



**MSUNDUZI LOCAL MUNICIPALITY AND ITS MUNICIPAL ENTITY  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## General Information

---

### Legal form of entity

Category B Municipality in terms of section 12 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.

### Nature of business and principal activities

The primary function of Msunduzi Local Municipality is to provide basic services i.e. water, electricity, sanitation and refuse to the Msunduzi jurisdiction.

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.

### Executive Committee

Mayor - Mzimkhulu Thebolla

Deputy Mayor - Mxolisi Mkhize

Bongani Dumsani Mbona

Bongumusa Nhlabathi

Hlelelwa Madlala

Ntombizethu Precious Sokhela

Prudence Nokuthula Msimang

Ross Strachan

Thinasonke Dennis Ntombela

Zanele Ngcobo

### Councillors

Speaker - Nomagugu Eunice Majola

Chief Whip - Sandile Dlamini

Municipal Public Accounts Committee Chairperson - Zwelinjani Magubane

Autrina Nomathemba Phungula

Beatrice Nombuyiselo Mkize

Bhekuwenza Mkhize

Bukelani Ephraim Zuma

Dorcas Mkhize

Douglas Leslie Roberts

Dumisani Bernard Phungula

Edit Elliott

Garth F.W. Middleton

Gladness Mncwango

Godman Dlamini

Hamilton Zondi

Haroon Kemp

Jabulisile Joyce Ngubo

Khulekani Msomi

Kwazikwakhe Madonda

Lungile Ruth Mgaga

Mabhungu Moses Mkhize

Magalingam Naicker

Mbongeni Jetro Shezi

Mbusiswa Hencefort Mkhize

Mduduzi Clive Nduli

Mduduzi Cyril Mshengu

Michael Bhekabantu Zuma

Michael Bond

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## General Information

---

Mphilisi Instance Ndlovu  
Msawakhe Bhengu  
Mshushisi Ngubane  
Mthetho Ephraim Mpulo  
Mysie Mbuto  
Nkosinathi Masoeu  
Nkosinathi Mbanjwa  
Nomalady Dlela  
Nomfundo Ndlovu  
Nomusa Wendy Mncube  
Philisiwe Sithole  
Phumlani Gabuza  
Pretty Nelisiwe Maphanga  
Rachel Soobiah  
Randall John Adams  
Regina Ngubo  
Rienus Niemand  
Rooksana Ahmed  
Roy Ram  
Sandile Gcabashe  
Sandra Patricia Lyne  
Sanele Protas Mpulo  
Sanele Russel Zuma  
Sbongumusa Zuma  
Sibusiso Alfred Mkhize  
Sibusiso Chonco  
Simphiwe Buthelezi  
Sinenhlanhla Love-Joy Ndlovu  
Sinothi Jerome Nkabini  
Siphamandla Madlala  
Siphiwe Phungula  
Skhanyiso Makhaye  
Stanley Ntuthuko Mncwabe  
Suraya Reddy  
Tandanam Ntombela  
Thandiwe Mkhize  
Themba Cyril Ngubane  
Thembile P Mzila  
Thembinkosi Zondi  
Tholakele Cele  
Tholakele Ignetia Dlamini  
Victoria Mavie Phungula  
Vusi Percival Ngwenya

**Grading of local authority**

Category - B

**Accounting Officer**

Lulamile H. Mapholoba

**Chief Finance Officer (CFO)**

Nelisiwe Margaret Ngcobo (Acting)

**Registered office**

The City Hall  
260 Church Street

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## General Information

---

	Pietermaritzburg 3201
<b>Business address</b>	The City Hall 260 Church Street Pietermaritzburg 3201
<b>Postal address</b>	The City Hall Private Bag X321 Pietermaritzburg 3200
<b>Controlling entity</b>	Msunduzi Local Municipality
<b>Economic entity</b>	Safe City Msunduzi NPC
<b>Bankers</b>	First National Bank
<b>Auditors</b>	The Auditor General of South Africa
<b>Telephone</b>	(033) 392 2002
<b>Facsimile</b>	(033) 392 2208
<b>Legislation governing the municipality's operations</b>	Municipal Finance Management Act (Act 56 of 2003) The Constitution of the Republic of South Africa ( Act 108 of 1996) Municipal Structures Act ( Act 117 of 1998) Municipal Systems Act ( Act 32 of 2000) Municipal Property Rates Act (Act 6 of 2004) Division of Revenue Act (Act 1 of 2007) Municipal Demarcation Act (Act 27 of 1998)

# Msunduzi Local Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Index

---

	Page
Accounting Officer's Responsibilities and Approval	5
Statement of Financial Position	6
Statement of Financial Performance	7 - 8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11 - 15
Accounting Policies	16 - 46
Notes to Annual Financial Statements	47 - 164
<b>Appendixes:</b>	
Appendix A: Analysis of property, plant and equipment	165 - 169
Appendix B: Segmental analysis of property, plant and equipment	170
Appendix C: Actual versus budget ( Acquisition of all non current assets)	171
Appendix D: Details of unspent conditional grants transfers to revenue	172
Appendix E : Schedule of contingent liabilities June 2022 and 2021	173 - 197

### 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
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
NJMPF	Natal Joint Municipal Pension Fund
NPA	Natal Provincial Administration
PAYE	Pay As You Earn
UIF	Unemployment Insurance Fund
VAT	Value Added Taxation

---

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Officer's Responsibilities and Approval

---

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 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 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 consolidated annual financial statements and were 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 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 he is ultimately responsible for the system of internal financial control established by the economic 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 economic 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 economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic 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 consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

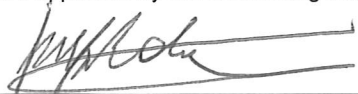
The accounting officer has reviewed the economic entity's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, he is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing and reporting on the economic entity's consolidated consolidated annual financial statements. The consolidated consolidated annual financial statements have been examined by the economic entity's internal auditors.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 52 of these 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 6-197, which have been prepared on the going concern basis, were approved by the accounting officer on 13 December 2022 and were signed on its behalf by:



---

Accounting Officer  
Lulamile H. Mapholoba

Pietermaritzburg

Tuesday, 13 December 2022

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2022	2021 Restated*	2022	2021 Restated*
<b>Assets</b>					
<b>Current Assets</b>					
Inventories	3	367 397 459	353 716 815	367 397 459	353 716 815
Short term investment	4	32 670 009	32 311 434	32 670 009	32 311 434
Receivables from exchange transactions	5	21 116 337	13 881 833	21 113 837	13 879 333
Statutory receivables	6	516 960 589	550 359 028	516 960 589	550 359 028
Consumer debtors	7	1 315 073 345	1 640 228 436	1 315 073 345	1 640 228 436
Cash and cash equivalents	8	290 433 199	361 320 731	289 152 840	359 519 552
		<b>2 543 650 938</b>	<b>2 951 818 277</b>	<b>2 542 368 079</b>	<b>2 950 014 598</b>
<b>Non-Current Assets</b>					
Agricultural assets	10	80 200 000	96 300 000	80 200 000	96 300 000
Living resources	9	696 179	743 574	696 179	743 574
Heritage assets	11	273 106 020	272 918 984	273 106 020	272 918 984
Intangible assets	12	20 954 448	24 463 571	20 954 448	24 463 571
Investment property	13	925 219 355	891 933 607	925 219 355	891 933 607
Property, plant and equipment	14	6 917 056 197	6 781 161 661	6 908 465 877	6 771 582 107
Other financial assets	15	-	-	-	-
		<b>8 217 232 199</b>	<b>8 067 521 397</b>	<b>8 208 641 879</b>	<b>8 057 941 843</b>
<b>Total Assets</b>		<b>10 760 883 137</b>	<b>11 019 339 674</b>	<b>10 751 009 958</b>	<b>11 007 956 441</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Consumer deposits	16	132 962 378	120 647 886	132 962 378	120 647 886
Other financial liabilities	17	79 162 900	81 573 484	79 162 900	81 573 484
Transfers payable (non-exchange)	18	20 091 631	21 715 043	20 091 631	21 715 043
Payables from exchange transactions	19	1 922 030 381	1 386 298 745	1 925 228 675	1 389 326 632
Provisions	20	8 304 273	10 129 381	7 591 978	9 473 444
Employee benefit obligation	21	41 526 001	39 852 001	41 526 001	39 852 001
Unspent conditional grants and receipts	22	136 087 525	179 373 712	136 087 525	179 373 712
VAT payable	23	178 523 315	180 076 623	178 111 817	179 672 591
		<b>2 518 688 404</b>	<b>2 019 666 875</b>	<b>2 520 762 905</b>	<b>2 021 634 793</b>
<b>Non-Current Liabilities</b>					
Other financial liabilities	17	124 581 612	203 744 512	124 581 612	203 744 512
Employee benefit obligation	21	589 320 000	555 608 000	589 320 000	555 608 000
Provisions	20	61 113 708	55 141 588	61 113 708	55 141 588
		<b>775 015 320</b>	<b>814 494 100</b>	<b>775 015 320</b>	<b>814 494 100</b>
<b>Total Liabilities</b>		<b>3 293 703 724</b>	<b>2 834 160 975</b>	<b>3 295 778 225</b>	<b>2 836 128 893</b>
<b>Net Assets</b>		<b>7 467 179 413</b>	<b>8 185 178 699</b>	<b>7 455 231 733</b>	<b>8 171 827 548</b>
Accumulated surplus	24	7 265 348 361	7 994 189 677	7 253 400 681	7 980 838 526
Capital replacement reserve	25	785 902	724 892	785 902	724 892
Housing development fund	26	105 694 250	95 126 533	105 694 250	95 126 533
Revaluation reserve	27	95 350 900	95 137 597	95 350 900	95 137 597
<b>Total Net Assets</b>		<b>7 467 179 413</b>	<b>8 185 178 699</b>	<b>7 455 231 733</b>	<b>8 171 827 548</b>

\* See Note 73

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2022	2021 Restated*	2022	2021 Restated*
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Agency services	28	2 139 483	1 931 382	2 139 483	1 931 382
Interest - consumer debtors and receivables	29	148 962 699	144 311 904	148 962 699	144 311 904
Interest received - bank,call and investment accounts	30	10 535 026	8 530 436	10 445 070	8 455 919
Licences and permits	31	984 210	602 789	984 210	602 789
Operational revenue	32	54 566 408	44 675 656	54 551 729	44 675 656
Rental of facilities and equipment	33	25 415 308	14 558 911	25 415 308	14 558 911
Rendering of services	34	11 233 135	9 124 355	11 233 135	9 124 355
Sale of goods	35	240 905	196 121	240 065	195 821
Service charges	36	3 619 669 817	3 206 582 657	3 619 871 213	3 206 751 663
<b>Total revenue from exchange transactions</b>		<b>3 873 746 991</b>	<b>3 430 514 211</b>	<b>3 873 842 912</b>	<b>3 430 608 400</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
Property rates	37	1 211 348 604	1 232 330 305	1 211 348 604	1 232 330 305
Interest from non-exchange receivables	38	50 189 792	38 479 755	50 189 792	38 479 755
<b>Transfer revenue</b>					
Fines, penalties and forfeits	39	14 488 973	16 062 035	14 488 973	16 062 035
Government grants and subsidies	40	1 050 402 242	1 256 029 137	1 050 402 242	1 256 029 137
Other transfers	41	60 000	2 197 376	60 000	2 197 376
<b>Total revenue from non-exchange transactions</b>		<b>2 326 489 611</b>	<b>2 545 098 608</b>	<b>2 326 489 611</b>	<b>2 545 098 608</b>
<b>Total revenue</b>		<b>6 200 236 602</b>	<b>5 975 612 819</b>	<b>6 200 332 523</b>	<b>5 975 707 008</b>
<b>Expenditure</b>					
Bad debts written off	42	(83 779 107)	(390 096 130)	(83 779 107)	(390 096 130)
Bulk purchases	43	(2 950 207 305)	(2 659 404 299)	(2 950 207 305)	(2 659 404 299)
Debt impairment	44	(1 003 762 757)	(236 403 910)	(1 003 762 757)	(236 403 910)
Depreciation and amortisation	45	(366 625 069)	(373 535 134)	(365 699 314)	(372 532 037)
Employee related costs	46	(1 494 486 747)	(1 428 279 457)	(1 483 036 965)	(1 418 425 769)
Finance costs	47	(26 915 534)	(35 856 007)	(26 915 534)	(35 856 007)
General expenses	48	(693 572 911)	(549 841 087)	(693 376 753)	(549 627 353)
Inventory consumed	49	(84 353 446)	(58 203 619)	(84 307 652)	(58 158 321)
Operational costs	50	(121 311 526)	(129 808 522)	(120 406 042)	(128 891 893)
Operating leases	51	(29 180 975)	(26 047 813)	(29 162 299)	(26 036 599)
Remuneration of councillors	52	(49 529 446)	(51 641 246)	(49 529 446)	(51 641 246)
Transfers and subsidies	53	(19 995 785)	(5 076 471)	(32 412 674)	(16 870 305)
<b>Total expenditure</b>		<b>(6 923 720 608)</b>	<b>(5 944 193 695)</b>	<b>(6 922 595 848)</b>	<b>(5 943 943 869)</b>
<b>Operating (deficit) surplus</b>		<b>(723 484 006)</b>	<b>31 419 124</b>	<b>(722 263 325)</b>	<b>31 763 139</b>
Actuarial gains/(losses)	54	1 504 320	(18 190 156)	1 504 320	(18 190 156)
Fair value adjustments on investment property(gains)	55	16 517 173	42 197 500	16 517 173	42 197 500
Fair value on agricultural assets gains/(losses)	56	(16 100 000)	21 054 552	(16 100 000)	21 054 552
Gains/(losses) on disposal of assets		4 179 142	(10 807 088)	4 361 951	(10 483 210)
Impairment loss	57	(6 911 518)	(7 730 183)	(6 911 518)	(7 730 183)
Inventory losses	58	(2 687 271)	(3 655 242)	(2 687 271)	(3 655 242)
		<b>(3 498 154)</b>	<b>22 869 383</b>	<b>(3 315 345)</b>	<b>23 193 261</b>
<b>(Deficit) surplus for the year</b>		<b>(726 982 160)</b>	<b>54 288 507</b>	<b>(725 578 670)</b>	<b>54 956 400</b>

\* See Note 73



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Statement of Changes in Net Assets

	Revaluation reserve	Housing development fund	Capital replacement reserve	Total reserves	Accumulated surplus / deficit	Total net assets
Figures in Rand						
<b>Economic entity</b>						
<b>Balance at 01 July 2020</b>	<b>95 264 535</b>	<b>93 528 758</b>	<b>2 053 876</b>	<b>190 847 169</b>	<b>7 909 840 043</b>	<b>8 100 687 212</b>
Changes in net assets						
Devaluation of Heritage assets	(126 938)	-	-	(126 938)	-	(126 938)
Cash utilised for capital expenditure	-	-	(1 352 943)	(1 352 943)	1 352 943	-
Prior year adjustment	-	-	-	-	30 329 918	30 329 918
Net income (losses) recognised directly in net assets	(126 938)	-	(1 352 943)	(1 479 881)	31 682 861	30 202 980
Deficit for the year	-	-	-	-	54 288 507	54 288 507
Total recognised income and expenses for the year	(126 938)	-	(1 352 943)	(1 479 881)	85 971 368	84 491 487
Interest earned on investment	-	1 597 775	23 959	1 621 734	(1 621 734)	-
Total changes	(126 938)	1 597 775	(1 328 984)	141 853	84 349 634	84 491 487
<b>Restated* Balance at 01 July 2021</b>	<b>95 137 597</b>	<b>95 126 533</b>	<b>724 892</b>	<b>190 989 022</b>	<b>7 994 189 677</b>	<b>8 185 178 699</b>
Changes in net assets						
Revaluation of heritage assets	213 303	-	-	213 303	-	213 303
Transfer to HDF	-	8 769 552	-	8 769 552	-	8 769 552
Net income (losses) recognised directly in net assets	213 303	8 769 552	-	8 982 855	-	8 982 855
Deficit for the year	-	-	-	-	(726 982 160)	(726 982 160)
Total recognised income and expenses for the year	213 303	8 769 552	-	8 982 855	(726 982 160)	(717 999 305)
Interest earned on investment	-	1 798 165	61 010	1 859 175	(1 859 156)	19
Total changes	213 303	10 567 717	61 010	10 842 030	(728 841 316)	(717 999 286)
<b>Balance at 30 June 2022</b>	<b>95 350 900</b>	<b>105 694 250</b>	<b>785 902</b>	<b>201 831 052</b>	<b>7 265 348 361</b>	<b>7 467 179 413</b>
Note(s)	27	26	25		24	
<b>Controlling entity</b>						
<b>Balance at 01 July 2020</b>	<b>95 264 535</b>	<b>93 528 758</b>	<b>2 053 876</b>	<b>190 847 169</b>	<b>7 895 820 999</b>	<b>8 086 668 168</b>
Changes in net assets						
Devaluation of Heritage assets	(126 938)	-	-	(126 938)	-	(126 938)
Cash utilised for capital expenditure	-	-	(1 352 943)	(1 352 943)	1 352 943	-
Prior year adjustment	-	-	-	-	30 329 918	30 329 918
Net income (losses) recognised directly in net assets	(126 938)	-	(1 352 943)	(1 479 881)	31 682 861	30 202 980
Deficit for the year	-	-	-	-	54 956 400	54 956 400
Total recognised income and expenses for the 12 months	(126 938)	-	(1 352 943)	(1 479 881)	86 639 261	85 159 380
Interest earned on investment	-	1 597 775	23 959	1 621 734	(1 621 734)	-
Total changes	(126 938)	1 597 775	(1 328 984)	141 853	85 017 527	85 159 380
<b>Restated* Balance at 01 July 2021</b>	<b>95 137 597</b>	<b>95 126 533</b>	<b>724 892</b>	<b>190 989 022</b>	<b>7 980 838 526</b>	<b>8 171 827 548</b>
Changes in net assets						
Revaluation of heritage assets	213 303	-	-	213 303	-	213 303
Transfer to HDF	-	8 769 552	-	8 769 552	-	8 769 552
Net income (losses) recognised directly in net assets	213 303	8 769 552	-	8 982 855	-	8 982 855
Deficit for the year	-	-	-	-	(725 578 670)	(725 578 670)
Total recognised income and expenses for the year	213 303	8 769 552	-	8 982 855	(725 578 670)	(716 595 815)
Interest earned on investment	-	1 798 165	61 010	1 859 175	(1 859 175)	-
Total changes	213 303	10 567 717	61 010	10 842 030	(727 437 845)	(716 595 815)
<b>Balance at 30 June 2022</b>	<b>95 350 900</b>	<b>105 694 250</b>	<b>785 902</b>	<b>201 831 052</b>	<b>7 253 400 681</b>	<b>7 455 231 733</b>
Note(s)	27	26	25		24	

\* See Note 73

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2022	2021 Restated*	2022	2021 Restated*
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Sale of goods and services		4 392 197 819	4 038 324 231	4 392 383 696	4 038 401 145
Interest income		10 326 314	8 124 683	10 236 357	8 050 166
Interest received -consumer debtors		23 341 885	14 893 006	23 341 885	14 893 006
Government grants		1 015 885 607	1 254 551 714	1 015 885 607	1 254 551 714
		5 441 751 625	5 315 893 634	5 441 847 545	5 315 896 031
<b>Payments</b>					
Employee costs		(1 496 593 784)	(1 423 824 295)	(1 485 204 638)	(1 414 140 111)
Suppliers		(3 382 238 686)	(3 312 947 781)	(3 393 322 259)	(3 323 418 740)
Finance costs		(27 182 033)	(36 203 064)	(27 182 033)	(36 203 064)
		(4 906 014 503)	(4 772 975 140)	(4 905 708 930)	(4 773 761 915)
<b>Net cash flows from operating activities</b>	59	<b>535 737 122</b>	<b>542 918 494</b>	<b>536 138 615</b>	<b>542 134 116</b>
<b>Cash flows from investing activities</b>					
Purchase of tangible non current assets		(528 036 097)	(554 921 503)	(527 870 224)	(554 581 526)
Proceeds from sale of property, plant and equipment		5 871 697	35 955	5 825 155	-
Purchase of intangible assets	12	(2 528 200)	(28 654)	(2 528 200)	(28 654)
(Increase)/decrease in other financial assets		-	69 164	-	69 164
(Increase)/decrease in short term investment		(358 575)	(32 311 434)	(358 575)	(32 311 434)
<b>Net cash flows from investing activities</b>		<b>(525 051 175)</b>	<b>(587 156 472)</b>	<b>(524 931 844)</b>	<b>(586 852 450)</b>
<b>Cash flows from financing activities</b>					
Repayment of other financial liabilities		(81 573 483)	(113 418 258)	(81 573 483)	(113 418 258)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(70 887 536)</b>	<b>(157 656 236)</b>	<b>(70 366 712)</b>	<b>(158 136 592)</b>
Cash and cash equivalents at the beginning of the year		361 320 731	518 976 967	359 519 552	517 656 144
<b>Cash and cash equivalents at the end of the year</b>	8	<b>290 433 195</b>	<b>361 320 731</b>	<b>289 152 840</b>	<b>359 519 552</b>

\* See Note 73

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## 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 by source</b>						
Property rates	1 321 378 575	1	1 321 378 576	1 211 348 604	(110 029 972)	Refer to Note 81 for variance analysis comparison
Service charges - electricity revenue	2 961 894 451	(1)	2 961 894 450	2 549 652 864	(412 241 586)	
Service charges - water revenue	773 217 412	-	773 217 412	773 657 197	439 785	
Service charges - sanitation revenue	160 154 913	-	160 154 913	182 241 050	22 086 137	
Service charges - refuse revenue	122 556 901	-	122 556 901	114 118 706	(8 438 195)	
Rental of facilities and equipment	30 634 512	1	30 634 513	25 415 308	(5 219 205)	
Interest earned - external investments	16 076 855	108 900	16 185 755	10 535 026	(5 650 729)	
Interest earned - outstanding debtors	213 289 286	-	213 289 286	199 152 491	(14 136 795)	
Dividends received	120	(120)	-	-	-	
Fines, penalties and forfeits	1 894 810	(36)	1 894 774	14 488 974	12 594 200	
Licences and permits	1 179 465	-	1 179 465	984 210	(195 255)	
Agency services	634 104	-	634 104	2 139 483	1 505 379	
Transfers and subsidies	661 215 835	20 448 392	681 664 227	681 677 625	13 398	
Other revenue	154 286 955	13 562 910	167 849 865	66 100 447	(101 749 418)	
Gains	-	-	-	20 696 316	20 696 316	
<b>Total revenue(excluding capital transfers and contributions)</b>	<b>6 418 414 194</b>	<b>34 120 047</b>	<b>6 452 534 241</b>	<b>5 852 208 301</b>	<b>(600 325 940)</b>	
<b>Expenditure by type</b>						
Employee related costs	(1 538 089 743)	22 438 234	(1 515 651 509)	(1 480 258 289)	35 393 220	
Remuneration of councillors	(56 332 922)	14	(56 332 908)	(49 529 446)	6 803 462	
Debt impairment	(150 000 000)	(350 000 000)	(500 000 000)	(1 003 762 757)	(503 762 757)	
Depreciation and asset impairment	(421 872 298)	4 309	(421 867 989)	(373 536 584)	48 331 405	
Finance charges	(34 724 271)	1	(34 724 270)	(26 915 534)	7 808 736	
Bulk purchases - electricity	(2 185 393 029)	(33 000 000)	(2 218 393 029)	(2 212 724 552)	5 668 477	
Inventory consumed	(830 520 119)	(10 425 428)	(840 945 547)	(821 836 199)	19 109 348	
Contracted services	(655 391 205)	(76 490 469)	(731 881 674)	(695 054 345)	36 827 329	
Transfers and subsidies	(45 862 883)	(1 128 401)	(46 991 284)	(19 995 786)	26 995 498	
Other expenditure	(200 227 523)	258 768	(199 968 755)	(161 735 195)	38 233 560	
Losses	-	(96 200 000)	(96 200 000)	(102 566 378)	(6 366 378)	
<b>Total expenditure</b>	<b>(6 118 413 993)</b>	<b>(544 542 972)</b>	<b>(6 662 956 965)</b>	<b>(6 947 915 065)</b>	<b>(284 958 100)</b>	
<b>Operating deficit</b>	<b>300 000 201</b>	<b>(510 422 925)</b>	<b>(210 422 724)</b>	<b>(1 095 706 764)</b>	<b>(885 284 040)</b>	
Transfers and subsidies - capital (monetary allocations) (National/Provincial and District)	380 796 576	86 400 648	467 197 224	368 724 604	(98 472 620)	
<b>Deficit before taxation</b>	<b>680 796 777</b>	<b>(424 022 277)</b>	<b>256 774 500</b>	<b>(726 982 160)</b>	<b>(983 756 660)</b>	
<b>Surplus/(Deficit) for the year</b>	<b>680 796 777</b>	<b>(424 022 277)</b>	<b>256 774 500</b>	<b>(726 982 160)</b>	<b>(983 756 660)</b>	

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## 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>						
Cash	355 836 461	(99 484 551)	<b>256 351 910</b>	323 103 207	<b>66 751 297</b>	Refer to Note 81 for variance analysis comparison
Consumer debtors	2 549 906 678	427 000 000	<b>2 976 906 678</b>	1 315 073 345	<b>(1 661 833 333)</b>	
Other debtors	729 641 519	-	<b>729 641 519</b>	538 076 926	<b>(191 564 593)</b>	
Inventory	173 496 047	180 220 768	<b>353 716 815</b>	367 397 460	<b>13 680 645</b>	
	<b>3 808 880 705</b>	<b>507 736 217</b>	<b>4 316 616 922</b>	<b>2 543 650 938</b>	<b>(1 772 965 984)</b>	
<b>Non-Current Assets</b>						
Long term receivables	120	-	<b>120</b>	-	<b>(120)</b>	
Investment property	821 671 435	-	<b>821 671 435</b>	893 009 508	<b>71 338 073</b>	
Property, plant and equipment	6 755 609 329	138 483 629	<b>6 894 092 958</b>	6 951 794 245	<b>57 701 287</b>	
Biological	1 070 250	-	<b>1 070 250</b>	696 179	<b>(374 071)</b>	
Intangible	30 700 413	-	<b>30 700 413</b>	18 426 248	<b>(12 274 165)</b>	
Other non-current assets	360 375 179	-	<b>360 375 179</b>	353 306 019	<b>(7 069 160)</b>	
	<b>7 969 426 726</b>	<b>138 483 629</b>	<b>8 107 910 355</b>	<b>8 217 232 199</b>	<b>109 321 844</b>	
<b>Total Assets</b>	<b>11 778 307 431</b>	<b>646 219 846</b>	<b>12 424 527 277</b>	<b>10 760 883 137</b>	<b>(1 663 644 140)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Borrowing	95 346 078	(13 772 594)	<b>81 573 484</b>	79 162 900	<b>(2 410 584)</b>	
Consumer deposits	114 344 431	-	<b>114 344 431</b>	132 962 378	<b>18 617 947</b>	
Transfers and other payables	945 608 982	-	<b>945 608 982</b>	2 256 732 852	<b>1 311 123 870</b>	
Provisions	140 397 812	-	<b>140 397 812</b>	49 830 274	<b>(90 567 538)</b>	
	<b>1 295 697 303</b>	<b>(13 772 594)</b>	<b>1 281 924 709</b>	<b>2 518 688 404</b>	<b>1 236 763 695</b>	
<b>Non-Current Liabilities</b>						
Borrowing	377 458 041	-	<b>377 458 041</b>	124 581 612	<b>(252 876 429)</b>	
Provisions	809 779 415	-	<b>809 779 415</b>	650 433 708	<b>(159 345 707)</b>	
	<b>1 187 237 456</b>	<b>-</b>	<b>1 187 237 456</b>	<b>775 015 320</b>	<b>(412 222 136)</b>	
<b>Total Liabilities</b>	<b>2 482 934 759</b>	<b>(13 772 594)</b>	<b>2 469 162 165</b>	<b>3 293 703 724</b>	<b>824 541 559</b>	
<b>Net Assets</b>	<b>9 295 372 672</b>	<b>659 992 440</b>	<b>9 955 365 112</b>	<b>7 467 179 413</b>	<b>(2 488 185 699)</b>	
<b>Net Assets</b>						
<b>Community wealth</b>						
Accumulated surplus	9 066 459 414	659 992 440	<b>9 726 451 854</b>	7 265 348 361	<b>(2 461 103 493)</b>	
Reserves	228 913 258	-	<b>228 913 258</b>	201 831 052	<b>(27 082 206)</b>	
<b>Total Net Assets</b>	<b>9 295 372 672</b>	<b>659 992 440</b>	<b>9 955 365 112</b>	<b>7 467 179 413</b>	<b>(2 488 185 699)</b>	

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## 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>						
Property rates	1 228 882 075	-	1 228 882 075	1 149 534 332	(79 347 743)	Refer to Note 81 for variance analysis comparison
Service charges	3 495 506 596	-	3 495 506 596	3 166 638 310	(328 868 286)	
Other revenue	187 682 426	-	187 682 426	76 025 176	(111 657 250)	
Transfers and subsidies - operational	661 215 835	34 120 202	695 336 037	686 988 866	(8 347 171)	
Transfers and subsidies - capital	380 796 576	86 400 648	467 197 224	328 896 741	(138 300 483)	
Interest	229 366 141	-	229 366 141	33 668 199	(195 697 942)	
	<b>6 183 449 649</b>	<b>120 520 850</b>	<b>6 303 970 499</b>	<b>5 441 751 624</b>	<b>(862 218 875)</b>	
<b>Payments</b>						
Suppliers and employees	(5 465 954 566)	(97 218 856)	(5 563 173 422)	(4 866 063 376)	697 110 046	
Finance charges	(34 724 272)	2	(34 724 270)	(27 182 033)	7 542 237	
Transfers and grants	(45 862 883)	(1 128 401)	(46 991 284)	(12 769 089)	34 222 195	
	<b>(5 546 541 721)</b>	<b>(98 347 255)</b>	<b>(5 644 888 976)</b>	<b>(4 906 014 498)</b>	<b>738 874 478</b>	
<b>Net cash flows from operating activities</b>	<b>636 907 928</b>	<b>22 173 595</b>	<b>659 081 523</b>	<b>535 737 126</b>	<b>(123 344 397)</b>	
Proceeds on disposal of PPE	-	11 311 446	11 311 446	5 871 697	(5 439 749)	
Decrease(increase in non current receivables)	120	(120)	-	-	-	
Decrease (increase in non current investments)	-	-	-	(358 575)	(358 575)	
Capital assets	(576 301 627)	(138 483 629)	(714 785 256)	(530 564 301)	184 220 955	
<b>Net cash flows from investing activities</b>	<b>(576 301 507)</b>	<b>(127 172 303)</b>	<b>(703 473 810)</b>	<b>(525 051 179)</b>	<b>178 422 631</b>	
<b>Cash flows from financing activities</b>						
Borrowing long term /refinancing	100 000 000	-	100 000 000	-	(100 000 000)	
Repayment of borrowing	(91 637 534)	-	(91 637 534)	(81 573 483)	10 064 051	
<b>Net cash flows from financing activities</b>	<b>8 362 466</b>	<b>-</b>	<b>8 362 466</b>	<b>(81 573 483)</b>	<b>(89 935 949)</b>	
Net increase/(decrease) in cash and cash equivalents	68 968 887	(104 998 708)	(36 029 821)	(70 887 536)	(34 857 715)	
Cash and cash equivalents at the beginning of the year	286 867 695	106 464 036	393 331 731	361 320 731	(32 011 000)	
<b>Cash and cash equivalents at the end of the year</b>	<b>355 836 582</b>	<b>1 465 328</b>	<b>357 301 910</b>	<b>290 433 195</b>	<b>(66 868 715)</b>	

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## 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>Controlling entity</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue by source</b>						
Property rates	1 321 378 575	1	1 321 378 576	1 211 348 604	(110 029 972)	Refer to Note 81 for variance analysis comparison
Service charges - electricity revenue	2 961 894 451	(1)	2 961 894 450	2 549 854 260	(412 040 190)	
Service charges - water revenue	773 217 412	-	773 217 412	773 657 197	439 785	
Service charges - sanitation revenue	160 154 913	-	160 154 913	182 241 050	22 086 137	
Service charges - refuse revenue	122 556 901	-	122 556 901	114 118 706	(8 438 195)	
Rental of facilities and equipment	30 634 512	1	30 634 513	25 415 308	(5 219 205)	
Interest received - external investments	16 076 855	-	16 076 855	10 445 070	(5 631 785)	
Interest received - outstanding debtors	213 289 286	-	213 289 286	199 152 491	(14 136 795)	
Fines, Penalties and Forfeits	1 894 810	(36)	1 894 774	14 488 973	12 594 199	
Licences and permits	1 179 465	-	1 179 465	984 210	(195 255)	
Agency services	634 104	-	634 104	2 139 483	1 505 379	
Transfers and subsidies	661 215 835	34 120 202	695 336 037	681 677 625	(13 658 412)	
Other revenue	154 287 075	(119)	154 286 956	66 084 928	(88 202 028)	
Gains	-	-	-	20 879 124	20 879 124	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>6 418 414 194</b>	<b>34 120 048</b>	<b>6 452 534 242</b>	<b>5 852 487 029</b>	<b>(600 047 213)</b>	
<b>Expenditure by type</b>						
Employee related costs	(1 538 089 743)	33 389 451	(1 504 700 292)	(1 468 960 683)	35 739 609	
Remuneration of councillors	(56 332 922)	14	(56 332 908)	(49 529 446)	6 803 462	
Debt Impairment	(150 000 000)	(350 000 000)	(500 000 000)	(1 003 762 757)	(503 762 757)	
Depreciation and asset impairment	(421 872 298)	954 309	(420 917 989)	(372 610 829)	48 307 160	
Finance charges	(34 724 271)	1	(34 724 270)	(26 915 534)	7 808 736	
Bulk purchases - electricity	(2 185 393 029)	(33 000 000)	(2 218 393 029)	(2 212 724 552)	5 668 477	
Inventory consumed	(830 520 119)	(10 386 829)	(840 906 948)	(821 790 405)	19 116 543	
Contracted services	(655 391 205)	(75 839 215)	(731 230 420)	(694 880 791)	36 349 629	
Transfers and subsidies	(45 862 883)	(15 357 069)	(61 219 952)	(32 412 674)	28 807 278	
Other expenditure	(200 227 523)	1 896 366	(198 331 157)	(160 636 256)	37 694 901	
Losses	-	(96 200 000)	(96 200 000)	(102 566 378)	(6 366 378)	
<b>Total expenditure</b>	<b>(6 118 413 993)</b>	<b>(544 542 972)</b>	<b>(6 662 956 965)</b>	<b>(6 946 790 305)</b>	<b>(283 833 340)</b>	
<b>Operating deficit</b>	<b>300 000 201</b>	<b>(510 422 924)</b>	<b>(210 422 723)</b>	<b>(1 094 303 276)</b>	<b>(883 880 553)</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	380 796 576	86 400 648	467 197 224	368 724 606	(98 472 618)	
<b>Deficit before taxation</b>	<b>680 796 777</b>	<b>(424 022 276)</b>	<b>256 774 501</b>	<b>(725 578 670)</b>	<b>(982 353 171)</b>	
<b>Surplus/(Deficit) for the year</b>	<b>680 796 777</b>	<b>(424 022 276)</b>	<b>256 774 501</b>	<b>(725 578 670)</b>	<b>(982 353 171)</b>	

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## 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>						
Inventory	173 496 047	180 220 768	353 716 815	367 397 460	13 680 645	Refer to Note 81 for variance analysis comparison
Consumer debtors	2 549 906 678	427 000 000	2 976 906 678	1 315 073 345	(1 661 833 333)	
Other debtors	729 641 519	-	729 641 519	538 074 425	(191 567 094)	
Cash	355 836 461	(99 484 551)	256 351 910	321 822 849	65 470 939	
	<b>3 808 880 705</b>	<b>507 736 217</b>	<b>4 316 616 922</b>	<b>2 542 368 079</b>	<b>(1 774 248 843)</b>	
<b>Non-Current Assets</b>						
Long term receivables	120	-	120	-	(120)	
Investment property	821 671 435	-	821 671 435	893 009 508	71 338 073	
Property, plant and equipment	6 755 609 329	138 483 629	6 894 092 958	6 943 203 924	49 110 966	
Biological	1 070 250	-	1 070 250	696 179	(374 071)	
Intangible	30 700 413	-	30 700 413	18 426 248	(12 274 165)	
Other non-current assets	360 375 179	-	360 375 179	353 306 019	(7 069 160)	
	<b>7 969 426 726</b>	<b>138 483 629</b>	<b>8 107 910 355</b>	<b>8 208 641 878</b>	<b>100 731 523</b>	
<b>Total Assets</b>	<b>11 778 307 431</b>	<b>646 219 846</b>	<b>12 424 527 277</b>	<b>10 751 009 957</b>	<b>(1 673 517 320)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Borrowing	95 346 078	(13 772 594)	81 573 484	79 162 900	(2 410 584)	
Consumer deposits	114 344 431	-	114 344 431	132 962 378	18 617 947	
Trade and other payables	945 608 982	-	945 608 982	2 259 519 635	1 313 910 653	
Provisions	140 397 812	-	140 397 812	49 117 979	(91 279 833)	
	<b>1 295 697 303</b>	<b>(13 772 594)</b>	<b>1 281 924 709</b>	<b>2 520 762 892</b>	<b>1 238 838 183</b>	
<b>Non-Current Liabilities</b>						
Borrowing	377 458 041	-	377 458 041	124 581 612	(252 876 429)	
Provisions	809 779 415	-	809 779 415	650 433 708	(159 345 707)	
	<b>1 187 237 456</b>	<b>-</b>	<b>1 187 237 456</b>	<b>775 015 320</b>	<b>(412 222 136)</b>	
<b>Total Liabilities</b>	<b>2 482 934 759</b>	<b>(13 772 594)</b>	<b>2 469 162 165</b>	<b>3 295 778 212</b>	<b>826 616 047</b>	
<b>Net Assets</b>	<b>9 295 372 672</b>	<b>659 992 440</b>	<b>9 955 365 112</b>	<b>7 455 231 745</b>	<b>(2 500 133 367)</b>	
<b>Net Assets</b>						
<b>Community wealth</b>						
<b>Reserves</b>						
Reserves	228 913 258	-	228 913 258	201 831 052	(27 082 206)	
Accumulated surplus	9 066 459 414	659 992 440	9 726 451 854	7 253 400 693	(2 473 051 161)	
<b>Total Net Assets</b>	<b>9 295 372 672</b>	<b>659 992 440</b>	<b>9 955 365 112</b>	<b>7 455 231 745</b>	<b>(2 500 133 367)</b>	

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## 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>						
Property rates	1 228 882 075	-	1 228 882 075	1 149 564 108	(79 317 967)	Refer to Note 81 for variance analysis comparison
Service charges	3 495 506 596	-	3 495 506 596	3 166 809 930	(328 696 666)	
Other revenue	187 682 426	-	187 682 426	76 009 657	(111 672 769)	
Transfers and subsidies - operational	661 215 835	34 120 202	695 336 037	686 988 866	(8 347 171)	
Transfers and subsidies - capital	380 796 576	86 400 648	467 197 224	328 896 741	(138 300 483)	
Interest	229 366 141	-	229 366 141	33 578 242	(195 787 899)	
	<b>6 183 449 649</b>	<b>120 520 850</b>	<b>6 303 970 499</b>	<b>5 441 847 544</b>	<b>(862 122 955)</b>	
<b>Payments</b>						
Suppliers and employees	(5 465 954 566)	(83 940 188)	(5 549 894 754)	(4 853 520 047)	696 374 707	
Finance charges	(34 724 272)	2	(34 724 270)	(27 182 033)	7 542 237	
Transfers and grants	(45 862 883)	(15 357 069)	(61 219 952)	(25 006 849)	36 213 103	
	<b>(5 546 541 721)</b>	<b>(99 297 255)</b>	<b>(5 645 838 976)</b>	<b>(4 905 708 929)</b>	<b>740 130 047</b>	
<b>Net cash flows from operating activities</b>	<b>636 907 928</b>	<b>21 223 595</b>	<b>658 131 523</b>	<b>536 138 615</b>	<b>(121 992 908)</b>	
<b>Cash flows from investing activities</b>						
Proceeds on disposal of PPE	-	11 311 446	11 311 446	5 825 155	(5 486 291)	
Decrease/(increase in non current receivables	120	(120)	-	-	-	
Decrease/(increase) in current assets	-	-	-	(358 575)	(358 575)	
Capital assets	(576 301 627)	(138 483 629)	(714 785 256)	(530 398 424)	184 386 832	
<b>Net cash flows from investing activities</b>	<b>(576 301 507)</b>	<b>(127 172 303)</b>	<b>(703 473 810)</b>	<b>(524 931 844)</b>	<b>178 541 966</b>	
<b>Cash flows from financing activities</b>						
Borrowing long term/refinancing	100 000 000	(100 000 000)	-	-	-	
Repayment of borrowing	(91 637 534)	-	(91 637 534)	(81 573 483)	10 064 051	
<b>Net cash flows from financing activities</b>	<b>8 362 466</b>	<b>(100 000 000)</b>	<b>(91 637 534)</b>	<b>(81 573 483)</b>	<b>10 064 051</b>	
Net increase/(decrease) in cash and cash equivalents	68 968 887	(205 948 708)	(136 979 821)	(70 366 712)	66 613 109	
Cash and cash equivalents at the beginning of the year	286 867 695	106 464 036	393 331 731	359 519 552	(33 812 179)	
<b>Cash and cash equivalents at the end of the year</b>	<b>355 836 582</b>	<b>(99 484 672)</b>	<b>256 351 910</b>	<b>289 152 840</b>	<b>32 800 930</b>	

Transfers and subsidies approved budget was revised upwards due to the additional allocations received.

Employee related costs approved budget was decreased due to initial over budgeting.

Debt impairment, bulk purchases, inventory consumed, contracted services, transfers and subsidies and losses was revised upwards due to under budgeting.



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1. Presentation of Consolidated Annual Financial Statements

The consolidated 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 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 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 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 conceptual 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 judgments and sources of estimation uncertainty

In preparing the consolidated consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated 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 consolidated annual financial statements. Significant judgements include:

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

An allowance for inventories to write inventories 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 in the inventory losses note 58.

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

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.4 Significant judgments 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 property, plant and equipment

The municipality's management determines the estimated useful lives and related depreciation charges for all assets. These estimates are based on the National Treasury Guideline. This estimate is based on the 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 - Employee benefits obligations.

#### Effective interest rate

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

#### Debt Impairment

On consumer debtors and statutory receivables impairment loss is recognised in surplus and deficit when there is an objective evidence that debtors are impaired. The impairment is measured as the difference between the 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 Municipality 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.

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.

The plantation harvested is derecognised at its fair value less costs to sell at the point of harvest.

### 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## 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 municipality 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 municipality 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## 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		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
Landfill site	Straight line	5-50 years
Transport facilities	Straight line	5-50 years
Fencing	Straight line	10 years
Heavy and mobile plant	Straight line	10-15 years
Bins and containers	Straight line	5-10 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

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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 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 14).

The economic entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 14).

### 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## 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:

---

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

---

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

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.

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.

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

The economic entity separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 11).

The economic entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.9 Heritage assets (continued)

#### 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, all classes of heritage assets are carried at its cost less any accumulated impairment losses except for artworks and jewellery.

The Municipality measures artworks and jewellery using revaluation model.

After recognition as an asset, artworks and jewellery, 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 and jewellery 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 heritage assets may be impaired. If any such indication exists, the economic entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Transfers

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

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

#### Derecognition

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

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

### 1.10 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.10 Financial instruments (continued)

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.

At each reporting date conditions for impairment are conducted.

#### Classification

The municipality 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:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Short term investments	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost

#### 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.

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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

The entity measures all financial assets and financial liabilities after initial recognition using the financial instruments at amortised cost.

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



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.10 Financial instruments (continued)

#### Derecognition

##### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

##### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its Statement of Financial Position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.11 Statutory receivables

#### Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the Statement of Financial Position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

#### Recognition

The economic entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on 1.19 - Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on 1.20 - Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

#### Initial measurement

The economic entity initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

The economic entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

#### Accrued interest

Where the economic entity levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.11 Statutory receivables (continued)

#### Other charges

Where the economic entity is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

#### Impairment losses

The economic entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the economic entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables is reduced through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

#### Derecognition

The economic entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the economic entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the economic entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

### 1.12 Income Tax

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

### 1.13 Leases

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

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in statement of financial performance.

#### 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.14 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 lower of cost and net realisable value except for land which is carried at current replacement cost.

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

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 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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories contain land that has been designated for the purposes of housing developments by the Municipality. The land is initially measured at cost. The land shall be subsequently measured at its current replacement cost. The Municipality shall derecognise the land if it no longer controls.

### 1.15 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:

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

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

- 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 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.

#### 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 depreciated replacement cost approach:

#### Depreciated replacement cost approach

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

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

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

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

#### 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.

### 1.16 Employee benefits

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

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

- The municipality'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 the municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.16 Employee benefits (continued)

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

#### 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 the entity provides post-employment benefits for one or more employees.

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 is a defined contribution plan. 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.16 Employee benefits (continued)

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

The municipality 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 municipality accounts for it 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 the entity pays fixed contributions into a separate 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, the municipality recognises 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.



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.16 Employee benefits (continued)

#### 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 municipality recognises 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.

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, less the fair value of plan assets(if any), of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The municipality 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 municipality 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.16 Employee benefits (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

#### Pension obligations

The Municipality's employees contribute to 6 different Pension Funds, of which the Natal Joint Provident and Retirement Pension Funds cater for the majority of the staff.

The following are defined contribution funds

- \*The Natal Joint Provident Fund
- \*The Natal Joint Pension Fund,
- \*Government Employees Pension Fund,
- \*Association Institution Pension Fund,
- \*South African Local Authorities Pension Fund and
- \*Municipal Councillors Pension Fund

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.

Past-service costs are recognised immediately against revenue.

The Municipality does not apply "defined benefit accounting" to the defined benefit funds to which it is a member where these funds are classified in terms of GRAP 25 as multi-employer plans, as sufficient information is not available to apply the principles involved. The City contributes to the defined benefit plans, which are governed by the Pension Fund Act of 1956 due to the nature of these funds and the fact that there is no consistent and reliable basis for allocating the obligation. Plan assets and cost to individual entities participating in the plan, these funds are accounted for as defined contribution funds in terms of paragraph 31 of GRAP 25, the total contributions are included in employee related costs. As a result, GRAP 25 is applied and such funds are accounted for as defined contribution funds. The Municipality's participation in these plans is limited to the obligation of its own employees.

The NJMPF Superannuation and Retirement funds have been treated as defined contribution plans although they are defined benefit funds.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.16 Employee benefits (continued)

#### Other post retirement obligations

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

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

### 1.17 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 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. 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 economic entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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 65.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.17 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 non-occurrence 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.

### 1.18 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 the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Capital expenditure is expenditure incurred to purchase, upgrade or construct physical assets (for e.g. buildings) for which there will be a long-term benefit. Long-term is defined as longer than one year.

Operational expenditure is expenditure incurred to purchase goods or services for which there will be a short-term benefit and which has been incurred in the normal course of business. Short-term is defined as less than one year.

An approved and contracted for commitment is where the expenditure has been approved and the contract has been awarded, service level agreement signed (where applicable) or any other pertinent authorisation has been granted at the end of the financial year/reporting date.

An approved and not yet contracted for commitment is where the expenditure has been approved and the contract has been awarded but awaiting finalisation of the service level agreement (where applicable) or any other authorisation pertinent to the contract at the end of the financial year/reporting date.

### 1.19 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.19 Revenue from exchange transactions (continued)

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.

#### 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

Revenue arising from the use by others of municipality assets yielding interest 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.

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

### 1.20 Revenue from non-exchange transactions

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

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

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

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

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

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

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

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

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

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

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

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

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

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

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

### 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.

When 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.20 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 income tax is the earning of assessable income during the taxation period by the taxpayer.

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

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

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

#### 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.

### 1.21 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.

### 1.22 Investment income

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

### 1.23 Borrowing costs

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

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

### 1.24 Accounting by principals and agents

#### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

#### Binding arrangement

The economic entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.24 Accounting by principals and agents (continued)

#### Assessing which entity benefits from the transactions with third parties

When the economic entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the economic entity concludes that it is not the agent, then it is the principal in the transactions.

The economic entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the economic entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The economic entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the economic entity is an agent.

#### Recognition

The economic entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements Standards of GRAP.

The economic entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of Standards of GRAP.

### 1.25 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.

### 1.26 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 disclosed in a note to the financial statements as an expense in the period that the expenditure is incurred.

### 1.27 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 disclosed in the notes to the financial statement in the period that the expenditure is 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.28 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 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.

Irregular expenditure is disclosed inclusive of VAT.

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 is 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 municipal council 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.

### 1.29 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.

### 1.30 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. The self-insurance scheme 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 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.30 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.

#### 1.31 Revaluation reserve

The increase 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.

#### 1.32 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

#### Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

#### 1.33 Budget information

Municipalities 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 a 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 an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

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

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.33 Budget information (continued)

The consolidated 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.

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.

The threshold for which reasons for variances are provided is 10% and above.

### 1.34 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.

### 1.35 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.

### 1.36 Living resources

Living resources(Game animals) are those resources that undergo biological transformation.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Agricultural activity is the management by an economic entity of the biological transformation and harvest of biological assets for:

- (a) sale;
- (b) distribution at no charge or for a nominal charge; or
- (c) conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### Living resources (continued)

A bearer plant is a living plant that:

- (a) is used in the production or supply of agricultural produce;
- (b) is expected to bear produce for more than one period; and
- (c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Biological transformation (for purposes of this Standard) comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

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

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 development and, where applicable, the amount attributed to the asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

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.

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

The residual value of an asset is the estimated amount that an economic entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Useful life is the period over which an asset is expected to be available for use by an economic entity, or the number of production or similar units expected to be obtained from the asset by an economic entity.

### Recognition

A living resource is recognised 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.

Where the economic entity is required in terms of legislation or similar means to manage a living resource, but it does not meet the definition of an asset because control of the resource cannot be demonstrated, relevant information are disclosed in the notes to the consolidated consolidated annual financial statements.

Where the economic entity holds a living resource that meets the definition of an asset, but which does not meet the recognition criteria, relevant information are disclosed in the notes to the consolidated consolidated annual financial statements. When the information about the cost or fair value of the living resource becomes available, the economic entity recognise, from that date, the living resource and apply the measurement principles.

### Measurement at recognition

A living resource that qualifies for recognition as an asset is measured at its cost.

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

The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### Living resources (continued)

#### Measurement after recognition

##### Cost model

After recognition as an asset, a group of living resources are carried at its cost less any accumulated depreciation and any accumulated impairment losses.

##### Depreciation

Living resources are depreciated and the depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset, where appropriate.

The depreciable amount of a living resource is allocated on a systematic basis over its useful life.

The economic entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of a living resource 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(s) is accounted for as a change in an accounting estimate.

In assessing whether there is any indication that the expected useful life of the living resource has changed, the economic entity considers the following indications:

- (a) The use of the living resource has changed, because of the following:
  - The economic entity has changed the manner in which the living resource is used.
  - The economic entity has made a decision to dispose of the living resource in a future reporting period(s) such that this decision changes the expected period over which the living resource will be used.
  - Legislation, government policy or similar means have been amended or implemented during the reporting period that have, or will, change the use of the living resource.
  - The living resource was idle or retired from use during the reporting period.
- (b) The living resource is approaching the end of its previously expected useful life.
- (c) There is evidence that the condition of the living resource improved or declined based on assessments undertaken during the reporting period.
- (d) The living resource is assessed as being impaired.

In assessing whether there is any indication that the expected residual value of the living resource has changed, the economic entity considers whether there has been any change in the expected timing of disposal of the living resource, as well as any relevant indicators as noted above.

The depreciation method used reflects the pattern in which the future economic benefits or service potential of the living resource is expected to be consumed by the entity.

The depreciation method applied to a living resource 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 living resource, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The useful lives of items of living resources have been assessed as follows:

---

Item	Depreciation method	Average useful life
Giraffe	Straight-line	25 years
Zebra	Straight-line	30 years
Blue Wildebeest	Straight-line	20 years
Inyala	Straight-line	20 years
Impala	Straight-line	15 years
Bush buck	Straight-line	15 years
Reed buck	Straight-line	15 years

---

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### Living resources (continued)

#### Impairment

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

Compensation from third parties for living resources that have been impaired, lost or given up, is included in surplus or deficit when the compensation becomes receivable.

#### Transfers

Transfers from living resources are made when the particular asset no longer meets the definition of a living resource and/or is no longer within the scope of this accounting policy.

Transfers to living resources are made when the asset meets the definition of a living resource.

#### Derecognition

The carrying amount of a living resource is 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 a living resource is included in surplus or deficit when the item is derecognised.

#### 1.37 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.

#### 1.38 Expenditure

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

An expense arises 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021

### 2. New standards and interpretations

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

The economic entity has not applied the following standards and interpretations, which have been published for the economic entity's accounting periods beginning on or after 01 July 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	The Minister of Finance has not determined an effective date	Not expected to impact results but may result in additional disclosure
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Not expected to impact results but may result in additional disclosure
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

### 3. Inventories

Consumable stores	32 462 245	32 788 610	32 462 245	32 788 610
Materials and supplies	41 310 862	33 401 053	41 310 862	33 401 053
Water for distribution	1 620 082	1 837 726	1 620 082	1 837 726
Land inventory	292 004 270	285 689 426	292 004 270	285 689 426
	<b>367 397 459</b>	<b>353 716 815</b>	<b>367 397 459</b>	<b>353 716 815</b>

Inventory are recorded using the weighted average cost method.

Inventory expensed during the year R84 307 652 (2021 : R58 158 321).

Inventory are carried at lower of cost or net realisable value except for land carried at current replacement cost.

Inventory losses - consumables for the year (R 2 687 271) (2021 : (R3 655 242)).

Consumable stores comprises mainly of fuel inventory, stationery, detergents and street fittings amongst other items.

#### 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 Investment (COID)	32 670 009	32 311 434	32 670 009	32 311 434
---	------------	------------	------------	------------

#### Reconciliation of short term investment

Opening balance	32 311 434	-	32 311 434	-
Interest on maturity	1 688 272	-	1 688 272	-
Redemption	(33 999 706)	-	(33 999 706)	-
Re-investment	32 670 009	32 311 434	32 670 009	32 311 434
<b>Closing balance</b>	<b>32 670 009</b>	<b>32 311 434</b>	<b>32 670 009</b>	<b>32 311 434</b>



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 4. Short term investment (continued)

COVID short term investment invested at 6.65 % (2021: 5.225%).

The current fixed deposit was invested with Standard Bank and will mature on the 30th of March 2023.

The 12 month fixed deposit is re-invested annually.

### 5. Receivables from exchange transactions

#### Net balance

Accrued revenue	12 648	4 157	12 648	4 157
Advance payments	2 500	2 500	-	-
Cashier's shortages	22 268	22 268	22 268	22 268
Forestry receivable	13 058 187	13 058 187	13 058 187	13 058 187
Independent Development Trust	-	-	-	-
Interest accrual on bank and call accounts	67 841	5 003	67 841	5 003
Interest accrual on investment	571 412	425 537	571 412	425 537
Library receivable	7 000 000	-	7 000 000	-
Prepaid electricity	381 481	364 181	381 481	364 181
	<b>21 116 337</b>	<b>13 881 833</b>	<b>21 113 837</b>	<b>13 879 333</b>

#### Gross balance

Accrued revenue	12 648	4 157	12 648	4 157
Advance payments	2 500	2 500	-	-
Cashier's shortages	22 268	22 268	22 268	22 268
Forestry receivable	13 058 187	13 058 187	13 058 187	13 058 187
Independent Development Trust	108 836 507	108 836 507	108 836 507	108 836 507
Interest accrual on bank and call accounts	67 841	5 003	67 841	5 003
Interest accrual on investment	571 412	425 537	571 412	425 537
Library receivable	7 000 000	-	7 000 000	-
Land sale debtors	66 386	66 386	66 386	66 386
Prepaid electricity	381 481	364 181	381 481	364 181
	<b>130 019 230</b>	<b>122 784 726</b>	<b>130 016 730</b>	<b>122 782 226</b>

#### Less : Allowance for impairment

Independent Development Trust	(108 836 507)	(108 836 507)	(108 836 507)	(108 836 507)
Land sale debtors	(66 386)	(66 386)	(66 386)	(66 386)
	<b>(108 902 893)</b>	<b>(108 902 893)</b>	<b>(108 902 893)</b>	<b>(108 902 893)</b>

#### Receivables from exchange pledged as security

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

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

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

#### Credit quality of receivables from exchange transactions

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

There is an ongoing dispute between IDT and Msunduzi Local Municipality on an amount that was paid by Msunduzi Local 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 as yet. The receivable has been fully impaired since IDT is disputing the receivable and the matter is still under litigation.

During the year under review there has not been any change the matter is undergoing consequence management and legal process.

#### Receivables from exchange transactions past due but not impaired

Trade and other receivables which are past due and not impaired. At 30 June 2022 R13 080 455 (2021: R13 080 455).

#### Receivables from exchange transactions impaired

The amount of the provision was R108 902 893 as of 30 June 2022 (2021: R108 902 893).

# Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021
<b>6. Statutory receivables</b>				
<b>Net balance</b>				
Consumer debtors - rates	514 420 520	547 818 959	514 420 520	547 818 959
Fines	2 540 069	2 540 069	2 540 069	2 540 069
	<b>516 960 589</b>	<b>550 359 028</b>	<b>516 960 589</b>	<b>550 359 028</b>
<b>Receivables from non-exchange transactions included in statutory receivables above are as follows:</b>				
Consumer debtors - Rates	514 420 520	547 818 959	514 420 520	547 818 959
Fines	2 540 069	2 540 069	2 540 069	2 540 069
	<b>516 960 589</b>	<b>550 359 028</b>	<b>516 960 589</b>	<b>550 359 028</b>
<b>Financial asset receivables included in receivables from non-exchange transactions above</b>	<b>(516 960 589)</b>	<b>(550 359 028)</b>	-	-
<b>Total receivables from non-exchange transactions</b>	<b>51 690 589</b>	<b>550 359 028</b>	<b>51 690 589</b>	<b>550 359 028</b>
<b>Gross balances</b>				
Consumer debtors - rates	1 354 111 404	1 242 107 340	1 354 111 404	1 242 107 340
Fines	106 746 008	93 829 368	106 746 008	93 829 368
	<b>1 460 857 412</b>	<b>1 335 936 708</b>	<b>1 460 857 412</b>	<b>1 335 936 708</b>
<b>Less: Allowance for impairment</b>				
Consumer debtors - rates	(839 690 884)	(694 288 381)	(839 690 884)	(694 288 381)
Fines	(104 205 939)	(91 289 299)	(104 205 939)	(91 289 299)
	<b>(943 896 823)</b>	<b>(785 577 680)</b>	<b>(943 896 823)</b>	<b>(785 577 680)</b>
<b>Consumer debtors - rates</b>				
Current	106 455 264	113 133 336	106 455 264	113 133 336
0 - 30 days	66 938 738	56 084 439	66 938 738	56 084 439
31 - 60 days	31 807 172	35 476 058	31 807 172	35 476 058
61 - 90 days	29 394 937	32 141 042	29 394 937	32 141 042
91 - 120 days	32 477 467	29 056 466	32 477 467	29 056 466
121 - 365 days	214 431 109	225 851 215	214 431 109	225 851 215
> 365 days	872 606 717	750 634 784	872 606 717	750 634 784
	<b>1 354 111 404</b>	<b>1 242 377 340</b>	<b>1 354 111 404</b>	<b>1 242 107 340</b>
<b>Fines</b>				
Current (0-30 days)	722 700	979 350	722 700	979 350
31 - 60 days	1 763 500	5 453 700	1 763 500	5 453 700
61 - 90 days	3 921 490	2 756 700	3 921 490	2 756 700
91 - 120 days	3 135 300	3 053 400	3 135 300	3 053 400
121 - 365 days	3 373 650	2 703 550	3 373 650	2 703 550
> 365 days	93 829 368	78 882 668	93 829 368	78 882 668
	<b>106 746 008</b>	<b>93 829 368</b>	<b>106 746 008</b>	<b>93 829 368</b>
<b>Summary of debtors by customer classification - rates</b>				
<b>Industrial/Commercial</b>				
Current	34 178 270	42 368 528	34 178 270	42 368 528
0 - 30 days	12 842 555	23 577 131	12 842 555	23 577 131
31 - 60 days	7 578 423	9 762 343	7 578 423	9 762 343
61 - 90 days	7 378 916	9 146 564	7 378 916	9 146 564
91 - 120 days	11 196 463	8 387 796	11 196 463	8 387 796

# Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021
<b>6. Statutory receivables (continued)</b>				
121 - 365 days	54 693 432	56 439 669	54 693 432	56 439 669
> 365 days	169 898 883	156 847 773	169 898 883	156 847 773
	<b>297 766 942</b>	<b>306 529 804</b>	<b>297 766 942</b>	<b>306 529 804</b>
<b>Government</b>				
Current	11 620 510	10 578 600	11 620 510	10 578 600
0 - 30 days	16 507 733	5 966 804	16 507 733	5 966 804
31 - 60 days	3 547 242	5 079 746	3 547 242	5 079 746
61 - 90 days	3 003 294	4 590 477	3 003 294	4 590 477
91 - 120 days	2 784 051	3 716 650	2 784 051	3 716 650
121 - 365 days	19 995 487	27 426 992	19 995 487	27 426 992
> 365 days	74 630 492	95 499 302	74 630 492	95 499 302
	<b>132 088 809</b>	<b>152 858 571</b>	<b>132 088 809</b>	<b>152 858 571</b>
<b>Consumers</b>				
Current	60 656 484	60 186 208	60 656 484	60 186 208
0 - 30 days	37 588 449	26 540 504	37 588 449	26 540 504
31 - 60 days	20 681 507	20 633 969	20 681 507	20 633 969
61 - 90 days	19 012 727	18 404 001	19 012 727	18 404 001
91 - 120 days	18 496 952	16 952 021	18 496 952	16 952 021
121 - 365 days	139 742 190	141 714 553	139 742 190	141 714 553
> 365 days	628 077 343	498 287 709	628 077 343	498 287 709
	<b>924 255 652</b>	<b>782 718 965</b>	<b>924 255 652</b>	<b>782 718 965</b>
<b>Reconciliation of allowance for impairment - Statutory receivables</b>				
Balance at beginning of the year	(772 555 584)	(609 215 873)	(772 555 584)	(609 215 873)
(Increase)/decrease in impairment contribution	(108 778 163)	(163 339 711)	(108 778 163)	(163 339 711)
<b>Balance at end of year</b>	<b>(881 333 747)</b>	<b>(772 555 584)</b>	<b>(881 333 747)</b>	<b>(772 555 584)</b>
<b>Consumer debtors - rates</b>				
Balance at beginning of the year	(694 288 381)	(532 901 325)	(694 288 381)	(532 901 325)
(Increase)/decrease in impairment contribution	(145 402 503)	(161 387 056)	(145 402 503)	(161 387 056)
<b>Balance at end of year</b>	<b>(839 690 884)</b>	<b>(694 288 381)</b>	<b>(839 690 884)</b>	<b>(694 288 381)</b>
<b>Fines</b>				
Balance at beginning of the year	(91 289 299)	(76 314 549)	(91 289 299)	(76 314 549)
(Increase)/decrease in impairment contribution	(12 916 640)	(14 974 750)	(12 916 640)	(14 974 750)
<b>Balance at end of year</b>	<b>(104 205 939)</b>	<b>(91 289 299)</b>	<b>(104 205 939)</b>	<b>(91 289 299)</b>

### Statutory receivables general information

Transaction(s) arising from statute

# Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 6. Statutory receivables (continued)

#### Traffic fines

The two types of traffic fines that are issued are :

- 1)Traffic fines issued in terms of the Administrative Adjudication of Road Traffic Offences Act (AARTO Act).
- 2)Traffic fines issued in terms of the Criminal Procedures Act.

#### Property rates

The Municipal Property Rates Act No. 06 of 2004 governs property rates billed. The Act regulates, the power of the municipality to impose rates on properties; to exclude certain properties from rating in the national interest; to make provisions for the municipality to implement a transparent and fair system of exemptions, reductions and rebates through the municipalities rating policy, making provisions for fair and equitable valuation methods of properties; to make provisions for objections and appeals.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021
<b>7. Consumer debtors</b>				
<b>Gross balances</b>				
Electricity	662 250 977	597 566 174	662 250 977	597 566 174
Other service charges	296 431 437	298 684 839	296 431 437	298 684 839
Property rental	54 945 126	54 505 951	54 945 126	54 505 951
Refuse	233 052 957	205 246 434	233 052 957	205 246 434
Sanitation	420 568 791	370 071 959	420 568 791	370 071 959
Water	2 593 343 941	2 214 229 348	2 593 343 941	2 214 229 348
	<b>4 260 593 229</b>	<b>3 740 304 705</b>	<b>4 260 593 229</b>	<b>3 740 304 705</b>
<b>Allowance for impairment</b>				
Electricity	(268 123 516)	(222 200 394)	(268 123 516)	(222 200 394)
Other service charges	(216 242 062)	(185 226 126)	(216 242 062)	(185 226 126)
Property rental	(36 126 926)	(32 822 467)	(36 126 926)	(32 822 467)
Refuse	(166 177 986)	(121 400 912)	(166 177 986)	(121 400 912)
Sanitation	(301 853 977)	(219 595 454)	(301 853 977)	(219 595 454)
Water	(1 956 995 417)	(1 318 830 916)	(1 956 995 417)	(1 318 830 916)
	<b>(2 945 519 884)</b>	<b>(2 100 076 269)</b>	<b>(2 945 519 884)</b>	<b>(2 100 076 269)</b>
<b>Net balance</b>				
Electricity	394 127 461	375 365 780	394 127 461	375 365 780
Other service charges	80 189 375	113 458 713	80 189 375	113 458 713
Property rental	18 818 200	21 683 484	18 818 200	21 683 484
Refuse	66 874 971	83 845 522	66 874 971	83 845 522
Sanitation	118 714 814	150 476 505	118 714 814	150 476 505
Water	636 348 524	895 398 432	636 348 524	895 398 432
	<b>1 315 073 345</b>	<b>1 640 228 436</b>	<b>1 315 073 345</b>	<b>1 640 228 436</b>
<b>Electricity</b>				
Current	209 203 858	168 584 630	209 203 858	168 584 630
0 -30 days	80 965 264	85 388 003	80 965 264	85 388 003
31 - 60 days	38 780 567	41 019 499	38 780 567	41 019 499
61 - 90 days	14 983 633	13 196 351	14 983 633	13 196 351
91 - 120 days	14 054 130	11 628 408	14 054 130	11 628 408
121 - 365 days	87 463 422	84 097 661	87 463 422	84 097 661
> 365 days	216 800 103	193 651 622	216 800 103	193 651 622
	<b>662 250 977</b>	<b>597 566 174</b>	<b>662 250 977</b>	<b>597 566 174</b>
<b>Water</b>				
Current	93 874 840	88 093 592	93 874 840	88 093 592
0 -30 days	58 922 907	60 150 008	58 922 907	60 150 008
31 - 60 days	51 211 613	49 323 861	51 211 613	49 323 861
61 - 90 days	46 404 252	44 205 503	46 404 252	44 205 503
91 - 120 days	56 168 447	41 536 388	56 168 447	41 536 388
121 - 365 days	338 327 010	328 263 607	338 327 010	328 263 607
> 365 days	1 948 434 872	1 602 656 389	1 948 434 872	1 602 656 389
	<b>2 593 343 941</b>	<b>2 214 229 348</b>	<b>2 593 343 941</b>	<b>2 214 229 348</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021
<b>7. Consumer debtors (continued)</b>				
<b>Sanitation</b>				
Current	20 037 733	18 804 658	20 037 733	18 804 658
0 -30 days	10 251 044	10 123 834	10 251 044	10 123 834
31 - 60 days	7 558 552	7 696 730	7 558 552	7 696 730
61 - 90 days	7 026 897	7 335 769	7 026 897	7 335 769
91 - 120 days	7 099 319	6 511 432	7 099 319	6 511 432
121 - 365 days	50 486 258	49 128 580	50 486 258	49 128 580
> 365 days	318 108 988	270 470 956	318 108 988	270 470 956
	<b>420 568 791</b>	<b>370 071 959</b>	<b>420 568 791</b>	<b>370 071 959</b>
<b>Other service charges</b>				
Current	1 521 420	247 909	1 521 420	247 909
0 -30 days	1 274 951	2 221 436	1 274 951	2 221 436
31 - 60 days	983 711	1 406 472	983 711	1 406 472
61 - 90 days	1 274 788	1 421 531	1 274 788	1 421 531
91 - 120 days	1 502 785	1 437 071	1 502 785	1 437 071
121 - 365 days	10 426 185	13 902 476	10 426 185	13 902 476
> 365 days	279 447 597	278 047 944	279 447 597	278 047 944
	<b>296 431 437</b>	<b>298 684 839</b>	<b>296 431 437</b>	<b>298 684 839</b>
<b>Refuse</b>				
Current	13 282 767	10 943 432	13 282 767	10 943 432
0 -30 days	5 490 510	5 334 880	5 490 510	5 334 880
31 - 60 days	4 115 105	4 378 006	4 115 105	4 378 006
61 - 90 days	3 792 624	3 818 587	3 792 624	3 818 587
91 - 120 days	3 693 553	3 563 078	3 693 553	3 563 078
121 - 365 days	27 002 298	25 557 317	27 002 298	25 557 317
> 365 days	175 676 100	151 651 134	175 676 100	151 651 134
	<b>233 052 957</b>	<b>205 246 434</b>	<b>233 052 957</b>	<b>205 246 434</b>
<b>Property rental</b>				
Current	1 691 558	2 021 162	1 691 558	2 021 162
0 - 30 days	2 968 599	1 239 687	2 968 599	1 239 687
31 - 60 days	177 353	553 845	177 353	553 845
61 - 90 days	795 689	1 043 662	795 689	1 043 662
91 - 120 days	50 155	909 361	50 155	909 361
121 - 365 days	7 063 761	5 314 129	7 063 761	5 314 129
> 365 days	42 198 011	43 424 105	42 198 011	43 424 105
	<b>54 945 126</b>	<b>54 505 951</b>	<b>54 945 126</b>	<b>54 505 951</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021
<b>7. Consumer debtors (continued)</b>				
<b>Summary of debtors by customer classification</b>				
<b>Consumers</b>				
Current	140 544 744	118 699 035	140 544 744	118 699 035
0 - 30 days	86 193 179	100 548 724	86 193 179	100 548 724
31 - 60 days	68 121 260	67 929 107	68 121 260	67 929 107
61 - 90 days	60 349 393	56 328 706	60 349 393	56 328 706
91 - 120 days	68 997 541	54 401 473	68 997 541	54 401 473
121 - 365 days	430 178 377	424 946 649	430 178 377	424 946 649
> 365 days	2 679 601 526	2 256 493 111	2 679 601 526	2 256 493 111
	<b>3 533 986 020</b>	<b>3 079 346 805</b>	<b>3 533 986 020</b>	<b>3 079 346 805</b>
<b>Industrial/ commercial</b>				
Current	165 969 053	139 242 087	165 969 053	139 242 087
0 - 30 days	61 033 275	56 030 884	61 033 275	56 030 884
31 - 60 days	31 926 600	33 277 013	31 926 600	33 277 013
61 - 90 days	11 763 952	11 214 576	11 763 952	11 214 576
91 - 120 days	11 715 911	8 815 084	11 715 911	8 815 084
121 - 365 days	77 825 329	66 952 564	77 825 329	66 952 564
> 365 days	252 950 389	241 521 189	252 950 389	241 521 189
	<b>613 184 509</b>	<b>557 053 397</b>	<b>613 184 509</b>	<b>557 053 397</b>
<b>National and provincial government</b>				
Current	33 098 380	30 754 262	33 098 380	30 754 262
0 - 30 days	12 646 822	7 878 239	12 646 822	7 878 239
31 - 60 days	2 779 042	3 172 292	2 779 042	3 172 292
61 - 90 days	2 164 539	3 478 120	2 164 539	3 478 120
91 - 120 days	1 854 937	2 369 182	1 854 937	2 369 182
121 - 365 days	12 765 227	14 364 557	12 765 227	14 364 557
> 365 days	48 113 753	41 887 849	48 113 753	41 887 849
	<b>113 422 700</b>	<b>103 904 501</b>	<b>113 422 700</b>	<b>103 904 501</b>
<b>Total</b>				
Current	339 612 176	288 695 384	339 612 176	288 695 384
0 - 30 days	159 873 275	164 457 847	159 873 275	164 457 847
31 - 60 days	102 826 902	104 378 412	102 826 902	104 378 412
61 - 90 days	74 277 884	71 021 402	74 277 884	71 021 402
91 - 120 days	82 568 389	65 585 739	82 568 389	65 585 739
121 - 365 days	520 768 933	506 263 770	520 768 933	506 263 770
> 365 days	2 980 665 670	2 539 902 151	2 980 665 670	2 539 902 151
	<b>4 260 593 229</b>	<b>3 740 304 705</b>	<b>4 260 593 229</b>	<b>3 740 304 705</b>
Less allowance for impairment	(2 945 519 884)	(2 100 076 269)	(2 945 519 884)	(2 100 076 269)
<b>Reconciliation of allowance for impairment</b>				
Balance at beginning of the year	(2 100 076 269)	(2 025 769 236)	(2 100 076 269)	(2 025 769 236)
(Increase)/decrease in impairment contribution	(845 443 615)	(74 307 033)	(845 443 615)	(74 307 033)
<b>Balance at end of year</b>	<b>(2 945 519 884)</b>	<b>(2 100 076 269)</b>	<b>(2 945 519 884)</b>	<b>(2 100 076 269)</b>

For bad debts written off refer to Note 42.



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 7. Consumer debtors (continued)

#### Consumer debtors pledged as security

There are no consumer debtors pledged as security for overdraft facilities of the municipality.

#### Consumer debtors past due but not impaired

Consumer debtors which are past due and not impaired. At 30 June 2022 R67 698 720 (2021: R65 318 665)

#### Consumer debtors impaired

Consumer debtors impaired R2 945 519 883 (2021: R2 100 076 269).

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	35 927	26 387	27 945	25 897
Bank balances	65 146 047	72 769 737	65 068 507	72 687 852
Short-term deposits	225 251 225	288 524 607	224 056 388	286 805 803
	<b>290 433 199</b>	<b>361 320 731</b>	<b>289 152 840</b>	<b>359 519 552</b>

Average rate of return is based on average interest rate on all bank and investment accounts 4.32 % (2021:3.35%)

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 except for unspent conditional grants and receipts.

### The municipality had the following bank and investment accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
FNB - No: 50941827782 (Primary) Demand deposit	51 681 911	41 761 020	48 478 608	53 830 850
FNB - No: 50940058750 (Electronic Transfers) Demand deposit	-	-	(18 687)	(90 327)
FNB - No: 50941840627 (Market) Demand deposit	2 897 380	2 159 161	2 897 380	2 159 161
FNB - No: 62069378539 ( Oribi Airport)	979 964	637 764	979 964	637 764
FNB - No: 62003432846 ( Salaries PACs No 1) Demand deposit	742 313	643 126	742 313	643 126
FNB - No: 62006041157 (Post Office) Demand deposit	-	-	11 988 931	15 507 278
FNB - No: 62045272143 (Traffic fines) Demand deposit	-	-	-	-
FNB - No: 62548639725 (Airport Development Fund) Call account	24 529	23 632	24 529	23 632
FNB - No: 62548629403 (MIG Grant) Call account	9 682	208 309	9 682	208 309
FNB - No: 62548623231 (Unspent Conditional Grant) Call account	140 232 671	207 810 701	140 232 671	207 810 701
FNB - No: 62856957588 (Housing Projects: Principal-Agent) Call account	20 652 278	21 305 452	20 652 278	21 305 452
FNB - No: 62548634460 (Insurance Fund) Call account	573 884	552 885	573 884	552 885
FNB - No: 62548632901 ( MHOA) Call account	48 986 857	41 452 799	48 986 856	41 452 799
FNB - No: 62548630822 ( Housing Accreditation) Call account	10 667 245	12 681 804	10 667 245	12 681 804
FNB - No: 62551687563 (VAT Recovery Grant) Call account	884 443	852 081	884 443	852 081
FNB - No: 62531891879 (General Reserves) Call account	-	-	-	-
FNB - No: 62600253984 (VAT Refund - CRR) Call account	785 902	724 892	785 902	724 892
ABSA - No: 9317549203(7 Day Notice)	1 238 896	1 193 248	1 238 896	1 193 248
FNB - No: 62035467978 Current account	77 540	81 885	77 540	81 885
FNB - No: 62035942392 Money market	1 194 837	1 718 804	1 194 837	1 718 804
<b>Total</b>	<b>281 630 332</b>	<b>333 807 563</b>	<b>290 397 272</b>	<b>361 294 344</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 9. Living resources

Economic entity	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Game animals	1 110 250	(414 071)	696 179	1 140 250	(396 676)	743 574
Controlling entity	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Game animals	1 110 250	(414 071)	696 179	1 140 250	(396 676)	743 574

#### Reconciliation of living resources - Economic entity - 2022

	Opening balance	Increase due to births	Decrease due to deaths	Depreciation	Total
Game animals	743 574	60 000	(53 759)	(53 636)	696 179

#### Reconciliation of living resources - Economic entity - 2021

	Opening balance	Increase due to births	Depreciation	Total
Game animals	733 181	93 500	(83 107)	743 574

#### Reconciliation of living resources - Controlling entity - 2022

	Opening balance	Increase due to purchases	Decrease due to deaths	Depreciation	Total
Game animals	743 574	60 000	(53 759)	(53 636)	696 179

#### Reconciliation of living resources - Controlling entity - 2021

	Opening balance	Increase due to births	Depreciation	Total
Game animals	733 181	93 500	(83 107)	743 574

#### Entity as custodian

Msunduzi Local Municipality does not have any custodial responsibility for game animals held on behalf of other entities, including the legislation or similar means that establishes the custodial responsibility over the living resources.

#### Living resources borrowed from other entities

There are no resources borrowed from other entities.

#### Living resources on loan to other entities

There are no living resources on loan to other entities.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 9. Living resources (continued)

#### Title restrictions

There are no living resources whose title is subject to restrictions.

#### Restrictions on use or capacity to sell

There are no living resources which are subject to restrictions on use or capacity to sell.

#### Pledged as security

No living resources have been pledged as security for any financial liabilities.

#### Compensation from third parties

There was no compensation from third parties for living resources that were impaired, lost or given up during the current financial year.

#### General Information

Msunduzi Local 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

Msunduzi Local Municipality has elected the cost model to account for Living resources.

A physical verification of living resources was performed by the conservation department from 17 to 26 May 2022.

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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 10. Agricultural assets

#### Economic entity

	2022			2021		
	Cost / Valuation	Fair value adjustments	Carrying value	Cost / Valuation	Fair value adjustments	Carrying value
Biological assets - consumable	96 300 000	(16 100 000)	80 200 000	75 245 448	21 054 552	96 300 000

#### Controlling entity

	2022			2021		
	Cost / Valuation	Fair value adjustments	Carrying value	Cost / Valuation	Fair value adjustments	Carrying value
Biological assets - consumable	96 300 000	(16 100 000)	80 200 000	75 245 448	21 054 552	96 300 000

#### Reconciliation of agricultural assets - Economic entity - 2022

	Opening balance	Fair value adjustments	Total
Biological assets - consumable	96 300 000	(16 100 000)	80 200 000

#### Reconciliation of agricultural assets - Economic entity - 2021

	Opening balance	Fair value adjustments	Total
Biological assets - consumable	75 245 448	21 054 552	96 300 000

#### Reconciliation of Agricultural assets - Controlling entity - 2022

	Opening balance	Fair value adjustments	Total
Biological asset - consumable	96 300 000	(16 100 000)	80 200 000

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 10. Agricultural assets (continued)

#### Reconciliation of Agricultural assets - controlling entity - 2021

	Opening balance	Fair value adjustments	Total
Biological assets - Consumable	75 245 448	21 054 552	96 300 000

#### Non-financial information

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

There was harvests of timber 2022: Nil (2021: Nil).

There has been no harvest in the current financial year.

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.

Refer to note 77 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 regulations.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 10. Agricultural assets (continued)

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

The valuation at 30 June 2022 was performed by Stephen de Klerk.

Stephen de Klerk 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 11. Heritage assets

#### Economic entity

	2022			2021		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Crematoriums	9 359 518	(26 921)	9 332 597	9 359 518	(26 921)	9 332 597
Jewellery	1 185 000	-	1 185 000	1 185 000	-	1 185 000
Museums and art gallery	23 315 796	(42 806)	23 272 990	23 315 796	(42 806)	23 272 990
Park	2 487 908	-	2 487 908	2 487 908	-	2 487 908
Stadiums	3 961 963	(49 755)	3 912 208	3 961 963	(49 755)	3 912 208
Other	2 095 896	-	2 095 896	2 095 896	-	2 095 896
Artworks	237 683 229	(6 863 808)	230 819 421	237 469 926	(6 837 541)	230 632 385
<b>Total</b>	<b>280 089 310</b>	<b>(6 983 290)</b>	<b>273 106 020</b>	<b>279 876 007</b>	<b>(6 957 023)</b>	<b>272 918 984</b>

#### Controlling entity

	2022			2021		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Crematoriums	9 359 518	(26 921)	9 332 597	9 359 518	(26 921)	9 332 597
Jewellery	1 185 000	-	1 185 000	1 185 000	-	1 185 000
Museums and art gallery	23 315 796	(42 806)	23 272 990	23 315 796	(42 806)	23 272 990
Parks	2 487 908	-	2 487 908	2 487 908	-	2 487 908
Stadiums	3 961 963	(49 755)	3 912 208	3 961 963	(49 755)	3 912 208
Other	2 095 896	-	2 095 896	2 095 896	-	2 095 896
Artworks	237 683 229	(6 863 808)	230 819 421	237 469 926	(6 837 541)	230 632 385
<b>Total</b>	<b>280 089 310</b>	<b>(6 983 290)</b>	<b>273 106 020</b>	<b>279 876 007</b>	<b>(6 957 023)</b>	<b>272 918 984</b>



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 11. Heritage assets (continued)

#### Reconciliation of heritage assets Economic entity - 2022

	Opening balance	Additions	Total
Crematoriums	9 332 597	-	9 332 597
Jewellery	1 185 000	-	1 185 000
Museums and art gallery	23 272 990	-	23 272 990
Parks	2 487 908	-	2 487 908
Stadiums	3 912 208	-	3 912 208
Other	2 095 896	-	2 095 896
Artworks	230 632 385	187 036	230 819 421
	<b>272 918 984</b>	<b>187 036</b>	<b>273 106 020</b>

#### Reconciliation of heritage assets Economic entity - 2021

	Opening balance	Additions	Revaluation increase/(decrease)	Impairment losses recognised	Total
Crematoriums	8 181 348	1 178 169	-	(26 920)	9 332 597
Jewellery	1 185 000	-	-	-	1 185 000
Museums and art gallery	23 292 823	-	-	(19 833)	23 272 990
Parks	2 487 908	-	-	-	2 487 908
Stadiums	3 961 963	-	-	(49 755)	3 912 208
Other	2 095 896	-	-	-	2 095 896
Artworks	230 719 534	66 000	(126 938)	(26 211)	230 632 385
	<b>271 924 472</b>	<b>1 244 169</b>	<b>(126 938)</b>	<b>(122 719)</b>	<b>272 918 984</b>

#### Reconciliation of heritage assets Controlling entity - 2022

	Opening balance	Additions	Revaluation increase/(decrease)	Impairment losses recognised	Total
Crematoriums	9 332 597	-	-	-	9 332 597
Jewellery	1 185 000	-	-	-	1 185 000
Museums and art gallery	23 272 990	-	-	-	23 272 990
Parks	2 487 908	-	-	-	2 487 908
Stadiums	3 912 208	-	-	-	3 912 208
Other	2 095 896	-	-	-	2 095 896
Artworks	230 632 385	336 000	(122 698)	(26 266)	230 819 421
	<b>272 918 984</b>	<b>336 000</b>	<b>(122 698)</b>	<b>(26 266)</b>	<b>273 106 020</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 11. Heritage assets (continued)

#### Reconciliation of heritage assets Controlling entity - 2021

	Opening balance	Additions	Revaluation increase/(decrease)	Impairment losses recognised	Total
Crematoriums	8 181 348	1 178 169	-	(26 920)	9 332 597
Jewellery	1 185 000	-	-	-	1 185 000
Museums and art gallery	23 292 823	-	-	(19 833)	23 272 990
Parks	2 487 908	-	-	-	2 487 908
Stadiums	3 961 963	-	-	(49 755)	3 912 208
Other	2 095 896	-	-	-	2 095 896
Artworks	230 719 534	66 000	(126 938)	(26 211)	230 632 385
	<b>271 924 472</b>	<b>1 244 169</b>	<b>(126 938)</b>	<b>(122 719)</b>	<b>272 918 984</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.

#### Contractual commitments for the acquisition, maintenance and restoration of heritage assets

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

#### Revaluations

##### Heritage assets

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

Artworks were last valued on 30 June 2019 for the 2018/19 financial year.

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

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

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

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 revaluation reversal relates to the impairment loss of the assets which were previously revalued.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 11. Heritage assets (continued)

#### Heritage assets which fair values cannot be reliably measured

The following heritage assets were not recognised due to a reliable measurement not being possible on initial recognition is as follows:

##### 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.

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

There were no repairs and maintenance costs incurred in the current year.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 12. Intangible assets

#### Economic entity

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other Servitudes	110 270 044 803 846	(90 119 442) -	20 150 602 803 846	107 741 844 803 846	(84 082 119) -	23 659 725 803 846
<b>Total</b>	<b>111 073 890</b>	<b>(90 119 442)</b>	<b>20 954 448</b>	<b>108 545 690</b>	<b>(84 082 119)</b>	<b>24 463 571</b>

#### Controlling entity

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other Servitudes	110 270 044 803 846	(90 119 442) -	20 150 602 803 846	107 741 844 803 846	(84 082 119) -	23 659 725 803 846
<b>Total</b>	<b>111 073 890</b>	<b>(90 119 442)</b>	<b>20 954 448</b>	<b>108 545 690</b>	<b>(84 082 119)</b>	<b>24 463 571</b>

#### Reconciliation of intangible assets - Economic entity - 2022

	Opening balance	Work in progress	Amortisation	Total
Computer software, other Servitudes	23 659 725 803 846	2 528 200 -	(6 037 323) -	20 150 602 803 846
	<b>24 463 571</b>	<b>2 528 200</b>	<b>(6 037 323)</b>	<b>20 954 448</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 12. Intangible assets (continued)

#### Reconciliation of intangible assets - Economic entity - 2021

	Opening balance	Additions	Amortisation	Total
Computer software, other	29 896 567	28 654	(6 265 496)	23 659 725
Servitudes	803 846	-	-	803 846
	<b>30 700 413</b>	<b>28 654</b>	<b>(6 265 496)</b>	<b>24 463 571</b>

#### Reconciliation of intangible assets - Controlling entity - 2022

	Opening balance	Work in progress	Amortisation	Total
Computer software, other	23 659 725	2 528 200	(6 037 323)	20 150 602
Servitudes	803 846	-	-	803 846
	<b>24 463 571</b>	<b>2 528 200</b>	<b>(6 037 323)</b>	<b>20 954 448</b>

#### Reconciliation of intangible assets - Controlling entity - 2021

	Opening balance	Additions	Amortisation	Total
Computer software, other	29 896 567	28 654	(6 265 496)	23 659 725
Servitudes	803 846	-	-	803 846
	<b>30 700 413</b>	<b>28 654</b>	<b>(6 265 496)</b>	<b>24 463 571</b>

#### Pledged as security

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

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 12. Intangible assets (continued)

#### Intangible assets in the process of being constructed or developed

##### Included within intangible assets

Opening balance	-	-	-	-
Additions	2 525 200	-	2 528 200	-
	<b>2 525 200</b>	<b>-</b>	<b>2 528 200</b>	<b>-</b>

#### Restricted title

There are no intangible assets whose title is restricted.

#### Details of valuation

Servitudes were assessed for impairment using the depreciated replacement cost method. The software was assessed for impairment based on utilisation by the municipality.

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

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 13. Investment property

#### Economic entity

	2022		2021	
	Valuation at the beginning of the year	Fair value adjustments/ Additions	Valuation at the end of the year	Valuation at the beginning of the year
Land and buildings	891 933 607	33 285 748	925 219 355	820 686 190

#### Controlling entity

	2022		2021	
	Valuation at the beginning of the year	Fair value adjustments/ Additions	Valuation at the end of the year	Valuation at the beginning of the year
Land and buildings	891 933 607	33 285 748	925 219 355	820 686 190

#### Reconciliation of investment property - Economic entity - 2022

	Opening balance	Work in progress	Fair value adjustments	Total
Land and buildings	891 933 607	16 768 574	16 517 174	925 219 355

#### Reconciliation of investment property - Economic entity - 2021

	Opening balance	Additions	Transfers	Work in progress	Derecognition	Fair value adjustments	Total
Land and buildings	820 686 190	39 012 320	(15 113 611)	9 871 208	(4 720 000)	42 197 500	891 933 607

#### Reconciliation of investment property - Controlling entity - 2022

	Opening balance	Work in progress	Fair value adjustments	Total
Land and buildings	891 933 607	16 768 574	16 517 174	925 219 355

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 13. Investment property (continued)

#### Reconciliation of investment property - Controlling entity - 2021

	Opening balance	Additions	Transfers	Work in progress	Derecognition	Fair value adjustments	Total
Land and buildings	820 686 190	39 012 320	(15 113 611)	9 871 208	(4 720 000)	42 197 500	891 933 607

#### Pledged as security

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

#### Investment property in the process of being constructed or developed

##### Included within land and buildings

Opening balance	15 441 272	113 989 199	15 441 272	113 989 199
Additions	16 768 574	9 871 208	16 768 574	9 871 208
Transferred to completed assets	-	(108 419 135)	-	(108 419 135)
	<b>32 209 846</b>	<b>15 441 272</b>	<b>32 209 846</b>	<b>15 441 272</b>

##### Carrying value of Investment property that is taking a significantly longer period of time to complete than expected

Jika Joe Housing	32 209 846	15 441 272	32 209 846	15 441 272
a) Construction delays due to national steel and other raw material shortages				
b) Lockdown delays				
c) Rain delays to construction.				
	<b>32 209 846</b>	<b>15 441 272</b>	<b>32 209 846</b>	<b>15 441 272</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.



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 13. Investment property (continued)

The valuation at 30 June 2022 was performed by Finley Hamilton an independent valuer. Finley Hamilton has recent experience in location and category of the investment property being valued.

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

These assumptions are based on current market conditions.

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

Finley Hamilton is a member of the South African Council for Property Valuers Profession (SACPVP), and has the required qualifications and expertise in the valuation of investment properties. The valuations conform to South African Valuation Standards and were arrived at by 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 Msunduzi Municipality. Investment property is not depreciated but annually valued at year end in order to determine their fair value as prescribed in GRAP 16.

#### Amounts recognised in surplus or deficit

Rental revenue from Investment property	7 508 731	5 739 687	7 508 731	5 739 687
---	-----------	-----------	-----------	-----------

The municipality does not hold any operating property interest.

There were no repairs, maintenance and direct operating expenses related to investment property incurred in the current year.

Tenants are responsible for repairs and maintenance.

Included in Investment property is vacant land which has been invaded/illegally occupied. The land has a carrying value of R14 756 000 (2021 : R39 937 000).

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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 14. Property, plant and equipment

#### Economic entity

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	1 225 430 676	(339 573 641)	885 857 035	1 232 287 252	(325 855 018)	906 432 234
Infrastructure	9 041 967 347	(3 835 046 736)	5 206 920 611	8 563 986 038	(3 551 545 564)	5 012 440 474
Community	823 434 976	(394 679 914)	428 755 062	810 873 009	(376 338 979)	434 534 030
Other property, plant and equipment	1 091 217 642	(695 694 153)	395 523 489	1 094 729 007	(666 974 084)	427 754 923
<b>Total</b>	<b>12 182 050 641</b>	<b>(5 264 994 444)</b>	<b>6 917 056 197</b>	<b>11 701 875 306</b>	<b>(4 920 713 645)</b>	<b>6 781 161 661</b>

#### Controlling entity

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	1 225 430 676	(339 573 641)	885 857 035	1 232 287 252	(325 855 018)	906 432 234
Infrastructure	9 041 967 347	(3 835 046 736)	5 206 920 611	8 563 986 038	(3 551 545 564)	5 012 440 474
Community assets	823 434 976	(394 679 914)	428 755 062	810 873 009	(376 338 979)	434 534 030
Other assets	1 072 233 433	(685 300 264)	386 933 169	1 075 399 684	(657 224 315)	418 175 369
<b>Total</b>	<b>12 163 066 432</b>	<b>(5 254 600 555)</b>	<b>6 908 465 877</b>	<b>11 682 545 983</b>	<b>(4 910 963 876)</b>	<b>6 771 582 107</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

#### Reconciliation of property, plant and equipment - Economic entity - 2022

	Opening balance	Additions	Disposals	Transfers	Work in progress	Depreciation	Impairment loss	Total
Land and buildings	906 432 234	295 897	-	(15 188 704)	8 036 232	(13 718 624)	-	885 857 035
Infrastructure	5 012 440 474	121 825 394	-	63 905 895	298 451 082	(286 117 836)	(3 584 398)	5 206 920 611
Community	434 534 030	-	-	(7 138 794)	19 700 761	(18 340 303)	(632)	428 755 062
Other assets	427 754 923	32 289 530	(1 561 673)	(47 939 761)	30 638 192	(43 801 197)	(1 856 525)	395 523 489
	<b>6 781 161 661</b>	<b>154 410 821</b>	<b>(1 561 673)</b>	<b>(6 361 364)</b>	<b>356 826 267</b>	<b>(361 977 960)</b>	<b>(5 441 555)</b>	<b>6 917 056 197</b>

#### Reconciliation of property, plant and equipment - Economic entity - 2021

	Opening balance	Additions	Disposals	Transfers	Work in progress	Depreciation	Impairment loss	Total
Land and buildings	915 030 213	1 187 810	-	(6 735 146)	10 649 021	(13 699 664)	-	906 432 234
Infrastructure	4 785 852 657	130 785 726	-	82 730 691	309 441 107	(291 044 484)	(5 325 223)	5 012 440 474
Community	439 654 690	-	-	-	13 874 699	(18 987 148)	(8 211)	434 534 030
Other assets	459 674 886	30 099 462	(359 833)	(67 561 834)	51 631 506	(43 455 235)	(2 274 029)	427 754 923
	<b>6 600 212 446</b>	<b>162 072 998</b>	<b>(359 833)</b>	<b>8 433 711</b>	<b>385 596 333</b>	<b>(367 186 531)</b>	<b>(7 607 463)</b>	<b>6 781 161 661</b>

#### Reconciliation of property, plant and equipment - Controlling entity - 2022

	Opening balance	Additions	Disposals	Transfers	Work in progress	Depreciation	Impairment loss	Total
Land and buildings	906 432 234	295 896	-	(15 188 703)	8 036 232	(13 718 624)	-	885 857 035
Infrastructure	5 012 440 474	121 825 394	-	63 905 895	298 451 082	(286 117 836)	(3 584 398)	5 206 920 611
Community assets	434 534 030	-	-	(7 138 794)	19 700 761	(18 340 303)	(632)	428 755 062
Other assets	418 175 369	32 123 659	(1 332 323)	(47 939 761)	30 638 192	(42 875 442)	(1 856 525)	386 933 169
	<b>6 771 582 107</b>	<b>154 244 949</b>	<b>(1 332 323)</b>	<b>(6 361 363)</b>	<b>356 826 267</b>	<b>(361 052 205)</b>	<b>(5 441 555)</b>	<b>6 908 465 877</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

#### Reconciliation of property, plant and equipment - Controlling entity - 2021

	Opening balance	Additions	Transfers	Work in progress	Depreciation	Impairment loss	Total
Land and buildings	915 030 213	1 187 810	(6 735 146)	10 649 021	(13 699 664)	-	906 432 234
Infrastructure	4 785 852 657	130 785 725	82 730 692	309 441 107	(291 044 484)	(5 325 223)	5 012 440 474
Community assets	439 654 690	-	-	13 874 699	(18 987 147)	(8 212)	434 534 030
Other assets	449 072 384	29 759 481	(67 561 836)	51 631 506	(42 452 137)	(2 274 029)	418 175 369
	<b>6 589 609 944</b>	<b>161 733 016</b>	<b>8 433 710</b>	<b>385 596 333</b>	<b>(366 183 432)</b>	<b>(7 607 464)</b>	<b>6 771 582 107</b>

#### 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.

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 impaired by R5 441 557 (2021 : R7 607 464) as result of conditional assessment.

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.

#### Invaded land

Included in Property, plant and equipment is vacant land which has been invaded/illegally occupied. The land has a carrying value of R25 222 261 (2021 : R25 222 261). 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

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

#### Reconciliation of Work-in-Progress Economic entity - 2022

	Included within land and buildings	Included within Infrastructure	Included within Community assets	Included within other PPE	Total
Opening balance	57 979 823	997 590 841	76 706 893	87 915 807	1 220 193 364
Additions	7 397 526	297 938 485	26 700 761	30 638 193	362 674 965
Transferred to completed assets	(16 734 242)	(100 989 158)	(11 899 253)	(47 939 761)	(177 562 414)
	<b>48 643 107</b>	<b>1 194 540 168</b>	<b>91 508 401</b>	<b>70 614 239</b>	<b>1 405 305 915</b>

#### Reconciliation of Work-in-Progress Economic entity - 2021

	Included within land and buildings	Included within Infrastructure	Included within Community assets	Included within other PPE	Total
Opening balance	54 065 948	726 409 147	62 832 194	104 439 835	947 747 124
Additions	10 649 021	309 441 107	13 874 699	51 631 506	385 596 333
Transferred to completed assets	(6 735 146)	(38 259 413)	-	(68 155 534)	(113 150 093)
	<b>57 979 823</b>	<b>997 590 841</b>	<b>76 706 893</b>	<b>87 915 807</b>	<b>1 220 193 364</b>

#### Reconciliation of Work-in-Progress Controlling entity - 2022

	Included within land and buildings	Included within infrastructure	Included within community assets	Included within other PPE	Total
Opening balance	57 979 823	997 590 841	76 706 893	87 915 807	1 220 193 364
Additions	7 397 526	297 938 485	26 700 761	30 638 193	362 674 965
Transferred to completed assets	(16 734 242)	(100 989 158)	(11 899 253)	(47 939 761)	(177 562 414)
	<b>48 643 107</b>	<b>1 194 540 168</b>	<b>91 508 401</b>	<b>70 614 239</b>	<b>1 405 305 915</b>

#### Reconciliation of Work-in-Progress Controlling entity - 2021

	Included within land and buildings	Included within infrastructure	Included within community assets	Included within other assets	Total
Opening balance	54 065 948	726 409 147	62 832 194	104 439 835	947 747 124
Additions	10 649 021	309 441 107	13 874 699	51 631 506	385 596 333
Transferred to completed assets	(6 735 146)	(38 259 413)	-	(68 155 534)	(113 150 093)
	<b>57 979 823</b>	<b>997 590 841</b>	<b>76 706 893</b>	<b>87 915 807</b>	<b>1 220 193 364</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

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

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

Aircondition service	22 606	19 840	-	-
Camera repair	29 277	25 612	-	-
Computer equipment maintenance	304	1 393	-	-
Contracted services	204 254 779	103 773 403	204 254 779	103 773 403
Inventory consumed	29 755 985	18 665 180	29 755 985	18 665 180
Motor vehicle service	9 387	17 643	-	-
Operating leases	4 878 808	1 644 590	4 878 808	1 644 590
	<b>238 951 146</b>	<b>124 147 661</b>	<b>238 889 572</b>	<b>124 083 173</b>

#### Projects taking a significantly longer period of time to complete than expected IRPTN project

	Reason for project taking long	2022	2021
	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. e). Re allocation of Unit f.) Covid delays	299 050 735	330 132 169
Youth Enterprise Park	The project was not fully funded in the current financial year by COGTA and the preapproved site for the project lacked the necessary infrastructure.	143 025	8 982 500
Unit H	Project delayed due to contractual disputes with originally appointed contractor	50 077 165	36 431 369
Rehabilitation of roads in Ashdown	Project delayed due to political unrest.	-	2 212 883
Upgrade road in Peace Valley	Project delays due to community protests and strike action by employees of contractor over non payment of salaries.	19 100 402	9 771 129

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021
<b>14. Property, plant and equipment (continued)</b>				
Azalea PH2	Multi year project, and technical delays -service provider on penalties	24 337 295	22 483 449	
Ward 3 Vulindlela	Contractor abundant site, contractual dispute	22 780 547	21 159 117	
Community hall ward 7	Insufficient funding to start construction, delays in submitting the drawings to building plans	921 607	671 734	
Community hall ward 8	Insufficient funding to start Construction b)Resistance in Implementation of the Project from other Community members	1 509 430	1 107 760	
Techno Hub	The project has not commenced due to funding contrains. Only the preliminary designs were undertaken.	1 467 147	-	
Connor - Ottos Bluff Road -link	The project is delayed due to due to insufficient funding.	129 620	-	
		<b>419 516 973</b>	<b>432 952 110</b>	
<b>Projects halted</b>	<b>Reasons</b>	<b>2022</b>	<b>2021</b>	
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	3 100 603	
Mayor's Walk road widening	Budget constraints	1 435 825	1 435 825	
Community hall ward 24	Insufficient funding to start Construction. b)Spluma Application process	1 796 006	782 608	
Community hall ward 38	Insufficient funding to start Construction. b)Spluma Application process	1 360 625	1 278 097	
Design and construction of east ring road	The project is halted due to insufficient funding to start Construction.	2 449 450	1 949 450	
Supertube pump refurb at Alex Pool	The project is halted due to an investigation process currently underway.	989 049	-	
		<b>16 005 596</b>	<b>13 420 621</b>	

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021
<b>15. Other financial assets</b>				
<b>16. Consumer deposits</b>				
Electricity	96 831 992	91 016 667	96 831 992	91 016 667
Landfill site	361 031	-	361 031	-
Market buyer's card	4 603 654	1 317 928	4 603 654	1 317 928
Refuse	38 155	23 155	38 155	23 155
Rental properties	2 821 334	2 524 493	2 821 334	2 524 493
Sewer	7 355	7 355	7 355	7 355
Valuation appeal	8 907	8 907	8 907	8 907
Water	28 289 950	25 749 381	28 289 950	25 749 381
	<b>132 962 378</b>	<b>120 647 886</b>	<b>132 962 378</b>	<b>120 647 886</b>
<b>17. Other financial liabilities</b>				
<b>At amortised cost</b>				
DBSA loan	203 744 512	285 317 996	203 744 512	285 317 996
DBSA - funding required for capital expenditure. Loans bear interest rates between 6.75% and 16.50% (2021: 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.				
<b>Non-current liabilities</b>				
At amortised cost	124 581 612	203 744 512	124 581 612	203 744 512
<b>Current liabilities</b>				
At amortised cost	79 162 900	81 573 484	79 162 900	81 573 484
<b>Reconciliation of other financial liabilities</b>				
Opening balance	285 317 996	398 736 254	285 317 996	398 736 254
Repayments	(81 573 484)	(113 418 258)	(81 573 484)	(113 418 258)
	<b>203 744 512</b>	<b>285 317 996</b>	<b>203 744 512</b>	<b>285 317 996</b>
<b>18. Transfers payable (non-exchange)</b>				
Advance receipts - Transfers	20 091 631	21 715 043	20 091 631	21 715 043



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 18. Transfers payable (non-exchange) (continued)

#### Beneficiary Audit and Transfers

Balance at beginning of year	5 885 204	6 686 063	5 885 204	6 686 063
Current year interest received	207 483	219 020	207 483	219 020
Payments to date	(909 597)	(1 019 879)	(909 597)	(1 019 879)
<b>Balance in terms for the advance receipt</b>	<b>5 183 090</b>	<b>5 885 204</b>	<b>5 183 090</b>	<b>5 885 204</b>

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 arrangement is through the MOA in order for the Provincial Department to provide funding in advance to the Municipality for appointment of social facilitators and a panel of conveyancers to undertake this process Beneficiary Audit and Transfers.

The Beneficiary Audit and Transfers was a National Programme which was then delegated to the Municipality through Provincial Department of Human Settlements. The EEDBS was a National program which was delegated to Municipalities in order to ensure that restoration of title deeds for houses constructed in Pre 1994 through the Housing Subsidy Scheme It was an existing programme that was handed over to the Municipality and the Municipality provided with the funding. The Municipality has no power to determine the beneficiary list. The project is solely for the transfer of title deeds to rightful owners. Title deeds are legal documents which the Municipality is not allowed to sell to beneficiaries and neither can those be use by the Municipality for own use.

The Municipality is not exposed to variability of the transactions, The Provincial Department of Humans settlements is responsible for fulfilling all rights and obligations. Even in the event of disputes the Provincial Department and the court make the final determinations on who the beneficiaries will be.

Significantly the arrangement was for the Department to transfer funds into the Municipality in order for the Municipality to undertake beneficiary verification and transfers of completed housing units. The purpose of the Principal-Agent relationship with regards to the Beneficiary Audit and Transfers is to task the municipality to review all projects approved prior to 1994 and ensure that beneficiary verification in completed to facilitate transfers without the municipality being exposed to any risks associated with the implementation of the Programme.

#### Military Veterans - Houses

Balance at beginning of year	6 473 254	7 252 863	6 473 254	7 252 863
Payments to date	(153 442)	(779 609)	(153 442)	(779 609)
<b>Balance in terms of the advance receipt</b>	<b>6 319 812</b>	<b>6 473 254</b>	<b>6 319 812</b>	<b>6 473 254</b>

The arrangement between the the Municipality and the Provincial Department of Human Settlements is to undertake planning and servicing of 180 proposed residential sites for the military veterans in the Msunduzi municipal area of jurisdiction. The department is responsible in fulfilling rights and obligations with respect to payment of service providers as well as processing of allocation of beneficiaries. The Municipality through the MOA signed between both parties undertook transactions with implementing agents on behalf of the department to get the sites ready for Human settlements projects ( Military Veterans ). The sites will be handed over to the Provincial Department of Human Settlement once ready for development and the Department will eventually hand over to beneficiaries as allocated by the Provincial Department.

#### Site 11

Balance at beginning of year	-	-	-	-
Current year receipts	7 221 824	2 970 760	7 221 824	2 970 760
Payments to date	(7 221 824)	(2 970 760)	(7 221 824)	(2 970 760)
<b>Balance in terms of the advance receipt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 18. Transfers payable (non-exchange) (continued)

Funding provided by Department of Human Settlements for the construction of 252 top structures in Woodlands Site 11 housing project in accordance with the technical specifications and drawings. The houses to be built already have beneficiaries as identified by the Department, the Municipality is merely assisting in the construction of the houses. The Municipality appointed the Implementing Agents through SCM processes which will facilitate the construction of the top structures, the specification was provided for by the Department of Human Settlements. Funding is not transferred into the Municipality but claimed as and when the work is completed by the Implementing Agents. The Provincial Department approves all payments prior to funding being transferred to the Municipality for payment of Implementing Agents.

#### Thamboville

Current year receipts	9 481 488	4 786 611	9 481 488	4 786 611
Payments to date	(9 481 488)	(4 786 611)	(9 481 488)	(4 786 611)
<b>Balance in terms of the advance receipt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Funding provided by Department of Human Settlements for the construction of 416 top structures in Glenwood Thamboville housing project in accordance with the technical specifications and drawings. The houses to be built already have beneficiaries as identified by the Department, the Municipality is merely assisting in the construction of the houses. The Municipality appointed the Implementing Agents through SCM processes which will facilitate the construction of the top structures, the specification was provided for by the Department of Human Settlements. Funding is not transferred into the Municipality but claimed as and when the work is completed by the Implementing Agent. The Provincial Department approves all payments prior to funding being transferred to the Municipality for payment of Implementing Agents.

#### Title Deeds Restoration Programme

Balance at beginning of year	5 642 567	8 802 946	5 642 567	8 802 946
Payments to date	(25 013)	(3 160 379)	(25 013)	(3 160 379)
<b>Balance in terms of the advance receipt</b>	<b>5 617 554</b>	<b>5 642 567</b>	<b>5 617 554</b>	<b>5 642 567</b>

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.

The Municipality is not exposed to variability of the transactions, The Provincial Department of Humans settlements is responsible for fulfilling all rights and obligations. Even in the event of disputes the Provincial Department and the court make the final determinations on who the beneficiaries will be.

Significantly the arrangement was for the Department to transfer funds into the Municipality in order for the Municipality to undertake beneficiary verification and transfers of completed housing units. The purpose of the Principal-Agent relationship with regards to the Beneficiary Audit and Transfers is to task the Municipality to review all projects approved prior to 1994 and ensure that beneficiary verification is completed to facilitate transfers without the municipality being exposed to any risks associated with the implementation of the Programme.

#### Title Deeds Restoration Advertisement for Missing Beneficiaries

Balance beginning of year	50	250 000	50	250 000
Inter project transfer	(50)	-	(50)	-
Payments to date	-	(249 950)	-	(249 950)
<b>Balance in terms of the advance receipt</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>50</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 18. Transfers payable (non-exchange) (continued)

Funds provided by the Provincial Department of Human Settlements for services to be rendered in order to find missing beneficiaries for the Title Deeds Programme. The funding is solely for finding missing beneficiaries in order to fast track the Title deeds restoration programme. The department to provide the financial resources, monitor the project and accept forecasts, plans, milestones as well as project completion. However, the responsibility for day-to-day management of the project is delegated from the Department of Human Settlements to the Municipality to manage it based on the agreed upon objective.

#### Titile Deeds Activities

Balance at beginning of year	3 713 968	-	3 713 968	-
Current year receipts	-	3 713 968	-	3 713 968
Payments to date	(742 794)	-	(742 794)	-
<b>Balance in terms of the advance receipt</b>	<b>2 971 174</b>	<b>3 713 968</b>	<b>2 971 174</b>	<b>3 713 968</b>

Funds provided by the Provincial Department of Human Settlements for services to be rendered for the Title Deeds Programme. Significantly the arrangement was for the Department to transfer funds into the Municipality in order for the Municipality to undertake more activities for the Title deeds programme. The purpose of the Principal-Agent relationship for this Programme is to task the Municipality to review all projects approved prior to 1994 and ensure that beneficiary verification in completed to facilitate transfers without the Municipality being exposed to any risks associated with the implementation of the Programme.

#### Thembalihle

Balance at beginning of year	-	-	-	-
Current year receipts	4 261 940	-	4 261 940	-
Inter project transfer	(4 261 940)	-	(4 261 940)	-
	-	-	-	-

The Thembalihle Housing Project is located in ward 38 of Msunduzi Municipality, the township was established in the late 1990's through a government initiated housing project. The Msunduzi Human Settlements Unit and the KZN Department of Human Settlements intend to develop the area and provide formal 40m2 houses for all the beneficiaries who were not able to build proper houses for themselves. The duration of the project is 36 months and the project is funded by the DoHS. The nature of the project to be implemented is called a consolidation whereby the new subsidy will be consolidated to the previously approved subsidy. ZML Africa Projects cc was then appointment for the construction of 804 units and 20 temporary structures. Funding is not transferred into the Municipality but claimed as and when the work is completed by the Implementing Agent. The Provincial Department approves all payments prior to funding being transferred to the Municipality for payment of Implementing Agents.

#### Happy Valley

Balance at beginning of year	-	-	-	-
Current year receipts	1 784 713	-	1 784 713	-
Payments to date	(1 784 713)	-	(1 784 713)	-
	-	-	-	-

The Happy Valley Housing Project is located in ward 32 of Msunduzi Municipality, the township was established in the late 1990's through a government initiated housing project. The Msunduzi Human Settlements Unit and the KZN Department of Human Settlements intend to develop the area and provide formal 40m2 houses for all the beneficiaries who were not able to build proper houses for themselves. The project is funded by the DoHS. The nature of the project to be implemented is called a consolidation whereby the new subsidy will be consolidated to the previously approved subsidy. Ingerop (Pty) Ltd was then appointed for the construction of 158 units and 20 temporary structures. The main contractor for the project is Sakilo Group.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 18. Transfers payable (non-exchange) (continued)

#### Q Section

Balance at beginning of year	-	-	-	-
Current year receipts	2 740 284	-	2 740 284	-
Payments to date	(2 740 284)	-	(2 740 284)	-
	-	-	-	-

The Glenwood Q-Section Housing Project is located in ward 38 of Msunduzi Municipality, the township was established in the late 1990's through a government initiated housing project. The Msunduzi Human Settlements Unit and the KZN Department of Human Settlements intend to develop the area and provide formal 40m2 houses for all the beneficiaries who were not able to build proper houses for themselves. The duration of the project is 36 months and the project is funded by the DoHS. The nature of the project to be implemented is called a consolidation whereby the new subsidy will be consolidated to the previously approved subsidy. ZML Africa Projects CC was then appointed for the construction of 804 units and 20 temporary structures. The main contractor for the project is Mcebo's Trading.

### 19. Payables from exchange transactions

Trade payables	245 238 585	182 954 699	245 238 597	182 954 694
Accrued leave pay	148 301 281	139 833 815	147 949 191	139 486 004
Retention liability	22 666 648	26 886 023	22 666 648	26 886 023
Accruals	217 621 188	226 064 625	221 171 560	229 440 328
Credit balances in debtors	157 017 334	153 688 093	157 017 334	153 688 093
Accrued Interest	112 601	379 101	112 601	379 101
Advance payments	4 818 228	5 057 170	4 818 228	5 057 170
Auditor General	384 423	242 154	384 423	242 154
Water bulk purchases	570 802 929	351 888 433	570 802 929	351 888 433
Electricity bulk purchases	552 499 379	297 700 406	552 499 379	297 700 406
Unallocated deposits	2 507 785	1 404 226	2 507 785	1 404 226
Surety	60 000	200 000	60 000	200 000
	<b>1 922 030 381</b>	<b>1 386 298 745</b>	<b>1 925 228 675</b>	<b>1 389 326 632</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 20. Provisions

#### Reconciliation of provisions - Economic entity - 2022

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Bonus	655 937	712 295	(655 937)	-	-	712 295
Landfill rehabilitation	61 822 545	-	-	16 592	6 866 549	68 705 686
Litigation	2 792 487	-	(2 792 487)	-	-	-
	<b>65 270 969</b>	<b>712 295</b>	<b>(3 448 424)</b>	<b>16 592</b>	<b>6 866 549</b>	<b>69 417 981</b>

#### Reconciliation of provisions - Economic entity - 2021

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Increase due to re-measurement	Total
Bonus	543 822	655 937	(543 822)	-	-	655 937
Landfill rehabilitation	59 228 344	-	-	703 040	1 891 161	61 822 545
Litigation	3 118 321	-	(325 834)	-	-	2 792 487
	<b>62 890 487</b>	<b>655 937</b>	<b>(869 656)</b>	<b>703 040</b>	<b>1 891 161</b>	<b>65 270 969</b>

#### Reconciliation of provisions - Controlling entity - 2022

	Opening Balance	Utilised during the year	Change in discount factor	Increase due to re-measurement	Total
Litigation	2 792 487	(2 792 487)	-	-	-
Landfill rehabilitation	61 822 545	-	16 592	6 866 549	68 705 686
	<b>64 615 032</b>	<b>(2 792 487)</b>	<b>16 592</b>	<b>6 866 549</b>	<b>68 705 686</b>

#### Reconciliation of provisions - Controlling entity - 2021

	Opening Balance	Utilised during the year	Change in discount factor	Increase due to re-measurement	Total
Litigation	3 118 321	(325 834)	-	-	2 792 487
Landfill rehabilitation	59 228 344	-	703 040	1 891 161	61 822 545
	<b>62 346 665</b>	<b>(325 834)</b>	<b>703 040</b>	<b>1 891 161</b>	<b>64 615 032</b>

Non-current liabilities	61 113 708	55 141 588	61 113 708	55 141 588
Current liabilities	8 304 273	10 129 381	7 591 978	9 473 444
	<b>69 417 981</b>	<b>65 270 969</b>	<b>68 705 686</b>	<b>64 615 032</b>

#### Landfill rehabilitation

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 20. Provisions (continued)

The landfill rehabilitation 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 Pangea Expertise and Solutions was appointed to perform the annual valuation of the provision for the rehabilitation and closure costs 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 estimated remaining life of the landfill site is 6,32 years.

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

Net discount rate 3.56%

Average density of the waste 0.7 tonnes per cubic metres

Expected growth rate of waste generation 1.81%

Excavatable cover depth 2.5 metres

Cover to waste ratio 1.25

The municipality was declared to have been in breach of the Variation Waste Management Licence issued by the department of Economic Development, Tourism and Environmental Affairs (Kwa-Zulu Natal) on 3 July 2017, in respect of operation of the New England Road Landfill Site on Lot 1853 of the Farm Darvill No 15036, New England Road, Pietermaritzburg.

The High Court of South Africa issued a court order directing the Municipality to discharge its duty of care and remediation of environment as required by section 28(1) and (3) of the National Environmental Management Act 107 of 1998.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 20. Provisions (continued)

#### 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 varies case by case and range from prime rate to 15.5%

#### 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 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 financials 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 as at 31 March 2021 by SNG Argen Actuarial Solutions.

The market value of the fund's assets was R7 255 819 000 as at 31 March 2021.

#### 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 R20 563 000 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



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 21. Employee benefit obligations (continued)

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).

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 R5 350 282 000

International Investments R2 173 321 000

Risk Reserve Account R20 563 000

Membership 17 619

Liabilities and reserves

Member share account R6 720 997 000

Reserves and accounts R491 033 000

Defined contribution plans

Natal Joint Municipal Pension Fund: (Superannuation) actuarial valuation

An actuarial valuation was performed as at 31 March 2021 by SNG Argen Actuarial Solutions.

The market value of the fund's assets was R13 978 064 000 as at 31 March 2021.

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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 21. Employee benefit obligations (continued)

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

Domestic R 9 541 175 000

International R4 571 008 000

Membership 3 349

Liabilities and reserve

Accrued liability R11 848 788 000

Risk reserve R214 949 000

Prescribed minimum benefits R836 101 000

Contribution reserve R80 018 000

Balance of assets (R985 977 000)

Natal Joint Municipal Pension Fund: (Retirement) actuarial valuation

An actuarial valuation was performed at 31 March 2021 by SNG Argen Actuarial Solutions.

The market value of the fund's assets was R4 806 932 000 as at 31 March 2021.

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

Legislation does not oblige a fund to hold a Solvency Reserve for purposes of financial soundness. However, being financially sound only on the "best estimate" basis means that there is still a 50% chance of the Fund being in deficit in the future. Provisions of PF 117, the Circular issued by the FSCA setting out the level of solvency reserves that the FSCA considers reasonable as well as the guidelines set out in PF Notice No. 2 of 2016 were applied.

### Benefits of the fund:

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 21. Employee benefit obligations (continued)

- 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 - 2.1% of final average emoluments per year of continuous service.
- 5) Lump sum on retirement at pension age - 5.5% 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) Ill health retirement (minimum 10 years continuous service) - Same as normal retirement.
- 8) Ill health retirement (less than ten years continuous service) - the greater of the of the resignation benefit or twice the member's contributions.
- 9) Surviving spouses pension on death in service - 1,05% of final average pensionable salaries per year of continuous service at date of death and 75% of potential service to 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 R3 259 323 000

International R1 619 458 000

Membership 1 278

Liabilities and reserve

Accrued liability R3 778 245 000

Risk reserve R84 937 000

Prescribed minimum benefits R312 654 000

Contribution reserve 5 940

Balance of assets R575 233 000

The Municipality does not apply "defined benefit accounting" to the defined benefit funds to which it is a member where these funds are classified in terms of GRAP 25 as multi-employer plans, as sufficient information is not available to apply the principles involved. The City contributes to the defined benefit plans, which are governed by the Pension Fund Act of 1956 due to the nature of these funds and the fact that there is no consistent and reliable basis for allocating the obligation. Plan assets and cost to individual entities participating in the plan, these funds are accounted for as defined contribution funds in terms of paragraph 31 of GRAP 25, the total contributions are included in employee related costs. As a result, GRAP 25 is applied and such funds are accounted for as defined contribution funds. The Municipality's participation in these plans is limited to the obligation of its own employees.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 21. Employee benefit obligations (continued)

The NJMPF Superannuation and Retirement funds have been treated as defined contribution plans although they are defined benefit funds.

**The employees of the Council and Safe City as well as the Council and Safe City NPC as employer contribute to pension, retirement and various provident funds as listed below:**

Associated Institution Pension Fund	-	50 329	-	50 329
Councillors Pension Fund	5 489 913	8 852 302	5 849 913	8 852 302
Government Employees Pension Fund	2 519 591	2 717 297	2 519 591	2 717 297
Natal Joint Pension Fund	91 294 991	97 146 646	91 294 991	97 146 646
Natal Joint Provident Fund	134 596 112	124 776 655	134 596 112	124 776 655
South African Local Authorities Pension Fund	660 682	782 083	660 682	782 083
Momentum	1 109 311	908 929	-	-
	<b>235 670 600</b>	<b>235 234 241</b>	<b>234 921 289</b>	<b>234 325 312</b>

### Employment benefit obligations

#### Post employment medical aid

Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement.

Continuation members and their eligible dependants receive a between 60% and 65% subsidy.

Continuation members and their eligible dependants receive a 60% subsidy, with the exception of continuation members who retired prior to 2004, who receive a 65% subsidy. Members' individual subsidy rates were provided.

Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

All post-employment subsidies are subject to a maximum subsidy. The maximum for the year ending 30 June 2023 is an assumed value of R 5,011.78 per member per month, which is the previous year's maximum of R 4,773.12 increased by 5.00% (the assumed 1 July 2022 general salary increase). The maximum subsidy amount has been assumed to increase in future at 75% of salary inflation.

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 2022.

The valuation undertaken in accordance with the requirements of Professional Guidance Note (PPN) 301 of the Actuarial 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 R547 258 001 (2021: R512 371 001).

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 21. Employee benefit obligations (continued)

#### Long service awards

The Municipality offers employees Long Service Awards (LSA) for every five years of service completed, from five years of service to 45 years of service, inclusive.

Employees' LSA are based on basic salary.

On termination of service of an employee with five or more years of service, for reasons of retirement after reaching pensionable age (excludes early retirement), medical incapacity or retrenchment, the above leave award is paid on a pro-rata basis. The pro-rata factor applicable is the number of years of service since an employee's most recent service milestone, divided by five.

An employee may choose to take the long service leave due to him/her or encash it. Whatever the employee chooses, it must be done in the same leave year in which he/she qualified for such leave.

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

#### Carrying value

Long service awards	(83 588 000)	(83 089 000)	(83 588 000)	(83 089 000)
Post employment medical aid	(547 258 001)	(512 371 001)	(547 258 001)	(512 371 001)
	<b>(630 846 001)</b>	<b>(595 460 001)</b>	<b>(630 846 001)</b>	<b>(595 460 001)</b>

Non-current liabilities	(589 320 000)	(555 608 000)	(589 320 000)	(555 608 000)
Current liabilities	(41 526 001)	(39 852 001)	(41 526 001)	(39 852 001)
	<b>(630 846 001)</b>	<b>(595 460 001)</b>	<b>(630 846 001)</b>	<b>(595 460 001)</b>

#### Current

Long service awards	(11 458 000)	(12 148 000)	(11 458 000)	(12 148 000)
Post employment medical aid	(30 068 001)	(27 704 001)	(30 068 001)	(27 704 001)
	<b>(41 526 001)</b>	<b>(39 852 001)</b>	<b>(41 526 001)</b>	<b>(39 852 001)</b>

#### Non current

Long service awards	(72 130 000)	(70 941 000)	(72 130 000)	(70 941 000)
Post employment medical aid	(517 190 000)	(484 667 000)	(517 190 000)	(484 667 000)
	<b>(589 320 000)</b>	<b>(555 608 000)</b>	<b>(589 320 000)</b>	<b>(555 608 000)</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 21. Employee benefit obligations (continued)

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

Opening balance	(512 371 001)	(470 193 001)	(512 371 001)	(470 193 001)
Current service cost	(13 314 000)	(11 309 000)	(13 314 000)	(11 309 000)
Interest cost	(49 136 000)	(45 590 000)	(49 136 000)	(45 590 000)
Benefits paid	28 946 351	28 513 424	28 946 351	28 513 424
Actuarial gain/(loss)	(1 383 351)	(13 792 424)	(1 383 351)	(13 792 424)
	<b>(547 258 001)</b>	<b>(512 371 001)</b>	<b>(547 258 001)</b>	<b>(512 371 001)</b>

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

Opening balance	(83 089 000)	(75 821 000)	(83 089 000)	(75 821 000)
Interest cost	(7 046 000)	(5 032 000)	(7 046 000)	(5 032 000)
Current service cost	(7 212 000)	(6 863 000)	(7 212 000)	(6 863 000)
Actuarial gain/(loss)	2 887 671	(4 397 732)	2 887 671	(4 397 732)
Benefits paid	10 871 329	9 024 732	10 871 329	9 024 732
	<b>(83 588 000)</b>	<b>(83 089 000)</b>	<b>(83 588 000)</b>	<b>(83 089 000)</b>

The total post employment medical aid benefit obligation increased by R34 887 000 (7%) from the previous valuation attributed to the following reasons:

- 1) An increase in the average age which means members are closer to retirement, which in turn results in less discounting.
- 2) An increase in the average age also diminishes the likelihood of members to leave before retirement.
- 3) The average in service non member liability increased
- 4) The increase in the the number of continuation members .

The significant decrease in the actuarial loss of 90% is attributed to the net effect of changes in the net discount rates, subsidy increases higher than assumed, changes to membership profile different from assumed and actual benefits vested greater than expected.

The total long service awards liability increased by R499 000 (1%) due to the following reason:

- 1) There are 36 more eligible employees compared to the previous year.

### Net expense recognised in the Statement of Financial Performance(Post employment medical aid)

Current service cost	(13 314 000)	(11 309 000)	(13 314 000)	(11 309 000)
Interest cost	(49 136 000)	(45 590 000)	(49 136 000)	(45 590 000)
Actuarial (loss)/gain	(1 383 351)	(13 792 424)	(1 383 351)	(13 792 424)
	<b>(63 833 351)</b>	<b>(70 691 424)</b>	<b>(63 833 351)</b>	<b>(70 691 424)</b>

### Net expense recognised in the Statement of Financial Performance(Long service awards)

Interest cost	(7 046 000)	(5 032 000)	(7 046 000)	(5 032 000)
Current service cost	(7 212 000)	(6 863 000)	(7 212 000)	(6 863 000)
Actuarial/(loss)/gain	2 887 671	(4 397 732)	2 887 671	(4 397 732)
	<b>(11 370 329)</b>	<b>(16 292 732)</b>	<b>(11 370 329)</b>	<b>(16 292 732)</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 21. Employee benefit obligations (continued)

#### Key assumptions used(Post employment medical aid)

Assumptions used at the reporting date:

Discount rates used	11,01 %	9,85 %	11,01 %	9,85 %
Health care inflation rate	7,85 %	6,65 %	7,85 %	6,65 %
Maximum subsidy inflation rate	5,51 %	4,61 %	5,51 %	4,61 %
Proportion with a spouse dependent at retirement	60,00 %	60,00 %	60,00 %	60,00 %
Continuation of membership retirement	75,00 %	75,00 %	75,00 %	75,00 %

The average retirement age is : 62 years.

Mortality during employment : SA 85 -90.

Mortality post-employment : PA(90) -1 with a 1% mortality improvement p.a. from 2010

The projected unit credit method is used as the standard valuation methodology for the valuation of the liability at the reporting date.

#### Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change is assumed in healthcare care inflation and discount rates changes and would have the following effect liability:

	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease
Health care inflation rate (8%/ -9% change)	590 497 000	499 297 000	590 497 000	499 297 000
Discount rate (-11%/13% change)	488 835 000	618 698 000	488 835 000	618 698 000

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

	2022	2021	2020	2019	2018
Defined benefit obligation	547 258 000	512 371 000	470 193 000	526 822 000	629 855 000
Surplus (deficit)	(547 258 000)	(512 371 000)	(470 193 000)	(526 822 000)	(629 855 000)
Experience adjustments on plan liabilities ((gain)/loss)	3 760 000	(17 252 000)	(16 924 000)	(22 837 000)	(17 781 000)

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

Bonitas	28 728 490	28 181 153	28 728 490	28 181 153
Discovery	1 265 731	1 088 391	454 933	499 599
Hosmed	450 184	433 492	450 184	433 492
Key Health	26 052 015	28 054 783	26 052 015	28 054 783
LA Health	86 366 118	81 704 578	86 366 118	81 704 578
Profmed	60 660	176 118	60 660	176 118
Samwumed	3 570 012	3 456 163	3 570 012	3 456 163
	<b>146 493 210</b>	<b>143 094 678</b>	<b>145 682 412</b>	<b>142 505 886</b>

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

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 21. Employee benefit obligations (continued)

#### Key assumptions used(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 2022, the liability was estimated by experts, Arch Actuarial Consulting.

The key assumptions used by the experts were:

Net effective discount rate- 3.20%

Average retirement age- 62 years

Mortality during employment- SA 85-90

The projected unit credit method is used as the standard valuation methodology for the valuation of the liability at the reporting date.

### 22. Unspent conditional grants and receipts

#### Unspent conditional grants and receipts comprises of:

##### Unspent conditional grants and receipts

Expanded Public Parks Programme	-	469 014	-	469 014
Neighbourhood Development Partnership Grant	70 702	1 070 247	70 702	1 070 247
Public Transportation Infrastructure Grant	-	50 446 079	-	50 446 079
Water Services Infrastructure Grant	18 715	-	18 715	-
Greater Edendale Development Initiative	105 990 396	99 595 434	105 990 396	99 595 434
Housing Accreditation	8 832 225	10 064 740	8 832 225	10 064 740
Informal Economy Infrastructure Development	81 854	1 719 951	81 854	1 719 951
Jika Joe Community Residential Units	-	7 909 450	-	7 909 450
Library	7 512 207	6 445 855	7 512 207	6 445 855
Manaye Area Precinct Upgrade	-	761	-	761
Pietermaritzburg Airport	47 442	359 982	47 442	359 982
Operation Dlulisumlando	-	1 136 990	-	1 136 990
Tatham Art Gallery	38 801	18 939	38 801	18 939
Youth Enterprise Park	190 805	136 270	190 805	136 270
Eastwood Primary Substation	6 077 724	-	6 077 724	-
Corridor Development (Heroes Acre Memorial Park)	6 606 654	-	6 606 654	-
Municipal Disaster Response Grant	620 000	-	620 000	-
	<b>136 087 525</b>	<b>179 373 712</b>	<b>136 087 525</b>	<b>179 373 712</b>



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021
<b>22. Unspent conditional grants and receipts (continued)</b>				
<b>Movement during the year</b>				
Balance at the beginning of the year	179 373 712	180 851 130	179 373 712	180 851 130
Funds paid back to National Treasury	(469 000)	(43 000)	(469 000)	(43 000)
Current year receipts	395 037 710	569 800 865	395 037 710	569 800 865
Current year interest received	5 105 034	2 390 850	5 105 034	2 390 850
Transfer to MHOA (Repayment of bridge funded INEP expenditure for 2020/2021)	(8 769 502)	-	(8 769 502)	-
Transfer of savings on Operation Dlulisumlando to own revenue	(50 186)	-	(50 186)	-
Transfer of VAT on Jika Joe project to own revenue	(6 876 324)	-	(6 876 324)	-
VAT recovered from grant	(43 271 357)	(54 992 924)	(43 271 357)	(54 992 924)
Conditions met - transferred to revenue	(383 992 562)	(518 633 209)	(383 992 562)	(518 633 209)
	<b>136 087 525</b>	<b>179 373 712</b>	<b>136 087 525</b>	<b>179 373 712</b>

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.

See note 40 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

### 23. VAT payable

VAT payable	178 523 315	180 076 623	178 111 817	179 672 591
<b>VAT Reconciliation</b>				
Accrued output tax	379 757 916	325 591 206	379 757 916	325 591 206
Accrued input tax	(193 780 864)	(135 257 921)	(193 780 864)	(135 257 921)
VAT refund (due)/payable (from)/to SARS	(7 453 737)	(10 256 662)	(7 865 235)	(10 660 694)
	<b>178 523 315</b>	<b>180 076 623</b>	<b>178 111 817</b>	<b>179 672 591</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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 24. Accumulated surplus

#### Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2022

	Accumulated surplus	Insurance reserve	COID reserve	Total
Opening balance	7 950 924 508	10 953 735	32 311 434	7 994 189 677
Interest earned on COID	(1 688 272)	-	1 688 272	-
Interest earned on insurance reserve	(20 999)	20 999	-	-
Interest on CRR	(61 010)	-	-	(61 010)
Interest on HDF	(1 798 146)	-	-	(1 798 146)
Transfer out of insurance reserve	10 400 849	(10 400 849)	-	-
Transfer to/from COID	1 329 697	-	(1 329 697)	-
Deficit for the year	(726 982 160)	-	-	(726 982 160)
	<b>7 232 104 467</b>	<b>573 885</b>	<b>32 670 009</b>	<b>7 265 348 361</b>

#### Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2021

	Accumulated surplus	Insurance reserve	COID reserve	Total
Opening balance	7 872 890 248	19 790 045	17 159 750	7 909 840 043
Prior period error	30 329 918	-	-	30 329 918
Cash utilised for capital expenditure	1 352 943	-	-	1 352 943
Interest earned on COID	(547 968)	-	547 968	-
Interest earned on insurance reserve	(18 274)	18 274	-	-
Interest earned on CRR	(23 959)	(8 854 584)	-	(8 878 543)
Interest earned on HDF	(1 597 775)	-	-	(1 597 775)
Transfer out of insurance reserve	8 854 584	-	-	8 854 584
Transfer to/from COID	(14 603 716)	-	14 603 716	-
Surplus for the year	54 288 507	-	-	54 288 507
	<b>7 950 924 508</b>	<b>10 953 735</b>	<b>32 311 434</b>	<b>7 994 189 677</b>

#### Ring-fenced internal funds and reserves within accumulated surplus - Controlling entity - 2022

	Accumulated surplus	Insurance reserve	COID reserve	Total
Opening balance	7 937 573 357	10 953 735	32 311 434	7 980 838 526
Interest earned on COID	(1 688 272)	-	1 688 272	-
Interest earned on insurance reserve	(20 999)	20 999	-	-
Interest earned on CRR	(61 010)	-	-	(61 010)
Interest earned on HDF	(1 798 165)	-	-	(1 798 165)
Transfer out of Insurance reserve	10 400 849	(10 400 849)	-	-
Transfer to/from COID	1 329 697	-	(1 329 697)	-
Deficit for the year	(725 578 670)	-	-	(725 578 670)
	<b>7 220 156 787</b>	<b>573 885</b>	<b>32 670 009</b>	<b>7 253 400 681</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 24. Accumulated surplus (continued)

#### Ring-fenced internal funds and reserves within accumulated surplus - Controlling entity - 2021

	Accumulated surplus	Insurance reserve	COID reserve	Total
Opening balance	7 858 871 204	19 790 045	17 159 750	7 895 820 999
Prior period error	30 329 918	-	-	30 329 918
Cash utilised for capital expenditure	1 352 938	-	-	1 352 938
Interest earned on COID	(547 968)	-	547 968	-
Interest earned on insurance reserve	(18 274)	18 274	-	-
Interest earned on CRR	(23 957)	-	-	(23 957)
Interest earned on HDF	(1 597 772)	-	-	(1 597 772)
Transfer out of Insurance reserve	8 854 584	(8 854 584)	-	-
Transfer to/from COID	(14 603 716)	-	14 603 716	-
Surplus for the year	54 956 400	-	-	54 956 400
	<b>7 937 573 357</b>	<b>10 953 735</b>	<b>32 311 434</b>	<b>7 980 838 526</b>

### 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 R151 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 R61 010 (2021: R23 959) in respect to interest earned on the reserve.

The CRR is a cash backed reserve

Opening balance	724 892	2 053 876	724 892	2 053 876
Utilised for capital expenditure	-	(1 352 943)	-	(1 352 943)
Interest earned	61 010	23 959	61 010	23 959
	<b>785 902</b>	<b>724 892</b>	<b>785 902</b>	<b>724 892</b>

### 26. Housing development fund

Accumulative HDF utilisation	71 437 358	60 869 641	71 437 358	60 869 641
Loans extinguished by Government on 1 April 1988	34 256 892	34 256 892	34 256 892	34 256 892
	<b>105 694 250</b>	<b>95 126 533</b>	<b>105 694 250</b>	<b>95 126 533</b>

### 27. Revaluation reserve

Opening balance	95 137 597	95 264 535	95 137 597	95 264 535
Change during the year	213 303	(126 938)	213 303	(126 938)
	<b>95 350 900</b>	<b>95 137 597</b>	<b>95 350 900</b>	<b>95 137 597</b>

### 28. Agency services

Commission earned on driver's licenses renewals	2 139 483	1 931 382	2 139 483	1 931 382
---	-----------	-----------	-----------	-----------

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021
<b>29. Interest - consumer debtors and receivables</b>				
Electricity	9 722 333	2 609 293	9 722 333	2 609 293
Property rental	635 082	745 945	635 082	745 945
Sanitation	16 600 379	17 156 170	16 600 379	17 156 170
Service charges	9 446 666	16 711 883	9 446 666	16 711 883
Waste management	9 113 413	9 963 701	9 113 413	9 963 701
Water	103 444 826	97 124 912	103 444 826	97 124 912
	<b>148 962 699</b>	<b>144 311 904</b>	<b>148 962 699</b>	<b>144 311 904</b>
<b>30. Interest received bank, call and investment accounts</b>				
Bank	856 996	193 462	767 040	118 945
Short term investments	9 678 030	8 336 974	9 678 030	8 336 974
	<b>10 535 026</b>	<b>8 530 436</b>	<b>10 445 070</b>	<b>8 455 919</b>
<b>31. Licences and permits</b>				
Taxi ranks	196 978	109 361	196 978	109 361
Abnormal loads	628 730	292 574	628 730	292 574
Trading	113 761	163 734	113 761	163 734
Market porters	44 741	37 120	44 741	37 120
	<b>984 210</b>	<b>602 789</b>	<b>984 210</b>	<b>602 789</b>
<b>32. Operational revenue</b>				
Skills development levy	1 285 808	1 460 320	1 285 808	1 460 320
Breakages and losses recovered	6 786	2 876	6 786	2 876
Commission insurance	704 805	726 809	704 805	726 809
Incidental cash surplus	1 324	4 998	1 324	4 998
Commission - transaction handling fees	16 576 760	19 498 229	16 576 760	19 498 229
Insurance refund	14 679	-	-	-
Landing fees	2 090 039	1 325 522	2 090 039	1 325 522
Passenger levy	3 824 359	1 780 400	3 824 359	1 780 400
Collection charges	18 417 734	17 758 554	18 417 734	17 758 554
Administration and handling fees	2 294 054	1 437 856	2 294 054	1 437 856
Request for information - plan printing and duplicates	27 053	9 857	27 053	9 857
Bursary refund	19 317	501 777	19 317	501 777
Sale of property	-	167 981	-	167 981
Merchandising, jobbing and contracts	9 303 162	-	9 303 162	-
Staff recoveries	528	477	528	477
	<b>54 566 408</b>	<b>44 675 656</b>	<b>54 551 729</b>	<b>44 675 656</b>
<b>33. Rental of facilities and equipment</b>				
<b>Premises</b>				
Non-residential	17 986 626	6 961 657	17 986 626	6 961 657
Residential	7 032 131	7 449 058	7 032 131	7 449 058
	<b>25 018 757</b>	<b>14 410 715</b>	<b>25 018 757</b>	<b>14 410 715</b>
<b>Facilities and equipment</b>				
Rental of facilities	396 551	148 196	396 551	148 196
	<b>25 415 308</b>	<b>14 558 911</b>	<b>25 415 308</b>	<b>14 558 911</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021

### 34. Rendering of services

Building plan approval	1 935 657	1 923 379	1 935 657	1 923 379
Cemetery and burial fees	5 190 053	3 878 397	5 190 053	3 878 397
Entrance fees	176 778	6 704	176 778	6 704
Fire services	811 125	249 752	811 125	249 752
Legal fees	23	371 007	23	371 007
Management fees	191 516	143 181	191 516	143 181
Parking fees	18 104	84 346	18 104	84 346
Rates clearance certificates	1 583 030	1 544 875	1 583 030	1 544 875
Sign application fee	746 666	517 427	746 666	517 427
Town planning and servitudes	568 452	302 455	568 452	302 455
Wayleave tariffs	11 731	102 832	11 731	102 832
	<b>11 233 135</b>	<b>9 124 355</b>	<b>11 233 135</b>	<b>9 124 355</b>

### 35. Sale of goods

Cleaning and removal	54 128	24 207	54 128	24 207
Buyer's card	45 075	37 079	45 075	37 079
Demolition application fees	275	108	275	108
Posters and charts	840	300	-	-
Sub-division and consolidation	50 511	50 218	50 511	50 218
Tender documents	62 885	46 548	62 885	46 548
Valuation services	16 574	22 165	16 574	22 165
Waste paper	10 617	15 496	10 617	15 496
	<b>240 905</b>	<b>196 121</b>	<b>240 065</b>	<b>195 821</b>

### 36. Service charges

Sale of electricity	2 549 652 864	2 152 614 164	2 549 854 260	2 152 783 170
Sale of water	773 657 197	773 169 373	773 657 197	773 169 373
Sanitation	182 241 050	167 102 484	182 241 050	167 102 484
Refuse removal	114 118 706	113 696 636	114 118 706	113 696 636
	<b>3 619 669 817</b>	<b>3 206 582 657</b>	<b>3 619 871 213</b>	<b>3 206 751 663</b>

### Reconciliation -Controlling entity

#### Gross revenue billed

Sale of electricity	2 551 570 145	2 150 014 371
Sale of water	792 074 469	770 001 503
Sanitation	192 428 906	183 224 892
Refuse removal	112 986 500	113 749 074
	<b>3 649 060 020</b>	<b>3 216 989 840</b>

#### Less : Revenue foregone free basic services

Sale of electricity	(413 993)	(170 276)
Sale of water	(3 050 862)	(4 643 713)
Sanitation	(12 372 368)	(18 430 498)
Refuse removal	(30 424)	(13 905)

#### Net Service charges

**3 633 192 373 3 193 731 448**

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 37. Property rates

#### Rates per category

Commercial	236 472 152	292 274 155	236 472 152	292 274 155
Farm properties	509 919	(923 968)	509 919	(923 968)
Unauthorised use	13 562 683	18 911 836	13 562 683	18 911 836
Small home business	-	(49 322)	-	(49 322)
Industrial	127 732 459	130 261 674	127 732 459	130 261 674
Public benefit organisation	2 215 484	867 892	2 215 484	867 892
Residential	706 384 717	672 148 958	706 384 717	672 148 958
Communal land - other	3 301 024	2 521 600	3 301 024	2 521 600
State	41 939	698 319	41 939	698 319
Mining	405 447	106 720	405 447	106 720
Public service purpose	120 722 780	115 512 441	120 722 780	115 512 441
	<b>1 211 348 604</b>	<b>1 232 330 305</b>	<b>1 211 348 604</b>	<b>1 232 330 305</b>

#### Reconciliation

##### Gross revenue billed

Property rates	1 303 071 038	1 247 058 231
	<b>1 303 071 038</b>	<b>1 247 058 231</b>

##### Less : Revenue foregone free basic services

Rebates property rates	(85 798 824)	(42 381 917)
------------------------	--------------	--------------

##### Net Property rates

<b>1 217 272 214</b>	<b>1 204 676 314</b>
----------------------	----------------------

#### Valuations

Agriculture	452 132 000	443 200 000	452 132 000	443 200 000
Commercial/Mining/Industrial/Unauthorised	23 519 125 766	24 939 127 138	23 519 125 766	24 939 127 138
Municipal properties	974 000	21 574 000	974 000	21 574 000
Residential	49 457 005 473	49 886 871 973	49 457 005 473	49 886 871 973
Rural communal land	203 416 000	165 726 000	203 416 000	165 726 000
Public Benefit Organisation	983 186 000	963 786 000	983 186 000	963 786 000
Public Service Infrastructure	212 832 635	212 322 635	212 832 635	212 322 635
Public Service Property	5 108 229 000	4 826 478 000	5 108 229 000	4 826 478 000
Vacant land	2 126 205 700	2 285 276 700	2 126 205 700	2 285 276 700
	<b>82 063 106 574</b>	<b>83 744 362 446</b>	<b>82 063 106 574</b>	<b>83 744 362 446</b>

#### Rate randage are as follows:

	Rate per category 2022	Rate per category 2021
Agriculture	0,0034	0,0032
Public Service Property	0,0244	0,0232
Residential	0,0139	0,0132
Rural communal land	0,0189	0,0179
Public Benefit Organisation	0,0034	0,0032
Public Service Infrastructure	0,0034	0,0032
Vacant land	0,0252	0,0239
Commercial	0,0244	0,0232
Mining	0,0244	0,0232
Industrial	0,0244	0,0232
Unauthorised	0,0433	0,0411
Municipal property	0,0244	0,0232
Sectional Title Garages	0,0139	0,0132

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 37. Property rates (continued)

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 2019. Interim/ Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The significant decline from R 21 574 000 to R 974 000 in the Municipal properties resulted from the property NOFT00000001496700000 (R 20 600 000) being removed from this category to the Mining category. The mining category is therefore, R26 070 000 in value, where previously it was R5 470 000

### 38. Interest from non-exchange receivables

Property rates	50 189 792	38 479 755	50 189 792	38 479 755
----------------	------------	------------	------------	------------

### 39. Fines, penalties and forfeits

Building fines	30 463	14 000	30 463	14 000
Law enforcement fines	299 018	277 334	299 018	277 334
Overdue books fines	8 398	-	8 398	-
Court traffic fines	14 127 350	15 718 700	14 127 350	15 718 700
Tender withdrawal penalties	23 744	52 001	23 744	52 001
	<b>14 488 973</b>	<b>16 062 035</b>	<b>14 488 973</b>	<b>16 062 035</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 40. Government grants and subsidies

#### Operating grants

Equitable Share	616 262 000	682 403 000	616 262 000	682 403 000
Municipal Infrastructure Grant	6 107 918	10 493 133	6 107 918	10 493 133
Expanded Public Works Programme	3 516 014	3 918 986	3 516 014	3 918 986
Finance Management Grant	1 900 000	1 700 000	1 900 000	1 700 000
Public Transport Infrastructure Grant	23 042	10 840 834	23 042	10 840 834
Housing Accreditation	4 663 110	33 724 163	4 663 110	33 724 163
Greater Edendale Development Initiative	3 222 622	1 249 599	3 222 622	1 249 599
Tatham Art Gallery	421 883	744 109	421 883	744 109
Library	15 381 529	9 265 622	15 381 529	9 265 622
Housing Projects	9 106 293	1 231 264	9 106 293	1 231 264
Water Services Infrastructure Grant	19 986 410	-	19 986 410	-
Municipal Disaster Relief Grant	-	1 192 000	-	1 192 000
Operation Dlusumlando	1 086 804	363 010	1 086 804	363 010
CBD Revitalisation	-	300 000	-	300 000
	<b>681 677 625</b>	<b>757 425 720</b>	<b>681 677 625</b>	<b>757 425 720</b>

#### Capital grants

Manaye Area Precinct Upgrade	-	210 119	-	210 119
Informal Economy Infrastructure Development	1 700 456	2 324 673	1 700 456	2 324 673
Municipal Infrastructure Grant	203 223 082	193 940 410	203 223 082	193 940 410
Integrated National Electrification Programme	11 230 498	-	11 230 498	-
Neighbourhood Development Partnership Grant	34 999 545	16 930 754	34 999 545	16 930 754
Public Transport Infrastructure Grant	62 323 037	167 291 661	62 323 037	167 291 661
Housing Accreditation	1 785 915	512 954	1 785 915	512 954
Greater Edendale Development Initiative	2 545 502	12 892 132	2 545 502	12 892 132
Library	399 257	5 882 335	399 257	5 882 335
Pietermaritzburg Airport	326 219	2 173 164	326 219	2 173 164
Youth Enterprise Park	140 025	2 595 863	140 025	2 595 863
Water Services Infrastructure Grant	19 994 875	44 804 151	19 994 875	44 804 151
Tatham Art Gallery	81 475	142 347	81 475	142 347
Jika Joe Community Residential Units	20 895 493	48 902 854	20 895 493	48 902 854
Eastwood Primary Substation	9 079 238	-	9 079 238	-
	<b>368 724 617</b>	<b>498 603 417</b>	<b>368 724 617</b>	<b>498 603 417</b>
	<b>1 050 402 242</b>	<b>1 256 029 137</b>	<b>1 050 402 242</b>	<b>1 256 029 137</b>

### Government grants and subsidies

Included in above are the following grants and subsidies received:

Equitable Share	616 262 000	682 403 000	616 262 000	682 403 000
Operating grants	62 501 911	73 950 537	62 501 911	73 950 537
Capital grants	321 490 649	444 682 672	321 490 649	444 682 672
VAT recovered - operating grants	2 913 714	1 072 182	2 913 714	1 072 182
VAT recovered - capital grants	47 233 968	53 920 746	47 233 968	53 920 746
	<b>1 050 402 242</b>	<b>1 256 029 137</b>	<b>1 050 402 242</b>	<b>1 256 029 137</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.



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

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

#### Energy Efficiency and Demand Side Management Grant

Balance unspent at beginning of year	-	664	-	664
Funds paid back to National Treasury	-	(664)	-	(664)
	-	-	-	-

The energy efficiency and demand-side management grant is provided to implement energy-efficiency projects, with a focus on public lighting and energy-efficient municipal infrastructure.

#### Expanded Public Works Programme

Balance unspent at beginning of year	469 014	-	469 014	-
Funds paid back to National Treasury	(469 000)	-	(469 000)	-
Current year receipts	3 516 000	4 388 000	3 516 000	4 388 000
VAT recovered from grant	(41 692)	-	(41 692)	-
Conditions met - transferred to revenue	(3 474 322)	(3 918 986)	(3 474 322)	(3 918 986)
	-	469 014	-	469 014

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

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

- 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)
- 4.Other economic and social infrastructure
- 5.Tourism and cultural industries
- 6.Waste management
- 7.Parks and beautification
- 8.Sustainable land-based livelihoods
- 9.Social services programmes
- 10.Community safety programmes

#### Finance Management Grant

Current year receipts	1 900 000	1 700 000	1 900 000	1 700 000
VAT recovered from grant	(131 943)	(91 083)	(131 943)	(91 083)
Conditions met - transferred to revenue	(1 768 057)	(1 608 917)	(1 768 057)	(1 608 917)
	-	-	-	-

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

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021

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

#### Integrated National Electrification Programme

Balance unspent at beginning of year	-	-	-	-
Current year receipts	20 000 000	-	20 000 000	-
Transfer to MHOA (Repayment of bridge funded INEP expenditure for 2020/2021)	(8 769 502)	-	(8 769 502)	-
VAT recovered from grant	(849 504)	-	(849 504)	-
Conditions met - transferred to revenue	(10 380 994)	-	(10 380 994)	-
	-	-	-	-

The purpose of the grant is to implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog in all existing and planned dwellings (including informal settlements, farm dwellings, new and existing dwellings) and the installation of relevant bulk infrastructure.

A letter dated 15 February 2022 was received from National Treasury advising of their intention to stop the 3rd tranche of the INEP allocation amounting to R4 million which was due on the 25th February 2022. The reason for stopping was due to Msunduzi under performing in terms of the grant allocation.

In the Government Gazette 46095 dated 25th March 2022, the allocation for Msunduzi was reduced from R24 million to R20 million.

#### Municipal Disaster Relief Grant

Balance unspent at beginning of year	-	1 192 000	-	1 192 000
VAT recovered from grant	-	(129 897)	-	(129 897)
Conditions met - transferred to revenue	-	(1 062 103)	-	(1 062 103)
	-	-	-	-

Funding received for response and intervention measures for COVID-19 pandemic. The approved funding is meant to augment the resources of the municipality with regard to the following prioritised areas: a) Sanitation; b) Decontamination of specific selected municipal spaces; Personal Protective Equipment, and hygiene packs; and c) Waste management

#### Municipal Infrastructure Grant

Balance unspent at beginning of year	-	10 712 542	-	10 712 542
Current year receipts	209 331 000	193 721 000	209 331 000	193 721 000
VAT recovered from grant	(24 823 847)	(24 275 494)	(24 823 847)	(24 275 494)
Conditions met - transferred to revenue	(184 507 153)	(180 158 048)	(184 507 153)	(180 158 048)
	-	-	-	-

The funding has been provided:

1. For addressing specific capital projects for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.
2. For the development of asset management plans for infrastructure servicing the poor.

#### Neighbourhood Development Partnership Grant

Balance unspent at beginning of year	1 070 247	43 336	1 070 247	43 336
Funds paid back to National Treasury	-	(42 336)	-	(42 336)
Current year receipts	34 000 000	18 000 000	34 000 000	18 000 000
VAT recovered from grant	(4 565 158)	(2 208 359)	(4 565 158)	(2 208 359)
Conditions met - transferred to revenue	(30 434 387)	(14 722 394)	(30 434 387)	(14 722 394)
	<b>70 702</b>	<b>1 070 247</b>	<b>70 702</b>	<b>1 070 247</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

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

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

Funding provided to plan, catalyse and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life, and access to opportunities for residents in targeted locations, underserved neighbourhoods, generally townships and rural towns.

#### Public Transportation Infrastructure Grant

Balance unspent at beginning of year	50 446 079	94 578 575	50 446 079	94 578 575
Current year receipts	11 900 000	134 000 000	11 900 000	134 000 000
VAT recovered from grant	(7 873 889)	(22 383 251)	(7 873 889)	(22 383 251)
Conditions met - transferred to revenue	(54 472 190)	(155 749 245)	(54 472 190)	(155 749 245)
	<b>-</b>	<b>50 446 079</b>	<b>-</b>	<b>50 446 079</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 that form part of the municipal integrated public transport network (IPTN) and to support the planning, regulation, control, management and operations of fiscally and financially sustainable municipal public transport network services.

In the Government Gazette 46095 dated 25th March 2022, Msunduzi was allocated an amount of R11,9 million which was received on the 28th March 2022.

#### Water Services Infrastructure Grant

Balance unspent at beginning of year	-	248 151	-	248 151
Current year receipts	40 000 000	44 556 000	40 000 000	44 556 000
VAT recovered from grant	(4 985 325)	(5 904 841)	(4 985 325)	(5 904 841)
Conditions met - transferred to revenue	(34 995 960)	(38 899 310)	(34 995 960)	(38 899 310)
	<b>18 715</b>	<b>-</b>	<b>18 715</b>	<b>-</b>

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

The purpose of the grant is:

- 1.To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural.
- 2.To provide basic and intermittent water and sanitation supply that ensure provision of services to identified and prioritised communities, including through spring protection and groundwater development.
- 3.To support municipalities in implementing water conservation and water demand management (WC/WDM) projects.
- 4.To support the close out of the existing bucket eradication programme intervention in formal residential areas.
- 5.To support drought relief programmes in affected municipalities.

#### CBD Revitalisation

Current year receipts	-	300 000	-	300 000
Conditions met - transferred to revenue	-	(300 000)	-	(300 000)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Funding has been provided by the Department of Economic Development, Tourism and Environmental Affairs for the revitalisation of the City centre, The area that will be revitalised is the central mall area, Church Street between Chief Albert Luthuli and Peter Kerchoff. This will entail the removal of the fountains and tree stumps and to repave the central mall area with eco-pavers made from recycled plastic material and purchased by citizens. Pavers are to be laid in a substrate of recycled crushed glass instead of sand. All the property owners in the area will be contacted to request their assistance in doing up their building facades and to ask for a contribution towards the initiative, from which contribution the purchase of curbing made from recycled plastic, paint bollards and vendor stands, replace bins etc can be done.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021
<b>40. Government grants and subsidies (continued)</b>				
<b>Greater Edendale Development Initiative</b>				
Balance unspent at beginning of year	99 595 434	14 436 496	99 595 434	14 436 496
Current year receipts	8 158 820	98 000 000	8 158 820	98 000 000
Current year interest received	4 004 267	1 300 669	4 004 267	1 300 669
Conditions met - transferred to revenue	(5 768 125)	(14 141 731)	(5 768 125)	(14 141 731)
	<b>105 990 396</b>	<b>99 595 434</b>	<b>105 990 396</b>	<b>99 595 434</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.

### Housing Accreditation

Balance unspent at beginning of year	10 064 740	29 829 350	10 064 740	29 829 350
Current year receipts	4 853 172	3 401 916	4 853 172	3 401 916
Current year interest received	363 338	681 590	363 338	681 590
Conditions met - transferred to revenue	(6 449 025)	(34 237 116)	(6 449 025)	(34 237 116)
Transfer from Jika Joe Community Residential Units	-	10 389 000	-	10 389 000
	<b>8 832 225</b>	<b>10 064 740</b>	<b>8 832 225</b>	<b>10 064 740</b>

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

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

In the Provincial Government Gazette No 2355 dated 23 December 2021, the allocation for Msunduzi was increased from R4 264 000 to R4 839 000.

### Housing Projects

Current year receipts	9 106 293	1 231 264	9 106 293	1 231 264
Conditions met - transferred to revenue	(9 106 293)	(1 231 264)	(9 106 293)	(1 231 264)
	-	-	-	-

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

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

Funding provided by Department of Human Settlements for implementation of Housing Projects as follows :

- 1.Harewood Informal Settlement Upgrade Housing Project No K15020002 - Implementation of Stage 1 activities on 1000 housing units.
- 2.The Kwa 30 Informal Settlement Upgrade Housing Project No K15080001 - Implementation of Stage 1 activities on 400 housing units.
- 3.Khalanyoni Informal Settlement Upgrade Housing Project No K15080002 - Implementation of Stage 1 activities on 1000 housing units.
- 4.Mkhondeni Informal Settlement Upgrade Housing Project No K20011125 - Implementation of Stage 1 activities on 2000 housing units.
- 5.eThembeni IRDP Project No K15110002/1 - Implementation of Stage 1 activities on 2446 housing units.
- 6.Bhobhonono and Masomini Housing project No K21080002 - Implementation of Stage 1 activities on 2000 housing units.
- 7.Jika Joe Housing project - Social facilitation costs for 3015 dwellings.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021
<b>40. Government grants and subsidies (continued)</b>				
<b>Informal Economy Infrastructure Development</b>				
Balance unspent at beginning of year	1 719 951	-	1 719 951	-
Current year receipts	-	4 000 000	-	4 000 000
Current year interest received	62 359	44 623	62 359	44 623
Conditions met - transferred to revenue	(1 700 456)	(2 324 672)	(1 700 456)	(2 324 672)
	<b>81 854</b>	<b>1 719 951</b>	<b>81 854</b>	<b>1 719 951</b>

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

Funding has been provided by the Department of Economic Development, Tourism and Environmental Affairs for the development of Informal economic infrastructure. Funding is to be used for the refurbishment of 250 existing informal trading stalls as well as the provision of additional support facilities and services in the Msunduzi Municipality CBD.

### Jika Joe Community Residential Units

Balance unspent at beginning of year	7 909 450	24 872 619	7 909 450	24 872 619
Current year receipts	12 986 042	42 328 685	12 986 042	42 328 685
Conditions met - transferred to revenue	(14 019 169)	(48 902 854)	(14 019 169)	(48 902 854)
Transfer to Housing Accreditation	-	(10 389 000)	-	(10 389 000)
Transfer to own revenue	(6 876 323)	-	(6 876 323)	-
	<b>-</b>	<b>7 909 450</b>	<b>-</b>	<b>7 909 450</b>

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

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.

Project funding for Jika Joe project is inclusive of VAT. The Department of Human Settlements and Msunduzi Municipality on 25 February 2019 entered into an addendum to memorandum of agreement for the adjustment of the Value added Tax from 14% to 15%. Provincial Treasury approved the rollover of unspent balances which was VAT on claims submitted to Department of Human Settlements in the 2019/ 2020 and 2020/2021 financial year. Council approved a once the portion of the VAT on claims submitted is utilised in the project for prepaid water meters and temporary houses that were not funded by the Provincial Department of Human Settlement, the remaining balance be transferred to the Municipality as own revenue at the end of the financial year and subsequent years thereafter.

### Library

Balance unspent at beginning of year	6 445 855	221 889	6 445 855	221 889
Current year receipts	16 363 000	21 186 000	16 363 000	21 186 000
Current year interest received	484 138	185 922	484 138	185 922
Conditions met - transferred to revenue	(15 780 786)	(15 147 956)	(15 780 786)	(15 147 956)
	<b>7 512 207</b>	<b>6 445 855</b>	<b>7 512 207</b>	<b>6 445 855</b>

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

Funds provided by the Provincial Department of Arts and Culture for the provision of library services.

### Manaye Area Precinct Upgrade

Balance unspent at beginning of year	761	204 370	761	204 370
Current year interest received	26	6 510	26	6 510
Conditions met - transferred to revenue	-	(210 119)	-	(210 119)

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021
<b>40. Government grants and subsidies (continued)</b>				
Conditions met - transferred to revenue	-	(210 119)	-	(210 119)
Transfer to Youth Enterprise Park	(787)	-	(787)	-
	<b>-</b>	<b>761</b>	<b>-</b>	<b>761</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.

### Pietermaritzburg Airport

Balance unspent at beginning of year	359 982	-	359 982	-
Current year receipts	-	2 500 000	-	2 500 000
Current year interest received	13 679	33 146	13 679	33 146
Conditions met - transferred to revenue	(326 219)	(2 173 164)	(326 219)	(2 173 164)
	<b>47 442</b>	<b>359 982</b>	<b>47 442</b>	<b>359 982</b>

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

The funding has been provided by the Economic Development, Tourism and Environmental Affairs for the improvement of the safety and security infrastructure of the Pietermaritzburg Airport.

### Operation Dlulisumlando

Balance unspent at beginning of year	1 136 990	1 500 000	1 136 990	1 500 000
Conditions met - transferred to revenue	(1 086 804)	(363 010)	(1 086 804)	(363 010)
Transfer to own revenue	(50 186)	-	(50 186)	-
	<b>-</b>	<b>1 136 990</b>	<b>-</b>	<b>1 136 990</b>

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

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

### Tatham Art Gallery

Balance unspent at beginning of year	18 939	395 076	18 939	395 076
Current year receipts	515 000	488 000	515 000	488 000
Current year interest received	8 220	22 318	8 220	22 318
Conditions met - transferred to revenue	(503 358)	(886 455)	(503 358)	(886 455)
	<b>38 801</b>	<b>18 939</b>	<b>38 801</b>	<b>18 939</b>

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

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

### Youth Enterprise Park

Balance unspent at beginning of year	136 270	2 616 061	136 270	2 616 061
Current year receipts	188 382	-	188 382	-
Current year interest received	5 391	116 072	5 391	116 072
Transfer from Manaye	787	-	787	-

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021
<b>40. Government grants and subsidies (continued)</b>				
Conditions met - transferred to revenue	(140 025)	(2 595 863)	(140 025)	(2 595 863)
	<b>190 805</b>	<b>136 270</b>	<b>190 805</b>	<b>136 270</b>

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

Funds received from Cooperative 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.

### Eastwood Primary Substation

Balance unspent at beginning of year	-	-	-	-
Current year receipts	15 000 000	-	15 000 000	-
Current year interest received	156 962	-	156 962	-
Conditions met - transferred to revenue	(9 079 238)	-	(9 079 238)	-
	<b>6 077 724</b>	<b>-</b>	<b>6 077 724</b>	<b>-</b>

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

Funding has been provided by the Department of Cooperative Governance and Traditional Affairs for the electrification project - Eastwood 132/11kv primary substation infrastructure, building of 132kv over head lines and refurbishment of the 132kv primary substation.

Eastwood was established to cater for the local growth in the industrial network between Riverside and Northdale Substations including to cater for the residential areas in the vicinity. This project will relieve the loads on the Riverside and Northdale Substation strengthening the network and allow for future load growth.

The refurbishment of the Eastwood primary substation into effective service will bring a lot of benefits to the Willowton industrial area and the surrounding residential area.

### Corridor Development (Heroes Acre Memorial Park)

Current-year receipts	6 600 000	-	6 600 000	-
Current year interest received	6 654	-	6 654	-
	<b>6 606 654</b>	<b>-</b>	<b>6 606 654</b>	<b>-</b>

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

Funding has been provided by the Department of Cooperative Governance and Traditional Affairs.

The Heroes Acre Memorial Park is a symbol of bravery and selflessness for the Moses Mabhida and Johnny Makhathini who played a significant role in the liberation struggle as exciled leaders of the South African Communist Party. In recognition of the liberation struggles, this project seeks to beautify, upkeep, maintain and repair of the Heroe's Acre as a place of honour, dignity and respect.

The project was approved on 10 June 2022 by Cooperative Governance and Traditional Affairs for implementation in 2022/2023 financial year. This grant allocation has been gazetted in the Provincial gazette for the 2022/2023 financial year, however this funds was transferred to the Municipality on the 23 June 2022.

### Municipal Disaster Response Grant



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021
<b>40. Government grants and subsidies (continued)</b>				
Balance unspent at beginning of year	-	-	-	-
Current-year receipts	620 000	-	620 000	-
	<b>620 000</b>	<b>-</b>	<b>620 000</b>	<b>-</b>

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

Funds received from Cooperative Governance and Traditional Affairs for responding to and providing response and relief measures for unforeseeable and unavoidable disasters within the municipal area.

This funding was transferred to the municipality on the 30th June 2022.

### 41. Other transfers

Donations	-	2 103 876	-	2 103 876
Living resources(Non exchange)	60 000	93 500	60 000	93 500
	<b>60 000</b>	<b>2 197 376</b>	<b>60 000</b>	<b>2 197 376</b>

### 42. Bad debts written off

Bad debts written off	83 779 107	390 096 130	83 779 107	390 096 130
-----------------------	------------	-------------	------------	-------------

Prior to write off of bad debts it must be proved that the debt has become irrecoverable and all reasonable steps were taken to recover the debt.

### 43. Bulk purchases

Electricity	2 212 724 552	1 906 837 267	2 212 724 552	1 906 837 267
Water	737 482 753	752 567 032	737 482 753	752 567 032
	<b>2 950 207 305</b>	<b>2 659 404 299</b>	<b>2 950 207 305</b>	<b>2 659 404 299</b>

### 44. Debt impairment

Contribution to debt impairment	1 003 762 757	236 403 910	1 003 762 757	236 403 910
---------------------------------	---------------	-------------	---------------	-------------

### Reconciliation of debt impairment

Electricity	45 923 122	(5 987 944)	45 923 122	(5 987 944)
Rates	145 402 503	161 387 056	145 402 503	161 387 056
Refuse	44 777 074	(2 468 056)	44 777 074	(2 468 056)
Property rental	34 320 394	(72 342 049)	34 320 394	(72 342 049)
Sanitation	82 258 523	10 642 282	82 258 523	10 642 282
Water	638 164 501	144 462 799	638 164 501	144 462 799
<b>Total consumer debtors</b>	<b>990 846 117</b>	<b>235 694 088</b>	<b>990 846 117</b>	<b>235 694 088</b>
Other financial assets	-	(14 264 928)	-	(14 264 928)
Statutory receivables - traffic fines	12 916 640	14 974 750	12 916 640	14 974 750
	<b>1 003 762 757</b>	<b>236 403 910</b>	<b>1 003 762 757</b>	<b>236 403 910</b>

### 45. Depreciation and amortisation

Property, plant and equipment	360 534 110	367 186 531	359 608 355	366 183 434
Intangible assets	6 037 323	6 265 496	6 037 323	6 265 496
Living resources	53 636	83 107	53 636	83 107
	<b>366 625 069</b>	<b>373 535 134</b>	<b>365 699 314</b>	<b>372 532 037</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021
<b>46. Employee related costs</b>				
<b>Municipal Staff</b>				
Acting allowances	17 961 606	16 625 381	17 961 606	16 625 381
Basic salaries	842 795 767	812 517 006	835 458 906	806 618 634
Bargaining council	381 052	372 834	381 052	372 834
Bonus	67 213 811	64 975 282	66 562 546	64 376 155
Housing benefits and allowances	4 244 809	4 340 295	4 244 809	4 340 295
Leave pay provision	19 775 085	25 686 752	19 775 085	25 686 752
Long-service awards	27 794 892	25 708 631	27 794 892	25 708 631
Medical aid	66 757 456	64 595 282	65 721 060	63 779 739
Other allowances (tools, uniform, telephone etc)	19 407 716	8 020 656	19 319 916	7 959 406
Overtime payments	111 164 496	98 511 880	110 788 735	97 747 525
Pension contribution	161 724 734	159 896 398	161 170 078	159 441 813
Post employment medical aid benefit	62 450 000	56 899 000	62 450 000	56 899 000
Scarcity allowance	7 385 411	7 132 745	7 385 411	7 132 745
SDL	11 130 807	7 957 944	11 033 178	7 873 387
Standby allowance	25 047 888	27 330 451	25 047 888	27 330 451
Travel/Motor vehicle allowance	28 808 315	28 395 386	28 706 315	28 296 386
UIF	6 865 203	5 992 789	6 786 475	5 921 949
WCA	1 593 326	1 601 837	1 538 779	1 568 993
	<b>1 482 502 374</b>	<b>1 416 560 549</b>	<b>1 472 126 731</b>	<b>1 407 680 076</b>

### Remuneration of City Manager

Basic salary	1 045 975	1 394 633	1 045 975	1 394 633
Bargaining council	93	119	93	119
Contributions to UIF, medical and pension funds	190 516	253 908	190 516	253 908
Leave gratuity	105 808	-	105 808	-
Leave pay provision	-	11 941	-	11 941
	<b>1 342 392</b>	<b>1 660 601</b>	<b>1 342 392</b>	<b>1 660 601</b>

### Remuneration of Chief Finance Officer

Basic salary	1 228 641	1 228 641	1 228 641	1 228 641
Acting allowance	69 667	-	69 667	-
Bargaining council	124	119	124	119
Bonus	60 000	60 000	60 000	60 000
Contributions to UIF, medical and pension funds	121 833	121 691	121 833	121 691
Housing allowance	180 000	180 000	180 000	180 000
Leave pay provision	19 462	34 239	19 462	34 239
Phone allowance	14 400	14 400	14 400	14 400
Travelling allowance	176 493	176 493	176 493	176 493
	<b>1 870 620</b>	<b>1 815 583</b>	<b>1 870 620</b>	<b>1 815 583</b>

### Remuneration of Chief Audit Executive

Basic salary	1 200 226	1 159 639	1 200 226	1 159 639
Bargaining council	124	119	124	119
Bonus	100 019	96 637	100 019	96 637
Contributions to UIF, medical and pension funds	254 898	246 043	254 898	246 043
Housing allowance	11 574	11 574	11 574	11 574
Leave pay provision	14 288	33 593	14 288	33 593
Phone allowance	13 800	13 800	13 800	13 800
Travelling allowance	153 262	153 262	153 262	153 262
	<b>1 748 191</b>	<b>1 714 667</b>	<b>1 748 191</b>	<b>1 714 667</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 46. Employee related costs (continued)

#### Remuneration of General Manager : Corporate Services

Basic salary	1 304 980	1 291 764	1 304 980	1 291 764
Bargaining council	124	119	124	119
Bonus	90 000	90 000	90 000	90 000
Contributions to UIF, medical and pension funds	236 937	234 416	236 937	234 416
Phone allowance	20 400	20 400	20 400	20 400
Leave pay provision	811	33 167	811	33 167
Travelling allowance	127 251	127 251	127 251	127 251
	<b>1 780 503</b>	<b>1 797 117</b>	<b>1 780 503</b>	<b>1 797 117</b>

#### Remuneration of General Manager : Safe City

Basic salary	709 448	663 717	-	-
Bonus	61 697	56 811	-	-
Contributions to UIF, Medical and Pension Funds	30 689	28 946	-	-
Phone allowance	10 000	8 000	-	-
Travelling allowance	30 000	30 000	-	-
	<b>841 834</b>	<b>787 474</b>	<b>-</b>	<b>-</b>

#### Remuneration of Board members : Safe City

Basis salary	232 305	185 741	-	-
--------------	---------	---------	---	---

#### Remuneration of General Manager : Sustainable Development and City Enterprises

Basic salary	958 373	987 159	958 373	987 159
Bargaining council	124	119	124	119
Contributions to UIF, medical and pension funds	59 318	59 176	59 318	59 176
Leave pay provision	11 511	16 619	11 511	16 619
Phone allowance	14 400	14 400	14 400	14 400
Travelling allowance	338 550	383 145	338 550	383 145
	<b>1 382 276</b>	<b>1 460 618</b>	<b>1 382 276</b>	<b>1 460 618</b>

#### Remuneration of General Manager : Community Services

Acting allowance	3 698	-	3 698	-
Basic salary	1 354 200	1 335 758	1 354 200	1 335 758
Bargaining council	124	119	124	119
Contributions to UIF, medical and pension funds	15 111	1 898	15 111	1 898
Leave pay provision	5 600	25 685	5 600	25 685
Phone allowance	20 400	20 400	20 400	20 400
	<b>1 399 133</b>	<b>1 383 860</b>	<b>1 399 133</b>	<b>1 383 860</b>

#### Remuneration of General Manager : Infrastructure Services

Basic salary	1 354 200	902 800	1 354 200	902 800
Bargaining council	124	79	124	79
Contributions to UIF, medical and pension funds	2 040	1 303	2 040	1 303
Leave pay provision	7 155	9 065	7 155	9 065
Phone allowance	23 600	-	23 600	-
	<b>1 387 119</b>	<b>913 247</b>	<b>1 387 119</b>	<b>913 247</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 46. Employee related costs (continued)

The General manager : Infrastructure services was appointed 1st of November 2021.

City Manager	1 342 392	1 660 601	1 342 392	1 660 601
Chief Finance Officer	1 870 620	1 815 583	1 870 620	1 815 583
Chief Audit Executive	1 748 191	1 714 667	1 748 191	1 714 667
General Manager : Corporate Services	1 780 503	1 797 117	1 780 503	1 797 117
General Manager : Sustainable Development and City Enterprises	1 382 276	1 460 618	1 382 276	1 460 618
General Manager : Community Services	1 399 133	1 383 860	1 399 133	1 383 860
Remuneration of General Manager : Infrastructure Services	1 387 119	913 247	1 387 119	913 247
Board members : Safe City	232 305	185 741	-	-
General Manager : Safe City	841 834	787 474	-	-
Total section 57 employees	11 984 373	11 718 908	10 910 234	10 745 693
Municipal staff	1 482 502 374	1 416 560 549	1 472 126 731	1 407 680 076
	<b>1 494 486 747</b>	<b>1 428 279 457</b>	<b>1 483 036 965</b>	<b>1 418 425 769</b>

### 47. Finance costs

Non-current borrowings	26 893 932	35 032 549	26 893 932	35 032 549
Trade and other payables	21 602	823 458	21 602	823 458
	<b>26 915 534</b>	<b>35 856 007</b>	<b>26 915 534</b>	<b>35 856 007</b>

The non-current borrowings finance costs relate to the DBSA loans (Refer to note 17 for further details)

### 48. General expenses

Air pollution monitoring	22 200	72 635	22 200	72 635
Air traffic control	4 244 614	4 513 942	4 244 614	4 513 942
Animal care	1 482 653	1 400 050	1 482 653	1 400 050
Artists and performers	17 408	70 000	17 408	70 000
Burial services	47 998	171 500	47 998	171 500
Business and financial management services	55 517 777	58 662 692	55 517 777	58 662 692
Cleaning services	6 961 976	8 940 897	6 961 976	8 940 897
Clearing and grass cutting services	6 134 225	1 474 359	6 134 225	1 474 359
Communications	982 583	196 455	982 583	196 455
Commission- prepaid electricity vendors	3 331 253	3 079 104	3 331 253	3 079 104
Connection/dis-connection	3 567 467	6 870 118	3 567 467	6 870 118
External security services	102 619 888	110 637 800	102 619 888	110 637 800
External sewerage services	-	184 407	-	184 407
Graphic designers	85 110	142 515	85 110	142 515
Infrastructure and planning consultancy	6 385 578	12 098 258	6 385 578	12 098 258
Legal costs	35 918 458	17 668 452	35 912 958	17 668 452
Medical services	118 496	93 198	118 496	93 198
Organisational transformation	2 697 979	2 790 910	2 601 165	2 682 474
Outsourced repairs and maintenance	209 022 797	113 072 266	208 951 557	112 985 183
Project management	24 272 875	21 045 558	24 272 875	21 045 558
Professional valuation services	1 821 497	1 735 265	1 821 497	1 735 265
Quality control - bacteriological	66 709	95 645	44 105	77 430
Refuse removal	4 150 017	2 509 873	4 150 017	2 509 873
Research and advisory	640 605	563 074	640 605	563 074
Sewerage services	222 909 092	181 752 114	222 909 092	181 752 114
Transportation	553 656	-	553 656	-
	<b>693 572 911</b>	<b>549 841 087</b>	<b>693 376 753</b>	<b>549 627 353</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 49. Inventory consumed

Consumables	81 858 511	54 982 293	81 812 717	54 936 995
Materials and supplies	2 494 935	3 221 326	2 494 935	3 221 326
	<b>84 353 446</b>	<b>58 203 619</b>	<b>84 307 652</b>	<b>58 158 321</b>

### 50. Operational costs

Advertising	5 320 537	4 926 946	5 320 537	4 926 946
Bank charges	4 580 865	5 589 796	4 560 388	5 561 569
Bursaries (employees)	126 170	210 835	126 170	210 835
Catering municipal activities	1 504 018	156 002	1 504 018	156 002
Commission	14 155 299	13 239 834	14 155 299	13 239 834
Communication	5 724 335	12 179 290	5 669 994	12 124 313
Conferences and seminars	1 143 630	368 911	1 139 543	368 911
Drivers licenses and permits and other	1 746	3 240	1 746	3 240
Entertainment	16 957	50 762	16 957	50 762
External audit fees	12 599 152	11 483 408	12 136 245	11 028 784
External computer services	8 489 855	14 055 643	8 489 855	14 055 643
Insurance	13 429 031	9 208 946	13 071 919	8 854 584
Interest cost - provisions	6 680 957	6 680 957	6 680 957	6 680 957
IT expenses	25 484	21 430	25 484	21 430
Learnerships and internships	969 809	4 497 688	969 809	4 497 688
Motor vehicle expenses	5 205 515	4 314 888	5 202 774	4 311 365
Municipal services	11 856 671	19 514 250	11 856 671	19 514 250
Office decorations	64 858	155	64 858	155
Parking fees	2 779	2 779	-	-
Postage and courier	1 040	802	-	-
Printing, publication and books	3 661 560	2 685 863	3 661 560	2 685 863
Signage	292 750	98 714	292 750	98 714
Subscriptions and membership fees	16 444 415	14 866 601	16 444 415	14 866 601
Storage of files	3 924	22 369	3 924	22 369
Title deed search fees	543	9 788	543	9 788
Travel - local	492 208	159 903	492 208	159 903
Uniform and protective clothing	8 517 418	5 458 722	8 517 418	5 441 387
	<b>121 311 526</b>	<b>129 808 522</b>	<b>120 406 042</b>	<b>128 891 893</b>

### 51. Operating leases

#### Motor vehicles

Contractual amounts	19 824 061	18 481 188	19 824 061	18 481 188
---------------------	------------	------------	------------	------------

#### Equipment

Contractual amounts	9 356 914	7 566 625	9 338 238	7 555 411
---------------------	-----------	-----------	-----------	-----------

	<b>29 180 975</b>	<b>26 047 813</b>	<b>29 162 299</b>	<b>26 036 599</b>
--	-------------------	-------------------	-------------------	-------------------

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021
<b>52. Remuneration of councillors</b>				
Mayor	1 368 792	1 430 078	1 368 792	1 430 078
Deputy Mayor	1 116 880	1 172 661	1 116 880	1 172 661
Speaker	1 110 085	1 170 604	1 110 085	1 170 604
Chief Whip	1 092 013	1 101 089	1 092 013	1 101 089
Executive Committee Members	8 351 621	8 871 127	8 351 621	8 871 127
Municipal Public Account Committee chairperson	1 022 587	1 081 372	1 022 587	1 081 372
Councillors	35 467 468	36 814 315	35 467 468	36 814 315
<b>Total Remuneration of Councillors</b>	<b>49 529 446</b>	<b>51 641 246</b>	<b>49 529 446</b>	<b>51 641 246</b>
<b>Remuneration of Mayor</b>				
Basic salary	1 100 919	1 155 131	1 100 919	1 155 131
Pension Contributions	165 138	173 270	165 138	173 270
Medical aid contributions	58 335	57 277	58 335	57 277
Phone allowance	44 400	44 400	44 400	44 400
	<b>1 368 792</b>	<b>1 430 078</b>	<b>1 368 792</b>	<b>1 430 078</b>
<b>Remuneration of Deputy Mayor</b>				
Basic salary	1 005 937	945 394	1 005 937	945 394
Medical aid contributions	16 844	39 558	16 844	39 558
Pension contributions	48 266	141 809	48 266	141 809
Phone allowance	45 833	45 900	45 833	45 900
	<b>1 116 880</b>	<b>1 172 661</b>	<b>1 116 880</b>	<b>1 172 661</b>
<b>Remuneration of Speaker</b>				
Basic salary	745 311	870 159	745 311	870 159
Medical aid contributions	52 515	50 339	52 515	50 339
Pension contributions	111 797	130 524	111 797	130 524
Phone allowance	44 400	45 900	44 400	45 900
Travelling allowance	156 062	73 682	156 062	73 682
	<b>1 110 085</b>	<b>1 170 604</b>	<b>1 110 085</b>	<b>1 170 604</b>
<b>Remuneration of Chief Whip</b>				
Basic salary	906 481	932 505	906 481	932 505
Medical aid contributions	24 995	19 865	24 995	19 865
Pension contributions	89 889	-	89 889	-
Phone allowance	36 333	42 900	36 333	42 900
Travelling allowance	34 315	105 819	34 315	105 819
	<b>1 092 013</b>	<b>1 101 089</b>	<b>1 092 013</b>	<b>1 101 089</b>
<b>Remuneration of Executive Committee Members</b>				
Basic salary	6 694 104	6 345 986	6 694 104	6 345 986
Housing allowance	28 423	-	28 423	-
Medical aid contributions	236 802	217 349	236 802	217 349
Pension contributions	512 456	951 898	512 456	951 898
Phone allowance	275 133	353 700	275 133	353 700
Travelling allowance	604 703	1 002 194	604 703	1 002 194
	<b>8 351 621</b>	<b>8 871 127</b>	<b>8 351 621</b>	<b>8 871 127</b>
<b>Remuneration of other councillors</b>				
Basic salary	27 143 856	24 374 603	27 143 856	24 374 603
Housing allowance	71 416	132 892	71 416	132 892
Medical aid contributions	1 223 798	1 460 593	1 223 798	1 460 593

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021
<b>52. Remuneration of councillors (continued)</b>				
Pension contributions	2 079 085	3 125 405	2 079 085	3 125 405
Phone allowance	2 277 867	2 838 724	2 277 867	2 838 724
Travelling allowance	2 671 446	4 882 098	2 671 446	4 882 098
	<b>35 467 468</b>	<b>36 814 315</b>	<b>35 467 468</b>	<b>36 814 315</b>

### Municipal Public Accounts Committee Chairperson

Basic salary	829 210	641 888	829 210	641 888
Medical aid contributions	32 187	39 558	32 187	39 558
Pension contributions	43 326	96 283	43 326	96 283
Phone allowance	33 383	44 400	33 383	44 400
Travelling allowance	84 481	259 243	84 481	259 243
	<b>1 022 587</b>	<b>1 081 372</b>	<b>1 022 587</b>	<b>1 081 372</b>

### Other information

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time.

### 53. Transfer and subsidies

#### Grants paid to ME's

Safe City Msunduzi NPC	-	-	12 416 889	11 793 834
------------------------	---	---	------------	------------

#### Other subsidies

Grant in aid	9 000 000	2 423 304	9 000 000	2 423 304
Injury on duty	1 811 361	1 754 682	1 811 361	1 754 682
Post retirement benefits	866 350	673 451	866 350	673 451
Arbitration awards	8 318 074	225 034	8 318 074	225 034
	<b>19 995 785</b>	<b>5 076 471</b>	<b>19 995 785</b>	<b>5 076 471</b>
	<b>19 995 785</b>	<b>5 076 471</b>	<b>32 412 674</b>	<b>16 870 305</b>

### 54. Actuarial gains/( losses)

Long service	2 887 671	(4 397 732)	2 887 671	(4 397 732)
Post retirement benefit - medical aid	(1 383 351)	(13 792 424)	(1 383 351)	(13 792 424)
	<b>1 504 320</b>	<b>(18 190 156)</b>	<b>1 504 320</b>	<b>(18 190 156)</b>

### 55. Fair value adjustments on investment property

Investment property (fair value model)	16 517 173	42 197 500	16 517 173	42 197 500
--	------------	------------	------------	------------

### 56. Fair value on agricultural assets

Fair value on agricultural assets	(16 100 000)	21 054 552	(16 100 000)	21 054 552
-----------------------------------	--------------	------------	--------------	------------

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021
<b>57. Impairment loss</b>				
<b>Impairments</b>				
<b>Property, plant and equipment</b>	(6 885 251)	(7 607 463)	(6 885 251)	(7 607 463)
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.				
<b>Heritage assets</b>	(26 267)	(122 720)	(26 267)	(122 720)
A grading system which reflects the condition of each asset in relation to a monetary value whereby 0 indicated a 100% loss of value and 5 signified 100% retention of value with a sliding scale for the degree of damage apropos value was used to arrive at the impairment value.				
	<b>(6 911 518)</b>	<b>(7 730 183)</b>	<b>(6 911 518)</b>	<b>(7 730 183)</b>
<b>58. Inventory losses</b>				
Inventories losses	(2 687 271)	(3 655 242)	(2 687 271)	(3 655 242)
<b>59. Cash generated from operations</b>				
Deficit for year	(726 982 160)	54 288 507	(725 578 670)	54 956 400
<b>Adjustments for:</b>				
Depreciation and amortisation	366 625 069	373 535 134	365 699 314	372 532 037
(Gain) / (loss on sale of assets	(4 179 143)	10 807 088	(4 361 951)	10 483 210
Fair value adjustments	(16 517 173)	(42 197 500)	(16 517 173)	(42 197 500)
Impairment loss	6 911 518	7 730 183	6 911 518	7 730 183
Debt impairment	1 003 762 757	236 403 910	1 003 762 757	236 403 910
Bad debts written off	83 779 107	390 096 130	83 779 107	390 096 130
Movements in retirement benefit assets and liabilities	35 386 000	49 446 000	35 386 000	49 446 000
Movements in provisions	4 147 012	2 380 482	4 090 654	2 268 367
Fair value on agricultural assets	16 100 000	(21 054 552)	16 100 000	(21 054 552)
Inventory losses	2 687 271	3 655 242	2 687 271	3 655 242
Donations and transfers -non cash	(60 000)	(2 197 376)	(60 000)	(2 197 376)
<b>Changes in working capital:</b>				
Inventories	(10 053 071)	(12 152 285)	(10 053 071)	(12 152 285)
Receivables from exchange transactions	(7 234 504)	487 282	(7 234 504)	395 490
Consumer debtors	(604 067 629)	(486 954 702)	(604 067 629)	(486 954 702)
Statutory receivables	(124 920 703)	(176 385 940)	(124 920 703)	(176 385 940)
Payables from exchange transactions	535 731 634	150 711 781	535 902 024	150 773 699
VAT	(1 553 308)	264 386	(1 560 774)	281 079
Transfers payable (non-exchange)	(1 623 412)	(1 276 829)	(1 623 412)	(1 276 829)
Unspent conditional grants and receipts	(43 286 187)	(1 477 418)	(43 286 187)	(1 477 418)
Consumer deposits	12 314 492	6 808 971	12 314 492	6 808 971
HDF - housing operating fund	8 769 552	-	8 769 552	-
	<b>535 737 122</b>	<b>542 918 494</b>	<b>536 138 615</b>	<b>542 134 116</b>



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

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

#### Contributions to organised local government

Current year subscription	859 758	902 345	859 758	902 345
Amount paid - current year	(859 758)	(902 345)	(859 758)	(902 345)
	-	-	-	-

#### Audit fees

Opening balance	210 569	386 104	210 569	386 104
Current year fees	12 599 148	11 483 408	12 136 245	11 028 784
Amount paid - current year	(12 264 867)	(11 272 839)	(11 801 964)	(10 818 215)
Amount paid - previous years	(210 569)	(386 104)	(210 569)	(386 104)
	<b>334 281</b>	<b>210 569</b>	<b>334 281</b>	<b>210 569</b>

#### PAYE and UIF

Opening balance	15 757 828	17 342 943	15 757 828	17 342 943
Current year contributions	212 782 250	199 504 250	211 333 069	198 170 380
Amount paid - current year	(211 249 658)	(201 089 365)	(209 800 477)	(199 755 495)
	<b>17 290 420</b>	<b>15 757 828</b>	<b>17 290 420</b>	<b>15 757 828</b>

Statutory payments are due by the 7th of the following month.

#### Pension and medical aid deductions

Opening balance	31 158 111	30 130 855	31 158 111	30 130 855
Current year contributions	382 223 403	379 155 630	380 603 702	377 858 454
Amount paid - current year	(381 495 331)	(378 128 374)	(379 875 630)	(376 831 198)
	<b>31 886 183</b>	<b>31 158 111</b>	<b>31 886 183</b>	<b>31 158 111</b>

Total medical aid and pension contributions are payable by the 4th and 7th of the following month respectively.

#### VAT

VAT payable	(178 523 315)	(180 076 623)	(178 111 817)	(179 672 591)
-------------	---------------	---------------	---------------	---------------

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

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

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days.

30 June 2022	Outstanding more than 90 days
Mzimkhulu Thebolla	605
<b>30 June 2021</b>	<b>Outstanding more than 90 days</b>
Alucia Mankoane	653
Cyril Emmanuel Simphiwe Dlungwane	4 265
Khethukuthula Brian Njokwe	43 692
Michael Ntshangase	41 127
Prudence Msimang	1 099
Nomalady Dlala	46 814
Siphamandla Madlala	4 173
Siphiwe Ndawonde	17 275
	<b>159 098</b>

Included in the consumer debtors impairment (Refer to note 7) is Councillors in arrears outstanding debt. The total councillors' impairment is Nil (2021 :115 362)

Bad debts recognised in the Statement of Financial Performance relating to Councillors amounts to Nil (2021: Nil). Refer to note 42

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 61. 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.

#### Deviations per category

Advertisements	998 767	-	998 767	-
Health and safety	597 934	-	597 934	-
Legal	1 464 360	-	1 464 360	-
Other	100 094	-	100 094	-
Repairs and maintenance	1 215 219	2 249 271	1 215 219	2 249 271
Repairs to motor vehicles	14 975 354	12 699 412	14 975 354	12 699 412
Rate based contracts	58 959 671	26 539 158	58 959 671	26 539 158
Service delivery	-	919 690	-	919 690
Uniforms	3 842 770	-	3 842 770	-
	<b>82 154 169</b>	<b>42 407 531</b>	<b>82 154 169</b>	<b>42 407 531</b>

#### Reasons for deviations

	Contract name	Description of contract	Reasons for deviation	2022 Contract amount
Contract No.16/S36 OF 19/20	Various companies	Appointment of a panel of security service providers for the provision of security services at certain municipal facilities and places of work including vip protection	Delays in the appointment of a panel of security services at municipal facilities and VIP protection	51 999 921
Database	Various companies	Repairs to motor vehicles	Urgent need for safety	14 975 355
Contract No.5/S36 of 21/22	Morar Incorporated	Appointment of a service provider for the implementation of consequence management	Morar Incorporated prepare the report in its entirety and are required for the processes of consequence management.	5 208 800

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021
<b>61. Deviation from supply chain management regulations (continued)</b>				
Contract No.8/S36 of 20/21	EPI Use Business Services	Appointment of a SAP expert to provide advice to the Legal team	Due to the confidentiality, sensitivity and the need to safeguard the integrity of the SAP expert testimony in court it was impractical to go for open tender process.	575 640
Contract No.8/S36 OF 21/22	Syntell Pty (Ltd)/Siemens Mobility Pty (Ltd)	Supply and delivery of traffic signal controllers	Due to Syntell (Pty) Ltd being the sole suppliers of Syntell traffic signal controllers that are being utilized by the municipality and Siemens (Pty) Ltd being the sole suppliers of Siemens traffic signal controllers that are being utilized by the municipality.	428 170
Various orders	Various companies	Advertisement	Sole supplier	998 767
Contract 12/S36 of 21/22	Garlicke and Bousfield Inc	Legal services	Due to Garlicke and Bousefield Inc. having initiated the case under Contract No.SCM 40 OF 18/19 which expired before the matter could be finalised.	1 347 351
16/S36 of 17/18 Xolisisizwe	Eco Car Hire and Xolisisizwe Trading and Project	Hire of portable toilets	Urgent service	100 094
Contract 9/S36 of 21/22	Nasa	Supply and delivery of uniforms	Urgent need for protective clothing for staff	3 842 770

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 61. Deviation from supply chain management regulations (continued)

Contract No.4/S36 OF 21/22	Adroit Technologies	Appointment of The service provider for software upgrade and maintenance of the scada system .	The department is in possession of Adroit Technologies SCADA Software network that was developed and modeled using Adroit Technologies SCADA System which cannot be accessed using a different software. Instead purchasing software would be easier to upgrading the existing system.	381 923
----------------------------	---------------------	--	--	---------

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021
<b>61. Deviation from supply chain management regulations (continued)</b>				
Contract No.1/S36 OF 21/22	Mazondi Construction	Appointment of a service provider for burning and hoeing of fire breakings and fire standby services for the msunduzi forestry company	The business unit had completed the procurement process for a 3 year harvesting contract which was envisioned to commence on 01 May 2021 , whereby the execution of fire breaks would have been the responsibility of the contractor. The decision to continue with the harvesting contract was rescinded after the bids were adjudicated. This then muddled the planning of the business unit. The insurer has also indicated that cover will be terminated should there be no dedicated team on the ground for firefighting.	597 933
Contract No.10/S36 OF 21/22	Evaluations Property Enhanced Solution	Appointment of a service provider for the conclusion of g.v 2019 appeals	The MPRA requires the valuer to be present to defend values in dispute cases handled by the Appeal board	365 216
Contract No.13/S36 OF 21/22	Lexus Nexis	Provision of legal research database	Sole service provider	117 010

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 61. Deviation from supply chain management regulations (continued)

Contract No.13/S36 OF 21/22	ATC Industries	Service provider to undertake traffic signal repairs at the intersection of Moses Mabhida/Suthe rland and Moses Mabhida /Archie Gumede intersections.	The Traffic Signals Specifications used in the IPTN route are different from the one we are currently using as the Municipality, hence we requested to deviate from normal processes due to time constraints. ATC Industries was the contractor appointed to install all traffic signals along Moses Mabhida under the IPTN project, they are familiar with the intersection configuration and all other aspects required. This will shorten the project duration and save cost, since project duration will only be two months . We are currently doing a Traffic Management study to open new lanes to public traffic by end of June 2022, however this will be impossible if these intersections are not functioning.	1 215 219
				<b>82 154 169</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

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

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

Name of the service provider	Employee name	Job title	Organ of state	Amount paid
The Borain Brothers cc T/A Borain Leyland	Mchunu Nomvula Teressa	General Worker Infra Structure	Msunduzi Municipality	113 975
Mathew Francis Inc	Brenden Sivparsad	Senior Manager Water and Sanitation	Msunduzi Municipality	22 702 909
Eka GP Trading Enterprise	Nhlakanipho Wiseman Gini Dlamini	General Assistant Mechanical Workshop	Msunduzi Municipality	841 340
Valimbo Primary Co-Operative	Mzwenzhlanhla Wiseman Khoza	General Assistant Waste Management	Msunduzi Municipality	-
Ekuseni Investment Holdings Gibb (Pty) Ltd	Sandile Dlamini K. Pillay	Councillor Data Capturer	Department of Education	-
	P. Pillay	Educator	Department of Education	-
	Alan Moon	Head : Business Continuity	City of Cape Town	-
	John Watson	Director - Accounting Support and Reporting	National Treasury	
	Leigh Stolworthy	Principle : Professional IRT System Planning	Department of Education	
	Sonnika Cilliers	Educator	Department of Education	
	Nokuthula Mkhize	Accounting Clerk	National Department of Water Affairs and Forestry	
	Jeanne Mare	Senior Educator	Department of Education	
	Imra Brink	Educator	Department of Education	
	Nkosinathi Mzayiya	Correctional Officer	Department of Correctional Services	
	Jacqueline Gooch	Head of Department	Department of Transport	
	Unathi Lekonyana	Deputy Director : Grant Monitoring and Analysis	Deputy Director: Grant Monitoring and Analysis	
	Douglas Kiewiet	Area Manager (North)	National Department of Water Affairs and Forestry	
	Rajiv Beharie	Senior Engineer	Eskom	
	M B Haq	Architect / Town Planner	City of Cape Town	



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021
<b>62. Supply Chain Management regulation 45 of the MFMA (continued)</b>				
Isibuko Development Planners	Mrs Hlongwa	Assistant Director	Department of Social Development	956 505
Ihawu Firearms Centre	IS - Affleck	Rifleman Parachute	SANDF Reserve Force	113 490
Govert Vetten	S. Vetten		Western Cape Department of Health	2 401 708
				<b>27 129 926</b>

### 63. Irregular expenditure

Opening balance as previously reported	567 849 687	582 731 061	566 089 144	581 531 563
<b>Opening balance as restated</b>	<b>567 849 687</b>	<b>582 731 061</b>	<b>566 089 144</b>	<b>581 531 563</b>
Add: Irregular expenditure - relating to prior year	26 072 427	6 844 388	26 072 427	6 844 388
Add: Irregular expenditure - relating to current year	80 249 717	51 327 176	80 230 362	50 766 130
Less: irregular expenditure written off	-	(73 052 938)	-	(73 052 938)
<b>Closing balance</b>	<b>674 171 831</b>	<b>567 849 687</b>	<b>672 391 933</b>	<b>566 089 143</b>

### Analysis of expenditure awaiting Council's decision for write off or recovery per age classification

2008/2009	4 689 501	4 689 501	4 689 501	4 689 501
2009/2010	6 277 108	6 277 108	6 277 108	6 277 108
2010/2011	4 084 312	4 084 312	4 084 312	4 084 312
2011/2012	43 930	43 930	43 930	43 930
2013/2014	12 650	12 650	12 650	12 650
2014/2015	814 711	814 711	814 711	814 711
2016/2017	173 135 231	173 135 231	173 135 231	173 135 231
2015/2016 and 2016/2017 written off	(66 475 518)	(66 475 518)	(66 475 518)	(66 475 518)
2017/2018	176 324 223	176 324 223	175 906 287	175 906 287
2018/2019 plus comparative periods identified in current year	226 367 643	226 367 643	226 367 643	226 367 643
2013/14, 2014/15, 2017/18 and 2018/19 written off	(73 052 938)	(73 052 938)	(73 052 938)	(73 052 938)
2019/2020	56 779 467	56 779 467	56 675 709	56 675 709
2019/2020 identified in 2020/2021	7 240 316	7 240 316	6 844 388	6 844 388
2020/2021	51 048 006	51 048 006	50 766 130	50 766 129
2020/21 identified in 2021/22	26 633 473	561 045	26 072 427	-
2021/2022	80 230 362	-	80 230 362	-
	19 354	-	-	-
	<b>674 171 831</b>	<b>567 849 687</b>	<b>672 391 933</b>	<b>566 089 143</b>

Incidents/cases identified in the current year include those listed below:

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 63. Irregular expenditure (continued)

#### Cases under investigation

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.

Expired contract	3 830 941	5 156 882	3 830 941	5 156 882
Invalid deviations	3 965 043	1 032 815	3 965 043	1 032 815
Non compliance with regulation 31	66 444 258	30 954 781	66 444 258	30 954 781
Payment made not part of the initial contract	5 990 120	-	5 990 120	-
VIP security without threat assessment	-	13 621 652	-	13 621 652
Insufficient quotations received as required by the procurement process	-	48 531	-	-
Bidding process not followed	19 355	354 362	-	-
Preference point system not followed	-	96 618	-	-
Supplier bid declaration form not attached	-	61 535	-	-
	<b>80 249 717</b>	<b>51 327 176</b>	<b>80 230 362</b>	<b>50 766 130</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 64. Commitments

#### Authorised capital expenditure

##### Approved and contracted

• Property, plant and equipment	303 672 195	465 277 898	303 672 195	465 277 898
• Intangible assets	-	2 174 982	-	2 174 982
	<b>303 672 195</b>	<b>467 452 880</b>	<b>303 672 195</b>	<b>467 452 880</b>

##### Total capital commitments

Already contracted for but not provided for	303 672 195	467 452 880	303 672 195	467 452 880
---	-------------	-------------	-------------	-------------

#### Authorised operational expenditure

• Approved and contracted	483 290 764	521 167 819	483 290 764	521 167 819
---------------------------	-------------	-------------	-------------	-------------

##### Total operational commitments

Already contracted for but not provided for	483 290 764	521 167 819	483 290 764	521 167 819
---	-------------	-------------	-------------	-------------

##### Total commitments

	786 962 959	988 620 699	786 962 959	988 620 699
--	-------------	-------------	-------------	-------------

Operational expenditure - not yet contracted (Department of Human Settlement has not yet approved the funding)	-	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	-	5 384 773	-	5 384 773
-------------------	---	-----------	---	-----------

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

The lease contract ended on 30 June 2022.

The prior year comparative disclosure has been restated refer to note 74.

### 65. 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 R242 737 174 (2021 : R308 628 880).

Refer to Appendix E for further details.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 66. Unauthorised expenditure

Opening balance as previously reported	2 257 535 679	1 336 963 931	2 257 535 679	1 336 963 931
<b>Opening balance as restated</b>	<b>2 257 535 679</b>	<b>1 336 963 931</b>	<b>2 257 535 679</b>	<b>1 336 963 931</b>
Less: Amount written off - prior period	(1 101 117 445)	-	(1 101 117 445)	-
Expenditure identified - current year	510 129 135	920 571 748	510 129 135	920 571 748
<b>Closing balance</b>	<b>1 666 547 369</b>	<b>2 257 535 679</b>	<b>1 666 547 369</b>	<b>2 257 535 679</b>

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

Non-cash	510 129 135	920 571 748	510 129 135	920 571 748
----------	-------------	-------------	-------------	-------------

### Analysed as follows: non-cash

Bad debts written off	6 366 378	384 120 628	6 366 378	384 120 628
Debt impairment	503 762 757	536 451 120	503 762 757	536 451 120
	<b>510 129 135</b>	<b>920 571 748</b>	<b>510 129 135</b>	<b>920 571 748</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 67. Fruitless and wasteful expenditure

<b>Opening balance as restated</b>	<b>17 051 176</b>	<b>9 936 165</b>	<b>17 037 460</b>	<b>9 922 449</b>
Add: fruitless and wasteful expenditure - relating to current year	681 580	7 115 011	681 580	7 115 011
<b>Closing balance</b>	<b>17 732 756</b>	<b>17 051 176</b>	<b>17 719 040</b>	<b>17 037 460</b>

### Analysis of expenditure awaiting Council's decision for write off or recovery per age classification

2006/2007	92 967	92 967	92 967	92 967
2008/2009	15 168	15 168	15 168	15 168
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	242 977	242 977	242 977	242 977
2016/2017	11 469 254	11 469 254	11 455 538	11 455 538
2017/2018	16 744 573	16 744 573	16 744 573	16 744 573
2018/2019	3 542 655	3 542 655	3 542 655	3 542 655
2019/2020 (Comparative periods identified in current year)	7 941 214	7 941 214	7 941 214	7 941 214
2020/2021	7 115 011	7 115 010	7 115 010	7 115 010
2021/2022	681 579	-	681 580	-
2008/2009 to 2019/2020 written off	(34 571 804)	(34 571 804)	(34 571 804)	(34 571 804)
	<b>17 732 756</b>	<b>17 051 176</b>	<b>17 719 040</b>	<b>17 037 460</b>

### Details of fruitless and wasteful expenditure

Cancelled tenders	315 372	390 808	315 372	390 808
Interest on late payments: Eskom	1 515	-	1 515	-
Interest - Creditors	20 086	-	20 086	-
Salaries and wages for suspended employees with unresolved cases within prescribed timeframe	108 773	263 739	108 773	263 739
Egxezi re-establishment cost	-	5 614 524	-	5 614 524
Absenteeism during working hours whilst engaged in private trips No. FI-06/2019-20	103 961	-	103 961	-
Fraudulent acting allowances and stand by allowancesNo: FI-04/2020-21	131 872	-	131 873	-
2016 and 2019 Mr J P Moseya abused his position No FI-49/2019-20	-	281 000	-	281 000
Abuse of municipal assets (Truck and TLBs) and fraud on overtimeNo: FI-09/2019-20	-	564 939	-	564 939
	<b>681 579</b>	<b>7 115 010</b>	<b>681 580</b>	<b>7 115 010</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

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

Fruitless and wasteful expenditure has not been 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 wasteful and fruitless 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 is no movement between financial years 2008/2009 to 2020/2021 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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 68. Electricity and water losses

#### Electricity losses

Units purchased - kWh	1 716 486 536	1 745 111 594	1 716 486 536	1 745 111 594
Units sold - kWh	(1 290 028 774)	(1 354 209 162)	(1 290 028 774)	(1 354 209 162)

<b>Loss - kWh</b>	<b>426 457 762</b>	<b>390 902 432</b>	<b>426 457 762</b>	<b>390 902 432</b>
-------------------	--------------------	--------------------	--------------------	--------------------

Electricity loss as a percentage	24,67	22,12	24,67	22,12
Costs per kWh in cents	0,85000	0,82195	0,85000	0,82195
Electricity losses in rand value	362 588 493	321 301 494	362 588 493	321 301 494

The significant electricity losses of 426 457 762 kWh occurred during the year under review, which resulted in material revenue losses to the municipality.

The increase of losses from previous financial year may be as a result of the following:

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).
- 5) Revenue collection.

#### 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.

#### How are these non technical and technical losses being addressed

Strategy to minimize electricity losses has been developed and is being implemented in line with available resources.

#### Water losses

Units purchased (kl)	81 746 217	79 351 722	81 746 217	79 351 722
Units sold (kl)	(55 724 930)	(55 724 930)	(57 649 623)	(55 724 930)

Real losses (kl)	19 518 241	19 137 701	19 518 241	19 137 701
Apparent losses	4 578 353	4 489 090	4 578 353	4 489 090

<b>Total water losses (kl)</b>	<b>24 096 594</b>	<b>23 626 792</b>	<b>24 096 594</b>	<b>23 626 792</b>
--------------------------------	-------------------	-------------------	-------------------	-------------------

Water loss as a percentage	29,50	29,80	29,50	29,80
Cost per kl in cents	9,981	9,454	9,981	9,454
Water loss in rand value	240 510 514	223 374 770	240 510 514	223 374 770

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

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

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

A calculated outcome of 24 096 594 kl was identified as a material water loss for the 2021/2022 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.

Service Delivery initiatives slowed down marginally due to the Covid-19 protocols.

Budgetary and personnel constraints to effectively and efficiently undertake maximum service delivery efforts.

Due to the recent heavy rains; the Msunduzi's fragile water infrastructure became further compromised.

Resultant outcome was that there were frequent burst pipes (an increase of approximately 40% compared prior to the heavy rains).

Many areas were without water for long periods of time due to the complexities of initiating repairs. Furthermore the slippery environmental conditions did not allow for reasonably quick repairs.

In addition there were shortage of essential materials to undertake repairs timeously.

Financial and personnel constraints to undertake re-active measures within the shortest time period.

The above reasons can be attributed to the physical loss of 29.5 % (Water Losses)

The recent flood damage has further weakened the Water Infrastructure thus resulting in more frequent bursts and subsequently increase in water losses

### Core Water Loss initiatives undertaken for 21/22 as at end of June 2022

- 1) 4311 water meters were audited (Inventory and Inspection for accuracy and correct billing) in order to improve, reduce estimations and improve billing.
- 2) 1865 water meters were replaced in order to improve reduce estimations and improve billing.
- 3) Initiation of leak detection and repair tender, contract has been awarded to the panel of service providers. There is currently no budget available for commencement of work packages.
- 4) Pressure Reduction design of forty (40) new Pressure reduction Valve Zones, to be implemented when the Civils tender becomes active in the 2022/2023 financial year.
- 5) Reactively responded to 2108 (cumulative) burst pipes in the 2021/2022 financial year as at end of June 2022.
- 6) Monthly Water balances were undertaken in line with the International Water Association Balance principles and guidelines.

### The following core Non-Revenue Water Interventions are proposed for the 2022/23 FY

Real Losses Interventions:

- 1 Pressure Reduction (Rezoning);
- 2 Pressure Reduction (Implementation);
- 3 PRV ( Pressure Reducing Valves) Optimization;
- 4 Leak Detection ;
- 5 Leak Repair;
- 6 Reservoir Inspection and Control valve optimization.

Billing Improvement Interventions:

- 1 Top Consumer Investigation;
- 2 Meter Reading Accuracy;
- 3 Non-Domestic Meter replacement;
- 4 Domestic Meter Replacement;
- 5 Custody Transfer Points meter installation.

### 69. Non - compliance with 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.



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 70. Accounting by principals and agents

The Municipality is party to principal-agent arrangements.

#### Details of the arrangements are as follows:

##### Department of Human Settlements KwaZulu Natal (Housing Projects)

The Municipality is Level 1 accredited Municipality and in terms of the Implementation Protocol. Msunduzi Local Municipality is accredited in terms of section 10 of the Housing Act to Administer all the National programmes on behalf of the Provincial Department of Human Settlements. The Municipality is authorised within its municipal area to manage and administer all Housing programmes as per Para 7 of the Implementation Protocol.

##### Sale of Prepaid Electricity

The municipality utilises the service of an agent for provision of supply, delivery, installation and commissioning of an online hosted prepayment electricity vending and revenue management system for the Msunduzi Local Municipality.

There is a binding arrangement where Contour Technology (Pty) Ltd (agent) undertakes transactions with 3<sup>rd</sup> parties, on behalf of, and for benefit of, Msunduzi Local Municipality (principal).

Terms and conditions are as per the contract and no changes occurred during the reporting period.

No risks as the Municipality is able to access the Contour prepaid electricity and is able to reconcile monies paid to the municipality by the agent to the actual sales as per the reports for correctness.

##### Department of Transport (Driver's licences)

The municipality acts as an agent of the Kwa-Zulu Natal Department of Transport for the following services:

- 1) Application for renewal of driving licence;
- 2) Issue of credit card format driving licence, including eye test and fingerprints;
- 3) Issue of duplicate credit card format driving licence, where required;
- 4) Renewal of credit card format driving licence, including eye test and fingerprints;
- 5) Issue of temporary driving licence
- 6) Issue of professional driving permit, including eye test and fingerprints;
- 7) Issue of duplicate professional driving permit, where required;
- 8) Substitution of Foreign Driving licence and issue of Credit Card Format Driving licence card, including eye test and fingerprints;
- 9) Verification of driving licence particulars;
- 10) Referral of all queries to the Departmental employee specified by the RTI contact person within two working days of a query or lodging of a complaint or dispute.

The agreement is valid for the period from 1 November 2020 to 31 October 2023. Terms and conditions are as per the contract and no changes occurred during the reporting period.

The purpose of the principal-agent relationship is to ensure greater access to clients throughout the province. No significant risks have been identified in this relationship.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 70. Accounting by principals and agents (continued)

#### Municipality as an agent

#### Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

There are no resources held on behalf of principals.

#### Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principals is show below

Driver's Licenses and professional driver's permits	2 139 483	1 931 382	2 139 483	1 931 382
Department of Human Settlements - Accreditation fee	4 853 172	3 401 886	4 853 172	3 401 886

#### Liabilities and corresponding rights of reimbursement recognised as assets

There are no corresponding rights of reimbursement that have been recognised as assets.

#### Additional information to municipality as an agent

#### Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

#### Amount of revenue received on behalf of the principal during the reporting period

Driver's licences and Professional driver's permits	671 737	590 288	671 737	590 288
---	---------	---------	---------	---------

#### Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

#### Reconciliation of the carrying amount of payables

#### Department of Human Settlements (Housing Settlements)

Opening balance	21 715 044	22 991 872	21 715 044	22 991 872
Amount transferred by the principal	25 490 248	11 471 339	25 490 248	11 471 339
Interest earned on behalf of the principal	207 482	219 021	207 482	219 021
Payments on behalf of the principal	(27 321 143)	(12 967 188)	(27 321 143)	(12 967 188)
	<b>20 091 631</b>	<b>21 715 044</b>	<b>20 091 631</b>	<b>21 715 044</b>

#### Department of Transport (Driver's licences)

Opening balance	135 090	17 696	135 090	17 696
Payment to principal	(135 090)	(17 696)	(135 090)	(17 696)
Revenue received on behalf of the principal (unpaid)	240 397	135 090	240 397	135 090
	<b>240 397</b>	<b>135 090</b>	<b>240 397</b>	<b>135 090</b>

#### All categories

Opening balance	21 850 134	23 009 568	21 850 134	23 009 568
Amount transferred by the principal	25 490 248	11 471 339	25 490 248	11 471 339
Interest earned on behalf of the principal	207 482	219 021	207 482	219 021
Cash paid on behalf of the principal	(27 321 143)	(12 967 188)	(27 321 143)	(12 967 188)
Payment to principal	(135 090)	(17 696)	(135 090)	(17 696)

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021
<b>70. Accounting by principals and agents (continued)</b>				
Revenue received on behalf of the principal (unpaid)	240 397	135 090	240 397	135 090
	<b>20 332 028</b>	<b>21 850 134</b>	<b>20 332 028</b>	<b>21 850 134</b>

### Entity as principal

#### Resources (including assets and liabilities) of the entity under the custodianship of the agent

There are no municipal resources under the custodianship of the agent.

#### Fee paid

Fee paid as compensation to the agent -Prepaid electricity	3 331 253	3 079 104	3 331 253	3 079 104
--	-----------	-----------	-----------	-----------

#### Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

None

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 71. Related parties

#### Relationships

Municipal entity	Safe City Msunduzi NPC
Controlling entity	Msunduzi Local Municipality
Close family member of key management	Ekuseni Investment Holdings
Members of key management	City Manager: Madoda P Khathide (July 2021 - March 2022) Chief Financial Officer: Nelisiwe M. Ngcobo General Manager Community Services: Mbongeni Mathe General Manager Corporate Services: Mosa L.I Molapo General Manager Infrastructure Services: Vusimuzi Cele General Manager Sustainable Development and City Enterprises: Felix Nxumalo Chief Audit Executive: Petrus J. Mahlaba General Manager : L. Holtzhausen (Safe City Msunduzi NPC)
Safe City Msunduzi NPC - board of directors	Chairperson : D. Sokhela Vice Chairperson : G Moody Director : V. Biggs Director : R. Singh Director : S Ako-nai Director : K Basson

Mr M.P. Khathide resigned on the 30th of March 2022

Councillor Sandile Dlamini is a brother of a Director of Ekuseni Investment holdings.

#### 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 for the services rendered by the Municipal representative.

#### Related party balances

##### Amounts included in Trade receivable (Trade Payable) regarding related parties

Matthew Francis Inc	(4 425 812)	(13 005 101)
Safe City Msunduzi NPC	(3 569 856)	(3 390 727)

There are no guarantees given or received with regards to the related party balances outstanding.

There are no commitments with regards to related parties.

There related party balances are unsecured.

The terms and conditions with related parties are on an arm's length basis. There is no specific provision with regards to the nature of the consideration to be provided in settlement of the related party balances.

Refer to note Note 60 for Councillors' arrear consumer accounts for further details on outstanding balances.

The Safe City Msunduzi NPC balance relates to the outstanding last quarter payment.

#### Impairment relating to outstanding balances with related parties

Councillors in arrears	-	115 362
------------------------	---	---------

#### Expenses recognised in respect of bad debts

Councillors in arrears	-	-
------------------------	---	---

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 71. Related parties (continued)

#### Related party transactions

##### Grants paid to related parties

Safe City Msunduzi NPC - Safe City is an entity of the Municipality.

12 416 689 11 793 834

##### Services from related parties

Matthew Francis Inc - The senior manager water and sanitation's spouse is a Director at Matthew Francis Inc. The law firm is a service provider.

12 355 430 19 581 223

Ekuseni Investment Holdings - Councillor is a brother of an employee of the service provider.

- 320 678

##### Service charges paid received from related parties

Safe City Msunduzi NPC - Safe City is an entity of the Municipality.

201 396 169 006

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 71. Related parties (continued)

#### Remuneration of management

##### Councillors

##### 2022

Name	Basic salary	Phone allowance	Housing allowance	Travelling allowance	Pension	Medical aid	Motor vehicle allowance	Total
Mayor	1 100 919	44 400	-	-	165 138	58 335	-	1 368 792
Deputy mayor	1 005 937	45 833	-	-	48 266	16 844	-	1 116 880
Speaker	745 311	44 400	-	156 062	111 797	52 515	-	1 110 085
Chief whip	906 481	36 333	-	34 315	89 889	24 995	-	1 092 013
MPAC chair	829 210	33 383	-	-	43 326	32 187	84 481	1 022 587
Executive committee members	6 694 104	275 133	28 423	604 703	512 456	236 802	-	8 351 621
Other councillors	27 143 856	2 277 867	71 416	2 671 446	2 079 085	1 223 798	-	35 467 468
	<b>38 425 818</b>	<b>2 757 349</b>	<b>99 839</b>	<b>3 466 526</b>	<b>3 049 957</b>	<b>1 645 476</b>	<b>84 481</b>	<b>49 529 446</b>

##### 2021

Name	Basic salary	Phone allowance	Housing allowance	Travelling allowance	Pension	Medical aid	Motor vehicle allowance	Total
Mayor	1 155 131	44 400	-	-	173 270	57 277	-	1 430 078
Deputy mayor	945 394	45 900	-	-	141 809	39 558	-	1 172 661
Speaker	870 159	45 900	-	73 682	130 524	50 339	-	1 170 604
Chief whip	932 505	42 900	-	105 819	-	19 865	-	1 101 089
MPAC chair	641 888	44 400	-	39 195	96 283	39 558	220 048	1 081 372
Executive committee members	6 345 986	353 700	-	1 002 194	951 898	217 349	-	8 871 127
Other councillors	24 374 603	2 838 724	132 892	4 882 098	3 125 405	1 460 593	-	36 814 315
	<b>35 265 666</b>	<b>3 415 924</b>	<b>132 892</b>	<b>6 102 988</b>	<b>4 619 189</b>	<b>1 884 539</b>	<b>220 048</b>	<b>51 641 246</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 71. Related parties (continued)

#### Executive management

2022

Name	Basic salary	Phone allowance	Housing allowance	Travelling allowance	Pension	Medical aid	Acting allowance	Bonus	Other	Total
City Manager	1 045 975	-	-	-	189 008	-	-	-	107 409	1 342 392
Chief Financial Officer	1 228 641	14 400	180 000	176 493	119 792	-	69 667	60 000	21 627	1 870 620
Chief Audit Executive	1 200 226	13 800	11 574	153 262	216 041	36 817	-	100 019	16 452	1 748 191
Internal audit										
General Manager : Corporate Services	1 304 980	20 400	-	127 251	234 897	-	-	90 000	2 975	1 780 503
General Manager : Sustainable Development and City Enterprises	958 373	14 400	-	338 550	-	57 277	-	-	13 676	1 382 276
General Manager : Community services	1 354 200	20 400	-	-	-	13 070	3 698	-	7 765	1 399 133
General manager : Infrastructure services	1 354 200	23 600	-	-	-	-	-	-	9 319	1 387 119
Chairperson : D. Sokhela(Safe City Msunduzi NPC)	73 974	-	-	-	-	-	-	-	-	73 974
Vice Chairperson : G. Moody (Safe City Msunduzi NPC)	41 971	-	-	-	-	-	-	-	-	41 971
Director : V. Biggs (Safe City Msunduzi NPC)	15 871	-	-	-	-	-	-	-	-	15 871
Director : R Singh (Safe City Msunduzi NPC)	31 742	-	-	-	-	-	-	-	-	31 742
Director : S .Ako-nai (Safe City Msunduzi NPC)	31 742	-	-	-	-	-	-	-	-	31 742

## Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

### Notes to the Consolidated Annual Financial Statements

Figures in Rand

#### 71. Related parties (continued)

Director : K. Basson (Safe City Msunduzi NPC)	37 005	-	-	-	-	-	-	-	-	37 005
General Manager : L. Holtzhausen	709 448	10 000	-	30 000	-	28 649	-	61 697	2 040	841 834
	<b>9 388 348</b>	<b>117 000</b>	<b>191 574</b>	<b>825 556</b>	<b>759 738</b>	<b>135 813</b>	<b>73 365</b>	<b>311 716</b>	<b>181 263</b>	<b>11 984 373</b>



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 71. Related parties (continued)

2021

Name	Basic salary	Phone allowance	Housing allowance	Travelling allowance	Pension	Medical aid	Bonus	Other	Total
City Manager	1 394 633	-	-	-	252 010	-	-	13 958	1 660 601
Chief Financial Officer	1 228 641	14 400	180 000	176 493	119 792	-	60 000	36 257	1 815 583
Chief Audit Executive - Internal audit	1 159 639	13 800	11 574	153 262	208 735	35 410	96 637	35 610	1 714 667
General Manager : Corporate Services	1 291 764	20 400	-	127 251	232 518	-	90 000	35 184	1 797 117
General Manager : Sustainable Development and City Enterprises	987 159	14 400	-	383 145	-	57 277	-	18 637	1 460 618
General Manager : Community services	1 335 758	20 400	-	-	-	-	-	27 702	1 383 860
General manager : Infrastructure services	902 800	-	-	-	-	-	-	10 447	913 247
Chairperson : D. Sokhela(Safe City Msunduzi NPC)	39 242	-	-	-	-	-	-	-	39 242
Vice Chairperson : G. Moody (Safe City Msunduzi NPC)	38 158	-	-	-	-	-	-	-	38 158
Director : V. Biggs (Safe City Msunduzi NPC)	13 226	-	-	-	-	-	-	-	13 226
Director : R Singh (Safe City Msunduzi NPC)	26 452	-	-	-	-	-	-	-	26 452
Director : S .Ako-nai (Safe City Msunduzi NPC)	21 162	-	-	-	-	-	-	-	21 162
Director : K. Basson (Safe City Msunduzi NPC)	47 501	-	-	-	-	-	-	-	47 501
General Manager : L. Holtzhausen	663 717	8 000	-	30 000	-	27 048	56 811	1 898	787 474
	<b>9 149 852</b>	<b>91 400</b>	<b>191 574</b>	<b>870 151</b>	<b>813 055</b>	<b>119 735</b>	<b>303 448</b>	<b>179 693</b>	<b>11 718 908</b>

### 72. Events after the reporting date

There were no material events after the reporting date of the annual financial statements.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 73. Prior period error

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

##### Economic entity - 2021

	Note	As previously reported	Correction of error	Re-classification	Restated
Accumulated surplus		(7 513 887 393)	(480 302 284)	-	(7 994 189 677)
VAT payable		(190 234 402)	10 561 811	-	(179 672 591)
Consumer debtors		1 176 104 174	464 124 262	-	1 640 228 436
Statutory receivables		545 319 677	5 039 351	-	550 359 028
Receivables from exchange transactions		19 679 207	-	(5 799 874)	13 879 333
Investment property		892 583 607	(650 000)	-	891 933 607
Property, Plant and equipment		6 772 072 289	(490 182)	-	6 771 582 107
Consumer deposits		(128 836 470)	8 188 584	-	(120 647 886)
Payables from exchange transactions		(1 388 654 967)	(6 471 539)	5 799 874	(1 389 326 632)
		<b>184 145 722</b>	<b>3</b>	<b>-</b>	<b>184 145 725</b>

##### Accumulated surplus

As previously reported	-	(7 513 887 393)	-	(7 500 536 239)
Correction of unclaimed input in terms of section 16(3) of the VAT Act	-	(11 466 366)	-	(11 466 366)
Correction of departmental accounts	-	3 773 874	-	3 773 874
Correction of incorrect postings on consumer debtor's general ledger	-	(15 975)	-	(15 975)
Correction of short code receipting into revenue	-	(483)	-	(483)
Correction of unallocated deposit	-	(1 902 992)	-	(1 902 992)
Correction of poster allocation and hoarding receipts incorrectly allocated to consumer deposits	-	(180 785)	-	(180 785)
Correction of 2020/21 accruals	-	(272 500)	-	(272 500)
Correction of 2019/20 accruals	-	(8 409)	-	(8 409)
Correction of landfill site revenue VAT not accounted for 2020/21	-	89 194	-	89 194
Correction of landfill site revenue not recognised in 2020/21	-	(5 525 880)	-	(5 525 880)
Recognition of assets found on the floor	-	(536 641)	-	(536 641)
Reversal of interest on incorrect billing and debt amnesty	-	15 345 530	-	15 345 530
Correction of duplicated accrual on both accruals and credits accruals	-	(1 069)	-	(1 069)
Correction of advance payments-transfer from revenue	-	8 642 988	-	8 642 988
Derecognition of assets not physically verified	-	1 400 000	-	1 400 000
Correction of revenue recognised in the incorrect period pre-2020/21	-	742 069	-	742 069
Correction of revenue recognised in the incorrect period - 2020/21	-	378 953	-	378 953
Write off of other financial assets	-	14 035 644	-	14 035 644
Reassessment of other financial assets impairment after write off	-	(14 035 644)	-	(14 035 644)
Correction of work in progress capitalised in incorrect year	-	276 824	-	276 824
Correction of prepaid electricity revenue classified as consumer deposits.	-	(2 767 045)	-	(2 767 045)
Correction of property rates revenue recognised in an incorrect accounting period.	-	(25 942 686)	-	(25 942 686)

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021
<b>73. Prior period error (continued)</b>				
Correction of unbilled sanitation revenue pre 2021	-	(64 552)	-	(64 552)
Correction of unbilled sanitation revenue 2020/21	-	(67 459)	-	(67 459)
Correction of the reversal of bad debts in an incorrect period	-	(8 060 142)	-	(8 060 142)
Correction of cut off system adjustments	-	(44 223 029)	-	(44 223 029)
Recalculated debt impairment 2020/21	-	(409 915 703)	-	(409 915 706)
<b>Restated</b>		<b>- (7 994 189 677)</b>		<b>- (7 980 838 526)</b>
<b>VAT payable</b>				
As previously reported	-	(190 638 434)	-	(190 234 402)
Correction of unclaimed input in terms of section 16(3) of the VAT Act	-	11 466 367	-	11 466 367
Raising of 2019/20 accruals	-	13 520	-	13 520
Correction of landfill site revenue VAT not accounted for 2020/21	-	(89 194)	-	(89 194)
Correction of landfill site revenue not recognised in 2020/21	-	(828 882)	-	(828 882)
<b>Restated</b>		<b>- (180 076 623)</b>		<b>- (179 672 591)</b>
<b>Consumer debtors</b>				
As previously reported	-	1 176 104 174	-	1 176 104 174
Correction of departmental accounts	-	(5 319 568)	-	(5 319 568)
Correction of incorrect postings on consumer debtor's general ledger	-	18 944	-	18 944
Correction of landfill site revenue not recognised in 2020/21	-	1 114 491	-	1 114 491
Correction of revenue recognised in the incorrect period pre-2020/21	-	(740 029)	-	(740 029)
Correction of revenue recognised in the incorrect period - 2020/21	-	(378 953)	-	(378 953)
Correction of unbilled sanitation revenue pre 2021	-	64 552	-	64 552
Correction of unbilled sanitation revenue 2020/21	-	67 459	-	67 459
Correction of the reversal of bad debts in an incorrect period	-	8 060 142	-	8 060 142
Correction of cut off system adjustments	-	38 299 419	-	38 299 419
Recalculated debt impairment 2020/21	-	422 937 805	-	422 937 805
<b>Restated</b>		<b>- 1 640 228 436</b>		<b>- 1 640 228 436</b>
<b>Statutory receivables</b>				
As previously reported	-	545 319 677	-	545 319 677
Correction of departmental accounts	-	1 545 694	-	1 545 694
Correction of incorrect postings on consumer debtor's general ledger	-	(2 970)	-	(2 970)
Reversal of interest on incorrect billing and debt amnesty	-	(15 345 531)	-	(15 345 531)
Correction of revenue recognised in the incorrect period pre-2020/21	-	(2 041)	-	(2 041)
Correction of property rates revenue recognised in an incorrect accounting period.	-	25 942 686	-	25 942 686
Correction of cut off system adjustments	-	5 923 609	-	5 923 609
Recalculated debt impairment 2020/21	-	(13 022 096)	-	(13 022 096)
<b>Restated</b>		<b>- 550 359 028</b>		<b>- 550 359 028</b>
<b>Consumer deposits</b>				
As previously reported	-	(128 836 470)	-	(128 836 470)

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021
<b>73. Prior period error (continued)</b>				
Correction of short code receipting into revenue	-	483	-	483
Correction of poster allocation and hoarding receipts incorrectly allocated to consumer deposits	-	180 785	-	180 785
Correction of landfill site revenue not recognised in 2020/21	-	5 240 271	-	5 240 271
Correction of prepaid electricity revenue classified as consumer deposits.	-	2 767 045	-	2 767 045
<b>Restated</b>	<b>- (120 647 886)</b>		<b>- (120 647 886)</b>	
<b>Payables from exchange transactions</b>				
As previously reported	-	(1 385 627 077)	-	(1 388 654 967)
Correction of accruals 2020/21	-	268 457	-	268 457
Correction of unallocated deposit	-	1 902 993	-	1 902 993
Caseware reclassification - from receivables to payables	-	5 799 874	-	5 799 874
Correction of advance payments-transfer from revenue	-	(8 642 992)	-	(8 642 987)
<b>Restated</b>	<b>- (1 386 298 745)</b>		<b>- (1 389 326 630)</b>	
<b>Property, Plant and equipment</b>				
As previously reported	-	6 781 651 843	-	6 772 072 289
Recognition of assets found on the floor	-	536 641	-	536 641
Derecognition of assets not physically verified	-	(750 000)	-	(750 000)
Correction of work in progress capitalised in incorrect year	-	(276 823)	-	(276 823)
<b>Restated</b>	<b>- 6 781 161 661</b>		<b>- 6 771 582 107</b>	
<b>Receivable from exchange transactions</b>				
As previously reported	-	19 681 707	-	19 679 207
Caseware reclassification - from receivables to payables	-	(5 799 874)	-	(5 799 874)
<b>Restated</b>	<b>- 13 881 833</b>		<b>- 13 879 333</b>	
<b>Investment property</b>				
As previously reported	-	892 583 607	-	892 583 607
Derecognition of assets not physically verified	-	(650 000)	-	(650 000)
<b>Restated</b>	<b>- 891 933 607</b>		<b>- 891 933 607</b>	

### Statement of Financial Performance

#### Economic entity - 2021

	Note	As previously reported	Correction of error	Re-classification	Restated
Surplus/deficit for the year		395 683 862	(449 972 369)	-	(54 288 507)
Service charges	3	188 125 756	18 456 901	-	3 206 582 657
Property rates	1	204 676 315	27 653 990	-	1 232 330 305
Interest received - property rates		44 323 254	(5 843 499)	-	38 479 755
Operational revenue		53 354 598	(8 642 987)	(35 955)	44 675 656
General expenses		(549 998 397)	371 044	-	(549 627 353)
Operational costs		(128 892 961)	1 069	-	(128 891 892)
Bad debts written off		(384 120 628)	(5 975 502)	-	(390 096 130)
Debt impairment		(660 355 263)	423 951 353	-	(236 403 910)
Loss on disposal of assets		(10 843 043)	-	35 955	(10 807 088)
<b>Surplus/deficit for the year</b>		<b>3 151 953 493</b>	<b>-</b>	<b>-</b>	<b>- 3 151 953 493</b>

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021
<b>73. Prior period error (continued)</b>				
<b>Deficit for the year</b>				
As previously reported	-	(395 683 862)	-	(395 015 969)
Correction of 2020/21 accruals	-	371 044	-	371 044
Correction of landfill site revenue VAT not accounted for 2020/21	-	(89 194)	-	(89 194)
Correction of landfill site revenue not recognised in 2020/21	-	5 525 881	-	5 525 881
Reversal of interest on incorrect billing and debt amnesty	-	(5 843 499)	-	(5 843 499)
Correction of duplicated accrual on both accruals and creditors	-	1 068	-	1 068
Correction of advance payments-transfer from revenue	-	(8 642 988)	-	(8 642 988)
Correction of revenue recognised in the incorrect period - 2020/21	-	(378 953)	-	(378 953)
Write off of other financial assets	-	14 035 644	-	14 035 644
Reassessment of other financial assets impairment after write off	-	(14 035 644)	-	(14 035 644)
Correction of property rates revenue recognised in an incorrect accounting period.	-	25 942 686	-	25 942 686
Correction of unbilled sanitation revenue 2020/21	-	67 459	-	67 459
Correction of the reversal of bad debts in an incorrect period	-	8 060 142	-	8 060 142
Correction of cut off system adjustments	-	15 043 017	-	15 043 017
Recalculated debt impairment 2020/21	-	409 915 706	-	409 915 706
<b>Restated</b>	-	<b>54 288 507</b>	-	<b>54 956 400</b>
<b>General expenses</b>				
As previously reported	-	(550 212 131)	-	(549 998 397)
Correction of 2020/21 accruals	-	371 044	-	371 044
<b>Restated</b>	-	<b>(549 841 087)</b>	-	<b>(549 627 353)</b>
<b>Service charges</b>				
As previously reported	-	3 188 125 756	-	3 188 294 762
Correction of Landfill site revenue VAT not accounted for 2020/21	-	(89 194)	-	(89 194)
Correction of landfill site revenue not recognised in 2020/21	-	5 525 880	-	5 525 880
Correction of revenue recognised in the incorrect period - 2020/21	-	(378 953)	-	(378 953)
Correction of unbilled sanitation revenue 2020/21	-	67 459	-	67 459
Correction of cut off system adjustments	-	13 331 709	-	13 331 709
<b>Restated</b>	-	<b>3 206 582 657</b>	-	<b>3 206 751 663</b>
<b>Interest non - exchange receivables</b>				
As previously reported	-	44 323 254	-	44 323 254
Reversal of interest on incorrect billing and debt amnesty	-	(5 843 499)	-	(5 843 499)
<b>Restated</b>	-	<b>38 479 755</b>	-	<b>38 479 755</b>
<b>Operational revenue</b>				
As previously reported	-	53 354 598	-	53 318 643
Correction of Advance payments-transfer from revenue	-	(8 642 987)	-	(8 642 987)
Reclassification	-	(35 955)	-	-

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2022	2021	2022	2021
<b>73. Prior period error (continued)</b>				
<b>Restated</b>	-	<b>44 675 656</b>	-	<b>44 675 656</b>
<b>Operational costs</b>				
As previously reported	-	(129 809 590)	-	(128 892 961)
Correction of duplicated accrual on both accruals and creditors	-	1 068	-	1 068
<b>Restated</b>	-	<b>(129 808 522)</b>	-	<b>(128 891 893)</b>
<b>Property rates</b>				
As previously reported	-	1 204 676 315	-	1 204 676 315
Correction of property rates revenue recognised in an incorrect accounting period.	-	25 942 685	-	25 942 685
Correction cut off system adjustment	-	1 711 305	-	1 711 305
<b>Restated</b>	-	<b>1 232 330 305</b>	-	<b>1 232 330 305</b>
<b>Bad debts written off</b>				
As previously reported	-	(384 120 628)	-	(384 120 628)
Write off of other financial assets	-	(14 035 644)	-	(14 035 644)
Correction of the reversal of bad debts in an incorrect period	-	8 060 142	-	8 060 142
<b>Restated</b>	-	<b>(390 096 130)</b>	-	<b>(390 096 130)</b>
<b>Debt impairment</b>				
As previously reported	-	(660 355 263)	-	(660 355 263)
Reassessment of other financial assets impairment after write off	-	14 035 644	-	14 035 644
Recalculated debt impairment 2020/21	-	409 915 709	-	409 915 709
<b>Restated</b>	-	<b>(236 403 910)</b>	-	<b>(236 403 910)</b>

### Cash flow statement

#### Economic entity - 2021

	Note	As previously reported	Correction of error	Restated
<b>Cash flow from operating activities</b>				
Sale of goods and services		4 078 745 887	(40 421 656)	4 038 324 231
Suppliers		(3 318 257 735)	5 309 954	(3 312 947 781)
		<b>760 488 152</b>	<b>(35 111 702)</b>	<b>725 376 450</b>
<b>Cash flow from investing activities</b>				
Purchase of tangible non current assets		(600 087 269)	45 165 764	(554 921 505)

The cashflow statement was recalculated due to corrections in the Statement of Financial Performance and Position.

### 74. Comparative figures

Certain comparative figures have been reclassified and restated.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 75. Change in accounting 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 2022 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 R365 760 983 (2021:R49 864 836).

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

Depreciation before the review of useful life	(370 159 405)	(422 411 724)	(370 159 405)	(422 411 724)
Depreciation after the review of useful life	365 760 983	372 546 888	365 760 983	372 546 888
<b>Change in estimate</b>	<b>(4 398 422)</b>	<b>(49 864 836)</b>	<b>(4 398 422)</b>	<b>(49 864 836)</b>

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

Landfill rehabilitation 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 R6 883 141 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 an increase of R34 887 000 to R547 258 001, owing to the net effect of the actuarial loss, current service and interest costs for the reporting period ended 30 June 2022.

#### 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 by R8 467 466 to R148 301 281.

#### Long service awards

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 an increase by R499 000 to R83 588 000, attributed to the net effect of the actuarial loss, benefits vesting, current service, past service and interest costs for the reporting period ended 30 June 2022.

### 76. Risk management

#### Financial risk management

The economic entity'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.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 76. Risk management (continued)

#### Liquidity risk

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

The municipality is exposed to the following liquidity risks:

#### Other financial liabilities

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
<b>At 31 June 2022</b>				
Borrowings	79 162 900	74 270 956	50 310 656	203 744 512
<b>At 30 June 2021</b>				
Borrowings	81 573 484	79 162 900	124 581 612	285 317 996

#### Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the municipality.

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 management. The utilisation of credit limits is regularly monitored. Sales to consumers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

The carrying amount of financial assets recorded in the financial statements that represent the municipality's maximum exposure to credit risk obtained details - Refer to note 78 - Financial instruments disclosure.

As at the end of the reporting period, no collateral was being held as a means of mitigating the risk of financial loss from default except for consumer deposits.

#### Credit quality

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

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

The analysis of the age of receivables that are past due but not impaired for the Municipality (Refer to note 7 - consumer debtors) for the analysis and details.

#### Market risk



# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 76. Risk management (continued)

#### Risk from agricultural assets

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

#### Interest rate risk

As the economic entity has no significant interest-bearing assets, the economic entity'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.

### 77. Financial instruments disclosure

#### Categories of financial instruments

##### Controlling entity - 2022

#### Financial assets

##### At amortised cost

Short term investment	32 670 009	32 311 434	32 670 009	32 311 434
Receivables from exchange transactions	21 116 337	13 881 833	21 113 837	13 879 333
Consumer debtors	1 315 073 345	1 640 228 436	1 315 073 345	1 640 228 436
Cash and cash equivalents	290 433 199	361 320 731	289 152 840	359 519 552
	<b>1 659 292 890</b>	<b>2 047 742 434</b>	<b>1 658 010 031</b>	<b>2 045 938 755</b>

#### Financial liabilities

##### At amortised cost

Payables from exchange transactions	1 922 030 381	1 386 298 745	1 925 228 675	1 389 326 632
Consumer deposits	132 962 378	120 647 886	132 962 378	120 647 886
Other financial liabilities	203 744 512	285 317 996	203 744 512	285 317 996
	<b>2 258 737 271</b>	<b>1 792 264 627</b>	<b>2 261 935 565</b>	<b>1 795 292 514</b>

#### Other information

Receivables/payables from non contractual/compulsory arrangements have been removed or excluded from financial instruments disclosure, ie Property rates debtors, traffic fines debtors, transfers payable and unspent conditional grants. Statutory receivables/Payables are not financial instruments, as they arise not as a result of a contract, entered into by willing parties to the arrangement but rather a statutory or legislative arrangement.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 78. Going concern

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

The 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 and in terms of section 139 of the Municipal Finance Act. at the municipality and appointed the Ministerial representative. The appointment became effective on 14 April 2019 to 31 October 2022. 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 terms of reference amongst others include, establishment of the Interim Finance Committee to monitor and manage the cash flow of the municipality. It is envisaged that the intervention will assist in improving the municipality's financial viability.

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

- 1) Impact of COVID 19 pandemic on municipal finance and operations.
- 2) Adverse liquidity ratios.
- 3) Below norm cash cost coverage ratio.
- 4) The outstanding gross debtors balance has increased significantly and the majority of the debtors have been outstanding for over 365 days.
- 5) The dwindling of reserves over the recent years.
- 6) Deteriorating creditors days.
- 7) The increase in net debtors balances
- 8) Successive deficits.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 78. Going concern (continued)

The following measures are being implemented by management in response to the going concern risk indicators:

- 1) The municipality has monitored the implementation of the financial recovery plan that was developed in 2018. Management has voluntarily requested National Treasury to assist with the development of the revised financial recovery plan that is linked to the current challenges of the municipality after COVID 19. The revised recovery plan will be implemented in 2022/23 financial year.
- 2) There is a revenue enhancement committee that meets on a weekly basis to monitor the implementation of the revenue enhancement plan and the identification of additional revenue streams. The committee monitors implementation of the strategies that have been developed to recover the outstanding debt.
- 3) The dispute resolution committee was formed to speed up the process of dealing with consumer appeals.
- 4) The following strategies are currently being implemented to recover the outstanding debt:
  - a) The electricity disconnections conducted daily.
  - b) The water restrictions conducted daily.
  - c) The consolidation of accounts for customers with multiple accounts.
  - d) Consolidation of accounts where rates and services were billed on separate accounts.
  - e) Improved turnaround time for responding to customer queries.
  - f) Development of the customer dispute resolution process.
  - g) Review of the organogram to include the functions that were previously not catered for on the structure.
  - h) Processing name changes for deceased debtors with surviving spouses.
  - i) Increasing capacity at validations section.
  - j) Audit of bulk meters to ensure accuracy and completeness of billing.
  - k) COVID relief amnesty campaign for qualifying debtors.
  - l) Review of the credit control and by laws to allow debtors to enter into affordable payment arrangements.
  - m) Emailing of statements to customers.
  - n) Media campaigns for encouraging the debtors to pay.
  - o) Legal processes instituted against arrear debtors.
  - p) Vetting of indigent debtors.
  - q) Improved turnaround time issuing rates clearance certificates and processing name changes for changes in property ownership
- 5) The debt recovery plan was developed and approved by Council.
- 6) The debt collectors were appointed to recover long outstanding debtors.
- 7) KZN Provincial CoGTA and National Treasury are consistently monitoring the implementation of the financial recovery plan and revenue enhancement plan.

### Financial Recovery Plan (FRP)

Given the decline of the financial status and the nature of the recurring financial problems and that there was no noticeable progress made since the implementation of the current FRP the municipality requested National Treasury Municipal Financial Recovery Service to assist in revising the discretionary financial recovery plan for the municipality.

The revised FRP will be used as an instrument to guide the municipality in addressing the financial crisis and to ensure that the municipality regains its financial health within the shortest timeframe while ensuring that all issues which adversely affect the financial health of the municipality are comprehensively addressed. FRP adopts a strategic, focused approach which is time-bound yet comprehensive enough to ensure that the underlying causes of the crisis are adequately addressed. To achieve this objective, the draft financial recovery plan presents a phased approach to recovery, differentiating between issues to be addressed in the short, medium and long term.

The FRP is divided into three distinct but interdependent phases. These include:

- a) Rescue Phase (Phase 1) which focuses primarily on cash and restoring the cash position of the municipality.
- b) Stabilization Phase (Phase 2) which expands on the financial indicators to be monitored and emphasizes key governance and institutional issues which must simultaneously be addressed.
- c) Sustainability Phase (Phase 3) to ensure that indicators are developed that will give effect to the long-term financial sustainability of the municipality.

Notwithstanding, 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 provided that the financial recovery plan, the debt recovery plan and the other revenue and expenditure enhancement strategies are successful and there is a successful relationship between the municipality and consumers, and consumer behaviour is supportive of the municipality's efforts.

# Msunduzi Local Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2022

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2022	2021	2022	2021

### 79. Segment information

#### General information

##### Identification of segments

The municipality is organised and reports to management on the basis of nine major functional areas: Electricity, Water, Rates, Sanitation, Refuse, Airport, Market, Forestry and Support services. The segments were organised around the type of goods and services delivered. Management uses these same segments for determining strategic objectives. Supporting services segment was aggregated for reporting purposes.

The identification of these segments is consistent with the functional classification of local government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Separate financial and other relevant information on geographical areas in which the municipality operates is not available. The necessary information is not available and the cost to develop it would be excessive.

##### Aggregated segments

Support services segment was aggregated as a practical limit has been reached beyond which segment information becomes too detailed. Management is of the view that such additional detailed segments are not useful and relevant.

##### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Electricity	Provision of electricity
Water	Provision of water
Rates	Property tax
Sanitation	Provision of solid and water waste services
Refuse	Refuse removal services
Airport	Aviation services
Market	Administration and handling fees
Forestry	Timber
Support services	Various goods and services

##### Information about geographical areas

The economic entity's operations are in the KwaZulu Natal Province.

Separate financial and other relevant information on geographical areas in which the municipality operates is not available. The cost to develop the necessary information would be excessive.

## Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 80. Segment information (continued)

##### Segment surplus or deficit, assets and liabilities

2022

	Electricity	Water	Rates	Sanitation	Refuse	Airport	Market	Forestry	Support Services	Total
<b>Revenue</b>										
Revenue from exchange transactions	2 574 354 409	773 621 808	20 002 088	187 079 753	109 344 748	8 269 546	17 430 637	0	38 059 900	3 728 162 890
Revenue from non-exchange transactions	17 361 757	264 573 904	1 280 669 978	84 520 939	28 364 904	326 219	0	0	85 730 263	1 761 547 965
Interest consumer debtors and receivables	25 067 700	103 444 826	0	16 600 379	9 113 413	0	0	0	(5 263 619)	148 962 699
Interest - bank, call and investment accounts	0	0	0	0	0	0	0	0	18 280	18 280
<b>Total segment revenue</b>	<b>2 616 783 867</b>	<b>1 141 640 539</b>	<b>1 300 672 066</b>	<b>288 201 071</b>	<b>146 823 065</b>	<b>8 595 764</b>	<b>17 430 637</b>	<b>0</b>	<b>118 544 824</b>	<b>5 638 691 834</b>
Unallocated revenue/non-segment										574 148 374
<b>Total entity's revenue</b>										<b>6 212 840 207</b>
<b>Expenditure and gains(losses)</b>										
Bulk purchases	(2 212 724 552)	(737 482 753)	0	0	0	0	0	0	0	(2 950 207 305)
Debt impairment	(80 243 516)	(638 164 501)	(145 402 503)	(82 258 523)	(44 777 074)	0	0	0	(12 916 640)	(1 003 762 757)
Depreciation and amortisation	(94 045 139)	(49 180 885)	(110 589)	(20 547 744)	(2 708 375)	(6 737 942)	(5 347 841)	(92 553)	(38 520 484)	(217 291 552)
Employee related costs	(122 089 067)	(112 767 717)	(36 323 430)	(9 725 661)	(92 702 215)	(2 764 026)	(11 992 495)	0	(418 926 168)	(807 290 781)
Finance costs	(11 290 397)	(4 788 215)	0	(3 934 094)	(747 398)	0	0	0	0	(20 760 104)
Other expenses	(74 115 560)	1 628 812	(51 001 169)	(229 979 633)	(26 438 380)	(14 265 787)	(11 954 532)	(2 598 952)	(202 657 312)	(611 382 514)
Actuarial gains/losses	0	(152 169)	0	0	0	0	0	0	2 759 480	2 607 311
Fair value adjustments on investment property	0	0	0	0	0	0	0	0	16 517 173	16 517 173
Gains/(losses) on agricultural assets	0	0	0	0	0	0	0	(16 100 000)	0	(16 100 000)
Gain/(loss) on disposal of assets	(0)	(645)	(1)	0	0	0	0	0	(1 095 993)	(1 096 639)
Impairment loss	(464 228)	(37 674)	(3 248)	(10 655)	(19 659)	(3 346)	(13 394)	(1 562)	(856 802)	(1 410 566)
Inventory losses	0	(217 644)	0	0	0	0	0	0	0	(217 644)
<b>Total segment expenditure and gains(losses)</b>	<b>(2 594 972 460)</b>	<b>(1 541 163 391)</b>	<b>(232 840 939)</b>	<b>(346 456 310)</b>	<b>(167 393 102)</b>	<b>(23 771 101)</b>	<b>(29 308 262)</b>	<b>(18 793 066)</b>	<b>(655 696 747)</b>	<b>(5 610 395 378)</b>
Total segmental surplus/(deficit)	21 811 407	(399 522 852)	1 067 831 127	(58 255 239)	(20 570 037)	(15 175 337)	(11 877 625)	(18 793 066)	(537 151 923)	<b>602 444 830</b>
Unallocated expenditure/non segment										(1 325 643 883)
Unallocated gains/(losses) / non segment										(3 783 106)
<b>Surplus (deficit) for the period as per Statement of Financial Performance</b>										<b>(726 982 160)</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 80. Segment information (continued)

2022	Electricity	Water	Rates	Sanitation	Refuse	Airport	Market	Forestry	Support Services	Total
<b>Assets</b>										
Segment assets	3 013 123 823	2 173 961 589	2 971 181 698	1 929 810 170	969 177 681	71 104 818	65 231 117	80 690 363	6 516 036 288	17 790 317 547
Unallocated assets/non segment										(7 029 434 410)
Reclassification to liabilities										0
<b>Total assets as per Statement of Financial Position</b>										<b>10 760 883 137</b>
<b>Additions to non current assets</b>										
Segment additions	99 778 021	58 051 642	15 745	54 321 981	15 204 568	826 219	1 205 635	0	90 867 618	320 271 431
Unallocated additions/non segment										211 141 372
<b>Total additions</b>										<b>531 412 802</b>
<b>Liabilities</b>										
Segment liabilities	11 777 935 599	1 820 442 261	29 551 784	1 309 315 966	337 700 823	77 520 209	767 511 007	33 887 157	2 072 997 361	18 226 862 167
Unallocated liabilities /non segment										(14 933 158 443)
Reclassification from assets										0
<b>Total liabilities as per Statement of Financial Position</b>										<b>3 293 703 724</b>

## Msunduzi Local Municipality and its Entity

Consolidated Annual Financial Statements for the year ended 30 June 2021

### Notes to the Consolidated Annual Financial Statements

Figures in Rand

#### 80. Segment information (continued)

##### Segment surplus or deficit, assets and liabilities

2021

	Electricity	Water	Rates	Sanitation	Refuse	Airport	Market	Forestry	Support Services	Total
<b>Revenue</b>										
Revenue from exchange transactions	2 158 393 461	773 069 856	19 308 330	168 193 942	106 453 247	4 281 408	20 264 872	0	25 616 825	3 275 581 942
Revenue from non-exchange transactions	27 792 027	311 077 551	1 270 791 835	106 958 834	36 231 530	2 173 164	0	0	138 724 213	1 893 749 155
Interest consumer debtors and receivables	10 927 005	97 148 621	145 614	17 164 039	9 967 927	0	170 853	0	8 787 845	144 311 904
Interest - bank, call and investment accounts	0	0	0	0	0	0	0	0	74 517	74 517
<b>Total segment revenue</b>	<b>2 197 112 494</b>	<b>1 181 296 028</b>	<b>1 290 245 780</b>	<b>292 316 815</b>	<b>152 652 704</b>	<b>6 454 572</b>	<b>20 435 725</b>	<b>0</b>	<b>173 203 400</b>	<b>5 313 717 518</b>
Unallocated revenue/non-segment Elimination	(169 006)								(11 793 834)	673 858 141 (11 962 840)
<b>Total entity's revenue</b>										<b>5 975 612 819</b>
<b>Expenditure and gains(losses)</b>										
Bulk purchases	(1 906 837 267)	(752 567 032)	0	0	0	0	0	0	0	(2 659 404 298)
Debt impairment	75 047 801	(144 462 799)	(158 104 865)	(10 642 282)	2 468 056	0	0	0	(709 822)	(236 403 910)
Depreciation and amortisation	(94 470 644)	(55 253 189)	(122 197)	(19 928 789)	(2 335 711)	(5 515 098)	(6 145 309)	(94 116)	(35 189 329)	(219 054 381)
Employee related costs	(114 073 027)	(112 055 112)	(35 332 110)	(10 198 833)	(91 016 351)	(2 632 832)	(11 684 404)	0	(394 934 461)	(771 927 129)
Finance costs	(15 179 604)	(5 867 952)	0	(5 114 752)	(1 282 191)	(98)	0	0	(894)	(27 445 492)
Other expenses	(22 371 438)	6 548 215	(12 887 700)	(187 055 161)	(27 652 302)	(13 128 224)	(10 006 574)	(7 753 454)	(552 996 174)	(827 302 811)
Actuarial gains/losses	0	(2 637 619)	0	0	0	0	0	0	(355 873)	(2 993 493)
Fair value adjustments on investment property	0	0	0	0	0	0	0	0	42 197 500	42 197 500
Gains/(losses) on agricultural assets	0	0	0	0	0	0	0	21 054 552	0	21 054 552
Gain/(loss) on disposal of assets	0	0	0	0	0	0	0	0	(10 807 088)	(10 807 088)
Impairment loss	(4 124 829)	(503 893)	(10 673)	(102 419)	(23 005)	(5 799)	(41 242)	(1 882)	(421 936)	(5 235 677)
Inventory losses	0	(170 694)	0	0	0	0	0	0	0	(170 694)
<b>Total segment expenditure and gains/(losses)</b>	<b>(2 082 009 006)</b>	<b>(1 066 970 074)</b>	<b>(206 457 545)</b>	<b>(233 042 235)</b>	<b>(119 841 504)</b>	<b>(21 282 051)</b>	<b>(27 877 528)</b>	<b>13 205 099</b>	<b>(953 218 077)</b>	<b>(4 697 492 922)</b>
Total segmental surplus/(deficit)	115 103 488	114 325 953	1 083 788 235	59 274 580	32 811 201	(14 827 479)	(7 441 803)	13 205 099	(780 014 677)	<b>1 278 119 898</b>
Unallocated expenditure/non segment										(1 214 618 512)
Unallocated gains/(losses) / non segment										(21 175 718)
Elimination									11 962 840	11 962 840
<b>Surplus (deficit) for the period as per Statement of Financial Performance</b>										<b>54 288 507</b>

# Msunduzi Local Municipality and its Entity

Consolidated Annual Financial Statements for the year ended 30 June 2021

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 80. Segment information (continued)

2021	Electricity	Water	Rates	Sanitation	Refuse	Airport	Market	Forestry	Support Services	Total
<b>Assets</b>										
Segment assets	1 485 295 600	1 376 363 380	931 377 639	660 249 379	169 446 218	58 357 980	84 502 055	109 729 117	3 008 264 743	7 883 586 111
Unallocated assets/non segment										3 139 144 290
Elimination									(3 390 727)	(3 390 727)
<b>Total assets as per Statement of Financial Position</b>										<b>11 019 339 674</b>
<b>Additions to non current assets</b>										
Segment additions	57 735 269	78 159 405	0	75 993 642	17 504 960	2 173 164	0	2 145 449	211 724 622	445 436 510
Unallocated additions/non segment										166 399 665
<b>Total additions</b>										<b>611 836 175</b>
<b>Liabilities</b>										
Segment liabilities	3 206 417 583	2 357 430 859	123 015 458	102 941 791	140 250 734	(2 449 897)	623 660 375	3 473 397 275	3 960 557 530	13 985 221 708
Unallocated liabilities /non segment										(11 147 670 005)
Elimination									(3 390 727)	(3 390 727)
<b>Total liabilities as per Statement of Financial Position</b>										<b>2 834 160 975</b>



Notes to the Annual Financial Statements

Figures in Rand

81. Variance analysis comparison of budget against actual

Reasons are only provided for variances above 10%

Account Balance / Transaction / Disclosure	Current year-to-date actual amount as at: 30 June 2022	Current year budget amount, as per approved budget	Current year budget adjustment	Current year budget final amount	Difference between current year actual and final budget - R	Difference between current year actual and final budget - %	Explanation for significant fluctuations
--	--	--	--------------------------------	----------------------------------	---	---	--

STATEMENT OF FINANCIAL PERFORMANCE

Revenue by Source							
Property Rates	1 211 348 604	1 321 378 575	1	1 321 378 576	-110 029 972	-8%	Within an acceptable range
Service charges - electricity revenue	2 549 652 864	2 961 894 451	-1	2 961 894 450	-412 241 586	-14%	Loadshedding also played a role in less electricity being used less due to stage 6 being implemented. This resulted in less revenue than anticipated. Decrease in consumption due to loadshedding and electricity outages also contributed to actual being less. The negative variance is also attributed to the increase in electricity losses .
Service charges - water revenue	773 657 197	773 217 412	0	773 217 412	439 785	0%	Within an acceptable range
Service charges - sanitation revenue	182 241 050	160 154 913	0	160 154 913	22 086 137	14%	The increase can be attributed to new service applications (vacant land and households). The increases in trade effluent also contributes to the the higher variance
Service charges - refuse revenue	114 118 706	122 556 901	0	122 556 901	-8 438 195	-7%	Within an acceptable range
Rental of facilities and equipment	25 415 308	30 634 512	1	30 634 513	-5 219 205	-17%	Revenue on this item is dependent on usage of council facilities. At the end of the year, usage was a little lower than anticipated.
Interest received - external investments	10 535 026	16 076 855	0	16 076 855	-5 541 829	-34%	Due to cashflow constraints, money in the call accounts is not sitting long enough to earn interest as anticipated. The adverse variance is also in line with the decrease in the cash and cash equivalents for the year.
Interest received - outstanding debtors	199 152 491	213 289 286	0	213 289 286	-14 136 795	-7%	Within an acceptable range
Fines, penalties and forfeits	14 488 973	1 894 810	-36	1 894 774	12 594 199	665%	This is a secondary revenue source on which revenue generated is dependent on offences. Its impossible to accurately estimate. The actual sec 341 and 56 traffic fines issued where higher than envisaged. The increase is attributable to intensifying traffic law enforcement operations and increasing the visibility of law enforcement in an effort to restore law and order on the City's roads.

**Msunduzi Local Municipality**

Consolidated Annual Financial Statements for the year ended 30 June 2022

**Notes to the Annual Financial Statements**

Figures in Rand

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

Reasons are only provided for variances above 10%

Account Balance / Transaction / Disclosure	Current year-to-date actual amount as at: 30 June 2022	Current year budget amount, as per approved budget	Current year budget adjustment	Current year budget final amount	Difference between current year actual and final budget - R	Difference between current year actual and final budget - %	Explanation for significant fluctuations
Licences and permits	984 210	1 179 465	0	1 179 465	-195 255	-17%	The licences and permits revenue activities was much lower than predicted. Its impossible to accurately estimate as this is dependant on consumer needs and demand for licences and permits.
Agency services	2 139 483	634 104	0	634 104	1 505 379	237%	The relaxation of the constrictive lockdown regulations resulted in the clearing of backlogs which accumulated during the lockdown period. The extended operating hours and the increased activities were not envisaged during the budget preparation process. Revenue stream for this item is determined by how many customers will require these licenses on a monthly basis.
Transfers and subsidies	1 050 402 242	661 215 835	34 120 202	695 336 037	355 066 205	51%	Within an acceptable range
Other revenue	66 100 448	154 287 075	-119	154 286 956	-88 186 508	-57%	The operational revenue collected is less than forecasted. This is partly attributable to the adverse weather conditions experienced. The devastating floods destroyed infrastructure, interrupted agricultural activities and disrupted business activities. Which lead to the decrease in transaction commission transaction handling fees and administration handling fees.
Gains	20 696 316	0	0	0	20 696 316	100%	These are dependent on expert reports which are unavailable at the time of budget preparation. The valuations are done at year-end and are dependant on market variables which are difficult to predict at the budgeting stage.
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>6 220 932 918</b>	<b>6 418 414 194</b>	<b>34 120 048</b>	<b>6 452 534 242</b>	<b>-231 601 324</b>		
Total revenue from exchange transactions	6 220 932 918	6 418 414 194	34 120 048	6 452 534 242	-580 802 443		

Notes to the Annual Financial Statements

Figures in Rand

81. Variance analysis comparison of budget against actual

Reasons are only provided for variances above 10%

Account Balance / Transaction / Disclosure	Current year-to-date actual amount as at: 30 June 2022	Current year budget amount, as per approved budget	Current year budget adjustment	Current year budget final amount	Difference between current year actual and final budget - R	Difference between current year actual and final budget - %	Explanation for significant fluctuations
<b>Expenditure By Type</b>				0			
Employee related costs	-1 494 486 747	-1 538 089 743	33 389 451	-1 504 700 292	10 213 545	-1%	Within an acceptable range
Remuneration of councillors	-49 529 446	-56 332 922	14	-56 332 908	6 803 462	-12%	The transition of a new council structure resulted in the appointment of new councillors and the resignation of old due to the Local Government Elections. During this transition new councillors do not get paid until their official appointment.
Debt impairment	-1 003 762 757	-150 000 000	-350 000 000	-500 000 000	-503 762 757	101%	Within an acceptable range
Depreciation and asset impairment	-373 536 584	-421 872 298	954 309	-420 917 989	47 381 405	-11%	Due to aging infrastructure and assets reaching the end its useful life, a decrease in depreciation is notable. The conditional assessments conducted on the assets have resulted in the extension of the asset useful life consequently depreciation decreased.
Finance charges	-26 915 534	-34 724 271	1	-34 724 270	7 808 736	-22%	The municipality anticipated raising a new loan which did not materialise hence the actual finance cost is lower than budget.
Bulk purchases electricity	-2 950 207 305	-2 185 393 029	-33 000 000	-2 218 393 029	-731 814 276	33%	Within an acceptable range
Inventory consumed	-84 353 446	-830 520 119	-10 386 829	-840 906 948	756 553 502	-90%	Within an acceptable range
Contracted services	-695 054 345	-655 391 205	-75 839 215	-731 230 420	36 176 075	-5%	Within an acceptable range
Transfers and subsidies	-19 995 785	-45 862 883	-15 357 069	-61 219 952	41 224 167	-67%	The actual expenditure incurred was less than anticipated due to cost-cutting measures.
Other expenditure	-147 506 751	-200 227 523	1 896 366	-198 331 157	50 824 406	-26%	The actual expenditure incurred was less than anticipated due to cost-cutting measures.
Losses	-102 566 378	0	-96 200 000	-96 200 000	-6 366 378	7%	Within an acceptable range
<b>Total expenditure</b>	<b>-6 947 915 078</b>	<b>-6 118 413 993</b>	<b>-544 542 972</b>	<b>-6 662 956 965</b>	<b>-284 958 113</b>		
	6 220 932 918	6 418 414 194	34 120 048	6 452 534 242	-231 601 324		
	-6 947 915 078	-6 118 413 993	-544 542 972	-6 662 956 965	-284 958 113		
<b>Operating deficit</b>	<b>-726 982 160</b>	<b>300 000 201</b>	<b>-510 422 924</b>	<b>-210 422 723</b>	<b>-516 559 437</b>		
Transfers and subsidies - capital(monetary allocations) (National / Provincial and District)	368 724 617	380 796 576	86 400 648	467 197 224	-98 472 607	-21%	Cost cutting measure resulted in the significant decrease of transfers and subsidies. Bursaries are 72% down compared to 2019/20
	<b>-358 257 543</b>	<b>680 796 777</b>	<b>-424 022 276</b>	<b>256 774 501</b>	<b>-615 032 044</b>		
<b>Deficit before taxation</b>	<b>-358 257 543</b>	<b>680 796 777</b>	<b>-424 022 276</b>	<b>256 774 501</b>	<b>-615 032 044</b>		
<b>Surplus/(Deficit) for the year</b>	<b>-358 257 543</b>	<b>680 796 777</b>	<b>-424 022 276</b>	<b>256 774 501</b>	<b>-615 032 044</b>		

**Msunduzi Local Municipality**

Consolidated Annual Financial Statements for the year ended 30 June 2022

**Notes to the Annual Financial Statements**

Figures in Rand

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

Reasons are only provided for variances above 10%

Account Balance / Transaction / Disclosure	Current year-to-date actual amount as at: 30 June 2022	Current year budget amount, as per approved budget	Current year budget adjustment	Current year budget final amount	Difference between current year actual and final budget - R	Difference between current year actual and final budget - %	Explanation for significant fluctuations
<b>STATEMENT OF FINANCIAL POSITION</b>							
<b>Classes of assets</b>							
Current assets	2 543 650 938	3 808 880 705	507 736 217	4 316 616 922	-1 772 965 984	-41%	Consumers debtors increased by 13,4% due to the relaxed credit controls during the COVID-19 pandemic. Due to the financial constraints experienced by the municipality the cash and cash equivalents is lower than budgeted. The budget for the COVID investment is under the cash and cash equivalents line item.
Non-Current Assets	8 217 232 199	7 969 426 726	138 483 629	8 107 910 355	109 321 844	1%	Within acceptable range
<b>Classes of liabilities</b>							
Current Liabilities	2 518 688 404	1 295 697 303	-13 772 594	1 281 924 709	1 236 763 695	96%	The variance was mainly due to the dire cashflow constraints experienced by the municipality which impacted the creditors payments. Consumer deposits depends on the demand of municipal services, hence its difficult to predict consumer behaviour.
Non-Current Liabilities	775 015 320	1 187 237 456	0	1 187 237 456	-412 222 136	-35%	The municipality anticipated raising a new loan which did not materialise hence the actual financial liability is lower than budget. The employee benefit obligation dependent is on expert reports which are unavailable at the time of budget preparation.
<b>Reserves</b>							
Reserves	7 467 179 413	9 295 372 672	659 992 440	9 955 365 112	-2 488 185 699	-25%	There was a write off of R14m relating to other financial assets , transfer of R8m bridging finance ,the increase of COVID investment and the increase of insurance expenditure was not factored in during the budget process.Negative effects of COVID and the adverse weather conditions has impacted debt collection resulting in the municipality having to increase the debt impairment.

Notes to the Annual Financial Statements

Figures in Rand

81. Variance analysis comparison of budget against actual

Reasons are only provided for variances above 10%

Account Balance / Transaction / Disclosure	Current year-to-date actual amount as at: 30 June 2022	Current year budget amount, as per approved budget	Current year budget adjustment	Current year budget final amount	Difference between current year actual and final budget - R	Difference between current year actual and final budget - %	Explanation for significant fluctuations
<b>STATEMENT OF CASH FLOWS</b>							
<b>Cash flows from operating activities</b>							
Receipts	5 441 751 625	6 183 449 649	120 520 850	6 303 970 499	-862 218 874	-14%	The cash receipts collected is less than forecasted. This is partly attributable to the adverse weather conditions experienced. The devastating floods destroyed infrastructure, agricultural activities and disrupted business activities. Which lead to the decrease in cash collection. Negative effects of COVID and the has impacted debt collection.
Payments	-4 906 014 503	-5 546 541 721	-99 297 255	-5 645 838 976	739 824 473	-13%	Cashflow constraints were a cause for low payment rates.
<b>Cash flows from investing activities</b>							
Net cash flows from investing activities	-525 051 175	-576 301 507	-127 172 303	-703 473 810	178 422 635	-25%	Over expenditure on the budgeted cashflow is mainly explained by unspent grants.
<b>Cash flows from financing activities</b>							
Net cash flows from financing activities	-81 573 483	8 362 466	-100 000 000	-91 637 534	10 064 051	-12%	The variance is attributed to the repayment of the long term DBSA loans, a couple of which were fully repaid in the current year.

Msunduzi Local Municipality and its Municipal Entity																		
Consolidated Annual Financial Statements for the year ended 30 June 2022																		
APPENDIX A																		
	COST/VALUATION								ACCUMULATED DEPRECIATION						Accumulated impairment		Balance	Carrying Value
	Cost 01/07/2021	Valuation 01/07/2021	Cost/Valuation 01/07/2021	Additions	Fair value gains/ (losses)	Transfers/ Adjustments	Additions AUC	Derecognition	Balance 30/06/2022	Balance '01/07/2021	Depreciation 2021/22	Disposals	Adjustments/ Transfers	Balance 30/06/2022	Balance '01/07/2021	Impairment 2021/22	Balance 30/06/2022	
Land And Buildings																		
Land	713 176 741	-	713 176 741	-	-	-	-	-	713 176 741	-	-	(750 000)	-	(750 000)	-	-	-	712 426 741
Building	461 880 687	-	461 880 687	295 897	-	1 607 389	-	-	463 783 973	(325 129 688)	(13 697 499)	-	-	(338 827 187)	(669 396)	(56 983)	(726 380)	124 230 406
Total Land And Buildings	1 175 057 428	-	1 175 057 428	295 897	-	1 607 389	-	-	1 176 960 714	(325 129 688)	(13 697 499)	(750 000)	-	(339 577 187)	(669 396)	(56 983)	(726 380)	836 657 147
Infrastructure																		
ELECTRICITY RETICULATION	4 374 861		4 374 861	-	-	-	-	-	4 374 861	(404 048)	(103 979)	-	-	(508 026)	-	-	-	3 866 834
HV OVERHEAD LINES	65 963 416		65 963 416	-	-	-	-	-	65 963 416	(42 568 163)	(4 558 836)	-	-	(47 126 999)	-	-	-	18 836 417
HV SUBSTATIONS	416 571 462	-	416 571 462	-	-	-	-	(6 201 062)	410 370 400	(141 736 053)	(12 393 054)	6 201 062	-	(147 928 045)	(13 174 614)	(225 370)	(13 399 984)	249 042 370
HV UNDERGROUND CABLES	75 208 203		75 208 203	-	-	-	-	-	75 208 203	(12 313 327)	(1 870 202)	-	-	(14 183 529)	-	-	-	61 024 674
LV STREET LIGHTING	160 461 606		160 461 606	6 103 104	-	-	-	-	166 564 709	(43 896 425)	(6 338 058)	-	-	(50 234 483)	(73 692)	-	(73 692)	116 256 535
MV GROUND MOUNTED TRANSFORMERS	64 830 718		64 830 718	-	-	-	-	-	64 830 718	(19 843 957)	(2 448 742)	-	-	(22 292 700)	-	-	-	42 538 019
MV MINI SUBSTATIONS	132 272 160		132 272 160	-	-	-	-	-	132 272 160	(64 710 599)	(6 683 851)	-	-	(71 394 450)	(314 559)	-	(314 559)	60 563 151
MV OVERHEAD LINES	24 804 369		24 804 369	12 704 698	-	-	-	-	37 509 067	(20 466 086)	(867 372)	-	-	(21 333 458)	-	-	-	16 175 609
MV POLE MOUNTED TRANSFORMERS	58 894 054		58 894 054	12 593 358	-	-	-	-	71 487 412	(1 823 452)	-	(19)	(19)	(12 408 457)	(19 569)	-	(19 569)	59 059 385
MV RING MAIN UNIT	38 879 189		38 879 189	19 030 629	-	-	-	-	57 909 819	(18 084 358)	(2 010 729)	-	(0)	(20 095 087)	(22 362)	-	(22 362)	37 792 370
MV SUBSTATIONS	180 773 334		180 773 334	1 801 246	-	-	11 494 306	-	194 068 886	(68 511 690)	(9 236 201)	-	-	(77 747 892)	(1 367 156)	(75 425)	(1 442 581)	114 878 414
MV UNDERGROUND CABLES	714 754 969		714 754 969	5 802 380	-	-	15 310 171	-	735 867 520	(412 384 978)	(45 067 887)	-	-	(457 452 865)	(1 005 450)	(948)	(1 006 399)	277 408 256
Total Electricity	1 937 788 341	-	1 937 788 341	58 035 415	-	26 804 477	-	(6 201 062)	2 016 427 170	(855 504 671)	(93 402 362)	6 201 062	(19)	(942 705 990)	(15 977 401)	(301 743)	(16 279 145)	1 057 442 035
AIRPORT RUNAWAY	73 574 386		73 574 386	-	-	-	-	-	73 574 386	(40 021 071)	(4 577 405)	-	-	(44 598 476)	-	-	-	28 975 910
BRICK ROADS	148 520 649		148 520 649	-	-	-	-	-	148 520 649	(44 634 859)	(3 307 981)	-	-	(47 942 840)	(77 358)	(177 589)	(254 947)	100 322 862
BRIDGES AND TUNNELS	309 378 322		309 378 322	-	-	-	-	-	309 378 322	(96 098 869)	(13 151 558)	-	-	(109 250 427)	-	-	-	200 127 895
CONCRETE ROADS	76 513 278		76 513 278	3 175 374	-	6 010 131	-	-	85 698 783	(25 304 597)	(2 452 298)	-	-	(27 756 895)	(14 917)	(48 883)	(63 798)	57 878 090
GRAVEL ROADS	132 448 299		132 448 299	-	-	-	-	-	132 448 299	(115 281 273)	(3 382 237)	-	-	(118 663 510)	-	-	-	13 784 789
ROAD SIGNAGE	205 283		205 283	-	-	-	-	-	205 283	(46 234)	(10 256)	-	-	(56 490)	-	-	-	148 793
SIGNALISED INTERSECTIONS	88 149 905		88 149 905	3 089 868	-	4 632 416	-	-	95 872 189	(44 972 385)	(4 437 816)	-	-	(49 410 201)	(330 375)	(79 885)	(410 260)	46 051 728
TARRED ROADS	2 188 163 204		2 188 163 204	34 568 635	-	65 429 538	-	-	2 288 161 377	(1 209 986 676)	(64 823 299)	-	-	(1 274 809 976)	(1 849 387)	(3 391 478)	(5 240 864)	1 008 110 537
Total Roads	3 016 953 327	-	3 016 953 327	40 833 877	-	76 072 085	-	-	3 133 859 288	(1 576 345 964)	(96 142 851)	-	-	(1 672 488 815)	(2 272 037)	(3 697 833)	(5 969 870)	1 455 400 604
BULK SEWERS	104 815 665		104 815 665	-	-	-	-	-	104 815 665	(32 935 747)	(3 106 665)	-	-	(36 042 412)	(1 638 886)	-	(1 638 886)	67 134 368
PUMPSTATIONS	11 920 171		11 920 171	-	-	-	-	-	11 920 171	(7 537 230)	(359 732)	-	-	(7 896 962)	(82 821)	-	(82 821)	3 940 388
SEWER RETICULATION	453 988 246		453 988 246	4 404 420	-	14 229 242	-	-	472 621 909	(186 834 199)	(16 777 262)	-	-	(203 611 460)	-	-	-	269 010 448
SEWER TREATMENT WORKS	64 742 053		64 742 053	-	-	-	-	-	64 742 053	(2 613 021)	(671 013)	-	-	(3 284 034)	(2 315 376)	-	(2 315 376)	59 142 644
Total Sanitation	635 466 136	-	635 466 136	4 404 420	-	14 229 242	-	-	654 099 799	(229 920 197)	(20 914 672)	-	-	(250 834 868)	(4 037 083)	-	(4 037 083)	399 227 847
PUMPSTATIONS	13 290 716		13 290 716	-	-	-	-	-	13 290 716	(2 630 223)	(123 076)	-	-	(2 753 299)	(986 508)	-	(986 508)	9 550 909
RESERVOIRS	248 053 667		248 053 667	-	-	-	-	-	248 053 667	(109 870 356)	(8 446 820)	-	-	(118 317 176)	(3 483 820)	(1 869)	(3 485 690)	126 250 802
WATER METERS	120 933 009		120 933 009	-	-	-	-	-	120 933 009	(24 835 092)	(7 796 320)	-	-	(32 631 412)	(1 031 626)	-	(1 031 626)	87 269 971
WATER RETICULATION	456 624 656		456 624 656	-	-	-	-	-	456 624 656	(215 775 058)	(13 765 299)	-	-	(229 540 356)	(20 584 766)	-	(20 584 766)	206 499 534
WATER SUPPLY BULK WATER PIPELINES	360 590 901		360 590 901	1 017 944	-	8 493 822	-	-	370 102 667	(205 646 359)	(18 716 068)	-	-	(224 362 427)	(39 849 194)	-	(39 849 194)	105 891 047
WATER SUPPLY PRESSURE REDUCE VALVES	2 469 374		2 469 374	-	-	-	-	-	2 469 374	(1 122 739)	(154 097)	-	-	(1 276 836)	-	-	-	1 192 538
Total Water	1 201 962 324	-	1 201 962 324	1 017 944	-	8 493 822	-	-	1 211 474 089	(559 879 827)	(49 001 679)	-	-	(608 881 506)	(65 935 913)	(1 869)	(65 937 783)	536 654 801

Msunduzi Local Municipality and its Municipal Entity																		
Consolidated Annual Financial Statements for the year ended 30 June 2022																		
APPENDIX A																		
	COST/VALUATION									ACCUMULATED DEPRECIATION					Accumulated impairment			
	Cost 01/07/2021	Valuation 01/07/2021	Cost/Valuation 01/07/2021	Additions	Fair value gains/ (losses)	Transfers/ Adjustments	Additions AUC	Derecognition	Balance 30/06/2022	Balance '01/07/2021	Depreciation 2021/22	Disposals	Adjustments/ Transfers	Balance 30/06/2022	Balance '01/07/2021	Impairment 2021/22	Balance 30/06/2022	Carrying Value
ACCESS CONTROL	298 234		298 234	-	-	-	-	-	298 234	(261 795)	(7 830)	-	-	(269 626)	-	-	-	28 608
FENCING	20 850 854		20 850 854	-	-	4 082 476	-	-	24 933 329	(5 368 786)	(2 133 641)	-	-	(7 502 427)	(125 720)	(558)	(126 278)	17 304 625
SECURITY SYSTEMS	25 670 253		25 670 253	-	-	82 016	-	-	25 752 269	(22 956 626)	(671 351)	-	-	(23 627 977)	(8 627)	(55 242)	(63 868)	2 060 423
<b>Total Security</b>	<b>46 819 340</b>	<b>-</b>	<b>46 819 340</b>	<b>-</b>	<b>-</b>	<b>4 164 492</b>	<b>-</b>	<b>-</b>	<b>50 983 832</b>	<b>(28 587 208)</b>	<b>(2 812 823)</b>	<b>-</b>	<b>-</b>	<b>(31 400 030)</b>	<b>(134 347)</b>	<b>(55 799)</b>	<b>(190 146)</b>	<b>19 393 656</b>
HEAD AND WINGWALLS	6 475 942		6 475 942	-	-	-	-	-	6 475 942	(2 935 640)	(229 857)	-	-	(3 165 497)	-	-	-	3 310 444
KERB INLETS	101 708 376		101 708 376	-	-	-	-	-	101 708 376	(46 652 141)	(3 817 747)	-	-	(50 469 889)	-	-	-	51 238 487
MAJOR CULVERTS	46 810 369		46 810 369	-	-	-	-	-	46 810 369	(12 387 631)	(1 144 909)	-	-	(13 532 540)	-	-	-	33 277 829
MANHOLES	68 080 073		68 080 073	-	-	-	-	-	68 080 073	(29 331 342)	(2 555 809)	-	-	(31 887 151)	-	-	-	36 192 922
MINOR CULVERTS	48 604 691		48 604 691	3 034 757	-	421 314	-	-	52 060 762	(10 119 751)	(4 918 152)	-	-	(15 037 903)	-	(142 977)	(142 977)	36 879 881
OPEN CHANNELS	32 345 399		32 345 399	-	-	-	-	-	32 345 399	(6 132 043)	(709 116)	-	-	(6 841 159)	-	-	-	25 504 240
RETICULATION	407 726 162		407 726 162	14 498 982	-	26 383 772	-	-	448 608 916	(98 591 559)	(8 695 848)	-	-	(107 287 407)	(235 377)	(80 800)	(316 177)	341 005 332
<b>Total Stormwater</b>	<b>711 751 012</b>	<b>-</b>	<b>711 751 012</b>	<b>17 533 738</b>	<b>-</b>	<b>26 805 086</b>	<b>-</b>	<b>-</b>	<b>756 089 836</b>	<b>(206 150 107)</b>	<b>(22 071 438)</b>	<b>-</b>	<b>-</b>	<b>(228 221 545)</b>	<b>(235 377)</b>	<b>(223 777)</b>	<b>(459 154)</b>	<b>527 409 137</b>
Railway Lines	3 449 377	-	3 449 377	-	-	-	-	-	3 449 377	(2 550 551)	(115 452)	-	-	(2 666 003)	-	-	-	783 374
<b>Total Railway Lines</b>	<b>3 449 377</b>	<b>-</b>	<b>3 449 377</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 449 377</b>	<b>(2 550 551)</b>	<b>(115 452)</b>	<b>-</b>	<b>-</b>	<b>(2 666 003)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>783 374</b>
GARDEN REFUSE	3 590 993		3 590 993	-	-	-	-	-	3 590 993	(1 612 759)	(71 489)	-	-	(1 684 248)	(140 171)	-	(140 171)	1 766 574
LANDFILL SITE	8 075 607		8 075 607	-	-	-	-	-	8 075 607	(2 890 826)	(227 136)	-	-	(3 117 962)	-	-	-	4 957 645
SORTING STATIONS	538 741		538 741	-	-	-	-	-	538 741	(48 644)	(9 849)	-	-	(58 493)	-	-	-	480 248
<b>Total Solid Waste</b>	<b>12 205 341</b>	<b>-</b>	<b>12 205 341</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 205 341</b>	<b>(4 552 229)</b>	<b>(308 474)</b>	<b>-</b>	<b>-</b>	<b>(4 860 703)</b>	<b>(140 171)</b>	<b>-</b>	<b>(140 171)</b>	<b>7 204 467</b>
<b>Total Infrastructure</b>	<b>7 566 395 197</b>	<b>-</b>	<b>7 566 395 197</b>	<b>121 825 394</b>	<b>-</b>	<b>156 569 204</b>	<b>-</b>	<b>(6 201 062)</b>	<b>7 838 588 733</b>	<b>(3 463 490 753)</b>	<b>(284 769 750)</b>	<b>6 201 062</b>	<b>(19)</b>	<b>(3 742 059 460)</b>	<b>(88 732 330)</b>	<b>(4 281 022)</b>	<b>(93 013 352)</b>	<b>4 003 515 921</b>
<b>Assets Under Construction</b>																		
W.I.P. : Project	1 235 634 637	-	1 235 634 637	376 123 041	-	(169 298 416)	-	-	1 442 459 262	-	-	-	-	-	-	-	-	1 442 459 262
W.I.P. : Movable Assets																		
	<b>1 235 634 637</b>	<b>-</b>	<b>1 235 634 637</b>	<b>376 123 041</b>	<b>-</b>	<b>(169 298 416)</b>	<b>-</b>	<b>-</b>	<b>1 442 459 262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 442 459 262</b>
<b>Community</b>																		
CEMETERIES	934 821		934 821	-	-	-	-	-	934 821	(349 967)	(20 600)	-	-	(370 567)	(1 267)	-	(1 267)	562 987
CIVIL THEATRES	13 733 672		13 733 672	-	-	-	-	-	13 733 672	(11 935 690)	(172 323)	-	-	(12 108 014)	-	-	-	1 625 658
CLINICS	29 442 063		29 442 063	-	-	-	-	-	29 442 063	(17 149 592)	(664 156)	-	-	(17 813 747)	-	-	-	11 628 316
COMMUNITY CENTRES	112 840 031		112 840 031	-	-	4 340 604	-	-	117 180 635	(59 300 693)	(2 939 935)	-	-	(62 240 628)	(869 936)	(68 498)	(938 434)	54 001 572
FIRE STATIONS	23 464 095		23 464 095	-	-	-	-	-	23 464 095	(15 725 886)	(521 424)	-	-	(16 247 311)	-	-	-	7 216 785
LIBRARIES	90 620 065		90 620 065	-	-	-	-	-	90 620 065	(51 756 612)	(2 385 124)	-	-	(54 141 736)	-	(47)	(47)	36 478 282
PARKS	3 846 887		3 846 887	-	-	-	-	-	3 846 887	(2 627 765)	(80 163)	-	-	(2 707 928)	-	-	-	1 138 958
PUBLIC CONVENIENCES	32 725 343		32 725 343	-	-	-	-	-	32 725 343	(20 395 139)	(887 230)	-	-	(21 282 369)	(3 071)	-	(3 071)	11 439 904
STADIUMS	83 047 476		83 047 476	-	-	-	-	-	83 047 476	(61 047 020)	(2 315 959)	-	-	(63 362 979)	(570 208)	-	(570 208)	19 114 289
BEER HALLS																		-
<b>Total Community Buildings</b>	<b>390 654 454</b>	<b>-</b>	<b>390 654 454</b>	<b>-</b>	<b>-</b>	<b>4 340 604</b>	<b>-</b>	<b>-</b>	<b>394 995 058</b>	<b>(240 288 364)</b>	<b>(9 986 915)</b>	<b>-</b>	<b>-</b>	<b>(250 275 279)</b>	<b>(1 444 481)</b>	<b>(68 546)</b>	<b>(1 513 027)</b>	<b>143 206 752</b>

Msunduzi Local Municipality and its Municipal Entity																		
Consolidated Annual Financial Statements for the year ended 30 June 2022																		
APPENDIX A																		
	COST/VALUATION									ACCUMULATED DEPRECIATION				Accumulated Impairment				
	Cost 01/07/2021	Valuation 01/07/2021	Cost/Valuation 01/07/2021	Additions	Fair value gains/ (losses)	Transfers/ Adjustments	Additions AUC	Derecognition	Balance 30/06/2022	Balance '01/07/2021	Depreciation 2021/22	Disposals	Adjustments/ Transfers	Balance 30/06/2022	Balance '01/07/2021	Impairment 2021/22	Balance 30/06/2022	Carrying Value
CEMETERIES	5 616 444		5 616 444	-	-	-	-	-	5 616 444	(3 020 139)	(84 469)	-	-	(3 104 608)	(14 858)	-	(14 858)	2 496 978
PARKS	16 227 905		16 227 905	-	-	-	-	-	16 227 905	(9 135 014)	(322 829)	-	-	(9 457 842)	(42 624)	-	(42 624)	6 727 439
SPORT FACILITIES	63 475 625		63 475 625	-	-	-	-	-	63 475 625	(22 299 576)	(1 711 687)	-	-	(24 011 263)	(475 358)	(585)	(475 943)	38 988 419
SPORT GROUNDS	214 488 441		214 488 441	-	-	419 855	-	-	214 908 297	(75 609 799)	(5 055 326)	-	-	(80 665 125)	(536 105)	(42 422)	(578 527)	133 664 644
SWIMMING POOLS	43 703 248		43 703 248	-	-	-	-	-	43 703 248	(23 346 514)	(1 104 577)	-	-	(24 451 090)	(83 724)	-	(83 724)	19 168 433
Total Community Recreational Facilities	343 511 663	-	343 511 663	-	-	419 855	-	-	343 931 518	(133 411 043)	(8 278 887)	-	-	(141 689 930)	(1 152 669)	(43 006)	(1 195 675)	201 045 913
Total Community	734 166 117	-	734 166 117	-	-	4 760 459	-	-	738 926 576	(373 699 407)	(18 265 802)	-	-	(391 965 209)	(2 597 150)	(111 552)	(2 708 702)	344 252 665
Other Assets																		
AIRPORT BUILDING	13 980 560		13 980 560	-	-	-	-	-	13 980 560	(7 258 586)	(518 074)	-	-	(7 776 660)	-	-	-	6 203 900
CRECHES	15 717 655		15 717 655	-	-	-	-	-	15 717 655	(8 814 112)	(460 709)	-	-	(9 274 821)	(5 494)	-	(5 494)	6 437 339
CREMATORIUMS	7 004 221		7 004 221	-	-	-	-	-	7 004 221	(5 370 645)	(325 924)	-	-	(5 696 569)	(112 289)	-	(112 289)	1 195 363
HOSTELS	1 557 492		1 557 492	-	-	-	-	-	1 557 492	(1 148 071)	(29 375)	-	-	(1 177 446)	-	-	-	380 046
HOUSING SCHEMES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LANDFILL SITE	47 437 565		47 437 565	202 184	-	-	-	-	47 639 749	(30 817 542)	(1 488 719)	-	-	(32 306 261)	(2)	-	(2)	15 333 485
MARKETS	241 019 233		241 019 233	-	-	-	-	-	241 019 233	(165 769 847)	(4 985 662)	-	-	(170 755 509)	(13 482)	-	(13 482)	70 250 242
NURSERIES	10 835 503		10 835 503	-	-	-	-	-	10 835 503	(8 119 680)	(300 893)	-	-	(8 420 573)	(6 226)	-	(6 226)	2 408 705
OLD AGE HOMES	924 086		924 086	-	-	-	-	-	924 086	(711 231)	(14 156)	-	-	(725 387)	-	-	-	198 699
SEWERAGE WORKS AND DUMPSITE	796 654		796 654	-	-	-	-	-	796 654	(637 152)	(6 798)	-	-	(643 949)	-	-	-	152 704
TRAINING CENTRE	4 298 468		4 298 468	-	-	-	-	-	4 298 468	(2 856 633)	(87 536)	-	-	(2 944 169)	-	-	-	1 354 299
TRANSPORT FACILITIES	43 956 072		43 956 072	-	-	-	-	-	43 956 072	(26 619 924)	(1 414 895)	-	-	(28 034 819)	-	-	-	15 921 254
WORKSHOPS AND DEPOTS	31 508 703		31 508 703	-	-	-	-	-	31 508 703	(22 567 615)	(778 058)	-	-	(23 345 673)	(280)	-	(280)	8 162 750
Total Other Properties	419 036 212	-	419 036 212	202 184	-	-	-	-	419 238 396	(280 691 038)	(10 410 798)	-	-	(291 101 836)	(137 774)	-	(137 774)	127 998 787
COMPRESSORS	371 995	-	371 995	-	-	2 375	-	-	374 371	(201 930)	(42 349)	-	(1)	(244 280)	(511)	(458)	(970)	129 121
FIREARMS	2 659 122	-	2 659 122	-	-	-	-	-	2 659 122	(1 761 033)	(198 323)	-	-	(1 959 355)	-	-	-	699 767
GRADERS	12 629 142	-	12 629 142	3 175 188	-	-	-	-	15 804 330	(6 102 545)	(661 195)	-	-	(6 763 740)	(17 859)	-	(17 859)	9 022 731
LABORATORY EQUIPMENT	388 680	-	388 680	-	-	431	-	-	389 110	(356 308)	(8 836)	-	(0)	(365 145)	-	-	-	23 966
LAWN MOWERS	4 302 693	-	4 302 693	132 928	-	0	-	-	4 435 621	(2 105 835)	(526 619)	-	-	(2 632 454)	(91 787)	(29 762)	(121 549)	1 681 619
PLANT AND EQUIPMENT	80 243 485	-	80 243 485	7 824 301	-	91 832	-	-	88 159 617	(41 226 230)	(3 280 861)	-	(17)	(44 507 108)	(1 229 670)	(506 868)	(1 736 538)	41 915 971
RADIO EQUIPMENT	3 492 576	-	3 492 576	110 685	-	-	-	-	3 603 261	(2 194 082)	(304 420)	-	-	(2 498 502)	(127 492)	(7 691)	(135 183)	969 576
TELECOMMUNICATION	6 412 720	-	6 412 720	-	-	-	-	-	6 412 720	(5 830 536)	(117 620)	-	-	(5 948 156)	(110 575)	(3 253)	(113 828)	350 736
TRACTORS	13 120 286	-	13 120 286	326 219	-	-	-	-	13 446 505	(7 575 373)	(497 153)	-	-	(8 072 526)	(3 848)	(32 079)	(35 927)	5 338 052
Total Plant And Equipment	123 620 700	-	123 620 700	11 569 319	-	94 638	-	-	135 284 657	(67 353 872)	(5 637 375)	-	(18)	(72 991 266)	(1 581 744)	(580 110)	(2 161 854)	60 131 537
AIR CONDITIONERS	19 800 409	-	19 800 409	450 320	-	4 868	-	-	20 255 597	(16 467 340)	(821 528)	-	(3)	(17 288 870)	(190 019)	(15 857)	(205 876)	2 760 851
COMPUTER HARDWARE	104 945 392	-	104 945 392	6 492 815	-	193 107	-	(64 086)	111 567 229	(77 252 824)	(7 660 691)	62 187	(106)	(84 851 434)	(688 004)	(121 398)	(809 402)	25 906 393
OFFICE MACHINES	5 323 505	-	5 323 505	28 852	-	102 357	-	(86 000)	5 368 714	(4 217 874)	(272 617)	85 592	(56)	(4 404 955)	(61 911)	(23 254)	(85 165)	878 594
Total Office Equipment	130 069 307	-	130 069 307	6 971 987	-	300 332	-	(150 086)	137 191 540	(97 938 038)	(8 754 836)	147 779	(164)	(106 545 259)	(939 934)	(160 508)	(1 100 442)	29 545 839
CABINETS AND CUPBOARDS	12 188 442	-	12 188 442	367 768	-	28 921	-	(44 302)	12 540 829	(8 822 255)	(478 102)	44 211	(8)	(9 256 153)	(261 531)	(199 550)	(461 081)	2 823 594
CHAIRS	9 766 516	-	9 766 516	1 854 906	-	62 285	-	(10 656)	11 673 051	(6 453 055)	(478 079)	9 982	(17)	(6 921 160)	(508 635)	(71 027)	(579 662)	4 172 228
FURNITURE AND FITTINGS OTHER	5 768 293	-	5 768 293	361 308	-	12 544	-	(426)	6 141 719	(3 547 860)	(300 945)	335	(11)	(3 848 482)	(208 779)	(23 273)	(232 052)	2 061 185
TABLES AND DESKS	9 125 484	-	9 125 484	889 968	-	29 490	-	(4 908)	10 040 034	(6 407 361)	(394 523)	4 692	(0)	(6 797 192)	(228 080)	(47 712)	(275 792)	2 967 050
Total Furniture And Fittings	36 848 735	-	36 848 735	3 473 949	-	133 240	-	(60 292)	40 395 632	(25 230 530)	(1 651 640)	59 219	(37)	(26 822 987)	(1 207 026)	(341 562)	(1 548 587)	12 024 057



Msunduzi Local Municipality and its Municipal Entity																		
Consolidated Annual Financial Statements for the year ended 30 June 2022																		
APPENDIX A																		
	COST/VALUATION									ACCUMULATED DEPRECIATION					Accumulated impairment			
	Cost 01/07/2021	Valuation 01/07/2021	Cost/Valuation 01/07/2021	Additions	Fair value gains/ (losses)	Transfers/ Adjustments	Additions AUC	Derecognition	Balance 30/06/2022	Balance '01/07/2021	Depreciation 2021/22	Disposals	Adjustments/ Transfers	Balance 30/06/2022	Balance '01/07/2021	Impairment 2021/22	Balance 30/06/2022	Carrying Value
BLUK CONTAINERS	1 641 584	-	1 641 584	-	-	-	-	-	1 641 584	(975 498)	(138 393)	-	-	(1 113 891)	(191)	(3 645)	(3 836)	523 856
HOUSEHOLD REFUSE BINS	2 203	-	2 203	-	-	-	-	-	2 203	(1 936)	(66)	-	-	(2 002)	-	(52)	(52)	149
Total Containers	1 643 787	-	1 643 787	-	-	-	-	-	1 643 787	(977 434)	(138 459)	-	-	(1 115 893)	(191)	(3 696)	(3 887)	524 006
FIRE EQUIPMENT	5 080 026	-	5 080 026	-	-	8 653	-	-	5 088 679	(3 058 209)	(162 863)	-	(2)	(3 221 074)	(139 789)	(52 608)	(192 398)	1 675 208
MEDICAL EQUIPMENT CLINICS	365 380	-	365 380	-	-	0	-	-	365 380	(304 267)	(7 882)	-	-	(312 149)	(961)	(0)	(961)	52 270
Total Fire And Medical Equipment	5 445 406	-	5 445 406	-	-	8 653	-	-	5 454 059	(3 362 476)	(170 745)	-	(2)	(3 533 223)	(140 750)	(52 608)	(193 358)	1 727 478
BUSES	3 631 939	-	3 631 939	-	-	-	-	-	3 631 939	(1 487 061)	(207 996)	-	0	(1 695 056)	(7 981)	(56 781)	(64 762)	1 872 121
FIRE ENGINES	32 031 564	-	32 031 564	-	-	-	-	-	32 031 564	(15 856 897)	(1 025 073)	-	-	(16 881 970)	(99 789)	(94 047)	(193 836)	14 955 759
MOTOR CYCLES	1 598 562	-	1 598 562	-	-	-	-	(31 241)	1 567 321	(1 379 660)	(41 483)	31 221	-	(1 389 922)	(25 029)	(3)	(25 031)	152 368
MOTOR VEHICLES	46 642 564	-	46 642 564	435 869	-	0	-	(7 142 650)	39 935 783	(25 628 396)	(3 345 503)	6 156 196	-	(22 817 704)	(3 175 662)	(414 124)	(3 589 786)	13 528 292
TRAILERS	1 135 006	-	1 135 006	-	-	0	-	(223 491)	911 515	(1 018 551)	(5 523)	222 657	-	(801 417)	(24 479)	(23 259)	(47 738)	62 360
TRUCKS AND BAKKIES	185 243 233	-	185 243 233	9 870 194	-	(0)	-	(10 780 424)	184 333 002	(127 003 445)	(11 486 012)	10 038 946	-	(128 450 511)	(1 956 339)	(129 826)	(2 086 165)	53 796 326
FINANCE LEASES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Motor Vehicles	270 282 868	-	270 282 868	10 306 062	-	(0)	-	(18 177 806)	262 411 124	(172 374 011)	(16 111 589)	16 440 020	0	(172 036 580)	(5 289 278)	(718 041)	(6 007 319)	84 367 225
Tool Boxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Low Value Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Assets	986 947 015	-	986 947 015	32 523 502	-	536 863	-	(18 388 185)	1 001 619 195	(647 927 399)	(42 875 442)	16 656 018	(221)	(674 147 043)	(9 296 697)	(1 856 525)	(11 153 222)	316 318 929
Total Ppe	10 462 565 757	-	11 698 200 394	530 767 833	-	(5 824 501)	-	(24 589 247)	12 198 554 479	(4 810 247 248)	(359 608 492)	22 107 081	(240)	(5 147 748 899)	(101 295 573)	(6 306 083)	(107 601 656)	6 943 203 924
Heritage Assets																		
ARTWORKS	119 867 240	116 552 687	236 419 927	336 000	(122 698)	-	-	-	236 633 229	-	-	-	-	-	(6 837 542)	(26 267)	(6 863 809)	229 769 420
CREMATORIUMS	9 359 518	-	9 359 518	-	-	-	-	-	9 359 518	-	-	-	-	-	(26 921)	-	(26 921)	9 332 597
Jewellery	1 058 500	1 176 500	2 235 000	-	-	-	-	-	2 235 000	-	-	-	-	-	-	-	-	2 235 000
MUSEUMS AND ART GALLERY	17 315 796	-	17 315 796	-	-	-	-	-	17 315 796	-	-	-	-	-	(42 806)	-	(42 806)	17 272 990
LAND	6 002 000	-	6 002 000	-	-	-	-	-	6 002 000	-	-	-	-	-	-	-	-	6 002 000
PARKS	2 485 908	-	2 485 908	-	-	-	-	-	2 485 908	-	-	-	-	-	-	-	-	2 485 908
STADIUMS	3 961 963	-	3 961 963	-	-	-	-	-	3 961 963	-	-	-	-	-	(49 755)	-	(49 755)	3 912 208
OTHER SWIMMING POOLS	2 095 896	-	2 095 896	-	-	-	-	-	2 095 896	-	-	-	-	-	-	-	-	2 095 896
Total Heritage Assets	162 146 820	117 729 187	279 876 007	336 000	(122 698)	-	-	-	280 089 310	-	-	-	-	-	(6 957 023)	(26 267)	(6 983 290)	273 106 019
Investment Property	877 142 335	-	877 142 335	-	16 517 173	-	-	(650 000)	893 009 508	-	-	-	-	-	-	-	-	893 009 508

Msunduzi Local Municipality and its Municipal Entity																		
Consolidated Annual Financial Statements for the year ended 30 June 2022																		
APPENDIX A																		
	COST/VALUATION									ACCUMULATED DEPRECIATION					Accumulated Impairment		Balance	Carrying Value
	Cost 01/07/2021	Valuation 01/07/2021	Cost/Valuation 01/07/2021	Additions	Fair value gains/ (losses)	Transfers/ Adjustments	Additions AUC	Derecognition	Balance 30/06/2022	Balance '01/07/2021	Depreciation 2021/22	Disposals	Adjustments/ Transfers	Balance 30/06/2022	Balance '01/07/2021	Impairment 2021/22	Balance 30/06/2022	
Intangible Assets																		
COMPUTER SOFTWARES	50 850 272	-	50 850 272	-	-	-	-	-	50 850 272	(43 422 648)	(1 833 761)	-	-	(45 256 409)	(21 663)	-	(21 663)	5 572 200
SERVITUDES	803 846	-	803 846	-	-	-	-	-	803 846	-	-	-	-	-	-	-	-	803 846
SOFTWARES	56 891 572	-	56 891 572	-	-	-	-	-	56 891 572	(40 559 132)	(4 203 562)	-	-	(44 762 694)	(78 675)	-	(78 675)	12 050 202
Total Intangible Assets	108 545 690	-	108 545 690	-	-	-	-	-	108 545 690	(83 981 781)	(6 037 323)	-	-	(90 019 104)	(100 339)	-	(100 339)	18 426 248
Living Resources																		
Living Resources	1 140 250	-	1 140 250	60 000	-	-	-	(90 000)	1 110 250	(396 676)	(53 636)	36 241	-	(414 071)	-	-	-	696 179
Total Living Resources	1 140 250	-	1 140 250	60 000	-	-	-	(90 000)	1 110 250	(396 676)	(53 636)	36 241	-	(414 071)	-	-	-	696 179
Agricultural Assets																		
Plantations	96 300 000	-	96 300 000	-	(16 100 000)	-	-	-	80 200 000	-	-	-	-	-	-	-	-	80 200 000
Total Agricultural Assets	96 300 000	-	96 300 000	-	(16 100 000)	-	-	-	80 200 000	-	-	-	-	-	-	-	-	80 200 000
Total Non Current Assets	11 708 981 102	117 729 187	13 062 344 926	531 223 833	294 476	(5 824 501)	-	(25 329 247)	13 562 619 487	(4 895 022 380)	(365 753 087)	22 179 562	(240)	(5 238 596 145)	(108 352 935)	(6 332 350)	(114 685 285)	8 208 641 878
Housing Stock																		FAR
Housing Stock	285 689 426	-	285 689 426	83 098	-	6 361 364	-	(129 618)	292 004 270	-	-	-	-	-	-	-	-	292 004 270
Total Housing Stock	285 689 426	-	285 689 426	-	-	6 361 364	-	(129 618)	292 004 270	-	-	-	-	-	-	-	-	292 004 270
Land Held For Sale																		
Land Held For Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Land Held For Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non Current Assets & Inventory	11 994 670 528	117 729 187	13 348 034 353	531 223 833	294 476	536 863	-	(25 458 865)	13 854 623 757	(4 895 022 380)	(365 753 087)	22 179 562	(240)	(5 238 596 145)	(108 352 935)	(6 332 350)	(114 685 285)	8 500 646 149

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022  
Appendix B  
**SEGMENTAL ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 June 2022**

DESCRIPTION	HISTORICAL COSTS							ACCUMULATED DEPRECIATION AND IMPAIRMENTS										CLOSING BALANCE	NET BOOK VALUE
	OPENING BALANCE	ADDITIONS/ UNDER CONSTRUCTION	TRANSFERS	REVALUATION	ADJUSTMENTS	DISPOSALS	DONATED ASSETS	CLOSING BALANCE	OPENING BALANCE	OPENING IMPAIRMENT	CURRENT YEAR DEPRECIATION	DEPRECIATION TRANSFER	DEPRECIATION ADJUSTMENTS	DEPRECIATION DISPOSALS	CURRENT YEAR IMPAIRMENT				
Executive and Council	32 782 702,35	2 667 319,05	-11 767,20	1 176 500,00	28 360,25	-	-	36 643 114,45	-15 440 782,83	-299 387,91	-1 389 022,19	7 683,53	-13,73	-	-28 150,34	17 149 673,47	19 493 440,98		
Community and Social Services	595 560 647,29	21 334 370,35	-1 368 971,99	116 195 889,65	204 919,56	-	-	731 926 854,86	-236 144 042,76	-8 348 380,42	-11 025 950,65	306 198,92	-88,01	-	-128 788,99	255 341 051,91	476 585 802,95		
Electricity	2 022 535 233,23	99 778 021,42	-4 145 898,53	3 450,00	25 492,16	-6 253 579,22	-	2 111 942 719,06	-868 612 220,27	-15 411 458,03	-94 035 785,71	564 977,79	-9,09	6 201 082,90	412 336,00	971 705 748,41	1 140 236 970,65		
Environmental Protection	5 428 600,81	158 305,00	-396,12	-	32 931,95	-	-	5 619 441,64	-3 118 419,93	64 113,22	266 449,71	2 299,26	-	-	66 430,85	3 513 125,09	2 106 316,55		
Finance and Administration	1 736 343 917,19	16 527 563,35	7 178 916,81	-	118 036,19	-18 984 755,08	208 000,00	1 741 391 678,46	-613 903 345,05	6 901 313,82	38 751 396,42	1 254 781,90	57,21	16 556 097,47	1 165 641,24	645 420 438,17	1 095 971 240,29		
Housing	1 001 133 366,48	21 823 763,76	287,82	-	11 718,05	-650 404,36	16 309 173,07	1 038 627 904,82	-26 112 993,10	-113 898,26	-3 586 226,42	49,07	5,46	317,44	19 433,50	29 832 288,37	1 008 795 616,45		
Other	462 811 641,56	2 031 853,94	-818,15	-	12 070,63	-	16 100 000,00	448 754 747,98	-229 978 430,83	-119 785,39	-12 221 026,49	1 130,80	4,24	-	-30 535,71	242 348 651,86	206 406 096,12		
Planning and Development	227 729 514,87	37 587 354,01	13 510,40	-	26 836,30	-138 583,93	-	265 218 631,65	-23 449 693,91	-267 218,24	-3 968 114,69	291,06	13,40	8 811,30	160 298,16	27 836 818,16	237 381 813,49		
Public Safety	41 050 281,10	94 470,00	108 304,97	-	31 081,15	-	-	41 067 527,28	-23 044 930,05	-359 919,21	-1 147 089,74	108 251,73	7,07	-	80 502,82	24 524 197,16	16 543 330,12		
Road Transport	4 316 363 403,22	200 564 624,85	-122 252,11	-	24 781,20	-4 420,18	-	4 516 826 136,98	-1 784 090 877,10	2 747 029,96	113 816 067,48	114 228,71	7,03	4 294,25	-3 957 498,73	1 904 492 957,34	2 612 333 179,64		
Sport and Recreation	538 419 180,53	1 101 093,51	1 171 633,19	175 650,00	16 863,57	-90 000,00	-	538 451 154,42	-231 500 947,98	2 069 203,31	12 673 536,44	96 953,48	3,61	36 240,64	197 489,40	246 307 986,62	292 143 167,80		
Waste Management/Solid Waste	89 968 119,68	15 204 568,25	-134 517,38	197,64	-	-	-	105 038 368,19	-40 276 827,60	469 104,91	3 076 299,27	17 397,07	0,10	-	35 667,37	43 840 502,18	61 197 866,01		
Waste Water Management	775 563 973,40	54 321 981,29	7 517,56	-	2 093,45	-	-	829 880 530,58	-233 194 011,83	-4 180 069,79	-20 561 619,95	7 252,36	1,01	-	11 902,93	257 940 353,15	571 940 177,43		
Water	1 383 474 333,93	58 051 642,31	-120 637,83	55 000,00	1 480,45	-87 122,04	-	1 441 374 696,82	-565 758 180,97	-66 146 063,31	-49 180 884,72	28 748,38	0,35	86 477,33	37 673,92	681 007 577,56	760 367 119,26		
TOTALS	13 229 164 915,64	531 246 931,09	0,00	117 606 687,29	536 664,91	-26 208 864,81	417 173,07	13 852 763 507,19	-4 894 625 704,21	-107 496 945,78	365 699 469,88	0,00	220,95	22 893 321,33	6 332 349,96	5 351 261 369,45	8 501 502 137,74		

**Msunduzi Local Municipality and its Municipal Entity**

Consolidated Annual Financial Statements For the year ended 30 June 2022

**APPENDIX C**

**ACTUAL VERSUS BUDGET (ACQUISITION OF ALL NON-CURRENT ASSETS ) FOR THE YEAR ENDED 30 JUNE 2022**

Description	2022 Budget R	2022 Actual R	2022 Assets Under Construction R	2022 Additions R	2022 Variance R	2022,00 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive and Council	6 326 000,00	2 638 711,39	1 563 390,13	1 103 928,92	3 687 288,61	58%	
Finance and Administration	41 776 984,00	15 706 116,78	5 668 489,16	10 859 074,19	26 070 867,22	62%	
Planning and Development	125 979 448,30	37 614 091,51	28 409 822,92	9 177 531,09	88 365 356,79	70%	
Public Safety	1 100 000,00	94 470,00	-	94 470,00	1 005 530,00	91%	
Community and Social Services	29 953 251,56	27 991 474,87	19 929 801,04	1 404 569,31	1 961 776,69	7%	
Health							
Sport and Recreation	725 000,00	1 041 093,51	-	1 101 093,51	-316 093,51	-44%	
Road Transport	178 811 233,16	201 376 703,88	145 319 949,67	55 244 675,18	-22 565 470,72	-13%	
Water	55 466 054,00	58 051 642,31	57 033 698,68	1 017 943,63	-2 585 588,31	-5%	
Waste Water Management	58 408 960,00	54 321 981,29	49 917 560,83	4 404 420,46	4 086 978,71	7%	
Electricity	154 510 889,00	99 778 021,42	41 495 257,56	58 282 763,86	54 732 867,58	35%	
Housing	85 707 294,07	21 823 763,76	20 037 849,11	1 785 914,65	63 883 530,31	75%	
Other	3 361 906,77	2 049 987,10	729 247,40	1 302 606,54	1 311 919,67	39%	
Environment Protection/Solid Waste	17 242 606,00	15 160 689,25	6 017 974,25	9 344 899,00	2 081 916,75	12%	
<b>TOTALS</b>	<b>759 369 626,86</b>	<b>537 648 747,07</b>	<b>376 123 040,75</b>	<b>155 123 890,34</b>	<b>221 720 879,79</b>		

MSUNDUZI LOCAL MUNICIPALITY AND ITS MUNICIPAL ENTITY											
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022											
APPENDIX D											
DETAILS OF UNSPENT CONDITIONAL GRANTS, RECEIPTS AND TRANSFERS TO INCOME AS AT										30 June 2022	
Account Description	Unspent balance @ 01 July 2021	Transfers to income	Transfer to own revenue	Inter project	Funds paid back to National Treasury	Repayment of bridgefunding of INEP exp from MHOA	VAT recovered from NT grants	Current year interest earned	Current year receipts	Unspent balance	Source Code
GRANTS UNSPENT:CP-NT-NEIGHBOURHOOD DEV P/SHIP GRANT	- 1 070 247	30 434 387		-	-		4 565 158	-	-34 000 000	-70 702	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS UNSPENT:OP-NT-EXPANDED PUBLIC WORKS PROGRAMME	- 469 014	3 474 322		-	469 000		41 692	-	-3 516 000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS UNSPENT:OP-NT-FINANCE MANAGEMENT GRANT	-	1 768 057		-	-		131 943	-	-1 900 000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS UNSPENT:CP-NT-WATER SERVICES INFRASTR GRANT	-	17 543 560		-	-		2 451 315	1 218 000	-21 218 000	-5 125	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS UNSPENT:OP-NT-WATER SERVICES INFRASTR GRANT	-	17 452 400		-	-		2 534 010	-1 218 000	-18 782 000	-13 590	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS UNSPENT:CP-NT-PUBLIC TRANSPORT NETWORK GRANT	- 49 852 139	54 449 148		-570 898	-		7 873 889	-	-11 900 000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS UNSPENT:OP-NT-PUBLIC TRANSPORT NETWORK GRANT	- 593 940	23 042	-	570 898	-		-	-	-	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS UNSPENT:CP-NT-INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME	-	10 380 994	-	-	-	8 769 502	849 503	-	-20 000 000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS UNSPENT:CP-NT-MUNICIPAL INFRASTRUCTURE PROGRAMME	-	178 605 305		-3 572 710	-		24 617 778	-	-199 650 373	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS UNSPENT:OP-NT-MUNICIPAL INFRASTRUCTURE PROGRAMME	-	5 901 848		3 572 710	-		206 069	-	-9 680 627	-	UNSPENT CG - NATIONAL GOVERNMENT
	- 51 985 340	320 033 064	-	-	469 000	8 769 502	43 271 357	-	-320 647 000	-89 416	
GRANTS UNSPENT:CP-DOHS-JIKA JOE	- 7 909 450	14 019 169	6 876 324	-	-		-	-	-12 986 042	-	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:OP-DOHS - HOUSING PROJECTS	-	9 106 293		-	-		-	-	-9 106 293	-	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:CP-KZN - PIETERMARITZBURG AIRPORT	- 359 982	326 219		-	-		-	-13 679	-	-47 442	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:CP-EDTEA - INFORMAL CBD	- 1 719 951	1 700 456		-	-		-	-62 359	-	-81 854	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:CP-COGTA-EASTWOOD PRIMARY SUBSTATION	-	9 079 238		-	-		-	-156 962	-15 000 000	-6 077 724	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:CP-COGTA-CORRIDOR DEVELOPMENT	-	-		-	-		-	-6 654	-6 600 000	-6 606 654	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:CP-COGTA-MUNICIPAL DISASTER RESPONSE GRANT	-	-		-	-		-	-	-620 000	-620 000	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:OP-KZN-A/CULTURE-TATHAM ART GALLERY	- 11 009	421 883		-	-		-	-5 028	-425 000	-19 154	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:CP-KZN-A/CULTURE-TATHAM ART GALLERY	- 7 930	81 475		-	-		-	-3 192	-90 000	-19 647	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:OP-KZN-HOUSING:E/DALE PVT LAND ACQ	- 15 746 005	3 222 622		-	-		-	-598 392	-	-13 121 774	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:CP-KZN-HOUSING:E/DALE PVT LAND ACQ	- 83 849 429	2 545 502		-	-		-	-3 405 876	-8 158 820	-92 868 623	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:CP-KZN - ARTS/CULTURE-LIBRARY	- 3 173 021	399 257		-726 979	-		-	-220 683	-3 500 000	-7 221 426	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:OP-KZN-ARTS/CULTURE-LIBRARY	- 3 272 834	15 381 529		726 979	-		-	-263 455	-12 863 000	-290 781	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:CP-KZN: HOUSING- ACCREDITATION	- 8 775 301	1 785 915		5 000 000	-		-	-227 217	-1 000 000	-3 216 604	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:OP-KZN: HOUSING- ACCREDITATION	- 1 289 439	4 663 110		-5 000 000	-		-	-136 120	-3 853 172	-5 615 621	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:CP-COGTA-MANAYE AREA PRECINCT UPGRADE	- 761	-		787	-		-	-26	-	0	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:CP-COGTA-YOUTH ENTERPRISE PARK	- 136 270	140 025		-787	-		-	-5 390	-188 382	-190 805	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS UNSPENT:OP-KZN-OFF.PREMIER-DLULISUMLANDO	- 1 136 990	1 086 804	50 186	-	-		-	-	-	0	UNSPENT CG - PROVINCIAL GOVERNMENT
	- 127 388 373	63 959 497	6 926 510	-	-	-	-	-5 105 034	-74 390 710	-135 998 109	
	- 179 373 712	383 992 561	6 926 510	-	469 000	8 769 502	43 271 357	-5 105 034	-395 037 710	-136 087 525	

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVOCATE	YEAR INITIATED	CURRENT STATUS/PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
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.	Internal	Internal	2009	Awaiting new set down for trial.	R379 975.83 Plus interest at 15.5 per cent per annum.	Not Probable	R 379 975.83	2 473 556	2 141 607
Nzaba IN v Msunduzi Municipality	Delictual Claim. The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	Internal	Internal	2008	Set down for trial was part-heard. Ongoing.	R73 500.00 Plus interest at 15.5 per cent per annum.	Not Probable	R73 500	552 631	478 468
F. Osman V Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries	Internal	Internal	2007	The defendants plea has been filed. The matter is ongoing.	R 198 840.00 plus interest at 15.5 per cent per annum.	Not Probable	R 198 840.00	1 726 766	1 495 036
Zuma NG v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	Internal	Internal	2008	Correspondence exchanged between attorneys of record. The matter is ongoing.	R100 000.00 Plus interest at 15.5 per cent per annum.	Not Probable	R 100 000	751 879	650 977
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.	Internal	Internal	2007	The matter is ongoing.	R15 080.00 plus interests at 15.5 per cent per annum.	Not Probable	R 15 080.00	130 958	113 383
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.	Internal	Internal	2004	Ongoing	R98 800.00 plus interest at 15.5 per cent per annum.	Not Probable	R 98 800.00	1 322 004	1 144 592
Majosi HS v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for injuries sustained as a result of having fallen into an uncovered manhole.	Internal	Internal	2010	Matter is ongoing.	R 95 000.00 plus interest at 15.5 per cent per annum.	Not Probable	R 95 000.00	535 436	463 581
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.	Internal	Internal	2010	An application for condonation was opposed and the matter is ongoing.	R 7 045.75 plus interest at 15.5 per cent per annum.	Not Probable	R 7 045.75	39 711	34 382
Reddy Ronald v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	Internal	Internal	2010	The matter is part-heard.	R282 818.08 plus interest at 15.5 per cent per annum.	Not Probable	R 282 818.08	1 594 010	1 380 095
Mavundla AB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for being allegedly unlawfully arrested and detained by Municipal Traffic Officers.	Internal	Internal	2010	The matter is ongoing	R 200 000.00 plus interest at 15.5 per cent per annum.	Not Probable	R 200 000.00	1 127 233	975 960

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Mpungose 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.	Internal	Internal	2011	The matter is ongoing	R 23 964.42 plus interest at 15.5 per cent per annum.	Not Probable	R 23 964.42	116 942	101 248
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.	Internal	Internal	2011	The matter is part-heard.	R 21 791.04 plus interest at 15.5 per cent per annum.	Not Probable	R 21 791.04	106 336	92 066
Dladla NB v. Msunduzi Municipality	Overpayment of Rates. The Plaintiff is disputing a rates account and is seeking reimbursement.	Internal	Internal	2011	The defendant's plea has been filed. The matter is ongoing.	R109 038.97 plus interest at 15.5 per cent per annum.	Not Probable	R 109 038.97	532 088	460 682
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	Internal	Internal	2011	Defendant's plea has been filed. Matter ongoing.	R 370 000.00 plus interest at 15.5 per cent per annum.	Not Probable	R 370 000.00	1 805 525	1 563 225
Kroese J. v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality and the Minister of the Police for unlawful arrest and detention.	Internal	Internal	2011	The matter is part-heard.	R 40 000.00 plus interest at 15.5 per cent per annum.	Not Probable	R 40 000. 00	195 192	168 997
Check One Supermarket (PTY) LTD v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for overcharges in relation to a water account.	Internal	Internal	2012	The matter is ongoing	R139 961.45 plus interest at 15.5 per cent per annum	Not Probable	R 139 961.45	591 328	511 972
Govender Kem v. Msunduzi Municipality	Delictual Claim: Plaintiff suffered damages due to a power surge at his property.	Internal	Internal	2012	The matter is ongoing	R 22 242.00 plus interest at 15.5 per cent per annum.	Not Probable	R 22 242.00	93 971	81 360
Mkhonza B. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to a fall on an uneven pavement slab.	Internal	Internal	2012	The matter is ongoing	R 293 000.00 plus interest at 15.5 per cent per annum.	Not Probable	R 293 000.00	1 237 905	1 071 780
Ogle COO v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	Insurance	Internal	2012	The matter is ongoing.	R 267 660.00 plus interest at 15.5 per cent per annum.	Not Probable	R 267 660.00	1 130 846	979 087
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.	Internal	Internal	2013	An application to dismiss was received and opposed. Various correspondences exchanged between attorneys of record. The matter is ongoing.	R8688.46 plus interest at 15.5 per cent per annum.	Not Probable	R 8 688.46	31 782	27 517
I Hansa v Msunduzi Municipality	Delictual Claim: Plaintiff fell into an uncovered manhole in the vicinity of Mountain rise.	Internal	Internal	2013	The matter is ongoing	R 124 734,50 plus interest at 9% p.a.	Not Probable	R 124 734.50	270 910	248 541
Asiphakame Projects CC 9321-14 v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	Internal	Internal	2014	The Plaintiff applied for summary judgement and this was successfully opposed. Matter not yet finalised.	R 195 035.85 plus interest at 15.5 per cent per annum.	Not probable	R 195 035.85	617 690	534 796

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVOCATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Asiphakame Projects CC 9358-14 v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract	Internal	Internal	2014	The Plaintiff applied for summary judgement and this was successfully opposed. The matter is not yet finalised with Plaintiff not having moved further.	R 73 590.47 plus interest at 15.5% p.a.	Not probable	R 73 590.47	233 065	201 788
EMT. Kapp v Msunduzi Municipality	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.	Internal	Internal	2014	Pleadings have closed in the matter. Matter ongoing.	R13 154.75 plus interest at 15.5% p.a.	Not probable	R 13 154.75	41 662	36 071
V. Barnabas v Msunduzi Municipality	Delictual Claim: The claim arises from Plaintiff's vehicle having collided with a pothole in the vicinity of Plymouth Road.	Internal	Internal	2014	Matter ongoing	R18 228.00 plus interest at 15.5 per cent per annum	Not probable	R 18 228.00	57 729	49 982
Musawenkosi Isaac Dlamini v Msunduzi Municipality	Delictual claim. Plaintiff collided with a tree that had fallen across the road.	Internal	Internal	2014	The Municipality has filed a plea. Matter ongoing.	R78 616.27. plus interest at 9% per annum	Not probable	R 78 616.27	156 648	143 714
NS Ngwenya v Msunduzi Municipality	Delictual claim. Plaintiff's vehicle collided with a municipal vehicle.	Internal	Internal	2015	The matter is ongoing	R 11 395.37 plus 9% interest per annum.	Not probable	R 11 395.37	20 831	19 111
Bermin Investments CC t/a Magalela electrical v Msunduzi Municipality	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	Internal	Internal	2015	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.	R 170 100.69 plus interest at 15.5% p.a.	Not probable	R 170 100.69	466 423	403 829
Abbas Ghulam v Msunduzi Municipality	Delictual Claim: The claim arise from an alleged assault by a Municipal Traffic Officer in the course and scope of his employment.	Internal	Internal	2015	The matter is ongoing	R1 00 000.00 plus interest at 15,5% per annum.	Not probable	R 100 000.00	274 204	237 406
SM Mazibuko v Msunduzi Municipality	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.	Internal	Internal	2015	The matter is ongoing	R11 395.73 plus 9% interest per annum.	Not probable	R 11 395.73	20 832	19 112
Anthoo Marion and Associates v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	Internal	Internal	2015	Matter ongoing	R12 935.00 plus interest at 15.5% p.a.	Not probable	R 12 935.00	35 468	30 708
A. Aboobaker v Msunduzi Municipality	Delictual Claim: Plaintiff's vehicle collided with a municipal vehicle driven by an employee in the course and scope of his employment.	Internal	Internal	2015	Ongoing	R10 411.46 plus 9% interest per annum.	Not probable	R 10 411.46	19 033	17 461
L. Van Zyl v Msunduzi Municipality	Delictual Claim. Plaintiff's motor vehicle collided with a Municipal vehicle driven by an employee in the performance of his duties.	Internal	Internal	2016	The matter is ongoing	R46 692.18 plus 9% interest per annum.	Not probable	R 46 692.18	78 307	71 842



**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVOCATE	YEAR INITIATED	CURRENT STATUS/PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
N. Singh v Msunduzi Municipality	Delictual Claim: Plaintiff's vehicle hit a pothole on a public road that falls within the jurisdiction of the Municipality.	Internal	Internal	2016	The matter is ongoing	R9 406.21 plus 15,5% interest per annum.	Not probable	R 9 406.21	22 331	19 334
S. W. Khanyile v Msunduzi Municipality	Delictual Claim: Plaintiff claims that he was unlawfully assaulted and detained by Municipal Traffic Officers.	Insurance	Internal	2016	The matter is ongoing	R200 000.00 plus 9% interest per annum.	Not probable	R 200 000.00	335 420	307 725
M. Brown v Msunduzi Municipality	Delictual claim: The Plaintiff claims that he was arrested unlawfully by a Municipal Traffic Officer.	Insurance	Internal	2016	Ongoing	R 257 000 plus 9% interest per annum.	Not probable	R 257 000.00	431 015	395 426
S.S.Nyoka v Msunduzi Municipality	Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle.	Internal	Internal	2016	The summons herein was issued in the Magistrates Court.	R67 008.77 plus 9% interest per annum.	Not probable	R 67 008.77	112 380	103 101
Ilitha Research and Management CC v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	Internal	Internal	2016	The summons was issued in the Magistrates Court. Further particulars were sought from ICT. The matter is ongoing.	R62 768.00 plus interest at 15.5% p.a.	Not probable	R 62 768.00	149 015	129 017
L.M. Stillies v Msunduzi Municipality	Delictual Claim: The Plaintiff herein has sued the Municipality as a result of injuries sustained during a fall on an uncovered manhole.	Insurance	Internal	2016	The summons was issued at the High Court. Matter ongoing	R864 272.36 plus interest at 15.5% p.a.	Not probable	R 864 272.36	2 051 835	1 776 481
Ziyad Alley v Msunduzi Municipality	Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle	Internal	Internal	2016	A summons has been received. An appearance to defend was filed and served on the Plaintiff.	R 45 887,66 plus interest at 15.5% p.a.	Not probable	R 45 887.66	108 940	94 320
Koshik Singh v Msunduzi Municipality	Delictual Claim: The plaintiff has sued the Municipality as a result of a collision with a pothole.	Internal	Internal	2016	The Defendant's Plea was filed in court and served on the Plaintiff.	R 9 406,21 plus 15.5% interest per annum.	Not probable	R 9 406.21	22 331	19 334
Akira Pillay v Msunduzi Municipality	Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle	Internal	Internal	2016	The Defendant's Plea and counterclaim were filed in court and served on the Plaintiff	R 14 365,96 plus 9% interest per annum.	Not probable	R 14 365.96	24 093	22 104
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	Internal	Internal	2011	The matter is ongoing	R 100 000-00 plus 15.5% interest per annum.	Not probable	R 100 000.00	487 980	422 493
Mr Mduduzi Collen Sosibo, Mrs Sosibo v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality in respect of rates, taxes and services owed by the previous owner of the property.	Internal	Internal	2016	Summons were received from the plaintiff. Discovery notices have been filed and served on the plaintiff.	R 132 431, 96 plus interest at 10.25% p.a.	Not probable	R 132 431.96	237 829	215 718

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Philani Kenneth Sikhosana v Msunduzi Municipality	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.	Internal	Internal	2016	The plaintiff has claimed an amount of R 90 000. A plea has been filed and served on the plaintiff.	R 90 000 plus 9% interest per annum.	Not probable	R 90 000.00	150 939	138 476
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.	Internal	Internal	2016	Summons in the amount of R 33 523.55 was received. A plea has been filed in the matter.	R 33 523.55 plus 15.5% interest per annum.	Not probable	R 33 523.55	79 587	68 906
Lanre Ayodele Olaboye and Sibongile Mthembu v 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.	Internal	Internal	2016	An Appearance to defend was filed and served on plaintiff.	R42 376.09 plus 10,25% interest per annum.	Not probable	R 42 376.09	76 101	69 026
Prethaburan Govender v Msunduzi Municipality	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.	Internal	Internal	2016	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	R48 200.00 plus interest at 15.5% p.a.	Not probable	R 48 200.00	114 430	99 073
Krishna Govender v 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.	Internal	Internal	2016	An Appearance to Defend was filed and served on the Plaintiff.	R 13 405. 21 plus 15.5% interest per annum.	Not probable	R 13 405.21	31 825	27 554
Elizabeth Fredrica Jepson v 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.	External Insurers	Internal	2017	The matter is ongoing	R 600 000.00 plus 15.5% interest per annum.	Insurance (external insurers)	R 600 000.00	1 233 279	1 067 774
Electro Technical Agencies cc v 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 employee in the course and scope of his employment.	Internal	Internal	2017	A notice to withdraw the action was received from the Plaintiff.	R 10 817.73 plus 9% interest per annum.	Not probable	R 10 817.73	16 644	15 270
Musa Nxumalo 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 employee in the course and scope of his employment.	Internal	Internal	2017	A Plea and Counterclaim were filed and served on the Plaintiff.	R 44 454.88 plus 9% interest per annum.	Not probable	R 44 454.88	68 399	62 752

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVOCATE	YEAR INITIATED	CURRENT STATUS/PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Qalapha Jacob Ngubane v 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.	Internal	Internal	2017	An Appearance to defend was filed and served on the Plaintiff.	R 21 862, 00 plus 15.5% interest per annum.	Not probable	R 21 862.00	44 937	38 906
Lionel Longsdale Vuminkosi Magaga v 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.	Internal	Internal	2017	An Appearance to defend was filed and served on the Plaintiff.	R 19 724, 58 plus 15.5% interest per annum.	Not probable	NIL	0	35 102
Catherine Scott v 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.	Internal	Internal	2017	The matter is ongoing	R 11 443, 92 plus 15.5% interest per annum.	Not probable	R 11 443.92	23 523	20 366
Gys De Necker Ontwinkkelings (Pty) Ltd v 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.	Internal	Internal	2017	The Defendant's Plea was filed in court and served on the Plaintiff.	R 77 083.05 plus 10,25% interest per annum.	Not probable	R 77 083.05	125 560	113 887
Anton Venter v 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.	Internal	Internal	2017	The matter is ongoing	R13641.5 plus 15.5% interest per annum.	Not probable	R 13 641.50	28 040	24 277
Wiseman Sibonelo Thamsanqa Maphumulo v 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.	Insurance	Internal	2017	The matter is ongoing	R 177 000.00 plus 15.5% interest per annum.	Insurance (external insurers)	R 177 000.00	363 817	314 993
Servest Hygiene v Msunduzi Municipality	Breach of contract. The Plaintiff is suing the Municipality for services rendered to the Municipality.	Internal	Internal	2017	The matter is ongoing	R 36 941,89 plus 10,25% interest per annum.	Not probable	R 36 941.89	60 174	54 580
Thandeka Brightness Dubazana and Mzwenhlanhla Wiseman Khoza and Msunduzi Municipality	Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle	Internal	Internal	2017	Matter settled	0	Matter settled	0,00	0	51 011
Ncamisile Madlala v 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	Internal	Internal	2017	The Defendant filed its Appearance to Defend in court and served it on the Plaintiff.	R 1495.23 plus 15.5% interest per annum.	Not probable	R 1 495.23	3 073	2 661
Sibongile Priscilla Zama v 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	Internal	Internal	2018	The Defendants filed an Appearance to defend in court and served same on the Plaintiff.	R53 152.22 plus interest at 15.5% p.a.	Not probable	R 53 152.22	94 591	81 897

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVOCATE	YEAR INITIATED	CURRENT STATUS/PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Kandasamy Moonsamy Devan v 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.	Internal	Internal	2018	The Defendant's Plea has been filed in the matter.	R92 596.44 plus 15.5% interest per annum.	Not probable	R 92 596.44	164 787	142 672
Skhumbuzo M Mpata v 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	Internal	Internal	2018	Defendant filed its Notice of Appearance to Defend as well as its Plea in court and served both on the Plaintiff	R 11 914.43 plus interest at 15.5% p.a.	Not probable	R 11 914.43	21 203	18 358
Nimie Mahomed v The Msunduzi Municipality	Plaintiff is suing the municipality for damages arising out of the Plaintiff allegedly falling on an uneven concrete slab.	Insurance (external insurers)	Internal	2018	The matter is ongoing	R 585 400.00 plus 15.5% interest per annum.	Insurance (external insurers)	R 585 400.00	1 041 791	901 984
Melvyn Conrad Jansen v The Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality caused by having fallen into an uncovered manhole.	Insurance (external insurers)	Internal	2018	The matter is ongoing	R 927 400.00 plus 15.5% interest per annum.	Insurance (external insurers)	R 927 400.00	1 650 422	1 428 937
Mzotshingwe Million Mzobe v 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	Internal	Internal	2018	The matter is ongoing	R 75 119.79 plus interest at 15.5% p.a.	Not probable	R 75 119.79	133 685	115 744
Eskom Holdings Soc Limited v 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.	Insurance (external insurers)	Internal	2018	The matter is ongoing	R 17 963 805.75 plus 10% interest per annum.	Insurance (external insurers)	R 17 963 805.75	26 300 808	23 909 825
Dharam C Deeplaul v Msunduzi Municipality	The Plaintiff is suing the Municipality for damages allegedly suffered to its motor vehicle as a result of colliding with a pothole.	Internal	Internal	2018	The matter is ongoing	R 50 462.89 plus 10,25% interest per annum.	Not probable	R 50 462.89	74 557	67 625
Rowan Gareth Blakeman v 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.	Internal	Internal	2018	The matter is ongoing	R 104 352.10 plus 10% interest per annum.	Not probable	R 104 352.10	152 782	138 893
Bhekezakhe Victor Langa v 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.	Internal	Internal	2018	Conducted research, consultations and instructions on plea and claim in reconvention	R24 909.17 plus 10% interest per annum.	Not probable	R 24 909.17	36 470	33 154
Dan Moonsamy Naidoo v Msunduzi Municipality/ Hlengiwe 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.	Internal	Internal	2019	A round table conference has been arranged between the parties.	Claim 1 R 35 000.00 , Claim 2 R 3000.00 plus interest at 15.5% p.a.	Not probable	R 38 000.00	58 550	50 693

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVOCATE	YEAR INITIATED	CURRENT STATUS/PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
J Supathy v 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 New Holmes Way.	Internal	Internal	2019	The matter is ongoing	R 26 250,30 plus interest at 15.5% p.a.	Not probable	R 26 250.30	40 446	35 019
Sunil Rakuban Case No. 3199/19	The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a pothole within the jurisdiction of the Municipality.	Internal	Internal	2019	Matter settled	0	Not probable	NIL	0	60 366
R J Walker Case No. 6149/19	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	Internal	Internal	2019	The matter is ongoing	R 31 266,67 plus 10,25% interest per annum.	Not probable	R 31 266.67	41 900	38 005
Rhonda Basdeo Case No. 6914/19	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	Internal	Internal	2019	The matter is ongoing	R 54 566,01 plus 10% interest per annum.	Not probable	R 54 566.01	72 627	66 025
Bongani Charles Zondi Case No. 7432/19	Plaintiff is suing the Municipality for damage to property due to the alleged negligence of the Municipality.	Internal	Internal	2019	The matter is ongoing	R192 000,00 plus interest at 15.5% p.a.	Not Probable	R 192 000.00	295 833	256 133
Seelan Naidoo and The Msunduzi Municipality/ Devante Delvin Shaw	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	Internal	Internal	2019	The matter is ongoing	R64 115,19 plus interest at 15.5% p.a.	Not probable	64 115.19	98 789	85 531
Zwelinzima Jakusja and Msunduzi Municipality 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	Internal	Internal	2019	The matter is ongoing	R73 750 plus 10,25% interest per annum.	Not probable	R 73 750.00	98 832	89 644
Andre Hagen and Thulani Zakhele Dlamini/ 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	Internal	Internal	2019	The matter is ongoing	R11 420,48 plus 15.5% interest per annum.	Not probable	R 11 420.48	17 597	15 235

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVOCATE	YEAR INITIATED	CURRENT STATUS/PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
MJ Essack and Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality.	Internal	Internal	2019	The matter is ongoing	R 91 029,10 plus 15.5% interest per annum.	Not probable	R 91 029.10	140 258	121 435
Muhammad Sheik and Msunduzi Local Municipality.	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality.	Internal	Internal	2019	The matter is ongoing	R 8 066.12 plus interest at 15.5% p.a.	Not probable	R 8 066.12	12 428	10 760
Tlthago Elias Ngwanto and Msunduzi Municipality.	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality.	Internal	Internal	2019	The matter is ongoing	R 34 405.93 plus interest at 15.5% p.a.	Not probable	R 34 405.93	53 013	45 898
Datcentre Motors (Pty) Ltd trading as CMH Datcentre Pietermaritzburg	The Plaintiff is suing the Municipality in respect of work allegedly done and automotive parts supplied to the Defendant.	Internal	Internal	2019	The matter is ongoing	R 212 344.06 plus interest at 15.5% p.a.	Not probable	R 212 344.06	327 179	283 272
Duanne Dominic Naidoo and Msunduzi Municipality	The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a pothole within the jurisdiction of the Municipality.	Internal	Internal	2019	The matter is ongoing	R 11 495,50 plus 10,25% interest per annum.	Not probable	R 11 495.50	15 405	13 973
Flavour More (PTY) LTD and Msunduzi Municipality	The Plaintiff is suing the Municipality for damages that allegedly occurred from a power surge/outage as a result of the failure of the Municipality to maintain a constant supply of electricity and perform timeously	External Insurers	Internal	2019	File with External Insurers	R 949 084.85 plus interest at 15.5% p.a.	Not probable	R 949 084.85	1 462 349	1 266 103
Barend van AS and 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	Internal	Internal	2020	Matter ongoing	0	Not probable	0,00	0	26 955
Duncan Stewart Harrison N.O and Msunduzi Municipality	Contractual Claim	Internal	Internal	2020	Matter ongoing	R 164 552,79 plus 10,25% interest per annum.	Not probable	R 164 552.79	200 015	181 419
Suresh Gopal and 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	Internal	Internal	2020	Appearance to defend has been filed.	R 36 171,00 plus interest at 15.5% p.a.	Not probable	R 36 171.00	48 253	41 778

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVOCATE	YEAR INITIATED	CURRENT STATUS/PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Robyn Hemmens and Msunduzi Local Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality.	Internal	Internal	2020	Appearance to defend has been filed.	R 9 351,14 plus interest at 15.5% p.a.	Not probable	R 9 351.14	12 475	10 801
Abigail Dlamini and Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2020	Appearance to defend has been filed.	R 16 584.53 plus 15.5% interest per annum.	Not probable	R 16 584.53	22 124	19 155
Jadamei Trading and Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2020	Appearance to defend has been filed.	R 22 678.84 plus interest at 15.5% p.a.	Not probable	R 22 678.84	30 254	26 194
Noxolo Zungu and Msunduzi Local Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2020	Matter settled	0	Not probable	0	0	84 099
Ajith Lachman and Msunduzi Local Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2020	File has been diarized for entering an appearance to defend.	R 15 859,09 plus interest at 15.5% p.a.	Not probable	R 15 859.09	21 156	18 317
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.	K Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za, Adv. AJ Dickson, 17 Prince Edward Street, Advocate's Chambers, tel: 38453542/3, fax: 38453544, e-mail: adickson@law.co.za	2014	Applicant has requested that matter be held in abeyance, until a similar matter is heard in the Johannesburg High Court, in order for the outcome to be used as precedence	R 74 803.90 plus interest at 15.5% p.a.	Not probable	R74 803.90	236 908	205 115
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	K Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mfilaw.co.za,	2014	Municipality is not the dominus litis, and we await enrolment of the matter by the Applicant	R 54 588,60 plus interest at 15.5% p.a.	Not probable	R 54 588.60	172 885	149 684
Msunduzi Municipality/ The SA Incinerator Company	Delictual Claim for damages. Action instituted in the High Court, Pietermaritzburg under case number 5422/2015	Dudu Ndlovu (SCM)	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za, Advocate H. Gani	2015	Awaiting signed and commissioned discovery affidavit from Ms Dudu-Ndlovu Gambu	R970 568.88 plus interest at 15.5% p.a. (in respect of the Defendants counterclaim for retention monies)	Not probable	R 970 568.88	2 661 339	2 304 190

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Telkom SA SOC LTD/ Msunduzi Municipality (Oribi 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.	K Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mfilaw.co.za, REF: 22M003128	2015	Applicant has requested that matter be held in abeyance, until a similar matter is heard in the Johannesburg High Court, in order for the outcome to be used as precedence	R75 433.42 plus interest at 15.5% p.a.	Not probable	R 75 433.42	206 842	179 084
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.	K Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mfilaw.co.za, REF: 22M003161	2015	Applicant has requested that matter be held in abeyance, until a similar matter is heard in the Johannesburg High Court, in order for the outcome to be used as precedence	R43 262.08 plus interest at 15.5% p.a.	Not probable	R 43 262.08	118 626	102 707
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.	K Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mfilaw.co.za,	2015	Applicant has requested that matter be held in abeyance, until a similar matter is heard in the Johannesburg High Court, in order for the outcome to be used as precedence	R 25 554,55 plus interest at 15.5% p.a.	Not probable	R 25 554.55	70 072	60 668
Msunduzi Municipality/Gubela Trading	Contractual dispute: Applicant sought an order to review the Municipality's decision to cancel a contract of services.	P Mahlaba	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za, advocate A. De Wet, 17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941, e-mail: dewet@group8.co.za	2015	Gubela Trading has made a proposal to withdraw the Application against the Municipality with each party to tender its own legal costs.	R595 337.26 plus interest at 15.5% p.a. plus costs of the application.	Not probable	R 595 337.26	1 632 439	1 413 367
Moteko v Msunduzi Municipality	Claim for contractual damages	K. Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mfilaw.co.za,	2017	Municipality's replying affidavit needs to be delivered in the review proceedings and a trial date needs to be obtained in the action	Moteko Cost Consultants Claim A - R15 079.193.37 Claim B - R10 475 572.38 plus 15.5% interest per annum.	Not probable	R 25 554 765.75	52 526 907	45 477 841
Msunduzi Municipality v SBS Electrical Contractors	Claim for invoices paid by the Msunduzi Municipality for work partially done or not done at all.	PJ Mahlaba	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mfilaw.co.za,	2015	Matter on going	R 987 821,88 plus interest at 15.5% p.a.	Not probable	R 987 821.88	2 708 648	2 345 150
Msunduzi Municipality v Zama Traffic Signs	Claim for invoices paid by the Msunduzi Municipality for work partially done or not done at all.	PJ Mahlaba	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mfilaw.co.za,	2015	Matter on-going	R 752 257,23 plus interest at 15.5% p.a.	Not probable	R 752 257.23	2 062 720	1 785 905



**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVOCATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Msunduzi Municipality v Bewton Investments (T/A Ukukhanya)	Claim for invoices paid by the Msunduzi Municipality for work partially done or not done at all.	PJ Mahlaba	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mfilaw.co.za,	2015	Matter on - going	R8 561.29 plus interest at 15.5% p.a.	Not probable	R 8 561.29	23 475	20 325
Deveng Africa Consulting (PTY) LTD and Municipal Manager, The Msunduzi Municipality/ The Msunduzi Municipality	Contractual Claim	M Mbokazi	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	2018	Pleadings Closed. To proceed with Pre- Trial Processes.	R5 309 127.01 plus 10,25% interest per annum.	Not probable	R 530 9127.01	7 843 999	7 114 738
Giyani Engineering v Msunduzi Municipality	Contractual claim	K. Thaver	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	2017	Matter referred to trial.	R1 193 005.79 plus interest at 15.5% p.a.	Not probable	R 1 193 005.79	2 452 181	2 123 100
SB Mkhize	Monetary claim	M. Mbokazi	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	2019	Plea filed, anticipate possible summary judgment application	R 318 383 plus interest at 15.5% p.a.	Not Probable	R 318 383.00	490 564	424 731
Planet Waves 399/Msunduzi Municipality	Council withholding payment to contractor that built sludge dams. Possibility of eventual liability.	K. Thaver	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	2012	we await the Plaintiff to set matter down for trial. Alternatively, we await instruction to push the matter forward.	Planet Waves sued for R1 694 937.70 plus interest at 15.5% p.a. and Municipality countersued for R 1, 940 934.00.	Not Probable	1 694 937,70	7 160 998	6 199 999

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
S Dewaraj v Msunduzi Municipality	Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle	Kass Thaver	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	2015	The matter is at pre-trial stage.	R15 575.00 plus interest at 15.5% p.a.	Not Probable	R 15 575.00	42 707	36 976
Indo Contractors cc v Msunduzi Municipality	Termination of contract: contract dispute with Contractor claiming premature termination.	Kass Thaver	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	2013	Parties to set up a date for arbitration. The matter has been in limbo and the Claimant is not pushing it. Thus the final outcome is still pending.	R 2 660 888.31 plus interest at 15.5% p.a..	Not probable	R 2 660 888.31	9 733 398	8 427 185
Andre Geard Ramsingh v Msunduzi Municipality	Delictual claim: The plaintiff herein is suing the Municipality for damages suffered as a result of being arrested and detained unlawfully.	Kass Thaver	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	2015	Matter was partly heard on 24 May 2018. Plaintiff to set matter down for trial.	R 200 000 plus interest at 15.5% p.a.	Not Probable	R 200 000.00	548 408	474 812
Sikelephi Ngubane v Msunduzi Municipality	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.	Kass Thaver	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	2014	The matter is at pre-trial stage.	R17 312,33 plus interest at 15.5 per cent per annum.	Not Probable	R 17 312.33	54 829	47 471

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
AJC White v Msunduzi Municipality	Delictual Claim: The matter arises from plaintiff having fallen into an uncovered meter box in the vicinity of Flemming Street/Prince Alfred Street.	Kass Thaver	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabain c.com / mail@xabainc.com	2015	Plaintiff's Attorneys withdrawn as attorneys on record awaiting Plaintiff to set the matter down for Trial.	R100 000.00 plus interest at 15.5% p.a.	Not probable	R 100 000.00	274 204	237 406
Infraserve (Pty) LTD v Msunduzi Municipality	Contractual dispute claim: Breach of contract for cancellation and non-payment of invoices.	Kass Thaver	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabain c.com / mail@xabainc.com	2005	The Plaintiff has filed a notice of withdrawal of action in settlement of the matter. The matter is therefore finalised and settled with the entire claim being withdrawn as settlement.	0	Not Probable	R 14 007 158.61	0	140 495 299
Simphiwe Jonathan Zama v Msunduzi Municipality 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	Kass Thaver	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabain c.com / mail@xabainc.com	2012	Municipality to revert on settlement proposal.	R14 846,22 with interest rate at 15.5% p.a.	Not Probable	R 14 846.22	62 724	54 307
Telkom v Msunduzi Municipality Case No.12506/08	Delictual Claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly caused by Municipal water pipes.	Kass Thaver	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.	2008	A judgement awaited before moving forward. Matter ongoing	R45 979. 87 Plus interest at 15.5 per cent per annum	Not Probable	R 45 979.87	345 713	299 318
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.	Kass Thaver	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.	2004	Awaiting judgement in another case. Matter ongoing	R22 541.11 plus interest at 15.5 per cent per annum	Not Probable	R 22 541.11	301 614	261 137
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.	Kass Thaver	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.	2006	Awaiting judgement in another case. Matter ongoing.	R13 283.82 plus interest at 15.5 per cent per annum.	Not Probable	R 13 283.82	133 240	115 359
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.	Kass Thaver	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.	2006	Awaiting judgement in another case. Matter ongoing.	R 21 697.25 plus interest at 15.5 per cent per annum.	Not Probable	R 21 697.25	217 629	188 423

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
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.	Kass Thaver	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.	2005	Awaiting judgement in another case. Matter ongoing.	R34 806.17 plus interest at 15.5 per cent per annum.	Not Probable	R 34 806.17	403 227	349 115
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.	Kass Thaver	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.	2012	Awaiting judgement. Matter ongoing.	R 49 834.75 plus interest at 15.5 per cent per annum	Not Probable	R 49 834.75	210 548	182 293
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.	Kass Thaver	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.	2013	Awaiting judgement in another case. Matter ongoing.	R 46 628.06 plus interest at 15.5 per cent per annum	Not Probable	R 46 628.06	170 563	147 674
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.	Kass Thaver	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.	2013	Awaiting judgement in another case. Matter ongoing.	R34 951.26 plus interest at 15.5% p.a.	Not Probable	R 34 951.26	127 850	110 693
Telkom SA LTD v Msunduzi Municipality Case No. 7256/14	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	Kass Thaver	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.	2013	Awaiting judgement in another case. Matter ongoing.	R 40 236.47 plus interest at 15.5 per cent per annum	Not Probable	R 40 236.47	147 183	127 431
Telkom SA Limited v Msunduzi Municipality Case No.14696/13	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	Kass Thaver	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.	2013	Awaiting judgement in another case. Matter ongoing.	R34 951.26 plus interest at 15.5 per cent per annum.	Not Probable	R 34 951.26	127 850	110 693
KZN-Digi connect v Msunduzi Municipality	Claim by contractor for payment for IT services allegedly rendered.	Kass Thaver	Kwela Attorneys. 224 Boom Street, Pietermaritzburg, 3201. james@kwelalaw.co.za. Tel: 033 394 8116	2012	Matter in abeyance.	R505 000.00 plus interest at 15,5% p/a plus legal costs	Not probable	R 505 000.00	2 133 591	1 847 265
APS Panelbeaters (Hugo's Panel Beaters) v Msunduzi Municipality	Delictual Claim: The claim arises from a new meter that was installed at Plaintiff's premises giving inaccurate readings resulting in Plaintiff being overcharged.	Kass Thaver	Kwela Attorneys. 224 Boom Street, Pietermaritzburg, 3201. james@kwelalaw.co.za. Tel: 033 394 8116	2015	Matter in abeyance	R 292 725.00, plus interest at 15.5% p/a plus legal costs.	Not probable	R 292 725.00	802 664	694 947

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Minnes Singh v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the municipality for damages to his motor vehicle after it collided with a pothole/uneven road surface.	Kass Thaver	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.	2015	Defence has closed its case. Magistrate requested written heads of argument based on the record of the proceedings.	R69 224 . 62 plus interest at 15.5% p.a.	Not probable	R69 224.62	189 817	164 343
3 DM contractors v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	Kass Thaver	Diedricks attorneys,90@ Roberts road, claredon, Pietermaritzburg, tel:3429808, fax:0862191672,e-mail:admin@diedricksattorneys.co.za, Adv. Flemming, Tel: 033 845 3501	2011	The matter is ongoing	R 66930.35 plus interest at 15.5% p.a.	Not Probable	R 66 930.35	326 607	282 776
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.	Kass Thaver	Diedricks attorneys,90@ Roberts road, claredon, Pietermaritzburg, tel:3429808, fax:0862191672,e-mail:admin@diedricksattorneys.co.za,	2012	The matter is ongoing	R 300 000.00 plus interest at 15.5% p.a.	Not Probable	R 300 000.00	1 267 480	1 097 385
Rajendra Govender and Msunduzi Municipality	Labour Dispute (appeal and High Court application). Application for re-instatement.	KEVIN PERUMAL	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		The matter is ongoing	Risk of R115 000. ( Salary related)	Not Probable	R 115 000.00	115 000	115 000
E. G. Alexander v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality as a result of colliding with a pothole whilst cycling in the vicinity of Murray Road.	Kass Thaver	Mdledle Inc. Suite 201, Second Floor 161 Pietermaritz Street, Pietermaritzburg, 3201 Tel: 033 345 4022.	2014	Matter is at a stale mater and Plaintiff must take the next step.	R 83499.16 plus interest at 15.5% p.a.	Not Probable	R 83 499.16	264 447	228 958
Kua-Siza Transporters CC V 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.	Kass Thaver	Mdledle Inc. Suite 201, Second Floor 161 Pietermaritz Street, Pietermaritzburg, 3201 Tel: 033 345 4022.	2017	The Plea has been filed and we are waiting for the Plaintiff's Attorneys to proceed further.	R 55 532, 34 plus interest at 15.5% p.a.	Not Probable	R 55 532.34	114 145	98 827
Red Alert TSS (PTY) LTD v 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.	Kass Thaver	Mdledle Inc. Suite 201, Second Floor 161 Pietermaritz Street, Pietermaritzburg, 3201 Tel: 033 345 4022.	2018	The matter is partly heard and we are awaiting a further trial date.	R 105 930.97 plus 10% interest per annum.	Not Probable	R 105 930.97	155 094	140 994
Israel Sibiya v Msunduzi Municipality	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.	Kass Thaver	Mdledle Inc. Suite 201, Second Floor 161 Pietermaritz Street, Pietermaritzburg, 3201 Tel: 033 345 4022.	2016	We are awaiting a hearing date for the Special Plea raised.	R400 000 plus 15.5% interest per annum.	Not Probable	R 400 000.00	949 624	822 186
Ntombeningi Sokhela v 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.	Kass Thaver	Mdledle Inc. Suite 201, Second Floor 161 Pietermaritz Street, Pietermaritzburg, 3201 Tel: 033 345 4022.	2018	The matter is at Pre-Trial stage and there is an Application to Compel Discovery set down for hearing on 27 July 2020.	R 19 345.83 plus interest at 15.5% p.a.	Not Probable	R 19 345.83	34 428	29 808

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
AMA-Grace Business Enterprises v Msunduzi Municipality	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	Kass Thaver	Mdledle Inc. Suite 201, Second Floor 161 Pietermaritz Street, Pietermaritzburg, 3201 Tel: 033 345 4022.	2016	We are awaiting a further trial date herein.	R59 042.52 plus interest at 15.5% p.a.	Not probable	R 59 042.52	140 171	121 360
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.	Kass Thaver	Mdledle Inc. Suite 201, Second Floor 161 Pietermaritz Street, Pietermaritzburg, 3201 Tel: 033 345 4022.	2016	This matter was removed from the roll and we are awaiting a further hearing date.	R 132 431,96 with interest calculated at 10,25% p.a.	Not probable	R 132 431.96	237 829	215 718
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	Kass Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, e-mail: mail@mfilaw.co.za,	2017	Settlement proposal submitted by Applicant's attorneys. As advised by legal department, settlement has been submitted to Management for consideration	R 369 337, 77 plus 10,25% interest per annum.	Not probable	NIL	0	545 680
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.	Kass Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, e-mail: mail@mfilaw.co.za,	2017	Settlement proposal submitted by Applicant's attorneys. As advised by legal department, settlement has been submitted to Management for consideration	R 25 062,90 plus 10,25% interest per annum.	Not probable	NIL	0	37 029
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.	Kass Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, e-mail: alicia@mfilaw.co.za,	2018	The matter was enrolled for trial from 18 May to 21 May 2020. The matter was removed from the roll and reinstated to October 2020 by consent in line with the Judge President's directives. Trial preparation is complete and counsel is in the process of preparing a memorandum with regard to the settlement options.	R 8 323 443.20. plus interest of prime plus 2% per annum.	Not probable	R 8 323 443.20	12 075 945	10 779 100
Beka Schreder (Pty)Ltd/ Msunduzi Municipality	Vindictory Application - Claim for return of goods delivered/ payment	Sibusiso Mkhize	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, e-mail: alicia@mfilaw.co.za,	2019	Powerec and Beka entered into a settlement agreement in terms of which Msunduzi is to pay the full contract amount. The settlement agreement, which Msunduzi is not a party to, still has to be made an order of court. Matter is ongoing.	R 3 791 340 plus interest at 15.5% p.a.	Not probable	R 3 791 340.00	5 841 692	5 057 742
Makhosazane Mbanjwa v 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	Kass Thaver	MC Ntshali Ntshali Manqoba Ngcobo Cell No. 076 614 4566 Physical Address: 131-133 Clark Rd, Glenwood, Durban. 4001 Postal Address: P.O. Box 217 DURBAN, 4001 Office Tel. no. 031 301 3554 email: mngcobob@mcna.co.za or info@mcna.co.za or mngcobopa@mcna.co.za	2020	Matter is ongoing	R 29 000.00 plus interest at 7.00 per annum	Not probable	R 29 000.00	33 202	31 030
Yolanda De Langa v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2020	Matter is ongoing	R 17 917.00 plus interest at 7.00% per annum	Not probable	R 17 917.00	20 513	19 171

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Karyn Micayla Harrichand v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	MC Ntshatintshali Manqoba Ngcobo Cell No. 076 614 4566 Physical Address: 131-133 Clark Rd, Glenwood, Durban. 4001 Postal Address: P.O. Box 217 DURBAN, 4001 Office Tel. no. 031 301 3554 email: mngcobo@mcna.co.za or info@mcna.co.za or mngcobopa@mcna.co.za	2020	Matter is ongoing	R 33 904.82 plus interest at 9.75% per annum	Not probable	R 33 904.82	40 839	37 211
Hayworth Road Properties CC v Msunduzi Municipality	The Plaintiff is suing the Municipality for an amount of R 14 663.50 in respect of damages that allegedly occurred when a municipal employee collided with the Plaintiff's property, specifically the gate.	Internal	Internal	2020	Matter settled	0	Not probable	0	0	16 130
Santosh Singh v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of Msunduzi Municipality	Internal	Internal	2020	Matter is on going	R 62 904.33 plus interest at 7.00% per annum	Not probable	R 62 904.33	72 019	67 308
Thulasizwe Collen Ncalane v Msunduzi Municipality	The Plaintiff is suing the Municipality for an amount of R 66 937.08 in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality.	Internal	Internal	2020	Matter is on going	R 66 937.08 plus interest at 7.00% per annum	Not probable	R 66 937.08	76 636	71 623
Gonaselen Valautham Naidoo v Msunduzi Municipality	The Plaintiff is suing the municipality for an amount of R 13 505.72 for incident wherein Plaintiff's vehicle was allegedly involved in a collision with municipal vehicle driven by a municipal employee within his course and scope of employment	Internal	Internal	2020	Matter is on going	R 13 505.72 plus interest at 7.00% per annum	Not probable	R 13 505.72	15 463	14 451
Kameel Maharaj v Msunduzi Municipality	The Plaintiff is suing the Municipality for an amount of R 7 100.00 in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality.	Internal		2020	Matter is ongoing	R 7 100.00 plus interest at 8.75% from 4 June 2020 to date of payment	Not probable	R 7 100.00	8 397	7 721
Tulisa Cables (Pty) Ltd v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of breach of contract to pay Plaintiff in respect of outstanding invoices	Internal	Internal	2020	Matter is ongoing	R 288 221.39 plus interest at 8.75% per annum	Probable	R 288 221.39	340 867	313 441
Udash Jaipal Vather v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2020	Matter settled	0	Not probable	NIL	0	16 042
Yagambaram Pandaram v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2020	Matter settled	0	Not probable	0	0	18 794
Sixolile Exelent Nene v Msunduzi Municipality	The Plaintiff is suing the Municipality for damages allegedly suffered as a result of the negligence of Municipal employees failing to cover the water drain	External Insurers	External insurers still to confirm appointed attorneys	2020	Matter is ongoing	R 4 921 000.00 plus interest 7.00% per annum	Not probable	R 4 921 000.00	5 634 053	5 265 470

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Therisa Julia Pitout v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2020	Matter is ongoing	R 11 667.76 plus interest at 7.00% per annum	Not probable	R 11 667.76	13 358	12 485
Nandha Thatayiyo Naidoo v 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	Internal	Internal	2020	Awaiting court set down date	R 46 435.45 plus interest at 8.75% per annum	Not Probable	R 46 435.45	54 917	50 499
Dumisani Emmanuel Radebe v 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	Internal	Internal	2020	Matter is on going	R 6 685.53 plus interest at 7.00% per annum	Not probable	R 6 685.53	7 654	7 154
Zutari (Pty) Ltd v Msunduzi Municipality	Plaintiffs previously known as Aurecon South Africa (Pty) Ltd who allege entered into a contract with the Municipality in 2012 under SCM 7 of 2013 for the design and contract administration for the installation of water borne sanitation in ward 10 as per the tender, allege have not been paid even after submitting an invoice	Kass Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel033 940 1497, fax:0862428747, e-mail:mail@mfilaw.co.za,	2020	Matter handled by external attorneys	R 2 139 446.97 plus interest at 7.75% per annum	Not probable	R 2 139 446.97	2 483 911	2 305 254
Rajinne Erradu v Msunduzi Municipality	The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle allegedly collided with a pothole, that falls under the Defendants area of Jurisdiction and maintenance	Internal	Internal	2020	Matter is ongoing	R 131 182.18 plus interest at 7.00% per annum	Not probable	R 131 182.18	150 190	140 365
Tumelo Mongali v 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	Internal	Internal	2020	Matter is ongoing	R 180 000.00 plus interest at 15.5% per annum	Not probable	R 180 000.00	240 125	207 900
Indirah Ramroop v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a motor vehicle collision with a municipal vehicle, allegedly driven by an employee of the Defendant, within the course and scope of his employment	Internal	Internal	2020	Matter settled	0	0	NIL	0	115 382



**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Babonke Twetwa v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a physical altercation and an unlawful arrest by the Municipality's Road Traffic Official during the course and scope of his/ her employment	Internal	Internal	2020	Matter is on going	R 1 200 700.00 plus interest 7.00% per annum	Not probable	R 1 200 700.00	1 374 681	1 284 749
Isnon Trading (Pty) Ltd v Msunduzi Municipality	The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle allegedly collided with a pothole, that falls under the Defendants area of Jurisdiction and maintenance	Internal	Internal	2020	Matter is ongoing	R 66 937.08 plus interest at 7.00% per annum	Not probable	R 66 937.08	76 636	71 623
Nonkululeko Masikane v Msunduzi Municipality	The Plaintiff is suing the Municipality for an incident wherein Plaintiff's vehicle allegedly collided with a pothole, that falls under the Defendants area of Jurisdiction and maintenance	Internal	MC Ntshatintshali Manqoba Ngcobo Cell No. 076 614 4566 Physical Address: 131-133 Clark Rd, Glenwood, Durban. 4001 Postal Address: P.O. Box 217 DURBAN, 4001 Office Tel. no. 031 301 3554 email: mngcobo@mcna.co.za or info@mcna.co.za or mngcobopa@mcna.co.za	2021	Matter is ongoing	R 34 810.78 plus interest 7.00% per annum		R 34 810.78	37 248	34 811
Thokozani Michael Mahlaba v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a motor vehicle collision with a municipal vehicle, allegedly driven by an employee of the Defendant, within the course and scope of his employment	Internal	Internal	2021	Matter is ongoing	R 60 654.85 plus interest at 7.75% per annum	Not probable	R 60 654.85	65 356	60 655
Sanjay Arjun v Msunduzi Municipality	The Plaintiff is suing the Municipality for overpayment of municipal services	Internal	Internal	2020	Matter is ongoing	R74 738.49 plus interest at 8.75% per annum	Not probable	R74 738.49	88 390	81 278
Dr A A Khan v Msunduzi Municipality	The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle allegedly collided with a pothole, that falls under the Defendants area of Jurisdiction and maintenance	Internal	Internal	2021	Matter is ongoing	R 22 741.68 plus interest at 10.25% per annum	Not probable	R 22 741.68		
Dashendran Govender and the Msunduzi Municipality 14051/2021	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A plea has been filed and served on opposition.	R 3 395.00 AT PRESCRIBED RATE OF 7.75%	Probable	<b>R3 395</b>	25 073 <b>3 395</b>	22 742 0
Sasha Rambullu v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2020	Matter is ongoing	R 39 976.39 plus interest 7.00% per annum	Not probable	R 39 976.39	45 769	42 775

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Mark Francis v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages whereby a storm caused trees within the jurisdictional area of the defedant to fall on overhead electricity lines. The Plaintiff is suing for subsequent electrical surge which damaged various of the Plaintiffs electrical appliances, installations and fittings	kass Thaver	Mastross Inc. 393 Jabu Ndlovu Street, Pietermaritz burg, 3201. PO Box 3139, Pietermaritzburg, 3200 Docex 69. Tel (033) 394 5828. Email- Ori@mastross.co.za	2021	Discovery affidavit filed in March 2022. Matter is at pre-trial stage	R85 288.00 plus interest @7%pa	Not probable	R85 288	91 258	0
Dudu Rose-Mary Khumalo v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of 2 Traffic Officers of the Msunduzi Municipality Traffic Police Department, in uniform and acting within the course and scope of their employment, harassed and assaulted the Plaintiff and the person who was driving the vehicle.	External Insurers	Prinsloo Whitehead Attorneys Old House of Trade Building 226 Prinsloo St Pretoria Tel : 27 12 329 7126 Fax : +27 86 626 9649 mail : shannon@pwmila w.co.za	2021	Matter has been handed over to external attorneys by our insurers	R 250 000.00 plus interest at 7.00% per annum a tempora morae	Not probable	R 250 000.00	267 500	250 000
Yalekile Freda Kheswa v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2021	Matter is ongoing	R 19 901.84 plus interest 7.00% per annum	Not probable	R 19 901.84	21 295	19 902
Liberty Group/ First Rand Bank Limited NO/ Liberty Two Degrees Limited/ Two Degrees Properties (Pty) Ltd v Msunduzi Municipality	The Plaintiff's are suing the Municipality in respect of an alleged breach of contract for upgrade and supply of electricity services to the Plaintiffs expansion project to the retail facilities at the Liberty Midlands Mall. The Plaintiffs are suing for refund of amount paid	Kass Thaver	Matthew Francis inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel033 940 1497, fax:0862428747, e-mail:mail@mfilaw.co.za,	2021	Matter is on going	R 1 859 588.00 plus interest at 7.00% per annum	Probable	R 1 859 588.00	1 989 759	1 859 588
Marece Donnely v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Intenal	Internal	2021	Notice of appearance to defend has been filed in court and served on the Plaintiffs attorney	R 8 767.32 plus interest at 7.00% per annum	Not probable	R 8 767.32	9 381	8 767
Lisalihle Mavuso v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of the Plaintiff walking past a street pole adjacent to transformer number 360. Injuries caused by high voltage power line which had alleged become detached from the connection	Internal	Internal	2021	Matter is on going	R 150 00.00 plus interest 10.5% from date of services of summons	Not probable	R 150 00.00	165 750	150 000
Sonny Kulan Thangalan v Msunduzi Municipality	The Plaintiff is suing the Municipality for an incident wherein Plaintiff allegedly tripped and fell and landed on his left arm due to the unevenness of the pavement/road within the municipal boundaries of the Municipality	External Insurers	External insures still to appoint attorneys	2021	Matter has been handed over to external attorneys by our insurers	R 550 000.00 plus interest at 7.00% per annum	Not probable	R 550 000.00	588 500	550 000

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Thavandan Subramanian Marie v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2021	Matter is on going	R 43 061.96 plus interest at 7.00% per annum	probable	R 43 061.96	46 076	43 062
Danielle Gounder v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a motor vehicle collision with a municipal vehicle, allegedly driven by an employee of the Defendant, within the course and scope of his employment.	Internal	Internal	2021	Appearance to defend has been filed.	R 9 260.93 plus interest at 7.00% per annum	probable	R 9 260.93	9 909	9 261
Theresa Khetiwe Mlotshwa v Msunduzi Municipality		Internal	Internal	2021	Appearance to defend has been filed.	R 73 760.10 plus interest at 7.00% per annum	probable	R 73 760.10	78 923	73 760
BAFANO NDLOVU AND THE MSUNDUZI MUNICIPALITY	The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle allegedly collided with a pothole, that falls under the Defendants area of Jurisdiction and maintenance,	Internal	Internal	2021	Diarised for filing of appearance to defend	R 17 754.65 plus interest at 7.00% per annum	not probable	R 17 754.65	18 997	17 755
SELLO SIMON MABOEE AND THE MSUNDUZI MUNICIPALITY	The Plaintiff is suing the municipality for an incident wherein the employees of the Municipality who were cutting down trees near the boundary of the Plaintiffs premises, cut a tree which fell and damaged the Plaintiffs palisade fencing together with the tennis court	Internal	Internal	2021	Diarised for filing of appearance to defend	R 125 350 plus interest at 7.00% per annum	not probable	R 125 350	134 125	125 350
DONALD RAYMOND MIDDLETON AND THE MSUNDUZI MUNICIPALITY	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2021	matter settled	0	probable	NIL	0	8 114
Sakhumotho Development Services vs Msunduzi Municipality	The Plaintiff is suing the Municipality for an alleged breach of contract wherein the Plaintiff suffered in the amount of R 2 305 360.00	Kass Thaver	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za,	2021	A plea has been filed.	R2 305 360.00. at prescribed rate AT 7.25%	File with external insurers.	R2 305 360.00.	2 472 499	0
Thulani Eric Ntshiza and Msunduzi Municipality	Delictual Claim: Plaintiff's vehicle hit a pothole on a public road that falls within the jurisdiction of the Municipality.	Kass Thaver	Internal	2021	A summons has been received. An appearance to defend was filed and served on the Plaintiff.	R 64 930.48 at 7%	Not probable.	R 64 930.48	69 476	
Udash Jaipal Vather and the Msunduzi Municipality 9877/2021	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2021	A plea has been filed and served on Plaintiff.	R 27 651.77 at 10.25%	Not probable.	R 27 651.77	30 486	

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Patricia Anne Luckin and the Msunduzi Municipality 11070/2021	The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly damaged due to the negligent driving of a municipal employee in the course and scope of his/ her employment	Kass Thaver	Internal	2021	A summons has been received. An appearance to defend was filed and served on the Plaintiff.	R 29 019.17 at 7%	Not probable.	R 29 019.17	31 051	
Surishnee Pillay and the Msunduzi Municipality 13487/2021	The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly damaged due to the negligent driving of a municipal employee in the course and scope of his/ her employment	Kass Thaver	Internal	2021	A plea has been filed and served on Plaintiff.	R 24 195.31 at 7%	Not probable.	R 24 195.31	25 889	
M.J.A Ganie N.O and two others v Msunduzi Municipality	plaintiffs' are suing for a refund of monies allegedly overpaid on application for a rates clearance certificate.	Kass Thaver	Internal	2021	matter set down for pre-trial conference.	R231 471,00 at 7%	Not probable.		247 674	
Radley Keys and the Msunduzi Municipality 13161/2021	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2021	A plea has been filed and served on Plaintiff.	R 16 033.30 at prescribed rate AT 7.75%	Not probable.	R 16 033.30	17 276	
Bongiwe Andrietta Malgas, Thamsanqa A Ndlovu vs Msunduzi Municipality	The Plaintiff is suing the Municipality for an alleged that mother was run over by the Defendant's dumptruck	Kass Thaver	external insurers	2021	A plea has been filed and served on Plaintiff.	R 4, 000 000.00 at 7% interest rate	Not probable.	R 4,000 000.00	4 280 000	
Thandiwe Beatrice Mchunu and the Msunduzi Municipality	The Plaintiff is suing the Municipality for an alleged assault by Defendant's employees.	Kass Thaver	Mastross Inc. 393 Jabu Ndlovu Street, Pietermaritzburg, 3201. PO Box 3139, Pietermaritzburg, 3200 Docex 69. Tel (033) 394 5828. Email- Ori@mastross.co.za	2021	A plea has been filed and served on Plaintiff.	R 6, 000 000.00 at 9% interest rate	Not probable.	R 6 000 000.00	6 540 000	
Uso mandla Projects and the Msunduzi Municipality, MEC for Transport	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R 75 484.69 at prescribed rate AT 7.75%	Not probable.	R 75 484.69	75 485	
Jithen Dursen and the Msunduzi Municipality 13669/2021	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A plea has been filed and served on opposition	R 2 000.00 at 7%	Probable	R2 000.00	2 000	
Pamella Meintjies and the Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R 30 108.96 at prescribed rate AT 7.75%	Not probable.	R 30 108.96	30 109	
Infinity Automotive Pty Ltd and the Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R 12 776.42 at prescribed rate OF 7.75%	Not probable.	R 12 776.42	12 776	

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVOCATE	YEAR INITIATED	CURRENT STATUS/PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
Stephen Richard Pons and the Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R 17 389.55 at prescribed rate AT 7.75%	Not probable.	R 17 389.55	17 390	
Sir George-Gray Ntokozo Khumalo and the 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	Kass Thaver	Mastross Inc. 393 Jabu Ndlovu Street, Pietermaritzburg, 3201. PO Box 3139, Pietermaritzburg, 3200 Docex 69. Tel (033) 394 5828. Email- Ori@mastross.co.za	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R 66 188.24 at 7%	Not probable.	R 66 188.24	66 188	
Nerika Singh and the Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R 42 474.47 at prescribed rate OF 7.75%	Not probable.	R 42 474.47	42 474	
Jithen Dursen and the Msunduzi Municipality 2272/21	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A plea has been filed and served on opposition	R900 at 7%	Not probable.	R900	900	
Makhosazane Ngcobo and 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	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R19 710,87 plus 7,25%	Not probable.	R19 710.87	19 711	
Jabulani Tholakele Dhlamini	The Plaintiff is suing the Municipality for an incident wherein the Plaintiff alleges that the Municipal employees cut trees on his property without his consent or authority.	External Insurers	External insurers still to appoint attorney	2022	Matter has been handed over to external attorneys by our insurers	R 10 000000,00 plus interest at the prescribed rate OF 7.75%	Not probable	R10 000 000.00	10 000 000	
Bongani Mveli	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	Kass Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za, advocate AJ Dickson, 17 Prince Edward Street, Advocates' Chambers, tel: 38453542/3, fax: 38453544, e-mail: adickson@law.co.za	2022	Pleadings have closed. In light of our special Plea Plaintiff launched an application, set down for hearing on 28 April 2022 for condonation in terms of the Legal Proceedings Act which we duly opposed. Our answering affidavit was filed on 26.4.2022 and the matter was removed from the roll due to the fact that the court file was not in order. Plaintiff/ Applicant filed its reply on 13.5.2022.	R219 671,94 plus 7,25%	probable.	R219 671.94	219 672	
Yugunathan Moodley	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R12 972,00 plus 7%	Not probable.	R12 972	12 972	
Khanyisile Patricia Bhengu and the Msunduzi Municipality, Hugo Plant and Civil 626 Pty Ltd	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of an injury as the Plaintiff fell on a trench dug by 2nd Defendant	Kass Thaver	Internal	2022	A plea has been filed in court and served on Plaintiff.	R 1 1850 000.00 at prescribed rate. AT 7.75%	Not probable.	R 1 1850 000.00		1 185 000

**Msunduzi Local Municipality and its Municipal Entity**  
Consolidated Annual Financial Statements for the year ended 30 June 2022

**APPENDIX E**

**CONTINGENT LIABILITIES AS AT 30 JUNE 2022**

MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVOCATE	YEAR INITIATED	CURRENT STATUS/PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	JUNE 2022	JUNE 2021
The Mandlethu Civils Daleka Venture and the Msunduzi Municipality 5253/2022	A multiplicity of claims arising out of a roadworks contract for work performed ito of the roadworks tender.	Kass Thaver	Mastross Inc. 393 Jabu Ndlovu Street, Pietermaritzburg, 3201. PO Box 3139, Pietermaritzburg, 3200 Docex 69. Tel (033) 394 5828. Email- Ori@mastross.co.za	2022	A plea has been filed in court and served on Plaintiff.	27000780,88	Not probable.	R 27 000 780 .88		
Fynn's Construction & Developers cc and the Msunduzi Municipality,	The Plaintiff is suing for retention monies held by Defendant.	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R 555 399.12 at prescribed rate of 7.75%	Not probable.	R 555 399.12	27 000 781	555 399

**242 737 174      308 628 880**