                   | (100 953 499)                  | (16 061 875)            | (161 508 957)        |
|                                         | <b>20 012 055</b>         | <b>1 099 646 394</b>           | <b>63 924 797</b>              | <b>46 907 055</b>       | <b>1 230 490 301</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

|                                 |                    |                    |                    |                    |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
| Computer services               | 18 022             | 6 871              | 18 022             | 6 871              |
| Contracted services             | 104 941 470        | 127 431 123        | 104 941 470        | 127 431 123        |
| Internal charges- labour        | 27 885 696         | 16 533 625         | 27 885 696         | 16 533 625         |
| Inventory consumed              | 10 336 673         | 21 052 272         | 10 336 673         | 21 052 272         |
| Operating leases                | 3 590 436          | 36 678             | 3 590 436          | 36 678             |
| Preservation and restoration    | -                  | 199 658            | -                  | 199 658            |
| Uniform and protective clothing | -                  | 5 212              | -                  | 5 212              |
|                                 | <b>146 772 297</b> | <b>165 265 439</b> | <b>146 772 297</b> | <b>165 265 439</b> |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                              | Economic entity |      | Controlling entity |             |
|------------------------------------------------------------------------------|-----------------|------|--------------------|-------------|
|                                                                              | 2019            | 2018 | 2019               | 2018        |
| <b>15. Property, plant and equipment (continued)</b>                         |                 |      |                    |             |
| <b>Property, plant and equipment taking longer to complete than expected</b> |                 |      |                    |             |
|                                                                              |                 |      | <b>2019</b>        | <b>2018</b> |
| Sewer reticulation - Azalea PH2                                              |                 |      | -                  | 30 679 602  |
| IRPTN project                                                                |                 |      | 255 852 938        | 288 856 482 |
| Station road bridge                                                          |                 |      | 22 804 829         | 14 293 430  |
| Youth Enterprise Park                                                        |                 |      | 829 350            | 336 656     |

**Reasons for project being halted**

Multi year project and technical delays - Service Provider on penalties

"This is a multi year project. The delays were due to:  
a) The relocation of houses and infrastructure currently built on road reserve.  
b). Community strike action and objections to relocations and compensation.  
c). Land acquisition for relocations and road reserves.  
d). Procurement disputes of local subcontractors and court Interdicts.

Project delayed due to:  
a). Escalation of electricity relocation costs by Eskom.  
b). Sporadic construction of relocations by Eskom as opposed to the agreed upon plan.  
c). Community unrest due to interruption of services by Eskom.  
d). Contractual disputes with contractor over payments.

The project was not fully funded in the current financial year by COGTA and the preapproved site for the project lacked the necessary infrastructure.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                      | Economic entity |                                                                                                                             | Controlling entity |                    |
|------------------------------------------------------|-----------------|-----------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                      | 2019            | 2018                                                                                                                        | 2019               | 2018               |
| <b>15. Property, plant and equipment (continued)</b> |                 |                                                                                                                             |                    |                    |
| Unit H                                               |                 | Project delayed due to contractual disputes with originally appointed contractor.                                           | 23 066 905         | 18 663 146         |
| Rehabilitation of roads in Ashdown                   |                 | Project delayed due to political unrest.                                                                                    | 2 213 450          | 1 614 346          |
| Upgrade gravel roads - Edendale - Ward 17            |                 | Project delays due to the contractor being unable to meet contractual obligations as a result of financial difficulties.    | 744 849            | 1 253 281          |
| Upgrade road in Peace Valley                         |                 | Project delays due to community protests and strike action by employees of contractor over non payment of salaries.         | 6 920 537          | 1 807 744          |
| Unit BB community hall                               |                 | Project delayed due to political unrest which resulted in community protests and subcontractors demanding upfront payments. | 8 720 780          | 558 263            |
|                                                      |                 |                                                                                                                             | <b>321 153 638</b> | <b>358 062 950</b> |

### Projects halted

| Projects halted                  | Reasons                                                                                                                                 | 2019             | 2018             |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| The Hollingwood cemetery project | The community boycotted the project                                                                                                     | 4 874 038        | 4 874 038        |
| Edendale Town Centre             | Legal complexities, expropriation and relocation of Informal settlements caused the project to be halted until the issues are resolved. | 3 100 603        | 4 874 038        |
|                                  |                                                                                                                                         | <b>7 974 641</b> | <b>9 748 076</b> |

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

### 16. Other financial assets

#### At amortised cost

|                              |                            |                           |                            |                           |
|------------------------------|----------------------------|---------------------------|----------------------------|---------------------------|
| Housing selling scheme loans | 14 680 909                 | 13 539 580                | 14 680 909                 | 13 539 580                |
| Impairments                  | 14 680 909<br>(12 037 912) | 13 539 580<br>(8 875 290) | 14 680 909<br>(12 037 912) | 13 539 580<br>(8 875 290) |
|                              | <b>2 642 997</b>           | <b>4 664 290</b>          | <b>2 642 997</b>           | <b>4 664 290</b>          |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                               | Economic entity   |                   | Controlling entity |                   |
|-----------------------------------------------|-------------------|-------------------|--------------------|-------------------|
|                                               | 2019              | 2018              | 2019               | 2018              |
| <b>16. Other financial assets (continued)</b> |                   |                   |                    |                   |
| <b>Non-current assets</b>                     |                   |                   |                    |                   |
| At amortised cost                             | 2 642 997         | 4 664 290         | 2 642 997          | 4 664 290         |
| <b>Other financial assets reconciliation</b>  |                   |                   |                    |                   |
| Opening balance                               | 13 539 580        | 11 936 735        | 13 539 580         | 11 936 735        |
| Interest and fees raised                      | 1 327 583         | 1 954 605         | 1 327 583          | 1 954 605         |
| Repayments                                    | (186 254)         | (351 760)         | (186 254)          | (351 760)         |
| <b>Closing balance</b>                        | <b>14 680 909</b> | <b>13 539 580</b> | <b>14 680 909</b>  | <b>13 539 580</b> |

Housing selling schemes loans are granted to qualifying individuals in terms of the provincial administration housing programme. These loans attract interest in terms of the State directives and guidelines and are re-payable over 30 years.

### 17. Consumer deposits

|                              |                    |                    |                    |                    |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
| Building plans and wayleaves | 483                | 483                | 483                | 483                |
| Electricity                  | 82 002 737         | 80 368 125         | 82 002 737         | 80 368 125         |
| Market buyer's card          | 1 892 143          | 5 873 398          | 1 892 143          | 5 873 398          |
| Poster applications          | 180 785            | 180 785            | 180 785            | 180 785            |
| Refuse                       | 7 100              | 2 200              | 7 100              | 2 200              |
| Rental properties            | 2 135 598          | 1 962 036          | 2 135 598          | 1 962 036          |
| Sanitation                   | 3 500              | 1 500              | 3 500              | 1 500              |
| Valuation appeal             | 8 907              | 8 907              | 8 907              | 8 907              |
| Water                        | 20 998 049         | 20 411 899         | 20 998 049         | 20 411 899         |
|                              | <b>107 229 302</b> | <b>108 809 333</b> | <b>107 229 302</b> | <b>108 809 333</b> |

### 18. Other financial liabilities

#### At amortised cost

|           |             |             |             |             |
|-----------|-------------|-------------|-------------|-------------|
| DBSA Loan | 480 602 288 | 565 114 602 | 480 602 288 | 565 114 602 |
|-----------|-------------|-------------|-------------|-------------|

DBSA - funding required for capital expenditure. Loans bear interest rates between 6.75% and 16.50% (2018: 6.75% and 16.50%). Loans are repayable over a period between 10 to 20 years, repayments are made quarterly and bi-annually.

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

#### Non-current liabilities

|                   |             |             |             |             |
|-------------------|-------------|-------------|-------------|-------------|
| At amortised cost | 366 291 537 | 451 226 205 | 366 291 537 | 451 226 205 |
|-------------------|-------------|-------------|-------------|-------------|

#### Current liabilities

|                   |             |             |             |             |
|-------------------|-------------|-------------|-------------|-------------|
| At amortised cost | 114 310 751 | 113 888 397 | 114 310 751 | 113 888 397 |
|-------------------|-------------|-------------|-------------|-------------|

#### Reconciliation of other financial liabilities

|                        |                    |                    |                    |                    |
|------------------------|--------------------|--------------------|--------------------|--------------------|
| Opening balance        | 565 114 605        | 615 106 857        | 565 114 605        | 615 106 857        |
| Interest capitalised   | 10 454 050         | 11 689 714         | 10 454 050         | 11 689 714         |
| Capital repayments     | (94 966 367)       | (61 681 969)       | (94 966 367)       | (61 681 969)       |
| <b>Closing balance</b> | <b>480 602 288</b> | <b>565 114 602</b> | <b>480 602 288</b> | <b>565 114 602</b> |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                | Economic entity    |                    | Controlling entity |                    |
|------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                | 2019               | 2018               | 2019               | 2018               |
| <b>19. Payables from exchange transactions</b> |                    |                    |                    |                    |
| Trade payables                                 | 78 629 877         | 111 165 955        | 78 629 864         | 111 165 963        |
| Accrued leave pay                              | 107 539 694        | 90 462 844         | 107 318 504        | 90 230 250         |
| Retention liability                            | 30 137 573         | 19 759 518         | 30 137 573         | 19 759 518         |
| Accruals                                       | 317 809 252        | 269 227 058        | 317 747 139        | 269 188 484        |
| Credit balances in debtors                     | 103 944 718        | 115 335 605        | 103 944 718        | 115 335 605        |
| Accrued interest                               | 5 057 976          | 6 479 268          | 5 057 976          | 6 479 268          |
| Advance payments                               | 3 616 545          | 3 548 319          | 3 616 545          | 3 548 319          |
| Auditor General                                | 178 230            | 113 265            | 178 230            | 113 265            |
| Water bulk purchases                           | 77 149 902         | 64 622 581         | 77 149 902         | 64 622 581         |
| Electricity bulk purchases                     | 209 470 837        | 206 120 912        | 209 470 837        | 206 120 912        |
| Unallocated deposits                           | 1 811 076          | 13 023 758         | 1 811 076          | 13 023 758         |
| Payroll related                                | -                  | 852                | -                  | 852                |
|                                                | <b>935 345 680</b> | <b>899 859 935</b> | <b>935 062 364</b> | <b>899 588 775</b> |

## 20. Provisions

### Reconciliation of provisions - Economic entity - 2019

|                         | Opening Balance   | Additions        | Utilised during the year | Change in discount factor | Total             |
|-------------------------|-------------------|------------------|--------------------------|---------------------------|-------------------|
| Bonus                   | 403 396           | 510 784          | (403 396)                | -                         | 510 784           |
| Landfill rehabilitation | 64 670 705        | 2 390 680        | -                        | 2 347 547                 | 69 408 932        |
|                         | <b>65 074 101</b> | <b>2 901 464</b> | <b>(403 396)</b>         | <b>2 347 547</b>          | <b>69 919 716</b> |

### Reconciliation of provisions - Economic entity - 2018

|                         | Opening Balance   | Additions        | Change in discount factor | Total             |
|-------------------------|-------------------|------------------|---------------------------|-------------------|
| Bonus                   | 363 293           | 40 103           | -                         | 403 396           |
| Landfill rehabilitation | 56 007 366        | 6 921 510        | 1 741 829                 | 64 670 705        |
|                         | <b>56 370 659</b> | <b>6 961 613</b> | <b>1 741 829</b>          | <b>65 074 101</b> |

### Reconciliation of provisions - Controlling entity - 2019

|                         | Opening Balance | Additions | Change in discount factor | Total      |
|-------------------------|-----------------|-----------|---------------------------|------------|
| Landfill rehabilitation | 64 670 705      | 2 390 680 | 2 347 547                 | 69 408 932 |

### Reconciliation of provisions - Controlling entity - 2018

|                         | Opening Balance   | Additions         | Change in discount factor | Total             |
|-------------------------|-------------------|-------------------|---------------------------|-------------------|
| Landfill rehabilitation | 56 007 366        | 6 921 510         | 1 741 829                 | 64 670 705        |
| Non-current liabilities | 62 662 384        | 62 323 158        | 62 662 384                | 62 323 158        |
| Current liabilities     | 7 257 332         | 2 750 943         | 6 746 548                 | 2 347 547         |
|                         | <b>69 919 716</b> | <b>65 074 101</b> | <b>69 408 932</b>         | <b>64 670 705</b> |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 20. Provisions (continued)

#### Landfill rehabilitation provision

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 Financial 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 expected end of life of the landfill site, according to expert's report. As at 30 June 2019, the estimated remaining life of the landfill site is six years.

#### The key assumptions used by the experts were:

Net discount rate 3.20%

Type of waste – domestic waste mostly

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 clearing of listed alien invasive plants.

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

#### Litigation

Litigations against the Municipality recognized as provisions are those that the appointed attorneys have considered probable that the Municipality is liable and an outflow of economic benefits associated with the litigation is expected and the costs can be measured reliably.

#### Key assumptions provided by legal counsel are -

Net effective discount rate - 15.5%

# The Msunduzi Municipality and its Municipality Entity

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### 21. Employee benefit obligations

#### Defined contribution plan

The Council provides retirement benefits to its employees by contributing to either a Provident fund, Retirement Pension Fund or Superannuation Pension 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 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.

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 2018 by Argen Actuarial Solutions.

The market value of the fund's assets was R 4 105 682 000 as at 31 March 2018.

#### 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 R23 071 000 required to be held in the Risk Reserve Account.

The Fund is financially sound as at the valuation date.

Benefits of the fund:

- 1) Pension age - 65 years
- 2) Earliest retirement age - 58 years (55 years if more than 10 years continuous service)
- 3) Full benefit - Initial transfer plus member's contributions plus employer's contributions for full benefits plus investment earnings and bonuses.
- 4) Member's portion of full benefits - Initial transfer plus members contributions plus local authorities contributions for full benefits plus interim, special and final bonuses.
- 5) Benefit on retirement after earliest retirement age or pension age - full benefit.
- 6) Benefit on retirement because of ill health - full benefit.
- 7) 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 may choose to contribute at a rate of 5%, 7% or 9.25% of their pensionable emoluments in terms of regulation 14(a).

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|                 | 2019            | 2018 | 2019               | 2018 |

### 21. Employee benefit obligations (continued)

Local Authorities Contributions.

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

#### Benchmark:

##### Investments:

Domestic Investments R3,280,115,000

International Investments R960,210,000,

Risk Reserve Account R 23,071,000

Membership 15,917

##### Liabilities and reserves

Member share account R3 886 728 000

Reserves and accounts R295 142 000

#### Natal Joint Municipal Pension Fund: (Superannuation) actuarial valuation

An actuarial valuation was performed on 31 March 2018 by Argen Actuarial Solutions.

The market value of the fund's assets was R 11 685 250 000 as at 31 March 2018.

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:

- 1) Members Contributions - 9.25% of pensionable salaries.
- 2) Pension age 65 years.
- 3) Final average salary - average annual pensionable salaries during the last year of service.
- 4) Pension on retirement at pension age - 2.2% of final average emoluments per year of continuous service.
- 5) Lump sum on retirement at pension age - 8.25% of final average emoluments per year of service.

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|                 | 2019            | 2018 | 2019               | 2018 |

### 21. Employee benefit obligations (continued)

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

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

8) 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

9) 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.

10) Surviving spouses pension on death of pensioner - 1,2% (0,77% in the case of a pensioner who retired before 1 July 1999) of final average emoluments per year of continuous service.

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

12) 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 R 8,920,263,000

International R2,856,862,000

Membership 4,098

#### Liabilities and reserve

Accrued liability R4,600,700,000

Risk reserve R102,805, 000

Solvency reserve R732,980, 000

Balance of assets R91,865,000

Active members R6,156,900,000

### Natal Joint Municipal Pension Fund: (Retirement) actuarial valuation

An actuarial valuation was performed on 31 March 2018 by Argen Actuarial Solutions.

The market value of the fund's assets was R 4 055 121 000 as at 31 March 2018.

The regulations of the fund have been amended with effect from 1 July 2004, so that the Committee of Management is able to

# The Msunduzi Municipality and its Municipality Entity

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|                 | 2019            | 2018 | 2019               | 2018 |

### 21. Employee benefit obligations (continued)

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:

- 1) Members Contributions - 7 % of pensionable salaries.
- 2) Pension age 65 years.
- 3) Final average salary - average annual pensionable salaries during the last year of service.
- 4) Pension on retirement at pension age - 2.2% of final average emoluments per year of continuous service.
- 5) Lump sum on retirement at pension age - 8.25% of final average emoluments per year of service.
- 6) Pension on retirement because of ill-health (minimum ten years continuous service) - pension as for retirement at pension age.
- 7) Lump sum on retirement because of ill-health (minimum 10 years continuous service) - lump sum as for retirement at pension age.
- 8) 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.
- 9) 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.
- 10) Surviving spouses pension on death of pensioner - 1,2% (0,77% in the case of a pensioner who retired before 1 July 1999) of final average emoluments per year of continuous service.
- 11) Lump sum on death in service - Annual pensionable emoluments. 10.75% of final average salaries.
- 12) 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

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|                 | 2019            | 2018 | 2019               | 2018 |

### 21. Employee benefit obligations (continued)

Domestic R 3,104,927,000

International R1,012,485,000

Membership 1,782

Liabilities and reserve

Accrued liability R3 421 652 000

Risk reserve R82 440 000

Solvency reserve R343 917 000

Balance of assets R115 921 000

Prescribed minimum benefits R252 008 000

### 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                  | 132 942            | 124 131            | 132 942            | 124 131            |
| Councillors Pension Fund                             | 7 444 202          | 7 436 514          | 7 444 202          | 7 436 514          |
| Dynamique Ambrella (Pietermaritzburg Provident Fund) | -                  | 136 042            | -                  | 136 042            |
| Government Employees Pension Fund                    | 3 032 679          | 3 158 544          | 3 032 679          | 3 158 544          |
| Natal Joint Pension Fund                             | 100 127 887        | 100 578 494        | 100 127 887        | 100 578 494        |
| Natal Joint Provident Fund                           | 103 901 170        | 90 473 201         | 103 901 170        | 90 473 201         |
| South African Local Authorities Pension Fund         | 391 860            | 366 022            | 391 860            | 366 022            |
|                                                      | <b>215 030 740</b> | <b>202 272 948</b> | <b>215 030 740</b> | <b>202 272 948</b> |

### Post employment medical aid

The municipality's employees and councillors are members on 6 accredited medical aid schemes, namely:

- 1) Bonitas,
- 2) Discovery Health,
- 3) Hosmed,
- 4) Key-Health,
- 5) LA Health
- 6) SAMWU Med,

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

The latest actuarial valuation was performed by Arch Actuarial Consulting for the period ended 30 June 2019.

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

# The Msunduzi Municipality and its Municipality Entity

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|                 | 2019            | 2018 | 2019               | 2018 |

### 21. Employee benefit obligations (continued)

Society of South Africa.

The expert is independent and an approved pension fund valuator and a member of the Actuarial Society of South Africa (ASSA).

According to the last valuation the accrued liability amounted to R 526 821 870 (2018: R 629 854 699).

#### 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.

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 2019, the liability was estimated by experts, Arch Actuarial Consulting.

The key assumptions used by the experts were:

Net effective discount rate - 2.43%

Average retirement age - 62 years

Mortality during employment - SA 85 - 90

A reconciliation of the municipality's accrued liability for the period ending 30 June 2019 is set out below:

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

##### Carrying value

|                             |               |               |               |               |
|-----------------------------|---------------|---------------|---------------|---------------|
| Post employment medical aid | (526 821 870) | (629 854 699) | (526 821 870) | (629 854 699) |
| Long service awards         | (71 457 540)  | (74 165 465)  | (71 457 540)  | (74 165 465)  |

|                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|
| <b>(598 279 410)</b> | <b>(704 020 164)</b> | <b>(598 279 410)</b> | <b>(704 020 164)</b> |
|----------------------|----------------------|----------------------|----------------------|

|                         |               |               |               |               |
|-------------------------|---------------|---------------|---------------|---------------|
| Non-current liabilities | (562 080 514) | (667 511 174) | (562 080 514) | (667 511 174) |
| Current liabilities     | (36 198 896)  | (36 508 990)  | (36 198 896)  | (36 508 990)  |

|                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|
| <b>(598 279 410)</b> | <b>(704 020 164)</b> | <b>(598 279 410)</b> | <b>(704 020 164)</b> |
|----------------------|----------------------|----------------------|----------------------|

##### Current

|                             |              |              |              |              |
|-----------------------------|--------------|--------------|--------------|--------------|
| Post employment medical aid | (26 751 131) | (25 880 067) | (26 751 131) | (25 880 067) |
| Long service awards         | (9 447 765)  | (10 628 923) | (9 447 765)  | (10 628 923) |

|                     |                     |                     |                     |
|---------------------|---------------------|---------------------|---------------------|
| <b>(36 198 896)</b> | <b>(36 508 990)</b> | <b>(36 198 896)</b> | <b>(36 508 990)</b> |
|---------------------|---------------------|---------------------|---------------------|

##### Non current

|                             |               |               |               |               |
|-----------------------------|---------------|---------------|---------------|---------------|
| Post employment medical aid | (500 070 739) | (603 974 632) | (500 070 739) | (603 974 632) |
| Long service awards         | (62 009 775)  | (63 536 542)  | (62 009 775)  | (63 536 542)  |

|                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|
| <b>(562 080 514)</b> | <b>(667 511 174)</b> | <b>(562 080 514)</b> | <b>(667 511 174)</b> |
|----------------------|----------------------|----------------------|----------------------|

# The Msunduzi Municipality and its Municipality Entity

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|                 | 2019            | 2018 | 2019               | 2018 |

### 21. Employee benefit obligations (continued)

Changes in the present value of post employment medical aid benefit obligation are as follows:

|                      |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| Opening balance      | (629 854 699)        | (631 618 511)        | (629 854 699)        | (631 618 511)        |
| Current service cost | (20 528 209)         | (21 446 589)         | (20 528 209)         | (21 446 589)         |
| Interest cost        | (58 758 277)         | (59 682 706)         | (58 758 277)         | (59 682 706)         |
| Benefits paid        | 26 610 741           | 25 554 019           | 26 610 741           | 25 554 019           |
| Actuarial gain       | 155 708 574          | 57 339 088           | 155 708 574          | 57 339 088           |
|                      | <b>(526 821 870)</b> | <b>(629 854 699)</b> | <b>(526 821 870)</b> | <b>(629 854 699)</b> |

Changes in the present value of long service awards obligation are as follows:

|                       |                     |                     |                     |                     |
|-----------------------|---------------------|---------------------|---------------------|---------------------|
| Opening balance       | (74 165 465)        | (70 693 313)        | (74 165 465)        | (70 693 313)        |
| Past service cost     | (2 332 793)         | -                   | (2 332 793)         | -                   |
| Interest cost         | (5 868 453)         | (5 585 974)         | (5 868 453)         | (5 585 974)         |
| Current service cost  | (6 352 108)         | (6 080 749)         | (6 352 108)         | (6 080 749)         |
| Actuarial gain/(loss) | 6 445 095           | (526 854)           | 6 445 095           | (526 854)           |
| Benefits paid         | 10 816 184          | 8 721 425           | 10 816 184          | 8 721 425           |
|                       | <b>(71 457 540)</b> | <b>(74 165 465)</b> | <b>(71 457 540)</b> | <b>(74 165 465)</b> |

The total post employment medical aid benefit obligation decreased by R 103 032 829 (16%) from the previous valuation due to the actuarial gain.

The significant actuarial gain arose chiefly due to the reasons stated below:

- 1) Fewer than expected members remained on a medical aid scheme at retirement
- 2) On average, members who retired on a medical aid scheme did so with a lower proportion of spouse dependants (about 60%).
- 3) On average, members bought down to cheaper medical aid options.
- 4) There were more exits than expected since the last valuation.

**Net expense recognised in the statement of financial performance(Post employment medical aid)**

|                         |                     |                   |                     |                   |
|-------------------------|---------------------|-------------------|---------------------|-------------------|
| Current service cost    | (20 528 209)        | (21 446 589)      | (20 528 209)        | (21 446 589)      |
| Interest cost           | (58 758 277)        | (59 682 706)      | (58 758 277)        | (59 682 706)      |
| Actuarial gains(losses) | 155 708 574         | 57 339 088        | 155 708 574         | 57 339 088        |
|                         | <b>(76 422 088)</b> | <b>23 790 207</b> | <b>(76 422 088)</b> | <b>23 790 207</b> |

**Net expense recognised in the statement of financial performance(Long service awards)**

|                         |                   |                   |                   |                   |
|-------------------------|-------------------|-------------------|-------------------|-------------------|
| Past service cost       | (2 332 793)       | -                 | (2 332 793)       | -                 |
| Interest cost           | (5 868 453)       | (5 585 974)       | (5 868 453)       | (5 585 974)       |
| Current service cost    | (6 352 108)       | (6 080 749)       | (6 352 108)       | (6 080 749)       |
| Actuarial (gain)/losses | 6 445 095         | (526 854)         | 6 445 095         | (526 854)         |
|                         | <b>20 998 449</b> | <b>11 139 869</b> | <b>20 998 449</b> | <b>11 139 869</b> |

### Key assumptions used

Assumptions used at the reporting date:

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|                                                     | 2019            | 2018     | 2019               | 2018     |
| <b>21. Employee benefit obligations (continued)</b> |                 |          |                    |          |
| Discount rates used                                 | 9,24 %          | 9,52 %   | 9,24 %             | 9,52 %   |
| Health care inflation rate                          | 6,74 %          | 7,32 %   | 6,74 %             | 7,32 %   |
| Maximum subsidy inflation rate                      | 4,68 %          | 5,12 %   | 4,68 %             | 5,12 %   |
| Proportion with a spouse dependant at retirement    | 60,00 %         | 90,00 %  | 60,00 %            | 90,00 %  |
| Continuation of membership at retirement            | 75,00 %         | 100,00 % | 75,00 %            | 100,00 % |

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

On average, members who retired on a medical aid scheme did so with a lower proportion of spouse dependants (about 60%) compared to the previous valuation (90%).

### 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 | 573 565 000                   | 477 115 000                   | 573 565 000                   | 477 115 000                   |
| Discount rate                              | 467 228 000                   | 600 432 000                   | 467 228 000                   | 600 432 000                   |

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

|                                            | 2019<br>R     | 2018<br>R     | 2017<br>R     | 2016<br>R     | 2015<br>R     |
|--------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Defined benefit obligation                 | 526 822 000   | 629 855 000   | 631 619 000   | 646 841 000   | 609 937 000   |
| Surplus (deficit)                          | (526 822 000) | (629 855 000) | (631 619 000) | (646 841 000) | (609 937 000) |
| Experience adjustments on plan liabilities | (22 837 000)  | (17 781 000)  | (4 119 000)   | (22 463 000)  | (15 095 000)  |

### Total contribution to medical aid (employer and employees)

|            |                    |                    |                    |                    |
|------------|--------------------|--------------------|--------------------|--------------------|
| Bonitas    | 25 078 313         | 22 996 805         | 25 078 313         | 22 996 805         |
| Discovery  | 233 501            | 179 727            | 233 501            | 179 727            |
| Hosmed     | 516 562            | 602 131            | 516 562            | 602 131            |
| Key Health | 30 329 878         | 32 838 935         | 30 329 878         | 32 838 935         |
| LA Health  | 64 740 981         | 56 166 918         | 64 740 981         | 56 166 918         |
| Profmed    | 128 452            | -                  | 128 452            | -                  |
| Samwumed   | 3 106 895          | 3 465 572          | 3 106 895          | 3 465 572          |
|            | <b>124 134 582</b> | <b>116 250 088</b> | <b>124 134 582</b> | <b>116 250 088</b> |

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred

### 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.

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).

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|                 | 2019            | 2018 | 2019               | 2018 |

### 21. Employee benefit obligations (continued)

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 2019, the liability was estimated by experts, Arch Actuarial Consulting.

The key assumptions used by the experts were:

Net effective discount rate - 2.43%

Average retirement age - 62 years

Mortality during employment- SA 85-9

### 22. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

|                                             |                    |                    |                    |                    |
|---------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Municipal Infrastructure Grant              | 15 480 869         | 6 865 803          | 15 480 869         | 6 865 803          |
| Tatham Art Gallery                          | 537 142            | 719 459            | 537 142            | 719 459            |
| Neighbourhood Development Partnership Grant | 13 828 445         | 603 783            | 13 828 445         | 603 783            |
| Public Transportation Infrastructure Grant  | -                  | 26 145 263         | -                  | 26 145 263         |
| Housing Accreditation Funding               | 42 192 231         | 36 401 052         | 42 192 231         | 36 401 052         |
| Greater Edendale Development Initiative     | 260 234            | 14 858 424         | 260 234            | 14 858 424         |
| Library                                     | 7 872 161          | 811 497            | 7 872 161          | 811 497            |
| Market                                      | 167 184            | 925 534            | 167 184            | 925 534            |
| Publicity House Renovations                 | -                  | 3 108              | -                  | 3 108              |
| Manaye Area Precinct Upgrade                | 2 719 215          | 4 154 687          | 2 719 215          | 4 154 687          |
| Youth Enterprise Park                       | 8 436 694          | 9 670 473          | 8 436 694          | 9 670 473          |
| Beneficiary Audit and Transfers             | 6 858 629          | 9 602 390          | 6 858 629          | 9 602 390          |
| Development of a Single Scheme              | -                  | 715 102            | -                  | 715 102            |
| Oribi Village                               | -                  | 689 836            | -                  | 689 836            |
| Military Veterans                           | 8 624 156          | 8 624 156          | 8 624 156          | 8 624 156          |
| Electricity Grant - COGTA                   | -                  | 4 877              | -                  | 4 877              |
| Pietermaritzburg Airport                    | -                  | 54 118             | -                  | 54 118             |
| Operation Dlulsumlando                      | 1 500 000          | 1 500 000          | 1 500 000          | 1 500 000          |
| Jika Joe Community Residential Units        | 10 515 927         | -                  | 10 515 927         | -                  |
| Title Deed Restoration Programme            | 8 965 991          | -                  | 8 965 991          | -                  |
|                                             | <b>127 958 878</b> | <b>122 349 562</b> | <b>127 958 878</b> | <b>122 349 562</b> |

#### Movement during the year

|                                                            |                    |                    |                    |                    |
|------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Balance at the beginning of the year                       | 122 349 562        | 80 408 959         | 122 349 562        | 80 408 959         |
| Funds paid back to National Treasury                       | (33 614 849)       | (26 936 831)       | (33 614 849)       | (26 936 831)       |
| Current year receipts                                      | 534 835 748        | 523 438 335        | 534 835 748        | 523 438 335        |
| Current year interest received                             | 6 100 950          | 5 733 379          | 6 100 950          | 5 733 379          |
| VAT recovered from national grants as per MFMA circular 58 | (46 570 842)       | (39 398 187)       | (46 570 842)       | (39 398 187)       |
| Refund to grant provider                                   | (86 311)           | (247 097)          | (86 311)           | (247 097)          |
| Prior year expenditure recovered from current allocation   | (7 096 415)        | -                  | (7 096 415)        | -                  |
| Conditions met -transferred to revenue                     | (447 958 965)      | (420 648 996)      | (447 958 965)      | (420 648 996)      |
|                                                            | <b>127 958 878</b> | <b>122 349 562</b> | <b>127 958 878</b> | <b>122 349 562</b> |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

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

The extent of government grants recognised in the statement of financial performance relates to the extent of the grant conditions having been met.

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

### 23. VAT payable

|                           |                    |                   |                    |                   |
|---------------------------|--------------------|-------------------|--------------------|-------------------|
| VAT payable               | 145 090 018        | 83 659 588        | 144 732 097        | 83 659 588        |
| <b>VAT Reconciliation</b> |                    |                   |                    |                   |
| Accrued output tax        | 225 362 440        | 181 930 070       | 225 362 440        | 181 930 070       |
| Accrued input tax         | (67 557 425)       | (76 095 044)      | (67 555 313)       | (76 095 044)      |
| VAT refund due from SARS  | (12 714 997)       | (22 175 438)      | (13 075 030)       | (22 175 438)      |
|                           | <b>145 090 018</b> | <b>83 659 588</b> | <b>144 732 097</b> | <b>83 659 588</b> |

VAT is claimed on a payment basis.

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

Only once an invoice is paid is VAT claimed and receivable from SARS.

### 24. Accumulated surplus

#### Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2019

|                                         | Accumulated surplus  | Insurance reserve | COID reserve      | Total                |
|-----------------------------------------|----------------------|-------------------|-------------------|----------------------|
| Opening balance                         | 6 664 349 841        | 50 556 923        | 8 981 927         | 6 723 888 691        |
| Cash utilised for capital expenditure   | 65 401 582           | -                 | 787 171           | 66 188 753           |
| Interest earned - COID                  | (787 171)            | -                 | -                 | (787 171)            |
| Transfer to COID                        | (6 155 453)          | -                 | 6 155 453         | -                    |
| Interest on capital replacement reserve | (1 975 422)          | -                 | -                 | (1 975 422)          |
| Interest on housing development fund    | (3 001 201)          | -                 | -                 | (3 001 201)          |
| Interest earned - Insurance reserve     | (1 473 920)          | 1 473 920         | -                 | -                    |
| Transfer out of insurance               | 19 129 258           | (19 129 258)      | -                 | -                    |
| Adjustments in accumulated surplus      | 8 161 750            | -                 | -                 | 8 161 750            |
| Transfers to/from reserves              | (12 095 137)         | -                 | -                 | (12 095 137)         |
| Deficit for the year                    | (140 769 241)        | -                 | -                 | (140 769 241)        |
|                                         | <b>6 590 784 886</b> | <b>32 901 585</b> | <b>15 924 551</b> | <b>6 639 611 022</b> |

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|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 24. Accumulated surplus (continued)

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

|                                         | Accumulated surplus  | Insurance reserve | COID reserve     | Total                |
|-----------------------------------------|----------------------|-------------------|------------------|----------------------|
| Opening balance                         | 7 326 625 612        | 50 436 261        | 8 318 183        | 7 385 380 056        |
| Interest earned on COID reserve         | (663 744)            | -                 | 663 744          | -                    |
| Interest on capital replacement reserve | (8 472 915)          | -                 | -                | (8 472 915)          |
| Interest on housing development fund    | (2 466 035)          | -                 | -                | (2 466 035)          |
| Interest earned on insurance reserve    | (3 731 761)          | 3 731 761         | -                | -                    |
| Insurance claims                        | 3 611 099            | (3 611 099)       | -                | -                    |
| Other transfers                         | (10 000 000)         | -                 | -                | (10 000 000)         |
| Prior year adjustments                  | (195 536 130)        | -                 | -                | (195 536 130)        |
| Deficit for the year                    | (525 455 813)        | -                 | -                | (525 455 813)        |
| Transfers to/from reserves              | 80 439 527           | -                 | -                | 80 439 527           |
|                                         | <b>6 664 349 840</b> | <b>50 556 923</b> | <b>8 981 927</b> | <b>6 723 888 690</b> |

#### Ring-fenced internal funds and reserves within accumulated surplus - Controlling entity - 2019

|                                             | Accumulated surplus  | Insurance reserve | COID reserve      | Total                |
|---------------------------------------------|----------------------|-------------------|-------------------|----------------------|
| Opening balance                             | 6 651 136 178        | 50 556 923        | 8 981 927         | 6 710 675 028        |
| Cash utilised for capital expenditure       | 65 401 582           | -                 | -                 | 65 401 582           |
| Interest earned - COID                      | (787 171)            | -                 | 787 171           | -                    |
| Transfer to COID                            | (6 155 453)          | -                 | 6 155 453         | -                    |
| Interest on capital replacement reserve     | (1 975 422)          | -                 | -                 | (1 975 422)          |
| Interest on housing development development | (3 001 201)          | -                 | -                 | (3 001 201)          |
| Interest earned - Insurance reserve         | (1 473 920)          | 1 473 920         | -                 | -                    |
| Transfer out of insurance                   | 19 129 258           | (19 129 258)      | -                 | -                    |
| Adjustments in accumulated surplus          | 8 161 770            | -                 | -                 | 8 161 770            |
| Transfers to/from reserves                  | (12 095 137)         | -                 | -                 | (12 095 137)         |
| Deficit for the year                        | (141 189 643)        | -                 | -                 | (141 189 643)        |
|                                             | <b>6 577 150 841</b> | <b>32 901 585</b> | <b>15 924 551</b> | <b>6 625 976 977</b> |

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

|                                         | Accumulated surplus  | Insurance reserve | COID reserve     | Total                |
|-----------------------------------------|----------------------|-------------------|------------------|----------------------|
| Opening balance                         | 7 312 653 851        | 50 436 261        | 8 318 183        | 7 371 408 295        |
| Interest earned on COID reserve         | (663 744)            | -                 | 663 744          | -                    |
| Interest on capital replacement reserve | (8 472 915)          | -                 | -                | (8 472 915)          |
| Interest on housing development fund    | (2 461 035)          | -                 | -                | (2 461 035)          |
| Interest earned on insurance reserve    | (3 731 761)          | 3 731 761         | -                | -                    |
| Insurance claims                        | 3 611 099            | (3 611 099)       | -                | -                    |
| Other transfers                         | (10 000 000)         | -                 | -                | (10 000 000)         |
| Prior year adjustments                  | (195 537 621)        | -                 | -                | (195 537 621)        |
| Deficit for the year                    | (524 701 223)        | -                 | -                | (524 701 223)        |
| Transfers to/from reserves              | 80 439 527           | -                 | -                | 80 439 527           |
|                                         | <b>6 651 136 178</b> | <b>50 556 923</b> | <b>8 981 927</b> | <b>6 710 675 028</b> |

# The Msunduzi Municipality and its Municipality Entity

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|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 25. Capital replacement reserve

Based on the approval by the strategic management committee on the 7th April 2015 the CRR was created by transferring funds of R 151 935 999 from the accumulated surplus. This reserve will be used for the funding of property, plant and equipment.

Included in the reserve is an amount of R1 975 432 (2018: R8 472 914) in respect to interest earned on the reserve.

The CRR is a cash backed reserve

|                                  |                   |                   |                   |                   |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| Opening balance                  | 92 323 393        | 164 290 005       | 92 323 393        | 164 290 005       |
| Utilised for capital expenditure | (65 401 584)      | (80 439 526)      | (65 401 584)      | (80 439 526)      |
| Interest earned                  | 1 975 432         | 8 472 914         | 1 975 432         | 8 472 914         |
| Transfers to / from reserves     | 12 095 137        | -                 | 12 095 137        | -                 |
|                                  | <b>40 992 378</b> | <b>92 323 393</b> | <b>40 992 378</b> | <b>92 323 393</b> |

### 26. Housing development fund

|                                                  |                   |                   |                   |                   |
|--------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Accumulative HDF utilisation                     | 56 505 044        | 53 396 914        | 56 505 044        | 53 396 914        |
| Loans extinguished by Government on 1 April 1998 | 34 256 892        | 34 256 892        | 34 256 892        | 34 256 892        |
|                                                  | <b>90 761 936</b> | <b>87 653 806</b> | <b>90 761 936</b> | <b>87 653 806</b> |

### 27. Revaluation reserve

|                                |                   |                   |                   |                   |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| Opening balance                | 51 657 445        | 51 027 945        | 51 657 445        | 51 027 945        |
| Revaluation of heritage assets | 45 501 499        | 629 500           | 45 501 499        | 629 500           |
|                                | <b>97 158 944</b> | <b>51 657 445</b> | <b>97 158 944</b> | <b>51 657 445</b> |

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

### 28. Agency services

|                                                 |           |           |           |           |
|-------------------------------------------------|-----------|-----------|-----------|-----------|
| Commission earned on driver's licenses renewals | 1 970 390 | 2 577 730 | 1 970 390 | 2 577 730 |
|-------------------------------------------------|-----------|-----------|-----------|-----------|

### 29. Interest - consumer debtors and receivables

|                                      |                    |                    |                    |                    |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Electricity                          | 23 537 696         | 39 773 724         | 23 537 696         | 39 773 724         |
| Merchandising, jobbing and contracts | -                  | 459 762            | -                  | 459 762            |
| Property rental                      | 2 391 153          | 1 989 211          | 2 391 153          | 1 989 211          |
| Property rates                       | 58 283 518         | 48 212 298         | 58 283 518         | 48 212 298         |
| Sanitation                           | 18 849 900         | 17 599 963         | 18 849 900         | 17 599 963         |
| Service charges                      | 10 009 880         | 321 231            | 10 009 880         | 321 231            |
| South African Revenue Services       | -                  | 35 637             | -                  | 35 637             |
| Waste management                     | 10 734 629         | 9 084 676          | 10 734 629         | 9 084 676          |
| Water                                | 95 119 284         | 84 485 414         | 95 119 284         | 84 485 414         |
|                                      | <b>218 926 060</b> | <b>201 961 916</b> | <b>218 926 060</b> | <b>201 961 916</b> |

# The Msunduzi Municipality and its Municipality Entity

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## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                   | Economic entity   |                   | Controlling entity |                   |
|-------------------------------------------------------------------|-------------------|-------------------|--------------------|-------------------|
|                                                                   | 2019              | 2018              | 2019               | 2018              |
| <b>30. Interest received - bank, call and investment accounts</b> |                   |                   |                    |                   |
| <b>Interest revenue</b>                                           |                   |                   |                    |                   |
| Bank                                                              | 2 113 917         | 2 894 660         | 2 113 917          | 2 894 660         |
| Short term investments                                            | 18 393 486        | 36 235 292        | 18 264 838         | 36 151 530        |
|                                                                   | <b>20 507 403</b> | <b>39 129 952</b> | <b>20 378 755</b>  | <b>39 046 190</b> |
| <b>31. Licences and permits (exchange)</b>                        |                   |                   |                    |                   |
| Abnormal loads                                                    | 494 461           | 574 501           | 494 461            | 574 501           |
| Market Porters                                                    | 6 691             | 2 922             | 6 691              | 2 922             |
| Taxi ranks                                                        | 226 352           | 198 155           | 226 352            | 198 155           |
| Trading                                                           | 102 140           | 123 036           | 102 140            | 123 036           |
|                                                                   | <b>829 644</b>    | <b>898 614</b>    | <b>829 644</b>     | <b>898 614</b>    |
| <b>32. Operational revenue</b>                                    |                   |                   |                    |                   |
| Administration and handling fees                                  | 709 312           | 1 700 548         | 709 312            | 1 700 548         |
| Breakages and losses recovered                                    | 2 701             | 1 987             | 2 701              | 1 987             |
| Bursary refund                                                    | 7 910             | 186 143           | 7 910              | 186 143           |
| Collection charges                                                | 11 430 735        | 9 870 545         | 11 430 735         | 9 870 545         |
| Commission insurance                                              | 703 269           | 633 368           | 703 269            | 633 368           |
| Commission - transaction handling fees                            | 18 241 326        | 20 659 584        | 18 241 326         | 20 659 584        |
| Incidental cash surplus                                           | 13 017            | 2 282             | 13 017             | 2 282             |
| Landing fees                                                      | 2 892 171         | 3 365 225         | 2 892 171          | 3 365 225         |
| Insurance refund                                                  | 182 014           | 23 318            | 182 014            | 23 318            |
| Merchandising, jobbing and contracts                              | 12 287 438        | 14 800 548        | 12 287 438         | 14 800 548        |
| Passenger levy                                                    | 5 890 492         | 6 830 866         | 5 890 492          | 6 830 866         |
| Request for information - plan printing and duplicates            | 97 810            | 49 676            | 97 810             | 49 676            |
| Sale of property                                                  | 1 887             | 227 052           | 1 887              | 227 052           |
| Skills development levy                                           | 2 473 537         | 1 385 256         | 2 473 537          | 1 385 256         |
| Staff recoveries                                                  | 154 076           | 728               | 154 076            | 728               |
|                                                                   | <b>55 087 695</b> | <b>59 737 126</b> | <b>55 087 695</b>  | <b>59 737 126</b> |
| <b>33. Rental of facilities and equipment</b>                     |                   |                   |                    |                   |
| <b>Premises</b>                                                   |                   |                   |                    |                   |
| Non - residential                                                 | 15 207 711        | 18 503 743        | 15 207 711         | 18 503 743        |
| Residential                                                       | 5 226 127         | 8 556 572         | 5 226 127          | 8 556 572         |
|                                                                   | <b>20 433 838</b> | <b>27 060 315</b> | <b>20 433 838</b>  | <b>27 060 315</b> |
| <b>Facilities and equipment</b>                                   |                   |                   |                    |                   |
| Rental of facilities                                              | 184 072           | 234 752           | 184 072            | 234 752           |
|                                                                   | <b>20 617 910</b> | <b>27 295 067</b> | <b>20 617 910</b>  | <b>27 295 067</b> |

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| Figures in Rand                  | Economic entity      |                      | Controlling entity   |                      |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                  | 2019                 | 2018                 | 2019                 | 2018                 |
| <b>34. Rendering of services</b> |                      |                      |                      |                      |
| Building plan approval           | 2 483 347            | 2 264 280            | 2 483 347            | 2 264 280            |
| Cemetery and burial fees         | 3 339 928            | 2 993 253            | 3 339 928            | 2 993 253            |
| Entrance fees                    | 252 748              | 276 978              | 252 748              | 276 978              |
| Fire services                    | 194 472              | 236 382              | 194 472              | 236 382              |
| Legal fees                       | 77 461               | 139 660              | 77 461               | 139 660              |
| Management fees                  | 185 047              | 134 123              | 185 047              | 134 123              |
| Parking fees                     | 114 521              | 589 448              | 114 521              | 589 448              |
| Rates clearance certificates     | 1 159 107            | 1 178 515            | 1 159 107            | 1 178 515            |
| Sign application fee             | 205 603              | 280 050              | 205 603              | 280 050              |
| Town planning and servitudes     | 248 093              | 760 931              | 248 093              | 760 931              |
| Wayleave tariffs                 | 5 031                | 25 465               | 5 031                | 25 465               |
| Weighbridge fees                 | 328                  | 741                  | 328                  | 741                  |
|                                  | <b>8 265 686</b>     | <b>8 879 826</b>     | <b>8 265 686</b>     | <b>8 879 826</b>     |
| <b>35. Sale of goods</b>         |                      |                      |                      |                      |
| Cleaning and removal             | 65 223               | 35 576               | 65 223               | 35 576               |
| Demolition application fees      | 1 926                | 2 143                | 1 926                | 2 143                |
| Photocopies and faxes            | 6 900                | 5 487                | 6 900                | 5 487                |
| Posters and charts               | 97                   | -                    | 97                   | -                    |
| Sale of scrap and waste          | 18 250               | 2 490                | 18 163               | 2 046                |
| Sub-division and consolidation   | 129 692              | 19 870               | 129 692              | 19 870               |
| Tender documents                 | 100 973              | 189 564              | 100 973              | 189 564              |
| Timber sales                     | 75 711               | 150 000              | 75 711               | 150 000              |
| Valuation services               | 18 913               | 26 440               | 18 913               | 26 440               |
| Waste paper                      | 3 444                | 2 283                | 3 444                | 2 283                |
|                                  | <b>421 129</b>       | <b>433 853</b>       | <b>421 042</b>       | <b>433 409</b>       |
| <b>36. Service charges</b>       |                      |                      |                      |                      |
| Sale of electricity              | 2 032 091 624        | 1 904 923 329        | 2 032 237 677        | 1 905 071 220        |
| Sale of water                    | 649 733 747          | 563 095 497          | 649 733 747          | 563 095 497          |
| Sanitation                       | 161 144 633          | 142 391 879          | 161 144 633          | 142 391 879          |
| Refuse removal                   | 99 492 107           | 100 233 134          | 99 492 107           | 100 233 134          |
|                                  | <b>2 942 462 111</b> | <b>2 710 643 839</b> | <b>2 942 608 164</b> | <b>2 710 791 730</b> |

Service charges are net of revenue (ie total service charges less rebates and free basis services).

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|                 | 2019            | 2018 | 2019               | 2018 |

### 37. Property rates

#### Rates received

|                             |                    |                    |                    |                    |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|
| Commercial                  | 267 579 957        | 235 737 331        | 267 579 957        | 235 737 331        |
| Communal land other         | 933 842            | 6 963 006          | 933 842            | 6 963 006          |
| Farm properties             | 1 086 093          | 1 042 645          | 1 086 093          | 1 042 645          |
| Industrial                  | 126 105 072        | 119 304 148        | 126 105 072        | 119 304 148        |
| Mining                      | 89 680             | 84 360             | 89 680             | 84 360             |
| Other categories            | 847 291            | 5 438 089          | 847 291            | 5 438 089          |
| Public benefit organisation | 2 354 257          | 1 909 108          | 2 354 257          | 1 909 108          |
| Residential                 | 526 849 729        | 488 071 412        | 526 849 729        | 488 071 412        |
| Small home business         | 2 305 061          | 2 292 592          | 2 305 061          | 2 292 592          |
| Unauthorised use            | 2 829 103          | 3 321 315          | 2 829 103          | 3 321 315          |
|                             | <b>930 980 085</b> | <b>864 164 006</b> | <b>930 980 085</b> | <b>864 164 006</b> |

#### Valuations

|                                               | Rates per<br>2019 category | Rates per<br>2018 category |                       |                       |
|-----------------------------------------------|----------------------------|----------------------------|-----------------------|-----------------------|
| Agriculture                                   | 0,0033                     | 0,0031                     | 334 162 000           | 335 762 000           |
| Commercial/Mining / Industrial / Unauthorised | -                          | -                          | 21 705 911 424        | 21 459 009 424        |
| Municipal properties                          | -                          | -                          | 374 191 000           | 371 771 000           |
| Residential                                   | 0,0134                     | 0,0127                     | 37 340 571 027        | 37 243 415 027        |
| Rural communal land                           | 0,0182                     | 0,0172                     | 533 290 000           | 533 290 000           |
| Public Benefit Organisation                   | 0,0033                     | 0,0031                     | 718 876 000           | 720 676 000           |
| Public Service Infrastructure                 | 0,0033                     | 0,0031                     | 114 787 000           | 112 787 000           |
| Vacant land                                   | 0,0243                     | 0,0230                     | 1 301 533 000         | 1 259 803 000         |
|                                               |                            |                            | <b>62 423 321 451</b> | <b>62 036 513 451</b> |

Valuations on land and buildings are performed every 4 years in terms of the Municipal Property Rates Act. The last general valuation came into effect on 1 July 2014. Interim/ supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The municipality applied for one year exemption and was granted by the MEC COGTA. The new general valuation will be implemented on 01 July 2019.

### 38. Fines, penalties and forfeits

|                             |                   |                   |                   |                   |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
| Building fines              | 24 024            | 71 671            | 24 024            | 71 671            |
| Court traffic fines         | 12 139 550        | 13 513 484        | 12 139 550        | 13 513 484        |
| Law enforcement fines       | 374 657           | 653 926           | 374 657           | 653 926           |
| Overdue books fines         | 2 913             | 13 652            | 2 913             | 13 652            |
| Tender withdrawal penalties | 16 000            | 32 000            | 16 000            | 32 000            |
|                             | <b>12 557 144</b> | <b>14 284 733</b> | <b>12 557 144</b> | <b>14 284 733</b> |

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|                                            | 2019               | 2018               | 2019               | 2018               |
| <b>39. Government grants and subsidies</b> |                    |                    |                    |                    |
| <b>Operating grants</b>                    |                    |                    |                    |                    |
| Equitable share                            | 505 852 849        | 468 430 000        | 505 852 849        | 468 430 000        |
| Municipal Infrastructure Grant             | 18 059 880         | 17 747 663         | 18 059 880         | 17 747 663         |
| Expanded Public Works Programme            | 2 890 000          | 8 022 000          | 2 890 000          | 8 022 000          |
| Finance Management Grant                   | 1 700 000          | 1 700 000          | 1 700 000          | 1 700 000          |
| Public Transport Infrastructure Grant      | 40 793 385         | 12 798 631         | 40 793 385         | 12 798 631         |
| Housing Accreditation Funding              | 9 346 841          | 8 555 915          | 9 346 841          | 8 555 915          |
| Greater Edendale Development Initiative    | 5 489 801          | 1 630 281          | 5 489 801          | 1 630 281          |
| Tatham Art Gallery                         | 666 982            | 126 533            | 666 982            | 126 533            |
| Library                                    | 11 220 020         | 14 704 467         | 11 220 020         | 14 704 467         |
| Housing                                    | -                  | 151 416            | -                  | 151 416            |
| Manaye Area Precinct Upgrade               | 205 442            | 339 591            | 205 442            | 339 591            |
| Youth Enterprise Park                      | 1 316 864          | -                  | 1 316 864          | -                  |
| Development of a Single Scheme - COGTA     | 650 000            | 350 000            | 650 000            | 350 000            |
| Beneficiary Audit and Transfers            | 3 328 710          | -                  | 3 328 710          | -                  |
| Oribi Village                              | 689 836            | -                  | 689 836            | -                  |
|                                            | <b>602 210 610</b> | <b>534 556 497</b> | <b>602 210 610</b> | <b>534 556 497</b> |

### Capital grants

|                                         |                      |                    |                      |                    |
|-----------------------------------------|----------------------|--------------------|----------------------|--------------------|
| Manaye Area Precinct Upgrade            | 1 852 832            | 149 110            | 1 852 832            | 149 110            |
| Market                                  | 446 650              | 77 653             | 446 650              | 77 653             |
| Municipal Infrastructure Grant          | 159 775 251          | 177 589 410        | 159 775 251          | 177 589 410        |
| Neighbourhood Development Partnership   | 1 071 555            | 37 492 217         | 1 071 555            | 37 492 217         |
| Public Transport Infrastructure Grant   | 158 310 615          | 118 568 105        | 158 310 615          | 118 568 105        |
| Housing Accreditation Funding           | 1 157 486            | 994 631            | 1 157 486            | 994 631            |
| Greater Edendale Development Initiative | 10 129 662           | 14 095 539         | 10 129 662           | 14 095 539         |
| Library                                 | 2 112 234            | 6 426 362          | 2 112 234            | 6 426 362          |
| Pietermaritzburg Airport                | 54 118               | -                  | 54 118               | -                  |
| Youth Enterprise Park                   | 492 694              | 336 656            | 492 694              | 336 656            |
| Water Services Infrastructure           | 42 760 000           | 38 191 000         | 42 760 000           | 38 191 000         |
| Tatham Art Gallery                      | 18 319               | -                  | 18 319               | -                  |
| Jika Joe Community Residential Units    | 27 087 046           | -                  | 27 087 046           | -                  |
|                                         | <b>405 268 462</b>   | <b>393 920 683</b> | <b>405 268 462</b>   | <b>393 920 683</b> |
|                                         | <b>1 007 479 072</b> | <b>928 477 180</b> | <b>1 007 479 072</b> | <b>928 477 180</b> |

### Government grants and subsidies

Included in above are the following grants and subsidies received:

|                                                |                      |                    |                      |                    |
|------------------------------------------------|----------------------|--------------------|----------------------|--------------------|
| Equitable Share                                | 505 852 849          | 468 430 000        | 505 852 849          | 468 430 000        |
| Operating grants                               | 90 120 942           | 62 551 157         | 90 120 942           | 62 551 157         |
| Capital grants                                 | 364 034 924          | 358 189 727        | 364 034 924          | 358 189 727        |
| VAT recovered from National grants - operating | 6 236 819            | 3 489 463          | 6 236 819            | 3 489 463          |
| VAT recovered from National grants - capital   | 41 230 538           | 35 816 833         | 41 230 538           | 35 816 833         |
|                                                | <b>1 007 476 072</b> | <b>928 477 180</b> | <b>1 007 476 072</b> | <b>928 477 180</b> |

### Equitable Share

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

In terms of section 227 of the Constitution, the Equitable Share grant provides funding for the municipality to deliver free basic services to poor households and subsidises the cost of administration and other core services for the municipality.

# The Msunduzi Municipality and its Municipality Entity

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|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

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

#### Finance Management Grant

|                                         |             |             |             |             |
|-----------------------------------------|-------------|-------------|-------------|-------------|
| Current-year receipts                   | 1 700 000   | 1 700 000   | 1 700 000   | 1 700 000   |
| Conditions met - transferred to revenue | (1 562 054) | (1 699 160) | (1 562 054) | (1 699 160) |
| Other                                   | (137 946)   | (840)       | (137 946)   | (840)       |
|                                         | -           | -           | -           | -           |

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).

#### Municipal Infrastructure Grant

|                                          |                   |                  |                   |                  |
|------------------------------------------|-------------------|------------------|-------------------|------------------|
| Balance unspent at beginning of year     | 6 865 803         | 1 063 876        | 6 865 803         | 1 063 876        |
| Current-year receipts                    | 193 316 000       | 201 139 000      | 193 316 000       | 201 139 000      |
| Conditions met - transferred to revenue  | (155 672 751)     | (174 838 655)    | (155 672 751)     | (174 838 655)    |
| VAT recovered from grant                 | (22 162 380)      | (20 498 418)     | (22 162 380)      | (20 498 418)     |
| Unspent surrendered to National Treasury | (6 865 803)       | -                | (6 865 803)       | -                |
|                                          | <b>15 480 869</b> | <b>6 865 803</b> | <b>15 480 869</b> | <b>6 865 803</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.

#### Tatham Art Gallery

|                                         |                |                |                |                |
|-----------------------------------------|----------------|----------------|----------------|----------------|
| Balance unspent at beginning of year    | 719 459        | -              | 719 459        | -              |
| Current-year receipts                   | 441 000        | 820 000        | 441 000        | 820 000        |
| Conditions met - transferred to revenue | (685 301)      | (126 533)      | (685 301)      | (126 533)      |
| Interest received                       | 61 984         | 25 992         | 61 984         | 25 992         |
|                                         | <b>537 142</b> | <b>719 459</b> | <b>537 142</b> | <b>719 459</b> |

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

Funding 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.

#### Neighbourhood Partnership Development Grant

|                                          |                   |                |                   |                |
|------------------------------------------|-------------------|----------------|-------------------|----------------|
| Balance unspent at beginning of year     | 603 783           | 20 154 850     | 603 783           | 20 154 850     |
| Current-year receipts                    | 14 900 000        | 38 096 000     | 14 900 000        | 38 096 000     |
| Conditions met - transferred to revenue  | (424 938)         | (36 498 954)   | (424 938)         | (36 498 954)   |
| VAT recovered from grant                 | (646 617)         | (993 263)      | (646 617)         | (993 263)      |
| Unspent surrendered to National Treasury | (603 783)         | (20 154 850)   | (603 783)         | (20 154 850)   |
|                                          | <b>13 828 445</b> | <b>603 783</b> | <b>13 828 445</b> | <b>603 783</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 undeserved neighbourhoods.

# The Msunduzi Municipality and its Municipality Entity

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|----------------------------------------------------------|-----------------|-------------------|--------------------|-------------------|
|                                                          | 2019            | 2018              | 2019               | 2018              |
| <b>39. Government grants and subsidies (continued)</b>   |                 |                   |                    |                   |
| <b>Public Transport Infrastructure Grant</b>             |                 |                   |                    |                   |
| Balance unspent at beginning of year                     | 26 145 263      | -                 | 26 145 263         | -                 |
| Current-year receipts                                    | 199 104 000     | 157 512 000       | 199 104 000        | 157 512 000       |
| Conditions met - transferred to revenue                  | (168 570 344)   | (114 924 460)     | (168 570 344)      | (114 924 460)     |
| Prior year expenditure recovered from current allocation | (7 096 415)     | -                 | (7 096 415)        | -                 |
| VAT recovered from grant                                 | (23 437 241)    | -                 | (23 437 241)       | -                 |
| Unspent surrendered to National Treasury                 | (26 145 263)    | (16 442 277)      | (26 145 263)       | (16 442 277)      |
|                                                          | -               | <b>26 145 263</b> | -                  | <b>26 145 263</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    | 36 401 052        | 33 846 353        | 36 401 052        | 33 846 353        |
| Current-year receipts                   | 13 596 785        | 9 545 040         | 13 596 785        | 9 545 040         |
| Conditions met - transferred to revenue | (10 504 327)      | (9 550 546)       | (10 504 327)      | (9 550 546)       |
| Interest received                       | 2 698 721         | 2 560 205         | 2 698 721         | 2 560 205         |
|                                         | <b>42 192 231</b> | <b>36 401 052</b> | <b>42 192 231</b> | <b>36 401 052</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 the municipality.

### Greater Edendale Development Initiative

|                                         |                |                   |                |                   |
|-----------------------------------------|----------------|-------------------|----------------|-------------------|
| Balance unspent at beginning of year    | 14 858 424     | 1 896 942         | 14 858 424     | 1 896 942         |
| Current-year receipts                   | -              | 27 705 656        | -              | 27 705 656        |
| Conditions met - transferred to revenue | (15 619 463)   | (15 725 820)      | (15 619 463)   | (15 725 820)      |
| Interest received                       | 1 021 273      | 981 646           | 1 021 273      | 981 646           |
|                                         | <b>260 234</b> | <b>14 858 424</b> | <b>260 234</b> | <b>14 858 424</b> |

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

The funding was provided by the Department of Human Settlements for the following :

1. To support GIS with the interrogation of housing layout against services in Edendale.
2. To support the finalisation of the town planning scheme.
3. For the development of an integrated land use management system for Edendale.
4. To value additional properties which are not within the 5 priority housing projects.
5. For advertising costs for expropriation of properties.
6. For costs relating to tenure conflicts, cadastral and deed office rectification.
7. For Increasing the resources for sales administration with regard to drawing up, signing and managing sales agreements.
8. For the provision of further training for personnel using GIS and property tracking systems.
9. For employment of two planning interns to be employed by the Land Legal Committee for a period of two years.

# The Msunduzi Municipality and its Municipality Entity

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| Figures in Rand                                        | Economic entity  |                | Controlling entity |                |
|--------------------------------------------------------|------------------|----------------|--------------------|----------------|
|                                                        | 2019             | 2018           | 2019               | 2018           |
| <b>39. Government grants and subsidies (continued)</b> |                  |                |                    |                |
| <b>Library</b>                                         |                  |                |                    |                |
| Balance unspent at beginning of year                   | 811 497          | 495 876        | 811 497            | 495 876        |
| Current-year receipts                                  | 19 559 000       | 20 715 000     | 19 559 000         | 20 715 000     |
| Conditions met - transferred to revenue                | (13 332 254)     | (21 130 829)   | (13 332 254)       | (21 130 829)   |
| Interest received                                      | 833 918          | 731 450        | 833 918            | 731 450        |
|                                                        | <b>7 872 161</b> | <b>811 497</b> | <b>7 872 161</b>   | <b>811 497</b> |

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

This is a provincial grant whose purpose is to address the constitutional mandate whereby public libraries are an exclusive provincial competency. The funding is for the provision of library services.

### Market

|                                         |                |                |                |                |
|-----------------------------------------|----------------|----------------|----------------|----------------|
| Balance unspent at beginning of year    | 925 534        | 940 793        | 925 534        | 940 793        |
| Conditions met - transferred to revenue | (446 650)      | (77 653)       | (446 650)      | (77 653)       |
| Interest received                       | 35 502         | 62 394         | 35 502         | 62 394         |
| Approved project transfer               | (347 202)      | -              | (347 202)      | -              |
|                                         | <b>167 184</b> | <b>925 534</b> | <b>167 184</b> | <b>925 534</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.

### Publicity House Renovations

|                                      |          |              |          |              |
|--------------------------------------|----------|--------------|----------|--------------|
| Balance unspent at beginning of year | 3 108    | 2 906        | 3 108    | 2 906        |
| Current-year receipts                | -        | 202          | -        | 202          |
| Approved project transfer            | (3 191)  | -            | (3 191)  | -            |
| Interest received                    | 83       | -            | 83       | -            |
|                                      | <b>-</b> | <b>3 108</b> | <b>-</b> | <b>3 108</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 having structurally deteriorated

### Manaye Area Precinct Upgrade

|                                         |                  |                  |                  |                  |
|-----------------------------------------|------------------|------------------|------------------|------------------|
| Balance unspent at beginning of year    | 4 154 687        | 4 350 712        | 4 154 687        | 4 350 712        |
| Conditions met - transferred to revenue | (2 058 275)      | (488 702)        | (2 058 275)      | (488 702)        |
| Interest received                       | 267 400          | 292 677          | 267 400          | 292 677          |
| Approved project transfers              | 355 403          | -                | 355 403          | -                |
|                                         | <b>2 719 215</b> | <b>4 154 687</b> | <b>2 719 215</b> | <b>4 154 687</b> |

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

Funds received from Cooperative Governance and Traditional Affairs for the Manaye Area Precinct Upgrade in order to assist the municipality in fulfilling the developmental mandate and achieving the outcome of improving the lives of the communities through the implementation of the Corridor Development Programme that contributes towards creating an enabling environment for economic growth and job creation.

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|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

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

#### Youth Enterprise Park

|                                         |                  |                  |                  |                  |
|-----------------------------------------|------------------|------------------|------------------|------------------|
| Balance unspent at beginning of year    | 9 670 473        | 9 380 111        | 9 670 473        | 9 380 111        |
| Conditions met - transferred to revenue | (1 809 558)      | (336 656)        | (1 809 558)      | (336 656)        |
| Interest received                       | 575 779          | 627 018          | 575 779          | 627 018          |
|                                         | <b>8 436 694</b> | <b>9 670 473</b> | <b>8 436 694</b> | <b>9 670 473</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                    | 2 890 000   | 8 022 000   | 2 890 000   | 8 022 000   |
| Conditions met - transferred to revenue  | (2 890 000) | (8 022 000) | (2 890 000) | (8 022 000) |
| Unspent surrendered to National Treasury | -           | (2 896 487) | -           | (2 896 487) |
|                                          | -           | -           | -           | -           |

To incentives 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:

1. road maintenance and the maintenance of buildings,
2. low traffic volume roads and rural roads,
3. basic services infrastructure, including water and sewer reticulation, sanitation and pipelines (excluding bulk infrastructure)-other economic and social infrastructure,
4. tourism and cultural industries,
5. waste management,
6. parks and beautification,
7. sustainable land-based livelihoods,
8. social services programmes,
9. health service programmes, and
10. community safety..

#### Beneficiary Audit And Transfers

|                                         |                  |                  |                  |                  |
|-----------------------------------------|------------------|------------------|------------------|------------------|
| Balance unspent at beginning of year    | 9 602 390        | -                | 9 602 390        | -                |
| Current-year receipts                   | -                | 9 211 500        | -                | 9 211 500        |
| Conditions met - transferred to revenue | (3 328 710)      | -                | (3 328 710)      | -                |
| Interest received                       | 584 949          | 390 890          | 584 949          | 390 890          |
|                                         | <b>6 858 629</b> | <b>9 602 390</b> | <b>6 858 629</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 of Msunduzi. The funding is provided for the appointment of social facilitators and a panel of conveyances to undertake this process.

# The Msunduzi Municipality and its Municipality Entity

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|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

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

#### Development of a Single Scheme - Town Planning Scheme

|                                         |           |                |           |                |
|-----------------------------------------|-----------|----------------|-----------|----------------|
| Balance unspent at beginning of year    | 715 102   | 1 004 504      | 715 102   | 1 004 504      |
| Current-year receipts                   | -         | (350 000)      | -         | (350 000)      |
| Conditions met - transferred to revenue | (650 000) | -              | (650 000) | -              |
| Refund to grant provider                | (86 311)  | -              | (86 311)  | -              |
| Interest received                       | 21 209    | 60 598         | 21 209    | 60 598         |
|                                         | <b>-</b>  | <b>715 102</b> | <b>-</b>  | <b>715 102</b> |

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

To support the municipality in preparing legally compliant town planning schemes.

#### Oribi Village

|                                         |           |                |           |                |
|-----------------------------------------|-----------|----------------|-----------|----------------|
| Balance unspent at beginning of year    | 689 836   | -              | 689 836   | -              |
| Current-year receipts                   | -         | 689 836        | -         | 689 836        |
| Conditions met - transferred to revenue | (689 836) | -              | (689 836) | -              |
|                                         | <b>-</b>  | <b>689 836</b> | <b>-</b>  | <b>689 836</b> |

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

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

#### Military Veterans

|                                      |                  |                  |                  |                  |
|--------------------------------------|------------------|------------------|------------------|------------------|
| Balance unspent at beginning of year | 8 624 156        | -                | 8 624 156        | -                |
| Current-year receipts                | -                | 8 624 156        | -                | 8 624 156        |
|                                      | <b>8 624 156</b> | <b>8 624 156</b> | <b>8 624 156</b> | <b>8 624 156</b> |

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.

#### Electricity Grant - COGTA

|                                      |          |              |          |              |
|--------------------------------------|----------|--------------|----------|--------------|
| Balance unspent at beginning of year | 4 877    | 4 569        | 4 877    | 4 569        |
| Interest received                    | 132      | 308          | 132      | 308          |
| Approved project transfers           | (5 009)  | -            | (5 009)  | -            |
|                                      | <b>-</b> | <b>4 877</b> | <b>-</b> | <b>4 877</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.

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|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

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

#### Pietermaritzburg Airport

|                                      |          |               |          |               |
|--------------------------------------|----------|---------------|----------|---------------|
| Balance unspent at beginning of year | 54 118   | (1 413 029)   | 54 118   | (1 413 029)   |
| Current-year receipts                | -        | 1 467 147     | -        | 1 467 147     |
| Other                                | (54 118) | -             | (54 118) | -             |
|                                      | -        | <b>54 118</b> | -        | <b>54 118</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.

#### Operation Dlulisumlando

|                                         |                  |                  |                  |                  |
|-----------------------------------------|------------------|------------------|------------------|------------------|
| Balance unspent at beginning of year    | 1 500 000        | 1 500 000        | 1 500 000        | 1 500 000        |
| Current-year receipts                   | -                | -                | -                | -                |
| Conditions met - transferred to revenue | -                | -                | -                | -                |
|                                         | <b>1 500 000</b> | <b>1 500 000</b> | <b>1 500 000</b> | <b>1 500 000</b> |

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.

#### Integrated National Electrification Programme

|                                          |   |             |   |             |
|------------------------------------------|---|-------------|---|-------------|
| Balance unspent at beginning of year     | - | 3 885 495   | - | 3 885 495   |
| Unspent surrendered to National Treasury | - | (3 885 495) | - | (3 885 495) |
|                                          | - | -           | - | -           |

To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification.

#### Electricity Smart Grids

|                                      |   |           |   |           |
|--------------------------------------|---|-----------|---|-----------|
| Balance unspent at beginning of year | - | 247 097   | - | 247 097   |
| Refunded to grant provider           | - | (247 097) | - | (247 097) |
|                                      | - | -         | - | -         |

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 prove the application, adaptability and scalability of such technologies.

#### Jika Joe Community Residential Units

|                                         |                   |   |                   |   |
|-----------------------------------------|-------------------|---|-------------------|---|
| Current-year receipts                   | 37 602 972        | - | 37 602 972        | - |
| Conditions met - transferred to revenue | (27 087 045)      | - | (27 087 045)      | - |
|                                         | <b>10 515 927</b> | - | <b>10 515 927</b> | - |

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

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|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

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

Funds provided by the Provincial Department of Human Settlements for the addressing of the housing backlog in the Municipality, and rental stock has been identified as a strategic intervention in addressing the formal accommodation needs. The Jika Joe project has been identified as a priority to address the Jika Joe informal settlement. The project also aims to relocate the residents from the existing Masukwana Street temporary housing and the removal of the of structures.

#### Title Deed Restoration Programme

|                                         |                  |          |                  |          |
|-----------------------------------------|------------------|----------|------------------|----------|
| Balance unspent at beginning of year    | -                | -        | -                | -        |
| Current-year receipts                   | 8 965 991        | -        | 8 965 991        | -        |
| Conditions met - transferred to revenue | -                | -        | -                | -        |
|                                         | <b>8 965 991</b> | <b>-</b> | <b>8 965 991</b> | <b>-</b> |

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

Funds provided by the Provincial Department of Human Settlements to assist the municipality to ensure that people approved through the enhanced extended discount benefit scheme and the housing delivery programme, their ownership is confirmed through this title deeds restoration grant.

#### Housing

|                                         |          |          |          |           |
|-----------------------------------------|----------|----------|----------|-----------|
| Balance unspent at beginning of year    | -        | -        | -        | 151 416   |
| Conditions met - transferred to revenue | -        | -        | -        | (151 416) |
|                                         | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>  |

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

### 40. Other transfers

|                                               |                  |                   |                  |                   |
|-----------------------------------------------|------------------|-------------------|------------------|-------------------|
| Kwazulu-Natal Department of Human Settlements | -                | 10 000 000        | -                | 10 000 000        |
| Donations                                     | 9 162 557        | 4 897 250         | 9 162 557        | 4 897 250         |
|                                               | <b>9 162 557</b> | <b>14 897 250</b> | <b>9 162 557</b> | <b>14 897 250</b> |

The current year donations are artworks (paintings) donated to the Tatham Art Gallery. The previous year the municipality received a donation of motor vehicles from the Department of Transport.

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|---------------------------|----------------------|----------------------|----------------------|----------------------|
|                           | 2019                 | 2018                 | 2019                 | 2018                 |
| <b>41. Bulk purchases</b> |                      |                      |                      |                      |
| Electricity               | 1 575 444 642        | 1 483 727 730        | 1 575 444 642        | 1 483 727 730        |
| Water                     | 556 728 775          | 473 271 250          | 556 728 775          | 473 271 250          |
|                           | <b>2 132 173 417</b> | <b>1 956 998 980</b> | <b>2 132 173 417</b> | <b>1 956 998 980</b> |

### 42. General expenses

|                                            |                    |                    |                    |                    |
|--------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Air traffic control                        | 3 824 359          | 3 547 798          | 3 821 549          | 3 536 528          |
| Animal care                                | 1 248 394          | 1 178 842          | 1 248 394          | 1 178 842          |
| Burial services                            | 204 155            | 361 913            | 204 155            | 361 913            |
| Business and financial management services | 73 257 589         | 91 855 258         | 73 257 589         | 91 855 258         |
| Cleaning services                          | 7 049 234          | 5 905 836          | 7 049 234          | 5 905 836          |
| Clearing and gass cutting services         | 4 586 385          | 14 177 795         | 4 586 385          | 14 177 795         |
| Artists and performers                     | 320 000            | 523 225            | 320 000            | 523 225            |
| Communications                             | 925 104            | 225 103            | 925 104            | 225 103            |
| Connection/dis-connection                  | 10 539 415         | 6 635 427          | 10 539 415         | 6 635 427          |
| Human resources                            | 39 733             | -                  | -                  | -                  |
| Project management                         | 27 409 463         | 38 143 452         | 27 409 463         | 38 143 452         |
| Qualification verification                 | 6 236              | -                  | -                  | -                  |
| Quality control - bacteriological          | 105 133            | 176 024            | 86 971             | 155 854            |
| Refuse removal                             | 1 948 438          | 5 511 480          | 1 948 438          | 5 511 480          |
| External sewerage services                 | 233 840            | 1 576 050          | 233 840            | 1 576 050          |
| External security services                 | 81 184 686         | 101 308 718        | 81 184 686         | 101 308 718        |
| Traffic fines management                   | -                  | 2 050              | -                  | 2 050              |
| Professional valuation services            | 6 080 839          | 1 084 990          | 6 080 839          | 1 084 990          |
| Air pollution monitoring                   | 984 781            | 1 056 299          | 984 781            | 1 056 299          |
| External accounting and internal audit     | 373 796            | 3 008 888          | 373 796            | 3 008 888          |
| Organisational transformation              | 16 821 234         | 26 945 889         | 16 706 275         | 26 846 193         |
| Research and advisory                      | 20 560 307         | 3 232 071          | 20 560 307         | 3 232 071          |
| Fire protection                            | 5 981              | -                  | 5 981              | -                  |
| Infrastructure and planning consultancy    | 9 498 903          | 6 397 222          | 9 498 903          | 6 397 222          |
| Legal costs                                | 24 997 985         | 31 170 106         | 24 997 985         | 31 157 206         |
| Graphic designers                          | 70 125             | 258 772            | 70 125             | 258 772            |
| Transportation                             | 1 905 175          | 2 347 683          | 1 905 175          | 2 347 683          |
| Commission - prepaid electricity vendors   | 2 602 792          | 2 447 594          | 2 602 792          | 2 447 594          |
| Sewerage services                          | 154 331 903        | 121 685 550        | 154 331 903        | 121 685 550        |
| Medical services                           | 175 376            | 267 082            | 175 376            | 267 082            |
| Outsourced repairs and maintenance         | 122 475 472        | 146 621 649        | 122 371 752        | 146 464 838        |
|                                            | <b>573 766 833</b> | <b>617 652 766</b> | <b>573 481 213</b> | <b>617 351 919</b> |

### 43. Debt impairment

|                            |                    |                    |                    |                    |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
| Contribution to impairment | 687 176 135        | 908 049 615        | 687 176 135        | 908 049 615        |
| Bad debts written off      | 10 345 711         | 819 188            | 10 345 711         | 819 188            |
|                            | <b>697 521 846</b> | <b>908 868 803</b> | <b>697 521 846</b> | <b>908 868 803</b> |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 43. Debt impairment (continued)

#### Debt Recovery Plan

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

- 1) Analysis of our debtor's book to ascertain that there is no existence of debtor accounts balances with prescribed debt.
- 2) 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.
- 3) Converting indigent customer's meters into prepaid meters.
- 4) In the pipe line, is the plan to convert water credit meters into water prepaid meters.
- 5) Illegal tampering by customers will result in immediate disconnection of services.
- 6) A dedicated team to handle disconnection services.
- 7) We are also doing disconnection over the weekend.
- 8) Installation of all new services installations will be strictly done through prepaid meters.
- 9) Implementation of municipality approved credit control policies.

### 44. Depreciation and amortisation

|                               |                    |                    |                    |                    |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| Property, plant and equipment | 443 383 807        | 448 558 465        | 442 537 581        | 447 609 350        |
| Intangible assets             | 11 851 522         | 17 818 884         | 11 851 522         | 17 818 884         |
|                               | <b>455 235 329</b> | <b>466 377 349</b> | <b>454 389 103</b> | <b>465 428 234</b> |

### 45. Employee related costs

#### Municipal staff

|                                                  |                      |                      |                      |                      |
|--------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Acting allowances                                | 13 550 896           | 2 184 749            | 13 550 896           | 2 184 749            |
| Basic salaries                                   | 713 941 010          | 667 496 660          | 709 103 039          | 663 402 984          |
| Bargaining council                               | 338 887              | 323 378              | 338 887              | 323 378              |
| Bonus                                            | 55 839 316           | 58 799 592           | 55 839 316           | 58 799 592           |
| Housing benefits and allowances                  | 3 993 688            | 3 842 879            | 3 993 688            | 3 842 879            |
| Leave pay provision                              | 25 235 489           | 17 064 730           | 25 235 489           | 17 064 730           |
| Long-service awards                              | 29 672 398           | 28 593 211           | 29 672 398           | 28 593 211           |
| Medical aid                                      | 54 759 404           | 47 299 822           | 54 759 404           | 47 299 822           |
| Other allowances (tools, uniform, telephone etc) | 6 981 438            | 7 173 049            | 6 981 438            | 7 173 049            |
| Overtime payments                                | 100 289 618          | 81 479 499           | 99 448 148           | 80 756 266           |
| Pension contribution                             | 147 062 601          | 138 332 999          | 147 062 601          | 138 332 999          |
| Post employment medical benefit                  | 79 286 486           | 81 129 295           | 79 286 486           | 81 129 295           |
| Scarcity allowance                               | 5 845 099            | 5 001 231            | 5 845 099            | 5 001 231            |
| SDL                                              | 11 120 380           | 9 504 254            | 11 053 382           | 9 486 111            |
| Standby allowance                                | 17 587 575           | 9 561 494            | 17 587 575           | 9 561 494            |
| Travel/Motor vehicle allowance                   | 26 392 175           | 16 183 291           | 26 243 075           | 16 092 091           |
| UIF                                              | 7 020 711            | 6 593 412            | 5 991 137            | 5 837 651            |
| WCA                                              | 2 411 331            | 1 423 450            | 2 386 562            | 1 400 436            |
|                                                  | <b>1 301 328 502</b> | <b>1 181 986 995</b> | <b>1 294 378 620</b> | <b>1 176 281 968</b> |

#### Remuneration of City Manager

|                                                 |         |           |         |           |
|-------------------------------------------------|---------|-----------|---------|-----------|
| Basic salary                                    | 747 413 | 1 831 654 | 747 413 | 1 831 654 |
| Bargaining council                              | 105     | 99        | 105     | 99        |
| Contributions to UIF, medical and pension funds | 116 509 | 180 371   | 116 509 | 180 371   |
| Housing allowance                               | 216 000 | 216 000   | 216 000 | 216 000   |
| Leave pay accrual                               | 36 532  | -         | 36 532  | -         |
| Phone allowance                                 | 26 400  | 26 561    | 26 400  | 26 561    |

# The Msunduzi Municipality and its Municipality Entity

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## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                                       | Economic entity  |                  | Controlling entity |                  |
|---------------------------------------------------------------------------------------|------------------|------------------|--------------------|------------------|
|                                                                                       | 2019             | 2018             | 2019               | 2018             |
| <b>45. Employee related costs (continued)</b>                                         |                  |                  |                    |                  |
| Travelling allowance                                                                  | 108 547          | 115 199          | 108 547            | 115 199          |
|                                                                                       | <b>1 251 506</b> | <b>2 369 884</b> | <b>1 251 506</b>   | <b>2 369 884</b> |
| <b>Remuneration of Chief Finance Officer</b>                                          |                  |                  |                    |                  |
| Basic salary                                                                          | 1 228 641        | 1 310 564        | 1 228 641          | 1 310 564        |
| Acting allowance                                                                      | 96 736           | -                | 96 736             | -                |
| Bargaining council                                                                    | 105              | 99               | 105                | 99               |
| Bonus                                                                                 | 60 000           | 60 000           | 60 000             | 60 000           |
| Contributions to UIF, medical and pension funds                                       | 121 577          | 129 565          | 121 577            | 129 565          |
| Housing allowance                                                                     | 180 000          | 180 000          | 180 000            | 180 000          |
| Leave pay provision                                                                   | 42 361           | 34 890           | 42 361             | 34 890           |
| Phone allowance                                                                       | 14 400           | 15 465           | 14 400             | 15 465           |
| Travelling allowance                                                                  | 176 493          | 186 483          | 176 493            | 186 483          |
|                                                                                       | <b>1 920 313</b> | <b>1 917 066</b> | <b>1 920 313</b>   | <b>1 917 066</b> |
| <b>Remuneration of Chief Audit Executive</b>                                          |                  |                  |                    |                  |
| Basic salary                                                                          | 1 000 791        | 913 399          | 1 000 791          | 913 399          |
| Bargaining council                                                                    | 105              | 99               | 105                | 99               |
| Bonus                                                                                 | 83 399           | -                | 83 399             | -                |
| Contributions to UIF, medical and pension funds                                       | 205 980          | 199 562          | 205 980            | 199 562          |
| Housing allowance                                                                     | 10 228           | 9 559            | 10 228             | 9 559            |
| Leave pay provision                                                                   | 31 912           | 25 938           | 31 912             | 25 938           |
| Phone allowance                                                                       | 9 000            | 9 000            | 9 000              | 9 000            |
| Travelling allowance                                                                  | 153 262          | 153 262          | 153 262            | 153 262          |
|                                                                                       | <b>1 494 677</b> | <b>1 310 819</b> | <b>1 494 677</b>   | <b>1 310 819</b> |
| <b>Remuneration of General Manager : Corporate Services</b>                           |                  |                  |                    |                  |
| Basic salary                                                                          | 1 291 764        | 1 374 117        | 1 291 764          | 1 374 117        |
| Bargaining council                                                                    | 105              | 99               | 105                | 99               |
| Bonus                                                                                 | 60 000           | 60 000           | 60 000             | 60 000           |
| Contributions to UIF, medical and pension funds                                       | 236 330          | 272 990          | 236 330            | 272 990          |
| Phone allowance                                                                       | 16 400           | 15 753           | 16 400             | 15 753           |
| Leave pay provision                                                                   | 23 967           | 30 057           | 23 967             | 30 057           |
| Travelling allowance                                                                  | 127 251          | 134 454          | 127 251            | 134 454          |
|                                                                                       | <b>1 755 817</b> | <b>1 887 470</b> | <b>1 755 817</b>   | <b>1 887 470</b> |
| <b>Safe City Directors</b>                                                            |                  |                  |                    |                  |
| Annual Remuneration                                                                   | 140 639          | -                | -                  | -                |
| <b>Remuneration of General Manager : Sustainable Development and City Enterprises</b> |                  |                  |                    |                  |
| Basic salary                                                                          | 551 399          | 587 155          | 551 399            | 587 155          |
| Bargaining council                                                                    | 53               | 41               | 53                 | 41               |
| Bonus                                                                                 | -                | 266 346          | -                  | 266 346          |
| Contributions to UIF, medical and pension funds                                       | 892              | 61 149           | 892                | 61 149           |
| Housing allowance                                                                     | 48 000           | 75 000           | 48 000             | 75 000           |
| Leave pay provision                                                                   | 4 030            | 29 594           | 4 030              | 29 594           |
| Phone allowance                                                                       | 8 646            | 6 139            | 8 646              | 6 139            |
| Travelling allowance                                                                  | 60 430           | 105 341          | 60 430             | 105 341          |
|                                                                                       | <b>673 450</b>   | <b>1 130 765</b> | <b>673 450</b>     | <b>1 130 765</b> |

# The Msunduzi Municipality and its Municipality Entity

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## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 45. Employee related costs (continued)

#### Remuneration of General Manager : Community Services

|                                                 |                  |                  |                  |                  |
|-------------------------------------------------|------------------|------------------|------------------|------------------|
| Basic salary                                    | 1 296 444        | 1 373 593        | 1 296 444        | 1 373 593        |
| Bargaining council                              | 105              | 99               | 105              | 99               |
| Bonus                                           | 60 000           | 60 000           | 60 000           | 60 000           |
| Contributions to UIF, medical and pension funds | 202 139          | 207 956          | 202 139          | 207 956          |
| Housing allowance                               | 82 680           | 82 680           | 82 680           | 82 680           |
| Leave pay provision                             | (240 787)        | 17 127           | (240 787)        | 17 127           |
| Phone allowance                                 | 14 400           | 17 417           | 14 400           | 17 417           |
| Travelling allowance                            | 127 251          | 134 454          | 127 251          | 134 454          |
|                                                 | <b>1 542 232</b> | <b>1 893 326</b> | <b>1 542 232</b> | <b>1 893 326</b> |

#### General manager : Safe City

|                                                 |                |                |   |   |
|-------------------------------------------------|----------------|----------------|---|---|
| Basic salary                                    | 513 691        | 453 600        | - | - |
| Contributions to UIF, medical and pension funds | 25 592         | 21 772         | - | - |
| Performance Bonuses                             | 54 747         | 54 738         | - | - |
| Phone allowance                                 | 7 200          | 3 600          | - | - |
| Travelling allowance                            | 22 000         | 18 000         | - | - |
|                                                 | <b>623 230</b> | <b>551 710</b> | - | - |

#### Remuneration of General Manager : Infrastructure Services

|                                                 |   |                  |   |                  |
|-------------------------------------------------|---|------------------|---|------------------|
| Basic salary                                    | - | 1 274 805        | - | 1 274 805        |
| Bargaining council                              | - | 99               | - | 99               |
| Contributions to UIF, medical and pension funds | - | 187 238          | - | 187 238          |
| Housing allowance                               | - | 120 000          | - | 120 000          |
| Leave pay provision                             | - | (56 249)         | - | (56 249)         |
| Phone allowance                                 | - | 20 831           | - | 20 831           |
| Travelling allowance                            | - | 226 501          | - | 226 501          |
|                                                 | - | <b>1 773 225</b> | - | <b>1 773 225</b> |

The General manager : Infrastructure services was paid a settlement amount of R2 103 791 during the 2018/19 financial year.

#### Total section 57 employees

|                                                                |                      |                      |                      |                      |
|----------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| City Manager                                                   | 1 251 506            | 2 369 884            | 1 251 506            | 2 369 884            |
| Chief Finance Officer                                          | 1 920 313            | 1 917 066            | 1 920 313            | 1 917 066            |
| Chief Audit Executive                                          | 1 494 677            | 1 310 819            | 1 494 677            | 1 310 819            |
| General Manager : Sustainable Development and City Enterprises | 673 450              | 1 130 765            | 673 450              | 1 130 765            |
| General Manager : Community Services                           | 1 542 232            | 1 893 326            | 1 542 232            | 1 893 326            |
| General Manager : Corporate Services                           | 1 755 817            | 1 887 470            | 1 755 817            | 1 887 470            |
| General Manager : Infrastructure Services                      | -                    | 1 773 225            | -                    | 1 773 225            |
| General Manager : Safe City                                    | 623 230              | 551 710              | -                    | -                    |
| Annual Remuneration                                            | 140 639              | -                    | -                    | -                    |
| <b>Subtotal</b>                                                | <b>9 401 864</b>     | <b>12 834 265</b>    | <b>8 637 995</b>     | <b>12 282 555</b>    |
| Municipal staff                                                | 1 301 328 502        | 1 181 986 995        | 1 294 378 620        | 1 176 281 968        |
| <b>Total employee related costs</b>                            | <b>1 310 730 366</b> | <b>1 194 821 260</b> | <b>1 303 016 615</b> | <b>1 188 564 523</b> |

The municipality and its entity's staff complement as at 30 June 2019 was 5 464 (2018:5 825).

### 46. Finance costs

|                        |            |            |            |            |
|------------------------|------------|------------|------------|------------|
| Non-current borrowings | 52 421 134 | 61 394 332 | 52 421 134 | 61 394 332 |
|------------------------|------------|------------|------------|------------|

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                                                                                                                                                                                                                                                                                                             | Economic entity   |                   | Controlling entity |                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|--------------------|-------------------|
|                                                                                                                                                                                                                                                                                                                                                             | 2019              | 2018              | 2019               | 2018              |
| <b>46. Finance costs (continued)</b>                                                                                                                                                                                                                                                                                                                        |                   |                   |                    |                   |
| Trade and other payables                                                                                                                                                                                                                                                                                                                                    | 41 250            | 2 505             | 41 250             | 2 505             |
| Finance leases                                                                                                                                                                                                                                                                                                                                              | -                 | 42 586            | -                  | 42 586            |
|                                                                                                                                                                                                                                                                                                                                                             | <b>52 462 384</b> | <b>61 439 423</b> | <b>52 462 384</b>  | <b>61 439 423</b> |
| <b>47. Impairment loss/ reversal of impairments</b>                                                                                                                                                                                                                                                                                                         |                   |                   |                    |                   |
| <b>Impairments</b>                                                                                                                                                                                                                                                                                                                                          |                   |                   |                    |                   |
| <b>Property, plant and equipment</b>                                                                                                                                                                                                                                                                                                                        | 5 719 754         | 3 722 559         | 5 719 754          | 3 722 559         |
| 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>Heritage assets</b>                                                                                                                                                                                                                                                                                                                                      | -                 | 6 200             | -                  | 6 200             |
| The impairment is in respect to a flooding that occurred at the Tatham Art Gallery.                                                                                                                                                                                                                                                                         |                   |                   |                    |                   |
|                                                                                                                                                                                                                                                                                                                                                             | <b>5 719 754</b>  | <b>3 728 759</b>  | <b>5 719 754</b>   | <b>3 728 759</b>  |
| <b>48. Inventory consumed</b>                                                                                                                                                                                                                                                                                                                               |                   |                   |                    |                   |
| Agricultural                                                                                                                                                                                                                                                                                                                                                | -                 | 76 607            | -                  | 76 607            |
| Consumables                                                                                                                                                                                                                                                                                                                                                 | 52 991 505        | 66 056 088        | 52 948 290         | 66 015 927        |
| Materials and supplies                                                                                                                                                                                                                                                                                                                                      | 3 488 393         | 3 194 652         | 3 488 393          | 3 194 652         |
|                                                                                                                                                                                                                                                                                                                                                             | <b>56 479 898</b> | <b>69 327 347</b> | <b>56 436 683</b>  | <b>69 287 186</b> |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                        | Economic entity    |                    | Controlling entity |                    |
|----------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                        | 2019               | 2018               | 2019               | 2018               |
| <b>49. Operational costs</b>           |                    |                    |                    |                    |
| Achievements and awards                | 112                | -                  | 112                | -                  |
| Advertising                            | 7 722 360          | 11 704 941         | 7 718 652          | 11 699 896         |
| Bank charges                           | 7 060 512          | 5 466 605          | 7 037 296          | 5 446 736          |
| Bursaries (employees)                  | 568 702            | 483 480            | 568 702            | 483 480            |
| Cash discount                          | -                  | 1 228 901          | -                  | 1 228 901          |
| Catering municipal activities          | 1 479 882          | 3 480 496          | 1 479 882          | 3 480 496          |
| Cleaning                               | -                  | 26 407             | -                  | 26 407             |
| Commission paid                        | 13 070 489         | 11 887 328         | 13 070 489         | 11 887 328         |
| Communication                          | 12 325 264         | 11 648 243         | 12 276 350         | 11 595 144         |
| Conferences and seminars               | 333 506            | 865 953            | 333 506            | 861 053            |
| Drivers licenses and permits and other | 6 910              | 4 360              | 6 910              | 4 360              |
| Entertainment                          | 47 857             | 202 646            | 47 857             | 202 646            |
| External audit fees                    | 9 947 373          | 7 350 124          | 9 445 654          | 6 882 197          |
| External computer services             | 10 771 171         | 10 982 813         | 10 771 171         | 10 982 813         |
| Fines and penalties                    | 51 601             | -                  | 51 601             | -                  |
| Insurance                              | 8 916 266          | 3 923 795          | 8 568 753          | 3 611 099          |
| IT expenses                            | 25 913             | 279 508            | 25 913             | 279 508            |
| Interest costs - provisions            | 2 347 547          | 1 741 829          | 2 347 547          | 1 741 829          |
| Office decorations                     | 786                | 65 543             | 786                | 65 543             |
| Parking fees                           | 3 032              | 2 901              | -                  | 122                |
| Postage and courier                    | 1 577              | 7 601              | -                  | 395                |
| Printing, publication and books        | 2 988 168          | 4 768 692          | 2 988 168          | 4 768 692          |
| Protective clothing                    | 4 736 758          | 6 381 759          | 4 736 758          | 6 381 759          |
| Learnerships and internships           | 6 087 296          | 2 795 867          | 6 087 296          | 2 795 867          |
| Litigation provision - contribution    | -                  | 31 710 346         | -                  | 31 710 346         |
| Management fees                        | -                  | 336 572            | -                  | 336 572            |
| Motor vehicle expenses                 | 5 128 457          | 4 492 376          | 5 125 024          | 4 489 470          |
| Municipal services                     | 14 872 256         | 17 254             | 14 872 256         | 17 254             |
| Signage                                | 68 855             | 373 438            | 68 855             | 373 438            |
| Storage of files                       | 6 290              | 11 194             | 6 290              | 11 194             |
| Surveys and servitudes                 | -                  | 428 893            | -                  | 428 893            |
| Subscriptions and membership fees      | 13 562 842         | 12 387 508         | 13 562 842         | 12 387 508         |
| Travel - local                         | 2 329 058          | 1 638 719          | 2 329 058          | 1 634 352          |
| Title deed search fees                 | 78 883             | 31 980             | 78 883             | 31 980             |
|                                        | <b>124 539 723</b> | <b>136 728 072</b> | <b>123 606 611</b> | <b>135 847 278</b> |

## 50. Operating leases

### Premises

Contractual amounts 1 114 817 2 311 810 1 114 817 2 311 810

### Motor vehicles

Contractual amounts 19 778 557 29 288 692 19 778 557 29 288 692

### Equipment

Contractual amounts 12 186 089 10 958 326 12 174 649 10 948 532

**33 079 463 42 558 828 33 068 023 42 549 034**

Operating lease payments represent rentals payable by the municipality for certain office equipment.

# The Msunduzi Municipality and its Municipality Entity

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## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                        | Economic entity   |                   | Controlling entity |                   |
|--------------------------------------------------------|-------------------|-------------------|--------------------|-------------------|
|                                                        | 2019              | 2018              | 2019               | 2018              |
| <b>51. Remuneration of councillors</b>                 |                   |                   |                    |                   |
| <b>Total Remuneration of Councillors</b>               |                   |                   |                    |                   |
| Mayor                                                  | 1 286 979         | 1 287 819         | 1 286 979          | 1 287 819         |
| Deputy Mayor                                           | 1 048 643         | 1 048 048         | 1 048 643          | 1 048 048         |
| Speaker                                                | 1 048 643         | 1 048 369         | 1 048 643          | 1 048 369         |
| Chief Whip                                             | 967 080           | 967 080           | 967 080            | 967 080           |
| Executive Committee Members                            | 7 736 824         | 7 737 357         | 7 736 824          | 7 737 357         |
| Municipal Public Account Committee chairperson         | 967 080           | 967 080           | 967 080            | 967 080           |
| Councillors                                            | 31 075 432        | 31 964 340        | 31 075 432         | 31 964 340        |
|                                                        | <b>44 130 681</b> | <b>45 020 093</b> | <b>44 130 681</b>  | <b>45 020 093</b> |
| <b>Remuneration of Mayor</b>                           |                   |                   |                    |                   |
| Basic salary                                           | 1 199 687         | 1 197 607         | 1 199 687          | 1 197 607         |
| Medical aid contributions                              | 42 042            | 44 792            | 42 042             | 44 792            |
| Phone allowance                                        | 45 250            | 45 420            | 45 250             | 45 420            |
|                                                        | <b>1 286 979</b>  | <b>1 287 819</b>  | <b>1 286 979</b>   | <b>1 287 819</b>  |
| <b>Remuneration of Deputy Mayor</b>                    |                   |                   |                    |                   |
| Basic salary                                           | 732 913           | 732 913           | 732 913            | 732 913           |
| Pension contributions                                  | 109 937           | 109 937           | 109 937            | 109 937           |
| Phone allowance                                        | 45 250            | 45 420            | 45 250             | 45 420            |
| Travelling allowance                                   | 160 543           | 159 778           | 160 543            | 159 778           |
|                                                        | <b>1 048 643</b>  | <b>1 048 048</b>  | <b>1 048 643</b>   | <b>1 048 048</b>  |
| <b>Remuneration of Speaker</b>                         |                   |                   |                    |                   |
| Basic salary                                           | 809 907           | 809 907           | 809 907            | 809 907           |
| Pension contributions                                  | 121 486           | 121 042           | 121 486            | 121 042           |
| Phone allowance                                        | 45 250            | 45 420            | 45 250             | 45 420            |
| Travelling allowance                                   | 72 000            | 72 000            | 72 000             | 72 000            |
|                                                        | <b>1 048 643</b>  | <b>1 048 369</b>  | <b>1 048 643</b>   | <b>1 048 369</b>  |
| <b>Remuneration of Chief Whip</b>                      |                   |                   |                    |                   |
| Basic salary                                           | 717 999           | 718 869           | 717 999            | 718 869           |
| Medical aid contribution                               | 20 913            | 19 913            | 20 913             | 19 913            |
| Pension contribution                                   | 107 700           | 107 830           | 107 700            | 107 830           |
| Phone allowance                                        | 26 400            | 26 400            | 26 400             | 26 400            |
| Travelling allowance                                   | 94 068            | 94 068            | 94 068             | 94 068            |
|                                                        | <b>967 080</b>    | <b>967 080</b>    | <b>967 080</b>     | <b>967 080</b>    |
| <b>Remuneration of Executive Committee Members</b>     |                   |                   |                    |                   |
| Basic salary                                           | 5 518 205         | 5 667 933         | 5 518 205          | 5 667 933         |
| Housing allowance                                      | 38 246            | 38 246            | 38 246             | 38 246            |
| Medical aid contributions                              | 207 119           | 182 819           | 207 119            | 182 819           |
| Pension contributions                                  | 713 196           | 681 739           | 713 196            | 681 739           |
| Phone allowance                                        | 211 200           | 217 700           | 211 200            | 217 700           |
| Travelling allowance                                   | 1 048 858         | 948 920           | 1 048 858          | 948 920           |
|                                                        | <b>7 736 824</b>  | <b>7 737 357</b>  | <b>7 736 824</b>   | <b>7 737 357</b>  |
| <b>Municipal Public Accounts Committee Chairperson</b> |                   |                   |                    |                   |
| Basic salary                                           | 583 078           | 584 532           | 583 078            | 584 532           |
| Medical aid contributions                              | 34 970            | 33 298            | 34 970             | 33 298            |
| Pension contributions                                  | 87 462            | 87 680            | 87 462             | 87 680            |
| Phone allowance                                        | 26 400            | 26 400            | 26 400             | 26 400            |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                                                          | Economic entity    |                   | Controlling entity |                   |
|----------------------------------------------------------------------------------------------------------|--------------------|-------------------|--------------------|-------------------|
|                                                                                                          | 2019               | 2018              | 2019               | 2018              |
| <b>51. Remuneration of councillors (continued)</b>                                                       |                    |                   |                    |                   |
| Travelling allowance                                                                                     | 235 170            | 235 170           | 235 170            | 235 170           |
|                                                                                                          | <b>967 080</b>     | <b>967 080</b>    | <b>967 080</b>     | <b>967 080</b>    |
| <b>Remuneration of other councillors</b>                                                                 |                    |                   |                    |                   |
| Basic salary                                                                                             | 20 704 227         | 21 537 979        | 20 704 227         | 21 537 979        |
| Housing allowance                                                                                        | 88 492             | 88 492            | 88 492             | 88 492            |
| Medical aid contributions                                                                                | 1 244 730          | 1 161 574         | 1 244 730          | 1 161 574         |
| Pension contributions                                                                                    | 2 744 149          | 2 771 691         | 2 744 149          | 2 771 691         |
| Phone allowance                                                                                          | 1 689 096          | 1 736 800         | 1 689 096          | 1 736 800         |
| Travelling allowance                                                                                     | 4 604 738          | 4 667 804         | 4 604 738          | 4 667 804         |
|                                                                                                          | <b>31 075 432</b>  | <b>31 964 340</b> | <b>31 075 432</b>  | <b>31 964 340</b> |
| <b>In-kind benefits</b>                                                                                  |                    |                   |                    |                   |
| The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time.                          |                    |                   |                    |                   |
| Each is provided with an office and secretarial support at the cost of the Council.                      |                    |                   |                    |                   |
| The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties. |                    |                   |                    |                   |
| The Mayor has three full-time bodyguards. The Deputy Mayor and Speaker have two full-time bodyguards     |                    |                   |                    |                   |
| <b>52. Transfers and subsidies</b>                                                                       |                    |                   |                    |                   |
| <b>Grants paid to Municipal Entity</b>                                                                   |                    |                   |                    |                   |
| Safe City Msunduzi NPC                                                                                   | -                  | -                 | 10 271 084         | 7 807 954         |
| <b>Other subsidies</b>                                                                                   |                    |                   |                    |                   |
| Grant in aid                                                                                             | 12 115 893         | 13 150 045        | 12 115 893         | 13 150 045        |
| Injury on duty                                                                                           | 1 974 417          | 1 695 247         | 1 974 417          | 1 695 247         |
| Post retirement benefits                                                                                 | (437 052)          | 3 893 874         | (437 052)          | 3 893 874         |
| Arbitration awards                                                                                       | 2 166 533          | 462 818           | 2 166 533          | 462 818           |
|                                                                                                          | <b>15 819 791</b>  | <b>19 201 984</b> | <b>15 819 791</b>  | <b>19 201 984</b> |
|                                                                                                          | <b>15 819 791</b>  | <b>19 201 984</b> | <b>26 090 875</b>  | <b>27 009 938</b> |
| <b>53. Fair value adjustments on investment property</b>                                                 |                    |                   |                    |                   |
| Investment property (Fair value model)                                                                   | (32 810 000)       | 62 795 307        | (32 810 000)       | 62 795 307        |
| <b>54. Actuarial gains/ (losses)</b>                                                                     |                    |                   |                    |                   |
| Long service                                                                                             | 6 445 095          | (526 854)         | 6 445 095          | (526 854)         |
| Post retirement benefit - medical aid                                                                    | 155 708 574        | 57 339 088        | 155 708 574        | 57 339 088        |
|                                                                                                          | <b>162 153 669</b> | <b>56 812 234</b> | <b>162 153 669</b> | <b>56 812 234</b> |
| <b>55. Gains on agricultural assets and living resources</b>                                             |                    |                   |                    |                   |
| Gains or losses arising from agricultural assets and living resources                                    | 15 856 141         | 9 954 881         | 15 856 141         | 9 954 881         |
| <b>56. Inventory losses</b>                                                                              |                    |                   |                    |                   |
| Inventories losses                                                                                       | (16 453 277)       | (4 743 013)       | (16 453 277)       | (4 743 013)       |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                           | Economic entity    |                    | Controlling entity |                    |
|-----------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                           | 2019               | 2018               | 2019               | 2018               |
| <b>57. Cash generated from operations</b>                 |                    |                    |                    |                    |
| Deficit                                                   | (140 769 241)      | (525 455 814)      | (141 189 643)      | (524 701 220)      |
| <b>Adjustments for:</b>                                   |                    |                    |                    |                    |
| Depreciation and amortisation                             | 455 235 329        | 466 377 349        | 454 389 103        | 465 428 234        |
| Loss on sale of assets                                    | (2 876 825)        | 932 651            | (2 876 825)        | 871 236            |
| (Gains)/ loss on agricultural assets and living resources | (15 856 141)       | (9 954 881)        | (15 856 141)       | (9 954 881)        |
| Inventory losses                                          | 16 453 277         | 4 743 012          | 16 453 277         | 4 743 012          |
| Fair value adjustments                                    | 32 810 000         | (62 795 307)       | 32 810 000         | (62 795 307)       |
| Finance costs - finance leases                            | -                  | 42 586             | -                  | 42 586             |
| Impairment deficit                                        | 5 719 754          | 3 728 759          | 5 719 754          | 3 728 759          |
| Debt impairment                                           | 697 521 846        | 908 868 803        | 697 521 846        | 908 868 803        |
| Movements in retirement benefit assets and liabilities    | (105 740 754)      | 72 401 652         | (105 740 754)      | 72 401 652         |
| Movements in provisions                                   | 4 834 211          | (61 953 681)       | 4 738 227          | (62 029 974)       |
| Donations: non-cash                                       | (9 162 557)        | (4 897 250)        | (9 162 557)        | (4 897 250)        |
| Tax received                                              | 1 488              | 136 375            | -                  | -                  |
| <b>Changes in working capital:</b>                        |                    |                    |                    |                    |
| Inventories                                               | 28 578 531         | 25 389 633         | 28 578 531         | 25 389 633         |
| Receivables from exchange transactions                    | 24 575 230         | 49 569 782         | 24 530 215         | 49 614 797         |
| Consumer debtors                                          | (710 884 892)      | (556 394 243)      | (710 884 892)      | (556 394 244)      |
| Receivables from non-exchange transactions                | (10 388 892)       | (11 168 299)       | (10 388 882)       | (11 168 299)       |
| Payables from exchange transactions                       | 35 855 058         | 154 407 309        | 35 473 595         | 154 616 676        |
| VAT                                                       | 61 072 509         | 71 503 390         | 61 072 509         | 71 503 390         |
| Unspent conditional grants and receipts                   | 5 609 316          | 42 073 078         | 5 609 316          | 42 073 078         |
| Consumer deposits                                         | (1 580 031)        | 7 427 700          | (1 580 031)        | 7 427 700          |
|                                                           | <b>371 007 216</b> | <b>574 982 604</b> | <b>369 216 648</b> | <b>574 768 381</b> |

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

### Contributions to organised local government

|                                 |           |           |           |           |
|---------------------------------|-----------|-----------|-----------|-----------|
| Current year subscription / fee | 888 615   | 945 192   | 888 615   | 945 192   |
| Amount paid - current year      | (888 615) | (945 192) | (888 615) | (945 192) |
|                                 | -         | -         | -         | -         |

### Audit fees

|                            |                |               |                |               |
|----------------------------|----------------|---------------|----------------|---------------|
| Opening balance            | 98 491         | 62 173        | 98 491         | 62 173        |
| Current year fee           | 9 445 654      | 6 882 196     | 9 445 654      | 6 882 196     |
| Amount paid - current year | (9 389 168)    | (6 845 878)   | (9 389 168)    | (6 845 878)   |
|                            | <b>154 977</b> | <b>98 491</b> | <b>154 977</b> | <b>98 491</b> |

### PAYE and UIF

|                            |               |               |               |               |
|----------------------------|---------------|---------------|---------------|---------------|
| Current year               | 173 987 252   | 152 581 201   | 173 328 438   | 152 149 632   |
| Amount paid - current year | (173 987 252) | (152 581 201) | (173 328 438) | (152 149 632) |
|                            | -             | -             | -             | -             |

### Pension and medical aid deductions

|                            |               |               |               |               |
|----------------------------|---------------|---------------|---------------|---------------|
| Current year               | 340 161 025   | 319 283 201   | 339 165 322   | 318 523 036   |
| Amount paid - current year | (340 161 025) | (319 283 201) | (339 165 322) | (318 523 036) |
|                            | -             | -             | -             | -             |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

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

#### VAT

|                |                    |                   |                    |                   |
|----------------|--------------------|-------------------|--------------------|-------------------|
| VAT receivable | -                  | 25 495            | -                  | -                 |
| VAT payable    | 145 090 018        | 83 659 588        | 144 732 097        | 83 659 588        |
|                | <b>145 090 018</b> | <b>83 685 083</b> | <b>144 732 097</b> | <b>83 659 588</b> |

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2019:

##### 30 June 2019

|                    | Outstanding<br>more than 90<br>days<br>R |
|--------------------|------------------------------------------|
| Mduduzi Njilo      | 302                                      |
| Prudence Msimang   | 1 588                                    |
| Sandile Dlamini    | 23 026                                   |
| Siphiwe Ndawonde   | 31 662                                   |
| Vusimuzi Magubane  | 89 996                                   |
| Siphamandla Mdlala | 250                                      |
| Sandra Lyne        | 25                                       |
|                    | <b>146 849</b>                           |

##### 30 June 2018

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

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

Councillors have made arrangements to re-pay outstanding debt.

#### Deviation from supply chain management regulations

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

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/sole providers of goods and services, and any other cases where it is impractical to follow normal SCM process. In the event of such a decision, the Accounting Officer is required to report this to the next council meeting for noting.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                                           | Economic entity   |                   | Controlling entity |                   |
|-------------------------------------------------------------------------------------------|-------------------|-------------------|--------------------|-------------------|
|                                                                                           | 2019              | 2018              | 2019               | 2018              |
| <b>58. Additional disclosure in terms of Municipal Finance Management Act (continued)</b> |                   |                   |                    |                   |
| Computer expenditure                                                                      | 11 806 989        | 1 682 777         | 11 806 989         | 1 682 777         |
| Health and safety                                                                         | -                 | 406 143           | -                  | 406 143           |
| Other                                                                                     | 4 379 086         | 7 078 653         | 4 369 543          | 7 014 188         |
| Repairs and maintenance                                                                   | 259 895           | 4 477 844         | 259 895            | 4 477 844         |
| Repairs to motor vehicles                                                                 | 6 323 596         | 5 707 391         | 6 323 596          | 5 707 391         |
| Repairs to property, plant and equipment                                                  | -                 | 3 255 447         | -                  | 3 255 447         |
| Service delivery                                                                          | 846 980           | 6 063 840         | 846 980            | 6 063 840         |
| Forensic services                                                                         | 4 350             | -                 | 4 350              | -                 |
|                                                                                           | <b>23 620 896</b> | <b>28 672 095</b> | <b>23 611 353</b>  | <b>28 607 630</b> |

### Rate based deviations

|                              | Contract description                                                                  | Supplier                                                                                                           | 2019             |
|------------------------------|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|------------------|
| Contract no. 1/s36 of 18/19  | Verification of details of indigent support application                               | CrossCheck Information Bureau Pty Ltd                                                                              | -                |
| Contract no.6/S36 OF 18/19   | Provision of forensic investigation services                                          | Gerhardus Marthinus Cloete, Govert Vetten, Phumlani Mkhize and Associates, Computer Security and Forensic Solution | 8 928 583        |
| Contract no. 12/S36 of 18/19 | Refuse collection and cleaning of CBD                                                 | Xolisisizwe Trading                                                                                                | 328 000          |
| Contract no. 14/S36 of 18/19 | Appointment of security service provider for the provision of VIP protection services | Nhlalenhle Security Services                                                                                       | 161 560          |
|                              |                                                                                       |                                                                                                                    | <b>9 418 143</b> |

### 59. Non- compliance with the Municipal Finance Management Act

The Municipality did not comply with section 65(2)(e) of the MFMA.

There were instances of non-compliance wherein some suppliers were not paid within 30 days.

### 60. Supply Chain Management regulation 45 of the MFMA

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

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                          | Economic entity                                        |                                                             | Controlling entity                                                              |                        |
|--------------------------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------|------------------------|
|                                                                          | 2019                                                   | 2018                                                        | 2019                                                                            | 2018                   |
| <b>60. Supply Chain Management regulation 45 of the MFMA (continued)</b> |                                                        |                                                             |                                                                                 |                        |
| <b>Name of the service provider</b>                                      | <b>Employee name</b>                                   | <b>Job title</b>                                            | <b>Organ of state</b>                                                           | <b>Amount paid</b>     |
| The Borain Brothers cc T/A Borain Leyland                                | Mchunu Nomvula<br>Teressa                              | General<br>Worker Infra<br>Structure                        | Msunduzi Municipality                                                           | 286 390                |
| Jobe and Seleokane- Financial Consultants<br>CC                          | Mthembu<br>Samkelisiwe                                 | Senior<br>Acquisition<br>clerk                              | Msunduzi Municipality                                                           | 48 855                 |
| Enforce Security<br>Mathew Francis Inc                                   | MEC Cogta N Dube<br>Brenden Sivparsad                  | MEC Cogta<br>Senior<br>Manager                              | COGTA<br>Msunduzi Municipality                                                  | -<br>28 160 132        |
| Eka GP Trading Enterprise                                                | Nhlakanipho<br>Wiseman Gini<br>Dlamini                 | General<br>Assistant<br>Mechanical<br>Workshop              | Msunduzi Municipality                                                           | -                      |
| Valimbo Primary Co-Operative                                             | Mzwenzhlanhla<br>Wiseman Khoza                         | General<br>Assistant<br>Waste<br>Management                 | Msunduzi Municipality                                                           | -                      |
| Ekuseni Investment Holdings<br>Gibb Pty Ltd                              | Sandile Dlamini<br>K. Pillay<br>P. Pillay<br>Alan Moon | Councillor<br>Data<br>Capturer<br>Educator<br>Head :        | Department of<br>Education<br>Department of Education<br>City of Cape Town      | -<br>302 962<br>-<br>- |
|                                                                          | John Watson                                            | Director -<br>Accounting<br>Support and<br>Reporting        | National Treasury                                                               |                        |
|                                                                          | Leigh Stolworthy                                       | Principle :<br>Professional<br>IRT System<br>Planning       | Department of Education                                                         |                        |
|                                                                          | Sonnika Cilliers<br>Nokuthula Mkhize                   | Educator<br>Accounting<br>Clerk                             | Department of Education<br>National Department of<br>Water Affairs and Forestry |                        |
|                                                                          | Jeanne Mare                                            | Senior<br>Educator                                          | Department of Education                                                         |                        |
|                                                                          | Imra Brink<br>Nkosinathi Mzayiya                       | Educator<br>Correctional<br>Officer                         | Department of Education<br>Department of Correctional<br>Services               |                        |
|                                                                          | Jacqueline Gooch                                       | Head of<br>Department                                       | Department of Transport                                                         |                        |
|                                                                          | Unathi Lekonyana                                       | Deputy<br>Director :<br>Grant<br>Monitoring<br>and Analysis | Deputy Director: Grant<br>Monitoring and Analysis                               |                        |
|                                                                          | Douglas Kiewiet                                        | Area<br>Manager<br>(North)                                  | National Department of<br>Water Affairs and Forestry                            |                        |
|                                                                          | Rajiv Beharie                                          | Senior<br>Engineer                                          | Eskom                                                                           |                        |
|                                                                          | M B Haq                                                | Architect /<br>Town Planner                                 | City of Cape Town                                                               |                        |
| Mthonono Logistics                                                       | Siphiwi Nkala                                          | Educator                                                    | Department of Education                                                         | 28 000                 |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                          | Economic entity    |                                                                          | Controlling entity                                       |                   |
|--------------------------------------------------------------------------|--------------------|--------------------------------------------------------------------------|----------------------------------------------------------|-------------------|
|                                                                          | 2019               | 2018                                                                     | 2019                                                     | 2018              |
| <b>60. Supply Chain Management regulation 45 of the MFMA (continued)</b> |                    |                                                                          |                                                          |                   |
| Isibuko Development Planners                                             | Mrs Hlongwa        | Assistant Director                                                       | Department of Social Development                         | 724 500           |
| SMEC South Africa                                                        | Yvonne Pinky Phosa | Member of National Assembly Chairman standing Committee on appropriation | National Assembly - Standing Committee on Appropriations | 891 974           |
| Ihawu Firearms Centre                                                    | IS - Affleck       | Rifleman Parachute                                                       | SANDF Reserve Force                                      | 902 083           |
|                                                                          |                    |                                                                          |                                                          | <b>31 344 895</b> |

### 61. Commitments

#### Authorised capital expenditure

|                           |             |             |             |             |
|---------------------------|-------------|-------------|-------------|-------------|
| • Approved and contracted | 315 441 122 | 432 503 815 | 315 441 122 | 432 503 815 |
|---------------------------|-------------|-------------|-------------|-------------|

|                                  |                    |                    |                    |                    |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Total capital commitments</b> | <b>315 441 122</b> | <b>432 503 815</b> | <b>315 441 122</b> | <b>432 503 815</b> |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|

#### Authorised operational expenditure

|                           |             |             |             |             |
|---------------------------|-------------|-------------|-------------|-------------|
| • Approved and contracted | 503 303 809 | 510 722 503 | 503 303 809 | 510 722 503 |
|---------------------------|-------------|-------------|-------------|-------------|

|                                      |                    |                    |                    |                    |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Total operational commitments</b> | <b>503 303 809</b> | <b>510 722 503</b> | <b>503 303 809</b> | <b>510 722 503</b> |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|

|                          |                    |                    |                    |                    |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Total commitments</b> | <b>815 744 931</b> | <b>943 226 317</b> | <b>815 744 931</b> | <b>943 226 317</b> |
|--------------------------|--------------------|--------------------|--------------------|--------------------|

|                                                                                                            |             |             |             |             |
|------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| Capital expenditure - not yet contracted (Department of Human Settlement has not yet approved the funding) | 810 151 756 | 810 151 756 | 810 151 756 | 810 151 756 |
|                                                                                                            | -           | -           | -           | -           |

The future commitments will be financed through council own funding, national and provincial grants in terms of DORA. Commitments are exclusive of Value Added Taxation.

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

|                                     |                   |                  |                   |                  |
|-------------------------------------|-------------------|------------------|-------------------|------------------|
| - within one year                   | 4 661 712         | 1 014 056        | 4 661 712         | 1 014 056        |
| - in second to fifth year inclusive | 9 323 424         | -                | 9 323 424         | -                |
|                                     | <b>13 985 136</b> | <b>1 014 056</b> | <b>13 985 136</b> | <b>1 014 056</b> |

# The Msunduzi Municipality and its Municipality Entity

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## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 61. Commitments (continued)

Operating lease payments represent rentals payable by the municipality for certain office equipment.

### 62. Contingencies

The municipality is defending various litigation and claim cases against it.

Should the litigation and claims against the municipality be successful the total estimated liability of all the cases is approximately R 99 521 553 (2018:R110 710 555).

Refer to Appendix E1 and E2 for further details.

### 63. Related parties

#### Relationships

|                                             |                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Municipal entity                            | Safe City Msunduzi NPC                                                                                                                                                                                                                                                                                                                                                                                        |
| Controlling entity                          | Msunduzi Local Municipality                                                                                                                                                                                                                                                                                                                                                                                   |
| MEC COGTA                                   | Enforce Security                                                                                                                                                                                                                                                                                                                                                                                              |
| Members of key management                   | Acting City Manager - Nelisiwe M. Ngcobo<br>Acting Chief Financial Officer - Dudu N. Gambu<br>General Manager : Community Services - Boniwe Zulu<br>General Manager : Corporate Services - Mosa L.I. Molapo<br>General Manager : Infrastructure Services - Ngangenkosi Mpsi<br>General Manager : Sustainable Development and City<br>Enterprises - Felix Nxumalo<br>Chief Audit Executive - Petrus J. Mahlaba |
| Safe City Msunduzi NPC - board of directors | Board chairperson : D. Sokhela<br>Board vice chairperson : G. Moody<br>Director : V. Biggs<br>Director : K. Basson<br>Director : Ringh<br>Director : S. Ako - Nai<br>General Manager : Safe City - L. Holtzhausen                                                                                                                                                                                             |

# The Msunduzi Municipality and its Municipality Entity

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## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 63. Related parties (continued)

#### Related party transactions

| Related party transactions                                   | Nature of relationship                                                                                                                                  | 30 June 2019      | 30 June 2018      |
|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Grant paid to Safe City Msunduzi NPC                         | Safe City is an entity of the Municipality.                                                                                                             | 10 271 084        | 7 807 954         |
| Matthew Francis                                              | Senior manager water and sanitation is a spouse of Matthew Francis Director. The Municipality conducts business with Matthew Francis on a regular basis | 28 160 132        | 12 739 945        |
| Electricity and water payment paid by Safe City Msunduzi NPC | Safe City is an entity of the Municipality.                                                                                                             | 146 053           | 147 891           |
| Enforce Security                                             | KZN MEC COGTA's spouse is a director of Enforce Security                                                                                                | -                 | 502 155           |
|                                                              |                                                                                                                                                         | <b>38 577 269</b> | <b>21 197 945</b> |

The terms of transactions were the same for all suppliers.

Transactions are at arm's length with related parties.

#### In kind benefits

The salary and benefits of the Ministerial representative are paid by the Department of Cooperative Governance and Traditional Affairs. The municipality has not been charged to the services rendered by the Municipal representative.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 63. Related parties (continued)

#### Remuneration of management

##### Councillors

##### 2019

| Name                        | Basic salary      | Phone allowance  | Housing allowance | Travelling allowance | Pension          | Medical aid      | Total             |
|-----------------------------|-------------------|------------------|-------------------|----------------------|------------------|------------------|-------------------|
| Mayor                       | 1 199 687         | 45 250           | -                 | -                    | -                | 42 042           | 1 286 979         |
| Deputy mayor                | 732 913           | 45 250           | -                 | 160 543              | -                | 109 937          | 1 048 643         |
| Speaker                     | 809 907           | 45 250           | -                 | 72 000               | 121 486          | -                | 1 048 643         |
| Chief whip                  | 717 999           | 26 400           | -                 | 94 067               | 107 700          | 20 913           | 967 079           |
| Executive committee members | 5 518 205         | 211 200          | 38 246            | 1 048 858            | 713 196          | 207 120          | 7 736 825         |
| MPAC Chairperson            | 583 078           | 26 400           | -                 | 235 170              | 87 462           | 34 970           | 967 080           |
| Other councillors           | 20 704 227        | 1 689 096        | 88 492            | 4 604 738            | 2 744 149        | 1 244 730        | 31 075 432        |
|                             | <b>30 266 016</b> | <b>2 088 846</b> | <b>126 738</b>    | <b>6 215 376</b>     | <b>3 773 993</b> | <b>1 659 712</b> | <b>44 130 681</b> |

##### 2018

| Name                        | Basic salary      | Phone allowance  | Housing allowance | Travelling allowance | Pension          | Medical aid      | Total             |
|-----------------------------|-------------------|------------------|-------------------|----------------------|------------------|------------------|-------------------|
| Mayor                       | 1 197 607         | 45 420           | -                 | -                    | -                | 44 792           | 1 287 819         |
| Deputy mayor                | 732 913           | 45 420           | -                 | 159 778              | 109 937          | -                | 1 048 048         |
| Speaker                     | 809 907           | 45 420           | -                 | 72 000               | 121 042          | -                | 1 048 369         |
| Chief whip                  | 718 869           | 26 400           | -                 | 94 068               | 107 830          | 19 913           | 967 080           |
| Executive committee members | 5 667 933         | 217 700          | 38 246            | 948 920              | 681 739          | 182 819          | 7 737 357         |
| MPAC chairperson            | 584 532           | 26 400           | -                 | 235 170              | 87 680           | 33 298           | 967 080           |
| Other councillors           | 21 537 979        | 1 736 800        | 88 492            | 4 667 804            | 2 771 691        | 1 161 574        | 31 964 340        |
|                             | <b>31 249 740</b> | <b>2 143 560</b> | <b>126 738</b>    | <b>6 177 740</b>     | <b>3 879 919</b> | <b>1 442 396</b> | <b>45 020 093</b> |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 63. Related parties (continued)

#### Executive management

2019

| Name                                                           | Basic salary     | Phone allowance | Housing allowance | Travelling allowance | Pension        | Medical aid   | Acting allowance | Bonus          | Other           | Total            |
|----------------------------------------------------------------|------------------|-----------------|-------------------|----------------------|----------------|---------------|------------------|----------------|-----------------|------------------|
| City Manager                                                   | 747 413          | 26 400          | 216 000           | 108 547              | 114 725        | -             | -                | -              | 38 421          | 1 251 506        |
| Chief Financial Officer                                        | 1 228 641        | 14 400          | 180 000           | 176 493              | 119 792        | -             | 96 736           | 60 000         | 44 251          | 1 920 313        |
| Chief Audit Executive - Internal audit                         | 1 000 791        | 9 000           | 10 228            | 153 262              | 180 142        | 24 053        | -                | 83 399         | 33 802          | 1 494 677        |
| General Manager : Corporate Services                           | 1 291 764        | 16 400          | -                 | 127 251              | 232 518        | 2 028         | -                | 60 000         | 25 856          | 1 755 817        |
| General Manager : Community services                           | 1 296 444        | 14 400          | 82 680            | 127 251              | 176 965        | 23 390        | -                | 60 000         | (238 898)       | 1 542 232        |
| General Manager : Sustainable Development and City Enterprises | 551 399          | 8 646           | 48 000            | 60 430               | -              | -             | -                | -              | 4 975           | 673 450          |
| Board chairperson : Safe City                                  | 33 930           | -               | -                 | -                    | -              | -             | -                | -              | -               | 33 930           |
| Board vice chairperson : Safe City                             | 33 748           | -               | -                 | -                    | -              | -             | -                | -              | -               | 33 748           |
| Director - V. Biggs : Safe City                                | 10 306           | -               | -                 | -                    | -              | -             | -                | -              | -               | 10 306           |
| Director - R Singh : Safe City                                 | 20 749           | -               | -                 | -                    | -              | -             | -                | -              | -               | 20 749           |
| Director - Sa Ako -nai : Safe City                             | 18 242           | -               | -                 | -                    | -              | -             | -                | -              | -               | 18 242           |
| Director - K. Basson : Safe City                               | 23 665           | -               | -                 | -                    | -              | -             | -                | -              | -               | 23 665           |
| General Manager : Safe City                                    | 513 691          | 7 200           | -                 | 22 000               | -              | 23 808        | -                | 54 746         | 1 784           | 623 229          |
|                                                                | <b>6 770 783</b> | <b>96 446</b>   | <b>536 908</b>    | <b>775 234</b>       | <b>824 142</b> | <b>73 279</b> | <b>96 736</b>    | <b>318 145</b> | <b>(89 809)</b> | <b>9 401 864</b> |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 63. Related parties (continued)

2018

| Name                                                           | Basic salary     | Phone allowance | Housing allowance | Travelling allowance | Pension          | Medical aid    | Bonus          | Other         | Total             |
|----------------------------------------------------------------|------------------|-----------------|-------------------|----------------------|------------------|----------------|----------------|---------------|-------------------|
| City Manager                                                   | 1 831 654        | 26 561          | 216 000           | 115 199              | 178 586          | -              | -              | 1 884         | 2 369 884         |
| Chief Financial Officer                                        | 1 310 564        | 15 465          | 180 000           | 186 483              | 127 780          | -              | 60 000         | 36 774        | 1 917 066         |
| Chief Audit Executive - Internal audit                         | 913 399          | 9 000           | 9 559             | 153 262              | 167 919          | 29 859         | -              | 27 821        | 1 310 819         |
| General Manager : Corporate Services                           | 1 374 117        | 15 753          | -                 | 134 454              | 247 341          | 23 864         | 60 000         | 31 941        | 1 887 470         |
| General Manager : Community services                           | 1 373 593        | 17 418          | 82 680            | 134 454              | 187 495          | 18 676         | 60 000         | 19 010        | 1 893 326         |
| General Manager : Infrastructure services                      | 1 274 805        | 20 831          | 120 000           | 226 501              | 139 001          | 46 452         | -              | (54 365)      | 1 773 225         |
| General Manager : Sustainable Development and City Enterprises | 587 155          | 6 139           | 75 000            | 105 342              | 56 808           | 3 598          | 266 346        | 30 377        | 1 130 765         |
| General Manager : Safe City                                    | 453 600          | 3 600           | -                 | 18 000               | -                | 21 624         | 54 738         | 148           | 551 710           |
|                                                                | <b>9 118 887</b> | <b>114 767</b>  | <b>683 239</b>    | <b>1 073 695</b>     | <b>1 104 930</b> | <b>144 073</b> | <b>501 084</b> | <b>93 590</b> | <b>12 834 265</b> |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 64. Events after the reporting date

The Executive Committee members of the ruling party subsequently resigned on 23 August 2019 with immediate effect. The members who resigned include the Mayor, Deputy Mayor, Speaker and the Chief Whip. The new executive committee members were announced and took their oath of office on the 29th of August 2019.

The change does not have an impact on going concern

### 65. Prior period errors

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

#### Statement of Financial Position

##### Controlling Entity - 2018

|                                             | As previously reported | Correction of error | Re-classification | Restated           |
|---------------------------------------------|------------------------|---------------------|-------------------|--------------------|
| Accumulated surplus                         | (7 454 565 168)        | 730 676 478         | -                 | (6 723 888 690)    |
| Cash and cash equivalents                   | 465 479 458            | 5 091 220           | 42 051 629        | 512 622 307        |
| Consumer debtors                            | 1 346 513 563          | (916 370 692)       | (5 382 484)       | 424 760 387        |
| Inventories                                 | 76 793 052             | 8 196 051           | 272 748 814       | 357 737 917        |
| Receivables from exchange transactions      | 28 321 545             | (26 466 639)        | 30 520 528        | 32 375 434         |
| Receivables from non exchange               | 36 514 653             | (33 913 984)        | -                 | 2 600 669          |
| Short term investment                       | 8 981 927              | -                   | (112 470)         | 8 869 457          |
| VAT receivable                              | 26 350                 | (855)               | -                 | 25 495             |
| Heritage assets                             | 226 835 646            | 73 961              | -                 | 226 909 607        |
| Intangible assets                           | 41 752 452             | 10 357 033          | -                 | 52 109 485         |
| Investment property                         | 718 291 602            | 200 121 935         | (68 913 537)      | 849 500 000        |
| Property, plant and equipment               | 7 220 183 530          | (48 914 963)        | (203 835 277)     | 6 967 433 290      |
| Other financial assets                      | 9 944 611              | (5 784 868)         | 504 547           | 4 664 290          |
| Payables from exchange transactions         | (945 964 932)          | 84 310 664          | (38 205 670)      | (899 859 938)      |
| Provisions - current liability              | (11 059 171)           | 26 852              | 8 281 376         | (2 750 943)        |
| Provisions - non current liability          | (128 207 247)          | -                   | 65 884 089        | (62 323 158)       |
| VAT payable                                 | (81 342 959)           | (2 316 629)         | -                 | (83 659 588)       |
| Consumer deposits                           | (103 713 767)          | (5 095 566)         | -                 | (108 809 333)      |
| Other financial liabilities - current       | (84 512 317)           | -                   | (29 376 080)      | (113 888 397)      |
| Employment benefit obligation - current     | (25 880 067)           | -                   | (10 628 923)      | (36 508 990)       |
| Employment benefit obligation - non current | (603 974 632)          | -                   | (63 536 542)      | (667 511 174)      |
|                                             | <b>740 418 129</b>     | <b>-</b>            | <b>-</b>          | <b>740 408 127</b> |

##### Accumulated surplus

|                                                       |                 |                 |
|-------------------------------------------------------|-----------------|-----------------|
| As previously reported                                | (7 454 565 168) | (7 441 379 603) |
| Msunduzi debtor - correction 2017/18                  | (2 890 109)     | (2 890 109)     |
| Msunduzi debtor - correction 2016/17                  | (156 454)       | (156 454)       |
| VAT output correction - LG Seta grant                 | (141 454)       | (141 420)       |
| Correction of land (PPE)                              | (16 401 000)    | (16 401 000)    |
| Correction remainder of ERF1820 Edendale BB           | 47 254 555      | 47 254 555      |
| Investment property - Fair value correction           | (47 651 618)    | (47 651 618)    |
| Correction of land not owned by Msunduzi municipality | 5 923 683       | 5 923 683       |
| Recognition of Maritzburg country club                | (54 000 000)    | (54 000 000)    |
| Correction of property, plant and equipment           | (1 121)         | (1 121)         |
| Correction of accruals                                | (15 713 280)    | (15 713 280)    |
| Correction of financial asset                         | (1 597 824)     | (1 597 824)     |
| Correction of consumer debtor's interest              | (7 743 718)     | (7 743 718)     |
| Reversal of market entries                            | 1 750           | 1 750           |
| Correction of consumer debtor's impairment            | 311 422 673     | 311 422 673     |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                                      | Economic entity |              | Controlling entity |              |
|--------------------------------------------------------------------------------------|-----------------|--------------|--------------------|--------------|
|                                                                                      | 2019            | 2018         | 2019               | 2018         |
| <b>65. Prior period errors (continued)</b>                                           |                 |              |                    |              |
| Correction of Basfour                                                                |                 | 2 063 560    |                    | 2 063 560    |
| Correction of airport account                                                        |                 | 1 811 953    |                    | 1 811 953    |
| Correction of consumer deposits                                                      |                 | (1 235 291)  |                    | (1 235 291)  |
| Correction of payables                                                               |                 | 109 280      |                    | 109 280      |
| Correction of consumer debtors                                                       |                 | (3 438 366)  |                    | (3 438 366)  |
| Correction of other financial assets                                                 |                 | 1 411 968    |                    | 1 411 968    |
| Correction of SDL accrual                                                            |                 | 2 504 245    |                    | 2 504 245    |
| Recognition of co-owned properties                                                   |                 | (4 547 640)  |                    | (4 547 640)  |
| Recognition of Maritzburg golf course                                                |                 | (1 400 000)  |                    | (1 400 000)  |
| Recognition of heritage assets - artworks                                            |                 | (73 961)     |                    | (73 961)     |
| Recognition of firearms                                                              |                 | (671 441)    |                    | (671 441)    |
| Derecognition of privately owned land                                                |                 | 725 600      |                    | 725 600      |
| Derecognition of duplicated/relayed/non existant investment property                 |                 | 5 491 000    |                    | 5 491 000    |
| Correction of airport account                                                        |                 | (114 238)    |                    | (114 238)    |
| Correction of depreciation - remaining useful life                                   |                 | 1 007 020    |                    | 1 007 020    |
| Recognition of assets found on the floor                                             |                 | (4 836 476)  |                    | (4 836 476)  |
| Correction of unallocated deposits - private party jobs                              |                 | (14 271 462) |                    | (14 271 462) |
| Correction of EFT                                                                    |                 | (6 790 685)  |                    | (6 790 685)  |
| Recognition of intangible assets                                                     |                 | (10 356 887) |                    | (10 356 887) |
| Correction of consumer deposits - market buyer's card                                |                 | 5 873 398    |                    | 5 873 398    |
| Consumer debtors - impairment correction                                             |                 | 328 680 420  |                    | 328 680 420  |
| Correction of prescribed debt 2016/17                                                |                 | (4 187 966)  |                    | (4 187 966)  |
| Correction of prescribed debt 2017/18                                                |                 | (640 138)    |                    | (640 138)    |
| Correction of consumer debtors - interest on locked on locked accounts               |                 | (1 652 010)  |                    | (1 652 010)  |
| Correction of consumer debtors - interest on locked accounts 2017/18                 |                 | (401 888)    |                    | (401 888)    |
| Correction of other financial assets - House selling scheme take on balance          |                 | (374 679)    |                    | (374 679)    |
| Consumer debtors - correction of compound interest                                   |                 | 16 589 110   |                    | 16 589 110   |
| Correction of receivables from exchange - merchandising, contracts and jobbing       |                 | 457 459      |                    | 457 459      |
| Correction of SDL accrual                                                            |                 | 682 954      |                    | 682 954      |
| Correction of cashier's collections                                                  |                 | (22 268)     |                    | (22 268)     |
| Correction of EFT account incorrect matching 2016/17                                 |                 | 23 322 715   |                    | 23 322 715   |
| Correction of house selling scheme - incorrect capitalisation of interest on take on |                 | (2 529 887)  |                    | (2 529 887)  |
| Correction of traffic fines impairment - understated in prior years                  |                 | 32 476 601   |                    | 32 476 601   |
| Correction of traffic fines impairment - understated in 2017/18                      |                 | 1 437 381    |                    | 1 437 381    |
| Impairment housing selling scheme                                                    |                 | 8 875 289    |                    | 8 875 289    |
| Impairment contributions 2017/18                                                     |                 | 46 175 609   |                    | 46 175 609   |
| Correction of provisions and leave accrual                                           |                 | (85 595)     |                    | -            |
| Correction of low value assets                                                       |                 | 64 721       |                    | -            |
| Correction grant revenue understated                                                 |                 | (16 974)     |                    | -            |
| Correction of income tax                                                             |                 | (1 488)      |                    | -            |
| Derecognition of Land - ERF 1623( No control exercised)                              |                 | 240 000      |                    | 240 000      |
| Correction of depreciation - zero value assets                                       | -               | 586 931      | -                  | 586 931      |
| Correction of depreciation                                                           | -               | (2 799 786)  | -                  | (2 799 786)  |
| Inventory adjustment                                                                 | -               | (8 196 052)  | -                  | (8 196 052)  |
| Alignment of consumers debtors age analysis and impairment correction                | -               | 180 608 872  | -                  | 180 608 872  |
| Reclassification of Housing stock to Investment property                             | -               | (77 554 291) | -                  | (77 554 291) |
| Fair value adjustment for rental stock                                               | -               | (30 930 709) | -                  | (30 930 709) |
| Derecognition of Housing rentals                                                     | -               | 28 293 214   | -                  | 28 293 214   |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                              | Economic entity |                        | Controlling entity |                        |
|------------------------------------------------------------------------------|-----------------|------------------------|--------------------|------------------------|
|                                                                              | 2019            | 2018                   | 2019               | 2018                   |
| <b>65. Prior period errors (continued)</b>                                   |                 |                        |                    |                        |
| Correction of accrual                                                        | -               | 11 273                 | -                  | -                      |
| <b>Restated</b>                                                              |                 | <b>(6 723 888 690)</b> |                    | <b>(6 710 675 028)</b> |
| <b>Cash and cash equivalents</b>                                             |                 |                        |                    |                        |
| As previously reported                                                       |                 | 465 479 458            |                    | 464 085 657            |
| Reclassification of creditors awaiting payment                               |                 | 72 447 300             |                    | 72 447 300             |
| Reclassification to receivables                                              |                 | (23 490 748)           |                    | (23 490 748)           |
| Reversal of market entries                                                   |                 | (1 750)                |                    | (1 750)                |
| Correction of airport account                                                |                 | (1 697 715)            |                    | (1 697 715)            |
| Correction of EFT                                                            |                 | 6 790 686              |                    | 6 790 686              |
| Reclassification to receivables                                              |                 | (6 904 924)            |                    | (6 904 924)            |
| <b>Restated</b>                                                              |                 | <b>512 622 307</b>     |                    | <b>511 228 506</b>     |
| <b>Consumer debtors</b>                                                      |                 |                        |                    |                        |
| As previously reported                                                       |                 | 1 346 513 563          |                    | 1 346 513 563          |
| Msunduzi debtor correction - 2017/18                                         |                 | 2 890 109              |                    | 2 890 109              |
| Msunduzi debtor correction - 2016/17                                         |                 | 156 454                |                    | 156 454                |
| Correction of interest on consumer debtors not raised in 2017/18             |                 | 6 936 996              |                    | 6 936 996              |
| Correction of interest on consumer debtors not raised in 2017/18             |                 | 806 722                |                    | 806 722                |
| Correction of revenue incorrectly recognised                                 |                 | (72 032 457)           |                    | (72 032 457)           |
| Correction of consumer debtor's impairment                                   |                 | (311 422 673)          |                    | (311 422 673)          |
| Correction of Bashfour                                                       |                 | (2 063 559)            |                    | (2 063 559)            |
| Reclassification of housing loan scheme debtors                              |                 | (856 307)              |                    | (856 307)              |
| Reclassification of decreasing credit balances in consumer debtors           |                 | (4 526 177)            |                    | (4 526 177)            |
| Correction of consumer debtors                                               |                 | 3 438 366              |                    | 3 438 366              |
| Correction of debt impairment                                                |                 | (328 680 418)          |                    | (328 680 418)          |
| Correction of prescribed debt 2016/17                                        |                 | 4 413 802              |                    | 4 413 802              |
| Correction of prescribed debt 2017/18                                        |                 | 672 494                |                    | 672 494                |
| Correction of interest on consumer debtors                                   |                 | (14 535 210)           |                    | (14 535 210)           |
| Correction of deposit not allocated due to incorrect reference               |                 | (3 020 318)            |                    | (3 020 318)            |
| Correction of deposit not allocated due to incorrect reference - third party |                 | (560 115)              |                    | (560 115)              |
| Correction of consumer debtors impairment 2017/18                            |                 | (46 175 611)           |                    | (46 175 611)           |
| Credit balances correction                                                   | -               | 23 423 355             | -                  | 23 423 355             |
| Alignment of age analysis to general ledger and impairment correction        | -               | (182 481 810)          | -                  | (182 481 810)          |
| Matching age analysis to GL                                                  | -               | 1 873 181              | -                  | 1 873 181              |
| <b>Restated</b>                                                              |                 | <b>424 770 387</b>     |                    | <b>424 770 387</b>     |
| <b>Inventories</b>                                                           |                 |                        |                    |                        |
| As previously reported                                                       |                 | 76 793 052             |                    | 76 793 052             |
| Reclassification from property, plant and equipment and investment property  |                 | 272 748 814            |                    | 272 748 814            |
| Inventory adjustment                                                         | -               | 8 196 051              | -                  | 8 196 051              |
| <b>Restated</b>                                                              |                 | <b>357 737 917</b>     |                    | <b>357 737 917</b>     |
| <b>Receivables from exchange transactions</b>                                |                 |                        |                    |                        |
| As previously reported                                                       |                 | 28 321 545             |                    | 28 319 045             |
| Reclassification of PAYE                                                     |                 | 12 386                 |                    | 12 386                 |
| Correction of SDL accrual                                                    |                 | (2 504 245)            |                    | (2 504 245)            |
| Reclassification from cash and cash equivalents                              |                 | 6 904 924              |                    | 6 904 924              |

# The Msunduzi Municipality and its Municipality Entity

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## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                                          | Economic entity |                      | Controlling entity |                      |
|------------------------------------------------------------------------------------------|-----------------|----------------------|--------------------|----------------------|
|                                                                                          | 2019            | 2018                 | 2019               | 2018                 |
| <b>65. Prior period errors (continued)</b>                                               |                 |                      |                    |                      |
| Interest on investment accrual                                                           |                 | 112 470              |                    | 112 470              |
| Correction of SDL accrual                                                                |                 | (682 955)            |                    | (682 955)            |
| Correction of cashier's collections                                                      |                 | 22 268               |                    | 22 268               |
| Reclassification - receipts due from third parties                                       |                 | 168 033              |                    | 168 033              |
| Accrual of revenue shortfall - Safe City                                                 |                 | 19 520               |                    | -                    |
| Correction of tax refund                                                                 |                 | 1 488                |                    | -                    |
| <b>Restated</b>                                                                          |                 | <b>32 375 434</b>    |                    | <b>32 351 926</b>    |
| <b>Investment property</b>                                                               |                 |                      |                    |                      |
| As previously reported                                                                   |                 | 718 291 602          |                    | 718 291 602          |
| Reclassification of Investment property land held for housing projects to land inventory |                 | (11 663 307)         |                    | (11 663 307)         |
| Fair value correction                                                                    |                 | 47 651 619           |                    | 47 651 619           |
| Derecognition - land not owned by Msunduzi municipality                                  |                 | (5 921 684)          |                    | (5 921 684)          |
| Recognition of Maritzburg country club                                                   |                 | 54 000 000           |                    | 54 000 000           |
| Recognition of Maritzburg golf club course                                               |                 | 1 400 000            |                    | 1 400 000            |
| Derecognition of duplicates, relayed and non existant properties                         |                 | (5 491 000)          |                    | (5 491 000)          |
| Reclassification from Investment property to property, plant and equipment               |                 | (57 252 230)         |                    | (57 252 230)         |
| Correction of Housing selling scheme                                                     | -               | 77 554 291           | -                  | 77 554 291           |
| FV adjustment for rental stock                                                           | -               | 30 930 709           | -                  | 30 930 709           |
| <b>Restated</b>                                                                          |                 | <b>849 500 000</b>   |                    | <b>849 500 000</b>   |
| <b>Property, plant and equipment</b>                                                     |                 |                      |                    |                      |
| As previously reported                                                                   |                 | 7 220 183 530        |                    | 7 207 673 390        |
| Correction of land previously incorrectly derecognised                                   |                 | 16 400 000           |                    | 16 400 000           |
| Correction of Rem of Erf 1820 - derecognition of land not owned by the municipality      |                 | (47 254 555)         |                    | (47 254 555)         |
| Reclassification of land held for housing projects to land inventory                     |                 | (261 085 508)        |                    | (261 085 508)        |
| Property, plant and equipment correction                                                 |                 | (118)                |                    | (118)                |
| Recognition of the municipality share of properties previously not recognised            |                 | 4 547 640            |                    | 4 547 640            |
| Recognition of firearms previously not included in the FAR                               |                 | 671 441              |                    | 671 441              |
| Derecognition of privately owned properties                                              |                 | (725 600)            |                    | (725 600)            |
| Depreciation correction - Review of useful life                                          |                 | (752 587)            |                    | (752 587)            |
| Recognition of movable assets found on the floor but not on the FAR                      |                 | 4 836 475            |                    | 4 836 475            |
| Reclassification of properties from investment property to PPE                           |                 | 57 252 230           |                    | 57 252 230           |
| Correction of low value assets - Safe City                                               |                 | (64 723)             |                    | -                    |
| Derecognition of Land - ERF 1623( No control exercised)                                  | -               | (240 000)            | -                  | (240 000)            |
| Correction of amortisation - nil value                                                   | -               | (550 833)            | -                  | (550 833)            |
| Correction of amortisation                                                               | -               | 2 509 112            | -                  | 2 509 112            |
| Derecognition of Housing selling scheme stock                                            | -               | (28 293 214)         | -                  | (28 293 214)         |
| <b>Restated</b>                                                                          |                 | <b>6 967 433 290</b> |                    | <b>6 954 987 873</b> |
| <b>VAT payable</b>                                                                       |                 |                      |                    |                      |
| As previously reported                                                                   |                 | (81 342 959)         |                    | (81 342 959)         |
| VAT correction                                                                           |                 | 141 420              |                    | 141 420              |
| Correction of accruals                                                                   |                 | (2 199 859)          |                    | (2 199 859)          |
| Prescribed debt correction                                                               |                 | (258 190)            |                    | (258 190)            |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                                                             | Economic entity |                      | Controlling entity |                      |
|-------------------------------------------------------------------------------------------------------------|-----------------|----------------------|--------------------|----------------------|
|                                                                                                             | 2019            | 2018                 | 2019               | 2018                 |
| <b>65. Prior period errors (continued)</b>                                                                  |                 |                      |                    |                      |
| <b>Restated</b>                                                                                             |                 | <b>(83 659 588)</b>  |                    | <b>(83 659 588)</b>  |
| <b>Other financial assets</b>                                                                               |                 |                      |                    |                      |
| As previously reported                                                                                      |                 | 9 944 611            |                    | 9 944 611            |
| Reclassification from consumer debtors                                                                      |                 | 856 307              |                    | 856 307              |
| Interest previously not charged in 2017/18 year                                                             |                 | 1 597 824            |                    | 1 597 824            |
| Correction house selling scheme balance                                                                     |                 | (1 411 968)          |                    | (1 411 968)          |
| Correction of take on balance                                                                               |                 | 374 679              |                    | 374 679              |
| Reclassification of housing selling scheme previously classified as payable                                 |                 | (351 760)            |                    | (351 760)            |
| Correction of interest incorrectly capitalised on take on                                                   |                 | 2 529 887            |                    | 2 529 887            |
| Impairment of housing selling scheme                                                                        |                 | (8 875 290)          |                    | (8 875 290)          |
| <b>Restated</b>                                                                                             |                 | <b>4 664 290</b>     |                    | <b>4 664 290</b>     |
| <b>Payables from exchange transactions</b>                                                                  |                 |                      |                    |                      |
| As previously reported                                                                                      |                 | (945 964 932)        |                    | (945 647 956)        |
| Reclassification payments due to creditors                                                                  |                 | (72 447 300)         |                    | (72 447 300)         |
| Correction of prior year accruals                                                                           |                 | 17 913 136           |                    | 17 913 136           |
| Correction of revenue incorrectly recognised - unallocated deposits                                         |                 | 72 032 455           |                    | 72 032 455           |
| Reclassification PAYE                                                                                       |                 | (12 389)             |                    | (12 389)             |
| Reclassification of credit balances in debtors                                                              |                 | 4 526 179            |                    | 4 526 179            |
| Correction of accruals - Maritzburg sand                                                                    |                 | (109 281)            |                    | (109 281)            |
| Correction of unallocated deposits - private party jobs                                                     |                 | 14 271 461           |                    | 14 271 461           |
| Reclassification of housing selling scheme previously classified as payable                                 |                 | 351 760              |                    | 351 760              |
| Correction consumers debtors - unallocated deposits due to incorrect reference                              |                 | 3 020 318            |                    | 3 020 318            |
| Correction of deposits - unallocated due to incorrect reference                                             |                 | 560 117              |                    | 560 117              |
| Reallocation of DBSA payment from creditors due to non payment                                              |                 | (4 248 881)          |                    | (4 248 881)          |
| Reclassification DBSA loan payment from creditors                                                           |                 | 33 624 963           |                    | 33 624 962           |
| Correction of WCA accrual                                                                                   |                 | (23 007)             |                    | -                    |
| Correction of leave accrual                                                                                 |                 | 81 784               |                    | -                    |
| Correction of consumer debtors credit balances                                                              |                 | (23 423 356)         |                    | (23 423 356)         |
| Accrual correction                                                                                          |                 | (12 965)             |                    | -                    |
| <b>Restated</b>                                                                                             |                 | <b>(899 859 938)</b> |                    | <b>(899 588 775)</b> |
| <b>Provisions - current liability</b>                                                                       |                 |                      |                    |                      |
| As previously reported                                                                                      |                 | (11 059 171)         |                    | (10 628 923)         |
| Reclassification of current portion landfill site provision                                                 |                 | (2 347 547)          |                    | (2 347 547)          |
| Reclassification of Long service awards to employee benefit obligation (correction of classification error) |                 | 10 628 923           |                    | 10 628 923           |
| Correction of bonus and performance bonus provisions                                                        |                 | 26 852               |                    | -                    |
| <b>Restated</b>                                                                                             |                 | <b>(2 750 943)</b>   |                    | <b>(2 347 547)</b>   |
| <b>Provisions - non current</b>                                                                             |                 |                      |                    |                      |
| As previously reported                                                                                      |                 | (128 207 247)        |                    | (128 207 247)        |
| Reclassification of current portion landfill site provision                                                 |                 | 2 347 547            |                    | 2 347 547            |
| Reclassification of Long service awards to employee benefit obligation (correction of classification error) |                 | 63 536 542           |                    | 63 536 542           |
| <b>Restated</b>                                                                                             |                 | <b>(62 323 158)</b>  |                    | <b>(62 323 158)</b>  |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                                                             | Economic entity |                      | Controlling entity |                      |
|-------------------------------------------------------------------------------------------------------------|-----------------|----------------------|--------------------|----------------------|
|                                                                                                             | 2019            | 2018                 | 2019               | 2018                 |
| <b>65. Prior period errors (continued)</b>                                                                  |                 |                      |                    |                      |
| <b>Heritage assets</b>                                                                                      |                 |                      |                    |                      |
| As previously reported                                                                                      |                 | 226 835 646          |                    | 226 835 646          |
| Recognition of artworks                                                                                     |                 | 73 961               |                    | 73 961               |
| <b>Restated</b>                                                                                             |                 | <b>226 909 607</b>   |                    | <b>226 909 607</b>   |
| <b>Intangible assets</b>                                                                                    |                 |                      |                    |                      |
| As previously reported                                                                                      |                 | 41 752 454           |                    | 41 752 454           |
| Amortisation correction - review of useful lives                                                            |                 | (254 435)            |                    | (254 435)            |
| Recognition of assets invoices previously not capitalised                                                   |                 | 10 356 889           |                    | 10 356 889           |
| Correction of amortisation - amortisation                                                                   | -               | (36 097)             | -                  | (36 097)             |
| Correction of amortisation                                                                                  | -               | 290 674              | -                  | 290 674              |
| <b>Restated</b>                                                                                             |                 | <b>52 109 485</b>    |                    | <b>52 109 485</b>    |
| <b>Consumer deposits</b>                                                                                    |                 |                      |                    |                      |
| As previously reported                                                                                      |                 | (103 713 767)        |                    | (103 713 767)        |
| Correction of consumer deposits                                                                             |                 | 1 235 291            |                    | 1 235 291            |
| Correction of market buyer's cards                                                                          |                 | (5 873 398)          |                    | (5 873 398)          |
| Allocation of funds paid by customers in 2017/18                                                            |                 | (457 459)            |                    | (457 459)            |
| <b>Restated</b>                                                                                             |                 | <b>(108 809 333)</b> |                    | <b>(108 809 333)</b> |
| <b>Short term investment</b>                                                                                |                 |                      |                    |                      |
| As previously reported                                                                                      |                 | 8 981 927            |                    | 8 981 927            |
| Reclassification of interest accrual                                                                        |                 | (112 470)            |                    | (112 470)            |
| <b>Restated</b>                                                                                             |                 | <b>8 869 457</b>     |                    | <b>8 869 457</b>     |
| <b>Receivable from non exchange transactions</b>                                                            |                 |                      |                    |                      |
| As previously reported                                                                                      |                 | 36 514 653           |                    | 36 514 653           |
| Adjustment of traffic fines impairment                                                                      |                 | (33 913 984)         |                    | (33 913 984)         |
| <b>Restated</b>                                                                                             |                 | <b>2 600 669</b>     |                    | <b>2 600 669</b>     |
| <b>Other financial liabilities- current</b>                                                                 |                 |                      |                    |                      |
| As previously reported                                                                                      |                 | (84 512 317)         |                    | (84 512 317)         |
| Reclassification of from payables                                                                           |                 | (29 376 080)         |                    | (29 376 080)         |
| <b>Restated</b>                                                                                             |                 | <b>(113 888 397)</b> |                    | <b>(113 888 397)</b> |
| <b>Employee benefit obligation - current liability</b>                                                      |                 |                      |                    |                      |
| As previously reported                                                                                      |                 | (25 880 067)         |                    | (25 880 067)         |
| Reclassification of Long service awards to employee benefit obligation (correction of classification error) |                 | (10 628 923)         |                    | (10 628 923)         |
| <b>Restated</b>                                                                                             |                 | <b>(36 508 990)</b>  |                    | <b>(36 508 990)</b>  |
| <b>Employee benefit obligation - non current liability</b>                                                  |                 |                      |                    |                      |
| As previously reported                                                                                      |                 | (603 974 632)        |                    | (603 974 632)        |
| Reclassification of Long service awards to employee benefit obligation (correction of classification error) |                 | (63 536 542)         |                    | (63 536 542)         |
| <b>Restated</b>                                                                                             |                 | <b>(667 511 174)</b> |                    | <b>(667 511 174)</b> |
| <b>Contracted Services</b>                                                                                  |                 |                      |                    |                      |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                            | Economic entity |               | Controlling entity |               |
|--------------------------------------------|-----------------|---------------|--------------------|---------------|
|                                            | 2019            | 2018          | 2019               | 2018          |
| <b>65. Prior period errors (continued)</b> |                 |               |                    |               |
| As previously reported                     | -               | (619 233 675) | -                  | (619 009 304) |
| Reclassification to general expenses       | -               | 619 233 675   | -                  | 619 009 304   |
| <b>Restated</b>                            | -               | -             | -                  | -             |
| <b>VAT receivable</b>                      |                 |               |                    |               |
| As previously recorded                     | -               | 26 350        | -                  | -             |
| Correction of revenue                      | -               | (2 546)       | -                  | -             |
| Accrual correction                         | -               | 1 691         | -                  | -             |
| <b>Restated</b>                            | -               | <b>25 495</b> | -                  | -             |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                         | Economic entity               |                            | Controlling entity       |                     |
|-------------------------------------------------------------------------|-------------------------------|----------------------------|--------------------------|---------------------|
|                                                                         | 2019                          | 2018                       | 2019                     | 2018                |
| <b>65. Prior period errors (continued)</b>                              |                               |                            |                          |                     |
| <b>Statement of Financial Performance</b>                               |                               |                            |                          |                     |
| <b>Controlling Entity - 2018</b>                                        |                               |                            |                          |                     |
|                                                                         | <b>As previously reported</b> | <b>Correction of error</b> | <b>Re-classification</b> | <b>Restated</b>     |
| Surplus/deficit for the year                                            | 9 694 402                     | (535 140 216)              | -                        | (525 445 814)       |
| Interest consumer debtors and receivables                               | 192 218 488                   | 9 743 428                  | -                        | 201 961 916         |
| Licences and permits                                                    | 901 053                       | (2 439)                    | -                        | 898 614             |
| Operational revenue                                                     | 68 509 952                    | (8 772 826)                | -                        | 59 737 126          |
| Rendering of services                                                   | 8 884 320                     | (4 494)                    | -                        | 8 879 826           |
| Sale of goods                                                           | 433 943                       | (90)                       | -                        | 433 853             |
| Service charges                                                         | 2 709 017 464                 | 1 626 375                  | -                        | 2 710 643 839       |
| Property rates                                                          | 863 739 575                   | 424 431                    | -                        | 864 164 006         |
| Bad debts written off                                                   | (849 890)                     | -                          | 849 890                  | -                   |
| Contracted services                                                     | (619 233 675)                 | 224 371                    | 619 009 304              | -                   |
| General expenses                                                        | -                             | (433 317)                  | (617 219 449)            | (617 652 766)       |
| Impairment loss/reversal of impairments                                 | -                             | -                          | (3 728 760)              | (3 728 760)         |
| Employee related costs                                                  | (1 127 191 949)               | (597 334)                  | (67 031 977)             | (1 194 821 260)     |
| Finance costs                                                           | (63 181 252)                  | -                          | 1 741 829                | (61 439 423)        |
| Debt impairment                                                         | -                             | (558 744 520)              | (350 124 283)            | (908 868 803)       |
| Operational cost                                                        | (113 021 770)                 | (32 010 343)               | 8 304 041                | (136 728 072)       |
| Transfers and subsidies                                                 | (18 099 660)                  | 16 974                     | (1 119 298)              | (19 201 984)        |
| Operating leases                                                        | (42 112 028)                  | (10 000)                   | (436 800)                | (42 558 828)        |
| Inventory consumed                                                      | (69 267 465)                  | -                          | (59 882)                 | (69 327 347)        |
| Fair value adjustment on investment property                            | 9 538 690                     | 53 256 617                 | -                        | 62 795 307          |
| Actuarial gain/loss                                                     | -                             | -                          | 56 812 234               | 56 812 234          |
| Impairment of consumer and traffic fines debtors                        | (349 274 392)                 | -                          | 349 274 392              | -                   |
| Impairment loss relating to non current assets                          | (3 728 759)                   | -                          | 3 728 759                | -                   |
| Depreciation and amortisation                                           | (466 378 218)                 | 869                        | -                        | (466 377 349)       |
| Gain on disposal of assets                                              | (932 263)                     | (388)                      | -                        | (932 651)           |
|                                                                         | <b>989 666 566</b>            | <b>(1 070 422 902)</b>     | <b>-</b>                 | <b>(80 756 336)</b> |
| <b>Surplus/(deficit)</b>                                                |                               |                            |                          |                     |
| As previously reported                                                  |                               | 9 694 402                  |                          | 10 465 596          |
| Correction revenue                                                      |                               | (471 733)                  |                          | (471 733)           |
| Correction of market                                                    |                               | (6 976 365)                |                          | (6 976 365)         |
| Correction of interest - Housing scheme                                 |                               | 1 597 823                  |                          | 1 597 823           |
| Correction of interest - Consumer debtors                               |                               | 7 743 716                  |                          | 7 743 716           |
| Correction of Basfour                                                   |                               | (2 063 560)                |                          | (2 063 560)         |
| Correction of debt impairment                                           |                               | (328 680 420)              |                          | (328 680 420)       |
| Correction of prescribed debt                                           |                               | 640 137                    |                          | 640 137             |
| Correction of interest on locked down account                           |                               | 401 890                    |                          | 401 890             |
| Correction of fair value - Investment property                          |                               | 47 651 617                 |                          | 47 651 617          |
| Correction of SDL accrual                                               |                               | (682 954)                  |                          | (682 954)           |
| Correction of litigation provision -contribution 2017/18                |                               | (32 702 698)               |                          | (32 702 698)        |
| Correction of traffic fines debt impairment - 2017/18 issued tickets    |                               | (1 437 381)                |                          | (1 437 381)         |
| Correction of consumer debtors impairment                               |                               | (46 175 611)               |                          | (46 175 611)        |
| Correction of litigation provision -contribution 2017/18                |                               | 992 353                    |                          | 992 353             |
| Correction of grants revenue understated                                |                               | 16 974                     |                          | -                   |
| Correction of assets                                                    |                               | (64 724)                   |                          | -                   |
| Correction of bonus and leave accrual                                   |                               | 85 620                     |                          | -                   |
| Alignment of consumer debtors to age analysis and impairment correction | -                             | (180 608 630)              | -                        | (180 608 630)       |
| Housing selling schemes Fair Value adjustment 2017/18                   | -                             | 5 605 000                  | -                        | 5 605 000           |

# The Msunduzi Municipality and its Municipality Entity

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## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                            | Economic entity |                      | Controlling entity |                      |
|------------------------------------------------------------|-----------------|----------------------|--------------------|----------------------|
|                                                            | 2019            | 2018                 | 2019               | 2018                 |
| <b>65. Prior period errors (continued)</b>                 |                 |                      |                    |                      |
| Accruals correct                                           | -               | (11 270)             | -                  | -                    |
| Expense correction                                         | -               | (10 000)             | -                  | -                    |
| <b>Restated</b>                                            |                 | <b>(525 455 814)</b> |                    | <b>(524 701 220)</b> |
| <b>Licences and permits</b>                                |                 |                      |                    |                      |
| As previously reported                                     |                 | 901 053              |                    | 901 053              |
| Correction of revenue                                      |                 | (2 439)              |                    | (2 439)              |
| <b>Restated</b>                                            |                 | <b>898 614</b>       |                    | <b>898 614</b>       |
| <b>Operational revenue</b>                                 |                 |                      |                    |                      |
| As previously reported                                     |                 | 68 509 952           |                    | 68 509 952           |
| Correction of revenue                                      |                 | (2 200)              |                    | (2 200)              |
| Correction of market                                       |                 | (11 414 567)         |                    | (11 414 567)         |
| Correction of market                                       |                 | 4 438 201            |                    | 4 438 201            |
| Correction of Basfour                                      |                 | (2 063 559)          |                    | (2 063 559)          |
| Configuration of passing a credit note on debtor           |                 | 300 000              |                    | 300 000              |
| Reclassification customer account written off              |                 | (30 701)             |                    | (30 701)             |
| <b>Restated</b>                                            |                 | <b>59 737 126</b>    |                    | <b>59 737 126</b>    |
| <b>Rendering of services</b>                               |                 |                      |                    |                      |
| As previously reported                                     |                 | 8 884 320            |                    | 8 884 320            |
| Correction of revenue                                      |                 | (4 494)              |                    | (4 494)              |
| <b>Restated</b>                                            |                 | <b>8 879 826</b>     |                    | <b>8 879 826</b>     |
| <b>Sale of goods</b>                                       |                 |                      |                    |                      |
| As previously reported                                     |                 | 433 943              |                    | 433 499              |
| Correction of revenue                                      |                 | (90)                 |                    | (90)                 |
| <b>Restated</b>                                            |                 | <b>433 853</b>       |                    | <b>433 409</b>       |
| <b>Service charges</b>                                     |                 |                      |                    |                      |
| As previously reported                                     |                 | 2 709 017 464        |                    | 2 709 165 355        |
| Operational revenue                                        |                 | (462 512)            |                    | (462 512)            |
| Correction of prescribed debt                              | -               | 215 707              | -                  | 215 707              |
| Alignment of consumer debtors to age analysis              |                 | 1 873 180            |                    | 1 873 180            |
| <b>Restated</b>                                            |                 | <b>2 710 643 839</b> |                    | <b>2 710 791 730</b> |
| <b>General expenses</b>                                    |                 |                      |                    |                      |
| As previously reported                                     | -               | -                    | -                  | -                    |
| Reclassification from contracted services                  |                 | (619 009 304)        |                    | (619 009 304)        |
| Reclassification from sponsorship                          |                 | 1 119 299            |                    | 1 119 299            |
| Reclassification - refuse removal - (SMME)                 |                 | 436 800              |                    | 436 800              |
| Reclassification - inventory consumed and operational cost |                 | 147 182              |                    | 147 182              |
| Reclassification of catering to operational cost           |                 | 86 575               |                    | 86 575               |
| Correction of grants expenditure                           |                 | (132 471)            |                    | (132 471)            |
| Correction of low value assets - Safe City                 |                 | (65 204)             |                    | -                    |
| Reclassification from contracted services                  | -               | (224 371)            | -                  | -                    |
| Accruals correction                                        | -               | (11 272)             | -                  | -                    |
| <b>Restated</b>                                            |                 | <b>(617 652 766)</b> |                    | <b>(617 351 919)</b> |
| <b>Impairment loss/reversal of impairment</b>              |                 |                      |                    |                      |
| As previously reported                                     | -               | -                    | -                  | -                    |

# The Msunduzi Municipality and its Municipality Entity

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## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                                   | Economic entity |                        | Controlling entity |                        |
|-------------------------------------------------------------------|-----------------|------------------------|--------------------|------------------------|
|                                                                   | 2019            | 2018                   | 2019               | 2018                   |
| <b>65. Prior period errors (continued)</b>                        |                 |                        |                    |                        |
| Reclassification to main expenditure                              |                 | (3 728 759)            |                    | (3 728 759)            |
| <b>Restated</b>                                                   |                 | <b>(3 728 759)</b>     |                    | <b>(3 728 759)</b>     |
| <b>Employee related costs</b>                                     |                 |                        |                    |                        |
| As previously reported                                            |                 | (1 127 191 949)        |                    | (1 120 867 733)        |
| Reclassification of actuarial gain from employee related costs    |                 | (56 812 234)           |                    | (56 812 234)           |
| Reclassification of SDL from operational costs                    |                 | (8 801 168)            |                    | (8 801 168)            |
| Reclassification of WCA from operational costs                    |                 | (1 400 435)            |                    | (1 400 435)            |
| Correction of SDL accrual                                         |                 | (682 953)              |                    | (682 953)              |
| Correction provisions and leave accrual                           |                 | 85 619                 |                    | -                      |
| Reclassification from operating costs                             |                 | (18 140)               |                    | -                      |
| <b>Restated</b>                                                   |                 | <b>(1 194 821 260)</b> |                    | <b>(1 188 564 523)</b> |
| <b>Finance costs</b>                                              |                 |                        |                    |                        |
| As previously reported                                            |                 | (63 181 252)           |                    | (63 181 252)           |
| Reclassification of provision interest cost                       |                 | 1 741 829              |                    | 1 741 829              |
| <b>Restated</b>                                                   |                 | <b>(61 439 423)</b>    |                    | <b>(61 439 423)</b>    |
| <b>Debt impairment</b>                                            |                 |                        |                    |                        |
| Reclassification of bad debts                                     |                 | (349 274 392)          |                    | (349 274 392)          |
| Reclassification of bad debts                                     |                 | (849 891)              |                    | (849 891)              |
| Correction of impairment - consumer debtors                       |                 | (328 680 420)          |                    | (328 680 420)          |
| Correction of traffic fines debt impairment understated (2017/18) |                 | (1 437 380)            |                    | (1 437 380)            |
| Correction of customer account previously written off             |                 | 30 702                 |                    | 30 702                 |
| Correction of impairment                                          |                 | (46 175 612)           |                    | (46 175 612)           |
| Correction consumer debtors impairment                            |                 | - (182 481 810)        |                    | - (182 481 810)        |
| <b>Restated</b>                                                   |                 | <b>(908 868 803)</b>   |                    | <b>(908 868 803)</b>   |
| <b>Transfers and subsidies</b>                                    |                 |                        |                    |                        |
| As previously reported                                            |                 | (18 099 660)           |                    | (25 890 640)           |
| Reclassification from sponsorship                                 |                 | (1 119 298)            |                    | (1 119 298)            |
| Correction of grant short fall - Safe City                        |                 | 16 974                 |                    | -                      |
| <b>Restated</b>                                                   |                 | <b>(19 201 984)</b>    |                    | <b>(27 009 938)</b>    |
| <b>Actuarial gains/losses</b>                                     |                 |                        |                    |                        |
| Reclassification of actuarial gain from employee related costs    |                 | 56 812 234             |                    | 56 812 234             |
| <b>Impairment of consumer and traffic debtors</b>                 |                 |                        |                    |                        |
| As previously reported                                            |                 | (349 274 392)          |                    | (349 274 392)          |
| Reclassification to debt impairment                               |                 | 349 274 392            |                    | 349 274 392            |
| <b>Restated</b>                                                   |                 | <b>-</b>               |                    | <b>-</b>               |
| <b>Impairment loss relating to non current assets</b>             |                 |                        |                    |                        |
| As previously reported                                            |                 | (3 728 759)            |                    | (3 728 759)            |
| Reclassification to impairment loss/reversal (main expenditure)   |                 | 3 728 759              |                    | 3 728 759              |
| <b>Restated</b>                                                   |                 | <b>-</b>               |                    | <b>-</b>               |
| <b>Operational cost</b>                                           |                 |                        |                    |                        |

# The Msunduzi Municipality and its Municipality Entity

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## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                       | Economic entity |                      | Controlling entity |                      |
|-------------------------------------------------------|-----------------|----------------------|--------------------|----------------------|
|                                                       | 2019            | 2018                 | 2019               | 2018                 |
| <b>65. Prior period errors (continued)</b>            |                 |                      |                    |                      |
| As previously reported                                |                 | (113 021 770)        |                    | (112 122 833)        |
| Reclassification landfill provision interest          |                 | (1 741 829)          |                    | (1 741 828)          |
| Reclassification of SDL                               |                 | 8 801 167            |                    | 8 801 167            |
| Reclassification OF WCA                               |                 | 1 400 437            |                    | 1 400 437            |
| Reclassification from contracted services             |                 | (87 300)             |                    | (87 300)             |
| Reclassification from contracted services             |                 | (86 575)             |                    | (86 575)             |
| Litigation provision movement for 2017/18             |                 | (31 710 346)         |                    | (31 710 346)         |
| Configuration of passing a credit note on debtor      |                 | (300 000)            |                    | (300 000)            |
| Reclassification to employee related costs            |                 | 18 144               |                    | -                    |
| <b>Restated</b>                                       |                 | <b>(136 728 072)</b> |                    | <b>(135 847 278)</b> |
| <b>Property rates</b>                                 |                 |                      |                    |                      |
| As previously reported                                |                 | 863 739 575          |                    | 863 739 575          |
| Correction of prescribed debt                         |                 | 424 431              |                    | 424 431              |
| <b>Restated</b>                                       |                 | <b>864 164 006</b>   |                    | <b>864 164 006</b>   |
| <b>Interest - consumer debtors and receivables</b>    |                 |                      |                    |                      |
| As previously reported                                |                 | 192 218 488          |                    | 192 218 488          |
| Correction of interest - Housing scheme               |                 | 1 597 823            |                    | 1 597 823            |
| Correction of interest - Consumer debtors             |                 | 7 743 717            |                    | 7 743 717            |
| Correction of interest on locked down accounts        |                 | 401 888              |                    | 401 888              |
| <b>Restated</b>                                       |                 | <b>201 961 916</b>   |                    | <b>201 961 916</b>   |
| <b>Bad debts</b>                                      |                 |                      |                    |                      |
| As previously reported                                |                 | (849 890)            |                    | (849 890)            |
| Reclassification to debt impairment                   |                 | 849 890              |                    | 849 890              |
| <b>Restated</b>                                       |                 | <b>-</b>             |                    | <b>-</b>             |
| <b>Operating leases</b>                               |                 |                      |                    |                      |
| As previously reported                                |                 | (42 122 028)         |                    | (42 112 234)         |
| Reclassification refuse removal (SMME)                |                 | (436 800)            |                    | (436 800)            |
| <b>Restated</b>                                       |                 | <b>(42 558 828)</b>  |                    | <b>(42 549 034)</b>  |
| <b>Inventory consumed</b>                             |                 |                      |                    |                      |
| As previously reported                                |                 | (69 267 465)         |                    | (69 227 304)         |
| Reclassification from contracted services             |                 | (59 882)             |                    | (59 882)             |
| <b>Restated</b>                                       |                 | <b>(69 327 347)</b>  |                    | <b>(69 287 186)</b>  |
| <b>Fair value adjustment on investment property</b>   |                 |                      |                    |                      |
| As previously reported                                |                 | 9 538 690            |                    | 9 538 690            |
| Fair value adjustment - 2017/18                       |                 | 47 651 617           |                    | 47 651 617           |
| Housing selling schemes Fair Value adjustment 2017/18 | -               | 5 605 000            | -                  | 5 605 000            |
| <b>Restated</b>                                       |                 | <b>62 795 307</b>    |                    | <b>62 795 307</b>    |
| <b>Gain/(loss) on disposal of assets</b>              |                 |                      |                    |                      |
| As previously reported                                |                 | (932 263)            |                    |                      |
| Correction of assets                                  |                 | (388)                |                    |                      |
| <b>Restated</b>                                       |                 | <b>(932 651)</b>     |                    |                      |
| <b>Depreciation and amortisation</b>                  |                 |                      |                    |                      |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                            | Economic entity |                      | Controlling entity |      |
|--------------------------------------------|-----------------|----------------------|--------------------|------|
|                                            | 2019            | 2018                 | 2019               | 2018 |
| <b>65. Prior period errors (continued)</b> |                 |                      |                    |      |
| As previously reported                     |                 | (466 378 218)        |                    |      |
| Correction of assets                       |                 | 869                  |                    |      |
| <b>Restated</b>                            |                 | <b>(466 377 349)</b> |                    |      |

### Cash Flow Statement

#### Controlling Entity - 2018

|                                                     | As previously reported | Correction of error | Restated             |
|-----------------------------------------------------|------------------------|---------------------|----------------------|
| <b>Cash flow from operating activities</b>          |                        |                     |                      |
| Sale of goods and services                          | 3 368 355 233          | 1 799 858           | 3 370 155 091        |
| Government grants and subsidies                     | 928 344 709            | 81 331 580          | 1 009 676 289        |
| Interest income                                     | 231 348 886            | (192 331 404)       | 39 017 482           |
| Interest received - consumer debtors                | -                      | 3 033 634           | 3 033 634            |
| Tax received                                        | -                      | 136 375             | 136 375              |
| Employee costs                                      | (1 127 191 949)        | (37 180 503)        | (1 164 372 452)      |
| Suppliers                                           | (2 861 424 251)        | 233 720 589         | (2 627 703 662)      |
| Finance costs                                       | (63 181 252)           | 8 221 099           | (54 960 153)         |
|                                                     | <b>476 251 376</b>     | <b>98 731 228</b>   | <b>574 982 604</b>   |
| <b>Cash flow from investing activities</b>          |                        |                     |                      |
| Purchase of property, plant and equipment           | (285 592 495)          | (382 771 081)       | (668 363 576)        |
| Increase in capital work in progress                | (314 575 311)          | 314 575 311         | -                    |
| Proceeds from sale of property, plant and equipment | (182 570)              | 182 570             | -                    |
| Decrease in short term investment                   | -                      | 306 236             | 306 236              |
| Purchase of intangible assets                       | (8 968 380)            | -                   | (8 968 380)          |
| Receipts from other financial assets                | -                      | 351 758             | 351 758              |
| Additions to living resources                       | (66 006)               | 66 006              | -                    |
|                                                     | <b>(609 384 762)</b>   | <b>(67 289 200)</b> | <b>(676 673 962)</b> |
| <b>Cash flow from financing activities</b>          |                        |                     |                      |
| Repayment of other financial liabilities            | (79 714 921)           | 18 032 955          | (61 681 966)         |
| Movement in consumer deposits                       | 2 332 134              | (2 332 134)         | -                    |
|                                                     | <b>(77 382 787)</b>    | <b>15 700 821</b>   | <b>(61 681 966)</b>  |

#### Controlling entity - 2019

|                                            | As previously reported | Correction of error | Restated           |
|--------------------------------------------|------------------------|---------------------|--------------------|
| <b>Cash flow from operating activities</b> |                        |                     |                    |
| Sale of goods and services                 | 3 360 564 252          | 9 590 395           | 3 370 154 647      |
| Government grants and subsidies            | 928 344 709            | 73 523 626          | 1 001 868 335      |
| Interest - consumer debtors                | -                      | 3 033 634           | 3 033 634          |
| Interest revenue                           | 231 264 678            | (192 330 958)       | 38 933 720         |
| Employee costs                             | (1 120 867 733)        | (37 266 124)        | (1 158 133 857)    |
| Suppliers                                  | (2 860 152 703)        | 234 024 760         | (2 626 127 943)    |
| Finance costs                              | (63 181 252)           | 8 221 097           | (54 960 155)       |
|                                            | <b>475 971 951</b>     | <b>98 796 430</b>   | <b>574 768 381</b> |
| <b>Cash flow from investing activities</b> |                        |                     |                    |
| Purchase of property, plant and equipment  | (285 478 237)          | (382 836 283)       | (668 314 520)      |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                            | Economic entity      |                     | Controlling entity   |      |
|--------------------------------------------|----------------------|---------------------|----------------------|------|
|                                            | 2019                 | 2018                | 2019                 | 2018 |
| <b>65. Prior period errors (continued)</b> |                      |                     |                      |      |
| Increase in capital work in progress       | (314 575 311)        | 314 575 311         | -                    | -    |
| Decrease in short term investment          | (182 570)            | 488 806             | 306 236              |      |
| Purchase of intangible assets              | (8 968 380)          | -                   | (8 968 380)          |      |
| Receipts from other financial assets       | -                    | 351 758             | 351 758              |      |
| Additions to living resources              | (66 006)             | 66 006              | -                    |      |
|                                            | <b>(609 270 504)</b> | <b>(67 354 402)</b> | <b>(676 624 906)</b> |      |
| <b>Cash flow from financing activities</b> |                      |                     |                      |      |
| Repayment of other financial liabilities   | (79 714 921)         | 18 032 955          | (61 681 966)         |      |
| Movement in consumer deposits              | 2 332 134            | (2 332 134)         | -                    |      |
|                                            | <b>(77 382 787)</b>  | <b>15 700 821</b>   | <b>(61 681 966)</b>  |      |

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 66. Change in estimate

#### Property, plant and equipment

GRAP 17: Property, plant and equipment requires that the review of the remaining useful life of an item of property, plant and equipment be conducted at least at each reporting period. The municipality performed this review as at 30 June 2019 and the following results were achieved:

Based on the condition assessment and utilisation of assets ascertained during the physical verification exercise, the remaining useful lives of assets were reviewed.

The impact of the adjustment is that depreciation charges on property, plant and equipment decreased by R23 960 455 (2018: R6 275 757).

It is impractical to determine the amount of the effect in future periods.

|                                               |                     |                  |                     |                  |
|-----------------------------------------------|---------------------|------------------|---------------------|------------------|
| Depreciation before the review of useful life | (31 380 195)        | (9 206 998)      | (31 380 195)        | (9 206 998)      |
| Depreciation after the review of useful life  | 7 419 740           | 15 482 755       | 7 419 740           | 15 482 755       |
| <b>Increase/decrease</b>                      | <b>(23 960 455)</b> | <b>6 275 757</b> | <b>(23 960 455)</b> | <b>6 275 757</b> |

#### Property, Plant and Equipment - Landfill site provision

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's liability with regards to aforementioned restoration costs. The effect of the current year's revision was an increase of R4 738 227 due to change in discount factor and effect of re-measurement.

#### Employment benefit obligation

The municipality provides post-employment medical benefits to certain staff members. The provision represents management's best estimate of the municipality's liability with regards to aforementioned post-employment medical benefits. The effect of the current year's revision is a decrease of R103 032 829 to R526 821 870 owing to the net effect of the actuarial gain, current service and interest costs for the reporting period ended 30 June 2019.

#### Leave accrual

The leave pay accrual 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 from R90 462 844 to R 107 539 694.

#### Long service provision

In terms of the SALGA conditions of service collective agreement, employees qualify for long service leave upon completion of specified periods in the agreement. The provision was created to comply with the agreement. The effect of the current year's revision is a decrease by R2 707 925 to R71 457 540 attributed to the net effect of the actuarial gain, benefits vesting, current service, past service and interest costs for the reporting period ended 30 June 2019.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

| Figures in Rand                                        | Economic entity    |                    | Controlling entity |                    |
|--------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                        | 2019               | 2018               | 2019               | 2018               |
| <b>67. Irregular expenditure</b>                       |                    |                    |                    |                    |
| Opening balance                                        | 318 063 079        | 164 470 456        | 317 359 765        | 163 948 762        |
| Prior period error                                     | -                  | 449 015            | -                  | 449 015            |
|                                                        | <u>318 063 079</u> | <u>164 919 471</u> | <u>317 359 765</u> | <u>164 397 777</u> |
| Add : irregular expenditure - relating to prior year   | 100 816 590        | -                  | 100 816 590        | -                  |
| Add : irregular expenditure - relating to current year | 93 045 991         | 153 143 608        | 92 945 735         | 152 961 988        |
| <b>Closing balance</b>                                 | <b>511 925 660</b> | <b>318 063 079</b> | <b>511 122 090</b> | <b>317 359 765</b> |

### Analysis of expenditure awaiting condonation per age classification

|                                                            |                    |                    |                    |                    |
|------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| 2008/2009                                                  | 4 077 827          | 4 077 827          | 4 077 827          | 4 077 827          |
| 2009/2010                                                  | 5 458 355          | 5 458 355          | 5 458 355          | 5 458 355          |
| 2010/2011                                                  | 3 551 576          | 3 551 576          | 3 551 576          | 3 551 576          |
| 2011/2012                                                  | 38 200             | 38 200             | 38 200             | 38 200             |
| 2013/2014                                                  | 11 000             | 11 000             | 11 000             | 11 000             |
| 2014/2015                                                  | 708 444            | 708 444            | 708 444            | 708 444            |
| 2016/2017                                                  | 151 074 069        | 151 074 069        | 150 552 375        | 150 552 375        |
| 2017/2018                                                  | 153 143 608        | 153 143 608        | 152 961 988        | 152 961 988        |
| 2018/2019 (comparative periods identified in current year) | 193 862 581        | -                  | 193 762 325        | -                  |
|                                                            | <b>511 925 660</b> | <b>318 063 079</b> | <b>511 122 090</b> | <b>317 359 765</b> |

Irregular expenditure has not been 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 or condone this expenditure.

### Details of irregular expenditure – current year

|                                                                                          |                    |                    |                    |                    |
|------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                                          |                    |                    |                    | -                  |
| Bids not advertised within 30 days                                                       | 9 781 311          | 30 536 804         | 9 781 311          | 30 536 804         |
| CIDB registration                                                                        | -                  | 578 100            | -                  | 578 100            |
| Security contract as per SIU preliminary irregularity                                    | 67 035 851         | 111 687 453        | 67 035 851         | 111 687 453        |
| Service of the state                                                                     | -                  | 44 500             | -                  | 44 500             |
| Service of the municipality                                                              | -                  | 37 500             | -                  | 37 500             |
| Invalid deviations                                                                       | 3 208 278          | 9 650 518          | 3 108 022          | 9 468 899          |
| Expired contract                                                                         | 544 213            | 608 733            | 544 213            | 608 733            |
| Non compliance with regulation 31                                                        | 8 942 958          | -                  | 8 942 958          | -                  |
| Invalid extension reg 32 (2018/2019 plus comparative periods identified in current year) | 104 349 970        | -                  | 104 349 970        | -                  |
|                                                                                          | <b>193 862 581</b> | <b>153 143 608</b> | <b>193 762 325</b> | <b>152 961 989</b> |

### 68. Comparative figures

Certain comparative figures have been reclassified and restated.

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 69. Fruitless and wasteful expenditure

|                                                                   |                   |                   |                   |                   |
|-------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Opening balance                                                   | 27 065 378        | 16 094 523        | 27 051 662        | 16 080 807        |
| Add fruitless and wasteful expenditure - relating to prior year   | 958 722           | -                 | 958 722           | -                 |
| Add fruitless and wasteful expenditure - relating to current year | 3 542 655         | 10 970 855        | 3 542 655         | 10 970 855        |
|                                                                   | -                 | -                 | -                 | -                 |
| <b>Closing balance</b>                                            | <b>31 566 755</b> | <b>27 065 378</b> | <b>31 553 039</b> | <b>27 051 662</b> |

### Details of current year fruitless and wasteful expenditure

|                                                                                                       |                  |                   |                  |                   |
|-------------------------------------------------------------------------------------------------------|------------------|-------------------|------------------|-------------------|
| Cancellation of tenders                                                                               | 325 648          | 113 363           | 325 648          | 113 363           |
| Interest on late payment - Eskom accounts                                                             | 4 060            | 1 872             | 4 060            | 1 872             |
| Interest and penalties on late payment - SARS                                                         | 55 900           | -                 | 55 900           | -                 |
| Interest on late payment - Telkom accounts                                                            | 32 043           | 634               | 32 043           | 634               |
| Office of the Auditor General                                                                         | 847              | -                 | 847              | -                 |
| Salaries and wages for suspended employees with unresolved cases within prescribed time frame         | 2 151 671        | 10 854 986        | 2 151 671        | 10 854 986        |
| Remuneration of an employee not physically verified ( comparative periods identified in current year) | 1 648 229        | -                 | 1 648 229        | -                 |
| Councillor - non attendance of meetings                                                               | 282 979          | -                 | 282 979          | -                 |
|                                                                                                       | <b>4 501 377</b> | <b>10 970 855</b> | <b>4 501 377</b> | <b>10 970 855</b> |

### Analysis of expenditure awaiting condonation per age classification

|                                                             |                   |                   |                   |                   |
|-------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| 2006/2007                                                   | 92 967            | 92 967            | 92 967            | 92 967            |
| 2008/2009                                                   | 15 167            | 15 167            | 15 167            | 15 167            |
| 2009/2010                                                   | 2 696 668         | 2 696 668         | 2 696 668         | 2 696 668         |
| 2010/2011                                                   | 235 478           | 235 478           | 235 478           | 235 478           |
| 2011/2012                                                   | 879 143           | 879 143           | 879 143           | 879 143           |
| 2012/2013                                                   | 36 490            | 36 490            | 36 490            | 36 490            |
| 2013/2014                                                   | 162 279           | 162 279           | 162 279           | 162 279           |
| 2014/2015                                                   | 449 104           | 449 104           | 449 104           | 449 104           |
| 2015/2016                                                   | 242 976           | 242 976           | 242 976           | 242 976           |
| 2016/2017                                                   | 11 284 251        | 11 284 571        | 11 270 535        | 11 270 855        |
| 2017/2018                                                   | 10 970 855        | 10 970 855        | 10 970 855        | 10 970 855        |
| 2018/2019 ( comparative periods identified in current year) | 4 501 377         | -                 | 4 501 377         | -                 |
|                                                             | <b>31 566 755</b> | <b>27 065 698</b> | <b>31 553 039</b> | <b>27 051 982</b> |

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

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 69. Fruitless and wasteful expenditure (continued)

Fruitless and Wasteful expenditure has not written off or condoned.

Section 32(2)(b) 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 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 or condone this expenditure.

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.

### 70. Unauthorised expenditure

|                                       |                    |                    |                    |                    |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Opening balance                       | 602 303 535        | 361 222 670        | 602 303 535        | 361 222 670        |
| Reversal of bad debts written off     | -                  | (258 909 012)      | -                  | (258 909 012)      |
| Recovery from supplier                | -                  | (1 763 559)        | -                  | (1 763 559)        |
| Expenditure identified - current year | 170 002 042        | 501 753 436        | 170 002 042        | 501 753 436        |
| <b>Closing balance</b>                | <b>772 305 577</b> | <b>602 303 535</b> | <b>772 305 577</b> | <b>602 303 535</b> |

The over - expenditure incurred by the municipal departments is attributable to the following categories:

|                                               |                    |                    |                    |                    |
|-----------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Non cash                                      | 170 002 042        | 495 759 003        | 170 002 042        | 495 759 003        |
| Cash                                          | -                  | 5 994 433          | -                  | 5 994 433          |
|                                               | <b>170 002 042</b> | <b>501 753 436</b> | <b>170 002 042</b> | <b>501 753 436</b> |
| <b>Analysed as follows : non cash</b>         |                    |                    |                    |                    |
| Debt impairment                               | 120 738 765        | 459 705 196        | 120 738 765        | 459 705 196        |
| Employee related costs (Actuarial)            | -                  | 31 310 795         | -                  | 31 310 795         |
| Inventory losses                              | 16 453 277         | 4 743 013          | 16 453 277         | 4 743 013          |
| Fair value adjustments on investment property | 32 810 000         | -                  | 32 810 000         | -                  |
|                                               | <b>170 002 042</b> | <b>495 759 003</b> | <b>170 002 042</b> | <b>495 759 003</b> |
| <b>Analysed as follows : cash</b>             |                    |                    |                    |                    |
| Bulk purchases                                | -                  | 5 994 433          | -                  | 5 994 433          |

# The Msunduzi Municipality and its Municipality Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 71. Electricity and water losses

#### Electricity losses

|                                  |                    |                    |                    |                    |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Units purchased - kWh            | 1 786 351 025      | 1 784 678 530      | 1 786 351 025      | 1 784 678 530      |
| Units sold - kWh                 | (1 537 755 297)    | (1 511 945 988)    | (1 537 755 297)    | (1 511 945 988)    |
|                                  | <b>248 595 728</b> | <b>272 732 542</b> | <b>248 595 728</b> | <b>272 732 542</b> |
| Electricity loss as a percentage | 13,92              | 15,30              | 13,92              | 15,30              |
| Costs per kWh in cents           | 0,99848            | 0,94196            | 0,99848            | 0,94196            |
| Electricity losses in rand value | 248 217 863        | 256 903 790        | 248 217 863        | 256 903 790        |

The significant electricity losses of kWh 248 595 728 (2018 : 272 732 542 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

- 1) Commissioning of the City Grid 132kV underground cables network that replaced the ageing 33kV networks - Commissioning of new 40MVA Power Transformers.
- 2) 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

- 1) Illegal connections.
- 2) Infrastructure vandalism.
- 3) Metering inaccuracies (due to faulty meters).
- 4) 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):

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

#### How are these losses being addressed

Non - technical losses

A plan to audit all the bulk (medium and low voltage) installations technically has been developed, A plan/program of disconnecting the illegal connections (Human settlement to resolve the land issues) is ongoing, Customers that do not pay their Consolidated Bill timeously are disconnected, Electrification of informal settlement areas, A plan to convert all the manually read meters to on-line meter reading from 100 Amps low voltage up bulk 11 kV has been developed, Eradication plan of tjoints, mid-block, looped services etc. in progress, The plan to replacement of faulty meters and inaccurate meters has been developed and replacement is in progress, replacement of old wooden substation doors with steel doors to prevent easy access to substations. Regular property inspections to identify bypassed/tampered installations.

Technical losses

- 1) The slight decrease of losses from previous financial years 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 and also the commissioning of new Electrification Project in the Informal Settlements areas resulting in the reduced illegal connections in the network.
- 2) Refurbishment of the aged infrastructure, conduct system strengthening in the networks to relieve overloading in the networks and purchasing and installation of efficient equipment.
- 3) Establishment of Quality supply unit.

# The Msunduzi Municipality and its Municipality Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

#### Water losses

|                            |              |              |              |              |
|----------------------------|--------------|--------------|--------------|--------------|
| Units purchased (kl)       | 71 425 786   | 68 467 170   | 71 425 786   | 68 467 170   |
| Units sold (kl)            | (51 307 317) | (48 392 496) | (51 307 317) | (48 392 496) |
| Real losses (kl)           | 14 763 105   | 14 855 259   | 14 763 105   | 14 855 259   |
| Apparent losses            | 5 355 364    | 5 219 415    | 5 355 364    | 5 219 415    |
| Total water losses (kl)    | 20 118 469   | 20 074 674   | 20 118 469   | 20 074 674   |
| Water loss as a percentage | 28,17        | 29,30        | 28,17        | 29,30        |
| Cost per kl in cents       | 7,814        | 6,910        | 7,814        | 6,910        |
| Water loss in rand value   | 157 205 719  | 138 715 997  | 157 205 719  | 138 715 997  |

MFMA circular dictates that real losses and apparent losses be considered jointly as total water losses.

A material water loss of R157 205 719 (2018: R138 715 997) occurred during the year under review.

Progressive deterioration, illegal water connections, aging and increasing levels of fragility in the bulk water infrastructure is progressively contributing to increase in water losses.

#### Non-water initiatives undertaken for the duration of the 2018/2019 financial year.

- 1) The hydraulic model for the entire Vulindlela system was completed.
- 2) Two contracts for water main replacement was advertised in the 2018/19 financial year.
- 3) Reactively responded to and repaired 1781 mainline burst pipes in the 2018/19 financial year.
- 4) The review of the non-revenue water master plan commenced in the 2018/19 financial year.

### 72. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

#### Liquidity risk

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

|                        | Less than 1<br>year | Between 1<br>and 2 years | Between 2<br>and 5 years | Total       |
|------------------------|---------------------|--------------------------|--------------------------|-------------|
| <b>At 30 June 2019</b> |                     |                          |                          |             |
| Borrowings             | 114 310 751         | 80 973 541               | 285 317 996              | 480 602 288 |
| <b>At 30 June 2018</b> |                     |                          |                          |             |
| Borrowings             | 113 891 401         | 400 915 552              | 50 310 652               | 565 117 605 |

# The Msunduzi Municipality and its Municipality Entity

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|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 72. Risk management (continued)

#### Credit risk

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

Trade receivables comprise mainly water, sanitation, refuse, rates, property rental, electricity and other service chargers, dispersed across different industries and geographical areas. Management evaluated credit risk relating to customers financial conditions on an ongoing basis, and have been presented in these financial statements net of a provision for impairment. In the case of debtors whose accounts become in arrears, it is endeavored to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

#### Market risk

##### Risk from agricultural assets

The municipality is exposed to financial risks arising from changes in timber prices. The municipality does not anticipate that the timber prices will decline significantly in the foreseeable future. The municipality has not entered into derivative contracts to manage the risk of a decline in timber prices. The municipality reviews its outlook for timber prices regularly in considering the need for active financial risk management.

#### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are 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.

# The Msunduzi Municipality and its Municipality Entity

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|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 73. Financial instruments disclosure

#### Categories of financial instruments

#### Economic entity - 2019

##### Financial assets

|                                            | At amortised<br>cost | Total              |
|--------------------------------------------|----------------------|--------------------|
| Short term investment                      | 15 674 518           | 15 674 518         |
| Receivables from exchange transactions     | 5 002 845            | 5 002 845          |
| Receivables from non exchange transactions | 2 568 619            | 2 568 619          |
| Consumer debtors                           | 454 837 531          | 454 837 531        |
| Cash and cash equivalents                  | 308 202 578          | 308 202 578        |
| Other financial assets                     | 2 642 997            | 2 642 997          |
|                                            | <b>788 929 088</b>   | <b>788 929 088</b> |

##### Financial liabilities

|                                     | At amortised<br>cost | Total                |
|-------------------------------------|----------------------|----------------------|
| Payables from exchange transactions | 935 345 680          | 935 345 680          |
| Consumer deposits                   | 107 229 302          | 107 229 302          |
| Unspent conditional grants          | 127 958 878          | 127 958 878          |
| Other financial liabilities         | 480 602 288          | 480 602 288          |
|                                     | <b>1 651 136 148</b> | <b>1 651 136 148</b> |

#### Economic entity - 2018

##### Financial assets

|                                           | At amortised<br>cost | Total              |
|-------------------------------------------|----------------------|--------------------|
| Short term investment                     | 8 869 457            | 8 869 457          |
| Receivable from exchange transactions     | 32 375 434           | 32 375 434         |
| Receivable from non exchange transactions | 2 600 669            | 2 600 669          |
| Consumer debtors                          | 424 770 387          | 424 770 387        |
| Cash and cash equivalents                 | 512 622 307          | 512 622 307        |
| Other financial assets                    | 4 664 290            | 4 664 290          |
|                                           | <b>985 902 544</b>   | <b>985 902 544</b> |

##### Financial liabilities

|                                     | At amortised<br>cost | Total                |
|-------------------------------------|----------------------|----------------------|
| Payables from exchange transactions | 899 859 938          | 899 859 938          |
| Consumer deposits                   | 108 809 333          | 108 809 333          |
| Unspent conditional grants          | 122 349 562          | 122 349 562          |
| Other financial liabilities         | 565 114 602          | 565 114 602          |
|                                     | <b>1 696 133 435</b> | <b>1 696 133 435</b> |

# The Msunduzi Municipality and its Municipality Entity

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|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 73. Financial instruments disclosure (continued)

#### Controlling entity - 2019

##### Financial assets

|                                            | At amortised<br>cost | Total              |
|--------------------------------------------|----------------------|--------------------|
| Short term investment                      | 15 674 518           | 15 674 518         |
| Receivables from exchange transactions     | 5 000 345            | 5 000 345          |
| Receivables from non exchange transactions | 2 568 619            | 2 568 619          |
| Consumer debtors                           | 454 837 531          | 454 837 531        |
| Cash and cash equivalents                  | 305 056 164          | 305 056 164        |
| Other financial assets                     | 2 642 997            | 2 642 997          |
|                                            | <b>785 780 174</b>   | <b>785 780 174</b> |

##### Financial liabilities

|                                     | At amortised<br>cost | Total                |
|-------------------------------------|----------------------|----------------------|
| Payables from exchange transactions | 935 062 364          | 935 062 364          |
| Consumer deposits                   | 107 229 302          | 107 229 302          |
| Unspent conditional grants          | 127 958 878          | 127 958 878          |
| Other financial liabilities         | 565 114 602          | 565 114 602          |
|                                     | <b>1 735 365 146</b> | <b>1 735 365 146</b> |

#### Controlling Entity - 2018

##### Financial assets

|                                            | At amortised<br>cost | Total              |
|--------------------------------------------|----------------------|--------------------|
| Short term investment                      | 8 869 457            | 8 869 457          |
| Receivables from exchange transactions     | 32 351 926           | 32 351 926         |
| Receivables from non exchange transactions | 2 600 669            | 2 600 669          |
| Consumer debtors                           | 424 770 387          | 424 770 387        |
| Cash and cash equivalents                  | 511 228 506          | 511 228 506        |
| Other financial assets                     | 4 664 290            | 4 664 290          |
|                                            | <b>984 485 235</b>   | <b>984 485 235</b> |

##### Financial liabilities

|                                     | At amortised<br>cost | Total                |
|-------------------------------------|----------------------|----------------------|
| Payables from exchange transactions | 899 588 775          | 899 588 775          |
| Consumer deposits                   | 108 809 333          | 108 809 333          |
| Unspent conditional grants          | 122 349 562          | 122 349 562          |
| Other financial liabilities         | 565 114 602          | 565 114 602          |
|                                     | <b>1 695 862 272</b> | <b>1 695 862 272</b> |

# The Msunduzi Municipality and its Municipality Entity

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## Notes to the Consolidated Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2019            | 2018 | 2019               | 2018 |

### 74. Going concern

The 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 Provincial Executive Council of KwaZulu-Natal and MEC for Department of Co-operative Governance and Traditional Affairs, resolved to intervene in terms of Section 139 (1) (b) of the Constitution at the municipality and appointed the Ministerial representative. The appointment became effective on 15 April 2019 and will terminate on 14 April 2020. The terms of reference specified the functions of the Ministerial representative which also include the implementation of governance systems and procedures including oversight of the administration including the ratification of decisions taken by the Municipal Council, the Executive Committee, Municipal Manager and Section 56 Managers in terms of the authority.

The Provincial intervention does not have an impact on the municipality's ability to continue as a going concern.

In assessing the going concern, management identified indicators casting doubt to the municipality's ability to continue operating as a going concern. These indicators are summarised below :

- 1) A deficit for the current year and past two financial years.
- 2) Adverse liquidity ratios for the current year and the ratios have decreased significantly during the past two years.
- 3) Sub par cash cost coverage ratio. This indicator has declined over the last three years.
- 4)The outstanding gross debtors balance has increased significantly and the majority of the debtors have been outstanding for over 365 days.
- 5)The reserves of the municipality have also decreased due to declining collection rates from debtors.

The following measures are being implemented by management as part of the revenue enhancement strategy and cost containment strategy:

- 1)The expenditure committee was formed to monitor the implementation of the cost containment strategy and to ensure economically efficient spending.
- 2)The revenue enhancement task team was appointed to implement and monitor the revenue enhancement strategy and identification of additional revenue streams.
- 3)The dispute resolution committee was formed to speed up the process of dealing with consumer appeals.
- 4)The debt recovery plan was developed and approved by Council.
- 5)The debt collectors were appointed to recover long outstanding debtor.
- 6)The financial recovery plan was adopted and monitored on a monthly basis.

Despite the above negative indicators, the municipality continues to adopt the going concern assumption as it is management's view that the municipality will continue to operate in its present form in the foreseeable future, as it is primarily funded by government grants and will continue to be funded from the DoRA in the foreseeable future. In addition, management has embarked on an aggressive programme of debt recovery to ensure improved future cash inflows.

**Msunduzi Local Municipality**

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**75. Variance analysis comparison of budget against actual**

Reasons are only provided for variances above 10%.

| Account Balance / Transaction / Disclosure              | Current year budget amount, as per approved budget | Current year budget adjustment | Current year budget final amount | Current year-to-date actual amount as at: 30 June 2019 | Difference between current year actual and budget | Difference between current year actual and budget - % | Explanation for significant fluctuations                                                                                                                                                                                                                                     |
|---------------------------------------------------------|----------------------------------------------------|--------------------------------|----------------------------------|--------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Classes of revenue</b>                               |                                                    |                                |                                  |                                                        |                                                   |                                                       |                                                                                                                                                                                                                                                                              |
| Agency Services                                         | 0                                                  | 543 380                        | 543 380                          | 1 970 390                                              | 1 427 010                                         | 263%                                                  | This is a secondary revenue source on which revenue generated is dependent on customer needs. Its impossible to accurately estimates this amount but the municipality tries to be as conservative as possible.                                                               |
| Interest - consumer debtors and receivables             | 118 141 277                                        | 64 631 851                     | 182 773 128                      | 218 926 060                                            | 36 152 932                                        | 20%                                                   | The drastic increase in debtors resulted in the drastic increase in interest                                                                                                                                                                                                 |
| Interest received - bank, call and investments accounts | 39 956 400                                         | -13 009 315                    | 26 947 085                       | 20 507 403                                             | -6 439 682                                        | -24%                                                  | This item is subject to fluctuating interest rates offered by financial institution                                                                                                                                                                                          |
| Licences & Permits                                      | 100 067                                            | 910 648                        | 1 010 715                        | 829 644                                                | -181 071                                          | -18%                                                  | This is a secondary revenue source on which revenue generated is dependent on customer needs. Its impossible to accurately estimates this amount but the municipality tries to be as conservative as possible.                                                               |
| Operational revenue                                     | 176 830 803                                        | -20 994 812                    | 155 835 991                      | 55 087 695                                             | -100 748 296                                      | -65%                                                  | This is a secondary revenue source on which revenue generated is dependent on customer needs. Its impossible to accurately estimates this amount but the municipality tries to be as conservative as possible. Unfortunately the municipality's estimates didn't materialise |
| Rental of facilities and equipment                      | 35 220 144                                         | -8 968 634                     | 26 251 510                       | 20 617 910                                             | -5 633 600                                        | -21%                                                  | Revenue on this item is dependent on usage of council facilities. At the end of the year, usage was a little lower than anticipated.                                                                                                                                         |
| Rendering of services                                   | 0                                                  | 0                              | 0                                | 8 265 686                                              | 8 265 686                                         | 100%                                                  | This item was not budgeted for at all as no revenue was anticipated in this regard.                                                                                                                                                                                          |
| Sale of goods                                           | 0                                                  | 0                              | 0                                | 421 129                                                | 421 129                                           | 100%                                                  | This item was not budgeted for at all as no revenue was anticipated in this regard.                                                                                                                                                                                          |
| Service charges                                         | 3 024 881 461                                      | -39 278 846                    | 2 985 602 615                    | 2 942 462 111                                          | -43 140 504                                       | -1%                                                   | This variance is less than 10%                                                                                                                                                                                                                                               |
| Property Rates                                          | 900 836 973                                        | 14 726 977                     | 915 563 950                      | 930 980 085                                            | 15 416 135                                        | 2%                                                    | This variance is less than 10%                                                                                                                                                                                                                                               |
| Government grants and subsidies                         | 1 077 020 301                                      | -1 272 608                     | 1 075 747 693                    | 1 007 479 072                                          | -68 268 621                                       | -6%                                                   | This variance is less than 10%                                                                                                                                                                                                                                               |
| Fines, penalties and forfeits                           | 75 203 073                                         | -60 048 349                    | 15 154 724                       | 12 557 144                                             | -2 597 580                                        | -17%                                                  | The fines and penalties is a revenue that due to default and it can not be accurately estimated.                                                                                                                                                                             |
| Other transfers                                         | 0                                                  | 0                              | 0                                | 9 162 557                                              | 9 162 557                                         | 100%                                                  | This item was not budgeted for at all as no revenue was anticipated in this regard.                                                                                                                                                                                          |
|                                                         | <b>5 448 190 499</b>                               | <b>-62 759 709</b>             | <b>5 385 430 791</b>             | <b>5 229 266 886</b>                                   |                                                   |                                                       |                                                                                                                                                                                                                                                                              |

**Msunduzi Local Municipality**

Consolidated Annual Financial Statements for the year ended 30 June 2019

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| <b>Classes of expenditure</b>                 |                |              |                |                |              |          |                                                                                                                                                                                        |
|-----------------------------------------------|----------------|--------------|----------------|----------------|--------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bulk purchases                                | -2 050 322 398 | -84 737 457  | -2 135 059 855 | -2 132 173 417 | 2 886 438    | -0,14%   | This variance is less than 10%                                                                                                                                                         |
| Debt Impairment                               | -110 178 020   | -130 000 000 | -240 178 020   | -697 521 846   | -457 343 826 | 190%     | The municipality had to impair more debt than anticipated as result of consumer's low payments during the financial year. It should be noted this is not actual bad debts written off. |
| Depreciation and amortisation                 | -468 636 492   | 5 799 987    | -462 836 505   | -455 235 329   | 7 601 176    | -2%      | This variance is less than 10%                                                                                                                                                         |
| Employee related costs                        | -1 274 330 598 | -3 499 448   | -1 277 830 046 | -1 310 730 366 | -32 900 320  | 3%       | This variance is less than 10%                                                                                                                                                         |
| Finance costs                                 | -50 687 782    | -6 988 694   | -57 676 476    | -52 462 384    | 5 214 092    | -9%      | This variance is less than 10%                                                                                                                                                         |
| Impairment loss/ reversal of impairment       | 0              | -5 800 000   | -5 800 000     | -5 719 754     | 80 246       | 100%     | This variance is less than 10%                                                                                                                                                         |
| General expenses                              | -606 222 117   | -65 538 594  | -671 760 711   | -573 766 833   | 97 993 878   | -15%     | This variance is due to cost containment measures that the municipality introduced during the year.                                                                                    |
| Inventory consumed                            | -63 796 788    | 4 728 049    | -59 068 739    | -56 479 898    | 2 588 841    | -4%      | This variance is less than 10%                                                                                                                                                         |
| Operating costs                               | -210 836 991   | 52 208 656   | -158 628 335   | -124 539 723   | 34 088 612   | -21%     | This variance is due to cost containment measures that the municipality introduced during the year.                                                                                    |
| Operating leases                              | 0              | -33 100 000  | -33 100 000    | -33 079 463    | 20 537       | -0,1%    | This variance is less than 10%                                                                                                                                                         |
| Remuneration of councillors                   | -48 573 498    | -1           | -48 573 499    | -44 130 681    | 4 442 818    | -9%      | This variance is less than 10%                                                                                                                                                         |
| Transfers and subsidies                       | -57 139 566    | 14 647 322   | -42 492 244    | -15 819 791    | 26 672 453   | -63%     | This variance is due to cost containment measures that the municipality introduced during the year. Cost Containment discouraged expenditure on things like sponsorships and donations |
| (Loss)/Gain on disposal of assets             | 0              | -22 000 000  | -22 000 000    | 2 876 825      | 24 876 825   | -113%    | The disposal of assets resulted in a loss because assets are auctioned for sale.                                                                                                       |
| Fair value adjustments on investment property | 0              | 0            | 0              | -32 810 000    | -32 810 000  | 100%     | The investment property had to be adjusted annually and the fair value loss can not anticipated, hence no budget has been set for this fair value adjustment.                          |
| Actuarial gains/losses                        | 0              | -163 000 000 | -163 000 000   | 162 153 669    | 325 153 669  | -199%    | This item is based on the actuarial valuation done as year end after the adjustment budget has been approved by council.                                                               |
| (Losses)/Gains on agricultural assets         | 0              | -15 900 000  | -15 900 000    | 15 856 141     | 31 756 141   | -199,72% | The disposal of assets resulted in a loss because assets are auctioned for sale.                                                                                                       |
| Inventories losses/ write-downs               | 0              | 0            | 0              | -16 453 277    | -16 453 277  | 100%     | Inventory losses is an anticipated cost that is a result of theft or damage of inventory.                                                                                              |
| <b>Classes of capital expenditure</b>         |                |              |                |                |              |          |                                                                                                                                                                                        |
| Capital expenditure                           | 748 630 874    | 0            | 748 630 874    | 187 157 718,60 | -561 473 156 | -75%     | The municipality spent less on capital projects than anticipated.                                                                                                                      |

The Msunduzi Municipality and its Municipality Entity

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APPENDIX A

|                                     | COST/VALUATION       |                      |                    |                           |                    |                                                  | ACCUMULATED DEPRECIATION |                      |                      |                      |              |                        | Accumulated impairment |                    |                    | Carrying Value |
|-------------------------------------|----------------------|----------------------|--------------------|---------------------------|--------------------|--------------------------------------------------|--------------------------|----------------------|----------------------|----------------------|--------------|------------------------|------------------------|--------------------|--------------------|----------------|
|                                     | Cost 01/07/2018      | Valuation 01/07/2018 | AUC 01/07/2018     | Cost/Valuation 01/07/2018 | Additions          | Fair value gains/(losses) Transfers/ Adjustments | Disposals                | Balance 30/06/2019   | 01/07/2018           | Depreciation 2018/19 | Disposals    | Adjustments/ Transfers | Balance 30/06/2019     | Balance 01/07/2018 | Impairment 2018/19 |                |
| <b>Land and Buildings</b>           |                      |                      |                    |                           |                    |                                                  |                          |                      |                      |                      |              |                        |                        |                    |                    |                |
| Land                                | 1 239 624 842        | 0                    | 0                  | 1 239 624 842             | 0                  | 0                                                | 0                        | 1 239 624 842        | 0                    | 0                    | 0            | 0                      | 0                      | 0                  | 0                  | 0              |
| Buildings                           | 480 291 133          | 0                    | 20 012 055         | 500 303 188               | 5 795 542          | - 7 640 731                                      | 1 831 967                | 502 974 056          | - 588 785 140        | 22 594 704           | 3 312        | 291 176 652            | 669 396                | 0                  | 669 396            |                |
| <b>Total Land and Buildings</b>     | <b>1 719 915 975</b> | <b>0</b>             | <b>20 012 055</b>  | <b>1 739 928 036</b>      | <b>5 795 542</b>   | <b>- 7 640 731</b>                               | <b>1 831 967</b>         | <b>1 510 938 745</b> | <b>- 588 785 200</b> | <b>22 594 704</b>    | <b>3 312</b> | <b>291 176 652</b>     | <b>669 396</b>         | <b>0</b>           | <b>669 396</b>     |                |
| <b>Infrastructure</b>               |                      |                      |                    |                           |                    |                                                  |                          |                      |                      |                      |              |                        |                        |                    |                    |                |
| ELECTRICITY RETICULATION            | 4 237 843            | 0                    | 0                  | 4 237 843                 | 0                  | 0                                                | 0                        | 4 237 843            | - 1 111 135          | 93 408               | 0            | 237 028                | 0                      | 0                  | 237 028            |                |
| POW-DIVISION LINES                  | 66 159 100           | 0                    | 82 849 140         | 149 008 240               | 8 876              | - 10 213 157                                     | 20 246 468               | 159 028 026          | - 28 911 115         | 4 576 246            | 0            | 11 489 398             | 0                      | 0                  | 11 489 398         |                |
| POW SUBSTATIONS                     | 296 493 129          | 0                    | 55 241 900         | 351 735 029               | 9 712 202          | - 11 719 058                                     | 0                        | 461 726 281          | - 107 762 237        | 12 688 988           | 98           | 115 871 282            | 0                      | 10 728             | 10 728             |                |
| POW UNDERGROUND CABLES              | 15 087 560           | 0                    | 26 986 491         | 42 074 051                | 508 179            | - 10 708 314                                     | 0                        | 65 260 407           | - 17 589 212         | 0                    | 0            | 7 808 996              | 0                      | 0                  | 7 808 996          |                |
| UT STREET LIGHTING                  | 111 737 253          | 0                    | 46 729 158         | 160 466 411               | 4 286 003          | - 4 428 611                                      | 12 954 377               | 178 273 300          | - 20 103 111         | 5 487 962            | 0            | 11 798 113             | 0                      | 0                  | 11 798 113         |                |
| POW-GROUND MOUNTED TRANSFORMERS     | 65 979 260           | 0                    | 65 979 260         | 131 958 520               | 0                  | 0                                                | 0                        | 65 979 260           | - 12 814 911         | 2 747 206            | 0            | 15 098 355             | 314 559                | 0                  | 314 559            |                |
| POW-MINI SUBSTATIONS                | 129 883 315          | 0                    | 135 710            | 130 040 025               | 1 130 265          | 0                                                | 0                        | 131 170 290          | - 41 741 737         | 7 458 129            | 0            | 90 999 866             | 0                      | 0                  | 90 999 866         |                |
| POW-CORNER LINES                    | 24 909 569           | 0                    | 0                  | 24 909 569                | 0                  | 0                                                | 0                        | 24 909 569           | - 13 677 907         | 2 808 500            | 0            | 15 039 162             | 15 039 162             | 0                  | 15 039 162         |                |
| POW-POLE MOUNTED TRANSFORMERS       | 34 366 731           | 0                    | 0                  | 34 366 731                | 0                  | 0                                                | 0                        | 34 366 731           | - 6 600 284          | 1 207 079            | 0            | 7 863 525              | 7 863 525              | 0                  | 7 863 525          |                |
| POW-BUS MAIN LINES                  | 24 989 823           | 0                    | 0                  | 24 989 823                | 0                  | 0                                                | 0                        | 24 989 823           | - 12 026 596         | 2 874 346            | 0            | 15 837 573             | 15 837 573             | 0                  | 15 837 573         |                |
| POW-SUBSTATIONS                     | 144 280 114          | 0                    | 0                  | 144 280 114               | 548 321            | 0                                                | 0                        | 144 828 435          | - 6 714 611          | 0                    | 0            | 138 113 824            | 138 113 824            | 0                  | 138 113 824        |                |
| POW-UNDERGROUND CABLES              | 707 415 367          | 0                    | 0                  | 707 415 367               | 0                  | 0                                                | 0                        | 707 415 367          | - 277 984 448        | 46 297 311           | 0            | 385 728 230            | 385 728 230            | 0                  | 385 728 230        |                |
| <b>Total Infrastructure</b>         | <b>1 839 733 992</b> | <b>0</b>             | <b>255 167 497</b> | <b>2 094 901 489</b>      | <b>12 759 402</b>  | <b>- 13 974 917</b>                              | <b>48 927 818</b>        | <b>1 988 984 274</b> | <b>- 279 103 285</b> | <b>27 910 820</b>    | <b>98</b>    | <b>322 705 760</b>     | <b>8 839 918</b>       | <b>10 728</b>      | <b>8 839 918</b>   |                |
| <b>ROADS</b>                        |                      |                      |                    |                           |                    |                                                  |                          |                      |                      |                      |              |                        |                        |                    |                    |                |
| AIRPORT RUNWAY                      | 73 574 386           | 0                    | 0                  | 73 574 386                | 0                  | 0                                                | 0                        | 73 574 386           | - 26 288 858         | 4 577 405            | 0            | 51 862 933             | 0                      | 0                  | 51 862 933         |                |
| BRIDGE ROADS                        | 449 222 356          | 0                    | 0                  | 449 222 356               | 0                  | 0                                                | 0                        | 449 222 356          | - 22 727 775         | 4 324 483            | 0            | 430 819 064            | 0                      | 0                  | 430 819 064        |                |
| CONCRETE AND TUNNELS                | 316 058 066          | 0                    | 6 358 238          | 322 416 304               | 0                  | 0                                                | 0                        | 322 416 304          | - 50 271 713         | 11 562 830           | 0            | 272 144 591            | 0                      | 0                  | 272 144 591        |                |
| ENGINEER ROADS                      | 57 811 101           | 0                    | 0                  | 57 811 101                | 0                  | 0                                                | 0                        | 57 811 101           | - 10 748 911         | 3 144 240            | 0            | 47 062 190             | 0                      | 0                  | 47 062 190         |                |
| GRAVEL ROADS                        | 132 488 294          | 0                    | 11 395 171         | 143 883 465               | 0                  | 0                                                | 0                        | 143 883 465          | - 100 766 107        | 6 511 466            | 0            | 43 117 358             | 0                      | 0                  | 43 117 358         |                |
| ROAD SIGNAGE                        | 130 000              | 0                    | 0                  | 130 000                   | 0                  | 0                                                | 0                        | 130 000              | - 30 500             | 5 217                | 0            | 99 507                 | 0                      | 0                  | 99 507             |                |
| UNPAVED INTERSECTIONS               | 416 584 989          | 0                    | 458 251            | 50 113 240                | 7 087 907          | - 20 955 182                                     | 0                        | 32 295 824           | - 32 597 912         | 4 600 983            | 0            | 38 427 916             | 0                      | 0                  | 38 427 916         |                |
| TARRED ROADS                        | 1 842 554 665        | 0                    | 520 535 637        | 2 363 090 302             | 111 842 000        | - 50 640 148                                     | 53 355 383               | 2 488 637 226        | - 344 013 801        | 106 151 904          | 0            | 1 054 588 797          | 0                      | 0                  | 1 054 588 797      |                |
| <b>Total Roads</b>                  | <b>2 538 453 385</b> | <b>0</b>             | <b>588 657 306</b> | <b>3 127 110 691</b>      | <b>118 930 907</b> | <b>- 50 640 148</b>                              | <b>63 439 703</b>        | <b>3 222 367 751</b> | <b>- 416 512 870</b> | <b>141 166 254</b>   | <b>98</b>    | <b>1 357 678 123</b>   | <b>751 955</b>         | <b>0</b>           | <b>751 955</b>     |                |
| <b>SEWER SERVICES</b>               |                      |                      |                    |                           |                    |                                                  |                          |                      |                      |                      |              |                        |                        |                    |                    |                |
| SEWER SERVICES                      | 61 876 412           | 0                    | 11 717 858         | 73 594 270                | 0                  | 0                                                | 0                        | 73 594 270           | - 24 262 398         | 2 713 213            | 0            | 26 045 085             | 0                      | 0                  | 26 045 085         |                |
| SEWER RETICULATION                  | 11 681 818           | 0                    | 1 565 721          | 13 247 539                | 0                  | 0                                                | 0                        | 13 247 539           | - 4 084 743          | 487 428              | 0            | 14 910 224             | 0                      | 0                  | 14 910 224         |                |
| SEWER TREATMENT WORKS               | 412 843 093          | 0                    | 11 424 768         | 524 267 861               | 0                  | 0                                                | 0                        | 524 267 861          | - 118 904 811        | 15 923 946           | 0            | 405 363 050            | 0                      | 0                  | 405 363 050        |                |
| <b>Total Sewer</b>                  | <b>516 401 323</b>   | <b>0</b>             | <b>133 708 347</b> | <b>650 109 658</b>        | <b>0</b>           | <b>0</b>                                         | <b>0</b>                 | <b>650 109 658</b>   | <b>- 136 251 952</b> | <b>29 124 587</b>    | <b>0</b>     | <b>466 978 359</b>     | <b>0</b>               | <b>0</b>           | <b>466 978 359</b> |                |
| <b>PUMPSTATIONS</b>                 |                      |                      |                    |                           |                    |                                                  |                          |                      |                      |                      |              |                        |                        |                    |                    |                |
| PUMPSTATIONS                        | 4 523 451            | 0                    | 4 523 451          | 9 046 902                 | 155 609            | 0                                                | 0                        | 9 202 511            | - 2 569 777          | 57 411               | 0            | 6 632 734              | 0                      | 0                  | 6 632 734          |                |
| RECEPTORS                           | 205 300 828          | 0                    | 471 262            | 205 772 090               | 253 006            | 0                                                | 0                        | 206 025 096          | - 77 817 228         | 11 436 385           | 0            | 128 207 868            | 0                      | 0                  | 128 207 868        |                |
| TRICKLE WEIERS                      | 418 084 615          | 0                    | 18 448 444         | 436 533 059               | 0                  | 0                                                | 0                        | 436 533 059          | - 59 897 603         | 2 893 613            | 0            | 376 635 456            | 0                      | 0                  | 376 635 456        |                |
| WATER RETICULATION                  | 401 413 638          | 0                    | 147 314 341        | 548 727 979               | 8 899 637          | 0                                                | 0                        | 557 547 616          | - 172 823 179        | 14 341 887           | 0            | 384 724 437            | 0                      | 0                  | 384 724 437        |                |
| WATER SUPPLY TRUCK WATER PIPES      | 3 322 564            | 0                    | 0                  | 3 322 564                 | 0                  | 0                                                | 0                        | 3 322 564            | - 130 242 641        | 33 541 811           | 0            | 3 015 733              | 0                      | 0                  | 3 015 733          |                |
| WATER SUPPLY PRESSURE REDUCE VALVES | 4 688 155            | 0                    | 0                  | 4 688 155                 | 0                  | 0                                                | 0                        | 4 688 155            | - 464 048            | 253 597              | 0            | 4 277 704              | 0                      | 0                  | 4 277 704          |                |
| <b>Total Water</b>                  | <b>984 301 271</b>   | <b>0</b>             | <b>170 817 813</b> | <b>1 155 119 084</b>      | <b>9 308 462</b>   | <b>0</b>                                         | <b>0</b>                 | <b>1 155 119 084</b> | <b>- 380 230 950</b> | <b>61 823 955</b>    | <b>0</b>     | <b>441 054 914</b>     | <b>0</b>               | <b>0</b>           | <b>441 054 914</b> |                |
| <b>ACCESS CONTROL</b>               |                      |                      |                    |                           |                    |                                                  |                          |                      |                      |                      |              |                        |                        |                    |                    |                |
| ACCESS CONTROL                      | 276 178              | 0                    | 0                  | 276 178                   | 0                  | 0                                                | 0                        | 276 178              | - 214 207            | 11 866               | 0            | 247 737                | 0                      | 0                  | 247 737            |                |
| FINANCIAL                           | 4 835 350            | 0                    | 256 121            | 5 091 471                 | 1 370 804          | 0                                                | 0                        | 6 462 275            | - 1 815 811          | 889 865              | 0            | 4 646 464              | 0                      | 0                  | 4 646 464          |                |
| SECURITY SYSTEMS                    | 23 561 120           | 0                    | 23 561 120         | 47 122 240                | 0                  | 0                                                | 0                        | 47 122 240           | - 10 925 656         | 1 090 269            | 0            | 36 196 584             | 0                      | 0                  | 36 196 584         |                |
| <b>Total Security</b>               | <b>28 672 548</b>    | <b>0</b>             | <b>465</b>         | <b>28 673 013</b>         | <b>3 402 562</b>   | <b>0</b>                                         | <b>0</b>                 | <b>32 075 788</b>    | <b>- 24 747 674</b>  | <b>1 981 971</b>     | <b>0</b>     | <b>10 814 887</b>      | <b>0</b>               | <b>0</b>           | <b>10 814 887</b>  |                |
| <b>HEAD AND WINGS WALLS</b>         |                      |                      |                    |                           |                    |                                                  |                          |                      |                      |                      |              |                        |                        |                    |                    |                |
| HEAD AND WINGS WALLS                | 9 754 519            | 0                    | 0                  | 9 754 519                 | 0                  | 0                                                | 0                        | 9 754 519            | - 2 289 121          | 215 429              | 0            | 7 465 398              | 0                      | 0                  | 7 465 398          |                |
| MANHOLETS                           | 60 787 199           | 0                    | 0                  | 60 787 199                | 1 061 399          | 0                                                | 0                        | 61 848 598           | - 15 552 621         | 3 585 877            | 0            | 46 295 976             | 0                      | 0                  | 46 295 976         |                |
| MAJOR CULVERTS                      | 43 599 732           | 0                    | 0                  | 43 599 732                | 15 438             | 0                                                | 0                        | 43 615 170           | - 8 070 406          | 1 177 317            | 0            | 35 544 764             | 0                      | 0                  | 35 544 764         |                |
| MANHOLES                            | 56 998 786           | 0                    | 0                  | 56 998 786                | 0                  | 0                                                | 0                        | 56 998 786           | - 3 512 642          | 2 422 642            | 0            | 53 486 144             | 0                      | 0                  | 53 486 144         |                |
| MINOR CULVERTS                      | 662 508              | 0                    | 0                  | 662 508                   | 24 808 127         | 0                                                | 0                        | 25 470 635           | - 17 775             | 598 239              | 0            | 23 292 860             | 0                      | 0                  | 23 292 860         |                |
| OPEN CHANNELS                       | 37 187 993           | 0                    | 0                  | 37 187 993                | 111 061            | 0                                                | 0                        | 37 299 054           | - 4 161 820          | 6 448 812            | 0            | 29 137 234             | 0                      | 0                  | 29 137 234         |                |
| RETICULATION                        | 375 424 387          | 0                    | 349 483            | 724 907 870               | 853 453            | 0                                                | 0                        | 725 761 323          | - 1 903 118          | 7 802 238            | 0            | 723 858 433            | 0                      | 0                  | 723 858 433        |                |
| <b>Total Stormwater</b>             | <b>597 985 406</b>   | <b>0</b>             | <b>349 483</b>     | <b>947 464 889</b>        | <b>26 493 315</b>  | <b>0</b>                                         | <b>0</b>                 | <b>973 958 202</b>   | <b>- 147 744 284</b> | <b>15 966 477</b>    | <b>0</b>     | <b>826 211 919</b>     | <b>0</b>               | <b>0</b>           | <b>826 211 919</b> |                |
| <b>Railway Lines</b>                |                      |                      |                    |                           |                    |                                                  |                          |                      |                      |                      |              |                        |                        |                    |                    |                |
| Railway Lines                       | 1 449 377            | 0                    | 0                  | 1 449 377                 | 0                  | - 178 046                                        | 0                        | 1 271 331            | - 2 176 110          | 135 930              | 0            | 175 206                | 0                      | 0                  | 175 206            |                |
| <b>Total Railway Lines</b>          | <b>1 449 377</b>     | <b>0</b>             | <b>0</b>           | <b>1 449 377</b>          | <b>0</b>           | <b>- 178 046</b>                                 | <b>0</b>                 | <b>1 271 331</b>     | <b>- 2 176 110</b>   | <b>135 930</b>       | <b>0</b>     | <b>175 206</b>         | <b>0</b>               | <b>0</b>           | <b>175 206</b>     |                |
| <b>LANDFILL REFUSE</b>              |                      |                      |                    |                           |                    |                                                  |                          |                      |                      |                      |              |                        |                        |                    |                    |                |
| LANDFILL REFUSE                     | 1 126 784            | 0                    | 668 500            | 1 795 284                 | 0                  | - 133 000                                        | 0                        | 1 662 284            | - 1 376 508          | 88 922               | 0            | 4 466 208              | 140 121                | 0                  | 4 606 329          |                |
| GARAGE LIFT                         | 8 075 667            | 0                    | 0                  | 8 075 667                 | 0                  | 0                                                | 0                        | 8 075 667            | - 2 010 867          | 232 413              | 0            | 2 497 213              | 0                      | 0                  | 2 497 213          |                |
| CONTAINING STATIONS                 | 438 744              | 0                    | 0                  | 438 744                   | 0                  | 0                                                | 0                        | 438 744              | - 93 741             | 215                  | 0            | 345 003                | 0                      | 0                  | 345 00             |                |

The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2019

APPENDIX A

|                                         | COST/VALUATION       |                      |                      |                           |                    |                           | ACCUMULATED DEPRECIATION |                    |                    |                       |                       |                      | Accumulated impairment |                        |                      | Carrying Value    |                    |                    |                      |
|-----------------------------------------|----------------------|----------------------|----------------------|---------------------------|--------------------|---------------------------|--------------------------|--------------------|--------------------|-----------------------|-----------------------|----------------------|------------------------|------------------------|----------------------|-------------------|--------------------|--------------------|----------------------|
|                                         | Cost 01/07/2018      | Valuation 01/07/2018 | AUC 01/07/2018       | Cost/Valuation 01/07/2018 | Additions          | Fair value gains/(losses) | Transfers/ Adjustments   | Additions AUC      | Disposals          | Balance 30/06/2019    | 01/07/2018            | Depreciation 2018/19 | Disposals              | Adjustments/ Transfers | Balance 30/06/2019   |                   | Balance 01/07/2018 | Impairment 2018/19 | Balance 30/06/2019   |
| <b>WORKSHOPS AND DEPOTS</b>             | 31 508 703           |                      |                      | 31 508 703                | 0                  | 0                         | 0                        | 91 073             | 0                  | 32 427 274            | -19 947 284           | 576 200              | -                      | -                      | 20 924 004           | -                 | -                  | -                  | 11 408 710           |
| <b>Total Other Properties</b>           | <b>495 054 341</b>   | <b>0</b>             | <b>39 956 320</b>    | <b>155 028 664</b>        | <b>1 703 890</b>   | <b>0</b>                  | <b>-513 930</b>          | <b>34 202 529</b>  | <b>0</b>           | <b>372 397 141</b>    | <b>-263 071 931</b>   | <b>21 382 291</b>    | <b>0</b>               | <b>3 312</b>           | <b>106 423 996</b>   | <b>80 800</b>     | <b>0</b>           | <b>80 800</b>      | <b>265 892 365</b>   |
| <b>COMPRESSIONS</b>                     | 288 571              |                      |                      | 288 571                   | 0                  | 0                         | 2 974                    | 0                  | 0                  | 281 548               | -66 188               | 50 836               | -                      | 91 009                 | 91 009               | -                 | 22                 | 22                 | 200 465              |
| <b>FIRE ARMS</b>                        | 640 484              |                      |                      | 640 484                   | 902 083            | 0                         | 1 220 088                | 0                  | -1 511             | 2 020 220             | -220 220              | 443 206              | 4 434                  | 5 066                  | 448 648              | 17 800            | -                  | 17 800             | 1 473 518            |
| <b>FRIDGES</b>                          | 10 663 738           |                      |                      | 10 663 738                | 0                  | 0                         | 12 049 738               | 0                  | 0                  | 12 049 738            | -4 607 011            | 9 261 411            | -                      | 0                      | 9 261 411            | 2 233 668         | -                  | 2 233 668          | 5 212 079            |
| <b>LABORATORY EQUIPMENT</b>             | 305 227              |                      |                      | 305 227                   | 0                  | 0                         | 9 785                    | 0                  | 0                  | 314 995               | -312 711              | 21 383               | -                      | 47                     | 184 017              | 18 7              | -                  | 18 7               | 40 807               |
| <b>LAWN MOWERS</b>                      | 1 800 846            |                      |                      | 1 800 846                 | 160 096            | 0                         | 487 110                  | 0                  | -11 153            | 1 909 789             | -1 203 124            | 841 911              | 13 120                 | 498 142                | 913 437              | 7 201             | 1 538              | 1 538              | 1 004 011            |
| <b>PLANT AND EQUIPMENT</b>              | 65 517 819           |                      |                      | 65 517 819                | 3 232 349          | 0                         | 2 512 470                | 0                  | 9 886              | 66 247 639            | -23 179 000           | 5 178 303            | 9 738                  | 5 192 473              | 29 750 032           | 181               | 217 480            | 217 671            | 36 280 307           |
| <b>PERSON EQUIPMENT</b>                 | 1 225 124            |                      |                      | 1 225 124                 | 30 860             | 0                         | 28 103                   | 0                  | 0                  | 1 253 234             | -208 420              | 603 388              | -                      | 78 018                 | 1 225 990            | 884               | 6 301              | 6 301              | 1 504 211            |
| <b>TELECOMMUNICATION</b>                | 6 029 934            |                      |                      | 6 029 934                 | 15 791             | 0                         | 1 211 171                | 0                  | 0                  | 5 924 554             | -5 271 630            | 299 437              | -                      | 238 666                | 5 134 461            | 2 980             | 1 830              | 1 830              | 515 062              |
| <b>TRACTORS</b>                         | 14 799 047           |                      |                      | 14 799 047                | 0                  | 0                         | 1 325                    | 0                  | -1 720 295         | 13 078 077            | -7 085 238            | 571 880              | 1 085 454              | 0                      | 6 574 471            | -                 | -                  | -                  | 6 499 606            |
| <b>Total Plant and Equipment</b>        | <b>103 121 181</b>   | <b>0</b>             | <b>0</b>             | <b>103 121 181</b>        | <b>4 767 978</b>   | <b>0</b>                  | <b>-2 013 245</b>        | <b>0</b>           | <b>-1 750 249</b>  | <b>104 118 985</b>    | <b>-49 779 912</b>    | <b>8 136 508</b>     | <b>1 742 175</b>       | <b>5 562 565</b>       | <b>10 641 681</b>    | <b>20 883</b>     | <b>229 408</b>     | <b>259 236</b>     | <b>53 218 009</b>    |
| <b>ACCORNTIONS</b>                      | 17 984 758           |                      |                      | 17 984 758                | 520 583            | 0                         | 663 100                  | 0                  | 660                | 18 210 964            | -1 215 583            | 1 858 767            | 342                    | 800 367                | 13 584 746           | 16 931            | 12 352             | 29 696             | 4 705 543            |
| <b>COMPUTER HARDWARE</b>                | 80 133 031           |                      |                      | 80 133 031                | 3 846 317          | 0                         | 3 539 276                | 0                  | -384 362           | 87 144 262            | -43 974 420           | 384 910              | 4 669 740              | 51 076 763             | 15 076 763           | 15 000            | 110 478            | 110 478            | 35 928 011           |
| <b>OFFICE MACHINES</b>                  | 2 536 754            |                      |                      | 2 536 754                 | 211 060            | 0                         | 2 051 036                | 0                  | -7 270             | 4 588 580             | -9 272 900            | 558 613              | 2 150                  | 1 495 235              | 2 014 214            | 23                | 1 635              | 1 635              | 1 258 051            |
| <b>Total Office Equipment</b>           | <b>103 376 493</b>   | <b>0</b>             | <b>0</b>             | <b>103 376 493</b>        | <b>4 587 955</b>   | <b>0</b>                  | <b>1 792 912</b>         | <b>0</b>           | <b>-397 700</b>    | <b>109 759 091</b>    | <b>-50 983 434</b>    | <b>14 583 885</b>    | <b>887 275</b>         | <b>6 974 943</b>       | <b>17 675 663</b>    | <b>35 274</b>     | <b>115 897</b>     | <b>151 131</b>     | <b>41 932 900</b>    |
| <b>CABINETS AND CLIPSBOARDS</b>         | 11 043 377           |                      |                      | 11 043 377                | 50 311             | 0                         | 1 703 644                | 0                  | -60 271            | 11 204 064            | -7 009 091            | 605 837              | 56 233                 | 162 862                | 8 086 836            | 12 642            | 30 210             | 42 853             | 3 074 375            |
| <b>CHAIRS</b>                           | 4 227 209            |                      |                      | 4 227 209                 | 4 202 209          | 0                         | 14 000                   | 0                  | 0                  | 8 289 418             | -4 065 209            | 677 309              | 32 910                 | 400 084                | 5 216 422            | 90 861            | 53 712             | 64 573             | 3 568 963            |
| <b>FURNITURE AND FITTINGS OTHER</b>     | 4 398 580            |                      |                      | 4 398 580                 | 0                  | 0                         | 3 523 839                | 0                  | -144 011           | 4 600 415             | -2 410 370            | 360 822              | 81 188                 | 156 207                | 2 933 077            | 21 000            | 8 640              | 31 670             | 1 641 248            |
| <b>TABLES AND DESKS</b>                 | 8 226 250            |                      |                      | 8 226 250                 | 84 856             | 0                         | 240 876                  | 0                  | -62 264            | 8 489 207             | -5 146 500            | 513 006              | 56 017                 | 1 351 146              | 1 642 540            | 18 118            | 20 940             | 39 058             | 2 787 600            |
| <b>Total Furniture And Fittings</b>     | <b>33 095 523</b>    | <b>0</b>             | <b>0</b>             | <b>33 095 523</b>         | <b>215 383</b>     | <b>0</b>                  | <b>650 203</b>           | <b>0</b>           | <b>-308 626</b>    | <b>33 652 443</b>     | <b>-21 318 209</b>    | <b>2 157 082</b>     | <b>226 647</b>         | <b>864 409</b>         | <b>22 400 295</b>    | <b>64 462</b>     | <b>93 802</b>      | <b>178 254</b>     | <b>11 072 516</b>    |
| <b>BULK CONTAINERS</b>                  | 1 460 441            |                      |                      | 1 460 441                 | 0                  | 0                         | 82 404                   | 0                  | 0                  | 1 542 845             | -518 128              | 149 981              | -                      | 18 661                 | 650 456              | -                 | -                  | -                  | 832 383              |
| <b>HOUSEHOLD REFUSE BINS</b>            | 1 687                |                      |                      | 1 687                     | 0                  | 0                         | 1 516                    | 0                  | 0                  | 2 203                 | -1 648                | 111                  | -                      | 3 759                  | 0                    | -                 | -                  | -                  | 444                  |
| <b>Total Containers</b>                 | <b>1 462 128</b>     | <b>0</b>             | <b>0</b>             | <b>1 462 128</b>          | <b>0</b>           | <b>0</b>                  | <b>82 921</b>            | <b>0</b>           | <b>0</b>           | <b>1 545 048</b>      | <b>-536 781</b>       | <b>150 099</b>       | <b>0</b>               | <b>18 661</b>          | <b>652 215</b>       | <b>0</b>          | <b>0</b>           | <b>0</b>           | <b>832 824</b>       |
| <b>FIRE EQUIPMENT</b>                   | 4 832 067            |                      |                      | 4 832 067                 | 0                  | 0                         | 16 521                   | 0                  | 0                  | 4 789 540             | -2 508 201            | 196 003              | -                      | 10 721                 | 2 731 483            | -                 | 121                | 121                | 2 081 952            |
| <b>MEDICAL EQUIPMENT/CLINES</b>         | 1 460 151            |                      |                      | 1 460 151                 | 0                  | 0                         | 13 106                   | 0                  | 0                  | 1 473 257             | -200 221              | 17 308               | -                      | -                      | 1 273 036            | -                 | 530                | 530                | 1 460 466            |
| <b>Total Fire and Medical Equipment</b> | <b>1 172 418</b>     | <b>0</b>             | <b>0</b>             | <b>1 172 418</b>          | <b>0</b>           | <b>0</b>                  | <b>29 627</b>            | <b>0</b>           | <b>0</b>           | <b>6 262 797</b>      | <b>-3 708 422</b>     | <b>213 308</b>       | <b>0</b>               | <b>46 286</b>          | <b>2 902 921</b>     | <b>0</b>          | <b>656</b>         | <b>656</b>         | <b>2 135 985</b>     |
| <b>BUSES</b>                            | 2 424 710            |                      |                      | 2 424 710                 | 1 207 250          | 0                         | 0                        | 0                  | 0                  | 3 631 930             | -651 131              | 199 180              | -                      | 0                      | 1 050 511            | -                 | 7 981              | 7 981              | 2 573 466            |
| <b>TIRE ENGINES</b>                     | 32 002 248           |                      |                      | 32 002 248                | 0                  | 0                         | 0                        | 0                  | -270 681           | 31 731 567            | -1 066 545            | 204 747              | -                      | 28 187                 | 11 780 210           | -                 | 28 187             | -                  | 17 914 518           |
| <b>MOTOR CYCLES</b>                     | 1 889 500            |                      |                      | 1 889 500                 | 0                  | 0                         | 124 301                  | 0                  | 49 972             | 1 939 500             | -1 309 721            | 219 400              | 49 972                 | 235 028                | 1 213                | -                 | -                  | -                  | 376 000              |
| <b>MOTOR VEHICLES</b>                   | 39 006 815           |                      |                      | 39 006 815                | 2 471 507          | 0                         | 833 954                  | 0                  | -1 213 211         | 40 009 120            | -19 088 230           | 3 177 260            | 1 158 121              | 1 386 000              | 18 721 175           | 239 519           | 1 109 557          | 1 399 076          | 17 288 979           |
| <b>TRUCKS</b>                           | 2 068 700            |                      |                      | 2 068 700                 | 48 900             | 0                         | 116 810                  | 0                  | 0                  | 2 136 410             | -66 200               | 4 220                | -                      | 100 504                | 499 214              | -                 | 7 266              | 7 266              | 8 127                |
| <b>TRUCKS AND BARRIKES</b>              | 165 225 187          |                      |                      | 165 225 187               | 9 316 841          | 0                         | -1 684 934               | 0                  | -159 179 829       | 159 179 829           | -11 877 829           | 11 877 829           | 5 973 115              | 5 742 037              | 102 700 061          | 100 100           | 961 618            | 1 151 818          | 55 236 629           |
| <b>FINANCE LEASES</b>                   | 4 765 830            |                      |                      | 4 765 830                 | 0                  | 0                         | -1 710 770               | 0                  | 0                  | 3 055 060             | -1 577 778            | 675 551              | -                      | 4 234 076              | 20 201               | -                 | -                  | -                  | 5 610                |
| <b>Total Motor Vehicles</b>             | <b>246 519 065</b>   | <b>0</b>             | <b>0</b>             | <b>246 519 065</b>        | <b>13 044 427</b>  | <b>0</b>                  | <b>-11 603 422</b>       | <b>0</b>           | <b>-13 281 551</b> | <b>234 645 570</b>    | <b>-145 409 256</b>   | <b>17 520 097</b>    | <b>13 051 814</b>      | <b>11 588 995</b>      | <b>138 570 182</b>   | <b>639 587</b>    | <b>2 158 015</b>   | <b>2 997 601</b>   | <b>93 489 297</b>    |
| <b>Total Buses</b>                      | 0                    |                      |                      | 0                         | 0                  | 0                         | 0                        | 0                  | 0                  | 0                     | 0                     | 0                    | 0                      | 0                      | 0                    | 0                 | 0                  | 0                  | 0                    |
| <b>Low Value Assets</b>                 | 0                    |                      |                      | 0                         | 0                  | 0                         | 0                        | 0                  | 0                  | 0                     | 0                     | 0                    | 0                      | 0                      | 0                    | 0                 | 0                  | 0                  | 0                    |
| <b>Total Other</b>                      | 0                    |                      |                      | 0                         | 0                  | 0                         | 0                        | 0                  | 0                  | 0                     | 0                     | 0                    | 0                      | 0                      | 0                    | 0                 | 0                  | 0                  | 0                    |
| <b>Total Other Assets</b>               | <b>887 801 149</b>   | <b>0</b>             | <b>39 956 320</b>    | <b>1 027 757 469</b>      | <b>29 218 244</b>  | <b>0</b>                  | <b>-11 180 720</b>       | <b>34 202 529</b>  | <b>-15 737 083</b> | <b>1 061 240 941</b>  | <b>-565 055 554</b>   | <b>64 113 706</b>    | <b>15 977 910</b>      | <b>25 051 946</b>      | <b>589 339 994</b>   | <b>569 966</b>    | <b>2 597 726</b>   | <b>3 267 992</b>   | <b>468 633 254</b>   |
| <b>Total Pp</b>                         | <b>9 715 936 586</b> | <b>0</b>             | <b>1 223 539 556</b> | <b>10 939 476 142</b>     | <b>207 851 000</b> | <b>0</b>                  | <b>-25 938 910</b>       | <b>279 028 585</b> | <b>-15 797 083</b> | <b>11 469 010 457</b> | <b>-9 057 062 058</b> | <b>442 619 006</b>   | <b>15 977 910</b>      | <b>40 211 077</b>      | <b>4 924 905 158</b> | <b>70 772 968</b> | <b>5 749 153</b>   | <b>76 922 747</b>  | <b>7 018 432 372</b> |
| <b>Heritage Assets</b>                  |                      |                      |                      |                           |                    |                           |                          |                    |                    |                       |                       |                      |                        |                        |                      |                   |                    |                    | 6 987 512 562        |
| <b>PATRIOTISM</b>                       | 118 628 826          | 73 618 535           | 0                    | 192 247 361               | 262 900            | 0                         | 45 028 460               | 0                  | 0                  | 237 539 322           | 0                     | 0                    | 0                      | 0                      | 6 809 930            | -                 | -                  | 6 809 930          | 230 729 592          |
| <b>CHRISTIANITIES</b>                   | 8 181 348            | 0                    | 0                    | 8 181 348                 | 0                  | 0                         | 0                        | 0                  | 0                  | 8 181 348             | 0                     | 0                    | 0                      | 0                      | -                    | -                 | -                  | -                  | 8 181 348            |
| <b>HERITAGE ASSETS</b>                  | 2 108 500            | 629 500              | 0                    | 2 738 000                 | 0                  | 0                         | 547 000                  | 0                  | 0                  | 3 285 000             | 0                     | 0                    | 0                      | 0                      | -                    | -                 | -                  | -                  | 2 738 000            |
| <b>LAND</b>                             | 6 002 000            | 0                    | 0                    | 6 002 000                 | 0                  | 0                         | 0                        | 0                  | 0                  | 6 002 000             | 0                     | 0                    | 0                      | 0                      | -                    | -                 | -                  | -                  | 6 002 000            |
| <b>MUSEUMS AND ART GALLERY</b>          | 17 258 796           | 0                    | 0                    | 17 258 796                | 0                  | 0                         | 21 217 796               | 0                  | 0                  | 38 476 592            | 0                     | 0                    | 0                      | 0                      | 22 972               | -                 | 22 972             | -                  | 37 192 873           |
| <b>PARKS</b>                            | 2 485 908            | 0                    | 0                    | 2 485 908                 | 0                  | 0                         | 0                        | 0                  | 0                  | 2 485 908             | 0                     | 0                    | 0                      | 0                      | -                    | -                 | -                  | -                  | 2 485 908            |
| <b>STADIUMS</b>                         | 3 961 961            | 0                    | 0                    | 3 961 961                 | 0                  | 0                         | 0                        | 0                  | 0                  | 3 961 961             | 0                     | 0                    | 0                      | 0                      | -                    | -                 | -                  | -                  | 3 961 961            |
| <b>SWIMMING POOLS</b>                   | 1 795 174            | 0                    | 0                    | 1 795 174                 | 0                  | 0                         | 0                        | 0                  | 0                  | 1 795 174             | 0                     | 0                    | 0                      | 0                      | -                    | -                 | -                  | -                  | 1 795 174            |
| <b>Total Heritage Assets</b>            | <b>150 419 514</b>   | <b>74 248 035</b>    | <b>0</b>             | <b>224 667 549</b>        | <b>262 900</b>     | <b>0</b>                  | <b>45 575 460</b>        | <b>0</b>           | <b>0</b>           | <b>279 526 900</b>    | <                     |                      |                        |                        |                      |                   |                    |                    |                      |

**The Msunduzi Municipality and its Municipality Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2019  
SEGMENTAL ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2019

| DESCRIPTION                   | HISTORICAL COSTS      |                               |                        |                   |                    |                | ACCUMULATED DEPRECIATION AND IMPAIRMENTS |                       |                           |                         |                        |                         | NET BOOK VALUE        |                      |
|-------------------------------|-----------------------|-------------------------------|------------------------|-------------------|--------------------|----------------|------------------------------------------|-----------------------|---------------------------|-------------------------|------------------------|-------------------------|-----------------------|----------------------|
|                               | OPENING BALANCE       | ADDITIONS/ UNDER CONSTRUCTION | ADJUSTMENTS/ TRANSFERS | REVALUATION       | DISPOSALS          | DONATED ASSETS | CLOSING BALANCE                          | OPENING BALANCE       | CURRENT YEAR DEPRECIATION | DEPRECIATION ADJUSTMENT | DEPRECIATION DISPOSALS | CURRENT YEAR IMPAIRMENT |                       | CLOSING BALANCE      |
| Executive and Council         | 29 042 650            | 250 954                       | 1 252 869              | 547 000           |                    |                | 31 093 473                               | -9 428 473            | -2 403 927                | 711 024                 | -                      | -28 523                 | -11 149 899           | 19 943 575           |
| Community and Social Services | 640 152 669           | 22 545 620                    | -12 837 420            | 44 796 999        | -737               | -              | 694 657 131                              | -215 298 686          | -16 499 685               | 12 671 962              | 171                    | -44 897                 | -219 171 135          | 475 485 996          |
| Electricity                   | 1 897 925 864         | 53 203 879                    | -1 294 483             | -                 | -43 822            | -              | 1 949 791 438                            | -603 944 565          | -92 776 331               | 1 612 576               | 43 789                 | -49 640                 | -695 114 171          | 1 254 677 267        |
| Environmental Protection      | 4 130 770             | 1 328 815                     | -103 451               | -                 | -                  | -              | 5 356 133                                | -2 222 431            | -534 130                  | 222 185                 | -                      | -3 594                  | -2 537 970            | 2 818 163            |
| Finance and Administration    | 1 859 856 309         | 10 551 059                    | -239 584 382           | -                 | -13 653 703        | -              | 1 617 169 282                            | -447 582 415          | -52 364 821               | 17 342 880              | 13 422 447             | -2 295 374              | -471 477 283          | 1 145 691 999        |
| Housing                       | 906 159 781           | 44 151 220                    | 5 274 251              | -                 | -103 811           | -              | 955 481 440                              | -65 858 855           | -6 372 181                | 137 748                 | 47 618                 | -2 735                  | -72 048 405           | 883 433 036          |
| Other                         | 415 543 846           | 20 055 321                    | -1 754 412             | -                 | -                  | -              | 433 844 756                              | -190 198 495          | -15 070 368               | -358 741                | -                      | -12 678                 | -205 640 282          | 228 204 474          |
| Planning and Development      | 170 545 503           | 12 435 377                    | -14 279 396            | -                 | -1 614             | -              | 168 699 870                              | -13 134 206           | -2 787 089                | 725 684                 | 188                    | -32 328                 | -15 227 751           | 153 472 119          |
| Public Safety                 | 64 196 085            | 107 106                       | -13 654 330            | -                 | -387 078           | -              | 50 261 783                               | -30 412 135           | -2 236 362                | 8 351 640               | 320 974                | -37 173                 | -24 013 058           | 26 248 725           |
| Road Transport                | 3 621 304 233         | 218 533 605                   | -4 976 962             | -                 | -834 858           | -              | 3 834 026 018                            | -1 382 058 118        | -154 790 127              | 3 042 612               | 825 200                | -36 791                 | -1 533 017 225        | 2 301 008 794        |
| Sport and Recreation          | 537 364 902           | 8 377 047                     | -11 492 739            | 102 500           | -722 897           | -              | 533 628 813                              | -193 531 683          | -18 858 340               | 6 118 272               | 709 303                | -26 775                 | -205 589 223          | 328 039 590          |
| Waste Management/Solid Waste  | 107 447 877           | 7 936 903                     | -477 179               | -                 | -                  | -              | 114 907 600                              | -27 931 344           | -7 380 173                | 54 628                  | -                      | -2 346                  | -35 259 235           | 79 648 365           |
| Waste Water Management        | 643 101 923           | 37 025 745                    | -342 862               | -                 | -8 121             | -              | 679 776 685                              | -174 796 387          | -19 648 571               | 356 563                 | 8 067                  | -29 629                 | -194 109 958          | 485 666 727          |
| Water                         | 1 161 538 532         | 77 331 643                    | -938 919               | 55 000            | -441               | -              | 1 237 985 815                            | -442 596 892          | -62 962 873               | 1 295 663               | 155                    | -3 117 269              | -507 381 217          | 730 604 598          |
| <b>TOTALS</b>                 | <b>12 058 310 943</b> | <b>513 834 292</b>            | <b>-293 509 416</b>    | <b>45 501 499</b> | <b>-15 757 081</b> | <b>-</b>       | <b>12 306 680 238</b>                    | <b>-3 798 994 686</b> | <b>-454 684 979</b>       | <b>52 284 696</b>       | <b>15 377 910</b>      | <b>-5 719 753</b>       | <b>-4 191 736 812</b> | <b>8 114 943 427</b> |

**The Msunduzi Municipality and its Municipality Entity**

Consolidated Annual Financial Statements for the year ended 30 June 2019

**APPENDIX C**

**ACTUAL VERSUS BUDGET (ACQUISITION OF ALL NON-CURRENT ASSETS ) FOR THE YEAR ENDED 30 JUNE 2019**

| Description                        | 2019<br>Budget<br>R | 2019<br>Actual<br>R | 2019<br>Assets Under<br>Construction<br>R | 2019<br>Additions<br>R | 2019<br>Variance<br>R | 2019<br>Variance<br>% | Explanation of Significant Variances greater than 5% versus Budget |
|------------------------------------|---------------------|---------------------|-------------------------------------------|------------------------|-----------------------|-----------------------|--------------------------------------------------------------------|
| Executive and Council              | 3 631 065           | 237 477             | 0                                         | 250 954                | 3 393 588             | 93%                   |                                                                    |
| Finance and Administration         | 36 335 782          | 24 327 754          | 1 484 259                                 | 14 560 681             | 12 008 028            | 33%                   |                                                                    |
| Planning and Development           | 41 555 723          | 18 177 110          | 7 882 362                                 | 4 544 042              | 23 378 613            | 56%                   |                                                                    |
| Public Safety                      | 7 143 083           | 3 468 149           | 0                                         | 107 106                | 3 674 934             | 51%                   |                                                                    |
| Community and Social Services      | 7 106 000           | 2 130 553           | 18 508 020                                | 4 046 573              | 4 975 447             | 70%                   |                                                                    |
| Health                             | 1 624 295           | 1 347 134           | 0                                         | 0                      | 277 161               | 17%                   |                                                                    |
| Sport and Recreation               | 11 758 226          | 8 216 649           | 1 590 598                                 | 6 766 518              | 3 541 577             | 30%                   |                                                                    |
| Road Transport                     | 272 145 270         | 219 002 398         | 136 875 418                               | 81 658 187             | 53 142 872            | 20%                   |                                                                    |
| Water                              | 75 391 016          | 77 975 193          | 67 087 930                                | 10 243 713             | -2 584 177            | -3%                   |                                                                    |
| Waste Water Management             | 44 301 896          | 37 025 745          | 36 616 950                                | 408 795                | 7 276 151             | 16%                   |                                                                    |
| Electricity                        | 56 636 360          | 53 203 879          | 35 103 175                                | 12 718 823             | 3 432 481             | 6%                    |                                                                    |
| Housing                            | 50 030 278          | 33 291 606          | 32 135 091                                | 1 182 511              | 16 738 672            | 33%                   |                                                                    |
| Other                              | 4 980 425           | 4 632 288           | 535 250                                   | 3 683 861              | 348 137               | 7%                    |                                                                    |
| Environment Protection/Solid Waste | 825 065             | 5 546 223           | 512 490                                   | 8 753 228              | -4 721 158            | 0%                    |                                                                    |
| <b>TOTALS</b>                      | <b>613 464 484</b>  | <b>488 582 157</b>  | <b>338 331 543</b>                        | <b>148 924 990</b>     | <b>124 882 327</b>    | <b>20%</b>            |                                                                    |

NOTE : Total additions included donated assets

**The Msunduzi Municipality and its Municipality Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2019

**APPENDIX D**

**DETAILS OF UNSPENT CONDITIONAL GRANTS, RECEIPTS AND TRANSFERS TO INCOME AS AT 30 JUNE 2019**

| Account Description                            | Unspent balance @ 01 July 2018 | Transfers to income | Prior year expenditure recovered from current year allocation | Inter project | Funds paid back to National Treasury | Refund to grant provider | VAT recovered from NT grants | Current year interest earned | Current year receipts | Unspent balance @ 30 June 2019 | Source Code                        |
|------------------------------------------------|--------------------------------|---------------------|---------------------------------------------------------------|---------------|--------------------------------------|--------------------------|------------------------------|------------------------------|-----------------------|--------------------------------|------------------------------------|
| GRANTS:CP-NT-NDPG                              | -603 783                       | 424 938             | -                                                             | -             | 603 783                              | -                        | 646 617                      | -                            | -14 900 000           | -13 828 445                    | UNSPENT CG - NATIONAL GOVERNMENT   |
| GRANTS:CP-NT-WSIG                              | -                              | 42 573 341          | -                                                             | -             | -                                    | -                        | 186 659                      | -                            | -42 760 000           | -                              | UNSPENT CG - NATIONAL GOVERNMENT   |
| GRANTS:OP-NT-EPWP                              | -                              | 2 890 000           | -                                                             | -             | -                                    | -                        | -                            | -                            | -2 890 000            | -                              | UNSPENT CG - NATIONAL GOVERNMENT   |
| GRANTS:OP-NT-FMG                               | -                              | 1 562 054           | -                                                             | -             | -                                    | -                        | 137 946                      | -                            | -1 700 000            | -                              | UNSPENT CG - NATIONAL GOVERNMENT   |
| GRANTS:CP-NT-PTCG                              | -11 506 487                    | 138 195 535         | -                                                             | -7 979 615    | 11 506 487                           | -                        | 20 115 080                   | -                            | -150 331 000          | -0                             | UNSPENT CG - NATIONAL GOVERNMENT   |
| GRANTS:OP-NT-PTCG                              | -14 638 777                    | 30 374 809          | 7 096 415                                                     | 7 979 615     | 14 638 777                           | -                        | 3 322 161                    | -                            | -48 773 000           | -                              | UNSPENT CG - NATIONAL GOVERNMENT   |
| GRANTS:CP-NT-MIG                               | -6 865 803                     | 139 493 069         | -                                                             | -             | 6 865 803                            | -                        | 20 282 182                   | -                            | -175 256 120          | -15 480 869                    | UNSPENT CG - NATIONAL GOVERNMENT   |
| GRANTS:OP-NT-MIG                               | -                              | 16 179 682          | -                                                             | -             | -                                    | -                        | 1 880 198                    | -                            | -18 059 880           | -                              | UNSPENT CG - NATIONAL GOVERNMENT   |
|                                                | <b>-33 614 850</b>             | <b>371 693 429</b>  | <b>7 096 415</b>                                              | -             | <b>33 614 849</b>                    | -                        | <b>46 570 842</b>            | -                            | <b>-454 670 000</b>   | <b>-29 309 314</b>             |                                    |
| GRANTS:OP-KZ-DEV OF                            | -715 102                       | 650 000             | -                                                             | -             | -                                    | 86 311                   | -                            | -21 209                      | -                     | 0                              | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:CP-KZ-P/HOUSE                           | -3 108                         | -                   | -                                                             | 3 191         | -                                    | -                        | -                            | -84                          | -                     | -0                             | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:CP-KZ-S/LIGHT                           | -4 877                         | -                   | -                                                             | 5 009         | -                                    | -                        | -                            | -132                         | -                     | -0                             | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:CP-KZ-MARKET                            | -925 534                       | 446 650             | -                                                             | 347 202       | -                                    | -                        | -                            | -35 502                      | -                     | -167 184                       | 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      | -9 602 390                     | 3 328 710           | -                                                             | -             | -                                    | -                        | -                            | -584 948                     | -                     | -6 858 629                     | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:OP-KZN-DOHS-MILITARY VETERANS           | -8 624 156                     | -                   | -                                                             | -             | -                                    | -                        | -                            | -                            | -                     | -8 624 156                     | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:CP-KZ-DOHS - JIKA JOE                   | -                              | 27 087 046          | -                                                             | -             | -                                    | -                        | -                            | -                            | -37 602 972           | -10 515 927                    | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:OP-KZ-DOHS - TITLE DEED RESTORATION     | -                              | -                   | -                                                             | -             | -                                    | -                        | -                            | -                            | -                     | -8 965 991                     | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:OP-KZ-TAG                               | -12 179                        | 666 982             | -                                                             | -307 279      | -                                    | -                        | -                            | -24 481                      | -385 000              | -61 958                        | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:CP-KZ-TAG                               | -707 279                       | 18 319              | -                                                             | 307 279       | -                                    | -                        | -                            | -37 503                      | -56 000               | -475 184                       | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:OP-KZ-GEVDI                             | -5 528 936                     | 5 489 801           | -                                                             | 94 025        | -                                    | -                        | -                            | -315 125                     | -                     | -260 234                       | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:CP-KZ-GEVDI                             | -9 329 488                     | 10 129 662          | -                                                             | -94 025       | -                                    | -                        | -                            | -706 149                     | -                     | -0                             | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:CP-KZ-LIBRARY                           | -298 570                       | 2 112 234           | -                                                             | -             | -                                    | -                        | -                            | -202 213                     | -6 650 000            | -5 038 548                     | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:OP-KZ-LIBRARY                           | -512 927                       | 11 220 020          | -                                                             | -             | -                                    | -                        | -                            | -631 707                     | -12 909 000           | -2 833 614                     | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:CP-KZ-ACCRED                            | -4 500 558                     | 1 157 486           | -                                                             | -             | -                                    | -                        | -                            | -571 212                     | -7 855 968            | -11 770 252                    | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:OP-KZ-ACCRED                            | -31 900 495                    | 9 346 841           | -                                                             | -             | -                                    | -                        | -                            | -2 127 507                   | -5 740 818            | -30 421 979                    | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:CP-KZ-MANAYE                            | -3 919 048                     | 1 852 832           | -                                                             | -347 202      | -                                    | -                        | -                            | -255 226                     | -                     | -2 688 643                     | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:OP-KZ-MANAYE                            | -235 639                       | 205 442             | -                                                             | -8 200        | -                                    | -                        | -                            | -12 175                      | -                     | -50 572                        | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:CP-KZ-YOUTH                             | -8 184 361                     | 492 694             | -                                                             | -             | -                                    | -                        | -                            | -499 939                     | -                     | -8 191 606                     | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:OP-KZ-YOUTH                             | -1 486 113                     | 1 316 864           | -                                                             | -             | -                                    | -                        | -                            | -75 840                      | -                     | -245 089                       | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:OP-KZNPMBAIRP                           | -54 118                        | -                   | -                                                             | 54 118        | -                                    | -                        | -                            | -                            | -                     | 0                              | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS UNSPENT:CP-KZN-TREASURY - ORIBI AIRPORT | -                              | 54 118              | -                                                             | -54 118       | -                                    | -                        | -                            | -                            | -                     | 0                              | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:CP-KZ-DLULIS                            | -1 000 000                     | -                   | -                                                             | -             | -                                    | -                        | -                            | -                            | -                     | -1 000 000                     | UNSPENT CG - PROVINCIAL GOVERNMENT |
| GRANTS:OP-KZ-DLULIS                            | -500 000                       | -                   | -                                                             | -             | -                                    | -                        | -                            | -                            | -                     | -500 000                       | UNSPENT CG - PROVINCIAL GOVERNMENT |
|                                                | <b>-88 734 714</b>             | <b>76 265 537</b>   | <b>-</b>                                                      | <b>0</b>      | <b>-</b>                             | <b>86 311</b>            | <b>-</b>                     | <b>-6 100 950</b>            | <b>-80 165 748</b>    | <b>-98 649 565</b>             |                                    |
|                                                | <b>-122 349 564</b>            | <b>447 958 966</b>  | <b>7 096 415</b>                                              | <b>0</b>      | <b>33 614 849</b>                    | <b>86 311</b>            | <b>46 570 842</b>            | <b>-6 100 950</b>            | <b>-534 835 748</b>   | <b>-127 958 879</b>            |                                    |

APPENDIX E1  
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2019

| NO. | MATTER                                                     | MATTER TYPE                                                                                                                                                                                                                                                                                                                                                                                        | YEAR INITIATED | ATTORNEY/ADVOCATE INSTRUCTED                                                                                                                                                                                                                                     | Current status as at and quantum, where applicable                                                                                                                                           | Amount in Rands | Probability of outflow |
|-----|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------|
| 1   | 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.                                                                                                                                | 128 734         | Not probable           |
| 2   | 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.                                                                       | 649 496         | Not probable           |
| 3   | 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.                                                                                             | 358 665         | Not probable           |
| 4   | 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.                                                                                                                                              | 240 254         | Not probable           |
| 5   | Terwobeeck 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.                                                                                                                            | 5 473 279       | Not probable           |
| 6   | Makungisa E v Msunduzi Municipality                        | Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle as 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.                                                       | 35 018          | Not probable           |
| 7   | 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. The defendant's plea has been filed. The matter is ongoing.                                                                           | 1 120 695       | Not probable           |
| 8   | Rabiksoan 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.                                                                                                                                | 112 723         | Not probable           |
| 9   | 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.                                                           | 487 980         | Not probable           |
| 10  | 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.                                                                                                                 | 84 993          | Not probable           |
| 11  | 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.                                                                           | 295 292         | Not probable           |
| 12  | 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.                                                               | 130 195         | Not probable           |
| 13  | Haffjee 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                                                                                                                                 | 857 999         | Not probable           |
| 14  | 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.                                                                                           | 325 489         | Not probable           |
| 15  | 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.                                                                                                                 | 55 367          | Not probable           |
| 16  | 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.                                                                                                                    | 365 795         | Not probable           |
| 17  | 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                                                                                                                                                                                                                                                         | R 95 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing.                                                                                                                     | 347 505         | Not probable           |
| 18  | 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.         | 1 097 385       | Not probable           |
| 19  | 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.                                                                                                                                       | 506 992         | Not probable           |
| 20  | 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-heard.                                                                                                              | 1 034 535       | Not probable           |
| 21  | Mavundia 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.                                                                                                                              | 731 590         | Not probable           |
| 22  | 3 DM contractors v Msunduzi Municipality                   | Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.                                                                                                                                                                                                                                                                                                 | 2011           | Diedricks attorneys 900 Roberts road, claredon, Pietermaritzburg, tel:3422808, fax:0862191672, e-mail:admin@diedricksattorneys.co.za, Adv Fleming. Tel: 033 845 3501                                                                                             | R 66 930,35                                                                                                                                                                                  | 66 930          | Not Probable           |
| 23  | 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. The defendant's plea has been filed. The matter is ongoing.                                                                            | 345 333         | Not probable           |
| 24  | KZN-Digi connect v Msunduzi                                | Claim by contractor for payment for IT services allegedly rendered.                                                                                                                                                                                                                                                                                                                                | 2012           | Kwela Attorneys, 224 Boom Street, Pietermaritzburg, 3201, james@kwelalaw.co.za. Tel: 033 394 8116                                                                                                                                                                | R505 000.00 plus interest @ 15.5% p/a plus legal costs. Matter in abeyance.                                                                                                                  | 1 384 731       | Not probable           |
| 25  | 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.                                                                                                                               | 383 780         | Not probable           |
| 26  | Mkhonza B. v Msunduzi Municipality                         | Delictual claim. Plaintiff is suing the Municipality due to a fall on an uneven pavement slab.                                                                                                                                                                                                                                                                                                     | Oct-12         | Internal                                                                                                                                                                                                                                                         | R 293 000.00 plus interest at 15.5 per cent per annum. Matter ongoing.                                                                                                                       | 774 990         | Not probable           |
| 27  | Ogle COO v Msunduzi Municipality                           | Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.                                                                                                                                                                                                                                                                                                                      | Dec-12         | 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.                                                                        | 691 164         | Not probable           |
| 28  | Makhaya 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                                                                                                                                                                                                                                                         | 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. | 21 642          | Not probable           |
| 29  | Indo Contractors cc                                        | Termination of contract: contract dispute with Contractor claiming premature termination.                                                                                                                                                                                                                                                                                                          | 2013           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com                                                                                                                         | Contractor claiming R 2 million. Matter still to be decided on arbitration.                                                                                                                  | 2 000 000       | Not Probable           |
| 30  | 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           |
| 31  | Imball Mens Hostel                                         | Municipality seeking the reversal of various title deeds on the basis of unlawful registrations. 3 unlawful property owners deceased and only 1 deceased estate reported. Trace reports received and summons prepared for 11 matters. For remaining matters we await the Registrar to allocate these matters for pre-trial conference. Default judgements to be lodged in first week of June 2015. | 2013           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel:033 940 1497, fax:0862428747, e-mail:mail@mflaw.co.za, Advocate AJ Dickson, 17 Prince Edward Street, Advocates' Chambers, tel: 3845354/2/3, fax: 38453544, e-mail:adickson@law.co.za | No monetary claim. Costs and further legal fees cannot be quantified at this stage as the matter is ongoing.                                                                                 | 0               | Not probable           |
| 32  | CDK Investments Trust CC                                   | Electricity Disconnection Acc number 2915243. The Plaintiff is disputing the disconnection.                                                                                                                                                                                                                                                                                                        | 2013           | Internal                                                                                                                                                                                                                                                         | Costs cannot be quantified at this stage. Matter ongoing.                                                                                                                                    | 0               | Not probable           |
| 33  | CDK Investments Trust CC                                   | Electricity Disconnection Acc number 2976214. The Plaintiff is disputing the disconnection.                                                                                                                                                                                                                                                                                                        | 2013           | Internal                                                                                                                                                                                                                                                         | Costs cannot be quantified at this stage. Mter ongoing.                                                                                                                                      | 0               | Not probable           |

APPENDIX E1  
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2019

| NO. | MATTER                                                                                                         | MATTER TYPE                                                                                                                                                                                                                       | YEAR INITIATED | ATTORNEY/ADVOCATE INSTRUCTED                                                                                                                                                                                                                                  | Current status as at and quantum, where applicable                                                                                                                                                                                                                           | Amount in Rands | Probability of outflow |
|-----|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------|
| 34  | 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@mflaw.co.za, Advocate Moody                                                                                                          | No monetary claim. Matter ongoing and building has commenced. Once building has been completed, relocation of illegal occupiers can commence. Construction of alternative accommodation has been suspended while Municipality seeks alternative contractor for construction. | 0               | Not probable           |
| 35  | 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, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za, Advocate Anton Flemming                                                                                                 | No monetary claim. Applicant to enrolled matter.                                                                                                                                                                                                                             | 0               | Not probable           |
| 36  | 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@mflaw.co.za, Adv AJ Dickson, 17 Prince Edward Street, Advocates Chambers, tel: 38453542/3, fax: 38453544, e-mail: adickson@law.co.za | Action instituted against the municipality for R 74 803.90. The plaintiff has yet to enroll the matter for trial.                                                                                                                                                            | 74 804          | Not Probable.          |
| 37  | Gugu Leeuw                                                                                                     | Contravention of Problem Buildings Bylaws                                                                                                                                                                                         | 2018           | Mdlle Inc. 187 Hoesen Haffajee Street Pietermaritzburg; 3201; Tel 033 345 4022.                                                                                                                                                                               | No monetary value                                                                                                                                                                                                                                                            | 0               | Not probable           |
| 38  | Nashini Reddy / Keshree Reddy v Msunduzi Municipality                                                          | Contravention of Problem Buildings Bylaws                                                                                                                                                                                         | 2018           | Mdlle Inc. 187 Hoesen Haffajee Street Pietermaritzburg; 3201; Tel 033 345 4022.                                                                                                                                                                               | No monetary value                                                                                                                                                                                                                                                            | 0               | Not probable           |
| 39  | Shanaaz Essop                                                                                                  | Contravention of Problem Buildings Bylaws                                                                                                                                                                                         | 2018           | Mdlle Inc. 187 Hoesen Haffajee Street Pietermaritzburg; 3201; Tel 033 345 4022.                                                                                                                                                                               | No monetary value                                                                                                                                                                                                                                                            | 0               | Not Probable           |
| 40  | Navida Marais v Msunduzi Municipality                                                                          | Interdict Application to prevent unlawful eviction of respondents                                                                                                                                                                 | 2018           | Mdlle Inc. 187 Hoesen Haffajee Street Pietermaritzburg; 3201; Tel 033 345 4022.                                                                                                                                                                               | No monetary value, potential liability for costs if unsuccessful.                                                                                                                                                                                                            | 0               | Not Probable           |
| 41  | EOH Mthombo v Msunduzi Municipality                                                                            | Potential Cancellation of services by service provider                                                                                                                                                                            | 2018           | Mdlle Inc. 187 Hoesen Haffajee Street Pietermaritzburg; 3201; Tel 033 345 4022. Adv A Flemming 7 Prince Edward Street, PMB, 3201. Tel: 033 845 3539. Email: aflemming@group1pmb.co.za                                                                         | No monetary value.                                                                                                                                                                                                                                                           | 0               | Not probable           |
| 42  | Menzi Mpanza v Msunduzi Municipality                                                                           | Interdict for the reconnection of Applicant's electricity at Unit 4, Goal Flats, 1 Prince Alfred Street. Application for contempt of interim order granted as stated above.                                                       | 2018           | Mdlle Inc. 187 Hoesen Haffajee Street Pietermaritzburg; 3201; Tel 033 345 4022.                                                                                                                                                                               | No monetary value                                                                                                                                                                                                                                                            | 0               | Not Probable           |
| 43  | Pranesh Indrajith v Msunduzi Municipality                                                                      | Interdict for the reconnection of Applicant's electricity at 25 Naidoo Road, Ratsehorpe                                                                                                                                           | 2018           | Mdlle Inc. 187 Hoesen Haffajee Street Pietermaritzburg; 3201; Tel 033 345 4022. Adv D Crampton 17 Prince Edward Street, PMB, 3201. Tel: 033 845 3512. Email: davidc@pmblaw.co.za                                                                              | No monetary value                                                                                                                                                                                                                                                            | 0               | Not Probable           |
| 44  | A Maharaj/ N Maharaj v Msunduzi Municipality                                                                   | Application for an Interdict due to contravention of Building and Town Planning Bylaws taking place at 44 Bangalore Road, Northdale.                                                                                              | 2018           | Mdlle Inc. 187 Hoesen Haffajee Street Pietermaritzburg; 3201; Tel 033 345 4022. Adv M Mazubuko 17 Prince Edward Street, PMB, 3201. Tel: 033 845 3539. Email: ms.mazubuko@gmail.com                                                                            | No monetary value                                                                                                                                                                                                                                                            | 0               | Not Probable           |
| 45  | 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           | Mdlle Inc. 187 Hoesen Haffajee Street Pietermaritzburg; 3201; Tel 033 345 4022. Adv A Flemming 7 Prince Edward Street, PMB, 3201. Tel: 033 845 3539. Email: aflemming@group1pmb.co.za                                                                         | R 83 499,16                                                                                                                                                                                                                                                                  | 83 499          | Not Probable           |
| 46  | Farouk Jasat N.O & 3 others v Msunduzi Municipality                                                            | Delictual Claim for damages: Plaintiff's motor vehicle collided with a pothole on Scania Road intersection. Action instituted in the Magistrate's Court under case No. 2219/2015                                                  | 2014           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel: 033 940 1497, fax: 0862428747, e-mail: alicia@mflaw.co.za,                                                                                                                       | Action instituted against the Municipality for R 54 588,60. Matter is defended and has not been enrolled for trial as yet by the Plaintiff.                                                                                                                                  | 54 589          | Not Probable           |
| 47  | Bermin Investments CC t/a Magalala 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           |
| 48  | Devang 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: claudette@tmj.co.za / noluthandod@tmj.co.za tmj@tmj.co.za                                                | R5 309 127.01. Plea filed awaiting replication.                                                                                                                                                                                                                              | 5 309 127       | Not Probable           |
| 49  | 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@mflaw.co.za, Advocate Anton Flemming                                                                                                 | Action instituted against the municipality for R 31 487.02. The taxation has been finalised and monies due to the Municipality in this regard and we have processed the payment due to the Municipality.                                                                     | 31 487          | Not probable           |
| 50  | 465 Prince Alfred                                                                                              | Interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act                                                                                                                  | 2015           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB, tel: 0333457927, fax: 3456985, e-mail: dumixaba@xaba-inc.com / mail@xaba-inc.com                                                                                                                   | No Monetary Claim                                                                                                                                                                                                                                                            | 0               | Not Probable           |
| 51  | 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@xaba-inc.com / mail@xaba-inc.com                                                                                                                   | R100 000.00. Plaintiff's Attorneys withdrawn as attorneys on record awaiting Plaintiff to set the matter down for Trial.                                                                                                                                                     | 100 000         | Not Probable           |
| 52  | 53 Hoesen Haffajee Street                                                                                      | Interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act                                                                                                                  | 2015           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB, tel: 0333457927, fax: 3456985, e-mail: dumixaba@xaba-inc.com / mail@xaba-inc.com                                                                                                                   | No monetary claim.                                                                                                                                                                                                                                                           | 0               | Not Probable           |
| 53  | 252 King Edward Drive.                                                                                         | Interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act                                                                                                                  | 2015           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB, tel: 0333457927, fax: 3456985, e-mail: dumixaba@xaba-inc.com / mail@xaba-inc.com                                                                                                                   | No monetary claim                                                                                                                                                                                                                                                            | 0               | Not Probable           |
| 54  | Msunduzi Municipality/ Feroz Essa Ismail & 2 others (118 Boom St)                                              | Interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act                                                                                                                  | 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,                                                                                                                         | The contempt application was successful and the process of recovering the costs due in terms of the Bill of costs has commenced. Respondents have since wrote an application for leave to appeal, which is awaiting a set down date. Matter ongoing.                         | 0               | Not Probable           |
| 55  | Msunduzi Municipality/ The SA Incinerator Company                                                              | Delictual Claim for damages. Action instituted in the High Court, Pietermaritzburg under case number 5422/2015                                                                                                                    | 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, Advocate H. Gani                                                                                                        | R970 568.88 (in respect of the Defendants counterclaim for retention monies). Matter has not been enrolled for trial as yet.                                                                                                                                                 | 970 569         | Not Probable           |
| 56  | Telkom SA SOC LTD/ Msunduzi Municipality (Orbi Road, Pelham) Case No. (15146/2015)                             | Delictual Claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly cause by Municipal water pipes.                                                                                            | 2015           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za, REF: 22M003128                                                                                                          | Action instituted against the municipality for R75 433.42. The plaintiff has yet to enroll the matter for trial.                                                                                                                                                             | 75 433          | Not Probable           |
| 57  | Telkom SA SOC LTD/ Msunduzi Municipality (Eden Park Drive) Case No. 14572/2015                                 | Delictual Claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly cause by Municipal water pipes.                                                                                            | 2015           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za, REF: 22M003161                                                                                                          | Action instituted against the municipality for R43 262.08. The plaintiff has yet to enroll the matter for trial.                                                                                                                                                             | 43 262          | Not Probable           |
| 58  | Gomia Singh                                                                                                    | Interdict: To prevent the Municipality from disconnecting electricity.                                                                                                                                                            | 2015           | Mdlle Inc. 187 Hoesen Haffajee Street Pietermaritzburg; 3201; Tel 033 345 4022. Email: emerson@telkomsa.net                                                                                                                                                   | No monetary value, potential liability for costs if unsuccessful.                                                                                                                                                                                                            | 0               | Not probable.          |

APPENDIX E1  
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2019

| NO. | MATTER                                                                 | MATTER TYPE                                                                                                                                                                                                                               | YEAR INITIATED | ATTORNEY/ADVOCATE INSTRUCTED                                                                                                                                                                                                                                                                           | Current status as at and quantum, where applicable                                                                                                                                                                             | Amount in Rands | Probability of outflow |
|-----|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------|
| 59  | C Ngcobo ( Willow)                                                     | Town Planning                                                                                                                                                                                                                             | 2016           | 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 A Flemming Tel: 033 845 3546 Fax 033 394 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201       | No Risk. Estimate of legal fees                                                                                                                                                                                                | 0               | Not Probable           |
| 60  | 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                                                                                                                                                  | Setting up settlement meeting.                                                                                                                                                                                                 | 0               | Not probable.          |
| 61  | Diedre Doreen Rajah                                                    | 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. | No monetary value however the municipality could be liable for costs if unsuccessful. Matter ongoing.                                                                                                                          | 0               | Not Probable.          |
| 62  | 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           |
| 63  | Willowton Group t/a Willowton Oil                                      | Interdict to prevent illegal use of Municipal land in contravention of zoning bylaws                                                                                                                                                      | Sep-15         | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email: emmerson@telkomsa.net                                                                                                                                                                                          | No monetary value. Costs if unsuccessful.                                                                                                                                                                                      | 0               | Not probable.          |
| 64  | C Mbanjwa                                                              | Recovery of monies due to unauthorized use of Municipal vehicle for personal use                                                                                                                                                          | Jul-05         | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email: emmerson@telkomsa.net                                                                                                                                                                                          | R 32 971,93                                                                                                                                                                                                                    | 32 972          | Not probable           |
| 65  | 71 New England Road: Avinash Samlali & Others: case no: 14104/15       | Application to challenge decision by a Town Planning Tribunal                                                                                                                                                                             | 2015           | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email:emmerson@telkomsa.net Adv A Rall SC; 17 Prince Edward Street, Pietermaritzburg. Tel: 033 845 3529. Email: rall@iafrica.com                                                                                      | No monetary value.Costs if unsuccessful.                                                                                                                                                                                       | 0               | Not probable.          |
| 66  | 50 Pope Ellis Drive                                                    | Interdict to prevent the uses of premises for events                                                                                                                                                                                      | 2015           | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv R Ntshini, 17 Prince Edward Street, PMB, 3201. Tel: 033 845 3520. Email: rantshini@gmail.com                                                                                                                      | No monetary value.Costs if unsuccessful.                                                                                                                                                                                       | 0               | Not probable           |
| 67  | 101 Greyling Street                                                    | Interdict to prevent contravention of zoning bylaws                                                                                                                                                                                       | 2015           | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                                                                                                        | No monetary value. Legal costs if unsuccessful.                                                                                                                                                                                | 0               | Not probable.          |
| 68  | 47 Tayton Road                                                         | Interdict: restrained from using or allowing others to use the property as offices.                                                                                                                                                       | 2015           | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                                                                                                        | No monetary value. Costs if unsuccessful.                                                                                                                                                                                      | 0               | Not probable.          |
| 69  | Msunduzi Municipality v S Antony                                       | Labour Matter: Review of Arbitration Award                                                                                                                                                                                                | 2014           | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                                                                                                        | No monetary value, potential liability for legal costs if unsuccessful                                                                                                                                                         | 0               | Not Probable           |
| 70  | 19 West Street                                                         | Interdict: restrained from using or allowing others to use the property as a boarding house.                                                                                                                                              | 2015           | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                                                                                                        | No monetary value. Legal costs if unsuccessful.                                                                                                                                                                                | 0               | Not probable.          |
| 71  | 534 Prince Alfred Street                                               | Interdict: restrained from using or allowing others to use the property as a business premises.                                                                                                                                           | 2015           | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                                                                                                        | No monetary value. Costs if unsuccessful.                                                                                                                                                                                      | 0               | Not probable.          |
| 72  | 8 Polo Avenue                                                          | Interdict: restrained from using or allowing others to use the property as a boarding house.                                                                                                                                              | 2015           | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                                                                                                        | No monetary value. Legal costs if unsuccessful.                                                                                                                                                                                | 0               | Not probable.          |
| 73  | 79 Boom Street                                                         | Interdict: restrained from using or allowing others to use the property as a boarding house.                                                                                                                                              | 2015           | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                                                                                                        | No monetary value,potential liability for legal costs if unsuccessful.                                                                                                                                                         | 0               | Not probable.          |
| 74  | 143 Greyling Street                                                    | Interdict: restrained from using or allowing others to use the property as a business premises.                                                                                                                                           | 2015           | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                                                                                                        | No monetary value,legal costs if unsuccessful. .                                                                                                                                                                               | 0               | Not probable.          |
| 75  | 14 Boom Street                                                         | Interdict: restrained from using or allowing others to use the property as offices.                                                                                                                                                       | 2015           | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                                                                                                        | No monetary value, potential liability for legal costs if unsuccessful.                                                                                                                                                        | 0               | Not probable.          |
| 76  | Electricity Action Group                                               | Application to compel the Municipality to implement its Indigent Policy                                                                                                                                                                   | 2015           | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email: emmerson@telkomsa.net. Adv A Rall SC, 17 Prince Edward Street, Pietermaritzburg. Tel: 033 845 3529. Email: rall@iafrica.com                                                                                    | No monetary value. Potential liability for legal costs if unsuccessful.                                                                                                                                                        | 0               | Not Probable           |
| 77  | K. Feroese                                                             | Application to demolish illegally erected aviaries.                                                                                                                                                                                       | 2015           | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email: emmerson@telkomsa.net                                                                                                                                                                                          | No monetary value.Potential liability for costs if unsuccessful                                                                                                                                                                | 0               | Not probable.          |
| 78  | Ilitha Research and Management CC                                      | Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.                                                                                                                                        | 2016           | Internal                                                                                                                                                                                                                                                                                               | R62 788.00. 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.                                                       | 62 788          | Not probable           |
| 79  | PH Magubane                                                            | Collection of monies from a staff member                                                                                                                                                                                                  | 2015           | Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za.                                                                                                                                                                         | We have issued a summons and have obtained a judgement. We are attempting to recover the money due, the debtor does not appear to have many assets and this means that the prospects of recovering the money is not very good. | 0               | Not probable           |
| 80  | Victoria Country Club Estate                                           | Town Planning                                                                                                                                                                                                                             | 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 Choudree, Masonic Group, Durban.                                                                                                         | No Risk. Estimate of legal fees                                                                                                                                                                                                | 0               | Not probable           |
| 81  | 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 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           |
| 82  | 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           |
| 83  | 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           |
| 84  | 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 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           |
| 85  | Kua-Siza Transporters CC and Msunduzi Municipality                     | Delictual 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           | Mdllede Inc. 187 Hoesen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                                                                                                        | The plaintiff has claimed an amount of R 55 532, 34. Matter is ongoing.                                                                                                                                                        | 55 532          | Not Probable           |
| 86  | 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           | External Insurers                                                                                                                                                                                                                                                                                      | The plaintiff has claimed in the amount of R 600 000.00.                                                                                                                                                                       | 600 000         | not probable           |
| 87  | Electro Technical Agencies cc and Msunduzi Municipality/ Mohamed Shaik | Delictual 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           |
| 88  | Oalapha 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. An Appearance to defend was filed and served on the Plaintiff.                                                                                                            | 21 862          | Not probable           |

APPENDIX E1  
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| NO. | MATTER                                                                              | MATTER TYPE                                                                                                                                                          | YEAR INITIATED | ATTORNEY/ADVOCATE INSTRUCTED                                                                                                                                                                                                                                               | Current status as at and quantum, where applicable                                                                                                                                                                                                                          | Amount in Rands | Probability of outflow |
|-----|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------|
| 89  | 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: alicia@mflaw.co.za.                                                                                                                                     | Action instituted against the municipality for R 25 554,55. the plaintiff has yet to enroll the matter for trial.                                                                                                                                                           | 25 555          | Not Probable           |
| 90  | 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: alicia@mflaw.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. Gubela Trading has made a proposal to withdraw the Application against the Municipality with each party to tender its own legal costs. | 595 337         | Not probable           |
| 91  | Msunduzi Municipality/ Zamanyambo Mbambo and Leonard Hitler Freeze                  | Action for damages based on fraud/ unjust enrichment instituted in the High Court, Pietermaritzburg under case number 8018/2010                                      | 2010           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mflaw.co.za, Advocate Ranjiv Nirghin, 17 Prince Edward Street, Advocates' Chambers, e-mail: ranjiv.nirghin@gmail.com                             | Matter settled in so far as second defendant is concerned. Matter to be enrolled for trial in respect of first defendant.                                                                                                                                                   | 0               | Not probable           |
| 92  | Lawrence Ngcobo                                                                     | Town planning matter: contravention of the Planning and Development Act by running business in special residential area.                                             | 2015           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | Order granted in favour of the Municipality. In process of recovering costs. Cannot trace debtor.                                                                                                                                                                           | 0               | Not probable.          |
| 93  | 35 Pietermaritz Street                                                              | New instruction in November, need further instructions from Mr Mdu Mbokazi on the most recent inspection date. The file only records latest date to be October 2013. | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not Probable.          |
| 94  | Archie Gumede                                                                       | Land invasion, Court Interdict                                                                                                                                       | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200. Adv R Nirghin: 033 845 2501, Block A1, Advocates' Chambers, 17 Prince Edward Street.                                | No Risk. Estimate of Legal Fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 95  | Pietermaritzburg Pistol Club                                                        | Town Planning                                                                                                                                                        | 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 Dickson 033-845 3501 Address: Advocates' Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201. | No Risk. Estimate of legal fees.                                                                                                                                                                                                                                            | 0               | Not probable.          |
| 96  | 38 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 97  | 41 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 98  | 42 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 99  | 43 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 100 | 44 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 101 | 46 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 102 | 50 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 103 | 51 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 104 | 53 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 105 | 54 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 106 | 55 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 107 | 56 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 108 | 13 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 109 | 17 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 110 | 21 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |
| 111 | 27 Pietermaritz Street                                                              | Town Planning                                                                                                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                      | No Risk. Estimate of legal fees                                                                                                                                                                                                                                             | 0               | Not probable.          |

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| NO. | MATTER                                                                                                                                                                                                                                                                                                                                                                                                            | MATTER TYPE                                                                                                                                                 | YEAR INITIATED | ATTORNEY/ADVOCATE INSTRUCTED                                                                                                                                                                                                                                             | Current status as at and quantum, where applicable                                                                                                                                           | Amount in Rands | Probability of outflow |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------|
| 112 | 11 Pietermaritzburg Street                                                                                                                                                                                                                                                                                                                                                                                        | Town Planning                                                                                                                                               | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                    | No Risk. Estimate of legal fees                                                                                                                                                              | 0               | Not probable.          |
| 113 | 29 Pietermaritzburg Street                                                                                                                                                                                                                                                                                                                                                                                        | Town Planning                                                                                                                                               | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                    | No Risk. Estimate of legal fees                                                                                                                                                              | 0               | Not probable.          |
| 114 | 14 McCullum Street                                                                                                                                                                                                                                                                                                                                                                                                | Town Planning                                                                                                                                               | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                    | No Risk. Estimate of legal fees                                                                                                                                                              | 0               | Not probable.          |
| 115 | 13 McCullum Street                                                                                                                                                                                                                                                                                                                                                                                                | Town Planning                                                                                                                                               | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                    | No Risk. Estimate of legal fees                                                                                                                                                              | 0               | Not probable.          |
| 116 | 33 Pietermaritzburg Street                                                                                                                                                                                                                                                                                                                                                                                        | Town Planning                                                                                                                                               | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                    | No Risk. Estimate of legal fees                                                                                                                                                              | 0               | Not probable.          |
| 117 | 31 Pietermaritzburg Street                                                                                                                                                                                                                                                                                                                                                                                        | Town Planning                                                                                                                                               | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                    | No Risk. Estimate of legal fees                                                                                                                                                              | 0               | Not probable.          |
| 118 | 4 McCullum Street                                                                                                                                                                                                                                                                                                                                                                                                 | Town Planning                                                                                                                                               | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                    | No Risk. Estimate of legal fees                                                                                                                                                              | 0               | Not probable.          |
| 119 | 15 McCullum Street                                                                                                                                                                                                                                                                                                                                                                                                | Town Planning                                                                                                                                               | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                    | No Risk. Estimate of legal fees                                                                                                                                                              | 0               | Not probable.          |
| 120 | 441 Pietermaritzburg Street                                                                                                                                                                                                                                                                                                                                                                                       | Town Planning                                                                                                                                               | 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 Dickson 033-8453501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.  | No Risk. Estimate of legal fees                                                                                                                                                              | 0               | Not probable.          |
| 121 | Uphill Trading                                                                                                                                                                                                                                                                                                                                                                                                    | Town Planning                                                                                                                                               | 2012           | 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 Dickson 033-8453501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.  | No Risk. Estimate of legal fees.                                                                                                                                                             | 0               | Not probable.          |
| 122 | Various                                                                                                                                                                                                                                                                                                                                                                                                           | Eviction                                                                                                                                                    | 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 S Moola 033-897 8482 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201. | No risk. Estimate of legal fees.                                                                                                                                                             | 0               | Not probable.          |
| 123 | V. D. Gunkel (58 Les Van Wyk Drive)                                                                                                                                                                                                                                                                                                                                                                               | Town Planning: contravention of PDA by running business in special residential area.                                                                        | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                                                    | No Risk. Awaiting instructions to withdraw the matter.                                                                                                                                       | 0               | Not probable.          |
| 124 | I/S MCHUNU & OTHERS/ MSUNDUZI MUNICIPALITY                                                                                                                                                                                                                                                                                                                                                                        | INTERDICTION: TOWN PLANNING                                                                                                                                 | 2012           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mflaw.co.za, REF: 22M03021                                                                                                                     | No monetary claim. Taxed costs still to be recovered.                                                                                                                                        | 0               | Not probable           |
| 125 | Msunduzi Municipality/surendra singh & 13 others                                                                                                                                                                                                                                                                                                                                                                  | INTERDICTION: TOWN PLANNING                                                                                                                                 | 2015           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za, Adv A Pogister SC & Adv H Gani                                                                                                      | No monetary claim. Draft contempt application provided to client, who is to provide additional information from various inspection departments in order to finalise                          | 0               | Not probable           |
| 126 | Combined summons- Basfour 3281 CC t/a Save Supermarket and Msunduzi Municipality                                                                                                                                                                                                                                                                                                                                  | Debatement of Electricity Account.                                                                                                                          | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200, Adv Deon Schauf, Tel: 033 945 3501                                                                                | Risk of R334 920,77.                                                                                                                                                                         | 334 921         | Not probable           |
| 127 | MAGICONE INVESTMENTS/ MSUNDUZI MUNICIPALITY                                                                                                                                                                                                                                                                                                                                                                       | INTERDICTION: TOWN PLANNING                                                                                                                                 | 2012           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mflaw.co.za, Adv H Gani                                                                                                                        | No monetary claim. Appeal was dismissed with costs. Taxed costs still to be recovered. Contempt application prepared by Counsel and provided to client to confirm veracity of facts alleged. | 0               | Not probable           |
| 128 | G. Govender/ P. Naidoo and Msunduzi Municipality.                                                                                                                                                                                                                                                                                                                                                                 | Application in terms of PIE.                                                                                                                                | 2018           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za, REF: 22M03071                                                                                                                       | No monetary claim. Awaiting outcome of application for absolution. The Municipality has been absolved from the proceedings.                                                                  | 0               | Not probable.          |
| 129 | S. Shangase/ Sibisi and 2 others.                                                                                                                                                                                                                                                                                                                                                                                 | Application in terms of PIE.                                                                                                                                | 2018           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za, REF: 22M03196                                                                                                                       | No monetary claim. The Application was set down for hearing on 05 February 2019. Application was dismissed.                                                                                  | 0               | Not probable.          |
| 130 | RV. Zulu/ Msunduzi municipality                                                                                                                                                                                                                                                                                                                                                                                   | Application in terms of PIE.                                                                                                                                | 2018           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za, REF: 22M003405                                                                                                                      | No monetary claim. Matter ongoing.                                                                                                                                                           | 0               | Not probable.          |
| 131 | Nimie Mahomed and The Msunduzi Municipality                                                                                                                                                                                                                                                                                                                                                                       | Plaintiff is suing the municipality for damages arising out of the Plaintiff allegedly falling on an uneven concrete slab.                                  | Jan-18         | External Insurers                                                                                                                                                                                                                                                        | R585 400,00.                                                                                                                                                                                 | 585 400         | Not probable           |
| 132 | Zabalaza Mhengo/ Thabisiwe Ntombiwe Ngema / Association for Rural Advancement and Msunduzi Local Municipality/ Umsiwaithi Local Municipality / Umgungundlovu District Municipality/ Shock proof Investments 71 (Pty) Ltd / Vasegaph Propriety Limited / Minister of water and sanitation / Minister of Co-operative Governance and Traditional Affairs/ MEC: Co-operative Governance and Traditional Affairs, KZN | The Plaintiffs are seeking and Order from the courts to order the various Respondents to provide certain municipal services in the areas which they occupy. | Oct-17         | Tomlinson Mguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive, Tel: 033 341 9100, email: claudetep@tmj.co.za / noluhandod@tmj.co.za / tmj@tmj.co.za                                                           | No monetary claim. Currently awaiting judgment from court.                                                                                                                                   | 0               | Not Probable.          |
| 133 | Abdool Saccor Trust                                                                                                                                                                                                                                                                                                                                                                                               | Dispute in a property transaction: review application in respect of the Municipality's decision to sell the property.                                       | Apr-18         | Tomlinson Mguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive, Tel: 033 341 9100, email: claudetep@tmj.co.za / noluhandod@tmj.co.za / tmj@tmj.co.za                                                           | No monetary claim. Counsel drafting opposing papers.                                                                                                                                         | 0               | Not Probable.          |

APPENDIX E1  
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2019

| NO. | MATTER                                                                                                                                         | MATTER TYPE                                                                                                                                                                                                                       | YEAR INITIATED | ATTORNEY/ADVOCATE INSTRUCTED                                                                                                                                                                                                              | Current status as at and quantum, where applicable                                                                                                                                                                                                                                                                                                                                                | Amount in Rands | Probability of outflow |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------|
| 134 | Ted Textiles                                                                                                                                   | Application before the High Court to compel the Municipality to place the Applicant on a different electrical tariff scale                                                                                                        | Mar-19         | 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                          | No monetary claim. Currently preparing answering affidavit                                                                                                                                                                                                                                                                                                                                        | 0               | Not Probable           |
| 135 | 47 Darvil Road                                                                                                                                 | Contravention matter                                                                                                                                                                                                              | Feb-19         | 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                          | No monetary claim. Contravention notice was sent, currently awaiting dies to expire and a second inspection may be undertaken                                                                                                                                                                                                                                                                     | 0               | Not Probable           |
| 136 | Giyani Engineering                                                                                                                             | Contractual Claim                                                                                                                                                                                                                 | Nov-17         | 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                          | No monetary claim. Parties have exchanged affidavits. Awaiting applicant to set matter down on opposed roll.                                                                                                                                                                                                                                                                                      | 0               | Not Probable           |
| 137 | Mohammed and Others                                                                                                                            | Interdict: High Court application for Re-connection of electricity                                                                                                                                                                | Oct-17         | 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                          | No monetary claim. Applicants' attorney has passed away. Awaiting new attorney to be placed on record.                                                                                                                                                                                                                                                                                            | 0               | Not Probable           |
| 138 | S. Jetu/ S. P Ngamu/ S.N Ngamu and Msunduzi Municipality                                                                                       | Application for an interdict                                                                                                                                                                                                      | 2018           | Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel:033 940 1497, fax:0862428747, e-mail:mail@mflaw.co.za, REF: 22M00                                                                                              | No monetary claim. Respondent has filed Answering Affidavit. Matter to be set down on opposed roll. Matter ongoing                                                                                                                                                                                                                                                                                | 0               | Not Probable           |
| 139 | G Hlangwa/ N. N Mthembu                                                                                                                        | Application in terms of PIE.                                                                                                                                                                                                      | 2018           | Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel:033 940 1497, fax:0862428747, e-mail:mail@mflaw.co.za,                                                                                                         | No monetary claim. Applicant has not set matter down for hearing. Matter ongoing. Applicants to set the matter down for hearing.                                                                                                                                                                                                                                                                  | 0               | Not Probable           |
| 140 | Ajay Beharie                                                                                                                                   | Labour Dispute                                                                                                                                                                                                                    |                | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                                                     | No risk. Estimate of legal fees.                                                                                                                                                                                                                                                                                                                                                                  | 0               | Not Probable           |
| 141 | Glenmer CC i/a Metal Finishing Industries                                                                                                      | Town Planning                                                                                                                                                                                                                     |                | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200, Adv Dickson                                                                        | No risk. Estimate of legal fees                                                                                                                                                                                                                                                                                                                                                                   | 0               | Not Probable           |
| 142 | Khuselani Risk Management and Security Services and Others                                                                                     | Contractual Dispute                                                                                                                                                                                                               |                | 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 Groter SC, 6 Durban Club Place, Durban                                      | On merits in relation to KSA, the main applicant, outflow not probable. In relation to two other applicants, Council settled to pay their legal costs, which are currently not yet quantified.                                                                                                                                                                                                    | 0               | Not Probable           |
| 143 | Grant Fryer                                                                                                                                    | Labour dispute before the CCMA relating to fixed term contract.                                                                                                                                                                   | 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                          | The arbitration is held in abeyance by agreement pending the exchange of information between the parties. Applicant took no further steps to refer matter to Arbitration in view of a further fixed term contract offered to him.                                                                                                                                                                 | 0               | Not Probable           |
| 144 | Nkabini and Others                                                                                                                             | Alleged unfair labour practice in relation to termination of the Progressive attainment. Policy for security workers. 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. Advocate David Crampton | on as applicants have not referred their dispute to C                                                                                                                                                                                                                                                                                                                                             | 0               | Not Probable           |
| 145 | Moses Thusi and 230 Others                                                                                                                     | Unfair discrimination of 230 employees.                                                                                                                                                                                           | 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. Advocate David Crampton | Applicant seeks re-employment. Not a monetary claim. Counsel instructed to prepare an application to dismiss the matter. Same served and filed. No opposition from the Applicants.                                                                                                                                                                                                                | 0               | Not Probable           |
| 146 | Thandi Gloria Mayisela                                                                                                                         | Alleged unfair labour practice. Applicants sought to be considered as a security officer and get security officer benefit.                                                                                                        | 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                          | Notice to intended Exception as applicants have not referred their dispute to conciliation. Matter ongoing                                                                                                                                                                                                                                                                                        | 0               | Not Probable           |
| 147 | Savari Thevaranjeeh                                                                                                                            | Application for an Interdict in terms of SPLUMA to prevent contraventions of SPLUMA Bylaws                                                                                                                                        | Jul-05         | Mdllede Inc. 187 Hossen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.                                                                                                                                                          | No monetary value                                                                                                                                                                                                                                                                                                                                                                                 | 0               | Not Probable           |
| 148 | ICON Construction (Pty) LTD                                                                                                                    | Claim for monies due in respect of services rendered.                                                                                                                                                                             | Jul-05         | Mdllede Inc. 187 Hossen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv D Crampton , 17 Prince Alfred Street, Pietermaritzburg 3201. Email: davide@pmblaw.co.za. Tel: 033 845 3512                                           | R 2 191 595,71                                                                                                                                                                                                                                                                                                                                                                                    | 2 191 596       | Not Probable           |
| 149 | T Mbhele                                                                                                                                       | Referral to the South African Local Government Bargaining Council for Arbitration                                                                                                                                                 | 2018           | Mdllede Inc. 187 Hossen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv A G Flemming, 17 Prince Alfred Street, Pietermaritzburg 3201. Email: aeflemming@group1pmb.co.za                                                      | Potential back pay to employee from 2016.                                                                                                                                                                                                                                                                                                                                                         | 0               | Not probable           |
| 150 | S Nxele/ T Mshengu v Msunduzi Municipality                                                                                                     | Referral to the South African Local Government Bargaining Council for Arbitration                                                                                                                                                 | 2018           | Mdllede Inc. 187 Hossen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv A G Flemming, 17 Prince Edward Street, Pietermaritzburg;3201. Cell: 078 284 6397. Email: aeflemming@group1pmb.co.za                                  | Potential back pay to employees                                                                                                                                                                                                                                                                                                                                                                   | 0               | Not probable           |
| 151 | G Goodall & Another                                                                                                                            | Contempt of Court Application against private individuals concerning land grabs where the applicant seeks assistance from the Municipality and the Land Invasions Unit                                                            | 2018           | Mdllede Inc. 187 Hossen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                                           | No monetary value, potential liability for legal costs if unsuccessful                                                                                                                                                                                                                                                                                                                            | 0               | Not probable           |
| 152 | F Sheik                                                                                                                                        | Spoilation Application involving a stand at the Debi Market                                                                                                                                                                       | 2018           | Mdllede Inc. 187 Hossen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv M Mazibuko 17 Prince Edward Street, PMB, 3201. Tel: 033 845 3539. Email: ms.mazibuko@gmail.com                                                       | No monetary value, potential liability for legal costs if unsuccessful.                                                                                                                                                                                                                                                                                                                           | 0               | Not Probable           |
| 153 | Nomfundo Thandeka Makhay and Msunduzi Local Municipality.                                                                                      | The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment. | 2018           | Internal                                                                                                                                                                                                                                  | The Plaintiff has claimed an amount of R 19 788.31. Matter is ongoing                                                                                                                                                                                                                                                                                                                             | 19 788          | Not probable           |
| 154 | Bhakumzi Alpha Dlamini and The Mayor, Msunduzi Local Municipality and The Municipal Manager, Msunduzi Local Municipality and Sphumelele Ngcobo | The Applicant has applied for condonation in the High Court in for not having complied with section 3 of Act 40 of 2002.                                                                                                          | 2019           | Internal                                                                                                                                                                                                                                  | The claimant has not issued summons but has filed an application for condonation in the High Court. According to the papers and the letter of demand attached to the papers, an amount of R309 000.00 is claimed in paragraph 3 of the letter excluding costs. This amount could change on summons. The Respondent filed its Notice to Oppose the matter in court and served it on the Applicant. | 309 000         | Not Probable           |
| 155 | Bayaphambile Protaries 55 (Pty) Ltd                                                                                                            | Town planning.                                                                                                                                                                                                                    | 2018           | Shannon Lawrence Diedricks of Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200                                                       | To file a Replying Affidavit. Consulting with officials on 6th May 2019.                                                                                                                                                                                                                                                                                                                          | 0               | Not Probable           |

APPENDIX E1  
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2019

| NO. | MATTER                                                                                                                                | MATTER TYPE                                                                                                                                                                                                                                                                                   | YEAR INITIATED | ATTORNEY/ADVOCATE INSTRUCTED                                                                                                                                                                                                                                                | Current status as at and quantum, where applicable                                                                                                                                                                                                                                                           | Amount in Rands | Probability of outflow |
|-----|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------|
| 156 | Manzimati Trading                                                                                                                     | Town Planning                                                                                                                                                                                                                                                                                 | 2019           | Shannon Lawrence Diedericks of Diedericks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg. 3200                                                                                       | No monetary value. Received Summons. Drafting papers.                                                                                                                                                                                                                                                        | 0               | Not Probable           |
| 157 | Anton Venter                                                                                                                          | Interdict against Municipality for road construction.                                                                                                                                                                                                                                         | 2014           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xaba-inc.com / mail@xaba-inc.com                                                                                                                                  | Applicant's application for contempt of Court Order is set down for hearing on 20 May 2019.                                                                                                                                                                                                                  | 0               | Probable               |
| 158 | Mosasa Omar                                                                                                                           | Debatement of Electricity Account.                                                                                                                                                                                                                                                            | 2015           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xaba-inc.com / mail@xaba-inc.com                                                                                                                                  | Matter to be set down for taxation.                                                                                                                                                                                                                                                                          | 0               | Probable               |
| 159 | Takeshape Properties                                                                                                                  | Debatement of services account R 413 213, 72                                                                                                                                                                                                                                                  | 2015           | Diedericks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg. 3200 and Adv Potgieter 033-645 3501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201. | No risk. Estimate of legal fees                                                                                                                                                                                                                                                                              | 0               | Probable.              |
| 160 | IMA PROP 29 CC                                                                                                                        | Interdict: Applicants/Plaintiffs sought to interdict the Municipality from disconnecting electricity supply to their various buildings.                                                                                                                                                       | 2016           | Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent.tel033 940 1497, fax:0862428747,e-mail:mail@mfi-law.co.za, advocate De Wet SC, 17 Prince Edward Street, Advocates' Chambers                                                                           | No monetary claim. Trial adjourned sine die to attempt settlement, following Plaintiff's application for amnesty for rates and services amounts outstanding Schedules depicting current outstanding amounts for rates and services provided to Defendant's attorneys and we await proposed settlement amount | 0               | Probable               |
| 161 | Certificate of Urgency in the matter Kwazi Cash and Carry CC (Reg No. 1994/029959/23 and The Msunduzi Municipality Case No. 13363/17P | Interdict: The matter involves a dispute over the placement and use of electricity meters on the property                                                                                                                                                                                     | 2017           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mfi-law.co.za.                                                                                                                                      | Costs cannot be quantified at this stage. The Plaintiff has requested a meeting to settle the matter. The Municipality has undertaken to provide certain documentation to the other side in order to facilitate settlement.                                                                                  | 0               | Probable               |
| 162 | Planet Waves 399                                                                                                                      | Council withholding payment to contractor that built sludge dams. Possibility of eventual liability.                                                                                                                                                                                          | 2012           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xaba-inc.com / mail@xaba-inc.com                                                                                                                                  | Planet Waves sued for R1 694 937.70 and Municipality counter-sued for R 1, 940 934.00.                                                                                                                                                                                                                       | 1 694 938       | Probable               |
| 163 | A S Variawa/ Y Cassim                                                                                                                 | Eviction application as a result of an encroachment by Municipality onto the Applicant's land.                                                                                                                                                                                                | 2018           | Mdledie Inc. 187 Hossen 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: aflenming@group1pmb.co.za                                                 | No monetary value. Potential conveyancing costs payable.                                                                                                                                                                                                                                                     | 0               | Probable               |
| 164 | Standard Bank v Msunduzi Municipality                                                                                                 | Interdict to compel the Municipality to provide rates clearance figures.                                                                                                                                                                                                                      | 2018           | Mdledie Inc. 187 Hossen Haffajee Street Pietermaritzburg, 3201; Tel 033 345 4022.                                                                                                                                                                                           | No monetary value, potential liability for costs if unsuccessful.                                                                                                                                                                                                                                            | 0               | Probable               |
| 165 | Simphiwe Dube                                                                                                                         | Interdict for the return of a motor vehicle, Contempt Application for not complying with the Interdict Order and Rescission Application for Initial Interdict                                                                                                                                 | 2019           | Mdledie Inc. 187 Hossen Haffajee Street Pietermaritzburg, 3201; Tel 033 345 4022. Adv V Moodley, 17 Prince Alfred Street, Pietermaritzburg 3201. Tel: 033 845 3501. Email: vershenn@advmoodley.co.za                                                                        | No monetary value claimed, however, there might be liability for the value of the lost vehicle.                                                                                                                                                                                                              | 0               | Probable               |
| 166 | Dan Moonsamy Naidoo and Msunduzi Municipality/ Hlangwe Sithole                                                                        | The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment.                                                             | 2019           | Internal                                                                                                                                                                                                                                                                    | The Plaintiff has claimed an amount of R 38 000.00, Claim 1 R 35 000.00, Claim 2 R 3000.00) A round table conference has been arranged between the parties.                                                                                                                                                  | 38 000          | Probable               |
| 167 | Telkom SA LTD v Msunduzi Municipality Case No.6292/05                                                                                 | Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.                                                                                                                                               | 2004           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.                                                                                        | R22 541.11 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Matter ongoing.                                                                                                                                                                                                     | 195 751         | Probable               |
| 168 | Telkom SA LTD v Msunduzi Municipality Case No.16356/05                                                                                | Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.                                                                                                                                               | 2005           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.                                                                                        | R34 806.17 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Matter ongoing.                                                                                                                                                                                                     | 261 700         | Probable               |
| 169 | Telkom SA LTD v Msunduzi Municipality Case No.3994/06                                                                                 | Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.                                                                                                                                               | 2006           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.                                                                                        | R13 283.82 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Matter ongoing.                                                                                                                                                                                                     | 86 475          | Probable               |
| 170 | Telkom SA LTD v Msunduzi Municipality Case No 542/06                                                                                  | Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.                                                                                                                                               | 2006           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.                                                                                        | R 21 697.25 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Matter ongoing.                                                                                                                                                                                                    | 141 244         | Probable               |
| 171 | Telkom v. Msunduzi Municipality Case No12506/08                                                                                       | Delictual Claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly caused by Municipal water pipes.                                                                                                                                                       | 2008           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.                                                                                        | R45 979. 87 Plus interest at 15.5 per cent per annum. A judgement awaited before moving forward. Matter ongoing                                                                                                                                                                                              | 224 372         | Probable               |
| 172 | B.A. Clark v. Msunduzi Municipality                                                                                                   | Delictual Claim. The Municipality dug trenches along Old Howick Road, a net was placed adjacent to the trenches. Plaintiff alleges that he was caught by such nets whilst cycling.                                                                                                            | 2009           | Internal                                                                                                                                                                                                                                                                    | R397 975.83 Plus interest at 15.5 per cent per annum. Awaiting new set down for trial.                                                                                                                                                                                                                       | 1 681 421       | Probable               |
| 173 | Bayeni GP v Msunduzi Municipality                                                                                                     | Delictual claim. Plaintiff fell into a trench dug by contractors appointed by the Municipality.                                                                                                                                                                                               | 2010           | Internal                                                                                                                                                                                                                                                                    | R 97 430.00 plus interest at 15.5 per cent per annum. Matter is ongoing.                                                                                                                                                                                                                                     | 356 394         | Probable               |
| 174 | Mans N. v Msunduzi Municipality                                                                                                       | Delictual Claim: The Plaintiff is suing the Municipality for damages to her vehicle as a result of a collision between her vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.                                                          | 2010           | Internal                                                                                                                                                                                                                                                                    | R 7 045.75 plus interest at 15.5 per cent per annum. An application for condonation was opposed and the matter is ongoing.                                                                                                                                                                                   | 25 773          | Probable               |
| 175 | Maba M. v Msunduzi Municipality                                                                                                       | Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained due to a fall on an open trench in Edendale.                                                                                                                                                                  | 2010           | Internal                                                                                                                                                                                                                                                                    | R 100 000.00 plus interest at 15.5 per cent per annum. The matter is ongoing.                                                                                                                                                                                                                                | 365 795         | Probable               |
| 176 | Kroese J. v. Msunduzi Municipality                                                                                                    | Delictual claim. Plaintiff is suing the Municipality and the Minister of the Police for unlawful arrest and detention.                                                                                                                                                                        | 2011           | Internal                                                                                                                                                                                                                                                                    | R 40 000.00 plus interest at 15.5 per cent per annum. The matter is part-heard.                                                                                                                                                                                                                              | 126 682         | Probable               |
| 177 | Mpongose NK v Msunduzi Municipality                                                                                                   | Delictual claim. Plaintiff is suing the Municipality due to structural and mechanical damage to his vehicle caused by towing by municipal traffic officers.                                                                                                                                   | 2011           | Internal                                                                                                                                                                                                                                                                    | R 23 984.42 plus interest at 15.5 per cent per annum. Matter is ongoing.                                                                                                                                                                                                                                     | 75 897          | Probable               |
| 178 | Naidoo M. v Msunduzi Municipality                                                                                                     | Delictual Claim: The plaintiff is suing the Municipality because he fell on an uneven pavement in the vicinity of Delhi Road.                                                                                                                                                                 | 2011           | Internal/Insurance                                                                                                                                                                                                                                                          | R 370 000.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed and defendant's plea has been filed. Matter ongoing.                                                                                                                                                           | 1 171 811       | Probable               |
| 179 | Nzumalo TR v. Msunduzi Municipality                                                                                                   | Delictual Claim: The Plaintiff is suing the Municipality for damages to his motor vehicle as a result of a street lamp pole falling on it. The Municipality alleges that the site at the time was controlled by SANRAL and as such an application to join them as co-defendant has been made. | 2011           | Internal                                                                                                                                                                                                                                                                    | R 21 791.04 plus interest at 15.5 per cent per annum. The matter is part-heard.                                                                                                                                                                                                                              | 69 013          | Probable               |
| 180 | Taro Govender / Msunduzi Municipality/ Case No. 12048/11                                                                              | Delictual Claim: The Plaintiff is suing the Municipality for damages arising from a flood that allegedly caused damage to the Plaintiff's property                                                                                                                                            | 2011           | Internal                                                                                                                                                                                                                                                                    | R 100 000-00. The matter is ongoing                                                                                                                                                                                                                                                                          | 100 000         | Probable               |
| 181 | Govender Kem v. Msunduzi Municipality                                                                                                 | Delictual Claim: Plaintiff suffered damages due to a power surge at his property.                                                                                                                                                                                                             | 2012           | Internal                                                                                                                                                                                                                                                                    | R 22 242.00 plus interest at 15.5 per cent per annum. The defendant's plea has been filed. The matter is ongoing.                                                                                                                                                                                            | 60 988          | Probable               |

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| NO. | MATTER                                                 | MATTER TYPE                                                                                                                                                                                                                                       | YEAR INITIATED | ATTORNEY/ADVOCATE INSTRUCTED                                                                                                                                                                                                                               | Current status as at and quantum, where applicable                                                                                                                                                                                               | Amount in Rands | Probability of outflow |
|-----|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------|
| 182 | Planet Waves 399                                       | Council withholding payment to contractor that built sludge dams. Possibility of eventual liability.                                                                                                                                              | 2012           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabaanc.com / mail@xabaanc.com                                                                                                                   | Planet Waves sued for R1 694 937.70 and Municipality countersued for R 1, 940 934.00.                                                                                                                                                            | 0               | Probable               |
| 183 | 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.          | 2012           | Diedricks attorneys,900 Roberts road, claredon, Pietermaritzburg, tel:3429808, fax:0862191672,e-mail:admin@diedricksattorneys.co.za.                                                                                                                       | Risk is R 300 000.00                                                                                                                                                                                                                             | 300 000         | Probable               |
| 184 | Simphiwe Jonathan Zama case no. 199039/12              | Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle                                                                                                         | 2012           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabaanc.com / mail@xabaanc.com                                                                                                                   | R14 846.22 Municipality to revert on settlement proposal.                                                                                                                                                                                        | 14 846          | Probable               |
| 185 | Telkom SA LTD v Msunduzi Municipality Case No.3806/12  | Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.                                                                                                         | 2012           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.                                                                       | R 49 834.75 plus interest at 15.5 per cent per annum.Awaiting judgement. Matter ongoing.                                                                                                                                                         | 136 649         | Probable               |
| 186 | L.V. Nagel                                             | Delictual. Plaintiff is suing the Municipality for damages caused by poor maintenance of a reservoir. The overflow of the reservoir caused damage to plaintiff's property.                                                                        | 2013           | Internal                                                                                                                                                                                                                                                   | R95 000.00 .Matter ongoing.                                                                                                                                                                                                                      | 95 000          | Probable               |
| 187 | Telkom SA LTD v Msunduzi Municipality Case No. 4709/13 | Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.                                                                                                         | 2013           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.                                                                       | R 46 628.06 plus interest at 15.5 per cent per annum.Awaiting judgement in another case. Matter ongoing.                                                                                                                                         | 110 698         | Probable               |
| 188 | Telkom SA LTD v Msunduzi Municipality Case 12403/07    | Delictual Claim: The matter arises from a dispute wherein Telkom alleges that Municipal water pipes cause damage to their underground cables.                                                                                                     | 2013           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.                                                                       | R34 951.26 .Awaiting judgement in another case. Matter ongoing.                                                                                                                                                                                  | 34 951          | Probable               |
| 189 | Telkom SA LTD Case No. 7256/14                         | Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.                                                                                                         | 2013           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.                                                                       | R 40 236.47 plus interest at 15.5 per cent per annum                                                                                                                                                                                             | 95 524          | Probable               |
| 190 | Telkom SA Limited Case No.14696/13                     | Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.                                                                                                         | 2013           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.                                                                       | R34 951.26 plus interest at 15.5 per cent per annum.                                                                                                                                                                                             | 82 976          | Probable               |
| 191 | Anton Venter                                           | Interdict against Municipality for road construction.                                                                                                                                                                                             | 2014           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabaanc.com / mail@xabaanc.com                                                                                                                   | Applicant's application for contempt of Court Order is set down for hearing on 20 May 2019.                                                                                                                                                      | 0               | Probable               |
| 192 | Asiphakame Projects CC 9321-14                         | Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.                                                                                                                                                | 2014           | Internal                                                                                                                                                                                                                                                   | R 195 035.85 plus interest at 15.5 per cent per annum. The Plaintiff applied for summary judgement and this was successfully opposed. Matter not yet finalised.                                                                                  | 400 889         | Probable               |
| 193 | Asiphakame Projects CC 9358-14                         | Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.                                                                                                                                                | 2014           | Internal                                                                                                                                                                                                                                                   | R 73 590.47 plus Interest at 15.5 per cent per annum.The Plaintiff applied for summary judgement and this was successfully opposed. The matter is not yet finalised with Plaintiff not having moved further.                                     | 151 263         | Probable               |
| 194 | EMT. Kapp                                              | Delictual Claim: The plaintiff is suing the Municipality for damaged sustained to his vehicle as a result of an open trench in a public road.                                                                                                     | 2014           | Internal                                                                                                                                                                                                                                                   | R13 154.75 .Pleadings have closed in the matter. Matter ongoing.                                                                                                                                                                                 | 13 155          | Probable               |
| 195 | Kwezi Cash and Carry CC                                | Payment under Protest for opening of new electricity account                                                                                                                                                                                      | 2014           | Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent.tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, advocate AJ Dickson, 17 Prince Edward Street, Advocates' Chambers, tel: 38453542/3, fax: 38453544,e-mail:adickson@law.co.za | R103 148.00 plus interest at 15.5 per cent per annum. The matter is ongoing. Costs and further legal fees cannot be quantified at this stage. The Plaintiff has requested a meeting to settle the matter. Settlement has not yet been finalized. | 212 017         | Probable               |
| 196 | Musawenkosi Isaac Dlamini                              | Delictual claim. Plaintiff collided with a tree that had fallen across the road.                                                                                                                                                                  | 2014           | Internal                                                                                                                                                                                                                                                   | R78 616.27, plus interest at 15.5 per cent per annum. The Municipality has filed a plea. Matter ongoing.                                                                                                                                         | 161 593         | Probable               |
| 197 | Sikelephi Ngubane                                      | Delictual Claim: This claim arises from plaintiff's vehicle having collided with a municipal vehicle driven by a municipal employee in the course and scope of his employment.                                                                    | 2014           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabaanc.com / mail@xabaanc.com                                                                                                                   | R17 312.33 plus interest at 15.5 per cent per annum. Possible settlement in matter                                                                                                                                                               | 35 585          | Probable               |
| 198 | V. Barnabas                                            | Delictual Claim: The claim arises from Plaintiff's vehicle having collided with a pothole in the vicinity of Plymouth Road.                                                                                                                       | 2014           | Internal                                                                                                                                                                                                                                                   | R18 228.00 .An appearance to defend has been filed.                                                                                                                                                                                              | 18 228          | Probable               |
| 199 | A. Aboobaker                                           | Delictual Claim: Plaintiff's vehicle collided with a municipal vehicle driven by an employee in the course and scope of his employment.                                                                                                           | 2015           | Internal                                                                                                                                                                                                                                                   | R10 411.46                                                                                                                                                                                                                                       | 10 411          | Probable               |
| 200 | Abbas Ghulam                                           | Delictual Claim: The claim arise from an alleged assault by a Municipal Traffic Officer in the course and scope of his employment.                                                                                                                | 2015           | Insurance                                                                                                                                                                                                                                                  | R1 000 000.00 plus interest at 15% per annum.                                                                                                                                                                                                    | 1 779 623       | Probable               |
| 201 | Andre Geard Ramsingh                                   | Delictual claim:The plaintiff herein is suing the Municipality for damages suffered as a result of being arrested and detained unlawfully.                                                                                                        | 2015           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabaanc.com / mail@xabaanc.com                                                                                                                   | R 200 000. Plaintiff to set matter down. The matter is ongoing.                                                                                                                                                                                  | 200 000         | Probable               |
| 202 | APS Panelbeaters (Hugo's Panel Beaters) v Msunduzi     | Delictual Claim: The claim arises from a new meter that was installed at Plaintiff's premises giving inaccurate readings resulting in Plaintiff being overcharged.                                                                                | 2015           | Kwela Attorneys Tel: 224 Boom Street, Pietermaritzburg, 3201, james@kwelalaw.co.za. Tel: 033 394 8116                                                                                                                                                      | R 292 725.00, plus interest @ 15.5% p/a plus legal costs. Matter in abeyance                                                                                                                                                                     | 520 940         | Probable               |
| 203 | IDT and others                                         | Civil Claim                                                                                                                                                                                                                                       | 2015           | Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent.tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za,                                                                                                                             | We have claimed approximately R 34 million from the IDT. We are now at the pre-trial stage. Costs and legal fees cannot be quantified at this stage.                                                                                             | 0               | Probable               |
| 204 | Intraserve (Pty) LTD                                   | Contractual dispute claim: Breach of contract for cancellation and non-payment of invoices.                                                                                                                                                       | 2015           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabaanc.com / mail@xabaanc.com                                                                                                                   | R13 000 000. Awaiting Plaintiff to set the matter down for Trial.                                                                                                                                                                                | 13 000 000      | Probable               |
| 205 | Krishna Govender and Msunduzi Municipality             | Delictual Claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/her employment. | 2015           | Internal                                                                                                                                                                                                                                                   | The Plaintiff has claimed an amount of R 13 405. 21. An Appearance to Defend was filed and served on the Plaintiff.                                                                                                                              | 13 405          | Probable               |
| 206 | Minnessh Singh                                         | Delictual Claim: Plaintiff is suing the municipality for damages to his motor vehicle after it collided with a pothole/uneven road surface.                                                                                                       | 2015           | Afzal Akoo and Partners Tel: 033 394 7274 Fax: 033 345 0938. Physical Address 187 Boshoff Street, Pietermaritzburg, 3201, Postal Address PO Box 7636, Cumberwood, 3235.                                                                                    | R69 224 . 62 Defence has closed its case. Magistrate requested written heads of argument based on the record of the proceedings.                                                                                                                 | 69 225          | Probable               |
| 207 | Moosa Omar                                             | Debatement of Electricity Account.                                                                                                                                                                                                                | 2015           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabaanc.com / mail@xabaanc.com                                                                                                                   | Matter to be set down for taxation.                                                                                                                                                                                                              | 0               | Probable               |

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| NO. | MATTER                                                                                                                               | MATTER TYPE                                                                                                                                                                                                                                        | YEAR INITIATED | ATTORNEY/ADVOCATE INSTRUCTED                                                                                                                                                                                                                                               | Current status as at and quantum, where applicable                                                                                                                                                                                                                                                            | Amount in Rands | Probability of outflow |
|-----|--------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------|
| 208 | MSUNDUZI MUNICIPALITY/ GDB ENGINEERS & G. BOUTELL                                                                                    | CONTRACT DISPUTE, DAMAGES CLAIM                                                                                                                                                                                                                    | 2015           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za, Adv De Wet SC & Adv A Christison, REF: 22M003087                                                                                     | Action instituted by the municipality for R 8 191 934.06.                                                                                                                                                                                                                                                     | 8 191 934       | Probable               |
| 209 | NS Ngwenya                                                                                                                           | Delictual claim: Plaintiff's vehicle collided with a municipal vehicle.                                                                                                                                                                            | 2015           | Internal                                                                                                                                                                                                                                                                   | R 11 395.37. Matter on-going                                                                                                                                                                                                                                                                                  | 11 395          | Probable               |
| 210 | S Dewaraj                                                                                                                            | Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle                                                                                                          | 2015           | Xaba Attorneys, 223 Boom Street Central Office Park, Pietermaritzburg, tel: 0333457927, fax: 3456985, e-mail: dumnicaba@xabsinc.com PC Bezuidenhout SC Advocates Chambers 17 Prince Edward Street, Pietermaritzburg 033-8453522/082443836 fax 0339943734                   | Claim for R15 575.00. Possible settlement in the matter. Matter on-gon                                                                                                                                                                                                                                        | 15 575          | Probable               |
| 211 | SM Mazibuko                                                                                                                          | Delictual Claim: The claim arises from an incident whereby Plaintiff's motor vehicle collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.                                                   | 2015           | Internal                                                                                                                                                                                                                                                                   | R11 395.73.                                                                                                                                                                                                                                                                                                   | 11 396          | Probable               |
| 212 | 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@mflaw.co.za, Advocate V. Moodley                                                                                                                  | Action instituted against the municipality for R170 265.21. Matter is defended but has not been enrolled for trial as yet by the plaintiff.                                                                                                                                                                   | 170 265         | Probable               |
| 213 | Takeshape Properties                                                                                                                 | Debatement of services account R 413 213, 72                                                                                                                                                                                                       | 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 Potgieter 033-845 3501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201. | No risk. Estimate of legal fees                                                                                                                                                                                                                                                                               | 0               | Probable               |
| 214 | Akira Pillay                                                                                                                         | Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle                                                                                                          | 2016           | Internal                                                                                                                                                                                                                                                                   | R 14 365.96. The Defendant's Plea and counterclaim were filed in court and served on the Plaintiff                                                                                                                                                                                                            | 14 366          | Probable               |
| 215 | IMA PROP 29 CC                                                                                                                       | Interdict: Applicants/Plaintiffs sought to interdict the Municipality from disconnecting electricity supply to their various buildings.                                                                                                            | 2016           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za, advocate De Wet SC, 17 Prince Edward Street, Advocates' Chambers                                                                     | No monetary claim. Trial adjourned sine die to attempt settlement, following Plaintiff's application for amnesty for rates and services amounts outstanding. Schedules depicting current outstanding amounts for rates and services provided to Defendant's attorneys and we await proposed settlement amount | 0               | Probable               |
| 216 | Israel Sibiya                                                                                                                        | Delictual Claim: The plaintiff is suing the Municipality for an alleged unlawful arrest and detention, defamation of character as well as injuries sustained to his wrist.                                                                         | 2016           | Internal                                                                                                                                                                                                                                                                   | A summons in the amount of R 400 000 was received from the plaintiff. A plea has been filed in the matter.                                                                                                                                                                                                    | 400 000         | Probable               |
| 217 | Koshik Singh                                                                                                                         | Delictual Claim: The plaintiff has sued the Municipality as a result of a collision with a pothole.                                                                                                                                                | 2016           | Internal                                                                                                                                                                                                                                                                   | R 9 406.21. The Defendant's Plea was filed in court and served on the Plaintiff.                                                                                                                                                                                                                              | 9 406           | Probable               |
| 218 | L. Van Zyl                                                                                                                           | Delictual Claim. Plaintiff's motor vehicle collided with a Municipal vehicle driven by an employee in the performance of his duties.                                                                                                               | 2016           | Internal                                                                                                                                                                                                                                                                   | R46 692.18. Matter is ongoing.                                                                                                                                                                                                                                                                                | 46 692          | Probable               |
| 219 | L.M. Stillies                                                                                                                        | Delictual Claim: The Plaintiff herein as sued the Municipality as a result of injuries sustained during a fall on an unvoered manhole.                                                                                                             | 2016           | Insurance/ External Insurance                                                                                                                                                                                                                                              | R864 272.36. The summons was issued at the High Court. An appearance to defend has been filed.                                                                                                                                                                                                                | 864 272         | Probable               |
| 220 | Lanre Ayodele Otaboye and Sbonile Mthembu                                                                                            | Delictual Claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment. | 2016           | Internal                                                                                                                                                                                                                                                                   | Summons in the amount of R42 376.09 were received. An Appearance to defend was filed and served on plaintiff.                                                                                                                                                                                                 | 42 376          | Probable               |
| 221 | M. Brown                                                                                                                             | Delictual claim: The Plaintiff claims that he was arrested unlawfully by a Municipal Traffic Officer.                                                                                                                                              | 2016           | Internal/ Insurance                                                                                                                                                                                                                                                        | 257000                                                                                                                                                                                                                                                                                                        | 257 000         | Probable               |
| 222 | N. Singh                                                                                                                             | Delictual Claim: Plaintiff's vehicle collided with a pothole on a public road that falls within the jurisdiction of the Municipality.                                                                                                              | 2016           | Internal                                                                                                                                                                                                                                                                   | R9 406.21                                                                                                                                                                                                                                                                                                     | 9 406           | Probable               |
| 223 | S. W. Khanyile                                                                                                                       | Delictual Claim: Plaintiff claims that he was unlawfully assaulted and detained by Municipal Traffic Officers.                                                                                                                                     | 2016           | Internal/ Insurance                                                                                                                                                                                                                                                        | R200 000.00. Matter is ongoing.                                                                                                                                                                                                                                                                               | 200 000         | Probable               |
| 224 | S.S. Nyoka                                                                                                                           | Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle.                                                                                                         | 2016           | Internal                                                                                                                                                                                                                                                                   | R67 008.77. The summons herein was issued in the Magistrates Court. An appearance to defend has been filed.                                                                                                                                                                                                   | 67 009          | Probable               |
| 225 | Telkom SA Soc Limited Case No. 9672/16                                                                                               | Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused during excavations by the municipal water department.                                                                              | 2016           | Internal                                                                                                                                                                                                                                                                   | Summons in the amount of R 33 523.55 was received. A plea has been filed in the matter.                                                                                                                                                                                                                       | 33 524          | Probable               |
| 226 | Ziyad Alley                                                                                                                          | Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle                                                                                                          | 2016           | Internal                                                                                                                                                                                                                                                                   | R 45 887.66. A summons has been received. An appearance to defend was filed and served on the Plaintiff.                                                                                                                                                                                                      | 45 888          | Probable               |
| 227 | SAMRO and Msunduzi Municipality - Case No KZNPMB/RC/7295/17                                                                          | The Plaintiff is suing the Municipality for an alleged breach of contract wherein the Plaintiff suffered in the amount of R 25 062.90.                                                                                                             | 2017           | 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 25 062.90. We have filed an affidavit resisting summary judgement. A plea has been filed and served.                                                                                                                                                                                                        | 25 063          | Probable               |
| 228 | Thandeka Brightness Dubazana and Mzwenhlanhla Wiseman Khoza                                                                          | Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle                                                                                                          | 2017           | Internal                                                                                                                                                                                                                                                                   | R34 214.88. The Defendant's plea has been filed in the matter. Matter is ongoing.                                                                                                                                                                                                                             | 34 215          | Probable               |
| 229 | Anton Venter and The Msunduzi Municipality - Case No. 7596/17                                                                        | The Plaintiff is suing the municipality for allegedly suffering damage in the amount of R 13 641.50 for incurring legal fees in resolving his rates query.                                                                                         | 2017           | Internal                                                                                                                                                                                                                                                                   | 13641.5                                                                                                                                                                                                                                                                                                       | 13 642          | Probable               |
| 230 | Catherine Scott and Msunduzi Local Municipality                                                                                      | The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered a loss as a result of a colliding with a pothole.                                                                                                     | 2017           | Internal                                                                                                                                                                                                                                                                   | R 11 443, 92. Matter ongoing                                                                                                                                                                                                                                                                                  | 11 444          | Probable               |
| 231 | Certificate of Urgency in the matter Kwezi Cash and Carry CC (Reg No. 1994/02959/23 and The Msunduzi Municipality Case No. 13363/17P | Interdict: The matter involves a dispute over the placement and use of electricity meters on the property                                                                                                                                          | 2017           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za,                                                                                                                                      | Costs cannot be quantified at this stage. The Plaintiff has requested a meeting to settle the matter. The Municipality has undertaken to provide certain documentation to the other side in order to facilitate settlement.                                                                                   | 0               | Probable               |
| 232 | Gys De Necker Ontwikkings (Pty) Ltd and Msunduzi Local Municipality                                                                  | The plaintiff is suing the Municipality for an alleged failure to refund the Plaintiff in respect municipal service. The plaintiff issued summons in the amount of R 77 083.05.                                                                    | 2017           | Internal                                                                                                                                                                                                                                                                   | R 77 083.05. The Defendant's Plea was filed in court and served on the Plaintiff.                                                                                                                                                                                                                             | 77 083          | Probable               |
| 233 | Lionel Longsdale Vuminkosi Magaga and Msunduzi Municipality                                                                          | Delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly damaged in a collision with a pothole.                                                                                          | 2017           | Internal                                                                                                                                                                                                                                                                   | The Plaintiff has claimed an amount of R 19 724, 58. An Appearance to defend was filed and served on the Plaintiff.                                                                                                                                                                                           | 19 725          | Probable               |

APPENDIX E1  
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2019

| NO. | MATTER                                                                                           | MATTER TYPE                                                                                                                                                                                                                               | YEAR INITIATED | ATTORNEY/ADVOCATE INSTRUCTED                                                                                                                                                                                                                                                  | Current status as at and quantum, where applicable                                                                                                                                                                                                         | Amount in Rands | Probability of outflow |
|-----|--------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------|
| 234 | Musa Numbalo and Msunduzi Local Municipality/ Petros Reta Mokoena                                | Delictual 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 44 454.88. A Plea and Counterclaim were filed and served on the Plaintiff.                                                                                                                                        | 44 455          | Probable               |
| 235 | Ncamisile Madlala and Msunduzi Municipality                                                      | The plaintiff is suing the Municipality for damages arising because of the Defendant's alleged erroneous disconnection of a meter supplying electricity to the Plaintiff's premises.                                                      | 2017           | Internal                                                                                                                                                                                                                                                                      | R 1495.23. The Defendant filed its Appearance to Defend in court and served it on the Plaintiff.                                                                                                                                                           | 1 495           | Probable               |
| 236 | SAMRO and Msunduzi Municipality- Case No KZN/PMB/R/CR723/17                                      | The Plaintiff is suing the Municipality for an alleged breach of contract wherein the Plaintiff suffered in the amount of R 369 337, 77.                                                                                                  | 2017           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mfllaw.co.za.                                                                                                                                         | R 369 337, 77. We have filed an affidavit resisting summary judgement. A plea has been filed and served.                                                                                                                                                   | 369 338         | Probable               |
| 237 | Servest Hygiene and Msunduzi Municipality                                                        | Breach of contract. The Plaintiff is suing the Municipality for services rendered to the Municipality.                                                                                                                                    | 2017           | Internal                                                                                                                                                                                                                                                                      | R 36 941,89. Matter is ongoing                                                                                                                                                                                                                             | 36 942          | Probable               |
| 238 | Thandeka Brightness Dubazana                                                                     | The plaintiff is suing the Municipality for damages arising because of a motor vehicle collision between a municipal vehicle driven by a municipal worker and the Plaintiff's vehicle.                                                    | 2017           | Internal                                                                                                                                                                                                                                                                      | R34 214.88. The Defendant filed its Plea in court and served it on the Plaintiff.                                                                                                                                                                          | 34 215          | Probable               |
| 239 | Wiseman Sibonelo Thamsanqa Maphumulo and Msunduzi Local Municipality                             | Delictual Claim: The Plaintiff is suing the Municipality for an incident where the Plaintiff fell into an open manhole and allegedly suffered damages.                                                                                    | 2017           | External Insurers                                                                                                                                                                                                                                                             | 177000                                                                                                                                                                                                                                                     | 177 000         | Probable               |
| 240 | Hatch Africa and Msunduzi Municipality                                                           | Contractual Claim: the Plaintiff is suing for unpaid monies owing to Plaintiff for work done flowing from an alleged agreement between the parties.                                                                                       | 2018           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mfllaw.co.za.                                                                                                                                         | R8 323 443.20. We have filed a notice of intention to depose on behalf of the municipality. This is a claim for money due pursuant to services rendered. The services have in fact been rendered. The matter is now at the pre-trial stage of proceedings. | 8 323 443       | Probable               |
| 241 | Ntombeni Sokhela                                                                                 | The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment.         | 2018           | Internal                                                                                                                                                                                                                                                                      | The Plaintiff has claimed an amount of R 19 345.83. Matter is ongoing.                                                                                                                                                                                     | 19 346          | Probable               |
| 242 | A S Variawa/ Y Cassim                                                                            | Eviction application as a result of an encroachment by Municipality onto the Applicant's land.                                                                                                                                            | 2018           | Mdiele 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: a Fleming@group1pmb.co.za                                                     | No monetary value. Potential conveyancing costs payable.                                                                                                                                                                                                   | 0               | Probable               |
| 243 | African Diya Trading                                                                             | Sale of Municipal Capital Assets: Application to compel the Municipality to sign transfer papers                                                                                                                                          | 2018           | Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudetep@tmj.co.za / noluthandod@tmj.co.za / tmj@tmj.co.za                                                              | R2 495 000.00. Answering Affidavit filed, awaiting replying affidavit.                                                                                                                                                                                     | 2 495 000       | Probable               |
| 244 | Anthony Crookes v Msunduzi Municipality                                                          | Application for repayment of the sum of R 642 908.92 as overpayment for rates clearance                                                                                                                                                   | 2018           | Mdiele Inc. 187 Hoosen Haffajee Street Pietermaritzburg; 3201; Tel 033 345 4022.                                                                                                                                                                                              | 642908.92                                                                                                                                                                                                                                                  | 642 909         | Probable               |
| 245 | Shekizakhe Victor Langa and Msunduzi Local Municipality                                          | The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment.         | 2018           | Internal                                                                                                                                                                                                                                                                      | The Plaintiff has claimed an amount of R24 909.17. Conducted research, consultations and instructions on plea and claim in reconvention                                                                                                                    | 24 909          | Probable               |
| 246 | Built Environment Support Group NPC (RP) and Msunduzi Municipality                               | Contractual Claim: the Plaintiff is suing for unpaid monies owing to Plaintiff for work done.                                                                                                                                             | 2018           | Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudetep@tmj.co.za / noluthandod@tmj.co.za / tmj@tmj.co.za                                                              | R600 891.72. Plea has been filed in the matter matter to be set down for pre-trial. Matter ongoing.                                                                                                                                                        | 600 892         | Probable               |
| 247 | Dharam C Deepal and Msunduzi Municipality                                                        | The Plaintiff is suing the Municipality for damages allegedly suffered to its motor vehicle as a result of colliding with a pothole.                                                                                                      | 2018           | Internal                                                                                                                                                                                                                                                                      | R 50 462.89. Matter ongoing.                                                                                                                                                                                                                               | 50 463          | Probable               |
| 248 | Eskom Holdings Soc Limited and Msunduzi Municipality and Indiza Airport Management (PTY) Limited | The Plaintiff is suing the Municipality for having allegedly suffered damage to its aircraft due to a fire breakout.                                                                                                                      | 2018           | External Insurers                                                                                                                                                                                                                                                             | 17963805,75                                                                                                                                                                                                                                                | 17 963 806      | Probable               |
| 249 | Kandasamy Moonsamy Devan and Msunduzi Municipality                                               | Delictual Claim: The Plaintiff is suing the municipality for allegedly suffering damage from having tripped on a broken protruding portion of a pavement block/slab.                                                                      | 2018           | Internal                                                                                                                                                                                                                                                                      | R92 596.44. The Defendant's Plea has been filed in the matter.                                                                                                                                                                                             | 92 596          | Probable               |
| 250 | Melvyn Conrad Jansen and The Msunduzi Municipality                                               | Delictual claim. Plaintiff suing the Municipality caused by having fallen into an uncovered manhole.                                                                                                                                      | 2018           | External Insurers                                                                                                                                                                                                                                                             | 927400                                                                                                                                                                                                                                                     | 927 400         | Probable               |
| 251 | Mcolisi Reginald Mkhize and Msunduzi Local Municipality                                          | The Plaintiff is suing the Municipality for damages allegedly suffered to its motor vehicle as a result of colliding with a pothole.                                                                                                      | 2018           | Internal                                                                                                                                                                                                                                                                      | 83118,84                                                                                                                                                                                                                                                   | 83 119          | Probable               |
| 252 | Mzotshingwe Milion Mzobe and Kevin Deon Joseph The Msunduzi Municipality                         | Delictual claim: The plaintiff is suing the Municipality for damages arising because of a motor vehicle collision between a municipal vehicle driven by a municipal worker and the Plaintiff's vehicle                                    | 2018           | Internal                                                                                                                                                                                                                                                                      | R 75 119,79. Matter is ongoing.                                                                                                                                                                                                                            | 75 120          | Probable               |
| 253 | Peter Baxter Spray Painters and Msunduzi Local Municipality                                      | The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment.         | 2018           | Insurance                                                                                                                                                                                                                                                                     | The Plaintiff has claimed an amount of R 20 993.91. Matter is ongoing.                                                                                                                                                                                     | 20 994          | Probable               |
| 254 | Rajendra Govender and Msunduzi Municipality                                                      | Labour Dispute (appeal and High Court application). Application for reinstatement.                                                                                                                                                        | 2018           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200. Adv Giani - Appeal, Adv Moola- High Court Application. Advocates Chambers Block A1, 17 Prince Edward Street, PMB, 3201 | Risk of R115 000. ( Salary related)                                                                                                                                                                                                                        | 115 000         | Probable               |
| 255 | Red Alert TSS (PTY) LTD                                                                          | The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment.         | 2018           | Internal                                                                                                                                                                                                                                                                      | The Plaintiff has claimed an amount of R 105 930.97. Matter is ongoing                                                                                                                                                                                     | 105 931         | Probable               |
| 256 | Rowan Gareth Blakeman and Msunduzi Municipality                                                  | The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a large pothole.                                                                                           | 2018           | Internal                                                                                                                                                                                                                                                                      | The Plaintiff has claimed an amount of R 104 352.10. Matter is ongoing.                                                                                                                                                                                    | 104 352         | Probable               |
| 257 | Sibongile Priscilla Nzama and Msunduzi Municipality/ Philani Patrick Vidima                      | The plaintiff is suing the Municipality for damages arising because of a motor vehicle collision between a municipal vehicle driven by a municipal worker and the Plaintiff's vehicle                                                     | 2018           | Internal                                                                                                                                                                                                                                                                      | R53 152.22. The Defendants filed an Appearance to defend in court and served same on the Plaintiff.                                                                                                                                                        | 53 152          | Probable               |

APPENDIX E1  
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2019

| NO.                                                                                                                                                                                     | MATTER                                                        | MATTER TYPE                                                                                                                                                                                                                       | YEAR INITIATED | ATTORNEY/ADVOCATE INSTRUCTED                                                                                                                                                                  | Current status as at and quantum, where applicable                                                                                                           | Amount in Rands   | Probability of outflow |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------|
| 258                                                                                                                                                                                     | Skhumbuzo M Mputa and Msunduzi Municipality                   | The plaintiff is suing the Municipality for damages arising because of the natural flow of water, which caused damage the Plaintiff's property                                                                                    | 2018           | Internal                                                                                                                                                                                      | R 11 914.43. Defendant filed its Notice of Appearance to Defend as well as its Plea in court and served both on the Plaintiff                                | 11 914            | Probable               |
| 259                                                                                                                                                                                     | Standard Bank v Msunduzi Municipality                         | Interdict to compel the Municipality to provide rates clearance figures.                                                                                                                                                          | 2018           | Mledle Inc. 187 Hoosen Haffjee Street Pietermaritzburg; 3201; Tel 033 345 4022.                                                                                                               | No monetary value, potential liability for costs if unsuccessful.                                                                                            | 0                 | Probable               |
| 260                                                                                                                                                                                     | J Supathy and Msunduzi Local Municipality                     | Delictual Claim for damages: The plaintiff is suing the Municipality for damages as a result of his motor vehicle having allegedly collided with a pothole in the vicinity of Newholmes Way.                                      | 2019           | Internal                                                                                                                                                                                      | The Plaintiff has claimed an amount of R 26 250.30. Matter is ongoing                                                                                        | 26 250            | Probable               |
| 261                                                                                                                                                                                     | Dan Moonsamy Naidoo and Msunduzi Municipality/ Hlangwe Sibole | The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment. | 2019           | Internal                                                                                                                                                                                      | The Plaintiff has claimed an amount of R 38 000.00. (Claim 1 R 35 000.00, Claim 2 R 3000.00) A round table conference has been arranged between the parties. | 38 000            | Probable               |
| 262                                                                                                                                                                                     | John Goodall and Phumlani Mlala/ Msunduzi Municipality        | The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment. | 2019           | Internal                                                                                                                                                                                      | The Plaintiff has claimed an amount of R 9 018.61. Matter is ongoing                                                                                         | 9 019             | Probable               |
| 263                                                                                                                                                                                     | Simphiwe Dube                                                 | Interdict for the return of a motor vehicle, Contempt Application for not complying with the Interdict Order and Rescission Application for Initial Interdict                                                                     | 2019           | Mledle Inc. 187 Hoosen Haffjee Street Pietermaritzburg; 3201; Tel 033 345 4022. Adv V Moodley, 17 Prince Alfred Street, Pietermaritzburg 3201. Tel: 033 845 3501. Email: vshen@advmoody.co.za | No monetary value claimed, however, there might be liability for the value of the lost vehicle.                                                              | 0                 | Probable               |
| 264                                                                                                                                                                                     | John Goodall and Phumlani Mlala/ Msunduzi Municipality        | The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment. | 2019           | Internal                                                                                                                                                                                      | The Plaintiff has claimed an amount of R 9 018.61. Matter is ongoing                                                                                         | 9 019             | Probable               |
| 265                                                                                                                                                                                     | J Supathy and Msunduzi Local Municipality                     | Delictual Claim for damages: The plaintiff is suing the Municipality for damages as a result of his motor vehicle having allegedly collided with a pothole in the vicinity of Newholmes Way.                                      | 2019           | Internal                                                                                                                                                                                      | The Plaintiff has claimed an amount of R 26 250.30. Matter is ongoing                                                                                        | 26 250            | Probable               |
| <b>TOTAL</b>                                                                                                                                                                            |                                                               |                                                                                                                                                                                                                                   |                |                                                                                                                                                                                               |                                                                                                                                                              | <b>99 521 553</b> |                        |
| <b>NOTES:</b>                                                                                                                                                                           |                                                               |                                                                                                                                                                                                                                   |                |                                                                                                                                                                                               |                                                                                                                                                              |                   |                        |
| 1. The Municipality is also involved in numerous cases regarding the collection of outstanding service charges owed by consumers.                                                       |                                                               |                                                                                                                                                                                                                                   |                |                                                                                                                                                                                               |                                                                                                                                                              |                   |                        |
| For the purposes of this exercise, these cases are not listed here.                                                                                                                     |                                                               |                                                                                                                                                                                                                                   |                |                                                                                                                                                                                               |                                                                                                                                                              |                   |                        |
| 2. The Municipality has been granted authority by the National Prosecuting Authority to commence criminal prosecutions in the Magistrate's court against offenders of Municipal Bylaws. |                                                               |                                                                                                                                                                                                                                   |                |                                                                                                                                                                                               |                                                                                                                                                              |                   |                        |
| These prosecutions are not listed here.                                                                                                                                                 |                                                               |                                                                                                                                                                                                                                   |                |                                                                                                                                                                                               |                                                                                                                                                              |                   |                        |

APPENDIX E2  
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 |
|-----|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------------|
| 1   | 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           |
| 2   | 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           |
| 3   | 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           |
| 4   | 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           |
| 5   | Terwolbeek PJ v Msunduzi Municipality                      | Delictual Claim: A water pipe allegedly causing flooding at Plaintiff's property and damaging his household appliances.                                                                                                                    | 2008           | Insurance                                                                                                                                               | R 1 121 620. 00 plus interest at 15.5 per cent per annum. Ongoing.                                                                                                                                                                                                                                                                                                                       | 4 738 770 | Not probable           |
| 6   | 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           |
| 7   | 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           |
| 8   | 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           |
| 9   | 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           |
| 10  | 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.          | R110 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           |
| 11  | 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           |
| 12  | 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           |
| 13  | 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           |
| 14  | 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           |
| 15  | 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           |
| 16  | 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           |
| 17  | 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           |
| 18  | 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           |
| 19  | 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                                                                                                                                                | R 95 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing.                                                                                                                                                                                                                                                                                                                 | 300 870   | Not probable           |
| 20  | 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           |
| 21  | 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           |
| 22  | 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           |
| 23  | Gayer Gail v Msunduzi Municipality                         | Delictual Claim: Plaintiff fell off her bicycle due to a collision with a pothole/ an uneven road surface.                                                                                                                                 | 2010           | Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000. | 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           |
| 24  | 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-heard.                                                                                                                                                                                                                                                                                                          | 895 701   | Not probable           |
| 25  | 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           |

APPENDIX E2  
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 |
|-----|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------------|
| 26  | 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           |
| 27  | 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           |
| 28  | 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,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za.                                                                                                                             | R 6 000. Matter was settled. Attorneys in the process of recovering costs in the matter                                                                                                                                                                                                                                                                                                   | 9 245     | Not Probable           |
| 29  | 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           |
| 30  | 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           |
| 31  | 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 on-going.                                                                                                                                                                                                                                                                           | 508 999   | Not Probable           |
| 32  | 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           |
| 33  | 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           |
| 34  | 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           |
| 35  | 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.                                                                                                                                                                      | 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           |
| 36  | 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           |
| 37  | Imbali Mens Hostel                                         | Municipality seeking the reversal of various title deeds on the basis of unlawful registrations. 3 unlawful property owners deceased and only 1 deceased estate reported. Trace reports received and summons prepared for 11 matters. For remaining matters we await the Registrar to allocate these matters for pre-trial conference. Default judgements to be lodged in first week of June 2015. | 2013           | Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za. Advocate AJ Dickson, 17 Prince Edward Street, Advocates' Chambers, tel: 38453542/3, fax: 38453544,e-mail:adickson@law.co.za | No monetary claim. Costs and further legal fees cannot be quantified at this stage as the matter on-going.                                                                                                                                                                                                                                                                                | 0         | Not probable           |
| 38  | 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           |
| 39  | Transnet/ Occupiers of Woodlands and Msunduzi Municipality | Application for eviction of illegal occupiers from railway sidings. Msunduzi a party because it previously agreed to move occupiers.Social survey now completed. Application for funding to relocate the occupiers made to DOHS.                                                                                                                                                                   | 2013           | Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za, Advocate Moodley                                                                                                            | No monetary claim. Matter ongoing and building has commenced. Once building has been completed, relocation of illegal occupiers can commence. Construction of alternative accommodation has been suspended while Municipality seeks alternative contractor for construction.                                                                                                              | 0         | Not probable           |
| 40  | 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           |
| 41  | Gugu Leeuw                                                 | Contravention of Problem Buildings Bylaws                                                                                                                                                                                                                                                                                                                                                          | 2018           | Mledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.                                                                                                                                                                             | No monetary value                                                                                                                                                                                                                                                                                                                                                                         | 0         | Not probable           |
| 42  | Nashini Reddy / Keshree Reddy v Msunduzi Municipality      | Contravention of Problem Buildings Bylaws                                                                                                                                                                                                                                                                                                                                                          | 2018           | Mledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.                                                                                                                                                                             | No monetary value                                                                                                                                                                                                                                                                                                                                                                         | 0         | Not probable           |
| 43  | Shanaaz Essop                                              | Contravention of Problem Buildings Bylaws                                                                                                                                                                                                                                                                                                                                                          | 2018           | Mledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.                                                                                                                                                                             | No monetary value                                                                                                                                                                                                                                                                                                                                                                         | 0         | Not probable           |
| 44  | Navida Marais v Msunduzi Municipality                      | Interdict Application to prevent unlawful eviction of respondents                                                                                                                                                                                                                                                                                                                                  | 2018           | Mledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.                                                                                                                                                                             | No monetary value. potential liability for costs if unsuccessful.                                                                                                                                                                                                                                                                                                                         | 0         | Not probable           |
| 45  | EOH Mthombo v Msunduzi Municipality                        | Potential Cancellation of services by service provider                                                                                                                                                                                                                                                                                                                                             | 2018           | Mledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv A Flemming 7 Prince Edward Street, PMB, 3201. Tel: 033 845 3539. Email: aflemming@group1pmb.co.za                                                                       | No monetary value.                                                                                                                                                                                                                                                                                                                                                                        | 0         | Not probable           |
| 46  | Menzi Mpanza v Msunduzi Municipality                       | Interdict for the reconnection of Applicant's electricity at Unit 4, Goal Flats, 1 Prince Alfred Street. Application for contempt of interim order granted as stated above.                                                                                                                                                                                                                        | 2018           | Mledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.                                                                                                                                                                             | No monetary value                                                                                                                                                                                                                                                                                                                                                                         | 0         | 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 |
|-----|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------------------------|
| 47  | Pranesh Indrajith v Msunduzi Municipality                          | Interdict for the reconnection of Applicant's electricity at 25 Naidoo Road, Raisethorpe                                                                                               | 2018           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg:3201; Tel 033 345 4022. Adv D Crampton 17 Prince Edward Street, PMB, 3201. Tel: 033 845 3512. Email: davidc@pmlaw.co.za                                                                                                                       | No monetary value                                                                                                                                                                                                                                    | 0       | Not probable           |
| 48  | A Maharaj/ N Maharaj v Msunduzi Municipality                       | Application for an Interdict due to contravention of Building and Town Planning Bylaws taking place at 44 Bangalore Road, Northdale.                                                   | 2018           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg:3201; Tel 033 345 4022. Adv M Mazibuko 17 Prince Edward Street, PMB, 3201. Tel: 033 845 3539. Email: ms.mazibuko@gmail.com                                                                                                                    | No monetary value                                                                                                                                                                                                                                    | 0       | Not probable           |
| 49  | 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           |
| 50  | 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           |
| 51  | 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@mflaw.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           |
| 52  | 465 Prince Alfred                                                  | interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act                                                                       | 2015           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB,tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com                                                                                                                                                               | No Monetary Claim                                                                                                                                                                                                                                    | 0       | Not probable           |
| 53  | 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           |
| 54  | 53 Hoosen Haffajee Street                                          | interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act                                                                       | 2015           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB,tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com                                                                                                                                                               | No monetary claim.                                                                                                                                                                                                                                   | 0       | Not Probable           |
| 55  | 252 King Edward Drive:                                             | Interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act                                                                       | 2015           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB,tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com                                                                                                                                                               | No monetary claim                                                                                                                                                                                                                                    | 0       | Not Probable           |
| 56  | Msunduzi Municipality/ Feroz Essa Ismail & 2 others (118 Boom St ) | Interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act                                                                       | 2015           | Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747 e-mail:mail@mflaw.co.za,                                                                                                                                                                         | The contempt application was successful and the process of recovering the costs due in terms of the Bill of costs has commenced. Respondents have since wrote an application for leave to appeal, which is awaiting a set down date. Matter ongoing. | 0       | Not Probable           |
| 57  | Gomla Singh                                                        | Interdict: To prevent the Municipality from disconnecting electricity.                                                                                                                 | 2015           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg:3201; Tel 033 345 4022. Email: emmerson@telkomsa.net                                                                                                                                                                                          | No monetary value, potential liability for costs if unsuccessful.                                                                                                                                                                                    | 0       | Not Probable           |
| 58  | C Ngcobo ( Willow)                                                 | Town Planning                                                                                                                                                                          | 2016           | 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 A Flemming Tel: 033 845 3546 Fax 033 394 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201       | No Risk. Estimate of legal fees                                                                                                                                                                                                                      | 0       | Not Probable           |
| 59  | 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                                                                                                                                                  | Setting up settlement meeting.                                                                                                                                                                                                                       | 0       | Not Probable           |
| 60  | Diedre Doreen Rajah                                                | 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. | No monetary value however the municipality could be liable for costs if unsuccessful. Matter ongoing.                                                                                                                                                | 0       | Not Probable           |
| 61  | 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           |
| 62  | Willowton Group t/a Willowton Oil                                  | Interdict to prevent illegal use of Municipal land in contravention of zoning bylaws                                                                                                   | Sep-15         | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg:3201; Tel 033 345 4022. Email: emmerson@telkomsa.net                                                                                                                                                                                          | No monetary value. Costs if unsuccessful.                                                                                                                                                                                                            | 0       | Not probable           |
| 63  | 71 New England Road: Avinash Samliall & Others: case no: 14104/15  | Application to challenge decision by a Town Planning Tribunal                                                                                                                          | 2015           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg:3201; Tel 033 345 4022. Email:emmerson@telkomsa.net Adv A Rail SC, 17 Prince Edward Street, Pietermaritzburg. Tel: 033 845 3529. Email: rail@afrika.com                                                                                       | No monetary value.Costs if unsuccessful.                                                                                                                                                                                                             | 0       | 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 |
|-----|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------------------------|
| 64  | 50 Pope Ellis Drive                                                    | Interdict to prevent the uses of premises for events                                                                                                                                                                                    | 2015           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv R Nirghin, 17 Prince Edward Street, PMB, 3201. Tel: 033 845 3520. Email: ranjiv.nirghin@gmail.com                             | No monetary value.Costs if unsuccessful.                                                                                                                                                                                       | 0       | Not probable           |
| 65  | 101 Greyling Street                                                    | Interdict to prevent contravention of zoning bylaws                                                                                                                                                                                     | 2015           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                    | No monetary value. Legal costs if unsuccessful.                                                                                                                                                                                | 0       | Not probable           |
| 66  | 47 Tayton Road                                                         | Interdict: restrained from using or allowing others to use the property as offices.                                                                                                                                                     | 2015           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                    | No monetary value. Costs if unsuccessful.                                                                                                                                                                                      | 0       | Not probable           |
| 67  | Msunduzi Municipality v S Antony                                       | Laabour Matter: Review of Arbitration Award                                                                                                                                                                                             | 2014           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                    | No monetary value, potential liability for legal costs if unsuccessful                                                                                                                                                         | 0       | Not probable           |
| 68  | 19 West Street                                                         | Interdict: restrained from using or allowing others to use the property as a boarding house.                                                                                                                                            | 2015           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                    | No monetary value. Legal costs if unsuccessful.                                                                                                                                                                                | 0       | Not probable           |
| 69  | 534 Prince Alfred Street                                               | Interdict: restrained from using or allowing others to use the property as a business premises.                                                                                                                                         | 2015           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                    | No monetary value. Costs if unsuccessful.                                                                                                                                                                                      | 0       | Not probable           |
| 70  | 8 Polo Avenue                                                          | Interdict: restrained from using or allowing others to use the property as a boarding house.                                                                                                                                            | 2015           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                    | No monetary value. Legal costs if unsuccessful.                                                                                                                                                                                | 0       | Not probable           |
| 71  | 79 Boom Street                                                         | Interdict: restrained from using or allowing others to use the property as a boarding house.                                                                                                                                            | 2015           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                    | No monetary value.potential liability for legal costs if unsuccessful.                                                                                                                                                         | 0       | Not probable           |
| 72  | 143 Greyling Street                                                    | Interdict: restrained from using or allowing others to use the property as a business premises.                                                                                                                                         | 2015           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                    | No monetary value.legal costs if unsuccessful. .                                                                                                                                                                               | 0       | Not probable           |
| 73  | 14 Boom Street                                                         | Interdict: restrained from using or allowing others to use the property as offices.                                                                                                                                                     | 2015           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022                                                                                                                                    | No monetary value, potential liability for legal costs if unsuccessful.                                                                                                                                                        | 0       | Not probable           |
| 74  | Electricity Action Gorup                                               | Application to compel the Municipality to implement its Indigent Policy                                                                                                                                                                 | 2015           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email: emmerson@telkomsa.net Adv A Rail SC; 17 Prince Edward Street, Pietermaritzburg. Tel: 033 845 3529. Email: rail@iafrica.com | No monetary value. Potential liability for legal costs if unsuccessful.                                                                                                                                                        | 0       | Not probable           |
| 75  | K. Ferose                                                              | Application to demolish illegally erected aviaries.                                                                                                                                                                                     | 2015           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email: emmerson@telkomsa.net                                                                                                      | No monetary vaulue.Potential liability for costs if unsuccessful                                                                                                                                                               | 0       | Not probable           |
| 76  | 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           |
| 77  | PH Magubane                                                            | Collection of monies from a staff member                                                                                                                                                                                                | 2015           | Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za,                                                                                    | We have issued a summons and have obtained a judgement. We are attempting to recover the money due, the debtor does not appear to have many assets and this means that the prospects of recovering the money is not very good. | 0       | Not probable           |
| 78  | Victoria Country Club Estate                                           | Town Planning                                                                                                                                                                                                                           | 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 Choudree, Masonic Group, Durban.                     | No Risk. Estimate of legal fees                                                                                                                                                                                                | 0       | Not probable           |
| 79  | 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.                                                                                                                                                                   | 350 000 | Not probable           |
| 80  | 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           |
| 81  | 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 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           |
| 82  | 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           |
| 83  | 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           |
| 84  | 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           |
| 85  | Electro Technical Agencies cc and Msunduzi Municipality/ Mohamed Shaik | Deductal 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           |

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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 |
|-----|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------------|
| 86  | Galapha 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           |
| 87  | Zama Traffic Signals                            | Contractual dispute: Applicant sought an order to review the Municipality's decision to cancel a contract of services.                                                              | 2015           | Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, advocate A. De Wet ,17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941,e-mail:dewet@group8.co.za                | 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           |
| 88  | Msunduzi Municipality/Gubela Trading            | Contractual dispute: Applicant sought an order to review the Municipality's decision to cancel a contract of services.                                                              | 2015           | Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, advocate A. De Wet ,17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941,e-mail:dewet@group8.co.za                | 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           |
| 89  | Lawrence Ngcobo                                 | Town planning matter: contravention of the Planning and Development Act by running business in special residential area.                                                            | 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 Deon Schaup 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.          |
| 90  | 35 Pietermaritz Street                          | New instruction in November, need further instructions from Mr Mdu Mbokazi on the most recent inspection date. The file only records latest date to be October 2013.                | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200                                                                                                                       | No Risk. Estimate of legal fees                                                                                                                                                           | 0         | Not probable           |
| 91  | Archie Gumede                                   | Land invasion, Court Interdict                                                                                                                                                      | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200. Adv R Nirgin: 033 845 2501. Block A1, Advocate's Chambers, 17 Prince Edward Street.                                  | No Risk. Estimate of Legal Fees                                                                                                                                                           | 0         | Not probable           |
| 92  | Pietermaritzburg Pistol Club                    | Town Planning                                                                                                                                                                       | 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 Dickson 033-845 3501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.    | No Risk.Estimate of legal fees.                                                                                                                                                           | 0         | Not probable           |
| 93  | 38 Pietermaritz Street                          | Town Planning                                                                                                                                                                       | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200                                                                                                                       | No Risk. Estimate of legal fees                                                                                                                                                           | 0         | Not probable           |
| 94  | 41 Pietermaritz Street                          | Town Planning                                                                                                                                                                       | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200                                                                                                                       | No Risk. Estimate of legal fees                                                                                                                                                           | 0         | Not probable           |
| 95  | 42 Pietermaritz Street                          | Town Planning                                                                                                                                                                       | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200                                                                                                                       | No Risk. Estimate of legal fees                                                                                                                                                           | 0         | Not probable           |
| 96  | 43 Pietermaritz Street                          | Town Planning                                                                                                                                                                       | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200                                                                                                                       | No Risk. Estimate of legal fees                                                                                                                                                           | 0         | Not probable           |
| 97  | 44 Pietermaritz Street                          | Town Planning                                                                                                                                                                       | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200                                                                                                                       | No Risk. Estimate of legal fees                                                                                                                                                           | 0         | Not probable           |
| 98  | 46 Pietermaritz Street                          | Town Planning                                                                                                                                                                       | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200                                                                                                                       | No Risk. Estimate of legal fees                                                                                                                                                           | 0         | Not probable           |
| 99  | 50 Pietermaritz Street                          | Town Planning                                                                                                                                                                       | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200                                                                                                                       | No Risk. Estimate of legal fees                                                                                                                                                           | 0         | Not probable           |
| 100 | 51 Pietermaritz Street                          | Town Planning                                                                                                                                                                       | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200                                                                                                                       | No Risk. Estimate of legal fees                                                                                                                                                           | 0         | Not probable           |
| 101 | 53 Pietermaritz Street                          | Town Planning                                                                                                                                                                       | 2017           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200                                                                                                                       | No Risk. Estimate of legal fees                                                                                                                                                           | 0         | 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 |
|-----|-------------------------|---------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------|------------------------|
| 102 | 54 Pietermaritz Street  | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                               | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 103 | 55 Pietermaritz Street  | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                               | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 104 | 56 Pietermaritz Street  | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                               | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 105 | 13 Pietermaritz Street  | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                               | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 106 | 17 Pietermaritz Street  | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                               | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 107 | 21 Pietermaritz Street  | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                               | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 108 | 27 Pietermaritz Street  | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                               | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 109 | 11 Pietermaritz Street  | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                               | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 110 | 29 Pietermaritz Street  | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                               | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 111 | 14 McCullum Street      | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                               | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 112 | 13 McCullum Street      | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                               | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 113 | 33 Pietermaritz Street  | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                               | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 114 | 31 Pietermaritz Street  | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                               | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 115 | 4 McCullum Street       | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                               | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 116 | 15 McCullum Street      | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                               | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 117 | 441 Pietermaritz Street | Town Planning | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200 and<br>Adv Dickson 033-8453501 Address<br>Advocates Chambers Block A1, 17<br>Prince Edward Street,<br>Pietermaritzburg, 3201. | No Risk. Estimate of legal fees                    | 0      | Not probable           |
| 118 | Uphill Trading          | Town Planning | 2012           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg. PO<br>Box 50, Pietermaritzburg, 3200 and<br>Adv Dickson 033-8453501 Address<br>Advocates Chambers Block A1, 17<br>Prince Edward Street,<br>Pietermaritzburg, 3201. | No Risk. Estimate of legal fees.                   | 0      | 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 |
|-----|----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------------------|
| 119 | Various                                                                                                                    | Eviction                                                                                                                                                                              | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg, PO<br>Box 50, Pietermaritzburg, 3200 and<br>Adv S Moola 033-897 8482<br>Address Advocates Chambers<br>Block A1, 17 Prince Edward Street,<br>Pietermaritzburg, 3201. | No risk. Estimate of legal fees.                                                                                                                                                                                                                                        | 0          | Not probable           |
| 120 | V. D. Gunkel (58 Les Van Wyk Drive)                                                                                        | Town Planning: contravention of PDA by running business in special residential area.                                                                                                  | 2017           | Diedricks Inc Tel: 033 342 9808<br>Fax: 086 219 1672 Physical<br>Address: 90 C Roberts Road,<br>Clarendon, Pietermaritzburg, PO<br>Box 50, Pietermaritzburg, 3200                                                                                                                                | No Risk. Awaiting instructions to withdraw the matter.                                                                                                                                                                                                                  | 0          | Not probable           |
| 121 | IXS MCHUNU & OTHERS/<br>MSUNDUZI MUNICIPALITY                                                                              | INTERDICT: TOWN PLANNING                                                                                                                                                              | 2012           | Matthew Francis Inc. Suite 4, 1st<br>Floor, Block A, 21 Cascades<br>Crescent, tel 033 940 1497, fax:<br>0862428747, e-<br>mail:alicia@mfilaw.co.za. REF:<br>22M003021                                                                                                                            | No monetary claim. Taxed costs still to be recovered.                                                                                                                                                                                                                   | 0          | Not probable           |
| 122 | Msunduzi<br>Municipality/surendra singh<br>& 13 others                                                                     | INTERDICT: TOWN PLANNING                                                                                                                                                              | 2015           | Matthew Francis Inc. Suite 4, 1st<br>Floor, Block A, 21 Cascades<br>Crescent, tel 033 940 1497, fax:<br>0862428747, e-<br>mail:mail@mfilaw.co.za, Adv A<br>Potgieter SC & Adv H Gani                                                                                                             | No monetary claim. Draft contempt application provided to client, who is to provide additional information from various inspection departments in order to finalise                                                                                                     | 0          | Not probable           |
| 123 | MAGICONE<br>INVESTMENTS/<br>MSUNDUZI MUNICIPALITY                                                                          | INTERDICT: TOWN PLANNING                                                                                                                                                              | 2012           | Matthew Francis Inc. Suite 4, 1st<br>Floor, Block A, 21 Cascades<br>Crescent, tel 033 940 1497, fax:<br>0862428747, e-<br>mail:alicia@mfilaw.co.za, Adv H<br>Gani                                                                                                                                | No monetary claim. Appeal was dismissed with costs. Taxed costs still to be recovered. Contempt application prepared by Counsel and provided to client to confirm veracity of facts alleged.                                                                            | 0          | Not probable           |
| 124 | G. Govender/ P. Naidoo<br>and Msunduzi Municipality.                                                                       | Application in terms of PIE.                                                                                                                                                          | 2018           | Matthew Francis Inc. Suite 4, 1st<br>Floor, Block A, 21 Cascades<br>Crescent, tel 033 940 1497, fax:<br>0862428747, e-<br>mail:mail@mfilaw.co.za. REF:<br>22M003071                                                                                                                              | No monetary claim. Awaiting outcome of application for absolution. The Municipality has been absolved from the proceedings.                                                                                                                                             | 0          | Not probable           |
| 125 | S. Shangase/ Sibisi and 2<br>others.                                                                                       | Application in terms of PIE.                                                                                                                                                          | 2018           | Matthew Francis Inc. Suite 4, 1st<br>Floor, Block A, 21 Cascades<br>Crescent, tel 033 940 1497, fax:<br>0862428747, e-<br>mail:mail@mfilaw.co.za, REF:<br>22M003196                                                                                                                              | No monetary claim. The Application was set down for hearing on 05 February 2019 . Application was dismissed.                                                                                                                                                            | 0          | Not probable           |
| 126 | RV. Zulu/ Msunduzi<br>municipality                                                                                         | Application in terms of PIE.                                                                                                                                                          | 2018           | Matthew Francis Inc. Suite 4, 1st<br>Floor, Block A, 21 Cascades<br>Crescent, tel 033 940 1497, fax:<br>0862428747, e-<br>mail:mail@mfilaw.co.za,<br>REF:22M003405                                                                                                                               | No monetary claim. Matter ongoing.                                                                                                                                                                                                                                      | 0          | Not probable           |
| 127 | Grant Fryer                                                                                                                | Labour dispute before the CCMA relating to fixed term contract.                                                                                                                       | Apr-18         | Tomlinson Mnguni James<br>Attorneys, 12 Montrose Park Blvd,<br>Victoria Country Club Estate- Office<br>Park, 170 Peter Brown Drive. Tel:<br>033 341 9100, email:<br>claudettep@tmj.co.za /<br>noluthandod@tmj.co.za<br>/tmj@tmj.co.za                                                            | The arbitration is held in abeyance by agreement pending the exchange of information between the parties. Applicant took no further steps to refer matter to Arbitration in view of a further fixed term contract offered to him.                                       | 0          | Not probable           |
| 128 | Nkabini and Others                                                                                                         | Alleged unfair labour practice in relation to termination of the Progressive attainment. Policy for security workers. Application of a collective agreement. Before the Labour Court. | Apr-18         | Tomlinson Mnguni James<br>Attorneys, 12 Montrose Park Blvd,<br>Victoria Country Club Estate- Office<br>Park, 170 Peter Brown Drive. Tel:<br>033 341 9100, email:<br>claudettep@tmj.co.za /<br>noluthandod@tmj.co.za<br>/tmj@tmj.co.za. Advocate David<br>Crampton                                | Notice of intended Exception as applicants have not referred their dispute to Conciliation. Matter on-going                                                                                                                                                             | 0          | Not probable           |
| 129 | Moses Thusi and 230<br>Others                                                                                              | Unfair discrimination of 230 employees.                                                                                                                                               | Apr-18         | Tomlinson Mnguni James<br>Attorneys, 12 Montrose Park Blvd,<br>Victoria Country Club Estate- Office<br>Park, 170 Peter Brown Drive. Tel:<br>033 341 9100, email:<br>claudettep@tmj.co.za /<br>noluthandod@tmj.co.za<br>/tmj@tmj.co.za. Advocate David<br>Crampton                                | Applicant seeks re-employment. Not a monetary claim. Counsel instructed to prepare an application to dismiss the matter. Same served and filed. No opposition from the Applicants.                                                                                      | 0          | Not probable           |
| 130 | Thandi Gloria Maysisela                                                                                                    | Alleged unfair labour practice. Applicants sought to be considered as a security officer and get security officer benefit.                                                            | Apr-18         | Tomlinson Mnguni James<br>Attorneys, 12 Montrose Park Blvd,<br>Victoria Country Club Estate- Office<br>Park, 170 Peter Brown Drive. Tel:<br>033 341 9100, email:<br>claudettep@tmj.co.za /<br>noluthandod@tmj.co.za<br>/tmj@tmj.co.za                                                            | Notice to intended Exception as applicants have not referred their dispute to conciliation. Matter on-going                                                                                                                                                             | 0          | Not probable           |
| 131 | Musa Edward Mthembu                                                                                                        | Unfair Labour Practice relating to an application of a collective agreement. Before the Labour Court.                                                                                 | Apr-18         | Tomlinson Mnguni James<br>Attorneys, 12 Montrose Park Blvd,<br>Victoria Country Club Estate- Office<br>Park, 170 Peter Brown Drive. Tel:<br>033 341 9100, email:<br>claudettep@tmj.co.za /<br>noluthandod@tmj.co.za<br>/tmj@tmj.co.za                                                            | Arbitration on the 31st May 2018. Application for condonation – refused. Applicants are seeking re-instatement and compensation (Back pay) of R57 252.00 per annum from 1999.<br><br>Municipality successfully opposed application for condonation.<br>Matter finalised | 1 087 788  | Not Probable           |
| 132 | Deveng Africa Consulting<br>(PTY) LTD and Municipal<br>Manager, The Msunduzi<br>Municipality/ The Msunduzi<br>Municipality | Contractual Claim                                                                                                                                                                     | 2018 February  | Tomlinson Mnguni James<br>Attorneys, 12 Montrose Park Blvd,<br>Victoria Country Club Estate- Office<br>Park, 170 Peter Brown Drive. Tel:<br>033 341 9100, email:<br>claudettep@tmj.co.za /<br>noluthandod@tmj.co.za<br>/tmj@tmj.co.za                                                            | R5 309 127.01. Exception raised and awaiting set down on opposed roll.                                                                                                                                                                                                  | 5 309 127  | Not Probable           |
| 133 | Khuselani Security: Case<br>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<br>Floor, Block A, 21 Cascades<br>Crescent, tel 033 940 1497,<br>fax:0862428747, e-<br>mail:mail@mfilaw.co.za,                                                                                                                                                 | R14 660 993.31. This is a High Court matter. This matter was settled.                                                                                                                                                                                                   | 14 660 993 | Not Probable           |

APPENDIX E2  
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 |
|-----|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------------------|
| 134 | 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 accommodation.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           |
| 135 | Melvyn Conrad Jansen and The Msunduzi Municipality                                               | Delictual claim. Plaintiff suing the Municipality caused by having fallen into an uncovered manhole.                                                                                                                              | 2018           | External Insurers                                                                                                                                                                                                                                                           | R927 400,00                                                                                                                                                                                                                                                                                                               | 927 400    | Probable               |
| 136 | Mzotshingwe Million Mzobe and Kevin Deon Joseph/ The Msunduzi Municipality                       | Delictual claim: The plaintiff is suing the Municipality for damages arising because of a motor vehicle collision between a municipal vehicle driven by a municipal worker and the Plaintiff's vehicle                            | 2018           | Internal                                                                                                                                                                                                                                                                    | R 75 119,79. Matter is ongoing.                                                                                                                                                                                                                                                                                           | 75 120     | Probable               |
| 137 | Hatch Africa and Msunduzi Municipality                                                           | Contractual Claim: the Plaintiff is suing for unpaid monies owing to Plaintiff for work done flowing from an alleged agreement between the parties.                                                                               | 2018           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747,e-mail:mail@mfilaw.co.za,                                                                                                                                         | R8 323 443,20. We have filed a notice of intention to depose on behalf of the municipality. This is a claim for money due pursuant to services rendered. The services have in fact been rendered. The matter is now at the pre-trial stage of proceedings.                                                                | 8 323 443  | Probable               |
| 138 | Built Environment Support Group NPC (RF) and Msunduzi Municipality                               | Contractual Claim: the Plaintiff is suing for unpaid monies owing to Plaintiff for work done.                                                                                                                                     | 2018           | 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                                                            | R600 891.72. Plea has been filed in the matter matter to be set down for pre-trial. Matter ongoing.                                                                                                                                                                                                                       | 600 892    | Probable               |
| 139 | African Diya Trading                                                                             | Sale of Municipal Capital Assets: Application to compel the Municipality to sign transfer papers                                                                                                                                  | 2018           | 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                                                            | R2 495 000,00. Answering Affidavit filed, awaiting replying affidavit.                                                                                                                                                                                                                                                    | 2 495 000  | Probable               |
| 140 | Rajendra Govender and Msunduzi Municipality                                                      | Labour Dispute (appeal and High Court application). Application for re-instatement.                                                                                                                                               | 2018           | Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200. Adv Gani - Appeal. Adv Moola-High Court Application. Advocates Chambers Block A1, 17 Prince Edward Street, PMB, 3201 | Risk of R115 000. ( Salary related)                                                                                                                                                                                                                                                                                       | 115 000    | Probable               |
| 141 | Standard Bank v Msunduzi Municipality                                                            | Interdict to compel the Municipality to provide rates clearance figures.                                                                                                                                                          | 2018           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.                                                                                                                                                                                            | No monetary value, potential liability for costs if unsuccessful.                                                                                                                                                                                                                                                         | 0          | Probable               |
| 142 | Anthony Crookes v Msunduzi Municipality                                                          | Application for repayment of the sum of R 642 908.92 as overpayment for rates clearance                                                                                                                                           | 2018           | Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.                                                                                                                                                                                            | 642908,92                                                                                                                                                                                                                                                                                                                 | 642 909    | Probable               |
| 143 | Sibongile Priscilla Nzama and Msunduzi Municipality/ Philani Patrick Vidima                      | The plaintiff is suing the Municipality for damages arising because of a motor vehicle collision between a municipal vehicle driven by a municipal worker and the Plaintiff's vehicle                                             | 2018           | Internal                                                                                                                                                                                                                                                                    | R53 152,22.The Defendants filed an Appearance to defend in court and served same on the Plaintiff.                                                                                                                                                                                                                        | 53 152     | Probable               |
| 144 | Kandasamy Moonsamy Devan and Msunduzi Municipality                                               | Delictual Claim: The Plaintiff is suing the municipality for allegedly suffering damage from having tripped on a broken protruding portion of a pavement block/slab.                                                              | 2018           | Internal                                                                                                                                                                                                                                                                    | R92 596,44. The Defendant's Plea has been filed in the matter.                                                                                                                                                                                                                                                            | 92 596     | Probable               |
| 145 | Skhumbuzo M Mpata and Msunduzi Municipality                                                      | The plaintiff is suing the Municipality for damages arising because of the natural flow of water, which caused damage the Plaintiff's property                                                                                    | 2018           | Internal                                                                                                                                                                                                                                                                    | R 11 914,43. Defendant filed its Notice of Appearance to Defend as well as its Plea in court and served both on the Plaintiff                                                                                                                                                                                             | 11 914     | Probable               |
| 146 | A S Variawa/ Y Cassim                                                                            | Eviction application as a result of an encroachment by Municipality onto the Applicant's land.                                                                                                                                    | 2018           | 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                                                 | No monetary value. Potential conveyancing costs payable.                                                                                                                                                                                                                                                                  | 0          | Probable               |
| 147 | Eskom Holdings Soc Limited and Msunduzi Municipality and Indiza Airport Management (PTY) Limited | The Plaintiff is suing the Municipality for having allegedly suffered damage to its aircraft due to a fire breakout.                                                                                                              | 2018           | External Insurers                                                                                                                                                                                                                                                           | 17963805,75                                                                                                                                                                                                                                                                                                               | 17 963 806 | Probable               |
| 148 | Dharam C Deeplaul and Msunduzi Municipality                                                      | The Plaintiff is suing the Municipality for damages allegedly suffered to its motor vehicle as a result of colliding with a pothole.                                                                                              | 2018           | Internal                                                                                                                                                                                                                                                                    | R 50 462,89. Matter ongoing.                                                                                                                                                                                                                                                                                              | 50 463     | Probable               |
| 149 | Mxolisi Reginald Mkhize and Msunduzi Local Municipality                                          | The Plaintiff is suing the Municipality for damages allegedly suffered to its motor vehicle as a result of colliding with a pothole.                                                                                              | 2018           | Internal                                                                                                                                                                                                                                                                    | 83118,84                                                                                                                                                                                                                                                                                                                  | 83 119     | Probable               |
| 150 | Peter Baxter Spray Painters and Msunduzi Local Municipality                                      | The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment. | 2018           | Insurance                                                                                                                                                                                                                                                                   | The Plaintiff has claimed an amount of R 20 993,91. Matter is ongoing.                                                                                                                                                                                                                                                    | 20 994     | Probable               |
| 151 | Rowan Gareth Blakeman and Msunduzi Municipality                                                  | The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a large pothole.                                                                                   | 2018           | Internal                                                                                                                                                                                                                                                                    | The Plaintiff has claimed an amount of R 104 352,10. Matter is ongoing.                                                                                                                                                                                                                                                   | 104 352    | Probable               |
| 152 | Bhekezakhe Victor Langa and Msunduzi Local Municipality                                          | The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment. | 2018           | Internal                                                                                                                                                                                                                                                                    | The Plaintiff has claimed an amount of R24 909,17.Conducted research, consultations and instructions on plea and claim in reconvention                                                                                                                                                                                    | 24 909     | Probable               |
| 153 | Ntombeningi Sokhela                                                                              | The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment. | 2018           | Internal                                                                                                                                                                                                                                                                    | The Plaintiff has claimed an amount of R 19 345,83. Matter is ongoing.                                                                                                                                                                                                                                                    | 19 346     | 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 |
|-----|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------------|
| 154 | Red Alert TSS (PTY) LTD                                  | The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment.                                                             | 2018           | Internal                                                                                                                                                                                       | The Plaintiff has claimed an amount of R 105 930.97. Matter is ongoing                                                                             | 105 931   | Probable               |
| 155 | Telkom SA LTD v Msunduzi Municipality Case No.6292/05    | Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.                                                                                                                                               | 2004           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669<br>Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201<br>Postal Address: PO Box 144, Pietermaritzburg, 3200. | R22 541.11 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Matter ongoing.                                           | 195 751   | Probable               |
| 156 | Telkom SA LTD v Msunduzi Municipality Case No.16356/05   | Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.                                                                                                                                               | 2005           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669<br>Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201<br>Postal Address: PO Box 144, Pietermaritzburg, 3200. | R34 806.17 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Matter ongoing.                                           | 261 700   | Probable               |
| 157 | Telkom SA LTD v Msunduzi Municipality Case No.3994/06    | Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.                                                                                                                                               | 2006           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669<br>Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201<br>Postal Address: PO Box 144, Pietermaritzburg, 3200. | R13 283.82 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Matter ongoing.                                           | 86 475    | Probable               |
| 158 | Telkom SA LTD v Msunduzi Municipality Case No 542/06     | Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.                                                                                                                                               | 2006           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669<br>Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201<br>Postal Address: PO Box 144, Pietermaritzburg, 3200. | R 21 697.25 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Matter ongoing.                                          | 141 244   | Probable               |
| 159 | Telkom v. Msunduzi Municipality Case No12506/08          | Delictual Claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly cause by Municipal water pipes.                                                                                                                                                        | 2008           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669<br>Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201<br>Postal Address: PO Box 144, Pietermaritzburg, 3200. | R45 979. 87 Plus interest at 15.5 per cent per annum. A judgement awaited before moving forward. Matter ongoing                                    | 224 372   | Probable               |
| 160 | B.A. Clark v. Msunduzi Municipality                      | Delictual Claim. The Municipality dug trenches along Old Howick Road, a net was placed adjacent to the trenches. Plaintiff alleges that he was caught by such nets whilst cycling.                                                                                                            | 2009           | Internal                                                                                                                                                                                       | R397 975.83 Plus interest at 15.5 per cent per annum. Awaiting new set down for trial.                                                             | 1 681 421 | Probable               |
| 161 | Bayeni GP v Msunduzi Municipality                        | Delictual claim. Plaintiff fell into a trench dug by contractors appointed by the Municipality.                                                                                                                                                                                               | 2010           | Internal                                                                                                                                                                                       | R 97 430.00 plus interest at 15.5 per cent per annum. Matter is ongoing.                                                                           | 356 394   | Probable               |
| 162 | Mlaba M. v Msunduzi Municipality                         | Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained due to a fall on an open trench in Edendale.                                                                                                                                                                  | 2010           | Internal                                                                                                                                                                                       | R 100 000.00 plus interest at 15.5 per cent per annum. The matter is ongoing.                                                                      | 365 795   | Probable               |
| 163 | Mans N. v Msunduzi Municipality                          | Delictual Claim: The Plaintiff is suing the Municipality for damages to her vehicle as a result of a collision between her vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.                                                          | 2010           | Internal                                                                                                                                                                                       | R 7 045.75 plus interest at 15.5 per cent per annum. An application for condonation was opposed and the matter is ongoing.                         | 25 773    | Probable               |
| 164 | Mpongose NK v Msunduzi Municipality                      | Delictual claim. Plaintiff is suing the Municipality due to structural and mechanical damage to his vehicle caused by towing by municipal traffic officers.                                                                                                                                   | 2011           | Internal                                                                                                                                                                                       | R 23 964.42 plus interest at 15.5 per cent per annum. Matter is ongoing.                                                                           | 75 897    | Probable               |
| 165 | Nxumalo TR v. Msunduzi Municipality                      | Delictual Claim: The Plaintiff is suing the Municipality for damages to his motor vehicle as a result of a street lamp pole falling on it. The Municipality alleges that the site at the time was controlled by SANRAL and as such an application to join them as co-defendant has been made. | 2011           | Internal                                                                                                                                                                                       | R 21 791.04 plus interest at 15.5 per cent per annum. The matter is part-heard.                                                                    | 69 013    | Probable               |
| 166 | Naidoo M. v Msunduzi Municipality                        | Delictual Claim: The plaintiff is suing the Municipality because he fell on an uneven pavement in the vicinity of Delhi Road.                                                                                                                                                                 | 2011           | Internal/Insurance                                                                                                                                                                             | R 370 000.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed and defendant's plea has been filed. Matter ongoing. | 1 171 811 | Probable               |
| 167 | Kroese J. v. Msunduzi Municipality                       | Delictual claim. Plaintiff is suing the Municipality and the Minister of the Police for unlawful arrest and detention.                                                                                                                                                                        | 2011           | Internal                                                                                                                                                                                       | R 40 000.00 plus interest at 15.5 per cent per annum. The matter is part-heard.                                                                    | 126 682   | Probable               |
| 168 | Taro Govender / Msunduzi Municipality/ Case No. 12048/11 | Delictual Claim: The Plaintiff is suing the Municipality for damages arising from a flood that allegedly caused damage to the Plaintiff's property                                                                                                                                            | 2011           | Internal                                                                                                                                                                                       | R 100 000-00. The matter is ongoing                                                                                                                | 100 000   | Probable               |
| 169 | Govender Kem v. Msunduzi Municipality                    | Delictual Claim: Plaintiff suffered damages due to a power surge at his property.                                                                                                                                                                                                             | 2012           | Internal                                                                                                                                                                                       | R 22 242.00 plus interest at 15.5 per cent per annum. The defendant's plea has been filed. The matter is ongoing.                                  | 60 988    | Probable               |
| 170 | Planet Waves 399                                         | Council withholding payment to contractor that built sludge dams. Possibility of eventual liability.                                                                                                                                                                                          | 2012           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com                                                       | Planet Waves sued for R1 694 937.70 and Municipality countersued for R 1, 940 934.00.                                                              | 0         | Probable               |
| 171 | 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.                                                      | 2012           | Diedricks attorneys, 90 Roberts road, claredon, Pietermaritzburg, tel:3429808, fax:0862191672, e-mail:admin@diedricksattorneys.co.za,                                                          | Risk is R 300 000.00                                                                                                                               | 300 000   | Probable               |
| 172 | Telkom SA LTD v Msunduzi Municipality Case No.3806/12    | Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.                                                                                                                                                     | 2012           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669<br>Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201<br>Postal Address: PO Box 144, Pietermaritzburg, 3200. | R 49 834.75 plus interest at 15.5 per cent per annum. Awaiting judgement. Matter ongoing.                                                          | 136 649   | Probable               |
| 173 | Simphiwe Jonathan Zama case no. 199039/12                | Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle                                                                                                                                                     | 2012           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com                                                       | R14 846,22 Municipality to revert on settlement proposal.                                                                                          | 14 846    | 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 |
|-----|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------------------------|
| 174 | Telkom SA LTD v Msunduzi Municipality Case No. 4709/13            | Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.                                                                                                          | 2013           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669<br>Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201<br>Postal Address: PO Box 144, Pietermaritzburg, 3200.                                                              | R 46 628.06 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Matter ongoing.                                                                                                                                       | 110 698 | Probable               |
| 175 | L.V. Nagel                                                        | Delictual. Plaintiff is suing the Municipality for damages caused by poor maintenance of a reservoir. The overflow of the reservoir caused damage to plaintiff's property.                                                                         | 2013           | Internal                                                                                                                                                                                                                                                    | R95 000.00 . Matter ongoing.                                                                                                                                                                                                                    | 95 000  | Probable               |
| 176 | Telkom SA LTD v Msunduzi Municipality Case 12403/07               | Delictual Claim: The matter arises from a dispute wherein Telkom alleges that Municipal water pipes cause damage to their underground cables.                                                                                                      | 2013           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669<br>Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201<br>Postal Address: PO Box 144, Pietermaritzburg, 3200.                                                              | R34 951.26 .Awaiting judgement in another case. Matter ongoing.                                                                                                                                                                                 | 34 951  | Probable               |
| 177 | Telkom SA LTD Case No. 7256/14                                    | Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.                                                                                                          | 2013           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669<br>Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201<br>Postal Address: PO Box 144, Pietermaritzburg, 3200.                                                              | R 40 236.47 plus Interest at 15.5 per cent per annum                                                                                                                                                                                            | 95 524  | Probable               |
| 178 | Telkom SA Limited Case No.14696/13                                | Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.                                                                                                          | 2013           | Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669<br>Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201<br>Postal Address: PO Box 144, Pietermaritzburg, 3200.                                                              | R34 951.26 plus interest at 15.5 per cent per annum.                                                                                                                                                                                            | 82 976  | Probable               |
| 179 | Asiphakame Projects CC 9321-14                                    | Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.                                                                                                                                                 | 2014           | Internal                                                                                                                                                                                                                                                    | R 195 035.85 plus interest at 15.5 per cent per annum. The Plaintiff applied for summary judgement and this was successfully opposed. Matter not yet finalised.                                                                                 | 400 889 | Probable               |
| 180 | Asiphakame Projects CC 9358-14                                    | Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.                                                                                                                                                 | 2014           | Internal                                                                                                                                                                                                                                                    | R 73 590.47 plus Interest at 15.5 per cent per annum. The Plaintiff applied for summary judgement and this was successfully opposed. The matter is not yet finalised with Plaintiff not having moved further.                                   | 151 263 | Probable               |
| 181 | EMT. Kapp                                                         | Delictual Claim: The plaintiff is suing the Municipality for damaged sustained to his vehicle as a result of an open trench in a public road.                                                                                                      | 2014           | Internal                                                                                                                                                                                                                                                    | R13 154.75 .Pleadings have closed in the matter. Matter ongoing.                                                                                                                                                                                | 13 155  | Probable               |
| 182 | V. Barnabas                                                       | Delictual Claim: The claim arises from Plaintiff's vehicle having collided with a pothole in the vicinity of Plymouth Road.                                                                                                                        | 2014           | Internal                                                                                                                                                                                                                                                    | R18 228.00 .An appearance to defend has been filed.                                                                                                                                                                                             | 18 228  | Probable               |
| 183 | Musawenkosi Isaac Dlamini                                         | Delictual claim. Plaintiff collided with a tree that had fallen across the road.                                                                                                                                                                   | 2014           | Internal                                                                                                                                                                                                                                                    | R78 616.27. plus interest at 15.5 per cent per annum. The Municipality has filed a plea. Matter ongoing.                                                                                                                                        | 161 593 | Probable               |
| 184 | Kwezi Cash and Carry CC                                           | Payment under Protest for opening of new electricity account                                                                                                                                                                                       | 2014           | Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel:033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, advocate AJ Dickson, 17 Prince Edward Street, Advocates' Chambers, tel: 38453542/3, fax: 38453544,e-mail:adickson@law.co.za | R103 148.00 plus interest at 15.5 per cent per annum. The matter is ongoing. Costs and further legal fees cannot be quantified at this stage The Plaintiff has requested a meeting to settle the matter. Settlement has not yet been finalized. | 212 017 | Probable               |
| 185 | Sikelephi Ngubane                                                 | Delictual Claim: This claim arises from plaintiff's vehicle having collided with a municipal vehicle driven by a municipal employee in the course and scope of his employment.                                                                     | 2014           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB,tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com                                                                                                                    | R17 312,33 plus interest at 15.5 per cent per annum. Possible settlement in matter                                                                                                                                                              | 35 585  | Probable               |
| 186 | Anton Venter                                                      | Interdict against Municipality for road construction.                                                                                                                                                                                              | 2014           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB,tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com                                                                                                                    | Applicant's application for contempt of Court Order is set down for hearing on 20 May 2019.                                                                                                                                                     | 0       | Probable               |
| 187 | IDT and others                                                    | Civil Claim                                                                                                                                                                                                                                        | 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,                                                                                                                             | We have claimed approximately R 34 million from the IDT. We are now at the pre-trial stage. Costs and legal fees cannot be quantified at this stage.                                                                                            | 0       | Probable               |
| 188 | Krishna Govender and Msunduzi Municipality                        | Delictual Claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment. | 2015           | Internal                                                                                                                                                                                                                                                    | The Plaintiff has claimed an amount of R 13 405. 21. An Appearance to Defend was filed and served on the Plaintiff.                                                                                                                             | 13 405  | Probable               |
| 189 | S Dewaraj                                                         | Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle                                                                                                          | 2015           | Xaba Attorneys, 223 Boom Street,Central Office Park,Pietermaritzburg, tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com PC Bezuidenhout SC Advocates Chambers 17 Prince Edward Street, Pietermaritzburg 033-8453522/082443836 fax 0333943734      | Claim for R15 575.00. Possible settlement in the matter. Matter on-going                                                                                                                                                                        | 15 575  | Probable               |
| 190 | Andre Geard Ramsingh                                              | Delictual claim:The plaintiff herein is suing the Municipality for damages suffered as a result of being arrested and detained unlawfully.                                                                                                         | 2015           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB,tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com                                                                                                                    | R 200 000. Plaintiff to set matter down. The matter is ongoing.                                                                                                                                                                                 | 200 000 | Probable               |
| 191 | NS Ngwenya                                                        | Delictual claim. Plaintiff's vehicle collided with a municipal vehicle.                                                                                                                                                                            | 2015           | Internal                                                                                                                                                                                                                                                    | R 11 395.37. Matter on-going                                                                                                                                                                                                                    | 11 395  | Probable               |
| 192 | Minnesh Singh                                                     | Delictual Claim: Plaintiff is suing the municipality for damages to his motor vehicle after it collided with a pothole/uneven road surface.                                                                                                        | 2015           | 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.                                                                                     | R69 224 . 62 Defence has closed its case. Magistrate requested written heads of argument based on the record of the proceedings.                                                                                                                | 69 225  | Probable               |
| 193 | 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@mflaw.co.za, Advocate V. Moodley                                                                                                         | Action instituted against the municipality for R170 265.21. Matter is defended but has not been enrolled for trial as yet by the plaintiff.                                                                                                     | 170 265 | 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 |
|-----|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------------------|
| 194 | Moosa Omar                                                        | Debatement of Electricity Account.                                                                                                                                                                                                                 | 2015           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com                                                                                                                                   | Matter to be set down for taxation.                                                                                                                                                                                                                                                                           | 0          | Probable               |
| 195 | Infraserve (Pty) LTD                                              | Contractual dispute claim: Breach of contract for cancellation and non-payment of invoices.                                                                                                                                                        | 2015           | Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com                                                                                                                                   | R13 000 000. Awaiting Plaintiff to set the matter down for Trial.                                                                                                                                                                                                                                             | 13 000 000 | Probable               |
| 196 | Abbas Ghulam                                                      | Delictual Claim: The claim arise from an alleged assault by a Municipal Traffic Officer in the course and scope of his employment.                                                                                                                 | 2015           | Insurance                                                                                                                                                                                                                                                                  | R1 000 000.00 plus interest at 15% per annum.                                                                                                                                                                                                                                                                 | 1 779 623  | Probable               |
| 197 | APS Panelbeaters (Hugo's Panel Beaters) v Msunduzi                | Delictual Claim: The claim arises from a new meter that was installed at Plaintiff's premises giving inaccurate readings resulting in Plaintiff being overcharged.                                                                                 | 2015           | Kwela Attorneys Tel: 224 Boom Street, Pietermaritzburg, 3201. james@kwelalaw.co.za. Tel: 033 394 8116                                                                                                                                                                      | R 292 725.00, plus interest @ 15.5% p/a plus legal costs. Matter in abeyance                                                                                                                                                                                                                                  | 520 940    | Probable               |
| 198 | SM Mazibuko                                                       | Delictual Claim: The claim arises from an incident whereby Plaintiff's motor vehicle collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.                                                   | 2015           | Internal                                                                                                                                                                                                                                                                   | R11 395.73.                                                                                                                                                                                                                                                                                                   | 11 396     | Probable               |
| 199 | A. Aboobaker                                                      | Delictual Claim: Plaintiff's vehicle collided with a municipal vehicle driven by an employee in the course and scope of his employment.                                                                                                            | 2015           | Internal                                                                                                                                                                                                                                                                   | R10 411.46                                                                                                                                                                                                                                                                                                    | 10 411     | Probable               |
| 200 | Takeshape Properties                                              | Debatement of services account R 413 213, 72                                                                                                                                                                                                       | 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 Potgieter 033-845 3501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201. | No risk. Estimate of legal fees                                                                                                                                                                                                                                                                               | 0          | Probable               |
| 201 | MSUNDUZI MUNICIPALITY/ GDB ENGINEERS & G. BOUTELL                 | CONTRACT DISPUTE, DAMAGES CLAIM                                                                                                                                                                                                                    | 2015           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail:mail@mflaw.co.za, Adv De Wet SC & Adv A Christison. REF: 22M003087                                                                                       | Action instituted by the municipality for R 8 191 934.06.                                                                                                                                                                                                                                                     | 8 191 934  | Probable               |
| 202 | L. Van Zyl                                                        | Delictual Claim. Plaintiff's motor vehicle collided with a Municipal vehicle driven by an employee in the performance of his duties.                                                                                                               | 2016           | Internal                                                                                                                                                                                                                                                                   | R46 692.18. Matter is ongoing.                                                                                                                                                                                                                                                                                | 46 692     | Probable               |
| 203 | N. Singh                                                          | Delictual Claim: Plaintiff's vehicle collided with a pothole on a public road that falls within the jurisdiction of the Municipality.                                                                                                              | 2016           | Internal                                                                                                                                                                                                                                                                   | R9 406.21                                                                                                                                                                                                                                                                                                     | 9 406      | Probable               |
| 204 | S. W. Khanyile                                                    | Delictual Claim: Plaintiff claims that he was unlawfully assaulted and detained by Municipal Traffic Officers.                                                                                                                                     | 2016           | Internal/Insurance                                                                                                                                                                                                                                                         | R200 000.00. Matter is ongoing.                                                                                                                                                                                                                                                                               | 200 000    | Probable               |
| 205 | M. Brown                                                          | Delictual claim: The Plaintiff claims that he was arrested unlawfully by a Municipal Traffic Officer.                                                                                                                                              | 2016           | Internal/ Insurance                                                                                                                                                                                                                                                        | 257000                                                                                                                                                                                                                                                                                                        | 257 000    | Probable               |
| 206 | S.S.Nyoka                                                         | Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle.                                                                                                         | 2016           | Internal                                                                                                                                                                                                                                                                   | R67 008.77. The summons herein was issued in the Magistrates Court. An appearance to defend has been filed.                                                                                                                                                                                                   | 67 009     | Probable               |
| 207 | L.M. Stillies                                                     | Delictual Claim: The Plaintiff herein as sued the Municipality as a result of injuries sustained during a fall on an uncovered manhole.                                                                                                            | 2016           | Insurance/ External Insurance                                                                                                                                                                                                                                              | R864 272.36. The summons was issued at the High Court. An appearance to defend has been filed.                                                                                                                                                                                                                | 864 272    | Probable               |
| 208 | Ziyad Alley                                                       | Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle                                                                                                          | 2016           | Internal                                                                                                                                                                                                                                                                   | R 45 887.66. A summons has been received. An appearance to defend was filed and served on the Plaintiff.                                                                                                                                                                                                      | 45 888     | Probable               |
| 209 | Koshik Singh                                                      | Delictual Claim: The plaintiff has sued the Municipality as a result of a collision with a pothole.                                                                                                                                                | 2016           | Internal                                                                                                                                                                                                                                                                   | R 9 406.21. The Defendant's Plea was filed in court and served on the Plaintiff.                                                                                                                                                                                                                              | 9 406      | Probable               |
| 210 | Akira Pillay                                                      | Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle                                                                                                          | 2016           | Internal                                                                                                                                                                                                                                                                   | R 14 365.96. The Defendant's Plea and counterclaim were filed in court and served on the Plaintiff                                                                                                                                                                                                            | 14 366     | Probable               |
| 211 | Israel Sibiya                                                     | Delictual Claim: The plaintiff is suing the Municipality for an alleged unlawful arrest and detention, defamation of character as well as injuries sustained to his wrist.                                                                         | 2016           | Internal                                                                                                                                                                                                                                                                   | A summons in the amount of R 400 000 was received from the plaintiff. A plea has been filed in the matter.                                                                                                                                                                                                    | 400 000    | Probable               |
| 212 | Telkom SA Soc Limited Case No. 9672/16                            | Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused during excavations by the municipal water department.                                                                              | 2016           | Internal                                                                                                                                                                                                                                                                   | Summons in the amount of R 33 523.55 was received. A plea has been filed in the matter.                                                                                                                                                                                                                       | 33 524     | Probable               |
| 213 | Lanre Ayodele Olaboye and Sibongile Mthembu                       | Delictual Claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment. | 2016           | Internal                                                                                                                                                                                                                                                                   | Summons in the amount of R42 376.09 were received. An Appearance to defend was filed and served on plaintiff.                                                                                                                                                                                                 | 42 376     | Probable               |
| 214 | IMA PROP 29 CC                                                    | Interdict: Applicants/Plaintiffs sought to interdict the Municipality from disconnecting electricity supply to their various buildings.                                                                                                            | 2016           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail:mail@mflaw.co.za, advocate De Wet SC, 17 Prince Edward Street, Advocates' Chambers                                                                       | No monetary claim. Trial adjourned sine die to attempt settlement, following Plaintiff's application for amnesty for rates and services amounts outstanding. Schedules depicting current outstanding amounts for rates and services provided to Defendant's attorneys and we await proposed settlement amount | 0          | Probable               |
| 215 | Musa Nxumalo and Msunduzi Local Municipality/ Petros Reta Mokoena | 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 44 454.88. A Plea and Counterclaim were filed and served on the Plaintiff.                                                                                                                                                                                           | 44 455     | Probable               |
| 216 | Lionel Longsdale Vuminkosi Magaqa and Msunduzi Municipality       | Delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly damaged in a collision with a pothole.                                                                                          | 2017           | Internal                                                                                                                                                                                                                                                                   | The Plaintiff has claimed an amount of R 19 724, 58. An Appearance to defend was filed and served on the Plaintiff.                                                                                                                                                                                           | 19 725     | Probable               |
| 217 | Catherine Scott and Msunduzi Local Municipality                   | The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered a loss as a result of a colliding with a pothole.                                                                                                     | 2017           | internal                                                                                                                                                                                                                                                                   | R 11 443, 92. Matter ongoing                                                                                                                                                                                                                                                                                  | 11 444     | 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 |
|-----|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------|
| 218 | SAMRO and Msunduzi Municipality- Case No KZN/PMB/RC723/17                                                                             | The Plaintiff is suing the Municipality for an alleged breach of contract wherein the Plaintiff suffered in the amount of R 369 337, 77.                                               | 2017           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail:mail@mfilaw.co.za. | R 369 337, 77. We have filed an affidavit resisting summary judgement. A plea has been filed and served.                                                                                                                   | 369 338            | Probable               |
| 219 | SAMRO and Msunduzi Municipality- Case No KZN/PMB/RC7295/17                                                                            | The Plaintiff is suing the Municipality for an alleged breach of contract wherein the Plaintiff suffered in the amount of R 25 062,90.                                                 | 2017           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail:mail@mfilaw.co.za. | R 25 062,90. We have filed an affidavit resisting summary judgement. A plea has been filed and served.                                                                                                                     | 25 063             | Probable               |
| 220 | Gys De Necker Ontwikkings (Pty) Ltd and Msunduzi Local Municipality                                                                   | The plaintiff is suing the Municipality for an alleged failure to refund the Plaintiff in respect municipal service. The plaintiff issued summons in the amount of R 77 083.05.        | 2017           | Internal                                                                                                                             | R 77 083.05. The Defendant's Plea was filed in court and served on the Plaintiff.                                                                                                                                          | 77 083             | Probable               |
| 221 | Anton Venter and The Msunduzi Municipality - Case No. 7596/17                                                                         | The Plaintiff is suing the municipality for allegedly suffering damage in the amount of R 13 641.50 for incurring legal fees in resolving his rates query.                             | 2017           | Internal                                                                                                                             | 13641,5                                                                                                                                                                                                                    | 13 642             | Probable               |
| 222 | Wiseman Sibonelo Thamsanqa Maphumulo and Msunduzi Local Municipality                                                                  | Dealcitcal Claim: The Plaintiff is suing the Municipality for an incident where the Plaintiff fell into an open manhole and allegedly suffered damages.                                | 2017           | External Insurers                                                                                                                    | 177000                                                                                                                                                                                                                     | 177 000            | Probable               |
| 223 | Servest Hygiene and Msunduzi Municipality                                                                                             | Breach of contract.The Plaintiff is suing the Municipality for services rendered to the Municipality.                                                                                  | 2017           | Internal                                                                                                                             | R 36 941,89. Matter is ongoing                                                                                                                                                                                             | 36 942             | Probable               |
| 224 | Thandeka Brightness Dubazana and Mzwenhlanhla Wiseman Khoza                                                                           | Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle                                              | 2017           | Internal                                                                                                                             | R34 214.88. The Defendant's plea has been filed in the matter. Matter is ongoing.                                                                                                                                          | 34 215             | Probable               |
| 225 | Certificate of Urgency in the matter Kwezi Cash and Carry CC (Reg No. 1994/029959/23 and The Msunduzi Municipality Case No. 13363/17P | Interdict:<br>The matter involves a dispute over the placement and use of electricity meters on the property                                                                           | 2017           | Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail:mail@mfilaw.co.za. | Costs cannot be quantified at this stage.The Plaintiff has requested a meeting to settle the matter. The Municipality has undertaken to provide certain documentation to the other side in order to facilitate settlement. | 0                  | Probable               |
| 226 | Ncamisile Madlala and Msunduzi Municipality                                                                                           | The plaintiff is suing the Municipality for damages arising because of the Defendant's alleged erroneous disconnection of a meter supplying electricity to the Plaintiff's premises.   | 2017           | Internal                                                                                                                             | R 1495.23. The Defendant filed its Appearance to Defend in court and served it on the Plaintiff.                                                                                                                           | 1 495              | Probable               |
| 227 | Thandeka Brightness Dubazana                                                                                                          | The plaintiff is suing the Municipality for damages arising because of a motor vehicle collision between a municipal vehicle driven by a municipal worker and the Plaintiff's vehicle. | 2017           | internal                                                                                                                             | R34 214.88. The Defendant filed its Plea in court and served it on the Plaintiff.                                                                                                                                          | 34 215             | Probable               |
|     |                                                                                                                                       |                                                                                                                                                                                        |                |                                                                                                                                      |                                                                                                                                                                                                                            | <b>110 710 555</b> |                        |