



**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## General Information

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<b>Legal form of entity</b>	Category B Municipality in terms of section 1 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
<b>Nature of business and principal activities</b>	<p>The primary function of the Msunduzi Municipality is to provide basic services i.e. water, electricity, sewerage, water and sanitation to the Pietermaritzburg jurisdiction.</p> <p>The Msunduzi Municipality is controlled by the Mayor, Deputy Mayor, the Accounting Officer, Speaker, ten Executive Committee members, and five Deputy Municipal Managers who contribute to day-to-day management.</p>
<b>Legislation governing the municipality's operations</b>	Municipal Finance Management Act, (Act 56 of 2003) The Constitution of the Republic of South Africa ( Act 108 of 1996), Municipal Structures Act (Act 117 of 1998) Municipal Systems Act, (Act 32 of 2000)
<b>Grading of local authority</b>	Category - B
<b>Controlling entity</b>	The Msunduzi Municipality
<b>Municipal entity</b>	Safe City Msunduzi (Pty) Ltd
<b>Registered office</b>	The City Hall 260 Church Street Pietermaritzburg 3201
<b>Business address</b>	The City Hall 260 Church Street Pietermaritzburg 3201
<b>Postal address</b>	The City Hall Private Bag x321 3200
<b>Telephone</b>	( 033 ) 392 2006
<b>Facsimile</b>	(033 ) 392 2208
<b>Bankers</b>	First National Bank
<b>Auditors</b>	The Auditor General
<b>Website</b>	<a href="http://www.msunduzi.gov.za">www.msunduzi.gov.za</a>
<b>Accounting Officer</b>	M A Nkosi
<b>Chief Finance Officer (CFO)</b>	N M Ngcobo

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## General Information

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### Executive Committee

Mayor - CJ Ndlela  
Deputy Mayor - TR Zuma  
Member - NP Bhengu  
Member - M Inderjit  
Member - WF Lambert  
Member - M J Lawrence  
Member - NE Majola  
Member - JJ Ngubo  
Member - T Xulu  
Member - M Schalkwyk

### Councillors

Speaker - B Baijoo  
Chief Whip - TV Magubane  
N B Ahmed  
R Ahmed  
R P Ashe  
N Atwaru  
C Bradley  
S D Buthelezi  
T M Buthelezi  
N P Dlamini  
I I Dlamini  
A B Dlomo  
S N Govender  
N F Gumede  
S C Gwala  
U Haswell  
V P Jaca  
S P Lyne  
L L Madlala  
I S Madonda  
T Magwaza  
T S Majola  
F M Makhathini  
M Maphumalo  
T Matiwane  
A L Mbanjwa  
F Mbatha  
R McArthur  
A S Mkhize  
B M Mkhize  
M A Mkhize  
M H Mkhize  
V G M Mlete  
N Msimang  
C S Ndawonde  
Z N Ndlovu  
M D Ndlovu  
T P Ndlovu  
K M Ngcobo  
B B Ngcobo  
J M Ngcobo  
L Ngcobo  
M A Ngcobo  
P T Ngcobo  
PG Ngidi

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## General Information

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D T Mtombela  
B D Phungula  
D F Ryder  
P Shoji  
L N Sikhakhane  
J Singh  
R B Singh  
P Sithole  
B C Sokhela  
M S Sokhela  
R Soobiah  
M A Tarr  
L J Winterbach  
D P Zondi  
B M Zuma  
F R Zungu  
N J Zungu  
B E Zuma

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

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### Abbreviations

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

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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Officer's Responsibilities and Approval

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### Certification by the Municipal Manager

I, am responsible for the preparation of these consolidated annual financial statements, which are set out on pages 1 to 149, in terms of Section 126(1) of the Municipal Finance Management Act (56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclose in note 41 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearer Act and the Minister of Provincial and Local Governments determination in accordance with this Act.

  
M.A Nkosi  
Municipal Manager

30/09/2015  
Date

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2015	2014 Restated	2015	2014 Restated
<b>Assets</b>					
<b>Current Assets</b>					
Inventories	3	46,737,301	742,564,735	46,737,301	742,564,735
Other financial assets	13	46,081	46,081	46,081	46,081
Trade receivables from non exchange transactions	4	379,168,340	396,213,539	379,165,840	396,211,039
VAT receivable	18	-	40,918	-	-
Trade and receivables from exchange transactions	5	716,948,616	667,396,506	716,948,616	667,396,506
Short term investment	6	7,934,708	6,901,834	7,934,708	6,901,834
Cash and cash equivalents	7	842,352,434	827,942,707	834,133,069	827,273,263
		<b>1,993,187,480</b>	<b>2,641,106,320</b>	<b>1,984,965,615</b>	<b>2,640,393,458</b>
<b>Non-Current Assets</b>					
Agricultural assets	8	44,831,368	46,520,046	44,831,368	46,520,046
Investment property	9	382,805,024	362,882,104	382,805,024	362,882,104
Property, plant and equipment	10	6,862,925,254	6,129,930,060	6,862,566,756	6,129,057,730
Intangible assets	11	17,211,599	2,267,184	17,211,599	2,267,184
Heritage assets	12	230,944,963	229,701,625	230,944,963	229,701,625
Other financial assets	13	10,482,314	9,587,680	10,482,314	9,587,680
		<b>7,549,200,522</b>	<b>6,780,888,699</b>	<b>7,548,842,024</b>	<b>6,780,016,369</b>
<b>Total Assets</b>		<b>9,542,388,002</b>	<b>9,421,995,019</b>	<b>9,533,807,639</b>	<b>9,420,409,827</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Other financial liabilities	14	52,012,449	42,690,655	52,012,449	42,690,655
Finance lease obligation	15	1,511,829	338,004	1,511,829	338,004
Payables from exchange transactions	16	599,579,617	452,998,242	599,547,762	452,998,242
VAT payable	17	40,430,375	49,453,190	39,492,243	49,453,190
Consumer deposits	19	89,478,656	85,109,070	89,478,656	85,109,070
Retirement benefit obligation	20	18,037,692	16,251,156	18,037,692	16,251,156
Unspent conditional grants	21	108,257,511	298,529,534	108,257,511	298,529,534
Provisions	22	7,033,633	6,876,719	7,033,633	6,876,719
		<b>916,341,762</b>	<b>952,246,570</b>	<b>915,371,775</b>	<b>952,246,570</b>
<b>Non-Current Liabilities</b>					
Other financial liabilities	14	541,301,371	496,828,777	541,301,371	496,828,777
Finance lease obligation	15	2,099,415	3,328,605	2,099,415	3,328,605
Retirement benefit obligation	20	591,899,445	543,597,210	591,899,445	543,597,210
Provisions	22	61,849,677	61,002,002	61,849,677	61,002,002
		<b>1,197,149,908</b>	<b>1,104,756,594</b>	<b>1,197,149,908</b>	<b>1,104,756,594</b>
<b>Total Liabilities</b>		<b>2,113,491,670</b>	<b>2,057,003,164</b>	<b>2,112,521,683</b>	<b>2,057,003,164</b>
<b>Net Assets</b>		<b>7,428,896,332</b>	<b>7,364,991,855</b>	<b>7,421,285,956</b>	<b>7,363,406,663</b>
<b>Net Assets</b>					
Share capital	27	100	100	-	-
<b>Reserves</b>					
Housing development fund	23	53,882,712	51,542,986	53,882,712	51,542,986
Revaluation reserve	24	52,129,145	52,129,145	52,129,145	52,129,145
Capital replacement reserve	25	151,935,999	-	151,935,999	-
Accumulated surplus	26	7,170,948,376	7,261,319,624	7,163,338,100	7,259,734,532
<b>Total Net Assets</b>		<b>7,428,896,332</b>	<b>7,364,991,855</b>	<b>7,421,285,956</b>	<b>7,363,406,663</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2015	2014 Restated	2015	2014 Restated
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Service charges	30	2,227,636,415	2,073,501,239	2,227,636,415	2,073,501,239
Rental received	31	23,477,153	21,571,598	23,477,153	21,571,598
Fees from agency services	32	577,908	669,269	577,908	669,269
Licences and permits	34	88,837	81,004	88,837	81,004
Donations received	35	-	713,034	-	-
Other revenue	33	89,221,892	78,818,771	89,221,366	78,786,246
Interest received - external investment	36	51,026,699	43,342,612	50,973,175	43,302,650
Interest received - trade and other receivables	36	69,528,678	53,055,390	69,528,678	53,055,390
<b>Total revenue from exchange transactions</b>		<b>2,461,557,582</b>	<b>2,271,752,917</b>	<b>2,461,503,532</b>	<b>2,270,967,396</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
Property rates	37	686,396,237	602,953,620	686,396,237	602,953,620
Property rates - penalties imposed	37	30,207,179	22,673,588	30,207,179	22,673,588
<b>Transfer revenue</b>					
Government grants and subsidies	38	876,063,280	694,304,614	876,063,280	694,304,614
Fines	39	108,633,588	102,750,783	108,633,588	102,750,783
<b>Total revenue from non-exchange transactions</b>		<b>1,701,300,284</b>	<b>1,422,682,605</b>	<b>1,701,300,284</b>	<b>1,422,682,605</b>
<b>Total revenue</b>	29	<b>4,162,857,866</b>	<b>3,694,435,522</b>	<b>4,162,803,816</b>	<b>3,693,650,001</b>
<b>Expenditure</b>					
Employee related costs	40	(886,356,096)	(824,558,452)	(882,620,454)	(821,107,600)
Remuneration of councillors	41	(34,657,435)	(37,099,641)	(34,657,435)	(37,099,641)
Conditional grant expenditure	42	(135,304,171)	(87,412,313)	(135,304,171)	(87,412,313)
Depreciation and amortisation	43	(465,408,973)	(452,697,098)	(464,535,534)	(452,670,172)
Impairment of assets	44	(16,571,487)	(662,051)	(16,571,487)	(662,051)
Finance costs	45	(71,169,271)	(67,174,144)	(71,169,271)	(67,174,144)
Debt impairment	46	(222,109,923)	(112,679,217)	(222,109,923)	(112,679,217)
Collection costs	47	(5,972,677)	(15,372,628)	(5,972,677)	(15,372,628)
Repairs and maintenance	48	(193,369,205)	(139,250,191)	(193,317,455)	(139,059,871)
Bulk purchases	49	(1,586,802,287)	(1,453,402,187)	(1,586,802,287)	(1,453,402,187)
Contracted services	50	(29,698,420)	(21,066,262)	(29,698,420)	(21,066,262)
Grants and subsidies paid	51	(238,128)	(218,284)	(11,572,032)	(4,428,810)
General expenses	52	(479,720,747)	(387,695,315)	(479,018,812)	(386,788,334)
<b>Total expenditure</b>		<b>(4,127,378,820)</b>	<b>(3,599,287,783)</b>	<b>(4,133,349,958)</b>	<b>(3,598,923,230)</b>
<b>Operating surplus</b>		<b>35,479,046</b>	<b>95,147,739</b>	<b>29,453,858</b>	<b>94,726,771</b>
Gain or (loss) on disposal of assets	54	419,962	(395,853)	419,962	(395,853)
Gain or (loss) on donated assets	55	64,091	102,597	64,091	102,597
Fair value adjustment of investment properties	56	20,222,920	28,121,599	20,222,920	28,121,599
Fair value adjustment of agricultural assets	57	(1,769,662)	8,604,786	(1,769,662)	8,604,786
Gain or (loss) on immovable assets	58	55,240	(5,438,627)	55,240	(5,438,627)
Gain or (loss) on sale of movable assets	59	(455,457)	(6,456,578)	(455,457)	(6,456,578)
		<b>18,537,094</b>	<b>24,537,924</b>	<b>18,537,094</b>	<b>24,537,924</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2015	2014 Restated	2015	2014 Restated
<b>Surplus for the year</b>		<b>54,016,140</b>	<b>119,685,663</b>	<b>47,990,952</b>	<b>119,264,695</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Statement of Changes in Net Assets

	Share capital	Housing development fund	Revaluation reserve	Capital replacement reserve	Total reserves	Accumulated surplus	Total net assets
Figures in Rand							
<b>Economic entity</b>							
<b>Restated balance at 01 July 2013</b>	<b>100</b>	<b>49,902,967</b>	-	-	<b>49,902,967</b>	<b>7,119,424,158</b>	<b>7,169,327,225</b>
Effects of prior period error	-	-	-	-	-	63,424,872	63,424,872
Revaluation of heritage assets	-	-	52,129,145	-	52,129,145	-	52,129,145
Transfer to HDF	-	1,640,019	-	-	1,640,019	-	1,640,019
Net income (losses) recognised directly in net assets	-	1,640,019	52,129,145	-	53,769,164	63,424,872	117,194,036
Restated Surplus / Deficit for the year	-	-	-	-	-	118,972,631	118,972,631
Total recognised income and expenses for the year	-	1,640,019	52,129,145	-	53,769,164	182,397,503	236,166,667
Surplus from HDF	-	-	-	-	-	193,006	193,006
Adjustments	-	-	-	-	-	(40,695,043)	(40,695,043)
Total changes	-	1,640,019	52,129,145	-	53,769,164	141,895,466	195,664,630
<b>Restated balance at 01 July 2014</b>	<b>100</b>	<b>51,542,986</b>	<b>52,129,145</b>	-	<b>103,672,131</b>	<b>7,261,319,624</b>	<b>7,364,991,855</b>
Adjustments	-	-	-	-	-	(144,387,388)	(144,387,388)
Transfer to HDF	-	2,339,726	-	-	2,339,726	-	2,339,726
Transfer to capital replacement reserve	-	-	-	151,935,999	151,935,999	-	151,935,999
Net income (losses) recognised directly in net assets	-	2,339,726	-	151,935,999	154,275,725	(144,387,388)	9,888,337
Surplus / Deficit for the year	-	-	-	-	-	54,016,140	54,016,140
Total recognised income and expenses for the year	-	2,339,726	-	151,935,999	154,275,725	(90,371,248)	63,904,477
Total changes	-	2,339,726	-	151,935,999	154,275,725	(90,371,248)	63,904,477
<b>Balance at 30 June 2015</b>	<b>100</b>	<b>53,882,712</b>	<b>52,129,145</b>	<b>151,935,999</b>	<b>257,947,856</b>	<b>7,170,948,376</b>	<b>7,428,896,332</b>
Note(s)	27	23	24	25		26	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Statement of Changes in Net Assets

	Share capital	Hedging reserve	Revaluation reserve	Capital replacement reserve	Total reserves	Accumulated surplus	Total net assets
Figures in Rand							
<b>Controlling entity</b>							
<b>Restated balance at 01 July 2013</b>	-	<b>49,902,967</b>	-	-	<b>49,902,967</b>	<b>7,118,260,033</b>	<b>7,168,163,000</b>
Effects of prior period error	-	-	-	-	-	62,711,837	62,711,837
Revaluation of heritage assets	-	-	52,129,145	-	52,129,145	-	52,129,145
Transfer to HDF	-	1,640,019	-	-	1,640,019	-	1,640,019
Net income (losses) recognised directly in net assets	-	1,640,019	52,129,145	-	53,769,164	62,711,837	116,481,001
Restated surplus / deficit for the year	-	-	-	-	-	119,264,694	119,264,694
Total recognised income and expenses for the year	-	1,640,019	52,129,145	-	53,769,164	181,976,531	235,745,695
Surplus from HDF	-	-	-	-	-	193,006	193,006
Adjustments	-	-	-	-	-	(40,695,038)	(40,695,038)
Total changes	-	1,640,019	52,129,145	-	53,769,164	141,474,499	195,243,663
<b>Restated balance at 01 July 2014</b>	-	<b>51,542,986</b>	<b>52,129,145</b>	-	<b>103,672,131</b>	<b>7,259,734,532</b>	<b>7,363,406,663</b>
Changes in net assets							
Adjustments	-	-	-	-	-	(141,961,754)	(141,961,754)
Transfer to HDF	-	2,339,726	-	-	2,339,726	(2,425,630)	(85,904)
Transfer to capital replacement reserve	-	-	-	151,935,999	151,935,999	-	151,935,999
Net income (losses) recognised directly in net assets	-	2,339,726	-	151,935,999	154,275,725	(144,387,384)	9,888,341
Surplus for the year	-	-	-	-	-	47,990,952	47,990,952
Total recognised income and expenses for the year	-	2,339,726	-	151,935,999	154,275,725	(96,396,432)	57,879,293
Total changes	-	2,339,726	-	151,935,999	154,275,725	(96,396,432)	57,879,293
<b>Balance at 30 June 2015</b>	-	<b>53,882,712</b>	<b>52,129,145</b>	<b>151,935,999</b>	<b>257,947,856</b>	<b>7,163,338,100</b>	<b>7,421,285,956</b>
Note(s)	27	23	24	25		26	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2015	2014 Restated	2015	2014 Restated
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Sale of goods and services		2,952,038,289	2,826,745,631	2,944,128,761	2,827,034,517
Government grants and subsidies		876,063,280	694,304,614	876,063,280	694,304,614
Interest income		120,501,853	96,358,040	120,501,853	96,358,040
		<b>3,948,603,422</b>	<b>3,617,408,285</b>	<b>3,940,693,894</b>	<b>3,617,697,171</b>
<b>Payments</b>					
Employee costs		(882,620,454)	(741,537,217)	(882,620,455)	(741,537,217)
Suppliers		(1,806,143,018)	(2,144,398,887)	(1,806,143,018)	(2,144,398,887)
Finance costs		(71,169,271)	(67,187,110)	(71,169,271)	(67,174,144)
		<b>(2,759,932,743)</b>	<b>(2,953,123,214)</b>	<b>(2,759,932,744)</b>	<b>(2,953,110,248)</b>
<b>Net cash flows from operating activities</b>	60	<b>1,188,670,679</b>	<b>664,285,071</b>	<b>1,180,761,150</b>	<b>664,586,923</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	10	(166,217,540)	(185,810,766)	(165,857,933)	(185,676,850)
Proceeds from sale of property, plant and equipment	10	420,619	9,191,019	420,619	9,191,019
Movement in other financial assets	13	(894,634)	(816,273)	(894,634)	(816,273)
Non cash movement in fixed assets		(683,828,669)	(150,256,809)	(683,828,669)	(150,256,809)
Short term investment	6	(1,032,874)	(1,000,813)	(1,032,874)	(1,000,813)
Capital work in progress	10 -12	(379,324,144)	(166,627,708)	(379,324,144)	(166,627,708)
Purchase of intangible assets	11	(1,111,073)	-	(1,111,073)	-
Purchases of heritage assets	12	(381,246)	(103,444)	(381,246)	(103,444)
Purchase of agricultural assets	8	-	(8,604,786)	-	(8,604,786)
Purchase of investment properties	9	-	(12,203,000)	-	(12,203,000)
<b>Net cash flows from investing activities</b>		<b>(1,232,369,561)</b>	<b>(516,232,580)</b>	<b>(1,232,009,954)</b>	<b>(516,098,664)</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings	14&15	53,739,023	(44,803,126)	53,739,023	(44,803,126)
Movement in consumer deposits	19	4,369,586	5,519,841	4,369,586	5,519,841
<b>Net cash flows from financing activities</b>		<b>58,108,609</b>	<b>(39,283,285)</b>	<b>58,108,609</b>	<b>(39,283,285)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>14,409,727</b>	<b>108,769,206</b>	<b>6,859,806</b>	<b>109,204,971</b>
Cash and cash equivalents at the beginning of the year		827,942,707	719,173,501	827,273,263	718,068,292
<b>Cash and cash equivalents at the end of the year</b>	7	<b>842,352,434</b>	<b>827,942,707</b>	<b>834,133,069</b>	<b>827,273,263</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Economic entity</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	2,234,124,996	-	<b>2,234,124,996</b>	2,227,636,415	<b>(6,488,581)</b>	For all variances explanations refer to note 28
Rental received	35,023,573	2,176,111	<b>37,199,684</b>	23,477,153	<b>(13,722,531)</b>	
Fees from agency services	598,651	-	<b>598,651</b>	577,908	<b>(20,743)</b>	
Licences and permits	82,559	-	<b>82,559</b>	88,837	<b>6,278</b>	
Other revenue	72,157,238	(1,784,395)	<b>70,372,843</b>	89,221,892	<b>18,849,049</b>	
Interest received - trade and other receivables	60,057,138	-	<b>60,057,138</b>	69,528,678	<b>9,471,540</b>	
Interest received -external investments	32,247,000	-	<b>32,247,000</b>	51,026,699	<b>18,779,699</b>	
<b>Total revenue from exchange transactions</b>	<b>2,434,291,155</b>	<b>391,716</b>	<b>2,434,682,871</b>	<b>2,461,557,582</b>	<b>26,874,711</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	659,052,000	-	<b>659,052,000</b>	686,396,237	<b>27,344,237</b>	
Property rates - penalties imposed	39,231,000	-	<b>39,231,000</b>	30,207,179	<b>(9,023,821)</b>	
<b>Transfer revenue</b>						
Government grants & subsidies	709,196,000	291,249,845	<b>1,000,445,845</b>	876,063,280	<b>(124,382,565)</b>	
Fines	14,669,754	7,466,311	<b>22,136,065</b>	108,633,588	<b>86,497,523</b>	
<b>Total revenue from non-exchange transactions</b>	<b>1,422,148,754</b>	<b>298,716,156</b>	<b>1,720,864,910</b>	<b>1,701,300,284</b>	<b>(19,564,626)</b>	
<b>Total revenue</b>	<b>3,856,439,909</b>	<b>299,107,872</b>	<b>4,155,547,781</b>	<b>4,162,857,866</b>	<b>7,310,085</b>	
<b>Expenditure</b>						
Employee related costs	(855,886,219)	3,789,209	<b>(852,097,010)</b>	(886,356,096)	<b>(34,259,086)</b>	
Remuneration of councillors	(39,272,240)	1,049	<b>(39,271,191)</b>	(34,657,435)	<b>4,613,756</b>	
Conditional grant expenditure	(37,831,000)	(122,986,510)	<b>(160,817,510)</b>	(135,304,171)	<b>25,513,339</b>	
Depreciation and amortisation	(302,848,333)	-	<b>(302,848,333)</b>	(465,408,973)	<b>(162,560,640)</b>	
Impairment of assets	-	-	-	(16,571,487)	<b>(16,571,487)</b>	
Finance costs	(60,738,111)	(197,971)	<b>(60,936,082)</b>	(71,169,271)	<b>(10,233,189)</b>	
Debt impairment	(144,577,000)	-	<b>(144,577,000)</b>	(222,109,923)	<b>(77,532,923)</b>	
Collection costs	(3,563,440)	(3,870,330)	<b>(7,433,770)</b>	(5,972,677)	<b>1,461,093</b>	
Repairs and maintenance	(271,420,891)	69,351,343	<b>(202,069,548)</b>	(193,369,205)	<b>8,700,343</b>	
Bulk purchases	(1,479,521,996)	(105,461,772)	<b>(1,584,983,768)</b>	(1,586,802,287)	<b>(1,818,519)</b>	
Contracted Services	(20,195,408)	(9,755,067)	<b>(29,950,475)</b>	(29,698,420)	<b>252,055</b>	
Grant and subsidies paid	(5,407,550)	100,000	<b>(5,307,550)</b>	(238,128)	<b>5,069,422</b>	
General expenses	(571,575,547)	(196,608,905)	<b>(768,184,452)</b>	(479,720,747)	<b>288,463,705</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Total expenditure</b>	<b>(3,792,837,735)</b>	<b>(365,638,954)</b>	<b>(4,158,476,689)</b>	<b>(4,127,378,820)</b>	<b>31,097,869</b>	
<b>Operating surplus</b>	<b>63,602,174</b>	<b>(66,531,082)</b>	<b>(2,928,908)</b>	<b>35,479,046</b>	<b>38,407,954</b>	
Gain or (loss) on disposal of assets	6,420,231	-	<b>6,420,231</b>	419,962	<b>(6,000,269)</b>	
Gain or (loss) on donated assets	298,030	-	<b>298,030</b>	64,091	<b>(233,939)</b>	
Fair value adjustment of agricultural assets	-	-	-	(1,769,662)	<b>(1,769,662)</b>	
Fair value adjustment investment properties	-	-	-	20,222,920	<b>20,222,920</b>	
Gain or (loss) on immovable assets	-	-	-	55,240	<b>55,240</b>	
Gain or (loss) on movable assets	-	-	-	(455,457)	<b>(455,457)</b>	
	<b>6,718,261</b>	-	<b>6,718,261</b>	<b>18,537,094</b>	<b>11,818,833</b>	
<b>Surplus before taxation</b>	<b>70,320,435</b>	<b>(66,531,082)</b>	<b>3,789,353</b>	<b>54,016,140</b>	<b>50,226,787</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>70,320,435</b>	<b>(66,531,082)</b>	<b>3,789,353</b>	<b>54,016,140</b>	<b>50,226,787</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	762,595,450	-	<b>762,595,450</b>	46,737,301	<b>(715,858,149)</b>	
Other financial assets	42,690,655	-	<b>42,690,655</b>	46,081	<b>(42,644,574)</b>	
Trade receivables from non exchange transactions	156,279,478	-	<b>156,279,478</b>	379,168,340	<b>222,888,862</b>	
Trade and other receivables from exchange transactions	767,953,860	-	<b>767,953,860</b>	716,948,616	<b>(51,005,244)</b>	
Short term investment	-	-	-	7,934,708	<b>7,934,708</b>	
Cash and cash equivalents	876,328,514	153,776,761	<b>1,030,105,275</b>	842,352,434	<b>(187,752,841)</b>	
	<b>2,605,847,957</b>	<b>153,776,761</b>	<b>2,759,624,718</b>	<b>1,993,187,480</b>	<b>(766,437,238)</b>	
<b>Non-Current Assets</b>						
Agricultural assets	648,000	-	<b>648,000</b>	44,831,368	<b>44,183,368</b>	
Investment property	320,520,000	-	<b>320,520,000</b>	382,805,024	<b>62,285,024</b>	
Property, plant and equipment	7,283,929,997	(533,459,765)	<b>6,750,470,232</b>	6,862,925,254	<b>112,455,022</b>	
Intangible assets	3,959,000	-	<b>3,959,000</b>	17,211,599	<b>13,252,599</b>	
Heritage assets	-	-	-	230,944,963	<b>230,944,963</b>	
Investments	46,000	-	<b>46,000</b>	-	<b>(46,000)</b>	
Other financial assets	17,630,528	-	<b>17,630,528</b>	10,482,314	<b>(7,148,214)</b>	
	<b>7,626,733,525</b>	<b>(533,459,765)</b>	<b>7,093,273,760</b>	<b>7,549,200,522</b>	<b>455,926,762</b>	
<b>Total Assets</b>	<b>10,232,581,482</b>	<b>(379,683,004)</b>	<b>9,852,898,478</b>	<b>9,542,388,002</b>	<b>(310,510,476)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Other financial liabilities	42,690,655	-	<b>42,690,655</b>	52,012,449	<b>9,321,794</b>	
Finance lease obligation	-	-	-	1,511,829	<b>1,511,829</b>	
Payables from exchange transactions	948,479,210	342,386,344	<b>1,290,865,554</b>	599,579,617	<b>(691,285,937)</b>	
VAT payable	-	-	-	40,430,375	<b>40,430,375</b>	
Consumer deposits	87,547,900	-	<b>87,547,900</b>	89,478,656	<b>1,930,756</b>	
Retirement benefit obligation	-	-	-	18,037,692	<b>18,037,692</b>	
Unspent conditional grants	-	-	-	108,257,511	<b>108,257,511</b>	
Provisions	3,714,231	-	<b>3,714,231</b>	7,033,633	<b>3,319,402</b>	
	<b>1,082,431,996</b>	<b>342,386,344</b>	<b>1,424,818,340</b>	<b>916,341,762</b>	<b>(508,476,578)</b>	
<b>Non-Current Liabilities</b>						
Other financial liabilities	100,000,000	-	<b>100,000,000</b>	541,301,371	<b>441,301,371</b>	
Finance lease obligation	-	-	-	2,099,415	<b>2,099,415</b>	
Retirement benefit obligation	-	-	-	591,899,445	<b>591,899,445</b>	
Provisions	768,989,820	-	<b>768,989,820</b>	61,849,677	<b>(707,140,143)</b>	
	<b>868,989,820</b>	-	<b>868,989,820</b>	<b>1,197,149,908</b>	<b>328,160,088</b>	
<b>Total Liabilities</b>	<b>1,951,421,816</b>	<b>342,386,344</b>	<b>2,293,808,160</b>	<b>2,113,491,670</b>	<b>(180,316,490)</b>	
<b>Net Assets</b>	<b>8,281,159,666</b>	<b>(722,069,348)</b>	<b>7,559,090,318</b>	<b>7,428,896,332</b>	<b>(130,193,986)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
Share capital	-	-	-	100	100	
<b>Reserves</b>						
Housing development fund	-	-	-	53,882,712	53,882,712	
Revaluation reserve	43,220,000	-	43,220,000	52,129,145	8,909,145	
Capital replacement reserve	-	-	-	151,935,999	151,935,999	
Accumulated surplus	8,237,939,666	(722,069,348)	7,515,870,318	7,170,948,376	(344,921,942)	
<b>Total Net Assets</b>	<b>8,281,159,666</b>	<b>(722,069,348)</b>	<b>7,559,090,318</b>	<b>7,428,896,332</b>	<b>(130,193,986)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	3,015,567,000	78,543,516	<b>3,094,110,516</b>	2,952,038,289	<b>(142,072,227)</b>	
Government grants and subsidies	709,196,000	(63,991,000)	<b>645,205,000</b>	876,063,280	<b>230,858,280</b>	
Interest revenue	32,247,000	(7,739,280)	<b>24,507,720</b>	120,501,853	<b>95,994,133</b>	
	<b>3,757,010,000</b>	<b>6,813,236</b>	<b>3,763,823,236</b>	<b>3,948,603,422</b>	<b>184,780,186</b>	
<b>Payments</b>						
Employee costs	(855,887,122)	-	<b>(855,887,122)</b>	(882,620,454)	<b>(26,733,332)</b>	
Suppliers	(2,258,105,878)	119,786,856	<b>(2,138,319,022)</b>	(1,806,143,018)	<b>332,176,004</b>	
Finance costs	(60,738,178)	-	<b>(60,738,178)</b>	(71,169,271)	<b>(10,431,093)</b>	
Transfers and grants	(5,408,000)	-	<b>(5,408,000)</b>	-	<b>5,408,000</b>	
	<b>(3,180,139,178)</b>	<b>119,786,856</b>	<b>(3,060,352,322)</b>	<b>(2,759,932,743)</b>	<b>300,419,579</b>	
<b>Net cash flows from operating activities</b>	<b>576,870,822</b>	<b>126,600,092</b>	<b>703,470,914</b>	<b>1,188,670,679</b>	<b>485,199,765</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(364,442,000)	(272,101,404)	<b>(636,543,404)</b>	(166,217,540)	<b>470,325,864</b>	
Proceeds from sale of property, plant and equipment	-	-	-	420,619	<b>420,619</b>	
Movement in other financial assets	-	-	-	(894,634)	<b>(894,634)</b>	
Non cash movement in fixed assets	-	-	-	(683,828,669)	<b>(683,828,669)</b>	
Short term investment	-	-	-	(1,032,874)	<b>(1,032,874)</b>	
Capital work in progress	-	-	-	(379,324,144)	<b>(379,324,144)</b>	
Proceeds from sale of other intangible assets	-	-	-	(1,111,073)	<b>(1,111,073)</b>	
Purchases of heritage assets	-	-	-	(381,246)	<b>(381,246)</b>	
<b>Net cash flows from investing activities</b>	<b>(364,442,000)</b>	<b>(272,101,404)</b>	<b>(636,543,404)</b>	<b>(1,232,369,561)</b>	<b>(595,826,157)</b>	
<b>Cash flows from financing activities</b>						
Movement in consumer deposits	-	-	-	4,369,586	<b>4,369,586</b>	
Repayment of borrowings	57,309,000	-	<b>57,309,000</b>	53,739,023	<b>(3,569,977)</b>	
<b>Net cash flows from financing activities</b>	<b>57,309,000</b>	<b>-</b>	<b>57,309,000</b>	<b>58,108,609</b>	<b>799,609</b>	
Net increase/(decrease) in cash and cash equivalents	269,737,822	(145,501,312)	<b>124,236,510</b>	14,409,727	<b>(109,826,783)</b>	
Cash and cash equivalents at the beginning of the year	898,552,000	-	<b>898,552,000</b>	827,942,707	<b>(70,609,293)</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>1,168,289,822</b>	<b>(145,501,312)</b>	<b>1,022,788,510</b>	<b>842,352,434</b>	<b>(180,436,076)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Economic entity - 2015</b>											
<b>Financial Performance</b>											
Property rates	659,052,000	-	659,052,000	-	-	659,052,000	716,603,416	-	57,551,416	109 %	109 %
Service charges	2,234,124,996	-	2,234,124,996	-	-	2,234,124,996	2,227,636,415	-	(6,488,581)	100 %	100 %
Investment revenue	32,247,000	-	32,247,000	-	-	32,247,000	120,501,853	-	88,254,853	374 %	374 %
Transfers recognised - operational	415,372,000	-	415,372,000	-	-	415,372,000	519,604,470	-	104,232,470	125 %	125 %
Other own revenue	229,778,970	(2,005,273)	227,773,697	-	-	227,773,697	222,052,902	-	(5,720,795)	97 %	97 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>3,570,574,966</b>	<b>(2,005,273)</b>	<b>3,568,569,693</b>	<b>-</b>	<b>-</b>	<b>3,568,569,693</b>	<b>3,806,399,056</b>	<b>-</b>	<b>237,829,363</b>	<b>107 %</b>	<b>107 %</b>
Employee costs	(855,886,219)	-	(855,886,219)	-	-	(855,886,219)	(886,356,096)	-	(30,469,877)	104 %	104 %
Remuneration of councillors	(39,272,240)	-	(39,272,240)	-	-	(39,272,240)	(34,657,435)	-	4,614,805	88 %	88 %
Debt impairment	(144,577,000)	-	(144,577,000)	-	-	(144,577,000)	(222,109,923)	-	(77,532,923)	154 %	154 %
Depreciation and asset impairment	(259,469,311)	-	(259,469,311)	-	-	(259,469,311)	(465,408,973)	-	(205,939,662)	179 %	179 %
Finance charges	(60,738,111)	-	(60,738,111)	-	-	(60,738,111)	(71,169,271)	-	(10,431,160)	117 %	117 %
Materials and bulk purchases	(1,479,521,996)	(65,650,615)	(1,545,172,611)	-	-	(1,545,172,611)	(1,586,802,287)	-	(41,629,676)	103 %	107 %
Transfers and grants	(5,407,550)	100,000	(5,307,550)	-	-	(5,307,550)	(142,342,299)	-	(137,034,749)	2,682 %	2,632 %
Other expenditure	(949,206,104)	737,796	(948,468,308)	-	-	(948,468,308)	(699,995,442)	-	248,472,866	74 %	74 %
<b>Total expenditure</b>	<b>(3,794,078,531)</b>	<b>(64,812,819)</b>	<b>(3,858,891,350)</b>	<b>-</b>	<b>-</b>	<b>(3,858,891,350)</b>	<b>(4,108,841,726)</b>	<b>-</b>	<b>(249,950,376)</b>	<b>106 %</b>	<b>108 %</b>
<b>Surplus/(Deficit)</b>	<b>(223,503,565)</b>	<b>(66,818,092)</b>	<b>(290,321,657)</b>	<b>-</b>	<b>-</b>	<b>(290,321,657)</b>	<b>(302,442,670)</b>	<b>-</b>	<b>(12,121,013)</b>	<b>104 %</b>	<b>104 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	293,824,000	-	293,824,000	-		293,824,000	356,458,810		62,634,810	121 %	121 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>70,320,435</b>	<b>(66,818,092)</b>	<b>3,502,343</b>	-		<b>3,502,343</b>	<b>54,016,140</b>		<b>50,513,797</b>	<b>1,542 %</b>	<b>77 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>70,320,435</b>	<b>(66,818,092)</b>	<b>3,502,343</b>	-		<b>3,502,343</b>	<b>54,016,140</b>		<b>50,513,797</b>	<b>1,542 %</b>	<b>77 %</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	597,754,000	107,222,000	704,976,000	-		704,976,000	528,636,000		(176,340,000)	75 %	88 %
<b>Sources of capital funds</b>											
Transfers recognised - capital	293,824,000	20,650,000	314,474,000	-		314,474,000	358,449,000		43,975,000	114 %	122 %
Borrowing	100,000,000	-	100,000,000	-		100,000,000	16,732,197		(83,267,803)	17 %	17 %
Internally generated funds	203,930,000	86,572,000	290,502,000	-		290,502,000	153,655,000		(136,847,000)	53 %	75 %
<b>Total sources of capital funds</b>	<b>597,754,000</b>	<b>107,222,000</b>	<b>704,976,000</b>	-		<b>704,976,000</b>	<b>528,836,197</b>		<b>(176,139,803)</b>	<b>75 %</b>	<b>88 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Cash flows</b>											
Net cash from (used) operating	576,871,000	126,600,000	703,471,000	-		703,471,000	1,188,670,679		485,199,679	169 %	206 %
Net cash from (used) investing	(364,442,000)	(272,101,000)	(636,543,000)	-		(636,543,000)	(1,232,369,561)		(595,826,561)	194 %	338 %
Net cash from (used) financing	57,309,000	-	57,309,000	-		57,309,000	58,108,609		799,609	101 %	101 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>269,738,000</b>	<b>(145,501,000)</b>	<b>124,237,000</b>	<b>-</b>		<b>124,237,000</b>	<b>14,409,727</b>		<b>(109,827,273)</b>	<b>12 %</b>	<b>5 %</b>
Cash and cash equivalents at the beginning of the year	1,168,290,000	(145,501,000)	1,022,789,000	-		1,022,789,000	827,942,707		(194,846,293)	81 %	71 %
<b>Cash and cash equivalents at year end</b>	<b>1,438,028,000</b>	<b>(291,002,000)</b>	<b>1,147,026,000</b>	<b>-</b>		<b>1,147,026,000</b>	<b>842,352,434</b>		<b>(304,673,566)</b>	<b>73 %</b>	<b>59 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Economic entity - 2014</b>				
<b>Financial Performance</b>				
Property rates				625,627,208
Service charges				2,073,501,239
Investment revenue				96,398,002
Transfers recognised - operational				448,121,965
Other own revenue				241,330,843
<b>Total revenue (excluding capital transfers and contributions)</b>				<b>3,484,979,257</b>
Employee costs	-	-	-	(824,558,452)
Remuneration of councillors	-	-	-	(37,099,641)
Debt impairment	-	-	-	(112,679,217)
Depreciation and asset impairment	-	-	-	(453,359,149)
Finance charges	-	-	-	(67,174,144)
Materials and bulk purchases	-	-	-	(1,453,402,187)
Transfers and grants	-	-	-	(87,630,597)
Other expenditure	-	-	-	(575,572,857)
<b>Total expenditure</b>	-	-	-	<b>(3,611,476,244)</b>
<b>Surplus/(Deficit)</b>				<b>(126,496,987)</b>
Transfers recognised - capital				246,182,649
<b>Surplus (Deficit) after capital transfers and contributions</b>				<b>119,685,662</b>
<b>Surplus/(Deficit) for the year</b>				<b>119,685,662</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Capital expenditure and funds sources</b>				
Total capital expenditure				363,906,000
<b>Sources of capital funds</b>				
Transfers recognised - capital				246,183,000
Internally generated funds				117,723,000
<b>Total sources of capital funds</b>				<b>363,906,000</b>
<b>Cash flows</b>				
Net cash from (used) operating				664,285,071
Net cash from (used) investing				(516,232,580)
Net cash from (used) financing				(39,283,285)
<b>Net increase/(decrease) in cash and cash equivalents</b>				<b>108,769,206</b>
Cash and cash equivalents at the beginning of the year				719,173,501
<b>Cash and cash equivalents at year end</b>				<b>827,942,707</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Controlling entity - 2015</b>											
<b>Financial Performance</b>											
Property rates	659,052,000	-	659,052,000	-	-	659,052,000	716,603,416	-	57,551,416	109 %	109 %
Service charges	2,234,124,996	-	2,234,124,996	-	-	2,234,124,996	2,227,636,415	-	(6,488,581)	100 %	100 %
Investment revenue	32,247,000	-	32,247,000	-	-	32,247,000	120,501,853	-	88,254,853	374 %	374 %
Transfers recognised - operational	415,372,000	-	415,372,000	-	-	415,372,000	519,604,470	-	104,232,470	125 %	125 %
Other own revenue	229,778,970	(2,005,273)	227,773,697	-	-	227,773,697	221,998,852	-	(5,774,845)	97 %	97 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>3,570,574,966</b>	<b>(2,005,273)</b>	<b>3,568,569,693</b>	<b>-</b>	<b>-</b>	<b>3,568,569,693</b>	<b>3,806,345,006</b>	<b>-</b>	<b>237,775,313</b>	<b>107 %</b>	<b>107 %</b>
Employee costs	(855,886,219)	-	(855,886,219)	-	-	(855,886,219)	(882,620,454)	-	(26,734,235)	103 %	103 %
Remuneration of councillors	(39,272,240)	-	(39,272,240)	-	-	(39,272,240)	(34,657,435)	-	4,614,805	88 %	88 %
Debt impairment	(144,577,000)	-	(144,577,000)	-	-	(144,577,000)	(222,109,923)	-	(77,532,923)	154 %	154 %
Depreciation and asset impairment	(259,469,311)	-	(259,469,311)	-	-	(259,469,311)	(481,107,021)	-	(221,637,710)	185 %	185 %
Finance charges	(60,738,111)	-	(60,738,111)	-	-	(60,738,111)	(71,169,271)	-	(10,431,160)	117 %	117 %
Materials and bulk purchases	(1,479,521,996)	(65,650,615)	(1,545,172,611)	-	-	(1,545,172,611)	(1,586,802,287)	-	(41,629,676)	103 %	107 %
Transfers and grants	(5,407,550)	100,000	(5,307,550)	-	-	(5,307,550)	(11,572,032)	-	(6,264,482)	218 %	214 %
Other expenditure	(949,206,104)	737,796	(948,468,308)	-	-	(948,468,308)	(824,774,441)	-	123,693,867	87 %	87 %
<b>Total expenditure</b>	<b>(3,794,078,531)</b>	<b>(64,812,819)</b>	<b>(3,858,891,350)</b>	<b>-</b>	<b>-</b>	<b>(3,858,891,350)</b>	<b>(4,114,812,864)</b>	<b>-</b>	<b>(255,921,514)</b>	<b>107 %</b>	<b>108 %</b>
<b>Surplus/(Deficit)</b>	<b>(223,503,565)</b>	<b>(66,818,092)</b>	<b>(290,321,657)</b>	<b>-</b>	<b>-</b>	<b>(290,321,657)</b>	<b>(308,467,858)</b>	<b>-</b>	<b>(18,146,201)</b>	<b>106 %</b>	<b>138 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	293,824,000	-	293,824,000	-		293,824,000	356,458,810		62,634,810	121 %	121 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>70,320,435</b>	<b>(66,818,092)</b>	<b>3,502,343</b>	-		<b>3,502,343</b>	<b>47,990,952</b>		<b>44,488,609</b>	<b>1,370 %</b>	<b>68 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>70,320,435</b>	<b>(66,818,092)</b>	<b>3,502,343</b>	-		<b>3,502,343</b>	<b>47,990,952</b>		<b>44,488,609</b>	<b>1,370 %</b>	<b>68 %</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	597,754,000	107,222,000	704,976,000	-		704,976,000	528,636,000		(176,340,000)	75 %	88 %
<b>Sources of capital funds</b>											
Transfers recognised - capital	293,824,000	20,650,000	314,474,000	-		314,474,000	358,449,000		43,975,000	114 %	122 %
Borrowing	100,000,000	-	100,000,000	-		100,000,000	16,732,197		(83,267,803)	17 %	17 %
Internally generated funds	203,930,000	86,572,000	290,502,000	-		290,502,000	153,655,000		(136,847,000)	53 %	75 %
<b>Total sources of capital funds</b>	<b>597,754,000</b>	<b>107,222,000</b>	<b>704,976,000</b>	-		<b>704,976,000</b>	<b>528,836,197</b>		<b>(176,139,803)</b>	<b>75 %</b>	<b>88 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Cash flows</b>											
Net cash from (used) operating	576,871,000	126,600,000	703,471,000	-		703,471,000	1,180,761,151		477,290,151	168 %	205 %
Net cash from (used) investing	(364,442,000)	(272,101,000)	(636,543,000)	-		(636,543,000)	(1,232,009,954)		(595,466,954)	194 %	338 %
Net cash from (used) financing	57,309,000	-	57,309,000	-		57,309,000	58,108,609		799,609	101 %	101 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>269,738,000</b>	<b>(145,501,000)</b>	<b>124,237,000</b>	<b>-</b>		<b>124,237,000</b>	<b>6,859,806</b>		<b>(117,377,194)</b>	<b>6 %</b>	<b>3 %</b>
Cash and cash equivalents at the beginning of the year	1,168,290,000	(145,501,000)	1,022,789,000	-		1,022,789,000	827,273,263		(195,515,737)	81 %	71 %
<b>Cash and cash equivalents at year end</b>	<b>1,438,028,000</b>	<b>(291,002,000)</b>	<b>1,147,026,000</b>	<b>-</b>		<b>1,147,026,000</b>	<b>834,133,069</b>		<b>312,892,931</b>	<b>73 %</b>	<b>58 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Controlling entity - 2014</b>				
<b>Financial Performance</b>				
Property rates				625,627,208
Service charges				2,073,501,239
Investment revenue				96,358,040
Transfers recognised - operational				448,121,965
Other own revenue				228,396,824
<b>Total revenue (excluding capital transfers and contributions)</b>				<b>3,472,005,276</b>
Employee costs	-	-	-	(821,107,600)
Remuneration of councillors	-	-	-	(37,099,641)
Debt impairment	-	-	-	(112,679,217)
Depreciation and asset impairment	-	-	-	(453,332,222)
Finance charges	-	-	-	(67,174,144)
Materials and bulk purchases	-	-	-	(1,453,402,187)
Transfers and grants	-	-	-	(4,428,810)
Other expenditure	-	-	-	(649,699,409)
<b>Total expenditure</b>	-	-	-	<b>(3,598,923,230)</b>
<b>Surplus/(Deficit)</b>				<b>(126,917,954)</b>
Transfers recognised - capital				246,182,649
<b>Surplus (Deficit) after capital transfers and contributions</b>				<b>119,264,695</b>
<b>Surplus/(Deficit) for the year</b>				<b>119,264,695</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Capital expenditure and funds sources</b>				
Total capital expenditure				363,906,000
<b>Sources of capital funds</b>				
Transfers recognised - capital				246,183,000
Internally generated funds				117,723,000
<b>Total sources of capital funds</b>				<b>363,906,000</b>
<b>Cash flows</b>				
Net cash from (used) operating				664,586,920
Net cash from (used) investing				(516,098,664)
Net cash from (used) financing				(39,283,285)
<b>Net increase/(decrease) in cash and cash equivalents</b>				<b>109,204,971</b>
Cash and cash equivalents at the beginning of the year				718,068,292
<b>Cash and cash equivalents at year end</b>				<b>827,273,263</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1. Presentation of Consolidated Annual Financial Statements

The consolidated annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003). The reporting framework is as prescribed by the Accounting Standards Board in Directive 5.

These consolidated annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

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

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

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

#### 1.3 Consolidation

##### Basis of consolidation

The consolidated annual financial statement the the year ended 30 June 2014 incorporate the annual financial statements of the municipality and the municipal group.

The consolidated annual financial statements of the municipality and its municipal group are used in the preparation of the consolidated annual financial statements and are prepared as the same reporting date.

The results of municipal entity, are included in the consolidated consolidated annual financial statements from the effective date of acquisition. Where necessary adjustments are made to the consolidated annual financial statements of the municipal group to bring their accounting policies used in line with those of the municipality.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Minority interests in the net assets of the economic entity are identified and recognised separately from the controlling entity's interest therein, and are recognised within net assets. Losses applicable to the minority in a consolidated controlled entity may exceed the minority interest in the controlled entity's net assets. The excess, and any further losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make an additional investment to cover the losses. If the controlled entity subsequently reports surpluses, such surpluses are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

Minority interests in the surplus or deficit of the economic entity is separately disclosed.

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

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements. Significant judgements include:

##### Fair value estimation of useful lives of property, plant and equipment, investment property and intangible assets

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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

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

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

#### Impairment testing

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

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

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 22 - Provisions.

#### Useful lives of property plant and equipment

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

#### Post retirement benefits

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

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

#### Effective interest rate

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

#### Allowance for doubtful debts

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

#### Budget information

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.5 Agricultural assets

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

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

Biological assets are assets that undergo a biological transformation through an agriculture activity.

Agricultural assets that form part of an agricultural activity are measured at their fair value less costs to sell.

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

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

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

### 1.6 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 at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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

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

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

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

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

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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

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

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

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

Item	Average useful life
Land	Infinite
Infrastructure	
• Roads and motorways	5 -100 years
• System security	5 - 10 years
• Storm water drainage	25 - 120 years
• Airport infrastructure	20 years
• Solid waste	5 - 50 years
• Water and sanitation	10 - 100 years
• Major substations : buildings	5 - 50 years
• Transformers and related equipment	50 years
• Mains	45 years
• Street lighting	50 years
Community	
• Buildings	5 - 50 years
• Recreational facilities	5 - 50 years
Other property, plant and equipment	
• Buildings	5 - 50 years
• Fresh produce and other markets	5 - 50 years
• Fire engines	20 years
• Landfill site	5 - 50 years
• Transport facilities	5 - 50 years
• Fencing	10 years
• Heavy and mobile plant	10 - 15 years
• Furniture and fittings	7 - 10 years
• Vehicles	5 - 10 years
• Bins and containers	5 - 10 years
• Plant and equipment	5 - 15 years
• Office equipment	3 - 5 years

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

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

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

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

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

# The Msunduzi Municipality and its Municipal Entity

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## Accounting Policies

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### 1.7 Capital under construction

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

### 1.8 Investment property

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

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

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

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

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

#### Fair value

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

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

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

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

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

#### Item

- \* Property - land
- \* Property - buildings

#### Useful life

Infinite  
5 - 50 years

### 1.9 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is an identifiable non-monetary asset without physical substance.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.9 Intangible assets (continued)

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.

Intangible assets are initially recognised at cost and comprises of software and servitudes.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

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

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

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

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

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

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

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

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

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

<b>Item</b>	<b>Useful life</b>
Computer software, internally generated	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 is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### 1.10 Investments

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.11 Heritage assets

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

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

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

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

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

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

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

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

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

An inalienable item is an asset that a 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.

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

A heritage asset qualifies for recognition as an asset as it is measured at its cost and any cost directly attributable to bringing the heritage asset to the location and condition necessary for it to be capable of operating in this manner intended by the economic entity.

Where a heritage asset is acquired through a non exchange transaction, its deemed cost is to measured at its fair values as at the date of acquisition. If at initial recognition the municipality cannot reliably measure its cost, the relevant and useful information about the heritage asset is disclosed in the notes to the consolidated annual financial statements.

### 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.

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.11 Heritage assets (continued)

#### Subsequent measurement

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

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

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

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

#### Impairment

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

#### Transfers

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

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

#### Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

### 1.12 Housing development fund

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

# The Msunduzi Municipality and its Municipal Entity

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## Accounting Policies

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### 1.13 Financial instruments

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

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

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

#### Trade and other receivables

Trade and other receivables are initially recognised at fair value plus any transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

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

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

#### Creditors

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

#### Cash and cash equivalents

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

#### Loans and receivables

Loans and receivables are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in the Statement of Financial Performance for the period.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

#### Fixed and Negotiable Deposits

Fixed and negotiable deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that the municipality will hold to maturity.

Fixed and negotiable deposits are initially and subsequently measured at fair value which in the case of investments that have an original maturity date of less than 12 months equates the cost. Fixed and negotiable deposits held for greater than 12 months are fair valued annually and the difference recognised in the statement of financial performance.

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

# The Msunduzi Municipality and its Municipal Entity

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## Accounting Policies

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### 1.13 Financial instruments (continued)

#### Classification

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

<b>Class</b>	<b>Category</b>
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Bank, cash and cash equivalents – notice deposits	Financial asset measured at fair value
Bank, cash and cash equivalents – call deposits	Financial asset measured at fair value
Bank, cash and cash equivalents – bank	Financial asset measured at fair value
Bank, cash and cash equivalents – cash	Financial asset measured at fair value

  

<b>Class</b>	<b>Category</b>
Long term liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non - exchange transactions	Financial liability measured at amortised cost
Current portion of long-term liabilities	Financial liability measured at amortised cost

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

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

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

### 1.15 Budget information

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

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

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

The approved budget covers the fiscal period from 2014-07-01 to 2015-06-30.

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

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

Comparative information is not required.

### 1.16 Leases

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

#### Finance leases

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.16 Leases (continued)

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

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

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

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

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. The classification of the lease is determined using GRAP 13 – Leases.

#### Operating leases

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 asset / liability.

This liability is not discounted.

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

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

### 1.17 Inventories

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

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

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

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

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

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

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

Water is valued at purified cost in so far as it stored and controlled in the reservoirs at year end.

# The Msunduzi Municipality and its Municipal Entity

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## Accounting Policies

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### 1.18 Conditional Grants and receipts

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

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

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

### 1.19 Related parties

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

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

### 1.20 Grant in aid

The economic entity transfers money to individuals, institutions and organisations. When making these transfers, The economic entity does not:

- \* Receive any goods or services directly in return, as would be expected in a purchase or sale transaction
- \* Expect to be repaid in future; or
- \* Expect a financial return, as would be expected from an investment

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

### 1.21 Impairment of cash-generating assets

Cash-generating assets are those assets held by the economic entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

#### Identification

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

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.21 Impairment of cash-generating assets (continued)

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the economic entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the economic entity applies the appropriate discount rate to those future cash flows.

#### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

#### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

# The Msunduzi Municipality and its Municipal Entity

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## Accounting Policies

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### 1.21 Impairment of cash-generating assets (continued)

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the economic entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the economic entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

# The Msunduzi Municipality and its Municipal Entity

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## Accounting Policies

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### 1.21 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

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

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable 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 cash-generating asset is recognised immediately in surplus or deficit.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

#### 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.

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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

The municipality will apply its judgment and disclose the criteria used in making such judgment in cases where it's not clear whether the primary objective is to generate a commercial return. The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality determines the recoverable service amount of the asset. The recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. The increase in the carrying amount of an asset due to the reversal of an impairment loss should not exceed what the carrying amount would have been if no impairment loss had been recognised.

Intangible assets with indefinite useful lives and not yet available for use, are tested for impairment annually, irrespective of whether any indication of impairment exists.

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 held with the primary 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.

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

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

Useful life is either:

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

### Identification

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

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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

#### Value in use

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

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

#### Depreciated replacement cost approach

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

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

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

#### Reversal of an impairment loss

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

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

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

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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

#### Redesignation

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

### 1.23 Share capital

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

### 1.24 Borrowing costs

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

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

### 1.25 Internal Reserves

#### Capital replacement reserve (CRR)

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

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

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

For accounting purposes, the CRR will be created by transferring amounts out of accumulated surpluses/deficits to the respective reserve account, or vice versa, in the 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 municipality has determined a policy on the revenue sources that will be used to maintain or increase the balance of the CRR. These revenue sources include, but not limited to, the following:

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

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

#### Self insurance reserve

A self-insurance reserve was established and, subject to external insurance where deemed necessary, covers claims that might occur. Premiums are charged to the respective services taking into account claims history and the replacement value of the insured assets.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.25 Internal Reserves (continued)

#### Revaluation reserve

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

### 1.26 Employee benefits

#### Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

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

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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

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

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

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

#### Pension obligations

The municipality employees contribute to 7 different Pension Funds, of which the Natal Joint Provident and Retirement Pension Fund cater for the majority of the staff.

The following are defined benefit funds:

- \*The Natal Joint Provident,
- \* Dynamique Ambrella (Pietermaritzburg Provident Fund) and
- \*Umgeni Provident Fund .

The following are defined contribution funds:

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

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

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

The Municipality has both defined benefit and defined contribution plans.

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

Past-service costs are recognised immediately against revenue.

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

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

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

#### Other post retirement obligations

The municipality provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to income in the year that they arise.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.26 Revenue from non-exchange transactions (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 and its employees contribute to 7 different Pension Funds, of which 2 (The Natal Joint Provident and Retirement Pension Fund) cater for the majority of the staff.

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

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

The schemes are funded through payments to financial consultant companies or trustee-administered funds, determined by periodic actuarial calculations.

The Municipality has both defined benefit and defined contribution plans.

### 1.27 Provisions and contingencies

Provisions are recognised when:

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 65.

### 1.28 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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.28 Events after reporting date (continued)

- 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.

### 1.29 Revenue from exchange transactions

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

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

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

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

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

Interest and rentals are recognised on a time proportion basis.

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

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

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

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

All other revenue is recognised as it accrues.

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

### Measurement

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

### Sale of goods

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.29 Revenue from exchange transactions (continued)

#### Rendering of services

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

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

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

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

#### Interest, royalties and dividends

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

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

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.30 Revenue from non-exchange transactions

Refers to transactions where the municipality received revenue from another entity without giving approximately equal value in exchange. Revenue from non exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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

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

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

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

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

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

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

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

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

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

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

### 1.31 Investment income

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

### 1.32 Comparative figures

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.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.33 Unauthorised expenditure

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

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

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

### 1.34 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred.

The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.35 Irregular expenditure

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

Irregular expenditure excludes unauthorised expenditure.

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

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.36 Use of Estimates

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

### 1.37 Capital commitments

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

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

### 1.38 Offsetting

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

2015

2014

### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued and adopted

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

<u>Reference</u>	<u>Topic</u>
GRAP 1	Presentation of financial statements (as revised in 2010)
GRAP 2	Cash flow statements (as revised in 2010)
GRAP 3	Accounting policies, changes in accounting estimates and errors (as revised in 2010)
GRAP 4	The effects of changes in foreign exchange rates (as revised in 2010)
GRAP 5	Borrowing costs (as revised in 2013)
GRAP 6	Consolidated and separate financial statements
GRAP 7	Investments in associates
GRAP 8	Interests in joint ventures
GRAP 9	Revenue from exchange transactions (as revised in 2010)
GRAP 10	Financial reporting in hyperinflationary economies (as revised in 2010)
GRAP 11	Construction contracts ( as revised in 2010)
GRAP 12	Inventories (as revised in 2010)
GRAP 13	Leases (as revised in 2010)
GRAP 14	Events after the reporting date (as revised in 2010)
GRAP 16	Investment property (as revised in 2010)
GRAP 17	Property, plant and equipment (as revised in 2010)
GRAP 19	Provisions, contingent liabilities and contingent assets (as revised in 2010)
GRAP 20	Related party disclosures
GRAP 21	Impairment of non- cash-generated assets
GRAP 23	Revenue from non-exchange transactions (taxes and transfers)
GRAP 24	Presentation of budget information in financial statements
GRAP 25	Employee benefits
GRAP 26	Impairment of cash-generated assets
GRAP 27	Agriculture
GRAP 31	Intangible assets (replace grap 102)
GRAP 100	Discontinued operations (as revised in 2013)
GRAP 103	Heritage assets
GRAP 104	Financial instruments

## The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

### Notes to the Consolidated Annual Financial Statements

Figures in Rand	2015	2014
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IGRAP 1	Applying the probability test on initial recognition of exchange revenue
IGRAP 2	Changes in existing decommissioning, restoration and similar liabilities
IGRAP 3	Determining whether an arrangement contains a lease
IGRAP 4	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
IGRAP 5	Applying the restatement approach under the standard of GRAP on financial reporting in hyperinflationary economies
IGRAP 6	Loyalty programmes
IGRAP 7	The limit on a defined benefit asset, minimum funding requirements and their interaction
IGRAP 8	Agreements for the construction of assets from exchange transactions
IGRAP 9	Distributions of non-cash assets to owners
IGRAP 10	Assets received from customers
IGRAP 13	Operating leases – incentives
IGRAP 14	Evaluating the substance of transactions involving the legal form of a lease
IGRAP 15	Revenue – barter transactions involving advertising services
IGRAP 16	Intangible assets - website costs

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

Standards of GRAP approved but, for which the Minister of Finance has not yet determined an effective date.

<u>Reference</u>	<u>Topic</u>
GRAP 32	Service concession arrangements: grantor
GRAP 105	Transfers of functions between entities under common control
GRAP 106	Transfers of functions between entities not under common control
GRAP 107	Mergers
GRAP 108	Statutory receivables
IGRAP 17	Service concession arrangements where a grantor controls a significant residual interest in an asset

#### 2.3 Standards approved but not required to apply

GRAP 18	Segment reporting
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>3. Inventories</b>				
Land held for distribution and sale	-	693,428,000	-	693,428,000
Consumable stores	43,764,387	46,198,192	43,764,387	46,198,192
Fuel - diesel and petrol	1,277,581	1,443,434	1,277,581	1,443,434
Forestry	702,788	577,831	702,788	577,831
Water stock	6,482,345	5,988,575	6,482,345	5,988,575
	52,227,101	747,636,032	52,227,101	747,636,032
Impairment of inventories	(5,489,800)	(5,071,297)	(5,489,800)	(5,071,297)
	<b>46,737,301</b>	<b>742,564,735</b>	<b>46,737,301</b>	<b>742,564,735</b>
Carrying value of inventories carried at fair value less costs to sell	46,737,301	742,564,735	46,737,301	742,564,735

Inventory has been recorded using the First in First out (FIFO) method.

Impairment of inventory includes redundant and obsolete stock of 2015 (R 5 489 800) : 2014 ( R 5 071 297) .

During the 2012/13 financial year the department of Human Settlements donated land valued at R 693,4 million to build low cost housing for the community. The municipality was going to be the implementing agent. As such this land was accounted for as inventory and disclosed as such, as expectations were that the project would be under taken within twelve (12) months. However due to funding issues, the project has not been kick-started, and all indications are that it is not going ahead. In view of these developments, management determined that this land should be transferred to property, plant and equipment as at 30 June 2015.

### Cost of inventories recognised as an expense

Consumable / workshop stores	56,817,992	65,485,517	56,817,992	65,485,517
Fuel - diesel and petrol	24,977,496	28,410,656	24,977,496	28,410,656
Forestry	14,694,702	10,666,737	14,694,702	10,666,737
Unused water	422,558,489	372,183,066	422,558,489	372,183,066
	519,048,679	476,745,976	519,048,679	476,745,976

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>4. Trade receivables from non exchange transactions</b>				
Other debtors	155,160,203	219,274,428	155,157,703	219,271,928
Land sale debtors	2,330,730	2,330,730	2,330,730	2,330,730
Consumer debtors - rates	221,677,407	174,608,381	221,677,407	174,608,381
	<b>379,168,340</b>	<b>396,213,539</b>	<b>379,165,840</b>	<b>396,211,039</b>
<b>Gross balance</b>				
Consumer debtors - rates	469,477,299	380,596,561	469,477,299	380,596,561
<b>Less : Allowance for impairment</b>				
Consumer debtors - rates	(247,799,892)	(205,988,180)	(247,799,892)	(205,988,180)
<b>Net balance</b>				
Consumer debtors - rates	221,677,407	174,608,381	221,677,407	174,608,381
<b>Rates</b>				
Current (0 -30 days)	44,564,843	74,482,616	44,564,843	74,482,616
31 - 60 days	26,631,074	21,416,551	26,631,074	21,416,551
61 - 90 days	17,567,014	11,897,079	17,567,014	11,897,079
91 - 120 days	18,315,076	3,691,858	18,315,076	3,691,858
121 - 365 days	31,112,648	21,754,307	31,112,648	21,754,307
> 365 days	331,286,644	247,354,150	331,286,644	247,354,150
	<b>469,477,299</b>	<b>380,596,561</b>	<b>469,477,299</b>	<b>380,596,561</b>

Trade and other receivables from non exchange transactions were not pledged as security for overdraft facilities.

The Msunduzi Municipality had entered into a memorandum of agreement with the Independent Development Trust (IDT). They were appointed as funding coordinators and as an implementing agent of the municipality's electricity supply and maintenance programme. The Msunduzi Municipality made prepayments to the IDT in terms of this memorandum of agreement. The remaining balance of the prepayments owed to the Msunduzi Municipality by the IDT as at 30 June 2015 was R93.7 million (2014:R168.6 million) .

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

Included in other debtors is a traffic fine debtor of 2015 R 30.5 million : 2014 R 53.5 million .

### Credit quality of trade and other receivables from non exchange transactions

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

The amount of the provision was 2015 (R 247 799 892 ) : 2014 (R 205 988 180) .

### 5. Trade and receivables from exchange transactions

#### Gross balances

Electricity	561,644,369	502,408,520	561,644,369	502,408,520
Water	629,949,015	558,729,042	629,949,015	558,729,042
Sewerage	141,826,412	117,654,087	141,826,412	117,654,087
Refuse	77,622,034	65,258,556	77,622,034	65,258,556
Housing rental	29,691,668	27,473,780	29,691,668	27,473,780
Market	1,706,242	1,655,921	1,706,242	1,655,921
	<b>1,442,439,740</b>	<b>1,273,179,906</b>	<b>1,442,439,740</b>	<b>1,273,179,906</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>5. Trade and receivables from exchange transactions (continued)</b>				
<b>Less: Allowance for impairment</b>				
Electricity	(279,431,851)	(247,713,939)	(279,431,851)	(247,713,939)
Water	(317,292,871)	(254,452,074)	(317,292,871)	(254,452,074)
Sewerage	(71,828,877)	(58,316,997)	(71,828,877)	(58,316,997)
Refuse	(40,099,590)	(31,758,065)	(40,099,590)	(31,758,065)
Housing rental	(16,837,935)	(13,542,325)	(16,837,935)	(13,542,325)
	<b>(725,491,124)</b>	<b>(605,783,400)</b>	<b>(725,491,124)</b>	<b>(605,783,400)</b>
<b>Net balance</b>				
Electricity	282,212,518	254,694,581	282,212,518	254,694,581
Water	312,656,144	304,276,968	312,656,144	304,276,968
Sewerage	69,997,535	59,337,090	69,997,535	59,337,090
Refuse	37,522,444	33,500,491	37,522,444	33,500,491
Housing rental	12,853,733	13,931,455	12,853,733	13,931,455
Market	1,706,242	1,655,921	1,706,242	1,655,921
	<b>716,948,616</b>	<b>667,396,506</b>	<b>716,948,616</b>	<b>667,396,506</b>
<b>Electricity</b>				
Current (0 -30 days)	136,683,686	262,903,402	136,683,686	262,903,402
31 - 60 days	80,199,611	19,903,675	80,199,611	19,903,675
61 - 90 days	20,052,808	6,537,184	20,052,808	6,537,184
91 - 120 days	6,837,497	14,291,022	6,837,497	14,291,022
121 - 365 days	16,166,838	59,399,044	16,166,838	59,399,044
> 365 days	301,703,929	139,374,193	301,703,929	139,374,193
	<b>561,644,369</b>	<b>502,408,520</b>	<b>561,644,369</b>	<b>502,408,520</b>
<b>Water</b>				
Current (0 -30 days)	48,654,872	86,741,225	48,654,872	86,741,225
31 - 60 days	30,547,953	39,018,948	30,547,953	39,018,948
61 - 90 days	20,543,363	17,697,622	20,543,363	17,697,622
91 - 120 days	15,517,912	6,315,874	15,517,912	6,315,874
121 - 365 days	46,641,247	41,962,045	46,641,247	41,962,045
> 365 days	468,043,668	366,993,328	468,043,668	366,993,328
	<b>629,949,015</b>	<b>558,729,042</b>	<b>629,949,015</b>	<b>558,729,042</b>
<b>Sewerage</b>				
Current (0 -30 days)	11,707,497	20,270,311	11,707,497	20,270,311
31 - 60 days	6,309,716	7,149,917	6,309,716	7,149,917
61 - 90 days	3,602,754	3,364,338	3,602,754	3,364,338
91 - 120 days	3,140,999	1,433,832	3,140,999	1,433,832
121 - 365 days	9,129,940	8,077,042	9,129,940	8,077,042
> 365 days	107,935,506	77,358,647	107,935,506	77,358,647
	<b>141,826,412</b>	<b>117,654,087</b>	<b>141,826,412</b>	<b>117,654,087</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>5. Trade and receivables from exchange transactions (continued)</b>				
<b>Refuse</b>				
Current (0 -30 days)	6,614,036	10,030,647	6,614,036	10,030,647
31 - 60 days	3,289,950	3,774,577	3,289,950	3,774,577
61 - 90 days	1,725,810	1,776,669	1,725,810	1,776,669
91 - 120 days	1,611,431	529,316	1,611,431	529,316
121 - 365 days	4,461,571	4,399,984	4,461,571	4,399,984
> 365 days	59,919,236	44,747,363	59,919,236	44,747,363
	<b>77,622,034</b>	<b>65,258,556</b>	<b>77,622,034</b>	<b>65,258,556</b>
<b>Housing rental</b>				
Current (0 -30 days)	595,292	1,058,195	595,292	1,058,195
31 - 60 days	526,488	937,355	526,488	937,355
61 - 90 days	510,291	468,882	510,291	468,882
91 - 120 days	505,836	461,393	505,836	461,393
121 - 365 days	1,497,697	910,392	1,497,697	910,392
> 365 days	26,056,064	23,637,563	26,056,064	23,637,563
	<b>29,691,668</b>	<b>27,473,780</b>	<b>29,691,668</b>	<b>27,473,780</b>
<b>Market</b>				
Current (0 -30 days)	1,706,242	1,655,921	1,706,242	1,655,921
<b>Summary of debtors by customer classification</b>				
<b>Consumers</b>				
Current (0 -30 days)	168,991,779	125,159,210	168,991,779	125,159,210
31 - 60 days	65,323,189	68,540,173	65,323,189	68,540,173
61 - 90 days	44,656,782	32,735,817	44,656,782	32,735,817
91 - 120 days	35,377,538	12,087,936	35,377,538	12,087,936
121 - 365 days	101,796,420	119,557,699	101,796,420	119,557,699
> 365 days	954,605,716	734,708,954	954,605,716	734,708,954
	1,370,751,424	1,092,789,789	1,370,751,424	1,092,789,789
Less : Allowance for debt impairment	(748,785,642)	(710,884,562)	(748,785,642)	(710,884,562)
	<b>621,965,782</b>	<b>381,905,227</b>	<b>621,965,782</b>	<b>381,905,227</b>
<b>Industrial/ commercial</b>				
Current (0 -30 days)	136,555,311	160,349,094	136,555,311	160,349,094
31 - 60 days	71,699,196	13,588,076	71,699,196	13,588,076
61 - 90 days	20,917,822	5,373,597	20,917,822	5,373,597
91 - 120 days	8,816,289	12,425,933	8,816,289	12,425,933
121 - 365 days	18,578,427	9,664,862	18,578,427	9,664,862
> 365 days	139,531,974	111,506,239	139,531,974	111,506,239
	396,099,019	312,907,801	396,099,019	312,907,801
Less : Allowance for debt impairment	(224,505,374)	(100,833,463)	(224,505,374)	(100,833,463)
	<b>171,593,645</b>	<b>212,074,338</b>	<b>171,593,645</b>	<b>212,074,338</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>5. Trade and receivables from exchange transactions (continued)</b>				
<b>National and provincial government</b>				
Current (0 -30 days)	24,310,365	33,553,945	24,310,365	33,553,945
31 - 60 days	19,346,544	7,375,175	19,346,544	7,375,175
61 - 90 days	6,402,872	3,165,015	6,402,872	3,165,015
91 - 120 days	9,341,851	1,840,583	9,341,851	1,840,583
121 - 365 days	10,068,071	6,523,806	10,068,071	6,523,806
> 365 days	75,596,893	96,137,335	75,596,893	96,137,335
	<b>145,066,596</b>	<b>148,595,859</b>	<b>145,066,596</b>	<b>148,595,859</b>
<b>Total</b>				
Current (0 -30 days)	280,202,510	319,062,249	280,202,510	319,062,249
31 - 60 days	156,368,929	89,503,424	156,368,929	89,503,424
61 - 90 days	71,977,477	41,274,429	71,977,477	41,274,429
91 - 120 days	53,535,678	26,354,452	53,535,678	26,354,452
121 - 365 days	130,442,918	135,746,367	130,442,918	135,746,367
> 365 days	1,169,734,584	1,041,835,546	1,169,734,584	1,041,835,546
	<b>1,862,262,096</b>	<b>1,653,776,467</b>	<b>1,862,262,096</b>	<b>1,653,776,467</b>
<b>Less: Provision for debt impairment</b>				
> 365 days	(725,491,124)	(605,783,400)	(725,491,124)	(605,783,400)
<b>Reconciliation of allowance for impairment</b>				
Balance at beginning of the year	(792,600,962)	(801,836,140)	(792,600,962)	(801,836,140)
Contributions to allowance	(222,109,923)	(112,679,217)	(222,109,923)	(112,679,217)
Debt impairment written off against allowance	41,419,869	121,914,395	41,419,869	121,914,395
	<b>(973,291,016)</b>	<b>(792,600,962)</b>	<b>(973,291,016)</b>	<b>(792,600,962)</b>
<b>Consumer debtors pledged as security</b>				
Trade and other receivables from exchange transaction were not pledged as security for overdraft facilities.				
<b>Credit quality of trade and other receivables from exchange transactions</b>				
The credit quality of trade and other receivable from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates. Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.				
<b>Trade and other receivables from exchange transactions impaired</b>				
The amount of the provision was 2015 (R 725 491 124) : 2014 (R 605 783 400).				
<b>6. Short term investment</b>				
COID short term investment invested at 6.01%	7,934,708	6,901,834	7,934,708	6,901,834

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>7. Cash and cash equivalents</b>				
Cash and cash equivalents consist of:				
Cash on hand	8,265,850	714,929	46,485	45,485
Bank balances	96,550,501	49,926,440	96,550,501	49,926,440
Short term deposits - on call	349,548,304	507,301,338	349,548,304	507,301,338
Short term deposits - fixed	387,987,779	270,000,000	387,987,779	270,000,000
	<b>842,352,434</b>	<b>827,942,707</b>	<b>834,133,069</b>	<b>827,273,263</b>
Average rate of return	6.15	5.48	6.15	5.48

Cash and cash equivalents are classified as financial instruments under the loans and receivable category.

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

Fair value is taken at face value.

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

No restrictions exist with regard to the use of cash.

No portion is past due or impaired.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 7. Cash and cash equivalents (continued)

The municipality has the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
FNB - No: 5094187782 (Primary)	101,639,370	-	48,759,355	78,153,399	62,305,372	22,913,333
FNB - No: 50940058750 (Electronic transfers)	-	-	-	(43,925,777)	(47,459,963)	(41,721,246)
FNB - No: 5094187774 (Unpaid cheques)	-	-	(55,547)	-	-	(55,547)
FNB - No: 62058007264 (Slum clearance)	19,031,558	25,755,219	25,511,209	19,380,206	26,277,775	26,033,765
FNB - No: 62065528930 (Library extension)	-	57,750	1,077,916	-	50,732	1,078,538
FNB - No: 62045272143 (Traffic fines)	-	-	22,550	-	-	-
FNB - No: 50941840627 (Market)	5,097,926	2,418,911	4,506,956	2,440,056	1,718,865	18,326
FNB - No: 62069378539 (Oribi airport)	3,244,011	1,495,038	1,099,021	3,244,011	1,495,038	1,099,021
FNB - No: 50930082248 (Forestry)	72,177	30,417	59,776	72,177	30,417	59,776
FNB - No: 62003432846 (Salaries PACs no.1)	149,813	14,931	16,842	149,813	14,931	16,842
FNB - No: 62006041157 (Post Office)	-	-	-	-	-	(10,693)
FNB - No: 62279194650 (Forestry)	5,127,561	1,774,380	279,265	5,127,561	1,774,380	279,265
FNB - No: 62035467978(Safe City)	94,964	86,558	-	94,964	86,558	-
FNB - No: 62035942392(Safe City)	8,122,716	-	-	8,122,716	-	-
<b>Total</b>	<b>142,580,096</b>	<b>31,633,204</b>	<b>81,277,343</b>	<b>72,859,126</b>	<b>46,294,105</b>	<b>9,711,380</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 8. Agricultural assets

Economic entity	2015			2014 Restated		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Trees in a plantation forest	44,831,368	-	44,831,368	46,520,046	-	46,520,046

  

Controlling entity	2015			2014 Restated		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Trees in a plantation forest	44,831,368	-	44,831,368	46,520,046	-	46,520,046

#### Reconciliation of agricultural assets - Economic entity - 2015

	Opening balance	Decreases due to harvest / sales	Total
Trees in a plantation forest	46,520,046	(1,688,678)	44,831,368

#### Reconciliation of agricultural assets - Economic entity - 2014

	Opening balance	Additions through entity combinations	Total
Trees in a plantation forest	37,915,260	8,604,786	46,520,046

#### Reconciliation of agricultural assets - Controlling entity - 2015

	Opening balance	Decreases due to harvest / sales	Total
Trees in a plantation forest	46,520,046	(1,688,678)	44,831,368

#### Reconciliation of agricultural assets - Controlling entity - 2014

	Opening balance	Purchases	Total
Trees in a plantation forest	37,915,260	8,604,786	46,520,046

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 9. Investment property

Economic entity	2015			2014 Restated		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	382,805,024	-	382,805,024	362,882,104	-	362,882,104

  

Controlling entity	2015			2014 Restated		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	382,805,024	-	382,805,024	362,882,104	-	362,882,104

#### Reconciliation of investment property - Economic entity - 2015

	Opening balance	Revaluations	Disposals	Adjustments	Total
Investment property	362,882,104	25,222,920	(300,000)	(5,000,000)	382,805,024

#### Reconciliation of investment property - Economic entity - 2014

	Opening balance	Additions	Revaluations	Total
Investment property	326,488,524	12,203,000	24,190,580	362,882,104

#### Reconciliation of investment property - Controlling entity - 2015

	Opening balance	Revaluations	Disposals	Adjustments	Total
Investment property	362,882,104	25,222,920	(300,000)	(5,000,000)	382,805,024

#### Reconciliation of investment property - Controlling entity - 2014

	Opening balance	Additions	Revaluations	Total
Investment property	326,488,524	12,203,000	24,190,580	362,882,104

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 9. Investment property (continued)

The municipality elected to adopt fair value model to accounting for investment properties.

The fair value of investment properties as at 30 June 2015 has been arrived at on the basis of valuation carried out by BPG Mass Appraisals (Pty) Ltd valuers, independent valuers that are not related to the municipality.

BPG Mass Appraisals are members of the Institute of Valuers, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The valuations conforms to South Valuation Standards, was arrived at by refence to market evidence of transaction prices for similar properties.

#### Pledged as security

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 10. Property, plant and equipment

Economic entity

	2015			2014 Restated		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	1,490,497,187	(200,184,105)	1,290,313,082	748,220,946	(173,384,466)	574,836,480
Office equipment	15,244	(10,435)	4,809	15,244	(7,687)	7,557
Video and data equipment	7,562,754	(7,213,738)	349,016	7,203,146	(6,374,992)	828,154
Motor vehicles	60,000	(60,000)	-	60,000	(50,000)	10,000
Furniture and fittings	134,014	(129,342)	4,672	134,014	(108,238)	25,776
Computer equipment	50,708	(50,708)	-	50,708	(49,865)	843
Infrastructure	6,451,419,345	(1,721,952,928)	4,729,466,417	6,114,549,648	(1,364,058,005)	4,750,491,643
Community	636,518,005	(243,379,410)	393,138,595	590,743,656	(215,412,379)	375,331,277
Other assets	871,127,272	(425,193,676)	445,933,596	786,364,067	(361,712,708)	424,651,359
Finance leases	4,431,140	(1,652,293)	2,778,847	3,098,861	(347,854)	2,751,007
Biological assets	936,220	-	936,220	995,964	-	995,964
<b>Total</b>	<b>9,462,751,889</b>	<b>(2,599,826,635)</b>	<b>6,862,925,254</b>	<b>8,251,436,254</b>	<b>(2,121,506,194)</b>	<b>6,129,930,060</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

Controlling entity

	2015			2014 Restated		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	1,490,497,186	(200,184,105)	1,290,313,081	748,220,946	(173,384,466)	574,836,480
Infrastructure	6,451,419,345	(1,721,952,928)	4,729,466,417	6,114,549,648	(1,364,058,005)	4,750,491,643
Community	636,518,005	(243,379,410)	393,138,595	590,743,656	(215,412,379)	375,331,277
Other assets	871,127,272	(425,193,676)	445,933,596	786,364,067	(361,712,708)	424,651,359
Finance leases	4,431,140	(1,652,293)	2,778,847	3,098,861	(347,854)	2,751,007
Biological assets	936,220	-	936,220	995,964	-	995,964
<b>Total</b>	<b>9,454,929,168</b>	<b>(2,592,362,412)</b>	<b>6,862,566,756</b>	<b>8,243,973,142</b>	<b>(2,114,915,412)</b>	<b>6,129,057,730</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

#### Reconciliation of property, plant and equipment - Economic entity - 2015

	Opening balance	Additions	Adjustments	Disposals	Capital work in progress	Impairments	Depreciation	Total
Land and buildings	574,836,480	47,277,043	693,428,000	(5,122,245)	6,693,444	-	(26,799,640)	1,290,313,082
Office equipment	7,557	-	-	-	-	-	(2,748)	4,809
Video and data equipment	828,154	359,608	-	-	-	-	(838,746)	349,016
Motor vehicles	10,000	-	-	-	-	-	(10,000)	-
Furniture and fittings	25,776	-	-	-	-	-	(21,104)	4,672
Computer equipment	843	-	-	-	-	-	(843)	-
Infrastructure	4,750,491,643	57,816,877	-	(23,609)	279,080,550	(15,018,265)	(342,880,779)	4,729,466,417
Community	375,331,277	7,433,819	(2,628,737)	-	40,969,266	(787,471)	(27,179,559)	393,138,595
Other assets	424,651,359	51,997,915	-	(480,587)	35,821,063	(324,276)	(65,731,878)	445,933,596
Finance leases	2,751,007	1,332,280	-	-	-	-	(1,304,440)	2,778,847
Biological assets	995,964	-	(59,744)	-	-	-	-	936,220
	<b>6,129,930,060</b>	<b>166,217,542</b>	<b>690,739,519</b>	<b>(5,626,441)</b>	<b>362,564,323</b>	<b>(16,130,012)</b>	<b>(464,769,737)</b>	<b>6,862,925,254</b>

#### Reconciliation of property, plant and equipment - Economic entity - 2014

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

	Opening balance	Additions	Adjustments	Disposals	Capital work in progress	Impairments	Depreciation	Total
Land and buildings	545,571,475	55,994,908	(15,291,896)	-	10,110,811	-	(21,548,818)	574,836,480
Office equipment	-	8,244	-	-	-	-	(687)	7,557
Video and data equipment	-	831,313	-	-	-	-	(3,159)	828,154
Motor vehicles	22,000	-	-	-	-	-	(12,000)	10,000
Furniture and fittings	25,776	7,391	-	-	-	-	(7,391)	25,776
Computer equipment	4,531	-	-	-	-	-	(3,688)	843
Infrastructure	4,876,803,162	90,585,275	-	(6,028,880)	140,155,829	(222,450)	(350,801,293)	4,750,491,643
Community	389,659,210	828,608	2,873,593	-	14,736,635	-	(32,766,769)	375,331,277
Other assets	440,004,315	37,920,355	46,755	(51,990,823)	1,124,432	-	(2,453,675)	424,651,359
Finance leases	3,098,860	-	-	-	-	-	(347,853)	2,751,007
Biological assets	648,261	347,703	-	-	-	-	-	995,964
	<b>6,255,837,590</b>	<b>186,523,797</b>	<b>(12,371,548)</b>	<b>(58,019,703)</b>	<b>166,127,707</b>	<b>(222,450)</b>	<b>(407,945,333)</b>	<b>6,129,930,060</b>

### Reconciliation of property, plant and equipment - Controlling entity - 2015

	Opening balance	Additions	Adjustments	Disposals	Capital work in progress	Depreciation	Impairments	Total
Land and buildings	574,836,480	47,277,043	693,427,999	(5,122,245)	6,693,444	(26,799,640)	-	1,290,313,081
Infrastructure	4,750,491,643	57,816,877	-	(23,609)	279,080,550	(342,880,779)	(15,018,265)	4,729,466,417
Community	375,331,277	7,433,819	(2,628,737)	-	40,969,266	(27,179,559)	(787,471)	393,138,595
Other assets	424,651,359	51,997,915	-	(480,587)	35,821,063	(65,731,878)	(324,276)	445,933,596
Finance leases	2,751,007	1,332,280	-	-	-	(1,304,440)	-	2,778,847
Biological assets	995,964	-	(59,744)	-	-	-	-	936,220
	<b>6,129,057,730</b>	<b>165,857,934</b>	<b>690,739,518</b>	<b>(5,626,441)</b>	<b>362,564,323</b>	<b>(463,896,296)</b>	<b>(16,130,012)</b>	<b>6,862,566,756</b>

### Reconciliation of property, plant and equipment - Controlling entity - 2014

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

	Opening balance	Additions	Adjustments	Disposals	Capital work in progress	Impairment	Depreciation	Total
Land and buildings	545,571,475	55,994,908	(15,291,896)	-	10,110,811	-	(21,548,818)	574,836,480
Infrastructure	4,876,803,162	90,585,275	-	(6,028,880)	140,155,829	(222,450)	(350,801,293)	4,750,491,643
Community	389,659,210	828,608	2,873,592	-	14,736,636	-	(32,766,769)	375,331,277
Other assets	440,004,315	37,920,355	46,755	(51,990,823)	1,124,432	-	(2,453,675)	424,651,359
Finance leases	3,098,860	-	-	-	-	-	(347,853)	2,751,007
Biological assets	648,261	347,703	-	-	-	-	-	995,964
	<b>6,255,785,283</b>	<b>185,676,849</b>	<b>(12,371,549)</b>	<b>(58,019,703)</b>	<b>166,127,708</b>	<b>(222,450)</b>	<b>(407,918,408)</b>	<b>6,129,057,730</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

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

#### Pledged as security

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

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

During the 2013/2014 and 2014/2015 financial years the municipality undertook conditional assessment of community and infrastructure assets, which culminated in the decrease in remaining useful lives of assets. This resulted in the significant increase in depreciation.

The economic entity elected to adopt depreciated replacement cost to calculate impairment. The impairment loss amounted to R 16.753 million for the period ending 30 June 2015.

The economic entity is required to measure the residual value of all items of property plant and equipment. Management has determined that none of its infrastructural assets has any active market value, and the value of at the end of their useful lives would therefore be nil or insignificant during the current financial year.

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

During the 2012/13 financial year the department of Human Settlements donated land valued at R 693,4 million to build low cost housing for the community. The municipality was going to be the implementing agent. As such this land was accounted for as inventory and disclosed as such, as expectations were that the project would be under taken within twelve (12) months.

However due to funding issues, the project has not been kick-started, and all indications are that it is not going ahead. In view of these developments, management determined that this land should be transferred to property, plant and equipment as at 30 June 2015.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 11. Intangible assets

Economic entity	2015			2014 Restated		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	37,957,232	(21,549,479)	16,407,753	22,239,862	(20,776,524)	1,463,338
Servitudes	803,846	-	803,846	803,846	-	803,846
<b>Total</b>	<b>38,761,078</b>	<b>(21,549,479)</b>	<b>17,211,599</b>	<b>23,043,708</b>	<b>(20,776,524)</b>	<b>2,267,184</b>

  

Controlling entity	2015			2014 Restated		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	37,957,232	(21,549,479)	16,407,753	22,239,862	(20,776,524)	1,463,338
Servitudes	803,846	-	803,846	803,846	-	803,846
<b>Total</b>	<b>38,761,078</b>	<b>(21,549,479)</b>	<b>17,211,599</b>	<b>23,043,708</b>	<b>(20,776,524)</b>	<b>2,267,184</b>

### Reconciliation of intangible assets - Economic entity - 2015

	Opening balance	Additions	Adjustments	Capital work in progress	Accumulated amortisation	Total
Computer software	1,463,338	1,111,073	(133,717)	14,606,297	(639,238)	16,407,753
Servitudes	803,846	-	-	-	-	803,846
<b>Total</b>	<b>2,267,184</b>	<b>1,111,073</b>	<b>(133,717)</b>	<b>14,606,297</b>	<b>(639,238)</b>	<b>17,211,599</b>

### Reconciliation of intangible assets - Economic entity - 2014

	Opening balance	Accumulated amortisation	Total
Computer software	22,239,862	(20,776,524)	1,463,338
Servitudes	803,846	-	803,846
<b>Total</b>	<b>23,043,708</b>	<b>(20,776,524)</b>	<b>2,267,184</b>

### Reconciliation of intangible assets - Controlling entity - 2015

	Opening balance	Additions	Adjustments	Capital work in progress	Accumulated amortisation	Total
Computer software	1,463,338	1,111,073	(133,717)	14,606,297	(639,238)	16,407,753
Servitudes	803,846	-	-	-	-	803,846
<b>Total</b>	<b>2,267,184</b>	<b>1,111,073</b>	<b>(133,717)</b>	<b>14,606,297</b>	<b>(639,238)</b>	<b>17,211,599</b>

### Reconciliation of intangible assets - Controlling entity - 2014

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 11. Intangible assets (continued)

	<b>Opening balance</b>	<b>Accumulated amortisation</b>	<b>Total</b>
Computer software	22,239,862	(20,776,524)	1,463,338
Servitudes	803,846	-	803,846
	<b>23,043,708</b>	<b>(20,776,524)</b>	<b>2,267,184</b>

#### Pledged as security

Carrying value of intangible assets have not been pledged as security.

The Msunduzi Municipality has elected to use cost model when accounting for intangible assets,

After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 12. Heritage assets

Economic entity	2015			2014 Restated		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	230,967,936	(22,973)	230,944,963	229,701,625	-	229,701,625

  

Controlling entity	2015			2014 Restated		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	230,967,936	(22,973)	230,944,963	229,701,625	-	229,701,625

#### Reconciliation of heritage assets Economic entity - 2015

	Opening balance	Additions	Capital work in progress	Adjustments	Impairment	Total
Art Collections, antiquities and exhibits	229,701,625	381,246	2,153,524	(1,268,459)	(22,973)	230,944,963

#### Reconciliation of heritage assets Economic entity - 2014

	Opening balance	Additions	Capital work in progress	Revaluation	Total
Art Collections, antiquities and exhibits	176,969,036	103,444	500,000	52,129,145	229,701,625

#### Reconciliation of heritage assets Controlling entity - 2015

	Opening balance	Additions	Capital work in progress	Adjustments	Impairment	Total
Art Collections, antiquities and exhibits	229,701,625	381,246	2,153,524	(1,268,459)	(22,973)	230,944,963

#### Reconciliation of heritage assets Controlling entity - 2014

	Opening balance	Additions	Additions through entity combinations	Revaluation	Total
Art Collections, antiquities and exhibits	176,969,036	103,444	500,000	52,129,145	229,701,625

#### Pledged as security

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 12. Heritage assets (continued)

#### Revaluations

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

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

Full compliance with GRAP 103 has been effected retrospectively as at 1 April 2012.

However a class of heritage assets (artworks) have been revalued upwards for an amount of R 52 129 145 due to its nature.

The effective date of the revaluations was 31 October 2014.

Revaluations were performed by an independent valuer, Gilfillan 'Scott-Berning and are not connected to the entity.

Refer to the close out report for method of valuation.

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

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

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

##### 2. Mahatma Gandhi Statue

The Statue was donated to the municipality in 1993 by the PMB Gandhi Memorial society in commemoration of the anniversary of Gandhi's eviction from a train at the Pietermaritzburg train station.

##### 3. Highfield Road – (Site no. 166)

The land has been identified as a conservation site due to the endangered species of the Hilton Daisy, *Gerbera aurantiaca*. The Hilton daisy is a strikingly beautiful grassland plant that occurs around Pietermaritzburg in KwaZulu-Natal. The species is under considerable threat of extinction due to habitat fragmentation and degradation resulting from agriculture and urban sprawl.

##### 4. City Hall Surrounding Garden and Memorial Plaque

This area has been identified as a heritage asset.

##### 5. Tatham Art Gallery Gardens

This area has been identified as a heritage asset.

##### 6. Alexandra Park

This area has been identified as a heritage asset.

##### 7. Mayoral Chain

Stored in a secure safe at city hall

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>13. Other financial assets</b>				
<b>Designated at fair value</b>				
Fixed deposits - long term medium term investment Terms and conditions	46,081	46,081	46,081	46,081
<b>At amortised cost</b>				
Educational facilities	9,229,180	8,330,621	9,229,180	8,330,621
<p>* The Maritzburg Golf Club was granted a loan on the 31st December 1970 of R 139 000 for the construction of a golf course and buildings for a period of 50 years at at rate of 0% with yearly repayments of R 2780.00 .</p> <p>* Maritzburg Rugby Sub-Union was granted a loan on the 31st December 1968 of R 150 000 to undertake capital improvements at Woodburn Stadium for a period of 50 years at rate of 7.5 % with yearly repayments of R 11 560.86.</p> <p>* Maritzburg Rugby Sub-Union was granted a loan on the 31st December 1992 of R 200 000 to undertake the provision of flood lighting at Woodburn Stadium for a period of 20 years at rate of 19 % with yearly repayments of R 39 210.00.</p>				
Loans and receivables 3	284,973	288,898	284,973	288,898
Department of Human Settlements - low cost housing	968,161	968,161	968,161	968,161
<p>These projects relate to work that was completed and paid for by the municipality. Claims were prepared by the municipality's consultants/implementing agents to recover the funds from the Dept of Human Settlements. To date no funding has been received in respect for these low cost housing projects.</p>				
	<b>10,482,314</b>	<b>9,587,680</b>	<b>10,482,314</b>	<b>9,587,680</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity			
	2015	2014 Restated	2015	2014 Restated		
<b>13. Other financial assets (continued)</b>						
<b>Schemes</b>	<b>Average loan period</b>	<b>Average interest rate</b>	<b>Average purchase price</b>	<b>Loan balance</b>	<b>Arrears</b>	
Woodlands 3	30	15	7,498	22,124	2,784	
Woodlands 7	31	14	7,940	1,440,420	336,922	
Woodlands 8	30	14	6,830	25,360	2,879	
Woodlands 9	30	14	6,830	79,821	9,536	
Northdale 1 - sub economic	30	14	16,487	44,099	10,587	
Northdale 9	30	13	28,966	625,093	80,299	
Northdale 10	30	14	13,779	413,245	67,826	
Northdale 11	20	11	13,120	59,482	2,534	
Northdale 12	30	15	31,485	180,919	12,504	
Eastwood 1	29	14	12,802	839,221	132,538	
Eastwood 2	30	14	10,594	746,422	182,048	
Glenwood	31	14	29,163	1,563,913	172,548	
Glenwood - selfhelp	29	14	21,871	3,008,472	477,913	
Riverbend 1	30	15	17,665	43,156	-	
	-	-	-	<b>9,091,747</b>	<b>1,490,918</b>	
<b>Total other financial assets</b>			<b>10,528,395</b>	<b>9,633,761</b>	<b>10,528,395</b>	<b>9,633,761</b>
<b>Non-current assets</b>						
At amortised cost			10,482,314	9,587,680	10,482,314	9,587,680
<b>Current assets</b>						
Designated at fair value			46,081	46,081	46,081	46,081

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>14. Other financial liabilities</b>				
<b>At amortised cost</b>				
External loans	593,313,820	539,519,432	593,313,820	539,519,432
DBSA - funding required for capital expenditure. Loans bear an interest rate between 6.75% and 16.50%. Loans are repayable over a period between 12 to 30 years, repayments are made quarterly and bi-annually.				
RMB - funding required for capital expenditure. Loans bear an interest rate between 11.38% and 14.18%. Loans are repayable over a period between 10 to 12 years, repayments were made monthly.				
INCA - funding required for capital expenditure. Loans bear an interest rate between 11.38%. Loans are repayable over a period of 10 years, repayments were made bi-annually.				
During the reporting period the municipality did not default on any of the interest or capital repayments of the external loan.				
No terms and conditions of the finance leases were re-negotiated.				
Refer to Appendix A for further details on long term liabilities.				
<b>Non-current liabilities</b>				
At amortised cost	541,301,371	496,828,777	541,301,371	496,828,777
<b>Current liabilities</b>				
At amortised cost	52,012,449	42,690,655	52,012,449	42,690,655

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>15. Finance lease obligation</b>				
<b>Minimum lease payments due</b>				
- within one year	2,694,666	967,531	2,694,666	967,531
- in second to fifth year inclusive	4,703,258	4,095,370	4,703,258	4,095,370
	<b>7,397,924</b>	<b>5,062,901</b>	<b>7,397,924</b>	<b>5,062,901</b>
less: future finance charges	(2,002,698)	(999,952)	(2,002,698)	(999,952)
<b>Present value of minimum lease payments</b>	<b>5,395,226</b>	<b>4,062,949</b>	<b>5,395,226</b>	<b>4,062,949</b>
<b>Present value of minimum lease payments due</b>				
- within one year	1,779,005	729,364	1,779,005	729,364
- in second to fifth year inclusive	3,616,221	3,333,585	3,616,221	3,333,585
	<b>5,395,226</b>	<b>4,062,949</b>	<b>5,395,226</b>	<b>4,062,949</b>
Non-current liabilities	2,099,415	3,328,605	2,099,415	3,328,605
Current liabilities	1,511,829	338,004	1,511,829	338,004
	<b>3,611,244</b>	<b>3,666,609</b>	<b>3,611,244</b>	<b>3,666,609</b>

The average lease term was 6.5 years and the average effective borrowing rate 2015 (13 %): 2014 (12%).

The entity did not default on any of the interest or capital repayments of the finance leases.

No terms and conditions of the finance leases were re-negotiated.

Refer to Appendix A for further details on finance leases.

### 16. Payables from exchange transactions

Trade payables	101,141,493	57,388,596	101,141,493	57,388,596
Other payables	65,286,948	9,942,570	65,286,948	9,942,570
Other deposits	1,287,834	1,181,165	1,287,834	1,181,165
Other payables accrued	60,117,836	56,798,441	60,117,836	56,798,441
Retentions	26,923,642	18,978,684	26,923,642	18,978,684
Other payables accrued	274,180,700	242,777,279	274,148,845	242,777,279
Debtors with credit balances	70,641,164	65,931,507	70,641,164	65,931,507
	<b>599,579,617</b>	<b>452,998,242</b>	<b>599,547,762</b>	<b>452,998,242</b>

### 17. VAT payable

VAT payable	40,430,375	49,453,190	39,492,243	49,453,190
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VAT is payable on the receipt basis.

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

### 18. VAT receivable

VAT receivable	-	40,918	-	-
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>19. Consumer deposits</b>				
Refuse	9,820,723	8,172,827	9,820,723	8,172,827
Electricity	30,742,146	36,249,602	30,742,146	36,249,602
Water	43,521,431	36,120,185	43,521,431	36,120,185
Sewer	5,394,356	4,566,456	5,394,356	4,566,456
	<b>89,478,656</b>	<b>85,109,070</b>	<b>89,478,656</b>	<b>85,109,070</b>

Included in deposits is an accrual of interest at an effective interest of 4% per annum.

Balance on the interest reserve: R 22 786 265 as at 30 June 2015 and R 19 458 111 as at 30 June 2014.

Guarantees in lieu of electricity and water deposits	3,118,416	11,832,400	3,118,416	11,832,400
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 20. Retirement benefit obligations

#### Defined contribution and benefit plan

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

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

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

The Msunduzi Municipality's liability in these funds can not 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:**

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

An actuarial valuation was performed on 31 March 2014 by Argen Actuarial Solutions.

#### Results of the valuation

The Fund self-insures its risk benefits in excess of the full benefit. It therefore maintains a Risk Reserve Account as a measure of protection against volatility in claims experience. The amount of R 21 123 000 required to be held in the Risk Reserve Account.

The Fund is financially sound as at the valuation date.

#### Benefits of the fund:

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

#### Contributions of the fund :

##### \* Members contributions

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 20. Retirement benefit obligations (continued)

#### \* Local Authorities Contributions

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

#### Benchmark:

The benchmark asset allocation determined as being appropriate for the fund, which takes cognisance of membership and liability profile, is stated below :

#### Investments:

Domestic	1,811 874,000
International Investments	450,267,000
Risk Reserve Account	21,123,000
Membership	11,448

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 20. Retirement benefit obligations (continued)

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

An actuarial valuation was performed on 31 March 2014 by Argen Actuarial Solutions.

The market value of the Fund's assets was R 8,923,854,000 as at 31 March 2014.

The funding level in respect of contributory members has increased to 100% from 97.9%.

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

The employers are no longer permitting members to join the Fund, so that it is effectively closed to new members. This means that the average age will increase over time which, in turn, means that the required rate of contribution will also increase.

Thus, once the surcharge ceases, the underlying rate of contribution will not be sufficient to meet the cost of the benefits. It is necessary to set aside a reserve to hold assets equal to the expected shortfall. For this reason a "Contribution Reserve is held equal to the present value of the shortfall in terms of the Financial Services Board's Circular PF117 for the 5 years to 2015 when it is expected that the surcharge will cease.

#### Benefits of the fund:

- \* Members Contributions - 9.25% of pensionable salaries.
- \* Pension age 65 years
- \* Final average salary - average annual pensionable salaries during the last year of service.
- \* Pension on retirement at pension age - 2.2% of final average emoluments per year of continuous service.
- \* Lump sum on retirement at pension age - 8.25% of final average emoluments per year of service.
- \* Pension on retirement because of ill-health (minimum ten years continuous service) - pension as for retirement at pension age
- \* Lump sum on retirement because of ill-health (minimum 10 years continuous service) - lump sum as for retirement at pension age.
- \* Lump sum on retirement because of ill health (less than ten years continuous service) - the greater of the resignation benefit or twice the members contributions.
- \* Surviving Spouses pension on death in service - 1,2% of final average emoluments per year of continuous service that the member would have had at the pension age.
- \* Surviving Spouses pension on death of pensioner - 1,22% (0,77% in the case of a pensioner who retired before 1 July 1999) of final average emoluments per year of continuous service.
- \* Lump sum on death in service - Annual pensionable emoluments.10.75% of final average salaries
- \* 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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 20. Retirement benefit obligations (continued)

Domestic	7,104,533,000
International	1,948,213,000
Membership	4,964

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

#### Pension and provident funds

Natal Joint Pension Fund	101,221,701	100,351,593	101,221,701	100,351,593
Natal Joint Provident Fund	43,748,365	35,861,101	43,748,365	35,861,101
Government Employees Pension Fund	4,018,626	4,268,195	4,018,626	4,268,195
Associated Institution Pension Fund	159,893	149,727	159,893	149,727
South Africa Local Authorities Pension Fund	585,665	637,677	585,665	637,677
Councillors Pension Fund	6,202,679	5,822,019	6,202,679	5,822,019
Dynamique Ambrella (Pietermaritzburg Provident Fund)	480,149	477,653	480,149	477,653
LGM retirement for municipal manager	159,791	-	159,791	-
Umgeni Water Provident Fund	304,506	276,175	304,506	276,175
	<b>156,881,375</b>	<b>147,844,140</b>	<b>156,881,375</b>	<b>147,844,140</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 20. Retirement benefit obligations (continued)

#### Post retirement benefit plan

#### Post retirement medical aid plan

The municipality operates 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 last post-employment health care benefits actuarial valuation in terms of GRAP 25 was done by Arch Actuarial Consulting for the period ending 30 June 2015.

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

According to the last valuation the accrued liability amounted to R 609.9 million as at 30 June 2015.

#### A reconciliation of Msunduzi's accrued liability for the year ending 30 June 2015 is set out below:

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

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	609,937,137	559,848,366	609,937,137	559,848,366
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#### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	559,848,366	480,277,982	559,848,366	480,277,982
Net expense recognised in the statement of financial performance	50,088,771	79,570,384	50,088,771	79,570,384
	<b>609,937,137</b>	<b>559,848,366</b>	<b>609,937,137</b>	<b>559,848,366</b>
Non-current liabilities	(591,899,445)	(543,597,210)	(591,899,445)	(543,597,210)
Current liabilities	(18,037,692)	(16,251,156)	(18,037,692)	(16,251,156)
	<b>(609,937,137)</b>	<b>(559,848,366)</b>	<b>(609,937,137)</b>	<b>(559,848,366)</b>

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

Current service cost	19,566,163	15,360,571	19,566,163	15,360,571
Interest cost	50,597,106	41,089,443	50,597,106	41,089,443
Actuarial (gains) or losses	(3,823,342)	38,186,418	(3,823,342)	38,186,418
Expected return on plan assets	(16,251,156)	(15,066,048)	(16,251,156)	(15,066,048)
	<b>50,088,771</b>	<b>79,570,384</b>	<b>50,088,771</b>	<b>79,570,384</b>

#### Calculation of actuarial gains and losses

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>20. Retirement benefit obligations (continued)</b>				
Actuarial (gains) losses – obligation	(3,823,342)	38,186,418	(3,823,342)	38,186,418
<b>Changes in the fair value of retirement benefit obligation liability :</b>				
Opening balance	559,848,366	480,277,982	559,848,366	480,277,982
Contributions by employer	50,088,771	79,570,384	50,088,771	79,570,384
	<b>609,937,137</b>	<b>559,848,366</b>	<b>609,937,137</b>	<b>559,848,366</b>

### Key assumptions used

Assumptions used at the reporting date:

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

Discount rates used	8.77 %	9.17 %	8.77 %	9.17 %
Expected rate of return on assets	7.97 %	8.31 %	7.97 %	8.31 %
Expected pension increases	8.96 %	6.81 %	8.96 %	6.81 %

### Sensitivity analysis

Base	609,337,000	559,848,000	609,337,000	559,848,000
-1%	526,795,000	248,825,292	526,795,000	248,825,292
+1%	709,747,000	649,908,000	709,747,000	649,908,000

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

LA Health	36,789,665	30,227,413	36,789,665	30,227,413
Key Health	29,570,102	29,467,747	29,570,102	29,467,747
Samwumed	2,329,842	2,779,678	2,329,842	2,779,678
Discovery	133,194	121,668	133,194	121,668
Bonitas	17,078,912	15,633,562	17,078,912	15,633,562
Hosmed	697,893	527,037	697,893	527,037
	<b>86,599,608</b>	<b>78,757,105</b>	<b>86,599,608</b>	<b>78,757,105</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>21. Unspent conditional grants</b>				
<b>Unspent conditional grants and receipts comprises of:</b>				
<b>Unspent conditional grants and receipts</b>				
Alexander Park athletic track	-	19,075	-	19,075
Greater Edendale development initiative	2,812,009	3,354,146	2,812,009	3,354,146
Housing and Jika Joe Settlement	27,561,119	37,200,815	27,561,119	37,200,815
Expanded public works programme	-	1,585	-	1,585
Library and Municipal Library	639,567	8,661,544	639,567	8,661,544
Municipal infrastructure grant	582	16,172,967	582	16,172,967
Neighbourhood development partnership grant	9,304,976	5,893,233	9,304,976	5,893,233
Public transportation infrastructure	37,903,967	95,646,428	37,903,967	95,646,428
Municipal systems improvement grant (MSIG)	-	291,977	-	291,977
Market and Freedom Square Tourism Hub	461,430	6,903,478	461,430	6,903,478
Electricity	105,421	8,932,075	105,421	8,932,075
Electricity side demand management grant	-	5,000,000	-	5,000,000
Spoornet	403,381	382,077	403,381	382,077
Tatham Art Gallery	1,802	106,912	1,802	106,912
Urban renewal	2,190,200	-	2,190,200	-
Municipal water services infrastructure grant	-	10	-	10
Sanitation bucket eradication	-	3,535	-	3,535
Operation Dlulisumlando	1,500,000	1,500,000	1,500,000	1,500,000
Wadely stadium	-	121,000	-	121,000
Publicity house	27,781	1,417,166	27,781	1,417,166
Integrated national electrification programme	25,345,276	106,884,506	25,345,276	106,884,506
Community development workers	-	722	-	722
Community communication initiative	-	621	-	621
Water service delivery plan	-	242	-	242
Youth advisory centre	-	35,420	-	35,420
	<b>108,257,511</b>	<b>298,529,534</b>	<b>108,257,511</b>	<b>298,529,534</b>

### Movement during the year

Balance at the beginning of the year	298,529,534	170,460,191	298,529,534	170,460,191
Current year receipts and interest	378,313,895	479,734,027	378,313,895	479,734,027
Funds paid to National Treasury / grant provider	(76,822,939)	(30,449,544)	(76,822,939)	(30,449,544)
Funds still to be received from KZN - Provincial Treasury for Nhlalakahle informal settlement electrification project	-	181,941	-	181,941
Funds still be received from Department of Human Settlements for Jika Joe informal settlement	-	12,197,884	-	12,197,884
Conditions met - transferred to revenue	(491,762,979)	(333,594,965)	(491,762,979)	(333,594,965)
	<b>108,257,511</b>	<b>298,529,534</b>	<b>108,257,511</b>	<b>298,529,534</b>

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

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

Refer to Appendix E for details of unspent conditional grants, receipts and transfers from National and Provincial Government and other departments .

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 21. Unspent conditional grants (continued)

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

National grants	100,115,919	267,087,696	100,115,919	267,087,696
Provincial grants	4,896,618	26,094,477	4,896,618	26,094,477
Other conditional grants	3,244,974	5,347,361	3,244,974	5,347,361
	<b>108,257,511</b>	<b>298,529,534</b>	<b>108,257,511</b>	<b>298,529,534</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 22. Provisions

#### Reconciliation of provisions - Economic entity - 2015

	Opening Balance	Additions	Total
Performance bonus	792,315	211,967	1,004,282
Long service awards	6,084,404	(55,053)	6,029,351
Landfill rehabilitation	61,002,002	847,675	61,849,677
	<b>67,878,721</b>	<b>1,004,589</b>	<b>68,883,310</b>

#### Reconciliation of provisions - Economic entity - 2014

	Opening Balance	Additions	Reversed during the year	Total
Performance bonus	682,489	792,315	(682,489)	792,315
Long service awards	3,714,230	2,370,174	-	6,084,404
Landfill rehabilitation	55,456,365	5,545,637	-	61,002,002
	<b>59,853,084</b>	<b>8,708,126</b>	<b>(682,489)</b>	<b>67,878,721</b>

#### Reconciliation of provisions - Controlling entity - 2015

	Opening Balance	Additions	Total
Performance bonus	792,315	211,967	1,004,282
Long service awards	6,084,404	(55,053)	6,029,351
Landfill rehabilitation provision	61,002,002	847,675	61,849,677
	<b>67,878,721</b>	<b>1,004,589</b>	<b>68,883,310</b>

#### Reconciliation of provisions - Controlling entity - 2014

	Opening Balance	Additions	Reversed during the year	Total
Performance bonus	682,489	792,315	(682,489)	792,315
Legal proceedings	3,714,230	2,370,174	-	6,084,404
Landfill rehabilitation	55,456,365	5,545,637	-	61,002,002
	<b>59,853,084</b>	<b>8,708,126</b>	<b>(682,489)</b>	<b>67,878,721</b>

Non-current liabilities	61,849,677	61,002,002	61,849,677	61,002,002
Current liabilities	7,033,633	6,876,719	7,033,633	6,876,719
	<b>68,883,310</b>	<b>67,878,721</b>	<b>68,883,310</b>	<b>67,878,721</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 22. Provisions (continued)

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

Envitech Solutions was appointed to provide the provision for the programme for closure of the New England Road landfill site.

#### Alien vegetation provision.

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

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

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

During the reporting period work was carried out in the following areas:

\*Follow up conducted in Cleland Road / Mkondeni Spruit : +/- 3 HA

\* Follow up conducted in Lincolnmeade : +/- 2 HA

Initial clearing in Bisley Nature Reserve

Sickle Bush : +/- 10HA

Wattle trees : +/- 20 HA

Lantana : +/- 10 HA

An amount of R 169 682.52 was spent on wages for 8 contract staff for a period of 9 months from the 1st of September 2014 to 30th June 2015.

An amount of R 36 880 was utilised for the purchase of herbicide for the project.

#### Performance bonus

The performance bonus provision is based on the maximum expectation that all key management will perform in terms of their agreements.

#### Long service awards

The long service award provision is created to ensure adherence to SALGA collective agreement requirements. The estimate is based on the monthly salaries rate at 30 June 2015.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 23. Housing development fund

Unappropriated surplus	19,625,820	17,286,094	19,625,820	17,286,094
Loans extinguished by government on 1 April 1998	34,256,892	34,256,892	34,256,892	34,256,892
	<b>53,882,712</b>	<b>51,542,986</b>	<b>53,882,712</b>	<b>51,542,986</b>

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

Property, plant and equipment	-	(1,620,309)	-	(1,620,309)
Housing selling scheme loans	9,229,180	8,330,621	9,229,180	8,330,621
Trade and other receivables	30,260,067	28,042,180	30,260,067	28,042,180
Bank and cash	14,393,465	16,790,495	14,393,465	16,790,494
<b>Assets</b>	<b>53,882,712</b>	<b>51,542,987</b>	<b>53,882,712</b>	<b>51,542,986</b>

### 24. Revaluation reserve

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

Revaluations were performed by an independent valuer, Gilfillan 'Scott-Berning and are not connected to the entity.

Transfer to revaluation reserve for artworks	52,129,145	52,129,145	52,129,145	52,129,145
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### 25. Capital replacement reserve (CRR)

Based on the approval by the strategic management committee on the 7th of April 2015 the CRR was created by transferring funds of R 150 million from the accumulated surplus to the CRR.

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

Included in the reserve is an amount of R1, 935 million of interest earned on the reserve.

The CRR is cash backed reserve.

Capital replacement reserve	151,935,999	-	151,935,999	-
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### 26. Accumulated surplus / deficit

Accumulated surplus	6,582,104,824	6,680,310,150	6,574,494,548	6,678,725,058
Self insurance reserve	77,862,323	70,028,245	77,862,323	70,028,245
Government grant reserve	502,517,698	502,517,698	502,517,698	502,517,698
Capitalisation reserve	8,463,531	8,463,531	8,463,531	8,463,531
	<b>7,170,948,376</b>	<b>7,261,319,624</b>	<b>7,163,338,100</b>	<b>7,259,734,532</b>

#### Total net assets

Housing development fund	53,882,712	51,542,986	53,882,712	51,542,986
Revaluation reserve	52,129,145	52,129,145	52,129,145	52,129,145
Capital replacement reserve	151,935,999	-	151,935,999	-
Accumulated surplus	7,170,948,376	7,261,319,624	7,163,338,100	7,259,734,532
Share capital	100	100	-	-
	<b>7,428,896,332</b>	<b>7,364,991,855</b>	<b>7,421,285,956</b>	<b>7,363,406,663</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 27. Share capital

#### Issued

100 Ordinary shares of R 1 each	100	100	-	-
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The unissued shares of Safe City are under the control of the directors until the forthcoming annual general meeting.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

	Final budget	Actual	Difference between final budget and actual	%	Reason for major variance
<b>Revenue</b>					
Rental received	37,199,684	23,477,153	13,722,531	37	The demand for municipal facilities for rental exceeded the expectations and this is due to the item being driven more by community behaviour than anything else.
Licences and permits	82,559	88,837	(6,278)	8	Revenue from Licences and permits is dependent on the number of licences and permits issued which dependent on community needs of such and is therefore difficult to accurately estimate. During the year, more licences and permits were issued than expected.
Other revenue	70,372,843	89,221,892	(18,849,049)	(27)	Other revenue is revenue from sundry sources which are dependent on community behaviour and is therefore difficult to accurately estimate. During the year, revenue from these sources exceeded expectations.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 28. Variance analysis comparison of budget against actual (continued)

Interest received - trade and other receivables	60,057,138	69,528,678	(9,471,450)	(16)	Interest is levied on overdue accounts. So the amount on this item is dependent on defaulters which is a function of consumer behaviour. It is therefore impossible for it to be accurately estimated. During the year the amount levied on overdue accounts was lower than anticipated.
Interest received - external investments	32,247,000	50,973,175	(18,726,175)	(58)	Investments are made up of the municipality's own unused cash and unspent conditional grants. The two items were more than expected during the year which resulted in more investments leading to an increased interest on investments amount.
Property rates - penalties imposed	39,231,000	30,207,179	9,023,821	23	Interest is levied on overdue accounts. So the amount on this item is dependent on defaulters which is a function of consumer behaviour. It is therefore impossible for it to be accurately estimated. During the year the amount levied on overdue accounts was lower than anticipated.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 28. Variance analysis comparison of budget against actual (continued)

Government grants and subsidies	100,445,845	876,063,280	124,382,565	12	This is due to unspent conditional grants for which applications for roll overs have been submitted to the National Treasury.
Fines	22,136,065	108,633,558	(86,497,523)	(391)	This item is a function of human behavior and can therefore not be accurately estimated. It is impossible to accurately estimate the number of people who will get traffic fines per year. As can be seen, the number during the year became too much higher than anticipated.
<b>Expenditure</b>					
Conditional grant expenditure	160,817,510	135,304,171	25,513,339	16	The Depreciation figures increased due to conditional assessment which was undertaken by SMEC South Africa. This culminated in material decrease in the remaining useful lives of assets, which led to accelerated depreciation. The depreciation almost doubled.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 28. Variance analysis comparison of budget against actual (continued)

Depreciation and amortisation	302,848,333	465,408,973	(162,560,640)	(54)	The depreciation figures increased due to conditional assessment which was undertaken by SMEC South Africa. This culminated in material decrease in the remaining useful lives of assets, which led to accelerated depreciation. The depreciation almost doubled.
Finance costs	60,936,082	71,169,271	(10,233,189)	(17)	The variance is mainly due to finance costs that were not budgeted with regards to a long term loan of R250 million that was taken during the year and finance costs in relation to a short term loan of R2.9 million for which finance costs were not budgeted for.
Collection costs	7,433,770	5,972,677	1,461,093	20	The variance is due to the poor collection rate by the debt collectors early in the year which led to the appointment of two new debt collectors. Hence the budget was also adjusted upwards but due to delays in finalisation of contracts, the budget amount was not fully spent.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 28. Variance analysis comparison of budget against actual (continued)

Grant and subsidies	5,307,550	11,572,032	(6,264,482)	(118)	The payments to Safe City as per the service level agreement. However a decision was taken to purchase cctv cameras to the amount R6 800 000 for Safe City hence the over expenditure of R6.2 million.
General expenses	768,184,452	479,720,747	288,463,705	38	The variance is due to savings realised in various general expenditure items.
Debt impairment	144,577,000	222,109,923	(77,532,923)	(54)	The variance partly emanates from the Vulindlela customers whose historical payment rate when they were with Umgeni was said to be 0.04%. The second reason is the meters that have now been found and consumers have been charged for previous periods.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>29. Revenue</b>				
Service charges	2,227,636,415	2,073,501,239	2,227,636,415	2,073,501,239
Rental received	23,477,153	21,571,598	23,477,153	21,571,598
Fees from agency services	577,908	669,269	577,908	669,269
Licences and permits	88,837	81,004	88,837	81,004
Donations received	-	713,034	-	-
Other revenue	89,221,892	78,818,771	89,221,366	78,786,246
Interest received	120,555,377	96,398,002	120,501,853	96,358,040
Property rates	686,396,237	602,953,620	686,396,237	602,953,620
Property rates - penalties imposed	30,207,179	22,673,588	30,207,179	22,673,588
Government grants and subsidies	876,063,280	694,304,614	876,063,280	694,304,614
Fines	108,633,588	102,750,783	108,633,588	102,750,783
	<b>4,162,857,866</b>	<b>3,694,435,522</b>	<b>4,162,803,816</b>	<b>3,693,650,001</b>

### The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	2,227,636,415	2,073,501,239	2,227,636,415	2,073,501,239
Rental received	23,477,153	21,571,598	23,477,153	21,571,598
Fees from agency services	577,908	669,269	577,908	669,269
Licences and permits	88,837	81,004	88,837	81,004
Donations received	-	713,034	-	-
Other revenue	89,221,892	78,818,771	89,221,366	78,786,246
Interest received	120,555,377	96,398,002	120,501,853	96,358,040
	<b>2,461,557,582</b>	<b>2,271,752,917</b>	<b>2,461,503,532</b>	<b>2,270,967,396</b>

### The amount included in revenue arising from non-exchange transactions is as follows:

<b>Taxation revenue</b>				
Property rates	686,396,237	602,953,620	686,396,237	602,953,620
Property rates - penalties imposed	30,207,179	22,673,588	30,207,179	22,673,588
<b>Transfer revenue</b>				
Government grants and subsidies	876,063,280	694,304,614	876,063,280	694,304,614
Fines	108,633,588	102,750,783	108,633,588	102,750,783
	<b>1,701,300,284</b>	<b>1,422,682,605</b>	<b>1,701,300,284</b>	<b>1,422,682,605</b>

### 30. Service charges

Sale of electricity	1,566,133,424	1,486,939,403	1,566,133,424	1,486,939,403
Sale of water	452,442,620	380,807,209	452,442,620	380,807,209
Refuse	81,543,971	79,454,009	81,543,971	79,454,009
Sewer and sanitation charges	127,516,400	126,300,618	127,516,400	126,300,618
	<b>2,227,636,415</b>	<b>2,073,501,239</b>	<b>2,227,636,415</b>	<b>2,073,501,239</b>

The above figure is net of revenue foregone.

### 31. Rental received

External rentals	21,437,945	19,640,543	21,437,945	19,640,543
Internal rentals	2,039,208	1,931,055	2,039,208	1,931,055
	<b>23,477,153</b>	<b>21,571,598</b>	<b>23,477,153</b>	<b>21,571,598</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>32. Fees from agency services</b>				
Agency fee from Umgungundlovu District	267,996	267,974	267,996	267,974
Fire alarm monitoring	50,400	47,880	50,400	47,880
Emergency call out fee	259,512	353,415	259,512	353,415
	<b>577,908</b>	<b>669,269</b>	<b>577,908</b>	<b>669,269</b>
<b>33. Other revenue</b>				
Airport	6,342,619	6,220,341	6,342,619	6,220,341
Towing away service fee	333,332	479,373	333,332	479,373
Market	20,229,428	20,675,511	20,229,428	20,675,511
Burials and cremations	2,486,958	2,165,405	2,486,958	2,165,405
Buildings	2,113,580	1,585,448	2,113,580	1,585,448
Re-connections	13,953,734	8,908,749	13,953,734	8,908,749
Training levy recoveries	2,982,615	1,496,739	2,982,615	1,496,739
Discount received	-	644,951	-	644,951
Sundry revenue	7,357,794	11,125,925	7,357,268	11,093,400
Administration charges	558,514	543,770	558,514	543,770
Endowments	800	-	800	-
Accounting charges	358,821	756,662	358,821	756,662
Forestry	23,794,284	15,090,433	23,794,284	15,090,433
Street lighting fees	446,026	414,343	446,026	414,343
Sale of concrete products	668,948	933,088	668,948	933,088
Access to information	166	61	166	61
Tampering and illegal connection fee	2,079,352	1,346,883	2,079,352	1,346,883
Parking fee	1,541,468	1,833,595	1,541,468	1,833,595
Conservation and conference facilities	2,335	1,768	2,335	1,768
Contingent lease revenue	52,938	52,541	52,938	52,541
Encroachments	445,413	438,459	445,413	438,459
Hire charges	225,551	325,761	225,551	325,761
Impounding charges	147,739	129,022	147,739	129,022
Meter testing and sale of materials	48,286	35,590	48,286	35,590
Miscellaneous lighting	335,276	462,307	335,276	462,307
Advertising bins	-	40,094	-	40,094
Basic charge for industrial /commercial	4,489	585,345	4,489	585,345
Pool entrance fees	369,134	370,291	369,134	370,291
Taxi stand permits	188,514	231,132	188,514	231,132
Town planning applications	237,692	213,074	237,692	213,074
Poster / banner applications	3,371	84,670	3,371	84,670
Tender document fees	809,592	461,648	809,592	461,648
Signs application	94,917	141,245	94,917	141,245
Rates certificates	1,008,206	1,024,547	1,008,206	1,024,547
	<b>89,221,892</b>	<b>78,818,771</b>	<b>89,221,366</b>	<b>78,786,246</b>
<b>34. Licences and permits</b>				
Dog licences	14	2,364	14	2,364
Trade licences	88,823	78,640	88,823	78,640
	<b>88,837</b>	<b>81,004</b>	<b>88,837</b>	<b>81,004</b>
<b>35. Donations received</b>				
Video and data assets transferred from The Msunduzi Municipality to Safe City as a donation.				
Assets received as donations	-	713,034	-	-

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>36. Interest received</b>				
<b>Interest revenue</b>				
Interest received - trade receivables	67,772,924	52,162,208	67,772,924	52,162,208
Interest - other	1,755,754	893,182	1,755,754	893,182
Interest received - external investments	51,026,699	43,342,612	50,973,175	43,302,650
	<b>120,555,377</b>	<b>96,398,002</b>	<b>120,501,853</b>	<b>96,358,040</b>
<b>37. Property Rates</b>				
<b>Rates received</b>				
Residential	314,247,641	281,313,283	314,247,641	281,313,283
Industrial/commercial	352,915,468	298,313,851	352,915,468	298,313,851
Rural communal land	504,000	-	504,000	(244,486)
Agriculture	769,376	686,481	769,379	686,481
Public service infrastructure	641,248	159,755	641,248	159,755
Vacant land	22,801,462	24,220,475	22,801,462	24,220,475
Less: adjustment processed	(5,482,957)	(1,740,225)	(5,482,957)	(1,740,225)
	686,396,238	602,953,620	686,396,238	602,953,620
Property rates - penalties imposed	30,207,179	22,673,588	30,207,179	22,673,588
	<b>716,603,417</b>	<b>625,627,208</b>	<b>716,603,417</b>	<b>625,627,208</b>
<b>Valuations</b>				
Residential	37,882,049,020	31,912,496,119	37,882,049,020	31,912,496,119
Industrial/commercial	19,542,817,000	15,262,477,000	19,542,817,000	15,262,477,000
Rural communal land	35,000,000	-	35,000,000	-
Agriculture	619,655,000	236,797,000	619,655,000	236,797,000
Public service infrastructure	108,438,000	140,230,000	108,438,000	140,230,000
Vacant land	1,074,289,500	1,158,384,000	1,074,289,500	1,158,384,000
Municipal properties	175,106,000	837,123,000	175,106,000	837,123,000
	<b>59,437,354,520</b>	<b>49,547,507,119</b>	<b>59,437,354,520</b>	<b>49,547,507,119</b>

General valuations on properties are performed every 4 years in terms of the Municipal Property Rates Act. The last general valuation came into effect on 1 July 2009. Supplementary valuations are take place on an annual basis to take into account building additions, changes, sub divisions and consolidations.

A new valuation roll came into effect on 1 July 2014.

A general rate of 0.0192 cents in a rand for 2015 and in 2014: 0.0213 cents in a rand was applied to property valuations to determine assessment rates.

The adjustments during the year are compiled of all interim assessments, corrections and amendments to the accounts. This includes any transfer of payments, penalty reversals and value changes. A list of adjustments is available on a monthly basis and form part of the scope by the Auditor General.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>38. Government grants and subsidies</b>				
<b>Operating grants</b>				
Equitable share	373,541,000	354,313,000	373,541,000	354,313,000
Municipal infrastructure grant	6,092,138	3,924,285	6,092,138	3,924,285
Wadley stadium	60,000	179,000	60,000	179,000
SETA	-	371,035	-	371,035
Expanded public works programme	2,783,585	1,873,679	2,783,585	1,873,679
Finance management grant	1,600,000	1,550,000	1,600,000	1,550,000
Community communication initiative	621	-	621	-
Developer contribution	413,177	-	413,177	-
Library	16,231,301	14,200,728	16,231,301	14,200,728
Market and Freedom Square Tourism Hub	222,000	1,640	222,000	1,640
Water conservation water demand management	-	1,344,880	-	1,344,880
Municipal systems improvement grant	808,489	244,880	808,489	244,880
Public transportation infrastructure	88,849,238	35,773,917	88,849,238	35,773,917
Greater Edendale development initiative	7,381,650	4,633,041	7,381,650	4,633,041
Library and housing accreditation subsidies	10,346,120	6,396,651	10,346,120	6,396,651
Q Dot Pharma	-	40,123	-	40,123
Department of Water Affairs	-	131,999	-	131,999
Youth advisory centre	3,361	6,900	3,361	6,900
Housing and Jika Joe settlement	9,031,738	12,197,883	9,031,738	12,197,883
Water service delivery plan	242	82,742	242	82,742
Community development workers	722	-	722	-
Tatham Art Gallery	477,805	598,875	477,805	598,875
Municipal water infrastructure services grant	1,757,748	5,175,972	1,757,748	5,175,972
Sanitation bucket eradication	3,535	5,080,735	3,535	5,080,735
	<b>519,604,470</b>	<b>448,121,965</b>	<b>519,604,470</b>	<b>448,121,965</b>
<b>Capital grants</b>				
Neighbourhood development partnership	20,195,024	706,767	20,195,024	706,767
Alexandra park athletic track	19,075	2,384,479	19,075	2,384,479
Airport	-	14,198,246	-	14,198,246
Municipal infrastructure grant	157,065,281	155,718,791	157,065,281	155,718,791
Community communication initiative	-	9,300	-	9,300
Operation Dlulusumilando	500,000	500,000	500,000	500,000
Integrated national electrification programme	82,151,026	17,503,698	82,151,026	17,503,698
Department of Water Affairs	-	165,000	-	165,000
Publicity house renovations	1,977,166	1,133,140	1,977,166	1,133,140
Library	8,355,072	3,949,658	8,355,072	3,949,658
Market and Freedom Square Tourism Hub	5,854,648	2,204,674	5,854,648	2,204,674
Massification	4,374,713	1,159,564	4,374,713	1,159,564
Municipal system improvement grant	417,488	353,407	417,488	353,407
Public transportation infrastructure	20,634,053	17,695,383	20,634,053	17,695,383
Youth advisory centre	32,059	82,680	32,059	82,680
Tatham Art Gallery	510,265	106,854	510,265	106,854
Housing and Jika Joe settlement	1,116,513	-	1,116,513	-
Greater Edendale development initiative	23,915,898	19,160,074	23,915,898	19,160,074
Municipal water services infrastructure grant	9,631,262	1,074,018	9,631,262	1,074,018
Nhlalakahle informal settlement electrification	4,650,013	181,942	4,650,013	181,942
Wadley stadium	61,000	-	61,000	-
Electricity	9,188,454	2,723,232	9,188,454	2,723,232
Electricity side demand management	-	2,980,459	-	2,980,459
Urban renewal	5,809,800	2,191,283	5,809,800	2,191,283
	<b>356,458,810</b>	<b>246,182,649</b>	<b>356,458,810</b>	<b>246,182,649</b>
	<b>876,063,280</b>	<b>694,304,614</b>	<b>876,063,280</b>	<b>694,304,614</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

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

#### Government grants and subsidies

Included in above are the following grants and subsidies received:

Equitable share	373,541,000	354,313,000	373,541,000	354,313,000
Operating grants	135,304,173	87,412,314	135,304,173	87,412,314
Subsidies and developer contribution	10,759,298	6,396,651	10,759,298	6,396,651
Capital grants	356,458,809	246,182,649	356,458,809	246,182,649
	<b>876,063,280</b>	<b>694,304,614</b>	<b>876,063,280</b>	<b>694,304,614</b>

#### Municipal infrastructure grant

Balance unspent at beginning of year	16,172,967	16,757,046	16,172,967	16,757,046
Current-year receipts	163,158,000	154,824,000	163,158,000	154,824,000
Conditions met - transferred to revenue	(163,157,419)	(159,643,076)	(163,157,419)	(159,643,076)
Grant paid back to National Treasury	(16,172,967)	-	(16,172,967)	-
Prior period restatement	-	4,234,997	-	4,234,997
	<b>581</b>	<b>16,172,967</b>	<b>581</b>	<b>16,172,967</b>

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

#### Airport

Balance unspent at beginning of year	-	14,198,246	-	14,198,246
Conditions met - transferred to revenue	-	(14,198,246)	-	(14,198,246)
	-	-	-	-

#### Electricity side demand management

Balance unspent at beginning of year	5,000,000	5,000,000	5,000,000	5,000,000
Current-year receipts	-	2,980,459	-	2,980,459
Conditions met - transferred to revenue	-	(2,980,459)	-	(2,980,459)
Grant paid back to National Treasury	(5,000,000)	-	(5,000,000)	-
	-	<b>5,000,000</b>	-	<b>5,000,000</b>

To provide subsidies to municipalities to implement Energy Efficiency and Demand Side Management (EEDSM) initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency. Funds are received from National Treasury.

#### Finance management grant

Current-year receipts	1,600,000	1,550,000	1,600,000	1,550,000
Conditions met - transferred to revenue	(1,600,000)	(1,550,000)	(1,600,000)	(1,550,000)
	-	-	-	-

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

#### Equitable share

Current-year receipts	373,541,000	354,313,000	373,541,000	354,313,000
Conditions met - transferred to revenue	(373,541,000)	(354,313,000)	(373,541,000)	(354,313,000)

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

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

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

#### Greater Edendale development initiative

Balance unspent at beginning of year	3,354,146	4,527,588	3,354,146	4,527,588
Current-year receipts (interest)	30,755,411	25,091,469	30,755,411	25,091,469
Conditions met - transferred to revenue	(31,297,548)	(23,793,114)	(31,297,548)	(23,793,114)
Inter project transfer	-	(2,471,797)	-	(2,471,797)
	<b>2,812,009</b>	<b>3,354,146</b>	<b>2,812,009</b>	<b>3,354,146</b>

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

#### Housing and Jika Joe settlement

Balance unspent at beginning of year	37,200,815	36,956,804	37,200,815	36,956,804
Current-year receipts (interest)	508,554	244,011	508,554	244,011
Conditions met - transferred to revenue	(10,148,250)	(12,197,883)	(10,148,250)	(12,197,883)
Funds still to be received	-	12,197,883	-	12,197,883
	<b>27,561,119</b>	<b>37,200,815</b>	<b>27,561,119</b>	<b>37,200,815</b>

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

#### Community development workers

Balance unspent at beginning of year	722	722	722	722
Conditions met - transferred to revenue	(722)	-	(722)	-
	<b>-</b>	<b>722</b>	<b>-</b>	<b>722</b>

#### Library

Balance unspent at beginning of year	8,661,545	5,693,229	8,661,545	5,693,229
Current-year receipts (interest)	16,614,334	21,118,702	16,614,334	21,118,702
Conditions met - transferred to revenue	(24,586,373)	(18,150,386)	(24,586,373)	(18,150,386)
Refund of grant	(49,939)	-	(49,939)	-
	<b>639,567</b>	<b>8,661,545</b>	<b>639,567</b>	<b>8,661,545</b>

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

Funds provided by the Provincial Department of Arts and Culture for Libraries. Provided to begin addressing the constitutional mandate whereby libraries are an exclusive provincial competency.

#### Municipal systems improvement grant

Balance unspent at beginning of year	291,977	263	291,977	263
Current-year receipts	934,000	890,000	934,000	890,000
Conditions met - transferred to revenue	(1,225,977)	(598,286)	(1,225,977)	(598,286)
	<b>-</b>	<b>291,977</b>	<b>-</b>	<b>291,977</b>

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

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>38. Government grants and subsidies (continued)</b>				
<b>Neighbourhood development partnership grant</b>				
Balance unspent at beginning of year	5,893,233	6,148,950	5,893,233	6,148,950
Current-year receipts (interest)	29,500,000	6,600,000	29,500,000	6,600,000
Conditions met - transferred to revenue	(20,195,024)	(706,767)	(20,195,024)	(706,767)
Grant paid back to National Treasury	(5,893,233)	(6,148,950)	(5,893,233)	(6,148,950)
	<b>9,304,976</b>	<b>5,893,233</b>	<b>9,304,976</b>	<b>5,893,233</b>
Conditions still to be met - remain liabilities (see note 21)				
To support and facilitate the planning and development of neighbourhood development programmes and projects that provide catalytic infrastructure to leverage third party public and private sector development towards improving the quality of life of residents in targeted underserved neighbourhoods.				
<b>Public transportation infrastructure - COGTA and National Treasury</b>				
Balance unspent at beginning of year	95,646,428	79,785,779	95,646,428	79,785,779
Current-year receipts	100,059,426	100,846,000	100,059,426	100,846,000
Conditions met - transferred to revenue	(109,483,291)	(53,469,301)	(109,483,291)	(53,469,301)
Grant paid back to National Treasury	(48,318,596)	(31,516,050)	(48,318,596)	(31,516,050)
	<b>37,903,967</b>	<b>95,646,428</b>	<b>37,903,967</b>	<b>95,646,428</b>
Conditions still to be met - remain liabilities (see note 21)				
To provide for accelerated planning, construction and improvement of public and non-motorised transport Infrastructure.				
<b>Alexander Park athletic track</b>				
Balance unspent at beginning of year	19,075	762,803	19,075	762,803
Current-year receipts (interest)	-	1,640,750	-	1,640,750
Conditions met - transferred to revenue	(19,075)	(2,384,478)	(19,075)	(2,384,478)
	-	<b>19,075</b>	-	<b>19,075</b>
<b>Department of Water Affairs</b>				
Balance unspent at beginning of year	-	297,000	-	297,000
Conditions met - transferred to revenue	-	(297,000)	-	(297,000)
	-	-	-	-
<b>Expanded public works programme</b>				
Balance unspent at beginning of year	1,585	1,264	1,585	1,264
Current-year receipts (including receipts)	2,782,000	1,874,000	2,782,000	1,874,000
Conditions met - transferred to revenue	(2,783,585)	(1,873,679)	(2,783,585)	(1,873,679)
	-	<b>1,585</b>	-	<b>1,585</b>
<b>Water conservation water demand management</b>				
Balance unspent at beginning of year	-	1,344,880	-	1,344,880
Conditions met - transferred to revenue	-	(1,344,880)	-	(1,344,880)
	-	-	-	-

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

#### Community communication initiative

Balance unspent at beginning of year	621	9,921	621	9,921
Conditions met - transferred to revenue	(621)	(9,300)	(621)	(9,300)
	-	<b>621</b>	-	<b>621</b>

#### Tatham Art Gallery

Balance unspent at beginning of year	106,913	308,523	106,913	308,523
Current-year receipts (including interest)	882,960	504,119	882,960	504,119
Conditions met - transferred to revenue	(988,070)	(705,729)	(988,070)	(705,729)
	<b>1,803</b>	<b>106,913</b>	<b>1,803</b>	<b>106,913</b>

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

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

#### Q Dot Pharma

Balance unspent at beginning of year	-	40,123	-	40,123
Conditions met - transferred to revenue	-	(40,123)	-	(40,123)
	-	-	-	-

#### Water services delivery planning

Balance unspent at beginning of year	242	82,984	242	82,984
Conditions met - transferred to revenue	(242)	(82,742)	(242)	(82,742)
	-	<b>242</b>	-	<b>242</b>

#### Youth Advisory Centre

Balance unspent at beginning of year	35,420	125,000	35,420	125,000
Conditions met - transferred to revenue	(35,420)	(89,580)	(35,420)	(89,580)
	-	<b>35,420</b>	-	<b>35,420</b>

#### Spoornet

Balance unspent at beginning of year	382,077	363,995	382,077	363,995
Current-year receipts (including interest)	21,304	18,082	21,304	18,082
	<b>403,381</b>	<b>382,077</b>	<b>403,381</b>	<b>382,077</b>

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

#### SETA

Balance unspent at beginning of year	-	371,035	-	371,035
Conditions met - transferred to revenue	-	(371,035)	-	(371,035)
	-	-	-	-

# The Msunduzi Municipality and its Municipal Entity

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Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

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

#### Market and Freedom Square Tourism Hub

Balance unspent at beginning of year	6,903,478	1,337,698	6,903,478	1,337,698
Current-year receipts (including interest)	194,600	7,772,094	194,600	7,772,094
Conditions met - transferred to revenue	(6,076,648)	(2,206,314)	(6,076,648)	(2,206,314)
Inter project transfer approved	(560,000)	-	(560,000)	-
	<b>461,430</b>	<b>6,903,478</b>	<b>461,430</b>	<b>6,903,478</b>

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

Funds received from COGTA for the market. The purpose is for the renovations and improvement of the fresh produce market which entails short term repairs, maintenance and upgrade of existing facilities.

#### Integrated national electrification programme

Balance unspent at beginning of year	106,884,507	1,388,205	106,884,507	1,388,205
Current-year receipts (including interest)	2,000,000	123,000,000	2,000,000	123,000,000
Conditions met - transferred to revenue	(82,151,026)	(17,503,698)	(82,151,026)	(17,503,698)
Grant paid back to National Treasury	(1,388,205)	-	(1,388,205)	-
	<b>25,345,276</b>	<b>106,884,507</b>	<b>25,345,276</b>	<b>106,884,507</b>

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

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

#### Electricity

Balance unspent at beginning of year	8,932,075	6,176,567	8,932,075	6,176,567
Current-year receipts (including interest)	361,800	5,478,740	361,800	5,478,740
Conditions met - transferred to revenue	(9,188,454)	(2,723,232)	(9,188,454)	(2,723,232)
	<b>105,421</b>	<b>8,932,075</b>	<b>105,421</b>	<b>8,932,075</b>

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

#### Massification

Balance unspent at beginning of year	-	1,159,564	-	1,159,564
Current-year receipts (including interest)	4,374,713	-	4,374,713	-
Conditions met - transferred to revenue	(4,374,713)	(1,159,564)	(4,374,713)	(1,159,564)
	-	-	-	-

Funds received from COGTA. To be used towards the efforts to reduce the currently unacceptably high volumes of NRW.

#### Urban renewal

Balance unspent at beginning of year	-	2,191,282	-	2,191,282
Current-year receipts (including interest)	8,000,000	-	8,000,000	-
Conditions met - transferred to revenue	(5,809,800)	(2,191,282)	(5,806,800)	(2,191,282)
	<b>2,190,200</b>	-	<b>2,193,200</b>	-

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Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

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

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

Pietermaritzburg city beautification by upgrading of sidewalks, street furniture, landscaping, pedestrian and special features. Funds received from COGTA.

#### Library and housing accreditation subsidies

Balance unspent at beginning of year	10,346,120	6,396,651	10,346,120	6,396,651
Conditions met - transferred to revenue	(10,346,120)	(6,396,651)	(10,346,120)	(6,396,651)
	-	-	-	-

Housing accreditation subsidy used for the operating costs of the housing delivery unit.

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

#### Wadley Stadium

Balance unspent at beginning of year	121,000	300,000	121,000	300,000
Conditions met - transferred to revenue	(121,000)	(179,000)	(121,000)	(179,000)
	-	<b>121,000</b>	-	<b>121,000</b>

Employment of a caretaker for the period of two years and thereafter Council absorbs the cost. Effecting repairs to the artificial pitch, combi court and purchasing of essential equipment. Funds received from the Department of Sports and Recreation.

#### Publicity house renovations

Balance unspent at beginning of year	1,417,166	-	1,417,166	-
Current-year receipts	27,781	78,510	27,781	78,510
Conditions met - transferred to revenue	(1,977,166)	(1,133,140)	(1,977,166)	(1,133,140)
Inter project transfer	560,000	2,471,796	560,000	2,471,796
	<b>27,781</b>	<b>1,417,166</b>	<b>27,781</b>	<b>1,417,166</b>

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

Funds received from COGTA. To be used for the upgrade in the publicity house due to the building being structurally deteriorating and is giving a negative image towards the PURP initiative and the Freedom square tourism hub project.

#### Sanitation bucket eradication

Balance unspent at beginning of year	3,535	5,084,270	3,535	5,084,270
Conditions met - transferred to revenue	(3,535)	(5,080,735)	(3,535)	(5,080,735)
	-	<b>3,535</b>	-	<b>3,535</b>

The Department of Co-operative Governance and Traditional Affairs will support identified municipalities to provide services to its citizens, which includes the a basic sanitation program to eradicate the bucket toilet system.

#### Municipal water services infrastructure grant

Balance unspent at beginning of year	10	-	10	-
Current-year receipts	11,389,000	6,250,000	11,389,000	6,250,000
Conditions met - transferred to revenue	(11,389,010)	(6,249,990)	(11,389,010)	(6,249,990)
	-	<b>10</b>	-	<b>10</b>

# The Msunduzi Municipality and its Municipal Entity

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Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

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

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

#### Operation Dlulisumlando

Balance unspent at beginning of year	1,500,000	-	1,500,000	-
Current-year receipts	500,000	2,000,000	500,000	2,000,000
Conditions met - transferred to revenue	(500,000)	(500,000)	(500,000)	(500,000)
	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>

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

Funds provided by the office of the Premier. The purpose is in support of both the establishment and implementation of the Dlulisumlando Project, a national historical development initiative and imperative. The Project portrays a particular aspect of the historical struggle of the country [pays tribute to fallen hero] and culminates in the establishment of a Historical complex.

#### Nhlalakahle informal settlement electrification

Balance unspent at beginning of year	4,650,013	-	4,650,013	-
Conditions met - transferred to revenue	(4,650,013)	(181,942)	(4,650,013)	(181,942)
Funds still to be received	-	181,942	-	181,942
	-	-	-	-

Electrification of the Nhlalakahle informal settlement in order to combat illegal electricity connections. Funds received from the Kwazulu-Natal Provincial Treasury Department.

#### Developer contribution

Balance unspent at beginning of year	413,177	-	413,177	-
Conditions met - transferred to revenue	(413,177)	-	(413,177)	-
	-	-	-	-

The developer contribution was used for the purchase of a 200 KVA pole mounted transformer for the Brook side development.

### 39. Fines

Camera fines	92,226,250	94,161,386	92,226,250	94,161,386
Traffic fines	16,336,000	8,563,480	16,336,000	8,563,480
Health contravention fines	71,338	25,917	71,338	25,917
	<b>108,633,588</b>	<b>102,750,783</b>	<b>108,633,588</b>	<b>102,750,783</b>

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>40. Employee related costs</b>				
Salaries and wages	566,458,648	500,141,184	563,669,780	496,690,332
Contributions for UIF, WCA and SALBC levy	11,003,683	9,379,165	10,766,782	9,379,165
Contributions for pensions and medical aid	155,365,775	143,280,320	154,655,902	143,280,320
Travel, motor car, accommodation, subsistence and other allowances	40,026,066	36,189,433	40,026,066	36,189,433
Overtime payments	38,098,080	30,262,675	38,098,080	30,262,675
Long-service awards	22,288,879	22,762,989	22,288,879	22,762,989
Housing benefits and allowances	3,026,194	2,972,302	3,026,194	2,972,302
Defined benefit plan expenses	50,088,771	79,570,384	50,088,771	79,570,384
	<b>886,356,096</b>	<b>824,558,452</b>	<b>882,620,454</b>	<b>821,107,600</b>
<b>Defined benefit plan expense breakdown</b>				
Current service cost	19,566,163	15,360,571	19,566,163	15,360,571
Interest cost	50,597,106	41,089,443	50,597,106	41,089,443
Actual medical contributions	(16,251,156)	(15,066,048)	(16,251,156)	(15,066,048)
Net actuarial (gains) or losses recognised	(3,823,342)	38,186,418	(3,823,342)	38,186,418
	<b>50,088,771</b>	<b>79,570,384</b>	<b>50,088,771</b>	<b>79,570,384</b>
<b>Remuneration of municipal manager</b>				
Annual Remuneration	1,096,038	1,090,190	1,096,038	1,090,190
Car Allowance	220,102	211,547	220,102	211,547
Housing allowance	30,000	-	30,000	-
Contributions to UIF, Medical and Pension Funds	144,270	143,510	144,270	143,510
Bonus	150,000	180,000	150,000	180,000
Travel claim	-	38,126	-	38,126
	<b>1,640,410</b>	<b>1,663,373</b>	<b>1,640,410</b>	<b>1,663,373</b>
<b>Remuneration of chief finance officer</b>				
Annual Remuneration	893,862	833,886	893,862	833,886
Car Allowance	146,545	137,250	146,545	137,250
Bonus	60,000	50,000	60,000	50,000
Contributions to UIF, Medical and Pension Funds	88,936	83,553	88,936	83,553
Acting allowance	-	12,450	-	12,450
	<b>1,189,343</b>	<b>1,117,139</b>	<b>1,189,343</b>	<b>1,117,139</b>
<b>Remuneration of executive manager - internal audit</b>				
Annual Remuneration	647,079	605,936	647,079	605,936
Car Allowance	153,262	153,262	153,262	153,262
Bonus	53,923	50,495	53,923	50,495
Contributions to UIF, Medical and Pension Funds	149,819	148,457	149,819	148,457
Travel claim	869	2,416	869	2,416
Housing subsidy	1,635	-	1,635	-
	<b>1,006,587</b>	<b>960,566</b>	<b>1,006,587</b>	<b>960,566</b>
<b>Remuneration of deputy municipal manager community services</b>				

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<b>40. Employee related costs (continued)</b>				
Annual Remuneration	856,980	460,953	856,980	460,953
Car Allowance	96,000	56,000	96,000	56,000
Bonus	60,000	-	60,000	-
Contributions to UIF, Medical and Pension Funds	118,762	63,961	118,762	63,961
Housing subsidy	66,572	37,100	66,572	37,100
Travel claim	16,799	-	16,799	-
	<b>1,215,113</b>	<b>618,014</b>	<b>1,215,113</b>	<b>618,014</b>

### Remuneration of deputy municipal manager corporate services

Annual Remuneration	994,226	556,579	994,226	556,579
Contributions to UIF, Medical and Pension Funds	201,488	96,436	201,488	96,436
Acting allowance	-	21,876	-	21,876
Travel claim	20,185	-	20,185	-
	<b>1,215,899</b>	<b>674,891</b>	<b>1,215,899</b>	<b>674,891</b>

### Remuneration of deputy municipal infrastructure services

Annual Remuneration	-	600,163	-	600,163
Car Allowance	-	124,983	-	124,983
Contributions to UIF, Medical and Pension Funds	-	110,548	-	110,548
Acting allowance	94,979	14,902	94,979	14,902
Travel claim	-	18,510	-	18,510
	<b>94,979</b>	<b>869,106</b>	<b>94,979</b>	<b>869,106</b>

Deputy municipal manager resigned on the 31 March 2014.

The process manager for electricity was acting in the post for the period from 1 April 2014 to 16 June 2015. The amount paid for the acting is in 2013 / 2014 R 14 902.24 and in 2014 / 2015 R 94 978.67.

### Remuneration of deputy municipal manager development services

Annual Remuneration	953,998	893,320	953,998	893,320
Car Allowance	146,545	14,400	146,545	14,400
Contributions to UIF, Medical and Pension Funds	94,800	88,883	94,800	88,883
	<b>1,195,343</b>	<b>996,603</b>	<b>1,195,343</b>	<b>996,603</b>

### 41. Remuneration of councillors

Mayor	1,067,200	1,000,917	1,067,200	1,000,917
Deputy Mayor	888,697	800,308	888,697	800,308
Councillors	23,074,385	879,851	23,074,385	879,851
Speaker	926,973	22,626,530	926,973	22,626,530
Executive committee members	7,455,362	7,051,006	7,455,362	7,051,006
Councillors' pension and medical aid contributions	1,244,818	4,741,029	1,244,818	4,741,029
	<b>34,657,435</b>	<b>37,099,641</b>	<b>34,657,435</b>	<b>37,099,641</b>

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	2015	2014 Restated	2015	2014 Restated

### 41. Remuneration of councillors (continued)

#### In-kind benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor and Deputy Mayor have security and an official driver at a cost to Council.

Key management information is disclosed in the related party note.

	Executive committee	Councillors
Number of Council members	9	60
Remuneration per month	69,031	32,048

### 42. Conditional grant expenditure

Finance management grant	1,600,000	1,550,000	1,600,000	1,550,000
Greater edendale development initiative	7,381,650	4,633,041	7,381,650	4,633,041
Housing	9,031,738	12,197,883	9,031,738	12,197,883
Expanded public works programme	2,783,585	1,873,679	2,783,585	1,873,679
Community development workers	722	-	722	-
Library	16,231,301	14,200,728	16,231,301	14,200,728
Municipal infrastructure grant	6,092,136	3,924,285	6,092,136	3,924,285
Municipal systems improvement grant	808,489	244,880	808,489	244,880
Municipal water infrastructure services grant	1,757,748	5,175,972	1,757,748	5,175,972
Community communication initiative	621	-	621	-
Public transportation infrastructure	88,849,238	35,773,917	88,849,238	35,773,917
SETA	-	371,035	-	371,035
Department of Water Affairs	-	131,999	-	131,999
Youth Advisory Centre	3,361	6,900	3,361	6,900
Sanitation Bucket Eradication	3,535	5,080,735	3,535	5,080,735
Wadley Stadium	60,000	179,000	60,000	179,000
Q Dot Pharma	-	40,123	-	40,123
COGTA - Water service delivery plan	242	82,742	242	82,742
Market	222,000	1,640	222,000	1,640
Water conservation water demand	-	1,344,880	-	1,344,880
Tatham Art Gallery	477,805	598,874	477,805	598,874
	<b>135,304,171</b>	<b>87,412,313</b>	<b>135,304,171</b>	<b>87,412,313</b>

### 43. Depreciation and amortisation

Property, plant and equipment	463,297,635	439,153,450	462,424,196	439,126,524
Intangible assets	639,238	20,776,524	639,238	20,776,524
Change in accounting estimate	1,472,100	(7,232,876)	1,472,100	(7,232,876)
	<b>465,408,973</b>	<b>452,697,098</b>	<b>464,535,534</b>	<b>452,670,172</b>

Change in accounting estimate relates to review of useful life for fully depreciated assets as per GRAP 17 and the reclassification of property, plant and equipment to investment property. The effect of this estimate is a increase on the depreciation of R 1 472 100.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>44. Impairment of assets</b>				
<b>Impairments</b>				
Property, plant and equipment	16,152,984	222,450	16,152,984	222,450
The procedure used to determine if the asset was impaired was to physically inspect the asset and determine if the asset was impaired and what factors contributed to the impairment and then comparing the condition, age and cost of the asset to the current records in the asset register and if there was a change this was then adjusted accordingly				
No impairments have been reported on cash generating assets because all assets acquired and which management has confirmed are primarily acquired for service delivery				
Inventory loss	418,503	439,601	418,503	439,601
Due to technological changes the inventory has become redundant.				
	<b>16,571,487</b>	<b>662,051</b>	<b>16,571,487</b>	<b>662,051</b>
<b>45. Finance costs</b>				
Loans	61,658,633	63,756,841	61,658,633	63,756,841
Finance leases	972,673	136,977	972,673	136,977
Other interest paid	8,537,965	3,280,326	8,537,965	3,280,326
	<b>71,169,271</b>	<b>67,174,144</b>	<b>71,169,271</b>	<b>67,174,144</b>
<b>46. Debt impairment</b>				
Contributions to debt impairment provision	222,109,923	112,679,217	222,109,923	112,679,217
<b>47. Collection costs</b>				
Collection costs	5,972,677	15,372,628	5,972,677	15,372,628

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>48. Repairs and maintenance</b>				
Buildings	14,517,508	4,413,287	14,517,508	4,413,287
Distribution plant hire	6,951,758	13,166,551	6,951,758	13,166,551
External services	44,656,099	17,054,325	44,656,099	17,054,325
Furniture and equipment	114,670	112,777	114,670	112,777
General	24,698,737	22,734,713	24,600,419	22,544,393
Grounds and fences	6,076,040	2,657,491	6,076,040	2,657,491
Infrastructure	4,291,947	2,553,731	4,291,947	2,553,731
Mains	15,601,476	8,238,711	15,601,476	8,238,711
Maintenance agreements	14,488,912	9,241,637	14,488,912	9,241,637
Plant and equipment	23,909,508	21,685,717	23,956,076	21,685,717
Robots	1,101,002	844,390	1,101,002	844,390
Stores and material	15,156,483	20,752,752	15,156,483	20,752,752
Trees	5,171,791	2,209,217	5,171,791	2,209,217
Vehicles	16,633,274	13,584,892	16,633,274	13,584,893
	<b>193,369,205</b>	<b>139,250,191</b>	<b>193,317,455</b>	<b>139,059,872</b>
<b>49. Bulk purchases</b>				
Electricity	1,164,243,798	1,081,219,121	1,164,243,798	1,081,219,121
Water	422,558,489	372,183,066	422,558,489	372,183,066
	<b>1,586,802,287</b>	<b>1,453,402,187</b>	<b>1,586,802,287</b>	<b>1,453,402,187</b>
<b>50. Contracted Services</b>				
Security	29,698,420	21,066,262	29,698,420	21,066,262
<b>51. Grants and subsidies paid</b>				
<b>Other subsidies</b>				
Community bodies	238,128	218,284	238,128	218,284
Safe City (Pty) Ltd	-	-	11,333,904	4,210,526
	<b>238,128</b>	<b>218,284</b>	<b>11,572,032</b>	<b>4,428,810</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>52. General expenses</b>				
Airport	1,806,329	1,931,432	1,806,329	1,931,432
Advertising	2,003,761	1,427,213	1,957,537	1,390,174
Bursaries	1,306,662	1,071,221	1,306,662	1,071,221
Annual report	5,460	217,000	5,460	217,000
Consolidated billing costs	3,416,877	2,812,894	3,416,877	2,812,894
External services	42,932,319	30,494,468	42,932,319	30,494,468
Conferences	900,177	477,563	900,177	477,563
Dog pound	847,563	706,302	847,563	706,302
Entertainment	508,139	270,632	508,139	270,632
Government training levy	6,971,716	6,208,148	6,971,716	6,208,148
Leadership	858,339	945,811	858,339	945,811
Ward committee costs	7,958,871	6,769,801	7,958,871	6,769,801
Interview costs	58,202	49,848	58,202	49,848
Hire charges	15,243,807	16,161,714	15,243,807	16,161,714
Insurance	11,173,355	10,921,787	11,167,897	10,916,557
Internet costs	15,982	253,363	15,982	253,363
Water quality testing	331,713	353,344	331,713	353,344
Plant hire	2,105,328	3,662,888	2,105,328	3,662,888
Kwanalogo subscriptions	17,101,382	6,185,049	17,101,382	6,185,049
Motor vehicles licences	2,314,729	1,898,136	2,314,729	1,898,136
Long service awards	-	1,148,348	-	1,148,348
Promotions	20,500,002	8,629,112	20,500,002	8,629,112
Bank charges	4,438,763	3,752,567	4,428,032	3,743,335
Medical supplies	192,837	126,395	192,837	126,395
Subscriptions for cities network	1,500,000	1,000,000	1,500,000	1,000,000
Occupational health and safety medicals	40,248	38,357	40,248	38,357
Personnel training	6,637,689	6,003,709	6,637,689	6,003,709
Interdepartmental charges	61,361,444	22,478,314	61,361,444	22,478,314
Plant and equipment	308,554	296,306	308,554	296,306
Pietermaritzburg tourism	-	1,479,197	-	1,479,197
Postage and stamps	2,410,911	3,053,563	2,410,911	3,053,563
Printing and stationery	6,636,127	5,455,387	6,611,341	5,412,089
Projects	5,372,899	4,075,432	5,372,899	4,075,432
Councillors development	128,252	488,798	128,252	488,798
Small medium and micro enterprises	2,587,704	902,104	2,587,704	902,104
Software licences	5,828,727	3,347,174	5,647,950	3,121,399
Stores and materials	4,750,859	5,555,237	4,750,859	5,555,237
Subsistence and travelling allowances	2,005,253	891,377	2,005,253	891,377
Telephone	7,327,727	7,452,192	7,284,202	7,424,857
Safety grading certificates	328,422	-	328,422	-
Uniforms	4,346,696	4,111,983	4,342,916	4,074,130
Change in accounting estimate	6,427,163	13,930,443	6,427,163	13,930,443
Consultant fees	20,519,888	8,552,064	20,519,888	8,514,083
Other expenses	32,127,051	41,188,899	31,754,099	40,732,543
Air pollution and monitoring	258,167	283,905	258,167	283,905
Pensions payable	12,762,879	17,990,507	12,762,879	17,990,507
Fair value adjustment - investment property	-	3,884,268	-	3,884,268
Mayoral projects	7,789,998	5,169,168	7,789,998	5,169,168
Forestry	16,921,459	12,126,737	16,921,459	12,126,737
Rental / car hire	388,235	1,027,169	388,235	1,027,169
Valuation roll	2,072,064	11,291,642	2,072,064	11,291,642
IDP expenses	6,522,221	4,144,017	6,522,221	4,144,017
Land sale costs	-	657,194	-	657,194
Petrol and lubricants	24,999,793	28,452,705	24,999,793	28,436,323
Audit fees	3,805,685	4,351,539	3,791,983	4,341,039
Impairment of fines	90,562,319	61,540,892	90,562,319	61,540,892

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>52. General expenses (continued)</b>	<b>479,720,747</b>	<b>387,695,315</b>	<b>479,018,812</b>	<b>386,788,334</b>
<b>53. Operating lease</b>				
Operating lease payments represents rentals payable to Xtec Pietermaritzburg Ltd for the rental of photocopy and fax machines and Merchant West for laptops ,desk tops, computer server and ICT network leased.				
Included in the general expenses is an amount of R 5 882 871 relating to the rentals payable.				
No contingent rent is payable.				
<b>Minimum lease payments due</b>				
- within one year	5,456,207	4,306,480	5,456,207	4,306,480
- in second to fifth year inclusive	2,560,558	6,897,468	2,560,558	6,897,468
	<b>8,016,765</b>	<b>11,203,948</b>	<b>8,016,765</b>	<b>11,203,948</b>
<b>54. Gains or (loss) on disposal of assets</b>				
Sale of assets	-	(505,352)	-	(505,352)
Land sales	419,962	109,499	419,962	109,499
	<b>419,962</b>	<b>(395,853)</b>	<b>419,962</b>	<b>(395,853)</b>
<b>55. Gains or (loss) on donated assets</b>				
Property, plant and equipment	64,091	102,597	64,091	102,597
<b>56. Fair value adjustment of investment properties</b>				
Fair value adjustment of investment properties	20,222,920	28,121,599	20,222,920	28,121,599
<b>57. Fair value adjustment on agricultural assets</b>				
Fair value adjustment on agricultural assets	(1,769,662)	8,604,786	(1,769,662)	8,604,786
<b>58. Gain or (loss) on immovable assets</b>				
Loss of immovable assets	55,240	(5,438,627)	55,240	(5,438,627)
<b>59. Gain or (loss) on movable assets</b>				
Loss on disposal of assets	(455,457)	(6,456,578)	(455,457)	(6,456,578)

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>60. Cash generated from operations</b>				
Surplus	54,016,140	119,685,666	47,990,952	119,264,695
<b>Adjustments for:</b>				
Depreciation and amortisation	465,408,973	452,697,097	464,535,534	452,670,172
Gains or losses on sale of assets	(484,053)	293,256	(484,053)	293,256
Loss on non current assets	400,217	11,895,205	400,217	11,895,205
Fair value adjustments	(18,453,258)	(28,121,599)	(18,453,258)	(28,121,599)
Impairment of assets	16,152,984	222,449	16,152,984	222,449
Revaluation reserve	-	52,129,145	-	52,129,145
Movements in capital replace reserve	151,935,999	-	151,935,999	-
Movements in retirement benefit obligation	50,088,771	79,570,384	50,088,771	79,570,384
Movements in provisions	156,914	2,480,000	156,914	2,480,000
Movement in non current provisions	847,675	5,545,637	847,675	5,545,637
Movement on housing development fund	2,339,726	1,640,019	2,339,726	1,640,019
Other non-cash items	(144,387,395)	63,158,962	(144,387,385)	63,871,998
<b>Changes in working capital:</b>				
Inventories	695,827,434	12,480,111	695,827,434	12,480,111
Trade receivables from non exchange transactions	147,519,508	(28,034,980)	146,549,520	(28,006,844)
Trade and other receivables from exchange transactions	17,045,199	(74,708,200)	17,045,199	(74,708,200)
Trade and other receivables from non-exchange transactions	(49,511,191)	(113,631,978)	(49,552,109)	(113,623,401)
VAT	(9,960,947)	(21,085,446)	(9,960,947)	(21,085,446)
Unspent conditional grants	(190,272,023)	128,069,343	(190,272,023)	128,069,342
Taxation paid	6	-	-	-
	<b>1,188,670,679</b>	<b>664,285,071</b>	<b>1,180,761,150</b>	<b>664,586,923</b>

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

#### Contributions to SALGA/KWANALOGA

Council subscriptions	482,644	455,001	482,644	455,001
Amount paid - current year	(482,644)	(455,001)	(482,644)	(455,001)
	-	-	-	-

#### Audit fees

Opening balance	183,538	162,365	183,538	162,365
Audit fee invoiced	3,670,171	4,341,039	3,670,171	4,341,039
Amount paid - current year	(3,669,304)	(4,319,866)	(3,669,304)	(4,319,866)
	<b>184,405</b>	<b>183,538</b>	<b>184,405</b>	<b>183,538</b>

#### PAYE and UIF

Current year payroll deductions	108,117,561	95,039,832	108,117,561	95,039,832
Amount paid - current year	(108,117,561)	(95,039,832)	(108,117,561)	(95,039,832)
	-	-	-	-

#### Pension and Medical Aid Deductions

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>61. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>				
Current year payroll deductions & council contributions	243,480,985	226,601,244	243,480,985	226,601,244
Amount paid - current year	(243,480,985)	(226,601,244)	(243,480,985)	(226,601,244)
	-	-	-	-

### VAT

VAT receivable	-	40,918	-	-
VAT payable	40,430,375	49,453,190	39,492,243	49,453,190
	<b>40,430,375</b>	<b>49,494,108</b>	<b>39,492,243</b>	<b>49,453,190</b>

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

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

### Councillors' arrear consumer accounts

Normal credit control procedures have been applied for the recovery of all outstanding debt. Councillors have made arrangements to re-pay outstanding debt.

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

30 June 2015	Outstanding more than 90 days R	Total R
TI Dlamini	8,098	8,098
TS Magwaza	3,591	3,591
VGM Mlete	23,330	23,330
SC Ndawonde	132,095	132,095
VT Magubane	10,809	10,809
	<b>177,923</b>	<b>177,923</b>

30 June 2014	Outstanding more than 90 days R	Total R
TI Dlamini	10,897	10,897
TS Magwaza	6,913	6,913
MB Zuma	580	580
VGM Mlete	24,775	24,775
P Sithole	2,091	2,091
SC Ndawonde	140,881	140,881
DB Phungula	11,493	11,493
VT Magubane	3,627	3,627
T Ndlovu	3,368	3,368
	<b>204,625</b>	<b>204,625</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 62. Deviation from supply chain management regulations

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

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

#### Incidents

Legal	1,920,972	578,713	1,920,972	578,713
Water quality testing	-	68,310	-	68,310
Health and safety	4,615	-	4,615	-
Other	17,050,409	-	17,050,409	-
Uniforms	-	1,973,443	-	1,973,443
Repairs to motor vehicles	5,469,761	330,000	5,469,761	330,000
Repairs and maintenance	3,773,458	3,186,697	3,773,458	3,186,697
Repairs to property, plant and equipment	435,978	442,286	435,978	442,286
Library	-	5,881,430	-	5,881,430
Service delivery	73,409,429	7,449,974	73,409,429	7,449,974
Training	148,100	-	148,100	-
Computer expenditure	2,253,997	739,926	2,253,997	739,926
	<b>104,466,719</b>	<b>20,650,779</b>	<b>104,466,719</b>	<b>20,650,779</b>

### 63. Litigation prepaid meters

Commissions - are calculated on sales from prepaid electricity sales made by vendors on behalf of the Council. The commissions are included in the general expenses category of the statement of financial performance.

In the 2006/2007 financial year two vendors had defaulted in depositing amounts received from prepaid sales. As a result no commission was paid to them. The defaulting vendors are Sweet waters and Phayiphini who had ceased trading in January 2007 and October 2006 respectively.

The amounts of R55 723 and R75 896 respectively are deemed to be irrecoverable for the 2005/2006 financial year. Also the amounts of R13 980 and R15 671 being the movements for the 2006/2007 year are deemed irrecoverable .

This matter is being handled by the legal division in conjunction with the SAPS - Commercial branch unit and Venn Nemeth & Hart attorneys.

### 64. Commitments

#### Authorised capital expenditure

##### Already contracted for but not provided for

• Parks	18,836,226	-	18,836,226	-
• IRPTN	42,464,384	-	42,464,384	-
• Sanitation	95,941,470	95,941,331	95,941,330	95,941,331
• Equipment	255,000	-	255,000	-
• Water	27,376,817	28,567,992	27,376,817	28,567,992
• Roads	29,294,123	4,802,743	29,294,123	4,802,743
• Buildings	233,200	-	233,200	-
	<b>214,401,220</b>	<b>129,312,066</b>	<b>214,401,080</b>	<b>129,312,066</b>

#### Total capital commitments

Already contracted for but not provided for	214,401,220	129,312,066	214,401,080	129,312,066
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 65. Contingencies

Refer to Appendix F for detailed listing of contingent liabilities	84,745,591	61,675,828	84,745,591	61,675,828
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 66. Related parties

#### Related party transactions

The NCT tree farming (Pty) Ltd manages timber plantations established on Council owned land on behalf of the Council by a management agreement. NCT is entitled to a 5% management fee based on net profit.

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

NCT - 5% of management fee	282,491	86,272	282,491	86,272
Safe City Msunduzi (Pty) Ltd - grant	11,333,904	4,210,526	11,333,904	4,210,526
	<b>11,616,395</b>	<b>4,296,798</b>	<b>11,616,395</b>	<b>4,296,798</b>

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

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

Opening balance	Contract value	Closing balance
1,338,973	4,772,736	6,111,709

#### Key management information

Executive councillors	Annual remuneration	Car allowance	Cell phone allowance and housing subsidy	Basic non retirement funding	Pension	Medical aid
Mayor - CJ Ndlela	958,975	-	41,820	66,405	149,274	33,206
Deputy Mayor - TR Zuma	665,212	152,173	41,820	29,492	104,206	-
Member - NP Bhengu	566,941	222,910	59,114	28,389	-	35,154
Member - JM Lawrence	733,515	10,700	20,868	32,520	114,905	-
Member - M Inderjit	588,998	125,610	59,114	47,636	92,532	18,369
Member M Tarr	640,341	22,910	23,318	-	-	-
Member - WF Lambert	712,946	34,404	20,868	32,476	111,813	-
Member - NE Majola	665,292	57,956	20,868	68,972	104,410	33,206
Member - JJ Ngubo	590,379	142,662	59,114	27,649	92,704	-
Member - VT Xulu	837,143	-	20,868	37,852	-	16,645
Member - M Schalkwyk	532,608	222,910	20,868	24,686	83,594	27,841
Subtotal	7,492,350	992,235	388,640	396,077	853,438	164,421
	<b>7,492,350</b>	<b>992,235</b>	<b>388,640</b>	<b>396,077</b>	<b>853,438</b>	<b>164,421</b>

Councillors	Annual remuneration	Car allowance	Cell phone allowance	Basic non retirement funding	Pension	Medical aid
Speaker - V Baijoo	698,380	152,173	41,820	34,600	-	67,593
Whip - TV Magubane	653,708	89,164	20,868	29,819	102,500	16,645

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity			
	2015	2014 Restated	2015	2014 Restated		
<b>66. Related parties (continued)</b>						
NB Ahmed	278,845	62,415	20,868	13,056	43,785	17,997
R Ahmed	242,082	104,024	20,868	(10,697)	37,917	21,378
RP Ashe	259,848	104,025	20,868	11,520	40,705	-
N Atwaru	278,007	41,610	20,868	13,824	43,775	38,882
C Bradley	241,936	104,024	20,868	11,520	38,018	20,599
S D Buthelezi	245,375	104,025	20,868	11,520	38,534	16,645
TM Buthelezi	240,644	104,025	20,868	11,520	37,825	22,085
PN Dlamini	236,623	104,025	20,868	11,520	37,221	26,709
TI Dlamini	230,974	104,025	20,868	11,520	36,374	33,206
AB Dlomo	259,848	104,025	20,868	11,520	40,705	-
S Govender	298,826	104,025	20,868	13,248	-	-
SC Gwala	244,199	104,025	20,868	11,520	38,358	17,997
N F Gumede	289,346	41,610	20,868	13,824	45,476	25,843
UJ Haswell	293,983	62,415	20,868	13,568	46,133	-
SP Lyne	259,848	104,025	20,868	11,520	40,705	-
LL Madlala	244,199	104,025	20,868	11,520	38,358	17,997
S I Madonda	265,484	62,415	20,868	13,056	47,781	33,362
S T Majola	248,488	104,025	20,868	11,520	39,001	13,065
FM Makhathini	226,038	104,025	20,868	11,520	35,634	38,882
T Matiwane	346,464	-	20,868	15,360	54,274	-
M Maphumalo	287,970	104,025	20,868	13,248	7,237	10,855
AL Mbanjwa	232,835	104,025	20,868	11,520	36,653	31,066
GR McArthur	259,848	104,025	20,868	11,520	40,705	-
MB Mkhize	243,921	104,025	20,868	11,520	38,316	18,317
MA Mkhize	259,848	104,025	20,868	11,520	40,705	-
MH Mkhize	226,038	104,025	20,868	11,520	35,634	38,882
SA Mkhize	239,353	104,025	20,868	11,520	37,631	23,569
VGM Mlete	229,280	104,025	20,868	11,520	36,120	35,154
P N Msimang	310,984	62,415	20,868	15,014	-	27,685
SC Ndawonde	314,985	-	20,868	15,360	49,552	36,202
MD Ndlovu	239,291	104,025	20,868	9,827	37,368	25,589
NZ Ndlovu	240,574	104,025	20,868	11,520	37,814	22,165
TP Ndlovu	247,754	104,025	20,868	11,520	38,891	13,909
BB Ngcobo	257,268	83,219	20,868	12,288	40,433	22,889
JM Ngcobo	259,848	104,025	20,868	11,520	40,705	-
KM Ngcobo	240,574	104,025	20,868	11,520	37,814	22,165
LC Ngcobo	230,974	104,025	20,868	11,520	36,374	33,206
MA Ngcobo	331,991	-	20,868	15,360	52,103	16,645
TP Ngcobo	235,774	104,024	20,868	11,520	37,094	27,685
PG Ngidi	245,375	104,025	20,868	11,520	38,534	16,645
TD Ntombela	259,848	104,025	20,868	11,520	40,705	-
DB Phungula	222,226	104,024	20,868	11,520	35,062	43,265
DF Ryder	298,825	104,025	20,868	13,248	-	-
P Shoji	311,818	41,610	20,868	13,824	48,846	-
LN Sikhakhane	259,848	104,025	20,868	11,520	40,705	-
J Singh	247,754	104,025	20,868	11,520	38,891	13,909
RB Singh	346,464	-	20,868	15,360	54,274	-
P Sithole	247,754	104,025	20,868	11,520	38,891	13,909
BC Sokhela	290,791	39,529	20,868	13,901	45,704	26,173
MS Sokhela	247,754	104,025	20,868	11,520	38,891	13,909
R Soobiah	259,848	104,025	20,868	11,520	40,705	-
LJ Winterbach	259,848	104,025	20,868	11,520	40,705	-
DP Zondi	291,650	62,415	20,868	15,901	46,133	-
BE Zuma	259,848	104,025	20,868	11,520	40,705	-
MB Zuma	247,754	104,025	20,868	11,520	38,891	13,909
NJ Zungu	266,960	104,025	20,868	4,409	40,705	-
TRM Zungu	247,754	104,025	20,868	11,520	38,891	13,909
PV Jaca	259,848	104,025	20,868	11,520	40,705	-

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity			
	2015	2014 Restated	2015	2014 Restated		
<b>66. Related parties (continued)</b>						
FN Mbatha	295,612	43,690	20,868	13,747	46,404	16,645
TS Magwaza	237,420	104,024	20,868	11,932	37,403	25,319
Subtotal	17,077,254	5,525,800	1,314,768	770,837	2,395,978	1,032,460
	<b>17,077,254</b>	<b>5,525,800</b>	<b>1,314,768</b>	<b>770,837</b>	<b>2,395,978</b>	<b>1,032,460</b>
<b>Remuneration of management</b>	Annual remuneration	Car allowance and travel claim	Bonus	Contributions to UIF, medical aid and pension funds	Acting allowance	Cell phone allowance and housing subsidy
Municipal manager	1,096,038	220,102	150,000	144,270	-	30,000
Chief finance officer	893,862	146,545	60,000	88,936	-	-
Deputy municipal manager community services	856,980	112,799	60,000	118,762	-	66,572
Deputy municipal manager corporate services	994,226	-	-	201,488	20,185	-
Deputy municipal manager infrastructure services	-	-	-	-	94,979	-
Deputy municipal manager development services	953,998	146,545	-	94,800	-	-
Executive manager internal audit	647,079	154,131	53,923	149,819	-	1,635
Subtotal	5,442,183	780,122	323,923	798,075	115,164	98,207
	<b>5,442,183</b>	<b>780,122</b>	<b>323,923</b>	<b>798,075</b>	<b>115,164</b>	<b>98,207</b>
<b>Safe City management</b>						Remuneration
L Holthausen						351,475
R Holthausen						183,193
C Holthausen						122,567
Subtotal						657,235
						<b>657,235</b>
<b>67. Events after the reporting date</b>						
No events to report on after the reporting date.						

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 68. Changes in accounting policy

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

However a class of heritage assets (artworks) have been revalued for an amount of R 52 129 145 due to its nature.

The effective date of the revaluations was 31 October 2014.

Revaluations were performed by an independent valuer, Gilfillan Scott - Berning.

### Statement of Financial Position

#### Heritage assets

Previously stated balance	-	177,572,480	-	177,572,480
Transfer to reserve	-	52,129,145	-	52,129,145
	-	<b>229,701,625</b>	-	<b>229,701,625</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 69. Prior period errors

The comparative statements for 2013/2014 financial year have been restated to recognise the amendments relating to all of the below errors.

The effects of the changes are detailed below :

#### Statement of financial position

##### Inventory

##### Write-off of redundant stock relating to mechanical workshops approved in terms of the inventory management policy

Balance previously reported	-	743,239,027	-	743,239,027
Write-off of redundant stock - 2004 / 2005	-	(674,292)	-	(674,292)
Restated balance	-	742,564,735	-	742,564,735

##### Trade and other receivables

##### Write back of unallocated consolidated billing clearing accounts

Balance previously reported	-	403,196,500	-	403,194,000
Write back of unallocated suspense accounts - 2004 / 2005	-	1,971,558	-	1,971,558
Restated balance	-	405,168,058	-	405,165,558

##### In terms of the debt collection procedures in respect of terminating services council could not validate the tampering of the meter by the consumer

Balance previously reported	-	405,168,058	-	405,165,558
Crediting of the consumer debtor account on additional charges raised - 2011 / 2012	-	(452,037)	-	(452,037)
Restated balance	-	404,716,021	-	404,713,522

##### Investment property

##### Increase of investment property due to revaluation performed by BPG Mass Appraisals (Pty) Ltd valuers

Balance previously reported	-	330,572,104	-	330,572,104
Take on of investment property	-	32,310,000	-	32,310,000
Restated balance	-	362,882,104	-	362,882,104

##### Property plant and equipment

Balance previously reported	-	6,055,075,526	-	6,054,916,230
Revaluation of land initially recognised at zero value	-	2,000	-	2,000
Revaluation of land as per market value	-	13,075,001	-	13,075,001
Revaluation of land initially recognised at zero value - Ezemvelo	-	4,200,000	-	4,200,000

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>69. Prior period errors (continued)</b>				
Transfer of Safe City assets from Msunduzi asset register	-	-	-	(713,034)
Correction of accumulated depreciation and depreciation as per review of useful adjustments erroneously adjusted	-	1,401,709	-	1,401,709
Reallocation for investment property to property plant and equipment	-	26,341,712	-	26,341,712
Initial recognition of finance leases	-	2,754,543	-	2,754,543
Landfill site adjustment	-	28,579,617	-	28,579,617
Reallocation from Investment properties to property, plant and equipment - accumulated depreciation	-	(1,330,405)	-	(1,330,405)
Reallocation of intangible assets	-	(169,641)	-	(169,641)
Restated balance	-	6,129,930,060	-	6,129,057,730
<b>Intangible assets</b>				
Balance previously reported	-	2,097,543	-	2,097,543
Reallocation to property plant and equipment	-	169,641	-	169,641
Restated balance	-	2,267,184	-	2,267,184
<b>Unspent conditional grants</b>				
<b>Repayment of unspent conditional grants to due to rollovers not approved by National Treasury for electricity demand side management grant and municipal infrastructure grant</b>				
Balance previously reported	-	291,314,078	-	291,314,078
Repayment of electricity side demand management grant	-	(2,980,459)	-	(2,980,459)
Repayment of municipal infrastructure grant	-	(4,234,997)	-	(4,234,997)
Restated balance	-	298,529,534	-	298,529,534
<b>Payables from exchange transactions</b>				
<b>Purchase of brush cutters by parks department</b>				
Balance previously reported	-	453,062,864	-	453,062,864
Purchase of brush cutters	-	153,509	-	153,509
Re-payment of finance lease obligation interest paid	-	(218,130)	-	(218,130)
Restated balance	-	452,998,243	-	452,998,243
<b>Finance lease liability</b>				
<b>Re-classification of computer operating lease to finance lease</b>				
Balance previously reported	-	4,005,963	-	4,005,963
Re-payment of finance lease obligation	-	(339,354)	-	(339,354)
Restated balance	-	3,666,609	-	3,666,609

### Statement of Financial Performance

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>69. Prior period errors (continued)</b>				
<b>During the 2014/15 financial year the municipality corrected a fundamental error.</b>				
<b>The municipality discovered that water &amp; electricity consumption was estimated for a longer period in contravention of municipality's debt collection and credit control policy. The municipality therefore embarked in an extensive exercise of locating and reading the meters in order to obtain accurate readings.</b>				
Balance previously reported	-	2,073,501,239	-	2,073,501,239
Reversal of estimated meters in respect of duplications and none existing meters	-	(10,168,858)	-	(10,168,858)
Restated balance	-	2,063,332,381	-	2,063,332,381
<b>Property rates</b>				
<b>Property rated appeal upheld by the appeal board</b>				
Balance previously reported	-	602,953,620	-	602,953,620
Appeal court decision property rated adjusted - 2009 / 2010	-	(1,666,375)	-	(1,666,375)
Restated balance	-	601,287,245	-	601,287,245
<b>Depreciation</b>				
<b>Provision for the rehabilitation of the landfill site</b>				
Balance previously reported	-	452,697,098	-	452,670,171
Recognition of depreciation on the landfill site	-	28,579,617	-	28,579,617
Restated balance	-	481,267,715	-	481,249,788
<b>Backlog depreciation on the transfer of investment property to property plant and equipment</b>				
Balance previously reported	-	481,267,715	-	481,249,788
Adjustment to depreciation	-	(1,330,405)	-	(1,330,405)
Restated balance	-	479,937,310	-	479,919,383
<b>Correction of depreciation in respect of re-classification of computer operating lease to finance lease</b>				
Balance previously reported	-	479,937,310	-	479,919,383
Correction of depreciation	-	(344,318)	-	(344,318)
Restated balance	-	47,647,620	-	47,647,620
<b>Finance cost</b>				
Balance previously reported	-	67,174,144	-	67,174,144
Correction of interest	-	218,131	-	218,131
Restated balance	-	67,392,275	-	67,392,275

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>69. Prior period errors (continued)</b>				
<b>Accumulated surplus</b>				
Balance previously reported	-	7,197,894,753	-	7,197,022,701
Write back of unallocated suspense accounts - 2004 / 2005	-	1,971,558	-	1,971,558
Crediting of the consumer debtor account on additional charges raised - 2011 / 2012	-	(452,037)	-	(452,037)
Reversal of estimated meters in respect of duplications and none existing meters	-	(10,168,858)	-	(10,168,858)
Appeal court decision property rated adjusted - 2009 / 2010	-	1,666,375	-	1,666,375
Repayment of electricity side demand management grant and municipal infrastructure grant	-	(7,215,456)	-	7,215,456
Write-off of redundant stock - 2004 / 2005	-	(674,292)	-	(674,292)
Purchase of brush cutters	-	(153,509)	-	(153,509)
Recognition of depreciation on the landfill site	-	28,579,617	-	28,579,617
Revaluation of land initially recognised at zero value - Ezemvelo	-	4,200,000	-	4,200,000
Revaluation of land as per market value	-	13,075,001	-	13,075,001
Revaluation of land initially recognised at zero value	-	2,000	-	2,000
Transfer of Safe City assets from Msunduzi asset register	-	-	-	(713,037)
Correction of accumulated depreciation as per review of useful adjustments erroneously adjusted	-	1,401,709	-	1,401,709
Revaluation of investment property	-	32,310,000	-	32,310,000
Finance lease interest	-	218,131	-	218,131
Finance lease capital payment	-	339,354	-	339,354
Finance lease depreciation	-	(344,318)	-	(344,318)
Adjustment to depreciation	-	(1,330,405)	-	(1,330,405)
Restated balance	-	7,261,319,624	-	7,259,734,538

## 70. Change in accounting estimate

### Property, plant and equipment

Review of useful life for fully depreciated assets according to GRAP 17 and the reclassification of property, plant and equipment to investment property. The effect of this revision has increased the depreciation by R 1 472 099.

### Provisions

The leave pay provision is created to ensure adherence to SALGA collective agreement requirements. It states that at the end of a leave cycle, an employee may not have more than 48 days annual leave to his credit. The effect of this revision has increased the provision by R 6 482 216.49.

The long service award provision is created to ensure adherence to SALGA collective agreement requirements. The estimate is based on the monthly salaries rate at 30 June 2014. The effect of this revision has decreased the provision by R55 053.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 71. Irregular expenditure

Opening balance	314,423,267	45,411,822	313,368,663	45,411,822
Add: Irregular Expenditure - current year	708,444	269,011,445	1,763,037	267,956,841
Less: Amounts written off	(301,286,309)	-	(301,286,309)	-
	<b>13,845,402</b>	<b>314,423,267</b>	<b>13,845,391</b>	<b>313,368,663</b>

### Analysis of expenditure awaiting to be written off per age classification

2008 / 2009	4,077,827	4,077,827	4,077,827	4,077,827
2009 / 2010	5,458,355	5,458,355	5,458,355	5,458,355
2010 / 2011	3,551,576	3,551,576	3,551,576	3,551,576
2011 / 2012	38,200	38,200	38,200	38,200
2012 / 2013	-	32,285,864	-	32,285,864
2013 / 2014	11,000	269,011,445	-	267,956,841
2014 / 2015	708,444	-	719,433	-
	<b>13,845,402</b>	<b>314,423,267</b>	<b>13,845,391</b>	<b>313,368,663</b>

### Irregular expenditure not yet written off

Section 32(4) of the Municipal Finance Management Act requires that Council can deal with these matters in the manner prescribed. In the case of irregular and fruitless and wasteful expenditure, it is only after an investigation has been conducted that irregular expenditure can be certified as irrecoverable and written off by Council hence there no movement between financial years 2008/2009 to 2012/2013 as the investigations are still open and as soon as they are closed Council will write off this expenditure.

### Details of Irregular Expenditure – Current year

Awards made to person in service of the state	476,300
Awards made to person in service of the state and employees of the state	232,144
	<b>708,444</b>

### Details of Irregular Expenditure not yet written off

2012 / 2013	3,791,822
2012 / 2013	28,494,042
2013 / 2014	267,956,841
2014 / 2015	1,043,604
	<b>301,286,309</b>

### 72. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	4,581,004	4,155,739	4,567,296	4,132,273
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### Reconciliation of fruitless and wasteful expenditure

Opening balance	4,132,273	3,993,460	4,132,273	3,993,460
Add: fruitless and wasteful expenditure current year	449,104	162,279	435,396	138,813
Less: amounts written off	(373)	-	(373)	-
<b>Fruitless and wasteful expenditure awaiting to be written off /repayment</b>	<b>4,581,004</b>	<b>4,155,739</b>	<b>4,567,296</b>	<b>4,132,273</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>72. Fruitless and wasteful expenditure (continued)</b>				
Purchase and distribution of diaries calendars, wall planners and desk calendars	285,759	-	285,759	-
Interest on : Late payment of Telkom accounts	118	7,218	118	7,218
Interest on : Late payment of Eskom accounts	2,292	6,978	2,292	6,978
Cancellation of tenders	125,021	57,600	125,021	57,600
Interest on : Late payment to SARS	-	66,878	-	66,878
Interest on : Late payment to Post Office accounts	20	-	20	-
Interest on : Late payment to Umgungundlovu District Municipality	536	-	536	-
Interest on : Late payment to Macwin	20,819	-	20,819	-
SARS - interest and penalties	6	12,966	-	-
Interest on : Late payment of audit fees	13,702	10,500	-	-
Interest on : Late payment of SABC TV license	831	-	831	-
Interest on : Late payment to Swiftnet	-	139	-	139
	<b>449,104</b>	<b>162,279</b>	<b>435,396</b>	<b>138,813</b>

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

### 73. Unauthorised expenditure

Funds still to be received from KZN provincial treasury for Nhlalakahle informal settlement electrification project	181,941	181,941	181,941	181,941
Funds still to be received from Department of Human Settlements for Jika Joe informal settlement	12,197,883	12,197,883	12,197,883	12,197,883
	<b>12,379,824</b>	<b>12,379,824</b>	<b>12,379,824</b>	<b>12,379,824</b>

### Reconciliation of unauthorised expenditure

Opening balance	12,379,824	21,073,373	12,379,824	21,073,373
Add: unauthorised expenditure - current year	-	12,379,824	-	12,379,824
Less: written off expenditure - prior year	-	(21,073,373)	-	(21,073,373)
	<b>12,379,824</b>	<b>12,379,824</b>	<b>12,379,824</b>	<b>12,379,824</b>

Funds still be to received from KZN Provincial Treasury Nhlalakahle informal settlement electrification project for an amount of R 181 941 and from the department of Human settlements for Jika Joe informal settlement for an amount of R 12 197 883 amounting to R 12 379 824.

### 74. Comparative figures

Certain comparative figures have been reclassified for prior period error and change in accounting policy restatements.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated
<b>75. Electricity, water and inventory losses</b>				
<b>Electricity losses</b>				
Units purchased - kWh	1,739,221,935	1,735,228,615	1,739,221,935	1,735,228,615
Units sold - kWh	(1,504,286,888)	(1,537,738,108)	(1,504,286,888)	(1,537,738,108)
Loss - kWh	234,935,047	197,490,507	234,935,047	197,490,507
Electricity loss as a percentage	14	11	14	11
	0.76312	0.71033	0.76312	0.71033
<b>Electricity loss in rand value</b>	<b>179,284,023</b>	<b>140,283,985</b>	<b>179,284,023</b>	<b>140,283,985</b>

The significant electricity losses of 2015 : 234 935 047 kWh (2014 : 197,490,507 kWh) occurred during the year under review, which resulted in material revenue losses to the municipality.

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

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

<b>Water losses</b>				
Units purchased -KI	70,387,564	67,004,044	70,387,564	67,004,044
Units sold - KI	(47,142,418)	(44,943,173)	(47,142,418)	(44,943,173)
Losses - KI	17,201,409	22,060,871	17,201,409	22,060,871
Apparent losses - KI	6,043,738	(5,735,826)	6,043,738	(5,735,826)
Real losses - KI	23,245,147	16,325,045	23,245,147	16,325,045
Water loss as a percentage	33	24	33	24
	5.07000	4.68200	5.07000	4.68200
<b>Water loss in rand value</b>	<b>117,859,869</b>	<b>76,433,861</b>	<b>117,859,869</b>	<b>76,433,861</b>

For the 2014/2015 reporting period there has been a change in the methodology for the calculation of the water losses as per MFMA circular 71 dated January 2014.

The acceptable norm as per the above circular for water losses is between 15% to 30%.

The significant water losses of 2015: 23,245,147 kl (2014: 16, 325, 045 kl) occurred during the year under review, which resulted in material revenue losses to the municipality.

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

In the 2015 / 2016 financial year the municipality has budgeted R 5.3 million for the replacement of the aging pipelines.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 75. Electricity, water and inventory losses (continued)

#### Activities carried out for real loss initiatives

1. Pressure reducing valves (PRV) maintenance and repairs - this has been completed in the old and new city only.
2. PVR optimisation - ensure that the larger PRV zones would remain discreet by utilising a magnetic valve top on all crown valves as well as upgrading and / repairing existing PRV's and their chambers.
3. Advances controllers - core focus was to change / install seven i20 advanced PRV controllers that would decrease the real losses and burst frequency for the municipality.
4. Creation of new district metering areas (DMA) - four new DMA's in the CBD were created, to help zone the CBD.
5. Meter replacement program - five plumbing contractors were awarded rate based contracts to help eliminate the exception reports received from the revenue unit. At the end of the reporting period 4 255 domestic meters were replaced.
6. Standpipe metering - Approximately 300 of the 730 standpipes could be found. These have been earmarked to be metered in the next reporting period.
7. Telemetry upgrades - Telemetry upgrades on all reservoir outlets were completed at the following sites as which include Bisley, Oribi, Murray, Haythorns, and Symmons reservoirs.

#### Inventory losses

418,502	439,602	418,502	439,602
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There has been a close monitoring and interrogation of the movement of inventory. Additional staff have been appointed to maximise efficiency of the central stores.

### 76. Traffic fines outstanding

#### As per NATIS - traffic department

Notice of intention to prosecute - 341's	12,778,200	2,015,700	12,778,200	2,015,700
Paid	(251,900)	(11,350)	(251,900)	(11,350)
Withdrawn	(136,050)	(10,300)	(136,050)	(10,300)
Unsuccessful	(32,700)	(7,750)	(32,700)	(7,750)
Warrant of arrests	(1,350)	-	(1,350)	-
Section 56 notices - summons	3,525,950	3,811,350	3,525,950	3,811,350
Paid	(333,215)	(359,190)	(333,215)	(359,190)
Withdrawn	(932,610)	(732,750)	(932,610)	(732,750)
Unsuccessful	-	(371,735)	-	(371,735)
Warrant of arrests	(193,025)	(147,475)	(193,025)	(147,475)
	<b>14,423,300</b>	<b>4,186,500</b>	<b>14,423,300</b>	<b>4,186,500</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2015

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2015	2014 Restated	2015	2014 Restated

### 77. Risk management

#### Financial risk management

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

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

#### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

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

#### Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

#### Liquidity risk

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

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

Borrowings	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>30 June 2015</b>	48,641,698	289,548,277	255,123,845	593,313,820
<b>30 June 2014</b>	42,846,565	257,601,137	239,071,729	539,519,431

### 78. Going concern

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

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**

**APPENDIX A**

**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015**

<b>EXTERNAL LOANS</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30/06/14</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30/06/15</b>
			<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>LONG-TERM LOANS</b>						
DBSA - 15.5%	11158	30/09/2018	7,054,752		1,186,945	5,867,807
DBSA - 15.5%	11159	31/03/2019	9,180,381		1,333,492	7,846,889
DBSA - 15.5%	11160	31/03/2019	7,824,029		1,136,476	6,687,554
DBSA - 16.5%	13446	31/03/2020	15,963,485		1,728,234	14,235,251
DBSA - 16.5%	13447	31/03/2020	6,804,608		736,678	6,067,930
DBSA - 16.5%	13448	31/03/2020	10,075,131		1,090,750	8,984,381
DBSA - 14.27%	14039/101	31/12/2014	4,897,388		4,897,388	-
DBSA - 14.27%	14039/102	31/12/2015	350,342		225,866	124,476
DBSA - 14.27%	102091	11/02/2020	3,440,475		1,813,633	1,626,842
DBSA - 14.27%	102416	28/06/2021	32,126,551		368,776	31,757,776
DBSA - 9.31%	101922	30/09/2020	15,249,766		3,278,229	11,971,537
DBSA - 8.7%	102797	30/09/2022	64,131,438		5,369,697	58,761,741
DBSA - 10.79%	103059/1	30/09/2023	50,928,210		3,297,096	47,631,115
DBSA - 6.75%	103059/2	30/09/2023	11,866,022		927,282	10,938,740
DBSA - 12.02%	103594/1	31/12/2024	96,129,687		4,955,644	91,174,044
DBSA - 6.75%	103594/2	31/12/2024	29,844,353		2,034,003	27,810,350
DBSA - 12.10%	103721	31/03/2025	173,652,812		8,466,393	165,186,420
DBSA - 9.19%	61007262	31/03/2025	-	100,000,000	3,359,031	96,640,969
<b>DBSA Total</b>			<b>539,519,432</b>	<b>100,000,000</b>	<b>46,205,612</b>	<b>593,313,820</b>
<b>Total Long-term Loans</b>			<b>539,519,432</b>	<b>100,000,000</b>	<b>46,205,612</b>	<b>593,313,820</b>
<b>LEASE LIABILITY</b>						
Nedbank - 10.000%	Nedbank 10	31/12/2014	43,990		43,990	-
Nedbank - 10.000%	Nedbank 11	24/12/2014	43,990		43,990	-
Nedbank - 10.500%	Nedbank 12	31/12/2017	819,122		250,024	569,098
Ekhwelo Business Solutions - 14.36%		31/01/2017	3,098,861		56,716	3,042,145
<b>Nedbank Total</b>			<b>4,005,963</b>	<b>-</b>	<b>394,720</b>	<b>3,611,243</b>
<b>Total lease liability</b>			<b>4,005,963</b>	<b>-</b>	<b>394,720</b>	<b>3,611,243</b>
<b>TOTAL EXTERNAL LOANS</b>			<b>543,525,395</b>	<b>100,000,000</b>	<b>46,600,331</b>	<b>596,925,064</b>

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPALITY																				
APPENDIX B																				
ANALYSIS OF PROPERTY ,PLANT AND EQUIPMENT AT 30 JUNE 2015																				
	Cost										Accumulated Depreciation									
	Opening Balance	Adjustments	Prior period	Revaluation	Land adjustment from inventory	Impairment	Additions	Under Construction	disposals	Disposals/adjustment in cost due to reval	Closing Balance	Opening Balance	Adjustments	Additions (Depreciation)	prior period	Disposals current yr	Disposals Acc. Depreciation	Impairment	Closing Balance	Carrying Value
<b>LAND AND BUILDINGS</b>																				
Land	298,217,194		17,277,001	-5,121,588	693,428,000		44,147,618			-657	1,047,947,569	0	0	0	0	0	0	0	0	1,047,947,569
Buildings	430,521,498	2,205,253					3,129,424	6,693,444			442,549,619	171,092,401	2,292,065	26,799,640	0	0	0	0	200,184,106	242,365,513
Investment Property	356,913,816	-26,341,712	32,310,000	-19,868,603			40,091,523			-300,000	382,805,024	0	0	0	0	0	0	0	0	382,805,024
<b>Total Land and Buildings</b>	<b>1,085,652,508</b>	<b>-24,136,459</b>	<b>49,587,001</b>	<b>-24,990,190</b>	<b>693,428,000</b>		<b>87,368,564</b>	<b>6,693,444</b>		<b>-300,657</b>	<b>1,873,302,211</b>	<b>171,092,401</b>	<b>2,292,065</b>	<b>26,799,640</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>200,184,106</b>	<b>1,673,118,106</b>
<b>ELECTRICITY</b>																				
HV Overhead Lines	69,882,780	0				0	0	0			69,882,780	13,979,684	0	5,546,850	0	0	0	0	19,526,534	50,356,246
HV Substations	249,606,945	0				60,850	54,582,164				304,249,959	55,573,462	16,628	12,111,892	0	0	0	4,273,091	71,975,074	232,274,885
HV Underground Cables	15,987,569	0				0	0				15,987,569	4,331,110	0	759,581	0	0	0	0	5,089,692	9,997,878
LV Street Lighting	71,712,430	0				6,482,037	10,491,230				88,685,697	5,048,613	2,725	3,807,893	0	0	0	0	8,659,221	80,026,477
MV Ground Mounted Transformers	38,325,729	0				486,366					38,812,095	897,872	11	1,984,487	0	0	0	0	2,882,370	35,929,725
MV Mini Substations	109,118,356	0				7,334,635					116,452,991	14,033,489	7,964	7,634,580	0	0	0	0	21,676,033	94,776,958
MV Overhead Lines	31,519,937	0				10,006	20,321,647				51,851,591	3,108,310	7,779	3,935,741	0	0	0	0	7,051,830	44,799,761
MV Substations	136,975,354	0				2,110,197	6,058,666				145,144,216	17,070,873	4,931	7,681,566	0	0	0	0	24,757,371	120,386,845
MV Underground Cables	713,665,039	0				6,238,159	650,618				720,553,815	95,451,874	3	53,004,363	0	0	0	0	148,456,240	572,097,576
MV Pole Mounted Transformers	17,934,040	0				3,279,318	13,924,902			-27,282	34,570,977	1,930,935	4,063	1,014,985	-437	-3,673	0	0	2,945,894	31,625,083
MV Ring Main Unit	27,811,554	0				2,170,237	6,786				29,988,597	2,136,489	0	3,087,999	0	0	0	0	5,224,488	24,764,099
	<b>1,481,099,732</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,171,805</b>	<b>106,036,023</b>	<b>0</b>	<b>-27,282</b>	<b>1,615,280,278</b>	<b>213,562,711</b>	<b>44,125</b>	<b>100,368,927</b>	<b>-437</b>	<b>-3,673</b>	<b>4,273,091</b>	<b>318,244,745</b>	<b>1,297,035,532</b>		
<b>ROADS</b>																				
Overhead Gantry	130,000	0				0	0	0			130,000	8,922	0	5,628	0	0	0	0	14,550	115,450
Concrete Roads	41,319,064	66,427				0	0	0			41,385,491	3,462,057	374,858	1,669,689	0	0	0	0	5,506,605	35,878,887
Flexible Roads	1,632,114,036	-98,133				0	22,379,297	86,640,172			1,741,035,373	548,905,573	1,241,577	63,879,444	-713,034	0	0	0	613,313,560	1,127,721,812
Unpaved Roads	131,956,615	31,706				72,000	0	0			132,060,321	64,954,312	-5,280	9,986,475	0	0	0	0	74,935,507	57,124,814
Other Roads	138,206,156	0				206,863	1,538,277				137,951,296	16,532,426	0	2,935,457	0	0	-23,420	0	19,444,464	119,606,831
Structures	237,884,393	0				0	0	0			237,884,393	16,144,801	5	6,327,560	0	0	0	0	22,472,365	215,412,027
Signalized Intersections	46,512,728	72,500				0	942,598	214,950			47,742,776	16,996,866	24,717	2,762,353	0	0	0	0	19,783,396	27,959,390
Airport Runway	71,403,797	0				0	285,412	0			71,689,210	8,806,025	24,416	3,302,685	0	0	0	0	12,133,127	59,556,083
	<b>2,297,526,789</b>	<b>72,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,600,759</b>	<b>88,678,811</b>	<b>0</b>	<b>2,409,878,859</b>	<b>675,810,984</b>	<b>1,659,753</b>	<b>90,869,292</b>	<b>-713,034</b>	<b>0</b>	<b>0</b>	<b>-23,420</b>	<b>767,603,574</b>	<b>1,642,275,284</b>		
<b>SANITATION</b>																				
Sewer Treatment Works	2,760,618	-726,560				0	0	0			2,034,058	1,055,153	-323,502	166,057	0	0	0	0	897,708	1,136,350
Pump Stations	21,246,436	-399,712				0	0	0			20,846,724	4,820,314	-207,317	1,679,010	0	0	7,418,684	13,710,698	7,136,027	
Bulk Sewers	63,707,731	159,431				0	0	0			63,867,162	10,589,470	0	4,173,634	0	0	159,431	14,922,535	48,944,627	
Sewer Reticulation	597,296,857	1,126,272				0	29,711,199	0			628,134,328	120,712,540	530,819	35,828,035	0	0	0	157,071,393	471,062,934	
	<b>685,011,642</b>	<b>159,431</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,711,199</b>	<b>0</b>	<b>714,882,272</b>	<b>137,177,477</b>	<b>41,846,742</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,578,115</b>	<b>186,602,334</b>	<b>528,279,939</b>		
<b>WATER</b>																				
Water Reticulation	401,280,474	0				0	0	4,570,327			405,850,801	90,830,594	6,268	32,699,123	0	0	0	0	123,535,985	282,314,816
Pump Stations	9,809,888	-5,172,498				0	0	0			4,637,390	4,364,178	-2,502,138	308,115	0	0	1,031,628	3,201,781	1,435,609	
Reservoirs	166,057,022	5,172,498				0	23,181,707	0			194,411,227	24,216,378	2,502,138	9,663,472	0	0	2,093,748	38,475,736	155,935,491	
Water Supply Bulk Water Pipelines	446,890,844	63,019				0	1,604,093	0			448,557,956	100,267,809	68	50,607,700	0	0	63,019	150,938,596	297,619,360	
Water Supply Pressure Reduce Valves	3,764,700	152,530				0	0	0			3,917,230	1,590,873	132,957	350,103	0	0	0	2,073,933	1,843,296	
Water Meters	18,830,740	0				0	24,211,875	0			43,042,615	117,750	0	18,865	0	0	0	136,615	42,906,000	
	<b>1,046,633,668</b>	<b>215,548</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,568,002</b>	<b>0</b>	<b>1,100,417,218</b>	<b>221,387,583</b>	<b>139,292</b>	<b>93,647,378</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,188,393</b>	<b>318,362,647</b>	<b>782,054,572</b>		
<b>SECURITY</b>																				
Fencing	4,806,891	0				0	0	0			4,806,891	3,179,640	0	157,200	0	0	0	186,389	3,523,229	1,283,662
Security Systems	26,768,909	0				0	3,127,462	0		-7,084,867	22,811,504	21,251,125	66,734	2,390,985	-451,340	-6,371,833	0	0	16,885,671	5,925,833
Access Control	248,269	0				0	0	0			248,269	154,203	-22,543	33,081	0	0	0	0	164,740	83,528
	<b>31,824,069</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,127,462</b>	<b>0</b>	<b>-7,084,867</b>	<b>27,866,664</b>	<b>24,584,968</b>	<b>44,191</b>	<b>2,581,266</b>	<b>-451,340</b>	<b>-6,371,833</b>	<b>186,389</b>	<b>20,573,641</b>	<b>7,293,023</b>		
<b>STORMWATER</b>																				
Major Culverts	41,382,991	0				0	1,803,182	437,031			43,623,204	5,489,032	0	817,093	0	0	0	0	6,306,115	37,317,088
Minor Culverts	662,636	0				0	0	0			662,636	88,046	0	12,570	0	0	0	0	100,615	561,993
Kerb Inlets	87,153,219	0				0	0	0			87,153,219	22,565,497	0	3,226,465	0	0	0	0	25,791,962	61,361,256
Manholes	56,558,788	0				0	0	0			56,558,788	14,663,228	0	2,093,179	0	0	0	0	16,756,408	39,802,390
Open Channels	26,653,325	0				0	308,000	0			26,961,325	1,892,861	1,448	525,872	0	0	0	0	2,420,180	24,541,145
Reticulation	347,435,352	0				0	112,283	649,483			348,197,118	46,397,899	0	6,691,522	0	0	0	0	53,089,422	295,107,696
Head and Wingwalls	5,549,544	0				0	204,975	0			5,754,519	1,438,755	0	205,405	0	0	0	0	1,644,160	4,110,359
	<b>565,395,827</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,428,440</b>	<b>1,086,514</b>	<b>0</b>	<b>568,910,781</b>	<b>92,535,319</b>	<b>1,448</b>	<b>13,572,096</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>106,108,863</b>	<b>462,801,918</b>	
<b>RAILWAY LINES</b>																				
Railway Lines	3,509,480	0				0	0	0			3,509,480	1,825,899	0	74,466	0	0	0	0	1,9	

APPENDIX B  
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2015

	Cost										Accumulated Depreciation								Closing Balance	Carrying Value
	Opening Balance	Adjustments	Prior period	Revaluation	Land adjustment from inventory	Impairment	Additions	Under Construction	disposals	Disposals/adjustment in cost due to reval	Closing Balance	Opening Balance	Adjustments	Additions (Depreciation)	prior period	Disposals current yr	Disposals Acc. Depreciation	Impairment		
<b>COMMUNITY ASSETS</b>																				
<b>Community Buildings</b>																				
Fire Stations	23,421,717	42,379				0	0	0	0	23,464,096	9,201,853	38,272	1,382,807		0	0	0	0	10,622,932	12,841,163
Stadiums	45,766,853	11,291,406	28,579,617			0	0	81,213	0	85,719,089	20,772,419	15,726,461	3,510,006		0	0	0	523,632	40,532,518	45,186,571
Public Conveniences	62,023,233	-30,824,801				0	590,358	0	0	31,788,789	23,905,748	-14,557,302	2,337,039		0	0	0	0	11,685,485	20,103,304
Clinics	25,538,940	3,903,723				0	0	0	0	29,442,663	11,937,921	-24,567	704,540		0	0	0	0	12,617,894	16,824,169
Libraries	82,414,643	-1,524,962				0	1,495,814	0	0	82,385,495	33,483,659	-372,846	2,679,848		0	0	0	0	35,769,701	46,615,794
Community Centres	57,720,742	31,487,480				0	2,259,491	3,852,206	0	95,319,919	20,915,028	14,329,340	4,629,377	-1,330,405		0	0	69,992	38,613,333	56,706,586
Museums and Art Galleries	497,223	1,268,459				0	0	0	0	1,765,681	171,027	-171,027	0		0	0	0	0	1,765,681	1,765,681
Cemeteries	1,530,221	-205,426				0	566,899	0	0	1,891,695	550,462	-339,724	25,982		0	0	18,006	254,726	1,636,969	
Parks	3,510,425	306,962				0	29,500	0	0	3,846,887	1,600,853	109,489	189,067		0	0	0	1,899,409	1,947,478	
Civic Theatres	41,243,466	-27,509,795				0	0	0	0	13,733,672	19,171,100	-12,755,076	608,334		0	0	0	0	7,024,359	6,709,313
Beer Halls	0	1,300,000				0	0	0	0	1,300,000	0	0	2,136		0	0	0	2,136	1,297,864	
	<b>343,666,862</b>	<b>-10,464,576</b>	<b>28,579,617</b>			<b>0</b>	<b>4,942,062</b>	<b>3,933,419</b>	<b>0</b>	<b>370,657,985</b>	<b>141,690,109</b>	<b>1,983,020</b>	<b>16,068,136</b>	<b>-1,330,405</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>611,630</b>	<b>159,022,491</b>	<b>211,634,893</b>
<b>Community Recreational Facilities</b>																				
Swimming Pools	11,558,299	26,389,672				0	275,020	2,263,750	0	40,496,741	5,383,705	9,961,675	1,740,952					1,797	17,086,332	23,400,409
Sports Facilities	30,076,802	13,540,816				0	1,283,877	34,547,701	0	79,449,196	5,579,202	6,093,122	1,682,987					0	13,567,107	66,092,089
Squash Courts	4,604,299	-4,604,299				0	0	0	0	0	2,175,276	-2,175,276	0					22,975	22,975	-22,975
Cemeteries	9,346,681	26,557				0	0	0	0	9,463,239	3,232,222	-1,169,688	263,689					0	2,326,223	7,137,016
Parks	9,533,291	6,888,820				0	875,360	0	0	17,294,272	3,494,181	2,577,541	943,684				60,450	0	7,075,688	10,218,616
Sports Grounds	167,894,365	-49,009,287				0	57,700	224,395	0	119,167,172	55,396,598	-17,478,703	6,480,111				90,621	0	44,488,626	74,678,546
	<b>233,103,736</b>	<b>-6,770,720</b>				<b>0</b>	<b>2,491,757</b>	<b>37,035,846</b>	<b>0</b>	<b>265,860,620</b>	<b>75,261,184</b>	<b>-2,191,529</b>	<b>11,111,423</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>175,842</b>	<b>84,356,920</b>	<b>181,503,701</b>
<b>Total Community Assets</b>	<b>576,770,598</b>	<b>-17,235,296</b>	<b>28,579,617</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,433,820</b>	<b>40,969,266</b>	<b>0</b>	<b>636,518,005</b>	<b>216,951,293</b>	<b>-208,509</b>	<b>27,179,559</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>787,472</b>	<b>243,379,411</b>	<b>393,138,594</b>
<b>OTHER ASSETS</b>																				
<b>Other Properties</b>																				
Housing Schemes	89,654,713	2,008,014				0	0	246,496	0	91,909,223	35,563,529	349,514	6,147,524				56,044	0	42,116,611	49,792,612
Markets	231,235,826	0				0	4,703,959	1,024,072	0	236,963,857	101,898,233	78,092	14,453,190				0	0	16,429,515	120,534,342
Sewerage works and Dump Site	796,654	0				0	0	0	0	796,654	422,585	0	91,870				0	0	514,544	282,199
Workshops and Depots	31,594,554	-1,227,551				0	399,988	741,712	0	31,508,703	14,556,982	-546,914	1,838,254				0	0	15,848,322	15,660,381
Hostels	1,557,492	0				0	0	0	0	1,557,492	802,453	0	88,493				0	0	890,947	666,546
Training Centre	3,331,557	966,911				0	0	0	0	4,298,468	1,546,716	189,405	218,676				0	0	1,954,797	2,343,671
Landfill Site	13,706,093	38,197,736				0	0	8,163,313	0	55,292,119	2,395,436	20,867	6,727,865	-795,251	-2,179		0	0	8,346,438	46,945,681
Old Age Homes	924,086	0				0	0	0	0	924,086	472,257	0	62,614				0	0	539,872	394,214
Transport Facility	36,325,247	-360,871				0	104,705	25,631,475	0	61,700,557	10,324,537	-72,222	2,635,855				0	0	12,888,169	48,812,398
Crematoriums	7,398,088	-496,852				0	102,986	0	0	7,004,221	1,655,567	92,627	605,209				0	0	2,353,403	4,650,818
Nurseries	9,811,035	855,640				0	0	0	0	10,666,675	4,702,294	357,509	621,767				0	0	5,681,569	4,985,106
Airport Buildings	13,966,567	0				0	0	13,993	0	13,980,560	1,077,659	192,276	1,158,915				0	0	2,428,580	11,551,710
Creches	15,717,655	0				0	0	0	0	15,717,655	3,443,144	0	1,378,862				0	0	4,822,006	10,895,648
Substations	456,019,567	39,943,026				-4,775,023	5,311,638	35,821,063	0	532,320,270	178,866,392	661,154	36,028,792	-795,251	-2,179	56,044	0	214,814,953	317,505,310	
	<b>456,019,567</b>	<b>39,943,026</b>				<b>-4,775,023</b>	<b>5,311,638</b>	<b>35,821,063</b>	<b>0</b>	<b>532,320,270</b>	<b>178,866,392</b>	<b>661,154</b>	<b>36,028,792</b>	<b>-795,251</b>	<b>-2,179</b>	<b>56,044</b>	<b>0</b>	<b>214,814,953</b>	<b>317,505,310</b>	
<b>Total Other Assets</b>	<b>456,019,567</b>	<b>39,943,026</b>				<b>-4,775,023</b>	<b>5,311,638</b>	<b>35,821,063</b>	<b>0</b>	<b>532,320,270</b>	<b>178,866,392</b>	<b>661,154</b>	<b>36,028,792</b>	<b>-795,251</b>	<b>-2,179</b>	<b>56,044</b>	<b>0</b>	<b>214,814,953</b>	<b>317,505,310</b>	
<b>Plant and Equipment</b>																				
Graders	5,286,964	0				0	0	0	0	5,286,964	3,892,876	96,667	382,296						4,371,839	915,124
Tractors	8,160,621	81,205				0	482,350	0	0	8,724,176	7,475,465	28,449	200,138						7,704,052	1,020,123
Farm Equipment	21,489	0				0	0	0	-3,219	18,270	21,213	-4,497	2,260	-338	-2,504				16,133	2,137
Lawnmowers	1,587,401	-21,491				0	1,275,500	0	0	2,841,410	879,711	-34,239	464,891	-3,618	-29				1,306,715	1,534,694
Compressors	107,371	0				0	0	0	0	107,371	98,287	-429	5,705						103,582	3,789
Laboratory Equipment	1,291,963	0				0	0	0	-673,743	618,220	1,097,838	-110,267	140,650	-79,718	-506,336				543,266	74,564
Radio Equipment	1,281,333	2,600				-1,800	258,688	0	0	1,540,821	748,050	-33,155	173,094	-61					887,927	652,894
Firearms	31,800	0				0	0	0	0	31,800	23,333	-2,128	5,015						26,220	5,580
Telecommunication	5,243,782	0				0	515,483	0	0	5,759,264	4,714,477	-510,085	478,296						4,682,688	1,076,576
Plant and Equipment	26,097,325	-543,547				0	12,339,336	0	0	37,893,113	12,420,964	-563,421	3,822,576						15,680,119	22,212,994
Cremators	696,378	-696,378				0	0	0	0	0	309,501	-309,501	0						0	0
	<b>49,806,425</b>	<b>-1,177,611</b>				<b>0</b>	<b>14,871,356</b>	<b>0</b>	<b>-678,762</b>	<b>62,821,408</b>	<b>31,681,824</b>	<b>-1,442,598</b>	<b>5,674,921</b>	<b>-83,736</b>	<b>-507,869</b>	<b>0</b>	<b>0</b>	<b>35,322,542</b>	<b>27,498,866</b>	
<b>Office Equipment</b>																				
Computer Hardware	25,805,577	-90,105				0	13,265,881	0	-3,325,917	36,655,436	18,683,329	-542,509	2,534,926	-4,452	-2,025,129				18,646,166	18,009,270
Computer Hardware(Finance Lease)	0	3,098,861				0	1,332,279	0	0	4,431,140	692,171	1,304,440	-344,318						1,652,293	2,778,847
Office Machines	3,130,311	17,908				0	1,393,788	0	-20,801	4,521,206	2,411,134	-10,884	333,156	-13	-17,483				2,715,910	1,805,296
Airconditioners	12,135,689	-1,618,947																		

APPENDIX B  
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2015

	Cost										Accumulated Depreciation								Carrying Value	
	Opening Balance	Adjustments	Prior period	Revaluation	Land adjustment from inventory	Impairment	Additions	Under Construction	disposals	Disposals/adjustment in cost due to reval	Closing Balance	Opening Balance	Adjustments	Additions (Depreciation)	prior period	Disposals current yr	Disposals Acc. Depreciation	Impairment		Closing Balance
<b>Heritage Assets</b>																				
artworks	140,557,787			52,129,145		0	336,300	0		0	193,023,232		0	0	0	0	0	0	0	193,023,232
Stadiums	3,961,963	0				0	0	0		0	3,961,963		0	0	0	0	0	0	0	3,961,963
Swimming Pool	1,785,373	0				0	0	0		0	1,785,373		0	0	0	0	0	0	0	1,785,373
Museums and Art Gallery	16,555,648	-1,268,459				0	44,946	2,153,525		0	17,485,660		0	0	0	0	0	22,973	22,973	17,462,686
Parks	2,465,908	0				0	0	0		0	2,465,908		0	0	0	0	0	0	0	2,465,908
Crematorium	6,245,803	0				0	0	0		0	6,245,803		0	0	0	0	0	0	0	6,245,803
Land (heritage)	6,000,000	0				0	0	0		0	6,000,000		0	0	0	0	0	0	0	6,000,000
<b>Total Heritage assets</b>	<b>177,572,481</b>	<b>-1,268,459</b>	<b>0</b>	<b>52,129,145</b>	<b>0</b>	<b>0</b>	<b>381,246</b>	<b>2,153,525</b>	<b>0</b>	<b>0</b>	<b>230,967,938</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,973</b>	<b>22,973</b>	<b>230,944,965</b>
<b>Intangible Assets</b>																				
Computer Software	9,093,888	0				0	560,841	0		0	9,654,729	8,224,140	0	413,083		0	0	0	8,637,223	1,017,506
Intangible Assets/software	12,976,332	169,641				0	550,232	14,606,297		0	28,302,502	12,552,384	133,717	226,155		0	0	0	12,912,256	15,390,247
<b>Total Intangible Assets</b>	<b>22,070,221</b>	<b>169,641</b>				<b>0</b>	<b>1,111,073</b>	<b>14,606,297</b>		<b>0</b>	<b>37,957,231</b>	<b>20,776,524</b>	<b>133,717</b>	<b>639,238</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,549,479</b>	<b>16,407,753</b>
Servitudes	803,846	0				0	0	0		0	803,846	0	0	0		0	0	0	0	803,846
<b>Biological assets</b>	<b>803,846</b>	<b>0</b>				<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>803,846</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>803,846</b>
<b>Biological assets</b>																				
Biological Assets	995,964	-59,744				0	0	0		0	936,220	0	0	0		0	0	0	0	936,220
	995,964	-59,744				0	0	0		0	936,220	0	0	0		0	0	0	0	936,220
<b>Agricultural assets</b>																				
Plantation	46,520,046	0		-1,688,678		0	0	0		0	44,831,368	0	0	0		0	0	0	0	44,831,368
	46,520,046	0		-1,688,678		0	0	0		0	44,831,368	0	0	0		0	0	0	0	44,831,368
<b>Grand Total Assets</b>	<b>8,780,699,037</b>	<b>-1,746,246</b>	<b>78,166,618</b>	<b>20,675,254</b>	<b>693,428,000</b>	<b>0</b>	<b>212,216,350</b>	<b>379,324,144</b>		<b>-10,468,580</b>	<b>10,152,294,576</b>	<b>2,142,678,922</b>	<b>282,163</b>	<b>465,874,965</b>	<b>-986,048</b>	<b>-1,339,431</b>	<b>-8,950,692</b>	<b>16,374,987</b>	<b>2,613,934,865</b>	<b>7,538,359,711</b>

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX C**  
**SEGEMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT 2015**

Fixed Assets	Historical Cost								Accumulated Depreciation							Carrying Value		
	Description	Opening Balance	Adjustments	Prior period	Reval adjustments	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Adjustment	prior period	Additions	Depr. Disposals current yr	Depr. Disposals prev. yr		Impairment	Closing Balance
Executive and Council	23,259,672				1,036,363	9,042,538		33,338,574	6,327,697			1,470,161					7,797,857	25,540,716
Finance and Administration	946,839,566				5,014,792	15,359,979		967,214,337	426,779,184			4,241,970					431,021,154	536,193,183
Planning and Development	102,424,859	-24,136,460	49,587,001	666,749,132	6,570,572	2,759,023	-300,657	803,653,470	38,408,102	2,292,065		21,655,161			22,973	62,378,300	741,275,170	
Health	40,869,618				37,561			40,907,179	15,779,248			980,284					16,759,532	24,147,647
Community and Social Services	66,020,603	-13,422,198	28,579,617	52,129,145	90,478,607	16,458,243		240,244,018	32,436,188	-208,509	-1,330,405	13,881,588			82,548	44,861,411	195,382,607	
Housing	202,639,757	2,008,014			7,139,619	2,434,921		214,222,310	29,705,553			7,720,317			56,044	37,481,914	176,740,396	
Public Safety	100,570,321	42,379			1,533,642			102,146,341	53,612,480			4,650,598				58,263,078	43,883,264	
Sport and Recreation	376,549,526	-6,770,720			1,616,733	14,815,701		386,211,240	175,343,307			9,872,504			800,642	186,016,452	200,194,788	
Road Transport	2,851,801,439	72,500			26,696,346	86,619,265		2,965,189,550	775,764,457	1,659,753	-713,034	104,576,607			17,535	881,305,319	2,083,884,231	
Environmental Protection	6,890,228				1,030,024			7,920,252	6,140,444			148,506				6,288,950	1,631,302	
Water	1,014,374,541	215,548			826,837	53,568,002		1,068,984,927	126,692,989	139,292		94,257,233			3,188,393	224,277,908	844,707,020	
Waste Water Management	743,947,466	159,431			1,926,163	29,711,199		775,744,259	113,990,986	0		42,364,476			7,578,115	163,933,577	611,810,682	
Electricity	1,520,761,061	0			32,041,815	105,305,321	-27,282	1,658,080,915	200,214,390	44,125		103,897,250	-437	-3,673	4,321,626	308,473,281	1,349,607,634	
Other	783,750,380	40,085,259		-4,775,023	36,267,276	43,249,952	-10,140,641	888,437,204	141,483,899	-3,644,564	1,057,391	56,158,309	-1,338,994	-8,947,019	307,557	185,076,578	703,360,626	
<b>TOTALS</b>	<b>8,780,699,037</b>	<b>-1,746,246</b>	<b>78,166,618</b>	<b>714,103,254</b>	<b>212,216,350</b>	<b>379,324,144</b>	<b>-10,468,580</b>	<b>10,152,294,576</b>	<b>2,142,678,922</b>	<b>282,163</b>	<b>-986,048</b>	<b>465,874,965</b>	<b>-1,339,431</b>	<b>-8,950,692</b>	<b>16,375,433</b>	<b>2,613,935,311</b>	<b>7,538,359,265</b>	

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**

**APPENDIX D**

**ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY , PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2015**

Description	2015 Budget R	2015 Actual R	2015 Under construction R	2015 Additions R	2015 Variance R	2015 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive and Council	12,097,914.00	9,794,224.34	9,042,537.84	951,815.28	2,303,689.66	19%	
Finance and Administration	44,062,981.00	43,098,669.80	28,462,375.70	791,867,958.99	964,311.20	2%	
Planning and Development	64,554,551.00	57,346,756.85	23,093,927.86	38,203,816.14	7,207,794.15	11%	
Public Safety	1,898,370.00	1,883,228.25	0.00	1,584,425.24	15,141.75	1%	
Community and Social Services	14,044,791.00	11,243,693.95	717,979.60	85,293,884.44	2,801,097.05	20%	
Health	997,538.00	997,250.27	0.00	997,250.27	287.73	0%	
Sport and Recreation	46,794,578.00	45,617,708.29	30,555,964.84	6,748,242.42	1,176,869.71	3%	
Road Transport	193,956,014.00	113,414,553.77	86,619,264.95	38,987,774.94	80,541,460.23	42%	
Water	56,845,652.00	53,988,593.90	53,568,001.91	871,836.64	2,857,058.10	5%	
Waste Water Management	46,303,728.00	44,670,257.70	38,200,371.89	2,963,173.76	1,633,470.30	4%	
Electricity	247,953,500.00	136,906,736.80	105,305,321.00	32,041,815.43	111,046,763.20	45%	
Housing	4,231,566.00	3,190,973.37	2,434,920.60	7,178,908.60	1,040,592.63	25%	
Other	7,106,980.00	6,483,589.15	1,323,478.01	7,006,183.79	623,390.85	9%	
Environment Protection	0.00	0.00	0.00	0.00	0.00	0.00	
<b>TOTALS</b>	<b>740,848,163.00</b>	<b>528,636,236.44</b>	<b>379,324,144.20</b>	<b>1,014,697,085.94</b>	<b>212,211,926.56</b>	<b>29%</b>	

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**

**APPENDIX E**

**DETAILS OF UNSPENT CONDITIONAL GRANTS, RECEIPTS AND TRANSFERS TO INCOME AS AT 30 JUNE 2015**

<u>Account Description</u>	<u>Unspent balance @ 01 July 2014</u>	<u>Prior period error</u>	<u>Transfers</u>	<u>Inter project/vote transfer/trf to subsidies</u>	<u>Funds paid back to National Treasury</u>	<u>Funds paid back to grant funder</u>	<u>Current year interest earned</u>	<u>Current year receipts</u>	<u>Unspent balance @ 30 June 2015</u>	<u>Source Code</u>
GRANT COMMUNITY DEVELOPMENT WORKERS	-722		722						-	UNSPENT CG - NATIONAL GOVERNMENT
NATIONAL GRANT - MSIG	-291,977		1,225,977					-934,000	-	UNSPENT CG - NATIONAL GOVERNMENT
FINANCE MANAGEMENT GRANT	-		1,600,000					-1,600,000	-	UNSPENT CG - NATIONAL GOVERNMENT
UNSPENT CONDITIONAL GRANT - MIG	-11,937,970	-4,234,997	163,157,419		16,172,967			-163,158,000	-581	UNSPENT CG - NATIONAL GOVERNMENT
TRANSPORTATION GRANT - N.T.	-95,643,465		109,480,328		48,318,595			-100,059,426	-37,903,967	UNSPENT CG - NATIONAL GOVERNMENT
NT - NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRAN	-5,893,233		20,195,024		5,893,233			-29,500,000	-9,304,976	UNSPENT CG - NATIONAL GOVERNMENT
UNSPENT CONDITIONAL GRANT - PHB	-37,200,815		10,148,250				-357,137	-151,416	-27,561,119	UNSPENT CG - NATIONAL GOVERNMENT
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME - NT	-106,884,506		82,151,026		1,388,205			-2,000,000	-25,345,276	UNSPENT CG - NATIONAL GOVERNMENT
ELECT.DEMAND SIDE MGT GRANT - NT	-2,019,541	-2,980,459			5,000,000				-	UNSPENT CG - NATIONAL GOVERNMENT
NT-MUNICIPAL WATER SERVICE INFRAST (MWIG)	-10		11,389,010					-11,389,000	-	UNSPENT CG - NATIONAL GOVERNMENT
	<b>-259,872,240</b>	<b>-7,215,456</b>	<b>399,347,756</b>	<b>-</b>	<b>76,773,000</b>	<b>-</b>	<b>-357,137</b>	<b>-308,791,842</b>	<b>-100,115,919</b>	
COGTA - URBAN RENEWAL	-		5,809,800					-8,000,000	-2,190,200	UNSPENT CG - PROVINCIAL GOVERNMENT
PG:COMMUNITY COMMUNICATION INITIATIVE	-621		621						-	UNSPENT CG - PROVINCIAL GOVERNMENT
LIBRARY UNSPENT CONDITIONAL GRANT - PROVINCE	-8,609,906		24,584,506	6,617,948			-1,014,115	-22,218,000	-639,567	UNSPENT CG - PROVINCIAL GOVERNMENT
TRANSPORTATION GRANT - PROVINCE	-2,963		2,963						-	UNSPENT CG - PROVINCIAL GOVERNMENT
COGTA - SANITATION BUCKET ERADICATION	-3,535		3,535						0	UNSPENT CG - PROVINCIAL GOVERNMENT
COGTA - EPW PROJECT	-1,585		2,783,585					-2,782,000	-	UNSPENT CG - PROVINCIAL GOVERNMENT
PREMIER OFF. - OPERATION DLULISUMLANDO	-1,500,000		500,000					-500,000	-1,500,000	UNSPENT CG - PROVINCIAL GOVERNMENT
ALEXANDRA PARK ATHLETIC TRACK	-19,075		19,075						-	UNSPENT CG - PROVINCIAL GOVERNMENT
PROV - DEPT OF SPORTS & REC - WADLEY STDM	-121,000		121,000						-	UNSPENT CG - PROVINCIAL GOVERNMENT
ELECTRICITY GRANTS - COGTA	-8,932,075		9,188,454				-361,800		-105,421	UNSPENT CG - PROVINCIAL GOVERNMENT
KZNPT - NHLALAKAHLE ELECTRIFICATION	-		4,650,013					-4,650,013	-	UNSPENT CG - PROVINCIAL GOVERNMENT
MARKET GRANTS - COGTA	-6,903,478		6,076,648	560,000			-194,600		-461,430	UNSPENT CG - PROVINCIAL GOVERNMENT
COGTA - MASSIFICATION	-		4,374,713				-97,713	-4,277,000	-	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANT - WATER SERVICE DELIVERY PLANNING	-242		242						0	UNSPENT CG - PROVINCIAL GOVERNMENT
	<b>-26,094,477</b>	<b>-</b>	<b>58,115,152</b>	<b>7,177,948</b>	<b>-</b>	<b>-</b>	<b>-1,668,228</b>	<b>-42,427,013</b>	<b>-4,896,618</b>	
UNSPENT CONDITIONAL GRANTS : LIBRARY EXTERNAL	-51,638		1,867			49,939			0	UNSPENT CG - OTHER
E/DALE LAND LEGAL	-131,287		132,922					-1,635	0	UNSPENT CG - OTHER
E/DALE PVT LAND LEGAL	-3,222,859		31,164,626					-783,674	-2,812,009	UNSPENT CG - OTHER
GRANT DEPT OF ARTS & CULTURE	-106,912		988,070					-20,960	-1,802	UNSPENT CG - OTHER
GRANT - YOUTH ADVISORY COUNCIL	-35,420		35,420						-	UNSPENT CG - OTHER
COGTA - RENOVATION : PUBLICITY HOUSE	-1,417,166		1,977,166	-560,000				-27,781	-27,781	UNSPENT CG - OTHER
GRANT - SPOORNET	-382,077							-21,304	-403,381	UNSPENT CG - OTHER
	<b>-5,347,359</b>	<b>-</b>	<b>34,300,071</b>	<b>-560,000</b>	<b>-</b>	<b>49,939</b>	<b>-855,422</b>	<b>-30,832,202</b>	<b>-3,244,973</b>	
	<b>-291,314,077</b>	<b>-7,215,456</b>	<b>491,762,979</b>	<b>6,617,948</b>	<b>76,773,000</b>	<b>49,939</b>	<b>-2,880,787</b>	<b>-382,051,057</b>	<b>-108,257,511</b>	

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY							
APPENDIX F							
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2015							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2015	Total 2014 R	Total 2015 R
1	South African Local Authorities Pension Fund v. Msunduzi Municipality	Pension Surcharge: The Municipality refused to pay extra contributions.	2008	Logan Chetty Attorneys: Tel 033 345 1639 Fax 086 218 5702 Physical Address 13 Prince Edward Street: Pietermaritzburg, 3201 Postal Address PO Box 11706, Dorpspruit, 3206. & Adv V. Moodley: Tel 033 845 3591fax 033 342 82 75.	R 217 184.13 Plus interest at 15.5 per cent per annum. At Supreme Court of Appeal, Bloemfontein.	250,847.67	250,847.67
2	M. Mouton v. Msunduzi Municipality	The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2008	Bhamjee Attorneys: Tel 033 394 2007 Fax 033 394 2033 Physical Address 191 Burger Street, Pietermaritzburg, 3201. Postal Address PO Box 1336, Pietermaritzburg, 3200.	R14 000.00 Plus interest at 15.5 Per cent per annum. Matter has been finalised.	16,170.00	-
3	SAPPI v. Msunduzi Municipality	Delictual Claim: Aeroplane's wheel fell through manhole cover at airport. Negligence alleged. Municipality's Insurers and Municipality joint defendants.	2009	External Insurance	R25 000 000.00 Plus interest at 15.5 Per cent per annum. Pending.	28,875,000.00	28,875,000.00
4	B.A. Clark v. Msunduzi Municipality	Delictual Claim. The Municipality dug trenches along Old Howick Road, a net was placed adjacent to the trenches. Plaintiff alleges that he was caught by such nets whilst cycling.	2009	Logan Chetty Attorneys: Tel 033 345 1639 Fax 086 218 5702 Physical Address 13 Prince Edward Street: Pietermaritzburg, 3201 Postal Address PO Box 11706	R397 975.83 Plus interest at 15.5 per cent per annum. Set down for trial.	459,662.08	459,662.08
5	Gonassilan v Msunduzi Municipality	Delictual Claim. Plaintiff allegedly fell on an uneven pavement slab on Church Street.	2009	Bhamjee Attorneys: Tel 033 394 2007 Fax 033 394 2033 Physical Address 191 Burger Street, Pietermaritzburg, 3201. Postal Address PO Box 1336, Pietermaritzburg, 3200.	R100 000.00 Plus interest at 15.5 per cent per annum. Municipality is appealing a judgement in the Magistrates Court where the total amount claimed was increased to R 400 000. Pending.	115,500.00	115,500.00
6	Kheswa v. Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2009	Internal	R30 470.12 Plus interest at 15.5 per cent per annum. Ongoing.	35,192.99	35,192.99
7	FBI Khan and RY Khan v Msunduzi Municipality	Delictual Claim. The claim arises from Plaintiff's motor vehicle colliding with a street lamp belonging to the Municipality.	2009	Internal	R63 280.39 Plus interest at 15.5 per cent per annum and R1267.00 Plus interest at 15.5 per cent per annum. Matter was previously set down for trial and is part heard.	74,552.24	74,552.24
8	Orion Telecom v. Msunduzi Municipality	Contractual Claim: Plaintiff sued the Municipality for outstanding fees in terms of a contract.	2007	Internal	R 92 189.52 and R23047.38 Plus interest at 15.5 per cent per annum. Plea filed. Plaintiff did not proceed any further.	133,098.62	133,098.62
9	Mkhumbuzi v. Msunduzi Municipality	Delictual Claim: A road sign allegedly fell and caused injury to Plaintiff.	2008	Internal	R100 000.00 Plus interest at 15.5 per cent per annum. Matter finalised.	115,500.00	-
10	Nzaba IN v Msunduzi Municipality	Delictual Claim. The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2008	Bhamjee Attorneys: Tel 033 394 2007 Fax 033 394 2033 Physical Address 191 Burger Street, Pietermaritzburg, 3201. Postal Address PO Box 1336, Pietermaritzburg, 3200.	R73 500.00 Plus interest at 15.5 per cent per annum. Set down for trial was part-heard. Ongoing.	84,892.50	84,892.50
11	Telkom v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly cause by Municipal water pipes.	2008	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R45 979. 87 Plus interest at 15.5 per cent per annum. Ongoing. A judgement awaited before moving forward.	53,106.75	53,106.75
12	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Memorandum of Agreement Dispute. Plaintiff owed monies by the Municipality in terms of a contract.	2007	Internal	R210 749.00 Plus Vat at 14 per cent. In court.	240,253.86	240,253.86
13	Hampton College v. Msunduzi Muni	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality on the validity of training courses provided by the Plaintiff.	2007	Afzal Akoo and Partners Tel: 033 394 7274 Fax: 033 345 0938. Physical Address 187 Boshoff Street, Pietermaritzburg, 3201. Postal Address PO Box 7836, Cumberwood, 3235. and Kruger Ngcobo Inc. Tel 031 306 4352 Fax: 031 305 4340 Physical Address 25 Field Street, Suite 1102, Durban Postal Address PO Box 49467 Qualbert 4078. and ADV Flemming Tel: 033 845 3576 Fax: 033 394 8374. Physical Address Advocates Chambers, Block B3 17 Prince Edward Street, Pietermaritzburg, 3201.	R85 470.00 plus interest at 15.5 per cent per annum. Part - heard. Ongoing.	98,717.85	98,717.85
14	Chetty K. v. Msunduzi Municipality	Delictual Claim. The claim herein arises from a motor vehicle collision involving Plaintiffs vehicle and a Municipal vehicle.	2006	Internal	R26 169.86 Plus interest at 15.5 percent per annum. Ongoing.	30,226.19	30,226.19
15	R. Terty v Msunduzi Municipality	Delictual Claim: The claim arises from a cremation that was allegedly not done correctly. The Plaintiff's are suing for the trauma they were subjected to.	2007	Insurance	R50 000.00 plus interest at 15.5 per cent per annum. Ongoing	57,750.00	57,750.00
16	Tarwolbeek PJ v Msunduzi Municipality	Delictual Claim: A water pipe allegedly causing flooding at Plaintiff's property and damaging his household appliances.	2008	Insurance	R1 121 620. 00 plus interest at 15.5 per cent per annum. Ongoing.	1,295,471.10	1,295,471.10
17	Govender RS v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2008	Internal	R75 000.00 plus interest at 15.5 per cent per annum. A discovery affidavit has been filed. The matter is ongoing.	86,625.00	86,625.00
18	A and F Mall v Msunduzi Municipality	Disputed Electricity Account.	2007	Internal	R17 181.33 plus interest at 15.5 per cent per annum. Various correspondence exchanged between attorneys of record. The matter is ongoing.	19,844.44	19,844.44

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY							
APPENDIX E							
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2015							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2015	Total 2014 R	Total 2015 R
19	Mkungisa E v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee within the course and scope of his employment.	2007	Internal	R 6213.00 plus interest at 15.5 per cent per annum. Part-heard. The Defendant filed an amended plea (defence). The matter is ongoing.	7,176.02	7,176.02
20	F. Osman V Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2007	Internal	R306 666.44 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	354,199.74	354,199.74
21	Zulu TE v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	R 8709.22 plus interest at 15.5 per cent per annum. Correspondence exchanged between attorneys of record. The matter is ongoing.	10,059.15	10,059.15
22	Rabikisoan R v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained during a fall on an uneven pavement on Retief Street.	2007	Internal	R20 000.00 plus interest at 15.5 per cent per annum. Ongoing.	23,100.00	23,100.00
23	Zuma NG v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2008	Internal	R100 000.00 Plus interest at 15.5 per cent per annum. Correspondence exchanged between attorneys of record. The matter is ongoing.	115,500.00	115,500.00
24	Van Straaten W(DR) v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2008	Internal	R96 401.43 plus interest at 15.5 per cent per annum. Ongoing.	111,343.65	111,343.65
25	Majosi NV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Retief Street.	2007	Uys Matyeka Schwartz: Tel 031 304 6063 Fax: 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R110 046.28 plus interest at 15.5 per cent per annum. Part-heard	12,758.45	12,758.45
26	Zondi PS v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	R15 080.00 plus interests at 15.5 per cent per annum. The matter is ongoing.	17,417.40	17,417.40
27	Omarjee M. v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality because of injuries sustained due to an act of assault by Municipal Traffic Officers in the course and scope of their employment.	2005	Internal	R 31 000.00 plus interest at 15.5 per cent per annum. Settlement negotiations have been initiated. The matter is ongoing.	35,805.00	35,805.00
28	Painter LV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle after a tree had fallen on top of Plaintiff's vehicle.	2006	Internal	R45 361.38 plus interest at 15.5 per cent per annum. Pre-trial notices have been exchanged. The matter is ongoing.	52,392.39	52,392.39
29	Dladla G v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2006	Internal	R20 000.00 plus interest at 15.5 per cent per annum. Further particulars were requested from Plaintiff. The matter is ongoing.	23,100.00	23,100.00
30	Roelesee v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Drummond Street.	2002	Internal	R41 032.58 plus interest at 15.5 per cent per annum. A defendant's plea was filed. The matter is ongoing.	47,392.63	47,392.63
31	Premier of KZN v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to its property as a result of a tree that had fallen.	2003	Internal	R 11 340. Various correspondence exchanged between attorneys of record. Ongoing.	11,340.00	11,340.00
32	Sulaiman R v Msunduzi Municipality	Delictual Claim: Plaintiff fell into a manhole when its cover caved in under her foot and sustained injuries.	1998	Internal	R50 000.00 plus interest at 15.5 per cent per annum. Pre-trial notices have been exchanged. The matter is ongoing.	57,750.00	57,750.00
33	Haffejee RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2004	Internal	R98 000.00 plus interest at 15.5 per cent per annum. Ongoing	113,190.00	113,190.00
34	Makhaye S v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2005	Internal	R42 704.96 plus interest at 15.5 per cent per annum. Matter finalised. Municipality successfully defended claim motor vehicle collision.	49,324.23	-
35	Zondi M. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for alleged unlawful arrest and detention by Municipal Traffic Officers.	2006	Internal	R50 000.00 plus interest at 15.5 per cent per annum. Matter set down. Part-heard. Unlawful arrest.	57,750.00	57,750.00

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY							
APPENDIX F							
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2015							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2015	Total 2014 R	Total 2015 R
36	Telkom SA LTD v Msunduzi Municipality	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	2004	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R22 541.11 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Ongoing.	26,034.98	26,034.98
37	Telkom SA LTD v Msunduzi Municipality	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	2004	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R32 585. 78 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Ongoing.	37,636.58	37,636.58
38	Telkom SA LTD v Msunduzi Municipality	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	2006	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R13 283.82 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Ongoing.	15,342.81	15,342.81
39	Telkom SA LTD v Msunduzi Municipality	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	2006	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R 21697.25 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Ongoing.	25,060.32	25,060.32
40	Telkom SA LTD v Msunduzi Municipality	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	2005	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R34 806.17 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Ongoing.	40,201.13	40,201.13
41	Telkom SA LTD v Msunduzi Municipality	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	2005	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R 8071.64 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Ongoing.	9,322.74	9,322.74
42	Nqocob RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2003	Internal	R 11375.27 plus interest at 15.5 per cent per annum. Matter ongoing.	13,138.44	13,138.44
43	Mthimkhulu S. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality on behalf of a minor child who was injured when an electrical meter box exploded and caught fire in the vicinity of Wonderers Crescent.	2009	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 204 650. 00 plus interest at 15.5 per cent per annum. The matter has been finalised. Plaintiff served a notice of withdrawal of action	236,370.75	-
44	Mamusa Marketing v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after having been involved in a collision with a Municipal vehicle driven by an employee in the course and scope of his employment.	2007	Internal	R 9823.48 plus interest at 15.5 per cent per annum. The matter is part-head.	11,346.12	11,346.12
45	Blue Thunder Trading cc t/a Khanyisa energy Management Services v Msunduzi Municipality	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2009	Logan Chetty Attorneys: Tel 033 345 1639 Fax 086 218 5702 Physical Address 13 Prince Edward Street; Pietermaritzburg, 3201 Postal Address PO Box 11706, Dorpspruit, 3206.	R 223 576 .00 plus interest at 15.5 per cent per annum. Ongoing.	258,230.28	258,230.28
46	Ogilvie I v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality for injury caused by trenches on public road.	2006	Insurance	R 166 160.54 plus interest at 15.5 per cent per annum. Ongoing.	191,915.42	191,915.42
47	Nqocob DV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality on behalf of a minor child who was knocked by a bobcat tractor driven by a Municipal employee in the course and scope of his employment.	2007	Insurance	R 1 800 000.00 plus interest at 15.5 per cent per annum. A Defendant's plea was filed. The matter is handled by external insurers. Ongoing.	2,079,000.00	2,079,000.00
48	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 2424.50 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	2,800.30	2,800.30
49	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5519.06 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	6,374.51	6,374.51
50	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5586.00 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	6,451.83	6,451.83
51	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 1721.40 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	1,988.22	1,988.22
52	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 4902.00 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	5,661.81	5,661.81
53	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5163.06 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	5,963.33	5,963.33

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY							
APPENDIX F							
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2015							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2015	Total 2014 R	Total 2015 R
54	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5506.20 plus interest at 15.5 per cent per annum.Plaintiff's attorney's of record withdrew.Matter held in abeyance.	6,359.66	6,359.66
55	Naidoo Kogulan v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality caused by having fallen into an uncovered manhole.	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum.Matter is ongoing.	115,500.00	115,500.00
56	Majozi HS v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for injuries sustained as a result of having fallen into an uncovered manhole.	2010	Internal	R 95 000.00 plus interest at 15.5 per cent per annum.Matter is ongoing.	109,725.00	109,725.00
57	Dlamini BM v Msunduzi Municipality	Delictual Claim: Plaintiff's minor child fell into an open trench/ drainage system and sustained injuries to their lower limbs.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 300 000.00 plus interest at 15.5 per cent per annum. The matter is ongoing.	346,500.00	346,500.00
58	Bishop's roadworks v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2009	Internal	R 120 000.00 plus interest at 15.5 per cent per annum. Appearance to defend has been filed. Matter is ongoing.	138,600.00	138,600.00
59	Mahlaba J v Msunduzi Municipality	Delictual Claim: The Plaintiff sued the Municipality for damages sustained to his vehicle as a result of a collision involving Plaintiff's vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of this employment.	2010	Internal	R 21 406.36 and R2650.00 plus interest at 15.5 per cent per annum. The matter has been settled.	27,785.10	-
60	Daljeeth Daljeeth v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality after he fell and sustained injuries due to certain steel rods that were protruding dangerously on the pavement.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 200 000.00 plus interest at 15.5 per cent per annum.Matter is ongoing.	231,000.00	231,000.00
61	Singh MS v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle after it had collided with a pothole/ trench in the vicinity of Ortman Road.	2010	Internal	R 69 224.62 plus interest at 15.5 per cent per annum. The matter is part-heard.The matter is set down for trial in July 2015.	79,954.44	79,954.44
62	Nqubane TT v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his property after a stream overflowed into his property as a result of municipal employee's negligence.	2010	Insurance	R118 490.00 plus interest at 15.5 per cent per annum. An assessment was conducted by an independent assessor. Matter is ongoing.	136,855.95	136,855.95
63	Bayeni GP v Msunduzi Municipality	Delictual claim. Plaintiff fell into a trench dug by contractors appointed by the Municipality.	2010	Internal	R 97 430.00 plus interest at 15.5 per cent per annum.Matter is ongoing.	112,531.65	112,531.65
64	Ramdeen VD v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained during a fall on an uneven pavement on Church Street.	2010	Afzal Akoo and Partners Tel: 033 394 7274 Fax: 033 345 0938. Physical Address 187 Boshoff Street, Pietermaritzburg, 3201. Postal Address PO Box 7836, Adv Flemming Tel: 033 845 3576 Fax: 033 394 8374. Physical Address Advocates Chambers Block B3, 17 Prince Edward Street, Pietermaritzburg, 3201.	R100 000.00 and R448.00 Plus interest at 15.5 per cent per annum. The Matter has been settled. The Municipality paid out an amount of R10 000.00 plus legal fees.	120,625.89	-
65	Mlaba M. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained due to a fall on an open trench in Edendale.	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum. The matter is ongoing.	115,500.00	115,500.00
66	Longlife tyres (PTY) LTD v Msunduzi Municipality	Contract. The Plaintiff alleged that the Municipality did not honour its obligations in terms of a valid contract.	2010	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv R Padayachee SC Tel: 033 845 3546 Fax 033 394 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	R 592 589.77 plus interest at 15.5 per cent per annum.The matter has been settled.	684,441.18	684,441.18
67	Gayer Gail v Msunduzi Municipality	Delictual Claim: Plaintiff fell of her bicycle due to a collision with a pothole/ an uneven road surface.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 262 473.98 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	303,157.45	303,157.45
68	Selepe H v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2010	Internal	R 5 189.35 plus interest at 15.5 per cent per annum.Ongoing.	5,993.70	5,993.70
69	Mahlaba B o.b.o. Mahlaba AY v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for a shooting incident that resulted in the death of a minor child. A municipal employee fired a shot whilst in the course and scope of his employment.	2010	Internal/Insurance	R 1 000 000.00 plus interest at 15.5 per cent per annum. A letter of demand was received and sent to the Insurance Section for an investigation. The matter is ongoing.	1,155,000.00	1,155,000.00
70	Mans N. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to her vehicle as a result of a collision between her vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2010	Internal	R 7045.75 plus interest at 15.5 per cent per annum. An application for condonation was opposed and the matter is ongoing.	8,137.84	8,137.84
71	Mutual and federal v. Msunduzi Municipality	Delictual Claim: Plaintiff's motor vehicle sustained damages when colliding with a pothole.	2010	Internal	R22 829.59 . A letter of demand was received and sent to the Insurance Section for investigation. The matter is ongoing.	22,829.59	22,829.59
72	Reddy Ronald v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R282 818.08 plus interest at 15.5 per cent per annum. The matter is part-heard.	326,654.88	326,654.88
73	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R8 051 632.79 plus interest at 15.5 per cent per annum.Ongoing.	9,299,635.87	9,299,635.87
74	Mavundla AB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for being allegedly unlawfully arrested and detained by Municipal Traffic Officers.	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum. A notice of application in terms of Rule 55 (A) has been recived. Ongoing.	115,500.00	115,500.00

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY							
APPENDIX E							
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2015							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2015	Total 2014 R.	Total 2015 R.
75	Nqidi SS v. Msunduzi Municipality	Delictual claim. Plaintiff suing Municipality on behalf of a minor child for injuries caused by leaving electricity wires uncovered.	2010	Internal/Insurance	R 2200 000.00 .Ongoing.	2,541,000.00	2,541,000.00
76	Raghu N. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to Plaintiff's vehicle during a collision with a Municipal vehicle driven by a Municipal employee within the course and scope of his employment.	2010	Internal	R 500 000.00 plus interest at 15.5 per cent per annum. Pre-trial notices have been exchanged. The matter is ongoing.	577,500.00	577,500.00
77	Bhoodram R. v. msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2010	Internal	R 32 552.00 and R30.03 plus interest at 15.5 per cent per annum. Settlement negotiations have commenced.	37,632.24	-
78	Mbatha BC v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2010	Internal	R 16 794.48 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the Insurance Section for investigation. The matter is ongoing.	19,397.62	19,397.62
79	Mpongose NK v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to structural and mechanical damage to his vehicle caused by towing by municipal traffic officers.	2011	Internal	R 23 964.42 plus interest at 15.5 per cent per annum.Matter is ongoing.	27,678.91	27,678.91
80	Arhen Y 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.	2011	Internal	R14 845.71 plus interest at 15.5 per cent annum.Ongoing.	17,146.80	17,146.80
81	Nxumalo TR v. Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his motor vehicle as a result of a street lamp pole falling on it. The Municipality alleges that the site at the time was controlled by SANRAL and as such an application to join them as co-defendant has been made.	2011	Internal	R 21 791.04 plus interest at 15.5 per cent per annum.The matter is part-heard.	25,168.65	25,168.65
82	Crescent Motor Brokers and Agents CC t/a Crescent Car Sales v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to a tree having fallen on plaintiff's vehicle.	2011	Internal	R100 000.00 Plus interest at 15.5 per cent per annum. The matter is part-heard.	115,500.00	115,500.00
83	3 DM contractors v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2011	Internal	R66 930.35 plus interest at 15.5 per cent per annum.The matter is part-heard.	77,304.55	77,304.55
84	Nondzanga Z. v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for allegedly confiscating his trolley and his goods subsequently going missing.	2011	Internal	R 22 232.97 plus interest at 15.5 per cent per annum.Ongoing.	25,679.08	25,679.08
85	Union Risk Management Alliance (PTY) LDT v. Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to its property as a result of a fire allegedly caused by electrical faults.	2011	Internal	R152 948.84 plus interest at 15.5 per cent per annum. A letter of demand was received and sent to external insurers. The matter is ongoing.	176,655.91	176,655.91
86	Dladla NB v. Msunduzi Municipality	Overpayment of Rates. The Plaintiff is disputing a rates account and is seeking reimbursement.	2011	Internal	R109 038.97 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	125,940.01	125,940.01
87	Khuselani Security v. Msunduzi Municipality	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2011	Internal	R1 830 532.00 pls interest at 15.5 per cent per annum.The matter has been settled.	2,114,264.46	-
88	Impress Services (PTY)LTD v. Msunduzi Municipality	Delictual Claim: The Plaintiff is seeking a refund for rates clearance certificate.	2011	Internal	R 29 238.27 and R1638.70. The matter is ongoing.	35,662.90	35,662.90
89	Kwenzokuhle Construction v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2011	Internal	R 2 178 000.00 plus interest at 15.5 per cent per annum.Matter has been settled.	2,515,590.00	-
90	Relief interior and Joinery v. Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality because of a tree that fell and damaged his car as well as his property due to a severe storm.	2011	Internal	R 45 080.00 plus interest at 15.5 per cent per annum.The matter is part-heard.	52,067.40	52,067.40
91	Krsishnan Moodley t/a Derby supermarket	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2011	Internal	R 444 400.00 plus interest at 15.5 per cent per annum.The matter has been settled.	5,132.82	-
92	Ds Cremators v. Msunduzi Municipality	Contactual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2011	Internal	R 27 789.37 plus interest at 15.5 per cent per annum.The matter is part-heard.	32,096.72	32,096.72
93	Planet Waves 399	Council withholding payment to contractor that built sludge dams. Possibility of eventual liability.	2012	Xaba Attorneys, suite 201,2nd floor, 251 Church Street, Fedsure House,tel: 0333457927, fax: 3456985, e-mail: dumi@xabainc.co.za PC Bezuidenhout SC Advocates Chambers 17 Prince Edward Street, Pietermaritzburg 033-8453522/082443836fax0333943734	Planet Waves sued for R 1 694 937.70 and Municipality countersued for R 1 940 934.00. Matter ongoing. Registrar to allocate dates for trial.	169,437.70	1,694,937.70
94	KZN-Digi connect	Claim by contractor for payment for IT services allegedly rendered.	2012	Mr. Alwyn Volsum: 033 394 8116, 4 George Street, Pietermaritzburg,tel:3948116,fax:086621590 2,e-mail: vcl@iafrica.com, Advocate VM . Naidoo: 033 845 3535.	Claim for R505 000.00 plus interest plus legal costs. Matter ongoing.	505,000.00	505,000.00
95	Naidoo M. v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality because he fell on an uneven pavement in the vicinity of Delhi Road.	2011	Internal/Insurance	R 370 000.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed and defendant's plea has been filed.ongoing.	427,350.00	427,350.00
96	Hilton Vet Clinic v. Msunduzi Municipality	Delictual Claim: A power surge occurred in Plaintiff's property causing damage to various appliances.	2011	Venn Nemeth and Hart Attorneys- Mr D. Schaupe Tel 033 355 3100 Fax 033 394 1947. Physical Address 281 Pietermaritz Street, Pietermaritzburg,3201.	R 390 270. 21 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	45,357.09	45,357.09

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY							
APPENDIX F							
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2015							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2015	Total 2014 R	Total 2015 R
97	Telkom SA LTD v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	2011	Internal	R 7551.19 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Ongoing.	8,721.62	8,721.62
98	Joubert ML v. Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2011	Internal	R 100 550.00 plus interest at 15.5 per cent per annum.ongoing.	116,135.25	116,135.25
99	Kroese J. v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality and the Minister of the Police for unlawful arrest and detention.	2011	Internal	R 40 000.00 plus interest at 15.5 per cent per annum.The matter is part-heard.	46,200.00	46,200.00
100	Ngubo N. v. Msunduzi Municipality	Delictual Claim: The Plaintiff is disputing an account for services.	2012	Internal	R 9063.12 plus interest at 15.5 per cent per annum. An appearance to defend as well as a defendant's plea have been filed. Ongoing.	10,467.90	10,467.90
101	Mabaso TW v. Msunduzi Municipality	Delictual Claim: Plaintiff suffered damages to his property when the Electricity Department disconnected his electricity wrongfully.	2012	Internal	R 850. 43 plus interest at 15.5 per cent per annum. A letter of demand was received and sent to the Insurance Section for investigation. The matter is ongoing.	982.25	982.25
102	Sayed J t/a Metro Taxis and yellow cabs v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2012	Internal	R 15 950 .52 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the Insurance Section for investigation. The matter is ongoing.	18,422.85	18,422.85
103	De Meyer CJ v. Msunduzi Municipality	Delictual Claim	2012	Internal	R25 361.49 and R30.03 plus interest at 15.5 per cent per annum	29,327.17	29,327.17
104	Bishop's roadworks v. Msunduzi Municipality	Contractual claim. Plaintiff suing the Municipality in terms of a contract.	2012	Internal	R19 609.98 plus interest at 15.5 per cent per annum and R12 938.95 plus interest at 15.5 per cent per annum.Ongoing.	37,594.01	37,594.01
105	Ahmed W v. Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality for damages to his vehicle after having collided with an open trench.	2012	Internal	R 35 700.92 plus interest at 15.5 per cent per annum. The matter has been previously set down for trial and was part heard.Ongoing.	41,234.56	41,234.56
106	Telkom SA LTD v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	2012	Lister and Lister Attorneys	R 49 834.75 plus interest at 15.5 per cent per annum.Awaiting judgement in another case. Ongoing.	57,559.14	57,559.14
107	Govender K v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2012	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 180 000.00 plus interest at 15.5 per cent per annum. A Discovery affidavit has been filed. The matter is ongoing.	207,900.00	207,900.00
108	Cassimjee MH 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.	2012	Internal	R 4015.00 plus interest at 15.5 per cent per annum.Ongoing.	4,637.33	4,637.33
109	Check One Supermarket (PTY) LTD v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for overcharges in relation to a water account.	2012	Internal	R139 961.45 plus interest at 15.5 per cent per annum.Ongoing.	161,655.47	161,655.47
110	Wozatainment CC v. Msunduzi Municipality	Contractual claim: Summons was issued in the Regional Court for an alleged contract for the supply of a marquee, stage chairs and a band to the Municipality. Notice of set down received.	2012	Internal	R 214 400.00 plus interest at 15.5 per cent per annum.The matter is set down for trial in July 2015.	247,632.00	247,632.00
111	New Horizons Senior Citizens Club v. Msunduzi Municipality	Delictual Claim: The Palintiff sued the Municipality for an overbooking of a Municipal Hall.	2012	Internal	R8005.20. The matter is finalised. The municipality reimbursed the monies owed.	8,005.20	8,005.20
112	Govender Kem v. Msunduzi Municipality	Delictual Claim: Plaintiff suffered damages due to a power surge at his property.	2012	Internal	R 22 242.00 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	25,689.51	25,689.51
113	Mkhonza B. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to a fall on an uneven pavement slab.	2012	Internal	R 293 000.00 plus interest at 15.5 per cent per annum.Ongoing.	338,415.00	338,415.00
114	Telkom SA LTD v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	2013	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R 46 628.06 plus interest at 15.5 per cent per annum.Awaiting judgement in another case. Ongoing.	53,855.41	53,855.41
115	Ibrahim M. v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2013	Internal	R 7000.00 plus interest at 15.5 per cent per annum.Ongoing.	8,085.00	8,085.00
116	Bukus HM v Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving Plaintiff's vehicle and a Municipal vehicle driven by an employee in the course and scope of his employment.	2013	Internal	R 17 270.24 plus interest at 15.5 per cent per annum.Ongoing.	19,947.13	19,947.13
117	Phinduvuke Car Rentals v. Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality as a result of colliding with a pothole.	2013	Internal	R 19 729.28 .The matter has been finalised. The claim has been finalised. The Municipality paid R10 000.00 in full and final settlement of the claim.	19,729.28	-
118	Wood DM v. Msunduzi Municipality	Delictual Claim: The Plaintiff sustained injuries due to a fall caused by an uneven pavement.	2013	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 123 000.00 plus interest at 15.5 per cent per annum. The Defendant has filed an amended plea. The matter is ongoing.	142,065.00	142,065.00
119	Electrical Wiring and Repairs v Msunduzi Municipality	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2012	Internal	R 4350.00 plus interest at 15.5 per cent per annum.The matter has been settled.	5,024.25	-

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY							
APPENDIX E							
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2015							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2015	Total 2014 R.	Total 2015 R.
120	Ramharak RJ v Msunduzi Municipality	Delictual Claim: The Plaintiff is a Municipal employee. He is suing the Municipality because he was assaulted by a fellow employee within the premises of the Municipality whilst they were in the course and scope of their employment.	2012	Internal	R 300 000.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed. Ongoing.	346,500.00	346,500.00
121	Venter A. 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.	2012	Internal	R 5473.80 plus interest at 15.5 per cent per annum. An appearance to defend has been filed. Ongoing.	6,322.24	6,322.24
122	Ogle COO v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2012	Internal/Insurance	R 300 000.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed. The matter is ongoing.	346,500.00	346,500.00
123	Zama SJ v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2012	Internal	R 14 846.22 plus interest at 15.5 per cent per annum. The matter is set down for Trial in August. Ongoing.	17,147.38	17,147.38
124	Makhaye SB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2013	Internal	R8688.46 plus interest at 15.5 per cent per annum. An application to dismiss was received and opposed. Various correspondences exchanged between attorneys of record. The matter is ongoing.	10,035.17	10,035.17
125	Transnet (PTY)LTD v Msunduzi Municipality	Delictual claim. The claim arises from a motor vehicle collision involving a municipal vehicle and the plaintiff's vehicle.	2013	Internal	R 48 409.10 plus interest at 15.5 per cent per annum. Ongoing.	55,912.51	55,912.51
126	Ngcobo NP v Msunduzi Municipality	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	2013	Internal	R 1639.11 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the Insurance Section for an investigation. Ongoing.	1,893.17	1,893.17
127	Barnard S. v. Msunduzi Municipality	Delictual Claim: The claim arises from a power surge claim where Plaintiff's goods were damaged.	2013	Internal	R 8369.97 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the insurance Section for an investigation. Ongoing.	9,667.32	9,667.32

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY							
APPENDIX E							
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2015							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2015	Total 2014 R	Total 2015 R
128	Karim S. v. Msunduzi Municipality	Disputed Account for electricity and Rates. Mr Karim claims that he has sold the property.	2012	Internal	R 4211.52 plus interest at 15.5 per cent per annum. A letter of demand has been received. The matter is ongoing.	4,864.31	4,864.31
129	Asgar Mahomed: Main City Building	Interdict re termination of electricity	2012	Diedricks attorneys,90@ Roberts road, claredon, Pietermaritzburg, tel:3429808, fax:0862191672.e-mail:admin@diedricksattorneys.co.za, Advocate Rall, 17 Prince Edward street, Advocates' chambers	Matter settled at R22 000.	22,000.00	-
130	33 St Patricks Road (Chapters)	Interdict:Electricity	2012	Alwyn Volsum & Associates,4 George Street, Pietermaritzburg,tel:3948116,fax:086621590 2.e-mail: vcl@iafrica.com, Advocate VM Naidoo, 17 Prince Edward Street, Advocates' Chambers,tel: 38453535,fax: 3428941.e-mail:venesen@group8.co.za	To pay own costs and costs of attorney for applicant, namely R45710.37.	-	45,710.37
131	Indo Contractors cc	Termination of contract: contract dispute with Contractor claiming premature termination.	2013	Xaba Attorneys, suite 201, 2ns floor, 251 Church Street, Fedsure House,tel: 0333457927, fax: 3456985, e-mail: dumi@xabainc.co.za	Contractor claiming R 2 million. Matter still to be decided on arbitration.	-	2,000,000.00
132	L.V. Nagel	Delictual. Plaintiff is suing the Municipality for damages caused by poor maintenance of a reservoir. The overflow of the reservoir caused damage to plaintiff's property.	2013	Internal	R95 000.00 .Ongoing.	-	95,000.00
133	Telkom SA LTD v Msunduzi Municipality	Delictual Claim: The matter arises from a dispute wherein Telkom alleges that Municipal water pipes cause damage to their underground cables.	2013	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R34 951.26 .Awaiting judgement in another case. Ongoing.	-	34,951.26
134	I. Hansa	Delictual Claim: Plaintiff fell into an uncovered manhole in the vicinity of Mountain rise.	2013	Internal	R21 394.50 . A letter of demand has been received and sent to Insurance Section for an investigation. Ongoing.	-	21,394.50
135	Y. Maharaj	Delictual Claim: A power surge caused damage to Plaintiff's household appliances.	2013	Internal	R 30 924.99 . A letter of demand has been received and sent to Insurance for an investigation. Ongoing.	-	30,924.99
136	V. Maharaj	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	2013	Internal	R 20 497. 49 . A letter of demand has been received and sent to the Insurance Section for an investigation. Ongoing.	-	20,497.49
137	N.I. Dlamini	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	2013	Internal	R1012.83. A letter of demand has been received and sent to the Insurance Section for an investigation. Ongoing.	-	1,012.83
138	K.Shangase	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2013	Internal	R11099.60 .Ongoing.	-	11,099.60
139	Bhamjee Attorneys	Contractual claim. The dispute emanates from the Plaintiff being owed monies in terms of a valid contract.	2013	Internal	R122 721.36 .The matter has been finalised.	-	122,721.36
140	Bhamjee Attorneys	Contractual claim. The dispute emanates from the Plaintiff being owed monies in terms of a valid contract.	2013	Internal	R 41 366.38 .The matter has been finalised.	-	41,366.38
141	T.V. Zuma	Delictual Claim: A power surge caused damage to plaintiff's appliances.	2014	Internal	R848. A letter of demand has been received and sent to Insurance Section for an investigation. The matter is ongoing.	-	848.00
142	ABI Soft Drinks Division	Rates Recovery. The Plaintiff is disputing a rates account and is seeking reimbursement.	2014	Internal	R 125 837.97 . A letter of demand has been received and various meeting held with the Billing Section. Ongoing.	-	125,837.97
143	N. Buthelezi	Delictual Claim: The claim arises from Plaintiff's vehicle having collided with a pothole in the vicinity of Blackburrow Road.	2014	Internal	R 48 718.38 . An appearance to defend has been filed. Ongoing.	-	48,718.38
144	Telkom SA LTD	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	2013	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R 40 236.47 plus Interest at 15.5 per cent per annum	-	46,473.12
145	Telkom SA Limited	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	2013	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R34 951.26 plus interest at 15.5 per cent per annum.	-	40,368.71
146	Asiphakame Projects CC 9321-14	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2014	Internal	R 195 035.85 plus interest at 15.5 per cent per annum. The Plaintiff applied for summary judgement and this was successfully opposed. Matter not yet finalised.	-	225,266.41
147	Asiphakame Projects CC 9358-14	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2014	Internal	R 73 590.47 plus Interest at 15.5 per cent per annum.The Plaintiff applied for summary judgement and this was successfully opposed. The matter is not yet finalised with Plaintiff not having moved further.	-	84,996.99

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY							
APPENDIX E							
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2015							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2015	Total 2014 R.	Total 2015 R.
148	Asiphakame Projects CC 9357-14	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2014	Internal	R 37 212. 56 plus interest at 15.5 per cent per annum. On 7 Nov 2014 the municipality filed a notice in terms of Rule 19 (1) to Plaintiffs particulars of claim. On 24 March 2015 plaintiff filed a notice of withdrawal of action. The matter has therefore been finalised.	-	42,980.51
149	Bonding Mode Trade 1014 CC	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2014	Internal	R 232 022.45 plus interest at 15.5 per cent per annum. On 20 November 2014 a notice in terms of Rule 19 (1) to Plaintiffs particulars of claim was filed and served. On 27 March 2015 the Plaintiff filed a notice of withdrawal of action. The matter has therefore been finalised.	-	267,985.93
150	Gonal Construction CC	claim for breach of contract for non-payent	2014	Internal	R901,118.93 plus 15 % interest per annum	-	982,219.63
151	Dezzo Holdings	Arbitration : alleged breach of contract by Municipality : provision of housing.	2014	Xaba Attorneys, suite 201, 2nd Floor, 251 Church Street, Fedsure House, tel: 0333457927, fax: 3456985, e-mail: dumi@xabainc.co.za PC Bezuidenhout SC Advocates Chambers 17 Prince Edward Street, Pietermaritzburg 033-8453522/082443836 fax 0333943734	Awaiting formal claim from contractor. The verbal indication of intention to claim R5 million rand from the Municipality. Potential liability unknown at this point in time.	-	5,000,000.00
152	EMT. Kapp	Delictual Claim: The plaintiff is suing the Municipality for damaged sustained to his vehicle as a result of an open trench in a public road.	2014	Internal	R13154.75 .Ongoing.	-	13,154.75
153	V. Barnabas	Delictual Claim: The claim arises from Plaintiff's vehicle having collided with a pothole in the vicinity of Plymouth Road.	2014	Internal	R18 228.00 .An appearance to defend has been filed.	-	18,228.00
154	Mabusi Contractor	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2014	Internal	R8000 000.00. The plaintiff issued a letter of demand against the Municipality for monies owed in terms of a contract. The matter has been referred to the relevant departments for a response. The matter is ongoing.	-	8,000,000.00
155	B.A. Zimu and NV Ngcobo	Delictual Claim: The matter arises from death of an employee from an explosion in an electrical power station. The claimants are the dependants of the deceased employee.	2014	Diedricks attorneys,90@ Roberts road, claredon, Pietermaritzburg, tel:3429808, fax:0862191672,e-mail:admin@diedricksattorneys.co.za, Advocate Rall, 17 Prince edward street, Advocates' chambers	R7500 000.00 . The matter arises from death of an employee from an explosion in an electrical power station. The claimants are the dependants of the deceased employee. The matter is being defended.	-	7,500,000.00
156	Telkom SA (PTY) LTD (127 Waterwork Road-Edendale)	Delictual claim: The plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	2014	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.	R74803.9. Awaiting judgement in another case. Ongoing.	-	74,803.90
157	A. Ramsingh	Delictual claim: The plaintiff herein is suing the Municipality for damages suffered as a result of being arrested and detained unlawfully.		Internal	R200000. The plaintiff herein is suing the Municipality for damages suffered as a result of being arrested and detained unlawfully. The claim is being defended inhouse and an appearance to defend has been filed.	-	200,000.00
158	Outshine Trading	Payment under Protest for opening of new electricity account.	2014	Internal	R50 032.23. Settlement negotiations have commenced. The matter is close to being finalised. Settlement negotiations have commenced.	-	50,032.23
159	E. G. Alexander	Delictual Claim: The Plaintiff is suing the Municipality as a result of colliding with a pothole whilst cycling in the vicinity of Murray Road.	2014	Internal	R83 499.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed. Ongoing.	-	96,441.35
160	Savells	Garnishee order. The Plaintiff instituted proceedings against the Municipality because the Municipality did not enforce a garnishee order.	2014	Matthew Francis Inc.221 pietermaritz street,tel0873510600, 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	R1382.62 plus interest at 15.5 per cent per annum. A search for the employee is ongoing in order to assist the Municipality in settling the matter.	-	1,596.93
161	M.I. Dlamini	Delictual claim. Plaintiff collided with a tree that had fallen across the road.	2014	Internal	R78 616.27. plus interest at 15.5 per cent per annum. The Municipality has filed a plea. Matter ongoing.	-	90,801.79

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY							
APPENDIX F							
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2015							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2015	Total 2014 R.	Total 2015 R.
162	Msunduzi Secondary School	Garnishee order. The Plaintiff instituted proceedings against the Municipality because the Municipality did not enforce a garnishee order.	2014	Matthew Francis Inc.221 pietermaritz street.tel:0873510600, 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	R1093.18 plus interest at 15.5 per cent per annum. The plaintiff is suing the Municipality for failure to implement a garnishee order against an employee. A search has been conducted to establish the whereabouts of the said employee.	-	1,262.62
163	Kwezi Cash and Carry CC	Payment under Protest for opening of new electricity account	2014	Matthew Francis Inc.221 pietermaritz street.tel:0873510600, 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	R103 148.00 plus interest at 15.5 per cent per annum. A notice of exception was raised in relation to the plea prepared by counsel. We have amended the plea and this will be delivered shortly.	-	119,135.94
164	Jemma Inkanyezi (PTY) LTD	Delictual claim. Plaintiff is suing the Municipality pursuant to the taxation of a bill of costs in the High Court of South Africa.	2014	Diedricks attorneys 90© Roberts road, claredon, Pietermaritzburg, tel:3429808, fax:0862191672,e-mail:admin@diedricksattorneys.co.za, Advocate LE Combrink 17 Prince edward street, Advocates' chambers,tel: 38453537,fax:3428941,e-mail:harence@group8.co.za	R156 997.29 plus interest at 15.5% per annum. This matter was settled in Mya 2015. The Municipality agreed to pay the sum claimed as well as legal fees.	-	181,331.87
165	Sikelephi Ngubane	Delictual Claim: This claim arises from plaintiff's vehicle having collided with a municipal vehicle driven by a municipal employee in the course and scope of his employment.	2014	Internal	R17 312.33 plus interest at 15.5 per cent per annum.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. The claim is being defended and an appearance to defend has been entered.	-	19,995.74
166	Farouk Jasat	Delictual Claim:Plaintiff's motor vehicle collided with a pothole on Scania Road Intersection.	2014	Internal	R54 588.60. The matter is being defended, during May pre-trial notices exchanged.	-	54,588.60
167	Blomeyers Cooling CC	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2014	Internal	R225,284.68. Ongoing	-	225,284.68
168	NS Ngwenya	Delictual claim. Plaintiff's vehicle collided with a municipal vehicle.	2015	Internal	R24 351.28 plus interest at 9% per annum. This claim arises from amotor vehicle collision in the vicinity of Pine Street involving plaintiff's vehicle and a municipal vehicle driven by a municipal employee in the course and scope of his employment. The claim is being defended inhouse and an appearance to defend has been filed.	-	26,542.90
169	Bermin Investments CC t/a Magalela electrical	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R 170 100 .69. This is a claim arising from a contractual dispute. The claim is being defended and an appearance to defend as well as a defendant's plea have been filed.	-	170,100.69
170	MS Bastew	Delictual Claim: This is a claim arising from a power outage/surge which caused damage to plaintiff's household goods.	2015	Internal	R 21 000.00. This is a claim arising from a power outage/surge which caused damage to plaintiff's household goods. A letter of demand has been received and the insurance section has been informed.	-	21,000.00
171	S. Dewraj	Delictual Claim: This claim arises from a motor vehicle collision in the vicinity of Pine Street involving plaintiff's vehicle and a municipal vehicle driven by a municipal employee in the course and scope of his employment.	2015	Internal	R 22 250.06. This claim arises from a motor vehicle collision in the vicinity of Pine Street involving plaintiff's vehicle and a municipal vehicle driven by a municipal employee in the course and scope of his employment. The claim is being defended and an appearance to defend has been filed.	-	22,250.06
172	D. Ellapen	Delictual Claim: The claim arises from plaintiff's vehicle colliding with a pothole in the vicinity of Murray Road.	2015	Internal	R 12 109. 06. The claim arises from plaintiff's vehicle colliding with a pothole in the vicinity of Murray Road. The matter is being defended inhouse and an appearance to defend has been filed.	-	12,109.06

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY							
APPENDIX E							
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2015							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2015	Total 2014 R.	Total 2015 R.
173	L. Mentory	Delictual Claim: The plaintiff is suing the Municipality for damages as a result of his motor vehicle having collided with a pothole in the vicinity of Otto's Bluff Road.	2015	Internal	R 31 487.02 . The matter is Ongoing. An appearance to defend has been filed.	-	31,487.02
174	Y. Mahomed	Delictual Claim: Plaintiff fell and sustained injury whilst walking on an uneven pavement in the vicinity of Retief Street.	2015	Internal/Insurance	R 250 000.00 . A letter of demand has been received and sent to the Insurance Section for an investigation.Ongoing.	-	250,000.00
175	Telkom SA	Delictual Claim: The matter arises from damage to underground cables that Plaintiff alleges was caused by Municipal water pipes.	2015	Internal	R8671.31. Telkom is suing the Municipality because of its damaged underground cables in the vicinity of Slangspruit, Edendale. A letter of demand has been received and relevant departments have been contacted to provide information prior to responding.	-	8,671.31
176	Mahommed Hussain Khan N.O. and another.	Delictual claim. Plaintiff is suing the Municipality for overcharges in relation to rates.	2015	Internal	R 49 226.92. The plaintiffs sued the Municipality for a refund that they were due in terms of an application for a rates clearance certificate. The claim has been settled. The matter is now finalised.	-	49,226.92
177	C.J Booyesen	Delictual Claim: The claim arises from plaintiff's vehicle colliding with a pothole in the vicinity of Princess Margaret Street.	2015	Internal	R12 646.24. The claim arises from plaintiff's vehicle colliding with a pothole in the vicinity of Princess Margaret Street. The claim is being defended inhouse and an appearance to defend has been filed.	-	12,646.24
178	AJC White	Delictual Claim: The matter arises from plaintiff having fallen into an uncovered meter box in the vicinity of Flemming Street/Prince Alfred Street.	2015	Internal/ Insurance	R100 000.00. The claim herein arises from plaintiff having fallen into an uncovered meter box in the vicinity of Flemming Street/Prince Alfred Street. The claim is being defended inhouse and an appearance to defend has been filed.	-	100,000.00
179	SM Ally's Builders and Contractors 786 CC t/a Ally's Construction and Plumbers CC	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R10 203.00, plus interest at 9% per annum and R 6 384 plus interest at 9% per annum. The Plaintiff has issued two separate summonses with respect to the monies mentioned herein. The summonses have been disarised and the relevant officials have been notified with a view to having consultations on the matter.	-	18,079.83
180	Southern African Music Rights Organisation	Breach of contract in terms of copyright laws.	2015	Matthew Francis Inc.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mfilaw.co.za	R170 265.21 Summons received. Municipality entering an appearance to defend.	-	170,265.21
						<b>61,675,828.00</b>	<b>84,745,591.04</b>