



**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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); Municipal Property Rates Act, (Act 6 of 2004), Division of Revenue Act (Act 1 of 2007)
<b>Grading of local authority</b>	Category - B
<b>Controlling entity</b>	The Msunduzi Municipality
<b>Municipal entity</b>	Safe City (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 2014

## General Information

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### Executive Committee

Mayor - CJ Ndlela  
Deputy Mayor - TR Zuma  
Member - NP Bhengu  
Member - JM Lawerence - 1 month  
Member - M Chetty - 11 months  
Member - M Inderjit  
Member - WF Lambert  
Member - NE Majola  
Member - JJ Ngubo  
Member - VT Xulu  
Member - M Schalkwyk

### Councillors

Speaker - B Baijoo  
Whip - TV Magubane  
NB Ahmed  
R Ahmed  
RP Ashe  
N Atwaru  
C Bradley  
SD Buthelezi  
TM Buthelezi  
PN Dlamini  
TI Dlamini  
AB Dlomo  
S Govender  
SC Gwala  
NF Gumede  
PV Jaca  
SP Lyne  
LL Madlala  
SI Madonda  
TS Magwaza  
ST Majola  
FM Makhathini  
T Matiwane  
M Maphumalo  
AL Mbanjwa  
FN Mbatha  
GR McArthur  
MB Mkhize  
MA Mkhize  
MH Mkhize  
SA Mkhize  
VGM Mlete  
PN Msimang  
SC Ndawonde  
MD Ndlovu  
NZ Ndlovu  
TP Ndlovu  
BB Ngcobo

# **The Msunduzi Municipality and its Municipal Entity**

Consolidated Annual Financial Statements for the year ended 30 June 2014

## **General Information**

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JM Ngcobo  
KM Ngcobo  
L Ngcobo  
MA Ngcobo  
TP Ngcobo  
PG Ngidi  
TD Ntombela  
DB Phungula  
DF Ryder  
P Shoji  
LN Sikhakhane  
J Singh  
RB Singh  
P Sithole  
BC Sokhela  
MS Sokhela  
R Soobiah  
MA Tarr  
LJ Winterbach  
DP Zondi  
BE Zuma  
MB Zuma  
TRM Zungu  
FR Zungu

# The Msunduzi Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2014

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## Abbreviations

ASB	Accounting Standards Board
CBD	Central Business District
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

# **The Msunduzi Municipality and its Municipal Entity**

Consolidated Annual Financial Statements for the year ended 30 June 2014


## **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 131, 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 36 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.

 29/09/2014  
\_\_\_\_\_  
M. A. Nkosi                      Date  
Municipal Manager

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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Statement of Financial Position as at 30 June 2014

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2014	2013 Restated*	2014	2013 Restated*
<b>Assets</b>					
Current Assets					
Inventories	3	743,239,027	755,044,846	743,239,027	755,044,846
Other financial assets	13	46,081	46,081	46,081	46,081
Trade payables from exchange transactions	4	403,196,500	321,505,339	403,194,000	321,502,839
VAT receivable	18	40,918	32,341	-	-
Trade and receivables from exchange transactions	5	667,396,506	553,773,105	667,396,506	553,773,105
Short term investment	7	6,901,834	5,901,021	6,901,834	5,901,021
Cash and cash equivalents	6	827,942,707	719,173,501	827,273,263	718,068,292
		<b>2,648,763,573</b>	<b>2,355,476,234</b>	<b>2,648,050,711</b>	<b>2,354,336,184</b>
Non-Current Assets					
Biological assets	12	46,520,046	37,915,260	46,520,046	37,915,260
Investment property	10	356,913,816	320,520,236	356,913,816	320,520,236
Property, plant and equipment	8	6,055,075,526	6,183,976,974	6,054,916,230	6,183,924,667
Intangible assets	9	2,097,543	1,898,994	2,097,543	1,898,994
Heritage assets	11	177,572,480	176,969,036	177,572,480	176,969,036
Other financial assets	13	9,587,680	8,771,407	9,587,680	8,771,407
		<b>6,647,767,091</b>	<b>6,730,051,907</b>	<b>6,647,607,795</b>	<b>6,729,999,600</b>
<b>Total Assets</b>		<b>9,296,530,664</b>	<b>9,085,528,141</b>	<b>9,295,658,506</b>	<b>9,084,335,784</b>
<b>Liabilities</b>					
Current Liabilities					
Other financial liabilities	14	42,690,655	45,574,898	42,690,655	45,574,898
Finance lease obligation	15	338,004	1,088,857	338,004	1,088,857
Payables from exchange transactions	16	453,062,866	481,033,219	453,062,866	481,005,086
VAT payable	17	49,453,190	70,538,636	49,453,190	70,538,636
Consumer deposits	19	85,109,070	79,589,229	85,109,070	79,589,229
Unspent conditional grants and receipts	20	291,314,078	170,460,191	291,314,078	170,460,191
Provisions	21	6,876,719	4,396,719	6,876,719	4,396,719
		<b>928,844,582</b>	<b>852,681,749</b>	<b>928,844,582</b>	<b>852,653,616</b>
Non-Current Liabilities					
Other financial liabilities	14	496,828,777	540,418,309	496,828,777	540,418,309
Finance lease obligation	15	569,098	907,103	569,098	907,103
Retirement benefit obligation	22	559,848,366	480,277,982	559,848,366	480,277,982
Provisions	21	61,002,002	55,456,365	61,002,002	55,456,365
		<b>1,118,248,243</b>	<b>1,077,059,759</b>	<b>1,118,248,243</b>	<b>1,077,059,759</b>
<b>Total Liabilities</b>		<b>2,047,092,825</b>	<b>1,929,741,508</b>	<b>2,047,092,825</b>	<b>1,929,713,375</b>
<b>Net Assets</b>		<b>7,249,437,839</b>	<b>7,155,786,633</b>	<b>7,248,565,681</b>	<b>7,154,622,409</b>
<b>Net Assets</b>					
Share capital / contributions from owners	54	100	100	-	-
Reserves					
Housing development fund	23	51,542,986	49,902,967	51,542,986	49,902,967
Accumulated surplus		7,197,894,753	7,105,883,566	7,197,022,695	7,104,719,442
<b>Total Net Assets</b>		<b>7,249,437,839</b>	<b>7,155,786,633</b>	<b>7,248,565,681</b>	<b>7,154,622,409</b>

\* See Note 63

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2014	2013 Restated*	2014	2013 Restated*
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Service charges	26	2,073,501,239	1,982,478,509	2,073,501,239	1,982,478,509
Rental received	27	21,571,598	20,896,190	21,571,598	20,896,190
Fees from agency services	28	669,269	732,726	669,269	732,726
Licences and permits	29	81,004	59,002	81,004	59,002
Other revenue	30	115,545,156	60,557,695	115,512,631	60,552,735
Interest received - external investment	31	43,342,612	34,328,183	43,302,650	34,283,812
Interest received - trade and other receivables	31	53,055,390	82,051,046	53,055,390	82,051,046
<b>Total revenue from exchange transactions</b>		<b>2,307,766,268</b>	<b>2,181,103,351</b>	<b>2,307,693,781</b>	<b>2,181,054,020</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
Property rates	32	602,953,620	585,863,903	602,953,620	585,863,903
Property rates - penalties imposed	32	22,673,588	39,595,547	22,673,588	39,595,547
<b>Transfer revenue</b>					
Government grants and subsidies	33	694,304,613	566,469,707	694,304,613	566,469,707
Fines	34	102,750,783	8,371,286	102,750,783	8,371,286
<b>Total revenue from non-exchange transactions</b>		<b>1,422,682,604</b>	<b>1,200,300,443</b>	<b>1,422,682,604</b>	<b>1,200,300,443</b>
<b>Total revenue</b>	25	<b>3,730,448,872</b>	<b>3,381,403,794</b>	<b>3,730,376,385</b>	<b>3,381,354,463</b>
<b>Expenditure</b>					
Employee related costs	35	(744,988,068)	(686,988,222)	(741,537,216)	(684,336,568)
Remuneration of councillors	36	(37,099,641)	(33,421,534)	(37,099,641)	(33,421,534)
Conditional grant expenditure	37	(87,412,313)	(55,628,591)	(87,412,313)	(55,628,591)
Depreciation and amortisation	38	(452,697,098)	(229,064,031)	(452,670,172)	(229,011,118)
Impairment of assets	39	(662,051)	(8,141,512)	(662,051)	(8,141,512)
Finance costs	40	(67,174,144)	(70,966,061)	(67,174,144)	(70,966,061)
Debt impairment	41	(112,679,217)	(217,793,936)	(112,679,217)	(217,793,936)
Collection costs	42	(15,372,628)	(4,615,653)	(15,372,628)	(4,615,653)
Repairs and maintenance	43	(139,222,476)	(98,089,583)	(139,059,872)	(97,782,621)
Bulk purchases	44	(1,453,402,187)	(1,373,240,526)	(1,453,402,187)	(1,373,240,526)
Contracted services	45	(21,066,261)	(17,769,190)	(21,066,261)	(17,769,190)
Grants and subsidies paid	46	(218,284)	(216,480)	(4,428,810)	(4,163,848)
General expenses	47	(467,293,415)	(479,902,288)	(466,358,718)	(478,896,019)
<b>Total expenditure</b>		<b>(3,599,287,783)</b>	<b>(3,275,837,607)</b>	<b>(3,598,923,230)</b>	<b>(3,275,767,177)</b>
<b>Operating surplus</b>		<b>131,161,089</b>	<b>105,566,187</b>	<b>131,453,155</b>	<b>105,587,286</b>
Gain on disposal of assets	49	(395,853)	(1,777,973)	(395,853)	(1,777,973)
Loss on donated assets	50	102,597	(1,341,657)	102,597	(1,341,657)
Loss on biological assets and agricultural produce	51	(5,438,627)	-	(5,438,627)	-
Loss on sale of movable assets	52	(6,456,578)	(613,184)	(6,456,578)	(613,184)
		<b>(12,188,461)</b>	<b>(3,732,814)</b>	<b>(12,188,461)</b>	<b>(3,732,814)</b>
<b>Surplus before taxation</b>		<b>118,972,628</b>	<b>101,833,373</b>	<b>119,264,694</b>	<b>101,854,472</b>
Taxation		-	(17,527)	-	-

\* See Note 63



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2014	2013 Restated*	2014	2013 Restated*
<b>Surplus for the year</b>		<b>118,972,628</b>	<b>101,850,900</b>	<b>119,264,694</b>	<b>101,854,472</b>

\* See Note 63

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Statement of Changes in Net Assets

Figures in Rand	Share capital / contributions from owners	Housing development fund	Accumulated surplus	Total net assets
<b>Economic entity</b>				
<b>Restated balance at 01 July 2012</b>	-	<b>55,525,904</b>	<b>7,003,818,834</b>	<b>7,059,344,738</b>
Effects of prior period error	-	-	(136,946,065)	(136,946,065)
Net income (losses) recognised directly in net assets	-	-	(136,946,065)	(136,946,065)
Restated Surplus / Deficit for the year	-	-	93,607,455	93,607,455
Total recognised income and expenses for the year	-	-	(43,338,610)	(43,338,610)
Donated contributed PPE	-	-	44,975	44,975
Adjustments	-	-	4,459,919	4,459,919
Surplus from HDF	-	-	101,310	101,310
Adjustment to heritage assets	-	-	140,797,138	140,797,138
Transfer to HDF	-	(5,622,937)	-	(5,622,937)
Total changes	-	(5,622,937)	102,064,732	96,441,795
<b>Restated balance at 01 July 2013</b>	-	<b>49,902,967</b>	<b>7,105,883,559</b>	<b>7,155,786,526</b>
Adjustments	-	-	(37,850,988)	(37,850,988)
Effects of prior period error	-	-	13,540,593	13,540,593
Asset adjustments to investment property and property plant and equipment	-	-	(2,844,039)	(2,844,039)
Transfer to HDF	-	1,640,019	-	1,640,019
Net income (losses) recognised directly in net assets	-	1,640,019	(27,154,434)	(25,514,415)
Surplus / Deficit for the year	-	-	118,972,628	118,972,628
Total recognised income and expenses for the year	-	1,640,019	91,818,194	93,458,213
Surplus from HDF	-	-	193,000	193,000
Total changes	-	1,640,019	92,011,194	93,651,213
<b>Balance at 30 June 2014</b>	-	<b>51,542,986</b>	<b>7,197,894,753</b>	<b>7,249,437,739</b>
Note(s)	54	23		
<b>Controlling entity</b>				
<b>Restated balance at 01 July 2012</b>	-	<b>55,525,904</b>	<b>6,865,705,074</b>	<b>6,921,230,978</b>
Restated surplus / deficit for the year	-	-	93,611,026	93,611,026
Donated/contributed property plant and equipment	-	-	44,975	44,975
Adjustments	-	-	4,459,919	4,459,919
Surplus from HDF	-	-	101,310	101,310
Adjustments to heritage assets	-	-	140,797,138	140,797,138
Transfer to HDF	-	(5,622,937)	-	(5,622,937)
Total changes	-	(5,622,937)	239,014,368	233,391,431
<b>Restated balance at 01 July 2013</b>	-	<b>49,902,967</b>	<b>7,104,719,441</b>	<b>7,154,622,408</b>
Changes in net assets	-	-	(37,850,989)	(37,850,989)
Adjustments	-	-	13,540,592	13,540,592
Effect of prior period error	-	-	(2,844,043)	(2,844,043)
Asset adjustments to investment property and property plant and equipment	-	-		
Transfer to HDF	-	1,640,019	-	1,640,019
Net income (losses) recognised directly in net assets	-	1,640,019	(27,154,440)	(25,514,421)
Surplus for the year	-	-	119,264,694	119,264,694

\* See Note 63

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Statement of Changes in Net Assets

Figures in Rand		Hedging reserve	Accumulated surplus	Total net assets
Total recognised income and expenses for the year	-	1,640,019	92,110,254	93,750,273
Surplus from HDF	-	-	193,000	193,000
Total changes	-	1,640,019	92,303,254	93,943,273
<b>Balance at 30 June 2014</b>	-	<b>51,542,986</b>	<b>7,197,022,695</b>	<b>7,248,565,681</b>
Note(s)	54	23		

\* See Note 63

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2014	2013 Restated*	2014	2013 Restated*
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Sale of goods and services		2,826,745,632	2,467,168,756	2,827,034,514	2,467,132,517
Government grants and subsidies		694,304,614	566,469,707	694,304,614	566,469,707
Interest income		96,358,040	116,334,858	96,358,040	116,334,858
		<b>3,617,408,286</b>	<b>3,149,973,321</b>	<b>3,617,697,168</b>	<b>3,149,937,082</b>
<b>Payments</b>					
Employee costs		(741,537,217)	(684,336,568)	(741,537,217)	(684,336,568)
Suppliers		(2,273,608,352)	(1,895,267,156)	(2,273,608,352)	(1,895,267,156)
Finance costs		(67,187,110)	(70,966,212)	(67,174,144)	(70,966,061)
Taxation paid		(3)	(108,075)	-	-
		<b>(3,082,332,682)</b>	<b>(2,650,678,011)</b>	<b>(3,082,319,713)</b>	<b>(2,650,569,785)</b>
<b>Net cash flows from operating activities</b>	<b>53</b>	<b>535,075,604</b>	<b>499,295,310</b>	<b>535,377,455</b>	<b>499,367,297</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	8	(184,368,495)	(81,108,615)	(184,234,581)	(81,108,615)
Proceeds from sale of property, plant and equipment	8	9,191,019	17,824,210	9,191,019	17,824,210
Movement in other financial assets	10	(816,273)	(570,180)	(816,273)	(570,180)
Non cash movement in fixed assets	10	(18,993,023)	10,216,225	(18,993,023)	10,216,225
Short term investment	9	(1,000,813)	(645,089)	(1,000,813)	(645,089)
Capital work in progress	9	(166,627,706)	(180,518,768)	(166,627,706)	(180,518,768)
Purchase of intangible assets	9	(737,085)	(56,793)	(737,085)	(56,793)
Purchases of heritage assets	11	(103,444)	(140,191,240)	(103,444)	(140,191,240)
Purchase of biological assets	12	(8,604,786)	-	(8,604,786)	-
Purchase of investment properties		(12,203,000)	-	(12,203,000)	-
<b>Net cash flows from investing activities</b>		<b>(384,263,606)</b>	<b>(375,050,250)</b>	<b>(384,129,692)</b>	<b>(375,050,250)</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings		(47,562,633)	(35,805,612)	(47,562,633)	(35,805,612)
Movement in consumer deposits		5,519,841	7,941,537	5,519,841	7,941,537
<b>Net cash flows from financing activities</b>		<b>(42,042,792)</b>	<b>(27,864,075)</b>	<b>(42,042,792)</b>	<b>(27,864,075)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>108,769,205</b>	<b>96,380,991</b>	<b>109,204,971</b>	<b>96,452,972</b>
Cash and cash equivalents at the beginning of the year		719,173,502	622,792,510	718,068,292	621,615,320
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>827,942,707</b>	<b>719,173,501</b>	<b>827,273,263</b>	<b>718,068,292</b>

\* See Note 63

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Economic entity</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	2,147,016,336	(42,351,040)	<b>2,104,665,296</b>	2,073,501,239	<b>(31,164,057)</b>	
Rental received	20,254,999	2,285,958	<b>22,540,957</b>	21,571,598	<b>(969,359)</b>	
Fees from agency services	586,000	-	<b>586,000</b>	669,269	<b>83,269</b>	
Licences and permits	48,000	-	<b>48,000</b>	81,004	<b>33,004</b>	
Other revenue	48,011,199	1,708,165	<b>49,719,364</b>	115,512,631	<b>65,793,267</b>	
Interest received - external investment	27,029,000	-	<b>27,029,000</b>	43,302,650	<b>16,273,650</b>	
Interest received - trade and other receivables	1,254,834	-	<b>1,254,834</b>	53,055,390	<b>51,800,556</b>	
<b>Total revenue from exchange transactions</b>	<b>2,244,200,368</b>	<b>(38,356,917)</b>	<b>2,205,843,451</b>	<b>2,307,693,781</b>	<b>101,850,330</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	607,308,000	-	<b>607,308,000</b>	602,953,620	<b>(4,354,380)</b>	
Property rates - penalties imposed	37,363,000	-	<b>37,363,000</b>	22,673,588	<b>(14,689,412)</b>	
Government grants & subsidies	766,983,000	81,377,119	<b>848,360,119</b>	694,304,613	<b>(154,055,506)</b>	
<b>Transfer revenue</b>						
Fines	3,634,000	7,908,613	<b>11,542,613</b>	102,750,783	<b>91,208,170</b>	
<b>Total revenue from non-exchange transactions</b>	<b>1,415,288,000</b>	<b>89,285,732</b>	<b>1,504,573,732</b>	<b>1,422,682,604</b>	<b>(81,891,128)</b>	
<b>Total revenue</b>	<b>3,659,488,368</b>	<b>50,928,815</b>	<b>3,710,417,183</b>	<b>3,730,376,385</b>	<b>19,959,202</b>	
<b>Expenditure</b>						
Employee related costs	(779,766,001)	17,222,767	<b>(762,543,234)</b>	(741,537,216)	<b>21,006,018</b>	
Remuneration of councillors	(36,419,001)	(110,000)	<b>(36,529,001)</b>	(37,099,641)	<b>(570,640)</b>	
Conditional grant expenditure	(26,000,000)	(58,989,671)	<b>(84,989,671)</b>	(87,412,313)	<b>(2,422,642)</b>	
Depreciation and amortisation	(222,212,002)	-	<b>(222,212,002)</b>	(452,670,169)	<b>(230,458,167)</b>	
Impairment of assets	-	-	-	(662,051)	<b>(662,051)</b>	
Finance costs	(66,872,099)	456,091	<b>(66,416,008)</b>	(67,174,144)	<b>(758,136)</b>	
Debt impairment	(137,509,745)	-	<b>(137,509,745)</b>	(112,679,217)	<b>24,830,528</b>	
Collection costs	(3,102,000)	(12,304,075)	<b>(15,406,075)</b>	(15,372,628)	<b>33,447</b>	
Repairs and maintenance	(94,392,227)	(53,876,751)	<b>(148,268,978)</b>	(139,059,872)	<b>9,209,106</b>	
Bulk purchases	(1,493,889,895)	13,047,758	<b>(1,480,842,137)</b>	(1,453,402,187)	<b>27,439,950</b>	
Contracted Services	(19,191,841)	(1,874,734)	<b>(21,066,575)</b>	(21,066,262)	<b>313</b>	
Grants and subsidies paid	(5,027,304)	-	<b>(5,027,304)</b>	(4,428,810)	<b>598,494</b>	
General expenses	(723,651,251)	45,499,800	<b>(678,151,451)</b>	(466,358,720)	<b>211,792,731</b>	
<b>Total expenditure</b>	<b>(3,608,033,366)</b>	<b>(50,928,815)</b>	<b>(3,658,962,181)</b>	<b>(3,598,923,230)</b>	<b>60,038,951</b>	
<b>Operating surplus</b>	<b>51,455,002</b>	<b>-</b>	<b>51,455,002</b>	<b>131,453,155</b>	<b>79,998,153</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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						
Gain or loss on disposal of assets	15,131,000	-	<b>15,131,000</b>	(395,853)	<b>(15,526,853)</b>	
Gain or loss on donated assets	-	-	-	102,597	<b>102,597</b>	
Loss on immovable assets	-	-	-	(5,438,627)	<b>(5,438,627)</b>	
Loss on movable assets	-	-	-	(6,456,578)	<b>(6,456,578)</b>	
	<b>15,131,000</b>	-	<b>15,131,000</b>	<b>(12,188,461)</b>	<b>(27,319,461)</b>	
<b>Surplus before taxation</b>	<b>66,586,002</b>	-	<b>66,586,002</b>	<b>119,264,694</b>	<b>52,678,692</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>66,586,002</b>	-	<b>66,586,002</b>	<b>119,264,694</b>	<b>52,678,692</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

### Statement of Financial Position

#### Assets

##### Current Assets

Inventories	56,566,739	679,727,280	<b>736,294,019</b>	743,239,027	<b>6,945,008</b>	
Other financial assets	-	-	-	46,081	<b>46,081</b>	
Receivables from non-exchange transactions	7,354,451	117,157,542	<b>124,511,993</b>	403,194,000	<b>278,682,007</b>	
Trade and other receivables from exchange transactions	690,704,000	(7,994,169)	<b>682,709,831</b>	667,396,506	<b>(15,313,325)</b>	
Short term investment	-	-	-	6,901,834	<b>6,901,834</b>	
Cash and cash equivalents	648,868,441	218,010,752	<b>866,879,193</b>	827,273,263	<b>(39,605,930)</b>	
	<b>1,403,493,631</b>	<b>1,006,901,405</b>	<b>2,410,395,036</b>	<b>2,648,050,711</b>	<b>237,655,675</b>	

##### Non-Current Assets

Biological assets	-	-	-	46,520,046	<b>46,520,046</b>	
Investment property	-	-	-	356,913,816	<b>356,913,816</b>	
Property, plant and equipment	6,568,313,325	255,866,399	<b>6,824,179,724</b>	6,054,916,230	<b>(769,263,494)</b>	
Intangible assets	-	-	-	2,097,543	<b>2,097,543</b>	
Heritage assets	-	-	-	177,572,480	<b>177,572,480</b>	
Other financial assets	419,391,172	(410,757,801)	<b>8,633,371</b>	9,587,680	<b>954,309</b>	
	<b>6,987,704,497</b>	<b>(154,891,402)</b>	<b>6,832,813,095</b>	<b>6,647,607,795</b>	<b>(185,205,300)</b>	

#### Total Assets

<b>8,391,198,128</b>	<b>852,010,003</b>	<b>9,243,208,131</b>	<b>9,295,658,506</b>	<b>52,450,375</b>	
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#### Liabilities

##### Current Liabilities

Other financial liabilities	38,029,973	(38,029,973)	-	42,690,655	<b>42,690,655</b>	
Finance lease obligation	-	-	-	338,004	<b>338,004</b>	
Payables from exchange transactions	618,107,418	160,956,231	<b>779,063,649</b>	453,062,865	<b>(326,000,784)</b>	
VAT payable	-	-	-	49,453,190	<b>49,453,190</b>	
Consumer deposits	73,940,746	9,561,255	<b>83,502,001</b>	85,109,070	<b>1,607,069</b>	
Unspent conditional grants and receipts	-	-	-	291,314,078	<b>291,314,078</b>	
Provisions	-	3,714,230	<b>3,714,230</b>	6,876,719	<b>3,162,489</b>	
	<b>730,078,137</b>	<b>136,201,743</b>	<b>866,279,880</b>	<b>928,844,581</b>	<b>62,564,701</b>	

##### Non-Current Liabilities

Other financial liabilities	573,000,000	(8,964,739)	<b>564,035,261</b>	496,828,777	<b>(67,206,484)</b>	
Finance lease obligation	-	-	-	569,098	<b>569,098</b>	
Retirement benefit obligation	-	-	-	559,848,366	<b>559,848,366</b>	
Provisions	-	535,734,347	<b>535,734,347</b>	61,002,002	<b>(474,732,345)</b>	
	<b>573,000,000</b>	<b>526,769,608</b>	<b>1,099,769,608</b>	<b>1,118,248,243</b>	<b>18,478,635</b>	

#### Total Liabilities

<b>1,303,078,137</b>	<b>662,971,351</b>	<b>1,966,049,488</b>	<b>2,047,092,824</b>	<b>81,043,336</b>	
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#### Net Assets

<b>7,088,119,991</b>	<b>189,038,652</b>	<b>7,277,158,643</b>	<b>7,248,565,682</b>	<b>(28,592,961)</b>	
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Housing development fund	56,080,579	(18,871,375)	<b>37,209,204</b>	51,542,986	<b>14,333,782</b>	
Accumulated surplus	7,032,039,412	207,910,027	<b>7,239,949,439</b>	7,197,022,696	<b>(42,926,743)</b>	
<b>Total Net Assets</b>	<b>7,088,119,991</b>	<b>189,038,652</b>	<b>7,277,158,643</b>	<b>7,248,565,682</b>	<b>(28,592,961)</b>	



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Sale of goods and services	2,466,204,000	374,450,000	<b>2,840,654,000</b>	2,833,940,581	<b>(6,713,419)</b>
Government grants and subsidies	767,006,000	40,682,000	<b>807,688,000</b>	694,304,614	<b>(113,383,386)</b>
Interest income	27,029,000	-	<b>27,029,000</b>	96,358,040	<b>69,329,040</b>
	<b>3,260,239,000</b>	<b>415,132,000</b>	<b>3,675,371,000</b>	<b>3,624,603,235</b>	<b>(50,767,765)</b>

##### Payments

Employee costs	-	-	-	(741,537,216)	<b>(741,537,216)</b>
Suppliers	(2,795,550,000)	42,351,000	<b>(2,753,199,000)</b>	(2,207,583,126)	<b>545,615,874</b>
Finance costs	(64,600,000)	-	<b>(64,600,000)</b>	(67,174,144)	<b>(2,574,144)</b>
Transfers and grants	(5,027,000)	-	<b>(5,027,000)</b>	-	<b>5,027,000</b>
	<b>(2,865,177,000)</b>	<b>42,351,000</b>	<b>(2,822,826,000)</b>	<b>(3,016,294,486)</b>	<b>(193,468,486)</b>

<b>Net cash flows from operating activities</b>	<b>395,062,000</b>	<b>457,483,000</b>	<b>852,545,000</b>	<b>608,308,749</b>	<b>(244,236,251)</b>
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#### Cash flows from investing activities

Purchase of property, plant and equipment	(285,394,000)	(96,063,000)	<b>(381,457,000)</b>	(184,234,581)	<b>197,222,419</b>
Proceeds from sale of property, plant and equipment	-	-	-	9,191,019	<b>9,191,019</b>
Movement in other financial assets	(422,000)	-	<b>(422,000)</b>	(816,273)	<b>(394,273)</b>
Non cash movement in fixed assets	-	-	-	(91,927,317)	<b>(91,927,317)</b>
Short term investment	(3,000)	-	<b>(3,000)</b>	(1,000,813)	<b>(997,813)</b>
Capital work in progress	-	-	-	(166,627,706)	<b>(166,627,706)</b>
Proceeds from sale of other intangible assets	-	-	-	(737,085)	<b>(737,085)</b>
Purchases of heritage assets	-	-	-	(103,444)	<b>(103,444)</b>
Purchase of biological assets	-	-	-	(8,604,786)	<b>(8,604,786)</b>
Purchase of investment properties	-	-	-	(12,203,000)	<b>(12,203,000)</b>

<b>Net cash flows from investing activities</b>	<b>(285,819,000)</b>	<b>(96,063,000)</b>	<b>(381,882,000)</b>	<b>(457,063,986)</b>	<b>(75,181,986)</b>
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#### Cash flows from financing activities

Repayment of borrowings	(45,175,000)	-	<b>(45,175,000)</b>	(47,562,633)	<b>(2,387,633)</b>
Movement in consumer deposits	3,722,000	-	<b>3,722,000</b>	5,522,841	<b>1,800,841</b>
<b>Net cash flows from financing activities</b>	<b>(41,453,000)</b>	<b>-</b>	<b>(41,453,000)</b>	<b>(42,039,792)</b>	<b>(586,792)</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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						
Net increase/(decrease) in cash and cash equivalents	67,790,000	361,420,000	<b>429,210,000</b>	109,204,971	<b>(320,005,029)</b>	
Cash and cash equivalents at the beginning of the year	830,762,000	-	<b>830,762,000</b>	718,068,292	<b>(112,693,708)</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>898,552,000</b>	<b>361,420,000</b>	<b>1,259,972,000</b>	<b>827,273,263</b>	<b>(432,698,737)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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>Controlling entity</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	2,147,016,336	(42,351,040)	<b>2,104,665,296</b>	2,073,501,239	<b>(31,164,057)</b>	
Rental received	20,254,999	2,285,958	<b>22,540,957</b>	21,571,598	<b>(969,359)</b>	
Income from agency services	586,000	-	<b>586,000</b>	669,269	<b>83,269</b>	
Licences and permits	48,000	-	<b>48,000</b>	81,004	<b>33,004</b>	
Other revenue	48,011,199	1,708,165	<b>49,719,364</b>	115,512,631	<b>65,793,267</b>	
Interest received - investment	27,029,000	-	<b>27,029,000</b>	43,302,650	<b>16,273,650</b>	
Interest received - trade and other receivables	1,254,834	-	<b>1,254,834</b>	53,055,390	<b>51,800,556</b>	
<b>Total revenue from exchange transactions</b>	<b>2,244,200,368</b>	<b>(38,356,917)</b>	<b>2,205,843,451</b>	<b>2,307,693,781</b>	<b>101,850,330</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	607,308,000	-	<b>607,308,000</b>	602,953,620	<b>(4,354,380)</b>	
Property rates - penalties imposed	37,363,000	-	<b>37,363,000</b>	22,673,588	<b>(14,689,412)</b>	
Government grants & subsidies	766,983,000	81,377,119	<b>848,360,119</b>	694,304,613	<b>(154,055,506)</b>	
<b>Transfer revenue</b>						
Fines	3,634,000	7,908,613	<b>11,542,613</b>	102,750,783	<b>91,208,170</b>	
<b>Total revenue from non-exchange transactions</b>	<b>1,415,288,000</b>	<b>89,285,732</b>	<b>1,504,573,732</b>	<b>1,422,682,604</b>	<b>(81,891,128)</b>	
<b>Total revenue</b>	<b>3,659,488,368</b>	<b>50,928,815</b>	<b>3,710,417,183</b>	<b>3,730,376,385</b>	<b>19,959,202</b>	
<b>Expenditure</b>						
Personnel	(779,766,001)	17,222,767	<b>(762,543,234)</b>	(741,537,216)	<b>21,006,018</b>	
Remuneration of councillors	(36,419,001)	(110,000)	<b>(36,529,001)</b>	(37,099,641)	<b>(570,640)</b>	
Transfer payments	(26,000,000)	(58,989,671)	<b>(84,989,671)</b>	(87,412,313)	<b>(2,422,642)</b>	
Depreciation and amortisation	(222,212,002)	-	<b>(222,212,002)</b>	(452,670,172)	<b>(230,458,170)</b>	
Impairment loss/ Reversal of impairments	-	-	-	(662,051)	<b>(662,051)</b>	
Finance costs	(66,872,099)	456,091	<b>(66,416,008)</b>	(67,174,144)	<b>(758,136)</b>	
Debt impairment	(137,509,745)	-	<b>(137,509,745)</b>	(112,679,217)	<b>24,830,528</b>	
Collection costs	(3,102,000)	(12,304,075)	<b>(15,406,075)</b>	(15,372,628)	<b>33,447</b>	
Repairs and maintenance	(94,392,227)	(53,876,751)	<b>(148,268,978)</b>	(139,059,872)	<b>9,209,106</b>	
Bulk purchases	(1,493,889,895)	13,047,758	<b>(1,480,842,137)</b>	(1,453,402,187)	<b>27,439,950</b>	
Contracted Services	(19,191,841)	(1,874,734)	<b>(21,066,575)</b>	(21,066,262)	<b>313</b>	
Grants and subsidies paid	(5,027,304)	-	<b>(5,027,304)</b>	(4,428,810)	<b>598,494</b>	
General Expenses	(723,651,251)	45,499,800	<b>(678,151,451)</b>	(466,358,720)	<b>211,792,731</b>	
<b>Total expenditure</b>	<b>(3,608,033,366)</b>	<b>(50,928,815)</b>	<b>(3,658,962,181)</b>	<b>(3,598,923,233)</b>	<b>60,038,948</b>	
<b>Operating surplus</b>	<b>51,455,002</b>	<b>-</b>	<b>51,455,002</b>	<b>131,453,152</b>	<b>79,998,150</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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						
Gain or loss on disposal of assets	15,131,000	-	<b>15,131,000</b>	(395,853)	<b>(15,526,853)</b>	
Gain or loss on donated assets	-	-	-	102,597	<b>102,597</b>	
Loss on immovable assets	-	-	-	(5,438,627)	<b>(5,438,627)</b>	
Loss on moveable assets	-	-	-	(6,456,578)	<b>(6,456,578)</b>	
	<b>15,131,000</b>	-	<b>15,131,000</b>	<b>(12,188,461)</b>	<b>(27,319,461)</b>	
<b>Surplus before taxation</b>	<b>66,586,002</b>	-	<b>66,586,002</b>	<b>119,264,691</b>	<b>52,678,689</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>66,586,002</b>	-	<b>66,586,002</b>	<b>119,264,691</b>	<b>52,678,689</b>	
<b>Reconciliation</b>						

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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	56,566,739	679,727,280	<b>736,294,019</b>	743,239,027	<b>6,945,008</b>	
Other financial assets	-	-	-	46,081	<b>46,081</b>	
Receivables from non-exchange transactions	7,354,451	117,157,542	<b>124,511,993</b>	403,194,000	<b>278,682,007</b>	
Trade and receivable from exchange transactions	690,704,000	(7,994,169)	<b>682,709,831</b>	667,396,506	<b>(15,313,325)</b>	
Short term investment	-	-	-	6,901,834	<b>6,901,834</b>	
Cash and cash equivalents	648,868,441	218,010,752	<b>866,879,193</b>	827,273,263	<b>(39,605,930)</b>	
	<b>1,403,493,631</b>	<b>1,006,901,405</b>	<b>2,410,395,036</b>	<b>2,648,050,711</b>	<b>237,655,675</b>	
<b>Non-Current Assets</b>						
Biological assets	-	-	-	46,520,046	<b>46,520,046</b>	
Investment property	-	-	-	356,913,816	<b>356,913,816</b>	
Property, plant and equipment	6,568,313,325	255,866,399	<b>6,824,179,724</b>	6,054,916,230	<b>(769,263,494)</b>	
Intangible assets	-	-	-	2,097,543	<b>2,097,543</b>	
Heritage assets	-	-	-	177,572,480	<b>177,572,480</b>	
Other financial assets	419,391,172	(410,757,801)	<b>8,633,371</b>	9,587,680	<b>954,309</b>	
	<b>6,987,704,497</b>	<b>(154,891,402)</b>	<b>6,832,813,095</b>	<b>6,647,607,795</b>	<b>(185,205,300)</b>	
<b>Total Assets</b>	<b>8,391,198,128</b>	<b>852,010,003</b>	<b>9,243,208,131</b>	<b>9,295,658,506</b>	<b>52,450,375</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Other financial liabilities	38,029,973	(38,029,973)	-	42,690,655	<b>42,690,655</b>	
Finance lease obligation	-	-	-	338,004	<b>338,004</b>	
Payables from exchange transactions	618,107,418	160,956,231	<b>779,063,649</b>	453,062,865	<b>(326,000,784)</b>	
VAT payable	-	-	-	49,453,190	<b>49,453,190</b>	
Consumer deposits	73,940,746	9,561,255	<b>83,502,001</b>	85,109,070	<b>1,607,069</b>	
Unspent conditional grants and receipts	-	-	-	291,314,078	<b>291,314,078</b>	
Provisions	-	3,714,230	<b>3,714,230</b>	6,876,719	<b>3,162,489</b>	
	<b>730,078,137</b>	<b>136,201,743</b>	<b>866,279,880</b>	<b>928,844,581</b>	<b>62,564,701</b>	
<b>Non-Current Liabilities</b>						
Other financial liabilities	573,000,000	(8,964,739)	<b>564,035,261</b>	496,828,777	<b>(67,206,484)</b>	
Finance lease obligation	-	-	-	569,098	<b>569,098</b>	
Retirement benefit obligation	-	-	-	559,848,366	<b>559,848,366</b>	
Provisions	-	535,734,347	<b>535,734,347</b>	61,002,002	<b>(474,732,345)</b>	
	<b>573,000,000</b>	<b>526,769,608</b>	<b>1,099,769,608</b>	<b>1,118,248,243</b>	<b>18,478,635</b>	
<b>Total Liabilities</b>	<b>1,303,078,137</b>	<b>662,971,351</b>	<b>1,966,049,488</b>	<b>2,047,092,824</b>	<b>81,043,336</b>	
<b>Net Assets</b>	<b>7,088,119,991</b>	<b>189,038,652</b>	<b>7,277,158,643</b>	<b>7,248,565,682</b>	<b>(28,592,961)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Housing development reserve	56,080,579	(18,871,375)	<b>37,209,204</b>	51,542,986	<b>14,333,782</b>	
Accumulated surplus	7,032,039,412	207,910,027	<b>7,239,949,439</b>	7,197,022,696	<b>(42,926,743)</b>	
<b>Total Net Assets</b>	<b>7,088,119,991</b>	<b>189,038,652</b>	<b>7,277,158,643</b>	<b>7,248,565,682</b>	<b>(28,592,961)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Sale of goods and services	2,466,204,000	374,450,000	<b>2,840,654,000</b>	2,833,940,581	<b>(6,713,419)</b>
Government grants and subsidies	767,006,000	40,682,000	<b>807,688,000</b>	694,304,614	<b>(113,383,386)</b>
Interest income	27,029,000	-	<b>27,029,000</b>	96,358,040	<b>69,329,040</b>
	<b>3,260,239,000</b>	<b>415,132,000</b>	<b>3,675,371,000</b>	<b>3,624,603,235</b>	<b>(50,767,765)</b>

##### Payments

Employee costs	-	-	-	(741,537,216)	<b>(741,537,216)</b>
Suppliers	(2,795,550,000)	42,351,000	<b>(2,753,199,000)</b>	(2,207,583,126)	<b>545,615,874</b>
Finance costs	(64,600,000)	-	<b>(64,600,000)</b>	(67,174,144)	<b>(2,574,144)</b>
Transfer and grants	(5,027,000)	-	<b>(5,027,000)</b>	-	<b>5,027,000</b>
	<b>(2,865,177,000)</b>	<b>42,351,000</b>	<b>(2,822,826,000)</b>	<b>(3,016,294,486)</b>	<b>(193,468,486)</b>

<b>Net cash flows from operating activities</b>	<b>395,062,000</b>	<b>457,483,000</b>	<b>852,545,000</b>	<b>608,308,749</b>	<b>(244,236,251)</b>
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#### Cash flows from investing activities

Purchase of property, plant and equipment	(285,394,000)	(96,063,000)	<b>(381,457,000)</b>	(372,510,602)	<b>8,946,398</b>
Proceeds from sale of property, plant and equipment	-	-	-	9,191,019	<b>9,191,019</b>
Net cash movement in fixed assets	-	-	-	(91,927,317)	<b>(91,927,317)</b>
Short term investment	(3,000)	-	<b>(3,000)</b>	(1,000,813)	<b>(997,813)</b>
Movement in other financial assets	(422,000)	-	<b>(422,000)</b>	(816,273)	<b>(394,273)</b>

<b>Net cash flows from investing activities</b>	<b>(285,819,000)</b>	<b>(96,063,000)</b>	<b>(381,882,000)</b>	<b>(457,063,986)</b>	<b>(75,181,986)</b>
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#### Cash flows from financing activities

Repayment of borrowings	(45,175,000)	-	<b>(45,175,000)</b>	(47,562,633)	<b>(2,387,633)</b>
Movement in consumer deposits	3,722,000	-	<b>3,722,000</b>	5,522,841	<b>1,800,841</b>

<b>Net cash flows from financing activities</b>	<b>(41,453,000)</b>	<b>-</b>	<b>(41,453,000)</b>	<b>(42,039,792)</b>	<b>(586,792)</b>
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Net increase/(decrease) in cash and cash equivalents	67,790,000	361,420,000	<b>429,210,000</b>	109,204,971	<b>(320,005,029)</b>
Cash and cash equivalents at the beginning of the year	830,762,000	-	<b>830,762,000</b>	718,068,292	<b>(112,693,708)</b>

<b>Cash and cash equivalents at the end of the year</b>	<b>898,552,000</b>	<b>361,420,000</b>	<b>1,259,972,000</b>	<b>827,273,263</b>	<b>(432,698,737)</b>
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#### Reconciliation

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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. Final budget council approved policy)	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Economic entity - 2014</b>										
<b>Financial Performance</b>										
Property rates	607,308,000	-	607,308,000	-		607,308,000	625,627,208	18,319,208	103 %	103 %
Service charges	2,147,016,336	(42,351,040)	2,104,665,296	-		2,104,665,296	2,073,501,239	(31,164,057)	99 %	97 %
Investment revenue	28,283,834	-	28,283,834	-		28,283,834	96,358,040	68,074,206	341 %	341 %
Transfers recognised - operational	380,313,000	60,302,686	440,615,686	-		440,615,686	448,121,964	7,506,278	102 %	118 %
Other own revenue	125,028,000	11,902,736	136,930,736	-		136,930,736	240,947,305	104,016,569	176 %	193 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>3,287,949,170</b>	<b>29,854,382</b>	<b>3,317,803,552</b>	<b>-</b>		<b>3,317,803,552</b>	<b>3,484,555,756</b>	<b>166,752,204</b>	<b>105 %</b>	<b>106 %</b>
Employee costs	(779,766,001)	(17,222,767)	(796,988,768)	-	-	(796,988,768)	(741,537,216)	55,451,552	93 %	95 %
Remuneration of councillors	(36,419,001)	(110,000)	(36,529,001)	-	-	(36,529,001)	(37,099,641)	(570,640)	102 %	102 %
Debt impairment	(137,509,745)	-	(137,509,745)			(137,509,745)	(112,679,217)	24,830,528	82 %	82 %
Depreciation and asset impairment	(222,212,002)	-	(222,212,002)			(222,212,002)	(250,135,909)	(27,923,907)	113 %	113 %
Finance charges	(66,872,099)	456,091	(66,416,008)	-	-	(66,416,008)	(67,174,144)	(758,136)	101 %	100 %
Materials and bulk purchases	(1,493,889,895)	13,047,758	(1,480,842,137)	-	-	(1,480,842,137)	(1,453,402,187)	27,439,950	98 %	97 %
Transfers and grants	(5,027,304)	-	(5,027,304)	-	-	(5,027,304)	(4,428,810)	598,494	88 %	88 %
Other expenditure	(866,337,319)	(81,545,629)	(947,882,948)	-	-	(947,882,948)	(735,208,814)	212,674,134	78 %	85 %
<b>Total expenditure</b>	<b>(3,608,033,366)</b>	<b>(85,374,547)</b>	<b>(3,693,407,913)</b>	<b>-</b>	<b>-</b>	<b>(3,693,407,913)</b>	<b>(3,401,665,938)</b>	<b>291,741,975</b>	<b>92 %</b>	<b>94 %</b>
<b>Surplus/(Deficit)</b>	<b>(320,084,196)</b>	<b>(55,520,165)</b>	<b>(375,604,361)</b>	<b>-</b>		<b>(375,604,361)</b>	<b>82,889,818</b>	<b>458,494,179</b>	<b>(22)%</b>	<b>(22)%</b>



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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	386,670,000	55,520,165	442,190,165	-		442,190,165	246,182,649		(196,007,516)	56 %	64 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	(209,807,773)		(209,807,773)	DIV/0 %	DIV/0 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>66,585,804</b>	<b>-</b>	<b>66,585,804</b>	<b>-</b>		<b>66,585,804</b>	<b>119,264,694</b>		<b>52,678,890</b>	<b>179 %</b>	<b>179 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>66,585,804</b>	<b>-</b>	<b>66,585,804</b>	<b>-</b>		<b>66,585,804</b>	<b>119,264,694</b>		<b>52,678,890</b>	<b>179 %</b>	<b>179 %</b>

Capital expenditure and funds sources

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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	-	-	-	-		-	608,308,749		608,308,749	DIV/0 %	DIV/0 %
Net cash from (used) investing	-	-	-	-		-	(457,063,986)		(457,063,986)	DIV/0 %	DIV/0 %
Net cash from (used) financing	-	-	-	-		-	(42,042,792)		(42,042,792)	DIV/0 %	DIV/0 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	-	-	-	-		-	<b>109,201,971</b>		<b>109,201,971</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>
Cash and cash equivalents at the beginning of the year	-	-	-	-		-	718,068,292		718,068,292	DIV/0 %	DIV/0 %
<b>Cash and cash equivalents at year end</b>	-	-	-	-		-	<b>827,270,263</b>		<b>827,270,263</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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 - 2013</b>				
<b>Financial Performance</b>				
Property rates				625,459,450
Service charges				1,982,478,509
Investment revenue				116,334,858
Transfers recognised - operational				395,621,840
Other own revenue				90,611,939
<b>Total revenue (excluding capital transfers and contributions)</b>				<b>3,210,506,596</b>
Employee costs	-	-	-	(684,336,568)
Remuneration of councillors	-	-	-	(33,421,534)
Debt impairment	-	-	-	(217,793,936)
Depreciation and asset impairment	-	-	-	(237,152,630)
Finance charges	-	-	-	(70,966,061)
Materials and bulk purchases	-	-	-	(1,373,240,526)
Transfers and grants	-	-	-	(4,163,848)
Other expenditure	-	-	-	(658,424,888)
<b>Total expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,279,499,991)</b>
<b>Surplus/(Deficit)</b>				<b>(68,993,395)</b>
Transfers recognised - capital				170,847,866
<b>Surplus (Deficit) after capital transfers and contributions</b>				<b>101,854,471</b>
Taxation				-
<b>Surplus/(Deficit) for the year</b>				<b>101,854,471</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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>Cash flows</b>				
Net cash from (used) operating				499,367,297
Net cash from (used) investing				(375,050,250)
Net cash from (used) financing				(27,864,075)
<b>Net increase/(decrease) in cash and cash equivalents</b>				<b>96,452,972</b>
Cash and cash equivalents at the beginning of the year				621,615,314
<b>Cash and cash equivalents at year end</b>				<b>718,068,286</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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. Final budget council approved policy)	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Controlling entity - 2014</b>										
<b>Financial Performance</b>										
Property rates	607,308,000	-	607,308,000	-		607,308,000	625,627,208	18,319,208	103 %	103 %
Service charges	2,147,016,336	(42,351,040)	2,104,665,296	-		2,104,665,296	2,073,501,239	(31,164,057)	99 %	97 %
Investment revenue	28,283,834	-	28,283,834	-		28,283,834	96,358,040	68,074,206	341 %	341 %
Transfers recognised - operational	380,313,000	60,302,686	440,615,686	-		440,615,686	448,121,964	7,506,278	102 %	118 %
Other own revenue	125,028,000	11,902,736	136,930,736	-		136,930,736	240,687,882	103,757,146	176 %	193 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>3,287,949,170</b>	<b>29,854,382</b>	<b>3,317,803,552</b>	<b>-</b>		<b>3,317,803,552</b>	<b>3,484,296,333</b>	<b>166,492,781</b>	<b>105 %</b>	<b>106 %</b>
Employee costs	(779,766,001)	(17,222,767)	(796,988,768)	-	-	(796,988,768)	(741,537,216)	55,451,552	93 %	95 %
Remuneration of councillors	(36,419,001)	(110,000)	(36,529,001)	-	-	(36,529,001)	(37,099,641)	(570,640)	102 %	102 %
Debt impairment	(137,509,745)	-	(137,509,745)			(137,509,745)	(112,679,217)	24,830,528	82 %	82 %
Depreciation and asset impairment	(222,212,002)	-	(222,212,002)			(222,212,002)	(453,332,223)	(231,120,221)	204 %	204 %
Finance charges	(66,872,099)	456,091	(66,416,008)	-	-	(66,416,008)	(67,174,144)	(758,136)	101 %	100 %
Materials and bulk purchases	(1,493,889,895)	13,047,758	(1,480,842,137)	-	-	(1,480,842,137)	(1,453,402,187)	27,439,950	98 %	97 %
Transfers and grants	(5,027,304)	-	(5,027,304)	-	-	(5,027,304)	(4,428,810)	598,494	88 %	88 %
Other expenditure	(866,337,319)	(81,545,629)	(947,882,948)	-	-	(947,882,948)	(735,208,814)	212,674,134	78 %	85 %
<b>Total expenditure</b>	<b>(3,608,033,366)</b>	<b>(85,374,547)</b>	<b>(3,693,407,913)</b>	<b>-</b>	<b>-</b>	<b>(3,693,407,913)</b>	<b>(3,604,862,252)</b>	<b>88,545,661</b>	<b>98 %</b>	<b>100 %</b>
<b>Surplus/(Deficit)</b>	<b>(320,084,196)</b>	<b>(55,520,165)</b>	<b>(375,604,361)</b>	<b>-</b>		<b>(375,604,361)</b>	<b>(120,565,919)</b>	<b>255,038,442</b>	<b>32 %</b>	<b>38 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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	386,670,000	55,520,165	442,190,165	-		442,190,165	246,182,649		(196,007,516)	56 %	64 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>66,585,804</b>	<b>-</b>	<b>66,585,804</b>	<b>-</b>		<b>66,585,804</b>	<b>125,616,730</b>		<b>59,030,926</b>	<b>189 %</b>	<b>189 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>66,585,804</b>	<b>-</b>	<b>66,585,804</b>	<b>-</b>		<b>66,585,804</b>	<b>125,616,730</b>		<b>59,030,926</b>	<b>189 %</b>	<b>189 %</b>

### Capital expenditure and funds sources

#### Cash flows

Net cash from (used) operating	-	-	-	-		-	608,308,749		608,308,749	DIV/0 %	DIV/0 %
Net cash from (used) investing	-	-	-	-		-	(457,063,986)		(457,063,986)	DIV/0 %	DIV/0 %
Net cash from (used) financing	-	-	-	-		-	(42,042,792)		(42,042,792)	DIV/0 %	DIV/0 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>109,201,971</b>		<b>109,201,971</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>
Cash and cash equivalents at the beginning of the year	-	-	-	-		-	718,068,292		718,068,292	DIV/0 %	DIV/0 %
<b>Cash and cash equivalents at year end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>827,270,263</b>		<b>(827,270,263)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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 - 2013</b>				
<b>Financial Performance</b>				
Property rates				625,459,450
Service charges				1,982,478,509
Investment revenue				116,334,858
Transfers recognised - operational				395,621,840
Other own revenue				90,611,939
<b>Total revenue (excluding capital transfers and contributions)</b>				<b>3,210,506,596</b>
Employee costs	-	-	-	(684,336,568)
Remuneration of councillors	-	-	-	(33,421,534)
Debt impairment	-	-	-	(217,793,936)
Depreciation and asset impairment	-	-	-	(237,152,630)
Finance charges	-	-	-	(70,966,061)
Materials and bulk purchases	-	-	-	(1,373,240,526)
Transfers and grants	-	-	-	(4,163,848)
Other expenditure	-	-	-	(658,424,888)
<b>Total expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,279,499,991)</b>
<b>Surplus/(Deficit)</b>				<b>(68,993,395)</b>
Transfers recognised - capital				170,847,866
<b>Surplus (Deficit) after capital transfers and contributions</b>				<b>101,854,471</b>
<b>Surplus/(Deficit) for the year</b>				<b>101,854,471</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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>Cash flows</b>				
Net cash from (used) operating				499,367,297
Net cash from (used) investing				(375,050,250)
Net cash from (used) financing				(27,864,075)
<b>Net increase/(decrease) in cash and cash equivalents</b>				<b>96,452,972</b>
Cash and cash equivalents at the beginning of the year				621,615,314
<b>Cash and cash equivalents at year end</b>				<b>718,068,286</b>



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1. Presentation of Consolidated Annual Financial Statements

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

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

#### 1.1 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.

#### 1.2 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.

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

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

##### Fair value estimation

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 2014

## Accounting Policies

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### 1.3 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 economic entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. 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 .

#### 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.

#### Effective interest rate

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

#### Allowance for doubtful debts

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

### 1.4 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 initially recognised at cost. Transaction costs are included in the initial measurement.

Item	Average useful life
Property - land	Indefinite
Property - buildings	5 - 50 years

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.4 Investment property (continued)

#### Fair value

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

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

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

### 1.5 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 municipality; 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.

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

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

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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

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 - 7 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.

### 1.6 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.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.7 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 initially recognised at cost. Transaction costs are included in the initial measurement

#### 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.

Item	Average useful life
* Property - land	Infinite
* Property - buildings	5 - 50 years

### 1.8 Intangible assets

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

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 asset

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

Item	Useful life
Computer software	3 - 5 years

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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.8 Intangible assets (continued)

Servitudes

Infinite

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.

### 1.9 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.

### 1.10 Biological assets

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

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.

### 1.11 Heritage assets

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

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 Municipality.

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 annual financial statements.

### Transitional provision

According to the transitional provision, the economic entity is not required to measure heritage assets for reporting periods beginning on 01 July 2012 or after a date within three years following the date of initial adoption of the Standard of GRAP on Heritage assets. Heritage assets have accordingly been recognised at provisional amounts, as disclosed, The transitional provision expires on 2015/06/30.

In accordance with the transitional provision as per Directive 2 of the GRAP Reporting Framework, where heritage assets was acquired through a transfer of functions, the economic entity is not required to measure that heritage assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

Until such time as the measurement period expires and heritage assets is recognised and measured in accordance with the requirements of the Standard of GRAP on Heritage assets, the economic entity need not comply with the Standards of GRAP on (to the extent that these Standards prescribe requirements for heritage assets):

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

# **The Msunduzi Municipality and its Municipal Entity**

Consolidated Annual Financial Statements for the year ended 30 June 2014

## **Accounting Policies**

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### **1.11 Heritage assets (continued)**

The exemption from applying the measurement requirements of the Standard of GRAP on Heritage assets implies that any associated presentation and disclosure requirements need not be complied with for heritage assets not measured in accordance with the requirements of the Standard of GRAP on Heritage assets.

### **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

Consolidated Annual Financial Statements for the year ended 30 June 2014

## 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

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.14 Correction of prior period 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.

### 1.15 Budget information

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.

### 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 – lessee

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 municipality's incremental borrowing rate.

The 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 – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

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

### 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.

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.17 Inventories (continued)

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

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

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

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

The inventory of the economic entity encompass land held for resale. The land held for resale is measured at the lower of cost and current replacement cost where they held for distribution at no charge.

### 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 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 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.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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

#### Identification

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

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

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

#### Value in use

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

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

#### Depreciated replacement cost approach

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

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

#### Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

#### 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.

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.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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

#### Reversal of an impairment loss

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

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

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

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

#### Redesignation

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

### 1.20 Share capital / contributions from owners

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

### 1.21 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 .

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 (Pty) Ltd is a municipal entity and has formed a partnership with the business community to combat crime in the city. Council allocates a grant in aid to the entity.

### 1.22 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.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.23 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 expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### 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 2014

## Accounting Policies

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### 1.23 Employee benefits (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 unrecognized actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

#### 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 2014

## **Accounting Policies**

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### **1.23 Employee benefits (continued)**

#### **Actuarial assumptions**

##### **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.

### **1.24 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.

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.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 59.

### **1.25 Revenue from exchange transactions**

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.25 Revenue from exchange transactions (continued)

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.



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.26 Revenue from non-exchange transactions

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.

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 summonses. 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.

### 1.27 Investment income

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

### 1.28 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 2014

## Accounting Policies

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### 1.29 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.

### 1.30 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.31 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.

### 1.32 Use of Estimates

The preparation of consolidated annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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.

### 1.33 Internal Reserves

#### Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment amounts are transferred from surplus or deficit for the year to the CRR in terms of the implementation guidelines on GRAP. These transfers from the net surplus may only be made if they are backed by cash.

No mention is made in GRAP 1 of any reserves and therefore the balance of this reserve was transferred to the accumulated surplus in 2007/2008.

#### Capitalisation reserve

On the implementation of GAMAP/GRAP, the balance of certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment, were transferred to a Capitalisation Reserve rather than the accumulated surplus/deficit, as in prior years, in terms of a directive (Circular No. 18) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation charge that will be incurred over the useful lives of these items of property, plant and equipment is offset by transfers from this reserve to the accumulated surplus/deficit.

# **The Msunduzi Municipality and its Municipal Entity**

Consolidated Annual Financial Statements for the year ended 30 June 2014

## **Accounting Policies**

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### **1.33 Internal Reserves (continued)**

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/deficit.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/deficit.

No mention is made in GRAP 1 of any reserves and therefore the balance of this reserve was transferred to the accumulated surplus in 2007/2008.

#### **Government grant reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

No mention is made in GRAP 1 of any reserves and therefore the balance of this reserve was transferred to the accumulated surplus in 2007/2008.

#### **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

Consolidated Annual Financial Statements for the year ended 30 June 2014

### Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

#### 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:

Reference	Topic
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
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 18	Segment Reporting
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	Non-current Assets Held for Sale and Discontinued Operations (as revised in 2010)
GRAP 103	Heritage Assets
GRAP 104	Financial instruments

## The Msunduzi Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2014

### Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

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 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013
<b>3. Inventories</b>				
Land held for distribution and sale	693,428,000	693,428,000	693,428,000	693,428,000
Forestry	469,641	37,915,260	469,641	37,915,260
Consumable stores	46,306,382	21,370,813	46,306,382	21,370,813
Workshop stores	674,292	674,292	674,292	674,292
Water stock	5,988,575	5,004,945	5,988,575	5,004,945
Fuel - diesel, and petrol	1,443,434	1,283,232	1,443,434	1,283,232
	<b>748,310,324</b>	<b>759,676,542</b>	<b>748,310,324</b>	<b>759,676,542</b>
Impairment of inventories	(5,071,297)	(4,631,696)	(5,071,297)	(4,631,696)
	<b>743,239,027</b>	<b>755,044,846</b>	<b>743,239,027</b>	<b>755,044,846</b>
Carrying value of inventories carried at fair value less costs to sell	743,239,027	754,267,729	743,239,027	755,044,846

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

Impairment of inventory includes redundant and obsolete stock of 2014 (R 5 071 297) : 2013 (R 4 631 696) .

The take - on of land as inventory was done in accordance with Grap 12. Land earmarked for low income housing was transferred / donated to the municipality by the Department of Human Settlements conditionally that it be used for the provision of low income housing only and eventually be transferred to the beneficiaries. The Msunduzi Municipality has been appointed as the implementing agent.

### Cost of inventories recognised as an expense

Consumable / workshop stores	65,485,517	30,175,594	65,485,517	30,175,594
Fuel - diesel and petrol	28,410,656	20,124,046	28,410,656	20,124,046
Forestry	10,666,737	9,536,663	10,666,737	9,536,663
Unused water	372,183,066	331,397,259	372,183,066	331,397,259

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013
<b>4. Trade payables from exchange transactions</b>				
Deposits	2,500	2,500	-	-
Other debtors	226,254,889	122,034,227	226,254,889	122,034,227
Land sale debtors	2,330,730	2,330,730	2,330,730	2,330,730
Rates	174,608,381	197,137,882	174,608,381	197,137,882
	<b>403,196,500</b>	<b>321,505,339</b>	<b>403,194,000</b>	<b>321,502,839</b>
<b>Gross balance</b>				
Rates	380,596,561	407,860,967	380,596,561	407,985,362
<b>Less: Allowance for impairment</b>				
Rates	(205,988,180)	(210,847,480)	(205,988,180)	(210,847,480)
<b>Net balance</b>				
Rates	174,608,381	197,137,882	174,608,381	197,137,882
<b>Rates</b>				
Current (0 -30 days)	74,482,616	83,532,237	74,482,616	83,532,237
31 - 60 days	21,416,551	26,513,689	21,416,551	26,513,689
61 - 90 days	11,897,079	11,549,938	11,897,079	11,549,938
91 - 120 days	3,691,858	9,447,616	3,691,858	9,447,616
121 - 365 days	21,754,307	21,732,296	21,754,307	21,732,296
> 365 days	247,354,150	255,209,585	247,354,150	255,209,585
	<b>380,596,561</b>	<b>407,985,361</b>	<b>380,596,561</b>	<b>407,985,361</b>

### Trade and other receivables from non-exchange transactions pledged as security

Trade and other receivables were not pledged as security for overdraft facilities.

Trade and other receivables includes prepayments to Independent Development Trust (IDT) of 2014 (R 168.6 million) : 2013 (R 85.4 million) . IDT have undertaken projects in respect of the infrastructure development and maintenance.

The Msunduzi Municipality has entered into a memorandum of agreement with Independent Development Trust (IDT). They have been appointed as funding coordinators and as an implementing agent of the municipality's electricity supply and maintenance programme.

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

Included in other debtors is a traffic fine debtor of 2014 (R53.5 million) : 2013 (R 27.2 million) .

### Credit quality of trade and other receivables

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

The amount of the provision was 2014 (R 206 663 409 ) : 2013 (R210 847 480) .

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013
<b>5. Trade and receivables from exchange transactions</b>				
<b>Gross balances</b>				
Electricity	502,408,520	404,807,810	502,408,520	404,807,810
Water	558,729,042	541,948,942	558,729,042	541,948,942
Sewerage	117,654,087	108,010,759	117,654,087	108,010,759
Refuse	65,258,556	61,351,500	65,258,556	61,351,500
Housing rental	27,473,780	27,431,397	27,473,780	27,431,397
Market	1,655,921	1,211,357	1,655,921	1,211,357
	<b>1,273,179,906</b>	<b>1,144,761,765</b>	<b>1,273,179,906</b>	<b>1,144,761,765</b>
<b>Less: Allowance for impairment</b>				
Electricity	(247,713,939)	(209,205,317)	(247,713,939)	(209,205,317)
Water	(254,452,074)	(280,080,071)	(254,452,074)	(280,080,071)
Sewerage	(58,316,997)	(55,820,131)	(58,316,997)	(55,820,131)
Refuse	(31,758,065)	(31,706,552)	(31,758,065)	(31,706,552)
Housing rental	(13,542,325)	(14,176,589)	(13,542,325)	(14,176,589)
	<b>(605,783,400)</b>	<b>(590,988,660)</b>	<b>(605,783,400)</b>	<b>(590,988,660)</b>
<b>Net balance</b>				
Electricity	254,694,581	195,602,493	254,694,581	195,602,493
Water	304,276,968	261,868,871	304,276,968	261,868,871
Sewerage	59,337,090	52,190,628	59,337,090	52,190,628
Refuse	33,500,491	29,644,948	33,500,491	29,644,948
Housing rental	13,931,455	13,254,808	13,931,455	13,254,808
Market	1,655,921	1,211,357	1,655,921	1,211,357
	<b>667,396,506</b>	<b>553,773,105</b>	<b>667,396,506</b>	<b>553,773,105</b>
<b>Electricity</b>				
Current (0 -30 days)	262,903,402	237,442,586	262,903,402	237,442,586
31 - 60 days	19,903,675	18,322,742	19,903,675	18,322,742
61 - 90 days	6,537,184	5,707,082	6,537,184	5,707,082
91 - 120 days	14,291,022	4,418,236	14,291,022	4,418,236
121 - 365 days	59,399,044	10,431,456	59,399,044	10,431,456
> 365 days	139,374,193	128,485,708	139,374,193	128,485,708
	<b>502,408,520</b>	<b>404,807,810</b>	<b>502,408,520</b>	<b>404,807,810</b>
<b>Water</b>				
Current (0 -30 days)	86,741,225	81,583,481	86,741,225	81,583,481
31 - 60 days	39,018,948	41,234,150	39,018,948	41,234,150
61 - 90 days	17,697,622	15,446,056	17,697,622	15,446,056
91 - 120 days	6,315,874	12,850,741	6,315,874	12,850,741
121 - 365 days	41,962,045	38,727,512	41,962,045	38,727,512
> 365 days	366,993,328	352,107,001	366,993,328	352,107,001
	<b>558,729,042</b>	<b>541,948,941</b>	<b>558,729,042</b>	<b>541,948,941</b>
<b>Sewerage</b>				
Current (0 -30 days)	20,270,311	18,439,302	20,270,311	18,439,302
31 - 60 days	7,149,917	7,363,283	7,149,917	7,363,283
61 - 90 days	3,364,338	3,291,697	3,364,338	3,291,697
91 - 120 days	1,433,832	2,811,977	1,433,832	2,811,977
121 - 365 days	8,077,042	6,351,049	8,077,042	6,351,049
> 365 days	77,358,647	69,753,450	77,358,647	69,753,450
	<b>117,654,087</b>	<b>108,010,758</b>	<b>117,654,087</b>	<b>108,010,758</b>



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013
<b>5. Trade and receivables from exchange transactions (continued)</b>				
<b>Refuse</b>				
Current (0 -30 days)	10,030,647	11,121,982	10,030,647	11,121,982
31 - 60 days	3,774,577	3,826,598	3,774,577	3,826,598
61 - 90 days	1,776,669	1,715,690	1,776,669	1,715,690
91 - 120 days	529,316	1,438,955	529,316	1,438,955
121 - 365 days	4,399,984	3,364,860	4,399,984	3,364,860
> 365 days	44,747,363	39,883,415	44,747,363	39,883,415
	<b>65,258,556</b>	<b>61,351,500</b>	<b>65,258,556</b>	<b>61,351,500</b>
<b>Housing rental</b>				
Current (0 -30 days)	1,058,195	1,054,040	1,058,195	1,054,040
31 - 60 days	937,355	951,389	937,355	951,389
61 - 90 days	468,882	462,835	468,882	462,835
91 - 120 days	461,393	429,260	461,393	429,260
121 - 365 days	910,392	923,054	910,392	923,054
> 365 days	23,637,563	23,610,818	23,637,563	23,610,818
	<b>27,473,780</b>	<b>27,431,396</b>	<b>27,473,780</b>	<b>27,431,396</b>
<b>Market</b>				
Current (0 -30 days)	1,655,921	1,211,357	1,655,921	1,211,357
<b>Summary of debtors by customer classification</b>				
<b>Consumers</b>				
Current (0 -30 days)	125,159,210	153,339,083	125,159,210	153,339,083
31 - 60 days	68,540,173	41,462,942	68,540,173	41,462,942
61 - 90 days	32,735,817	31,805,182	32,735,817	31,805,182
91 - 120 days	12,087,936	28,699,419	12,087,936	28,699,419
121 - 365 days	119,557,699	24,553,088	119,557,699	24,553,088
> 365 days	734,708,954	735,399,462	734,708,954	735,399,462
	1,092,789,789	1,015,259,176	1,092,789,789	1,015,259,176
Less : Allowance for debt impairment	(710,884,562)	(708,611,065)	(710,884,562)	(708,611,065)
	<b>381,905,227</b>	<b>306,648,111</b>	<b>381,905,227</b>	<b>306,648,111</b>
<b>Industrial/ commercial</b>				
Current (0 -30 days)	160,349,094	183,874,569	160,349,094	183,874,569
31 - 60 days	13,588,076	7,239,405	13,588,076	7,239,405
61 - 90 days	5,373,597	6,145,861	5,373,597	6,145,861
91 - 120 days	12,425,933	4,766,975	12,425,933	4,766,975
121 - 365 days	9,664,862	3,057,759	9,664,862	3,057,759
> 365 days	111,506,239	95,093,410	111,506,239	95,093,410
	312,907,801	300,177,979	312,907,801	300,177,979
Less : Allowance for debt impairment	(100,833,463)	(93,225,075)	(100,833,463)	(93,225,075)
	<b>212,074,338</b>	<b>206,952,904</b>	<b>212,074,338</b>	<b>206,952,904</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013
<b>5. Trade and receivables from exchange transactions (continued)</b>				
<b>National and provincial government</b>				
Current (0 -30 days)	33,553,945	28,056,730	33,553,945	28,056,730
31 - 60 days	7,375,175	4,412,710	7,375,175	4,412,710
61 - 90 days	3,165,015	4,280,712	3,165,015	4,280,712
91 - 120 days	1,840,583	3,260,448	1,840,583	3,260,448
121 - 365 days	6,523,806	2,575,823	6,523,806	2,575,823
> 365 days	96,137,335	91,537,065	96,137,335	91,537,065
	<b>148,595,859</b>	<b>134,123,488</b>	<b>148,595,859</b>	<b>134,123,488</b>
<b>Total</b>				
Current (0 -30 days)	319,062,249	365,270,382	319,062,249	365,270,382
31 - 60 days	89,503,424	53,115,057	89,503,424	53,115,057
61 - 90 days	41,274,429	42,231,755	41,274,429	42,231,755
91 - 120 days	26,354,452	36,726,842	26,354,452	36,726,842
121 - 365 days	135,746,367	30,186,670	135,746,367	30,186,670
> 365 days	1,041,835,546	922,029,937	1,041,835,546	922,029,937
	<b>1,653,776,467</b>	<b>1,449,560,643</b>	<b>1,653,776,467</b>	<b>1,449,560,643</b>
<b>Less: Provision for debt impairment</b>				
121 - 365 days	-	(27,392,230)	-	(27,392,230)
> 365 days	(605,783,400)	(584,781,319)	(605,783,400)	(584,781,319)
	<b>(605,783,400)</b>	<b>(612,173,549)</b>	<b>(605,783,400)</b>	<b>(612,173,549)</b>
<b>Reconciliation of allowance for impairment</b>				
Balance at beginning of the year	(801,836,140)	(584,042,761)	(801,836,140)	(584,042,761)
Contributions to allowance	(112,679,217)	(28,131,345)	(112,679,217)	(217,793,936)
Debt impairment written off against allowance	121,914,395	557	121,914,395	557
	<b>(792,600,962)</b>	<b>(612,173,549)</b>	<b>(792,600,962)</b>	<b>(801,836,140)</b>

### Consumer debtors pledged as security

Trade and other receivable from exchange transaction were not pledged as security for overdraft facilities.

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

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.

### Trade and other receivables from exchange transactions impaired

The amount of the provision was 2014 (R 605 783 400) : 2013 (R612 173 549).

## 6. Cash and cash equivalents

Cash and cash equivalents consist of:

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013
<b>6. Cash and cash equivalents (continued)</b>				
Cash on hand	714,929	1,150,694	45,485	45,485
Bank balances	49,926,440	43,772,294	49,926,440	43,772,294
Short-term deposits - on call	507,301,338	674,250,513	507,301,338	674,250,513
Preference shares purchased three months prior redemption	270,000,000	-	270,000,000	-
	<b>827,942,707</b>	<b>719,173,501</b>	<b>827,273,263</b>	<b>718,068,292</b>
Average rate of return	5.48	5.09	5.48	5.09

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.

Contract debtors were pledged as security for overdraft facilities of R - (2013: R -) of the economic entity. At year end the overdraft amounted to R - (2013: R -).

### 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 2014

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013

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

The municipality has the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2014	30 June 2013	30 June 2012	30 June 2014	30 June 2013	30 June 2012
FNB - No: 5094187782 (Primary)	63,272,408	48,759,355	51,515,428	62,305,372	22,913,333	35,649,737
FNB - No: 50940058750 (Electronic transfers)	-	-	-	(47,459,963)	(41,721,246)	(25,635,251)
FNB - No: 5094187774 (Unpaid cheques)	-	(55,547)	(340,750)	-	(55,547)	(340,750)
FNB - No: 62058007264 (Slum clearance)	25,755,219	25,511,209	24,913,414	26,277,775	26,033,765	25,838,038
FNB - No: 62065528930 (Library extension)	57,750	1,077,916	1,290,083	50,732	1,078,538	1,279,481
FNB - No: 62045272143 (Traffic fines)	-	22,550	-	-	-	-
FNB - No: 50941840627 (Market)	2,418,911	4,506,956	4,513,255	1,718,865	18,326	1,970,705
FNB - No: 62069378539 (Oribi airport)	1,495,038	1,099,021	344,645	1,495,038	1,099,021	(7,308,721)
FNB - No: 50930082248 (Forestry)	30,417	59,776	502,047	30,417	59,776	502,047
FNB - No: 50941847029 (Salaries main)	-	-	172,683	-	-	172,683
FNB - No: 62003432846 (Salaries PACs no.1)	14,931	16,842	1,738	14,931	16,842	1,738
FNB - No: 62035467978 (Safe City)	86,558	122,321	144,319	86,558	122,321	144,319
FNB - No: 62006041157 (Post Office)	-	-	-	-	(10,693)	-
FNB - No: 62279194650 (Forestry)	1,774,380	279,265	250,788	1,774,380	279,265	250,788
<b>Total</b>	<b>94,905,612</b>	<b>81,399,664</b>	<b>83,307,650</b>	<b>46,294,105</b>	<b>9,833,701</b>	<b>32,524,814</b>

### 7. Short term investment

COID short term investment invested at 6.01%	6,901,834	5,901,021	6,901,834	5,901,021
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 8. Property, plant and equipment

Group	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	728,738,693	(171,092,401)	557,646,292	681,219,084	(149,543,583)	531,675,501
Furniture and fixtures	249,134	(108,238)	140,896	126,623	(100,847)	25,776
Motor vehicles	60,000	(50,000)	10,000	60,000	(38,000)	22,000
Office equipment	15,244	(7,687)	7,557	7,000	(7,000)	-
IT equipment	50,708	(49,865)	843	50,708	(46,177)	4,531
Infrastructure	6,121,187,036	(1,369,031,358)	4,752,155,678	5,896,697,264	(1,018,230,067)	4,878,467,197
Community	576,770,598	(216,951,293)	359,819,305	560,960,498	(184,184,523)	376,775,975
Other	456,019,567	(178,866,392)	277,153,175	452,725,353	(159,102,331)	293,623,022
Moveables	293,106,770	(185,960,954)	107,145,816	306,006,052	(203,271,341)	102,734,711
Biological assets	995,964	-	995,964	648,261	-	648,261
<b>Total</b>	<b>8,177,193,714</b>	<b>(2,122,118,188)</b>	<b>6,055,075,526</b>	<b>7,898,500,843</b>	<b>(1,714,523,869)</b>	<b>6,183,976,974</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

Company

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	728,738,693	(171,092,401)	557,646,292	681,219,084	(149,543,583)	531,675,501
Infrastructure	6,121,187,036	(1,369,031,358)	4,752,155,678	5,896,697,264	(1,018,230,067)	4,878,467,197
Community	576,770,598	(216,951,293)	359,819,305	560,960,498	(184,184,523)	376,775,975
Other	456,019,567	(178,866,392)	277,153,175	452,725,353	(159,102,331)	293,623,022
Movables	293,106,770	(185,960,954)	107,145,816	306,006,052	(203,271,341)	102,734,711
Biological assets	995,964	-	995,964	648,261	-	648,261
<b>Total</b>	<b>8,176,818,628</b>	<b>(2,121,902,398)</b>	<b>6,054,916,230</b>	<b>7,898,256,512</b>	<b>(1,714,331,845)</b>	<b>6,183,924,667</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 2014

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

	Opening balance	Additions	Adjustment - cost	Disposals and impairment write off	Capital under construction	Impairments	Depreciation and impairments (useful life)	Depreciation on disposal previous year	Depreciation - adjustments	Total
Land and buildings	531,675,501	43,421,707	(24,000)	-	4,121,902	-	(25,020,062)	-	3,471,244	557,646,292
Furniture and fixtures	25,776	125,670	-	-	-	-	(10,550)	-	-	140,896
Motor vehicles	22,000	-	-	-	-	-	(12,000)	-	-	10,000
Office equipment	-	8,244	-	-	-	-	(687)	-	-	7,557
IT equipment	4,531	-	-	-	-	-	(3,688)	-	-	843
Infrastructure	4,878,467,197	90,585,275	-	(6,028,880)	140,155,829	(222,450)	(148,773,549)	590,250	(202,617,994)	4,752,155,678
Community	376,775,975	828,608	244,856	-	14,736,635	-	(30,043,983)	-	(2,722,786)	359,819,305
Other	293,623,022	12,573,202	(15,267,897)	-	5,988,909	-	(25,480,138)	7,042,854	(1,326,777)	277,153,175
Moveables	102,734,711	37,920,355	46,755	(51,990,823)	1,124,432	-	(26,850,466)	43,971,034	189,818	107,145,816
Biological assets	648,261	347,703	-	-	-	-	-	-	-	995,964
	<b>6,183,976,974</b>	<b>185,810,764</b>	<b>(15,000,286)</b>	<b>(58,019,703)</b>	<b>166,127,707</b>	<b>(222,450)</b>	<b>(256,195,123)</b>	<b>51,604,138</b>	<b>(203,006,495)</b>	<b>6,055,075,526</b>

### Reconciliation of property, plant and equipment - Economic entity - 2013

	Opening balance	Additions	Adjustment - cost	Disposals	Capital under construction	Impairments	Depreciation	Depreciation on disposal prior year	Depreciation adjustments	Total
Land and buildings	494,317,347	347,588	85,613,008	(3,488,000)	11,819,725	-	(25,591,142)	-	(31,343,025)	531,675,501
Furniture and fixtures	63,000	-	-	-	-	-	(37,224)	-	-	25,776
Motor vehicles	34,000	-	-	-	-	-	(12,000)	-	-	22,000
IT equipment	8,220	-	-	-	-	-	(3,689)	-	-	4,531
Infrastructure	5,008,884,310	60,314,736	92,918	(884,617)	156,158,324	(8,948,617)	(136,556,606)	643,110	(201,236,361)	4,878,467,197
Community	473,000,317	1,760,541	(117,147,649)	-	9,735,587	-	(30,536,321)	-	39,963,500	376,775,975
Other	325,289,402	7,642,835	(12,646,138)	(5,997,874)	2,798,255	-	(26,502,937)	2,169,384	870,095	293,623,022
Movables	115,628,755	11,042,914	(2,125,854)	(21,921,276)	6,876	(66,645)	(33,638,545)	16,670,352	17,138,134	102,734,711
Biological assets	648,261	-	-	-	-	-	-	-	-	648,261
	<b>6,417,873,612</b>	<b>81,108,614</b>	<b>(46,213,715)</b>	<b>(32,291,767)</b>	<b>180,518,767</b>	<b>(9,015,262)</b>	<b>(252,878,464)</b>	<b>19,482,846</b>	<b>(174,607,657)</b>	<b>6,183,976,974</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

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

	Opening balance	Additions	Adjustments- cost	Disposals and impairment write off	Capital under construction	Depreciation disposals previous year	Depreciation and impairment useful life)	Impairments	Depreciation adjustments	Total
Land and buildings	531,675,501	43,421,707	(24,000)	-	4,121,902	-	(25,020,062)	-	3,471,244	557,646,292
Infrastructure	4,878,467,197	90,585,275	-	(6,028,880)	140,155,829	590,250	(148,773,549)	(222,450)	(202,617,994)	4,752,155,678
Community	376,775,975	828,608	244,855	-	14,736,636	-	(30,043,983)	-	(2,722,786)	359,819,305
Other	293,623,022	12,573,202	(15,267,897)	-	5,988,909	7,042,854	(25,480,138)	-	(1,326,777)	277,153,175
Movables	102,734,711	37,920,355	46,755	(51,990,823)	1,124,432	43,971,034	(26,850,466)	-	189,818	107,145,816
Biological assets	648,261	347,703	-	-	-	-	-	-	-	995,964
	<b>6,183,924,667</b>	<b>185,676,850</b>	<b>(15,000,287)</b>	<b>(58,019,703)</b>	<b>166,127,708</b>	<b>51,604,138</b>	<b>(256,168,198)</b>	<b>(222,450)</b>	<b>(203,006,495)</b>	<b>6,054,916,230</b>

#### Reconciliation of property, plant and equipment - Controlling entity - 2013

	Opening balance	Additions	Adjustment - cost	Disposals	Capital under construction	Impairment	Depreciation	Depreciation on disposal prior year	Depreciation - adjustments	Total
Land and buildings	494,317,347	347,588	85,613,008	(3,488,000)	11,819,725	-	(25,591,142)	-	(31,343,025)	531,675,501
Infrastructure	5,008,884,310	60,314,742	92,915	(884,617)	156,158,324	(8,948,620)	(136,556,606)	643,110	(201,236,361)	4,878,467,197
Community	473,000,317	1,760,540	(117,147,649)	-	9,735,587	-	(30,536,321)	-	39,963,501	376,775,975
Other	325,289,402	7,642,834	(12,646,138)	(5,997,874)	2,798,255	-	(26,502,937)	2,169,385	870,095	293,623,022
Moveables	115,628,755	11,042,914	(2,125,854)	(21,921,276)	6,876	(66,645)	(33,638,545)	16,670,352	17,138,134	102,734,711
Biological assets	648,261	-	-	-	-	-	-	-	-	648,261
	<b>6,417,768,392</b>	<b>81,108,618</b>	<b>(46,213,718)</b>	<b>(32,291,767)</b>	<b>180,518,767</b>	<b>(9,015,265)</b>	<b>(252,825,551)</b>	<b>19,482,847</b>	<b>(174,607,656)</b>	<b>6,183,924,667</b>

#### Pledged as security

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



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

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

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

All assets that were fully depreciated in the asset register had their useful lives reviewed during the reporting period. This was processed retrospectively and in terms of GRAP 3 treated as a change in accounting estimate.

During the financial year the useful life of property plant and equipment with zero values and assets that have been impaired have been reviewed, this is disclosed in the reconciliation above as depreciation adjustments and impairment.

Adjustments on cost in the reconciliation above are attributable to -

- \* reclassification of assets as per the different categories of property, plant and equipment.
- \* change in market value of investment property.
- \* reclassification of investment to property, plant and equipment
- \* reclassification change of property to property, plant and equipment.

### 9. Intangible assets

Group	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	22,070,221	(20,776,524)	1,293,697	21,333,136	(20,237,988)	1,095,148
Servitudes	803,846	-	803,846	803,846	-	803,846
<b>Total</b>	<b>22,874,067</b>	<b>(20,776,524)</b>	<b>2,097,543</b>	<b>22,136,982</b>	<b>(20,237,988)</b>	<b>1,898,994</b>

Company	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	22,070,221	(20,776,524)	1,293,697	21,333,136	(20,237,988)	1,095,148
Servitudes	803,846	-	803,846	803,846	-	803,846
<b>Total</b>	<b>22,874,067</b>	<b>(20,776,524)</b>	<b>2,097,543</b>	<b>22,136,982</b>	<b>(20,237,988)</b>	<b>1,898,994</b>

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

	Opening balance	Additions	Amortisation	Total
Computer software, other	1,095,148	737,085	(538,536)	1,293,697
Servitudes	803,846	-	-	803,846
	<b>1,898,994</b>	<b>737,085</b>	<b>(538,536)</b>	<b>2,097,543</b>

#### Reconciliation of intangible assets - Economic entity - 2013

# The Msunduzi Municipality and its Municipal Entity

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	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 9. Intangible assets (continued)

	Opening balance	Additions	Amortisation	Adjustments - amortisation	Total
Computer software, other	2,654,716	56,793	(1,663,602)	47,241	1,095,148
Servitudes	803,846	-	-	-	803,846
	<b>3,458,562</b>	<b>56,793</b>	<b>(1,663,602)</b>	<b>47,241</b>	<b>1,898,994</b>

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

	Opening balance	Additions	Amortisation	Total
Computer software, other	1,095,148	737,085	(538,536)	1,293,697
Servitudes	803,846	-	-	803,846
	<b>1,898,994</b>	<b>737,085</b>	<b>(538,536)</b>	<b>2,097,543</b>

#### Reconciliation of intangible assets - Controlling entity - 2013

	Opening balance	Additions	Amortisation	Adjustments - amortisation	Total
Computer software, other	2,654,716	56,793	(1,663,602)	47,241	1,095,148
Servitudes	803,846	-	-	-	803,846
	<b>3,458,562</b>	<b>56,793</b>	<b>(1,663,602)</b>	<b>47,241</b>	<b>1,898,994</b>

### 10. Investment property

Group	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	356,913,816	-	356,913,816	320,520,236	-	320,520,236

Company	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	356,913,816	-	356,913,816	320,520,236	-	320,520,236

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

	Opening balance	Additions	Adjustment - cost	Total
Investment property	320,520,236	12,203,000	24,190,580	356,913,816

#### Reconciliation of investment property - Economic entity - 2013

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 10. Investment property (continued)

	Opening balance	Adjustment - cost	Disposals	Impairments	Total
Investment property	325,807,355	4,939,548	(8,274,977)	(1,951,690)	320,520,236

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

	Opening balance	Additions	Adjustment - cost	Total
Investment property	320,520,236	12,203,000	24,190,580	356,913,816

#### Reconciliation of investment property - Controlling entity - 2013

	Opening balance	Adjustment - cost	Disposals	Impairments	Total
Investment property	325,807,355	4,939,548	(8,274,977)	(1,951,690)	320,520,236

Adjustments on cost in the reconciliation above are attributable to -

\* change in market value of investment property .

\* reclassification of investment to property to property , plant and equipment.

### Pledged as security

Carrying value of assets 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.

### Details of valuation

Investment property has been accounted for in terms of GRAP 16 and comprises of both land and buildings owned by the Msunduzi Municipality. Investment property will not be depreciated but will be annually valued on balance sheet date to determine their fair value as prescribed in GRAP 16.

Mills Fitchet has been awarded the tender for the valuation and identification of all investment property of the Msunduzi Municipality. The deliverables of the project included:

- A comprehensive deed search
- Providing separate land and building values
- Identifying Investment property
- Providing a data fact sheet for each property identified with information on the street address, SG 21 digit key (Erf, stand, portion), property description, GIS information and a photograph of the property.

The method applied in updating the investment property data in the asset register was:

- Vacant land was reviewed to determine future use and if no future use could be determined then it was classified as investment property.
- Properties with valid rental and lease agreements were deemed to be investment properties.
- All buildings have been identified and classified as investment property

### 11. Heritage assets

Economic entity	2014	2013
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 11. Heritage assets (continued)

	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	177,572,480	-	177,572,480	176,969,036	-	176,969,036
Controlling entity	2014			2013		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	177,572,480	-	177,572,480	176,969,036	-	176,969,036

### Reconciliation of heritage assets Economic entity - 2014

	Opening balance	Additions	Capital under construction	Total
Art Collections, antiquities and exhibits	176,969,036	103,444	500,000	177,572,480

### Reconciliation of heritage assets Economic entity - 2013

	Opening balance	Additions	Additions through entity combinations	Total
Art Collections, antiquities and exhibits	-	140,191,240	36,777,796	176,969,036

### Reconciliation of heritage assets Controlling entity - 2014

	Opening balance	Additions	Capital under construction	Total
Art Collections, antiquities and exhibits	176,969,036	103,444	500,000	177,572,480

### Reconciliation of heritage assets Controlling entity - 2013

	Opening balance	Additions	Reclassificati ons	Total
Art Collections, antiquities and exhibits	-	140,191,240	36,777,796	176,969,036

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 11. Heritage assets (continued)

#### Transitional provisions

The Msunduzi Municipality has taken advantage of the transitional provision as issued by the Accounting Standards Board as per directive 7. As at 30 June 13 heritage assets have been initially measured at provisional amounts. Full compliance with GRAP 103 will be in June 2015. Only then will the municipality comply with GRAP 3 in terms of the retrospective application of the restating the cost of heritage assets as far as June 2011.

List of heritage assets where the values can not 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.

[Insert terms and conditions here where terms and conditions are the same]

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 12. Biological assets

Group	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Trees in a plantation forest	46,520,046	-	46,520,046	37,915,260	-	37,915,260

Company	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Trees in a plantation forest	46,520,046	-	46,520,046	37,915,260	-	37,915,260

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

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

#### Reconciliation of biological assets - Economic entity - 2013

	Opening balance	Reclassification	Total
Trees in a plantation forest	-	37,915,260	37,915,260

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

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

#### Reconciliation of biological assets - Controlling entity - 2013

	Opening balance	Reclassification	Total
Trees in a plantation forest	-	37,915,260	37,915,260

The tree plantation was re-classified from inventory to biological assets in compliance with GRAP 27 (Agriculture assets) due to the biological transformation that comprises of the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes in a biological asset.

Biological assets are stated at fair value less costs to sell, based on the present value of the nett future cash flows from the asset discounted at a market determined pre-taxation rate.

### 13. Other financial assets

#### Designated at fair value

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013
<b>13. Other financial assets (continued)</b>				
Fixed deposits - long term medium term investment	46,081	46,081	46,081	46,081
Terms and conditions				
<b>At amortised cost</b>				
Housing	8,330,621	7,508,655	8,330,621	7,508,655
Refer to table below on disclosure relating housing loans per scheme.				
Educational facilities	288,898	294,591	288,898	294,591
* 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 .				
* 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 at rate of 7.5 % with yearly repayments of R 11 560.86.				
* 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 at rate of 19 % with yearly repayments of R 39 210.00.				
Department of Human Settlements - low cost housing	968,161	968,161	968,161	968,161
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.				
	<b>9,587,680</b>	<b>8,771,407</b>	<b>9,587,680</b>	<b>8,771,407</b>

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 13. Other financial assets (continued)

Schemes	Average loan period	Average interest rate	Average purchase price	Loan balance	Arrears
Woodlands 3	30	15	7,498	22,253	1,873
Woodlands 7	31	14	7,940	1,534,968	293,002
Woodlands 8	30	14	6,830	24,692	2,471
Woodlands 9	30	14	6,830	77,814	8,120
Northdale 1 - sub economic	30	14	16,487	47,454	9,014
Northdale 9	30	13	28,966	681,772	87,836
Northdale 10	30	14	13,779	442,320	56,173
Northdale 11	11	11	13,120	57,900	3,683
Northdale 12	30	15	31,485	222,804	8,808
Eastwood 1	29	14	12,802	858,738	113,592
Eastwood 2	30	14	10,594	843,715	181,441
Glenwood	31	14	29,163	1,572,526	154,639
Glenwood - selfhelp	29	14	21,871	3,237,425	495,989
Riverbend 1	30	15	17,665	3,382	-
	-	-	-	<b>9,627,763</b>	<b>1,416,641</b>
<b>Total other financial assets</b>		<b>9,633,761</b>	<b>8,817,488</b>	<b>9,633,761</b>	<b>8,817,488</b>
<b>Non-current assets</b>					
At amortised cost		9,587,680	8,771,407	9,587,680	8,771,407
<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 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 14. Other financial liabilities

#### At amortised cost

External loans	539,519,432	585,993,207	539,519,432	585,993,207
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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.

#### Non-current liabilities

At amortised cost	496,828,777	540,418,309	496,828,777	540,418,309
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#### Current liabilities

At amortised cost	42,690,655	45,574,898	42,690,655	45,574,898
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013
<b>15. Finance lease obligation</b>				
<b>Minimum lease payments due</b>				
- within one year	410,046	1,248,051	410,046	1,248,051
- in second to fifth year inclusive	638,963	958,444	638,963	958,444
	1,049,009	2,206,495	1,049,009	2,206,495
less: future finance charges	(84,921)	(187,621)	(84,921)	(187,621)
<b>Present value of minimum lease payments</b>	<b>964,088</b>	<b>2,018,874</b>	<b>964,088</b>	<b>2,018,874</b>
<b>Present value of minimum lease payments due</b>				
- within one year	390,010	1,199,752	390,010	1,199,752
- in second to fifth year inclusive	574,078	819,122	574,078	819,122
	<b>964,088</b>	<b>2,018,874</b>	<b>964,088</b>	<b>2,018,874</b>
Non-current liabilities	569,098	907,103	569,098	907,103
Current liabilities	338,004	1,088,857	338,004	1,088,857
	<b>907,102</b>	<b>1,995,960</b>	<b>907,102</b>	<b>1,995,960</b>

The average lease term was 5 years and the average effective borrowing rate 2014 (12 %): 2013 (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	57,388,596	59,898,280	57,388,596	59,898,280
Other payables	8,155,439	76,605,648	8,155,439	76,577,515
Other deposits	1,181,165	1,092,377	1,181,165	1,092,377
Accrued leave pay	56,798,441	53,654,465	56,798,441	53,654,465
Retentions	18,978,684	15,345,809	18,978,684	15,345,809
Other payables accrued	244,629,034	211,301,316	244,629,034	211,301,316
Debtors with credit balances	65,931,507	63,135,324	65,931,507	63,135,324
	<b>453,062,866</b>	<b>481,033,219</b>	<b>453,062,866</b>	<b>481,005,086</b>

### 17. VAT payable

VAT payable	49,453,190	70,538,636	49,453,190	70,538,636
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VAT is payable on the receipt basis.

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

During the financial year all VAT returns were submitted to SARS on due date except for the September 2013 return which incurred interest of R 4421.90 and penalties of R 62 456.27 for late payment.

### 18. VAT receivable

VAT	40,918	32,341	-	-
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013
<b>19. Consumer deposits</b>				
Electricity	36,249,602	61,725,772	36,249,602	61,725,772
Water	36,120,185	11,645,499	36,120,185	11,645,499
Refuse	8,172,827	2,152,949	8,172,827	2,152,949
Sewer	4,566,456	4,065,009	4,566,456	4,065,009
	<b>85,109,070</b>	<b>79,589,229</b>	<b>85,109,070</b>	<b>79,589,229</b>

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

Balance on the interest reserve: R 19 458 111 as at 30 June 2014 and R 16 230 394 as at 30 June 2013.

Guarantees in lieu of electricity and water deposits	11,832,400	9,382,200	11,832,400	9,382,200
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## 20. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

### Unspent conditional grants and receipts

Provision of sports facilities	108,923,122	7,151,008	108,923,122	7,151,008
Tatham art gallery	106,912	308,523	106,912	308,523
Electricity side demand management	2,019,541	5,000,000	2,019,541	5,000,000
Intergrated national electrification programme	106,884,506	1,388,205	106,884,506	1,388,205
Greater edendale development initiative	3,354,146	4,527,589	3,354,146	4,527,589
Housing	37,200,815	36,956,805	37,200,815	36,956,805
Other grants from governmental departments	38,590	516,891	38,590	516,891
Library	14,503,139	10,753,641	14,503,139	10,753,641
Municipal infrastructure grant (MIG)	11,937,970	16,757,046	11,937,970	16,757,046
Municipal systems improvement grant (MSIG)	291,977	263	291,977	263
Public transportation infrastructure - COGTA and NT	95,646,428	79,785,779	95,646,428	79,785,779
Market	6,903,478	1,337,698	6,903,478	1,337,698
Electricity - COGTA	8,932,075	6,176,567	8,932,075	6,176,567
Spoornet	382,077	363,995	382,077	363,995
Q Dot Pharma - ward 3,5 and 6	-	40,123	-	40,123
Msunduzi library	51,638	1,088,537	51,638	1,088,537
Massification	-	1,159,564	-	1,159,564
Water conservation water demand management	-	1,344,880	-	1,344,880
Urban renewal - COGTA	-	2,191,282	-	2,191,282
Municipal water services infrastructure grant	10	-	10	-
Sanitation bucket eradication	3,535	-	3,535	-
Premier's Office - Operation Dlulisumlando	1,500,000	-	1,500,000	-
Wadely stadium	121,000	-	121,000	-
Publicity house	1,417,166	-	1,417,166	-
	<b>400,218,125</b>	<b>176,848,396</b>	<b>400,218,125</b>	<b>176,848,396</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013
<b>20. Unspent conditional grants and receipts (continued)</b>				
<b>Movement during the year</b>				
Balance at the beginning of the year	170,460,191	149,447,649	170,460,191	149,447,649
Write back of trusts to accumulated surplus	-	(5,648,874)	-	(5,648,874)
Inter project transfers	-	(300,000)	-	(300,000)
Adjustments	-	(66,310)	-	(66,310)
Current year receipts and interest	479,734,027	259,617,183	479,734,027	259,617,183
Funds paid to National Treasury / grant provider	(37,665,000)	(6,113,000)	(37,665,000)	(6,113,000)
Funds still to be received from KZN provincial treasury for Nhlalakahle informal settlement electrification project	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	-
Conditions met - transferred to revenue	(333,594,964)	(226,476,457)	(333,594,964)	(226,476,457)
	<b>291,314,078</b>	<b>170,460,191</b>	<b>291,314,078</b>	<b>170,460,191</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 .

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

National grants	259,872,240	144,297,082	259,872,240	144,267,082
Provincial grants	26,094,477	22,173,595	26,094,477	22,173,595
Other conditional grants	5,347,361	4,019,514	5,347,361	4,019,514
	<b>291,314,078</b>	<b>170,490,191</b>	<b>291,314,078</b>	<b>170,460,191</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 21. Provisions

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

	Opening Balance	Contributions	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 - Economic entity - 2013

	Opening Balance	Contributions	Reversed during the year	Total
Performance bonus	311,926	682,489	(311,926)	682,489
Legal proceedings	-	3,714,230	-	3,714,230
Landfill rehabilitation	22,398,604	33,057,761	-	55,456,365
	<b>22,710,530</b>	<b>37,454,480</b>	<b>(311,926)</b>	<b>59,853,084</b>

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

	Opening Balance	Contributions	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 provision	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 - 2013

	Opening Balance	Contributions	Reversed during the year	Total
Performance bonus	311,926	682,489	(311,926)	682,489
Legal proceedings	-	3,714,230	-	3,714,230
Landfill rehabilitation	22,398,604	33,057,761	-	55,456,365
	<b>22,710,530</b>	<b>37,454,480</b>	<b>(311,926)</b>	<b>59,853,084</b>

Non-current liabilities	61,002,002	55,456,365	61,002,002	55,456,365
Current liabilities	6,876,719	4,396,719	6,876,719	4,396,719
	<b>67,878,721</b>	<b>59,853,084</b>	<b>67,878,721</b>	<b>59,853,084</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 21. 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:

- \* Albany Park (20 h)
- \* Cleland Road / Mkondeni spruit (+/- 10 h)
- \* Lincoln Meade / Dunsby Avenue stream (+/- 5 h)
- \* Bisley Nature Reserve (+/- 5 h).

#### 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 2014.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 22. Retirement benefit obligations

#### Defined contribution and benefit plan

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 22. Retirement benefit obligations (continued)

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 interim actuarial valuation was performed on 31 March 2013 by Arthur Els and Associates Consulting Actuaries

### 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 16 287 188 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)

#### \* 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 :

Domestic Investments: 1,399,436,000  
International Investments 356,769,000



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 22. Retirement benefit obligations (continued)

Risk Reserve Account 18,897,000

Membership 10,579

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

An interim actuarial valuation was performed on 31 March 2013 by Arthur Els and Associates Consulting Actuaries .

The market value of the Fund's assets was R 7,469,553,000 as at 31 March 2013.

The funding level in respect of contributory members has increased to 97.99% from 96%.

The valuation disclosed a surplus of R577 million in respect of pensioners and a shortfall of R158.7 million in respect of members.

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.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 22. Retirement benefit obligations (continued)

#### Benchmark :

Investments

Domestic 5,978,802,000

International 1,640,213

Membership 5,117

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	100,351,593	99,175,006	100,351,593	99,175,006
Natal Joint Provident Fund	35,861,101	29,930,067	35,861,101	29,930,067
Government Employees Pension Fund	4,268,195	4,369,928	4,268,195	4,369,928
Associated Institution Pension Fund	149,727	1,325,209	149,727	1,325,209
South Africa Local Authorities Pension Fund	637,677	703,947	637,677	703,947
Councillors Pension Fund	5,822,019	5,597,626	5,822,019	5,597,626
Dynamique Ambrella (Pietermaritzburg Provident Fund)	477,653	508,385	477,653	508,385
Umgeni Water Provident Fund	276,175	-	276,175	-
	<b>147,844,140</b>	<b>141,610,168</b>	<b>147,844,140</b>	<b>141,610,168</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 22. 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 2014. 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 559.8 million as at 30 June 2014.

**A reconciliation of Msunduzi's accrued liability for the year ending 30 June 2014 is set out below:**

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	559,848,366	480,277,982	559,848,366	480,277,982
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The fair value of plan assets includes:

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

#### Carrying value

Opening balance	480,277,982	359,810,000	480,277,982	359,810,000
Net expense recognised in the statement of financial performance	79,570,384	120,467,982	79,570,384	120,467,982
	<b>559,848,366</b>	<b>480,277,982</b>	<b>559,848,366</b>	<b>480,277,982</b>

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

Current service cost	15,360,571	22,861,505	15,360,571	22,861,505
Interest cost	41,089,443	30,041,498	41,089,443	30,041,498
Actuarial (gains) losses	38,186,418	83,062,559	38,186,418	83,062,559
Expected return on plan assets	(15,066,048)	(15,497,580)	(15,066,048)	(15,497,580)
	<b>79,570,384</b>	<b>120,467,982</b>	<b>79,570,384</b>	<b>120,467,982</b>

#### Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	38,186,418	83,062,559	38,186,418	83,062,559
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 22. Retirement benefit obligations (continued)

Changes in the liability are as follows:

Opening balance	480,277,982	285,724,124	480,277,982	285,724,124
Contributions by employer	79,570,384	194,553,858	79,570,384	194,553,858
	<b>559,848,366</b>	<b>480,277,982</b>	<b>559,848,366</b>	<b>480,277,982</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	9.17 %	8.69 %	9.17 %	8.69 %
Health care inflation rate	8.31 %	7.56 %	8.31 %	7.56 %
Expected increase in salaries increases	6.81 %	7.00 %	6.81 %	7.00 %

### Key demographic assumptions

Post retirement mortality during employment valued at PA (90)-3.

Sensitivity analysis

Base	559,848,000	480,278,000	559,848,000	480,278,000
-1%	248,825,292	418,281,000	248,825,292	418,281,000
+1%	649,908,000	552,477,000	649,908,000	552,477,000
	-	-	-	-

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

LA Health	30,227,413	24,265,465	30,227,413	24,265,465
Key Health	29,467,747	29,312,488	29,467,747	29,312,488
Samwumed	2,779,678	2,457,527	2,779,678	2,457,527
Discovery	121,668	103,562	121,668	103,562
Bonitas	15,633,562	13,483,314	15,633,562	13,483,314
Hosmed	527,037	766,356	527,037	766,356
	<b>78,757,105</b>	<b>70,388,712</b>	<b>78,757,105</b>	<b>70,388,712</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 23. Housing development fund

Unappropriated surplus	17,286,094	15,646,075	17,286,094	15,646,075
Loans extinguished by government on 1 April 1998	34,256,892	34,256,892	34,256,892	34,256,892
	<b>51,542,986</b>	<b>49,902,967</b>	<b>51,542,986</b>	<b>49,902,967</b>

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

Property, plant and equipment	(1,620,309)	(1,620,309)	(1,620,309)	(1,620,309)
Housing selling scheme loans	8,330,621	7,508,763	8,330,621	7,508,763
Trade and other receivables	28,042,180	26,466,781	28,042,180	26,466,781
Bank and cash	16,790,495	17,549,827	16,790,495	17,549,827
Trade and other payables	-	(2,095)	-	(2,095)
	<b>51,542,987</b>	<b>49,902,967</b>	<b>51,542,987</b>	<b>49,902,967</b>

### 24. Accumulated surplus / deficit

Accumulated surplus	7,014,594,303	6,707,154,500	7,013,722,245	6,705,990,376
Self insurance reserve	70,028,245	67,227,157	70,028,245	67,227,157
Government grant reserve	502,517,698	512,453,571	502,517,698	512,453,571
Capital replacement reserve	12,635,718	12,635,718	12,635,718	12,635,718
Capitalisation reserve	8,463,531	8,463,531	8,463,531	8,463,531
	<b>7,608,239,495</b>	<b>7,307,934,477</b>	<b>7,607,367,437</b>	<b>7,306,770,353</b>

No mention is made in GRAP 1(Presentation of financial statements) of the above reserves and therefore the balances of these reserves were transferred to the accumulated reserve in 2007 / 2008 during the GRAP conversion and implementation.

### 25. Revenue

Service charges	2,073,501,239	1,982,478,509	2,073,501,239	1,982,478,509
Rental received	21,571,598	20,896,190	21,571,598	20,896,190
Fees from agency services	669,269	732,726	669,269	732,726
Licences and permits	81,004	59,002	81,004	59,002
Other revenue	115,545,156	60,557,695	115,512,631	60,552,735
Investment revenue	96,398,002	116,379,229	96,358,040	116,334,858
Property rates	602,953,620	585,863,903	602,953,620	585,863,903
Property rates - penalties imposed	22,673,588	39,595,547	22,673,588	39,595,547
Government grants & subsidies	694,304,613	566,469,707	694,304,613	566,469,707
Fines	102,750,783	8,371,286	102,750,783	8,371,286
	<b>3,730,448,872</b>	<b>3,381,403,794</b>	<b>3,730,376,385</b>	<b>3,381,354,463</b>

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

Service charges	2,073,501,239	1,982,478,509	2,073,501,239	1,982,478,509
Rental received	21,571,598	20,896,190	21,571,598	20,896,190
Fees from agency services	669,269	732,726	669,269	732,726
Licences and permits	81,004	59,002	81,004	59,002
Other revenue	115,545,156	60,557,695	115,512,631	60,552,735
Investment revenue	96,398,002	116,379,229	96,358,040	116,334,858
	<b>2,307,766,268</b>	<b>2,181,103,351</b>	<b>2,307,693,781</b>	<b>2,181,054,020</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 25. Revenue (continued)

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

#### Taxation revenue

Property rates	602,953,620	585,863,903	602,953,620	585,863,903
Property rates - penalties imposed	22,673,588	39,595,547	22,673,588	39,595,547

#### Transfer revenue

Government grants & subsidies	694,304,613	566,469,707	694,304,613	566,469,707
Fines	102,750,783	8,371,286	102,750,783	8,371,286

<b>1,422,682,604</b>	<b>1,200,300,443</b>	<b>1,422,682,604</b>	<b>1,200,300,443</b>
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### 26. Service charges

Sale of electricity	1,486,939,403	1,401,970,761	1,486,939,403	1,401,970,761
Sale of water	380,807,209	386,419,258	380,807,209	386,419,258
Refuse	79,454,009	73,999,200	79,454,009	73,999,200
Sewerage and sanitation charges	126,300,618	120,089,290	126,300,618	120,089,290

<b>2,073,501,239</b>	<b>1,982,478,509</b>	<b>2,073,501,239</b>	<b>1,982,478,509</b>
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The above figure is net of revenue foregone.

### 27. Rental received

External rentals	19,640,543	19,065,806	19,640,543	19,065,806
Internal rentals	1,931,055	1,830,384	1,931,055	1,830,384

<b>21,571,598</b>	<b>20,896,190</b>	<b>21,571,598</b>	<b>20,896,190</b>
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### 28. Fees from agency services

Agency fee from Umgungundlovu District Municipality	267,974	267,996	267,974	267,996
Fire alarm monitoring	47,880	45,360	47,880	45,360
Emergency call out fee	353,415	419,370	353,415	419,370

<b>669,269</b>	<b>732,726</b>	<b>669,269</b>	<b>732,726</b>
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### 29. Licences and permits

Dog licences	2,364	7,754	2,364	7,754
Trade licences	78,640	51,248	78,640	51,248

<b>81,004</b>	<b>59,002</b>	<b>81,004</b>	<b>59,002</b>
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013
<b>30. Other revenue</b>				
Airport	6,220,341	4,426,387	6,220,341	4,426,387
Market	20,675,511	17,502,924	20,675,511	17,502,924
Burials and cremations	2,165,405	1,715,003	2,165,405	1,715,003
Buildings	1,585,448	1,657,842	1,585,448	1,657,842
Re-connections	8,908,749	5,945,833	8,908,749	5,945,833
Training levy recoveries	1,496,739	4,791,555	1,496,739	4,791,555
Discount received	644,951	319,763	644,951	319,763
Sundry income	19,353,478	12,308,166	19,320,953	12,303,206
Accounting charges	2,677,716	506,950	2,677,716	506,950
Forestry	15,090,433	11,383,272	15,090,433	11,383,272
Fair value - agriculture assets	8,604,786	-	8,604,786	-
Fair value adjustment - investment property	28,121,599	-	28,121,599	-
	<b>115,545,156</b>	<b>60,557,695</b>	<b>115,512,631</b>	<b>60,552,735</b>

### 31. Interest received

#### Interest revenue

Interest received on external investments	39,962	44,371	-	-
Interest charged on trade and other receivables	893,182	1,234,318	893,182	1,234,318
Interest source 1	43,302,650	34,283,812	43,302,650	34,283,812
Interest received on trade and other receivables	52,162,208	80,816,728	52,162,208	80,816,728
	<b>96,398,002</b>	<b>116,379,229</b>	<b>96,358,040</b>	<b>116,334,858</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013
<b>32. Property Rates</b>				
<b>Rates received</b>				
Residential	281,313,283	270,583,910	281,313,283	270,583,910
Industrial/commercial	298,313,851	282,775,646	298,313,851	282,775,646
Rural Communal land	-	(244,486)	-	(244,486)
Agriculture	686,481	594,475	686,481	594,475
Public service infrastructure	159,755	308,657	159,755	308,657
Vacant land	24,220,475	31,192,970	24,220,475	31,192,970
Less: Adjustment processed	(1,740,225)	652,731	(1,740,225)	652,731
	602,953,620	585,863,903	602,953,620	585,863,903
Property rates - penalties imposed	22,673,588	39,595,547	22,673,588	39,595,547
	<b>625,627,208</b>	<b>625,459,450</b>	<b>625,627,208</b>	<b>625,459,450</b>

### Valuations

Residential	31,912,496,119	32,043,830,119	31,912,496,119	32,043,830,119
Industrial/Commercial	15,262,477,000	14,610,475,000	15,262,477,000	14,610,475,000
Rural Communal land	-	26,000,000	-	26,000,000
Agriculture	236,797,000	222,357,000	236,797,000	222,397,000
Public Service Infrastructure	140,230,000	163,614,000	140,230,000	163,614,000
Vacant land	1,158,384,000	1,493,978,000	1,158,384,000	1,493,978,000
Municipal properties	837,123,000	505,937,000	837,123,000	505,937,000
	<b>19,547,507,119</b>	<b>19,066,191,119</b>	<b>19,547,507,119</b>	<b>19,066,231,119</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 will come into effect on 1 July 2014.

A general rate of 2.130 cents in a rand for 2014 and in 2013: 2.002 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 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013
<b>33. Government grants and subsidies</b>				
<b>Operating grants</b>				
Equitable share	354,313,000	338,903,000	354,313,000	338,903,000
Land use management grant and airport	-	176,987	-	176,987
Wadeley stadium - sports and recreation	179,000	-	179,000	-
Ashburton feasibility/SETA	371,035	819,196	371,035	819,196
Expanded public works programme	1,873,679	1,361,871	1,873,679	1,361,871
Finance management grant	1,550,000	1,996,692	1,550,000	1,996,692
Intergrated development plan	-	398,070	-	398,070
Library	14,200,728	3,255,134	14,200,728	3,255,134
Municipal systems improvement grant	244,880	555,000	244,880	555,000
Market	1,640	651,450	1,640	651,450
Municipal infrastructure grant and Sanitation bucket eradication and Water conservation water demand management	10,349,899	3,908,893	10,349,899	3,908,893
Municipal water infrastructure services grant	5,175,972	-	5,175,972	-
Public transportation infrastructure - COGTA and NT	35,773,917	36,700,000	35,773,917	36,700,000
Greater Edendale development initiative	4,633,041	4,403,215	4,633,041	4,403,215
Health, library and housing accreditation subsidies	6,396,651	1,090,250	6,396,651	1,090,250
Housing	12,197,883	-	12,197,883	-
Tatham art gallery	598,875	23,454	598,875	23,454
Q Dot Pharma and Youth advisory centre	47,023	-	47,023	-
Water service delivery plan	82,742	-	82,742	-
Urban renewal and trusts	-	1,378,628	-	1,378,628
Department of Water Affairs	131,999	-	131,999	-
	<b>448,121,964</b>	<b>395,621,840</b>	<b>448,121,964</b>	<b>395,621,840</b>
<b>Capital grants</b>				
Neighbourhood development partnership grant	706,767	501,050	706,767	501,050
Alexandra park athletic track	2,384,479	1,377,671	2,384,479	1,377,671
Airport	14,198,246	436,295	14,198,246	436,295
Municipal infrastructure grant	155,718,791	135,301,595	155,718,791	135,301,595
Community communication initiative	9,300	40,079	9,300	40,079
Operation Dlulusumilando	500,000	-	500,000	-
Electricity	23,389,331	7,484,366	23,389,331	7,484,366
Expanded public works programme. trusts and Department of Water Affairs	165,000	538,520	165,000	538,520
Freedom square tourism and Publicity house renovations	1,133,140	10,534,526	1,133,140	10,534,526
Library	3,949,658	249,437	3,949,658	249,437
Market	2,204,674	5,668,532	2,204,674	5,668,532
Massification	1,159,564	840,436	1,159,564	840,436
Municipal system improvement grant	353,407	302,035	353,407	302,035
Public transportation infrastructure - COGTA and NT	17,695,383	4,566,790	17,695,383	4,566,790
Youth advisory centre	82,680	-	82,680	-
Tatham art gallery	106,854	-	106,854	-
Community development workers	-	7,096	-	7,096
Greater Edendale development initiative	19,160,074	-	19,160,074	-
Municipal water services infrastructure grant	1,074,018	-	1,074,018	-
Urban renewal	2,191,283	2,999,438	2,191,283	2,999,438
	<b>246,182,649</b>	<b>170,847,866</b>	<b>246,182,649</b>	<b>170,847,866</b>
	<b>694,304,613</b>	<b>566,469,706</b>	<b>694,304,613</b>	<b>566,469,706</b>

### Government grants and subsidies

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

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

Included in above are the following grants and subsidies received:

Equitable share	354,313,000	338,903,000	354,313,000	338,903,000
Operating grants	87,412,313	55,628,591	87,412,313	55,628,591
Subsidies	6,396,651	1,090,250	6,396,651	1,090,250
Capital grants	246,182,649	170,847,865	246,182,649	170,847,865
	<b>694,304,613</b>	<b>566,469,706</b>	<b>694,304,613</b>	<b>566,469,706</b>

#### Equitable Share

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

#### Municipal infrastructure grant

Balance unspent at beginning of year	16,757,046	5,566,961	16,757,046	5,566,961
Current-year receipts	154,828,000	153,399,000	154,824,000	153,399,000
Conditions met - transferred to revenue	(159,643,076)	(139,055,368)	(159,643,076)	(139,055,368)
Grant paid back to National Treasury	-	(3,116,000)	-	(3,116,000)
Adjustment directly to grant	-	(37,547)	-	(37,547)
	<b>11,941,970</b>	<b>16,757,046</b>	<b>11,937,970</b>	<b>16,757,046</b>

Conditions still to be met - remain liabilities (see note 20)

To provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

Additional text

#### Airport

Balance unspent at beginning of year	14,198,246	467,320	14,198,246	467,320
Conditions met - transferred to revenue	(14,198,246)	(467,320)	(14,198,246)	(467,320)
	-	-	-	-

#### Electricity side demand management

Balance unspent at beginning of year	5,000,000	-	5,000,000	-
Current-year receipts	-	5,000,000	-	5,000,000
Conditions met - transferred to revenue	(2,980,459)	-	(2,980,459)	-
	<b>2,019,541</b>	<b>5,000,000</b>	<b>2,019,541</b>	<b>5,000,000</b>

Conditions still to be met - remain liabilities (see note 20)

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.

#### Finance management grant

Balance unspent at beginning of year	-	496,692	-	496,692
Current-year receipts	1,550,000	1,500,000	1,550,000	1,500,000
Conditions met - transferred to revenue	(1,550,000)	(1,996,692)	(1,550,000)	(1,996,692)
	-	-	-	-

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

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

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). Additional text

#### Freedom square tourism hub

Balance unspent at beginning of year	-	6,917,268	-	6,917,268
Current-year receipts	-	3,617,258	-	3,617,258
Conditions met - transferred to revenue	-	(10,534,526)	-	(10,534,526)
	-	-	-	-

#### Greater Edendale development initiative

Balance unspent at beginning of year	4,527,588	8,515,643	4,527,588	8,515,643
Current-year receipts (interest)	25,091,469	306,041	25,091,469	306,041
Conditions met - transferred to revenue	(23,793,114)	(4,294,095)	(23,793,114)	(4,294,095)
Inter project transfer	(2,471,797)	-	(2,471,797)	-
	<b>3,354,146</b>	<b>4,527,589</b>	<b>3,354,146</b>	<b>4,527,589</b>

Conditions still to be met - remain liabilities (see note 20)

#### Housing

Balance unspent at beginning of year	36,359,004	36,359,009	36,359,004	36,359,009
Current-year receipts (interest)	244,011	597,795	244,011	597,795
	<b>36,603,015</b>	<b>36,956,804</b>	<b>36,603,015</b>	<b>36,956,804</b>

Conditions still to be met - remain liabilities (see note 20)

#### Sundry

Balance unspent at beginning of year	516,892	1,414,736	516,892	1,414,736
Current-year receipts (interest)	1,874,000	1,557,737	1,874,000	1,557,737
Conditions met - transferred to revenue	(2,352,301)	(2,126,818)	2,352,301	(2,126,818)
Transfer to grants	-	(300,000)	-	(300,000)
Adjustment to opening balance	-	(19,576)	-	(19,576)
Adjustments directly to grant	-	(9,187)	-	(9,187)
	<b>38,591</b>	<b>516,892</b>	<b>4,743,193</b>	<b>516,892</b>

Conditions still to be met - remain liabilities (see note 20)

#### Library

Balance unspent at beginning of year	4,604,692	665,704	4,604,692	665,704
Current-year receipts (interest)	21,113,780	7,232,926	21,113,780	7,232,926
Conditions met - transferred to revenue	(17,108,565)	(3,293,938)	(17,108,565)	(3,293,938)
	<b>8,609,907</b>	<b>4,604,692</b>	<b>8,609,907</b>	<b>4,604,692</b>

Conditions still to be met - remain liabilities (see note 20)

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

#### Municipal systems improvement grant

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

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

Balance unspent at beginning of year	263	485,098	263	485,098
Current-year receipts	890,000	800,000	890,000	800,000
Conditions met - transferred to revenue	(598,286)	(857,035)	(598,286)	(857,035)
Grant paid back to National Treasury	-	(427,800)	-	(427,800)
	<b>291,977</b>	<b>263</b>	<b>291,977</b>	<b>263</b>

Conditions still to be met - remain liabilities (see note 20)

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

### Neighbourhood development partnership grant

Balance unspent at beginning of year	6,148,950	6,650,000	6,148,950	6,650,000
Current-year receipts (interest)	6,600,000	-	6,600,000	-
Conditions met - transferred to revenue	(706,767)	(501,050)	(706,767)	(501,050)
Other	(6,148,950)	-	(6,148,950)	-
	<b>5,893,233</b>	<b>6,148,950</b>	<b>5,893,233</b>	<b>6,148,950</b>

Conditions still to be met - remain liabilities (see note 20)

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.

### Public transportation infrastructure - COGTA and National Treasury

Balance unspent at beginning of year	79,785,779	73,601,570	79,785,779	73,601,570
Current-year receipts	100,846,000	45,000,000	100,846,000	45,000,000
Conditions met - transferred to revenue	(53,469,301)	(36,700,000)	(53,469,301)	(36,700,000)
Adjustments to opening balance	-	433,209	-	433,209
Grant paid back to National Treasury	(31,516,050)	(2,549,000)	(31,516,050)	(2,549,000)
	<b>95,646,428</b>	<b>79,785,779</b>	<b>95,646,428</b>	<b>79,785,779</b>

Conditions still to be met - remain liabilities (see note 20)

To provide for accelerated planning, construction and improvement of public and non-motorised transport Infrastructure.

### Other external grants

#### Trusts

Balance unspent at beginning of year	-	6,052,205	-	6,052,205
Current-year receipts (including interest)	-	30,797	-	30,797
Conditions met - transferred to revenue	-	(434,128)	-	(434,128)
Write back to accumulated surplus	-	(5,648,874)	-	(5,648,874)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Proviision of sports facilities

Balance unspent at beginning of year	762,803	535,291	762,803	535,291
Current-year receipts (including receipts)	1,640,750	1,605,183	1,640,750	1,605,183
Conditions met - transferred to revenue	(2,384,479)	(1,377,671)	(2,384,479)	(1,377,671)
	<b>19,074</b>	<b>762,803</b>	<b>19,074</b>	<b>762,803</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

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

Conditions still to be met - remain liabilities (see note 20).

#### Water conservation water demand management

Balance unspent at beginning of year	1,344,880	-	1,344,880	-
Current-year receipts (including interest)	-	1,500,000	-	1,500,000
Conditions met - transferred to revenue	(1,344,880)	(155,120)	(1,344,880)	(155,120)
	<b>-</b>	<b>1,344,880</b>	<b>-</b>	<b>1,344,880</b>

Conditions still to be met - remain liabilities (see note 20).

#### Ashburton feasibility study

Balance unspent at beginning of year	-	500,000	-	500,000
Current-year receipts (including interest)	-	19,196	-	19,196
Conditions met - transferred to revenue	-	(519,196)	-	(519,196)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Tatham Art Gallery

Balance unspent at beginning of year	308,523	-	308,523	-
Current-year receipts (including interest)	504,119	331,977	504,119	331,977
Conditions met - transferred to revenue	(705,729)	(23,454)	(705,729)	(23,454)
	<b>106,913</b>	<b>308,523</b>	<b>106,913</b>	<b>308,523</b>

Conditions still to be met - remain liabilities (see note 20).

Funds provided by the Prov Dept 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.

#### Other external grants - Q Dot Pharma

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

Conditions still to be met - remain liabilities (see note 20).

#### Other external grants - Library

Balance unspent at beginning of year	1,088,537	1,279,480	1,088,537	1,279,480
Current-year receipts (including interest)	4,922	19,690	4,922	19,690
Conditions met - transferred to revenue	(1,041,821)	(210,633)	(1,041,821)	(210,633)
	<b>51,638</b>	<b>1,088,537</b>	<b>51,638</b>	<b>1,088,537</b>

Conditions still to be met - remain liabilities (see note 20).

Funds were received from the Carnegie Co-operation of New York towards the creation of a model library for adult users in Pietermaritzburg.

#### Other external grants - GIJIMA/DBSA - GEDI

Balance unspent at beginning of year	-	19,953	-	19,953
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013
<b>33. Government grants and subsidies (continued)</b>				
Current-year receipts (including interest)	-	109,367	-	109,367
Conditions met - transferred to revenue	-	(109,120)	-	(109,120)
Refund of grant	-	(20,200)	-	(20,200)
	-	-	-	-

### Other external grants - Spoornet

Balance unspent at beginning of year	363,995	347,918	363,995	347,918
Current-year receipts (including interest)	18,081	16,077	18,081	16,077
	<b>382,076</b>	<b>363,995</b>	<b>382,076</b>	<b>363,995</b>

Conditions still to be met - remain liabilities (see note 20).

### SETA

Current-year receipts	371,035	300,000	371,035	300,000
Conditions met - transferred to revenue	(371,035)	(300,000)	(371,035)	(300,000)
	-	-	-	-

This money is awarded for skills development. The purpose is to strengthen the municipality's capacity in relation to skills development for the purpose of training.

### Market

Balance unspent at beginning of year	1,337,698	-	1,337,698	-
Current-year receipts (including interest)	7,772,094	7,657,680	7,772,094	7,657,680
Conditions met - transferred to revenue	(2,206,314)	(6,319,982)	(2,206,314)	(6,319,982)
	<b>6,903,478</b>	<b>1,337,698</b>	<b>6,903,478</b>	<b>1,337,698</b>

Conditions still to be met - remain liabilities (see note 20).

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.

### Electricity - INEP

Balance unspent at beginning of year	1,388,205	-	1,388,205	-
Current-year receipts (including interest)	123,000,000	5,000,000	123,000,000	5,000,000
Conditions met - transferred to revenue	(17,503,698)	(3,611,795)	(17,503,698)	(3,611,795)
	<b>106,884,507</b>	<b>1,388,205</b>	<b>106,884,507</b>	<b>1,388,205</b>

Conditions still to be met - remain liabilities (see note 20).

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 - COGTA

Balance unspent at beginning of year	6,176,567	-	6,176,567	-
Current-year receipts (including interest)	5,478,740	10,049,137	5,478,740	10,049,137
Conditions met - transferred to revenue	(2,723,232)	(3,872,570)	(2,723,232)	(3,872,570)
	<b>8,932,075</b>	<b>6,176,567</b>	<b>8,932,075</b>	<b>6,176,567</b>

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	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

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

Conditions still to be met - remain liabilities (see note 20).

#### Massification - COGTA

Balance unspent at beginning of year	1,159,564	-	1,159,564	-
Current-year receipts (including interest)	-	2,000,000	-	2,000,000
Conditions met - transferred to revenue	(1,159,564)	(840,436)	(1,159,564)	(840,436)
	-	<b>1,159,564</b>	-	<b>1,159,564</b>

Conditions still to be met - remain liabilities (see note 20).

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

#### Urban renew - COGTA

Balance unspent at beginning of year	2,191,282	-	2,191,282	-
Current-year receipts (including interest)	-	6,500,000	-	6,500,000
Conditions met - transferred to revenue	(2,191,282)	(4,308,718)	(2,191,282)	(4,308,718)
	-	<b>2,191,282</b>	-	<b>2,191,282</b>

Conditions still to be met - remain liabilities (see note 20).

#### New England Road

Balance unspent at beginning of year	-	(433,209)	-	(433,209)
Current-year receipts (including interest)	-	5,000,000	-	5,000,000
Conditions met - transferred to revenue	-	(4,566,791)	-	(4,566,791)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 20).

#### Wadeley Stadium

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

Conditions still to be met - remain liabilities (see note 20).

#### Publicity house - COGTA

Current-year receipts	78,510	-	78,510	-
Conditions met - transferred to revenue	(1,133,140)	-	(1,133,140)	-
Inter project transfer	2,471,796	-	2,471,796	-
	<b>1,417,166</b>	-	<b>1,417,166</b>	-

Conditions still to be met - remain liabilities (see note 20).

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. Additional text

#### Sanitation bucket eradication

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

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

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

Conditions still to be met - remain liabilities (see note 20).

### Municipal water services infrastructure grant

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

Conditions still to be met - remain liabilities (see note 20).

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.

### Premier Office - Operation Dlulisumlando

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

Conditions still to be met - remain liabilities (see note 20).

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.

### KZN Provincial Treasury - Nhlalakahle informal settlement electrification

Conditions met - transferred to revenue	(181,942)	-	(181,942)	-
Funds still to be received	181,942	-	181,942	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 20).

### Housing - Jika Joe informal settlement

Conditions met - transferred to revenue	(12,197,883)	-	(12,197,883)	-
Funds still to be received	12,197,883	-	12,197,883	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 20).

Refer to Appendix E1 and E2 for detailed breakdown on transfers to revenue and conditions met on grant and subsidies.



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013
<b>34. Fines</b>				
Camera fines	94,161,386	6,259,039	94,161,386	6,259,039
Traffic fines	8,563,480	2,094,434	8,563,480	2,094,434
Health contravention fines	25,917	17,813	25,917	17,813
	<b>102,750,783</b>	<b>8,371,286</b>	<b>102,750,783</b>	<b>8,371,286</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013
<b>35. Employee related costs</b>				
Salaries & wages	500,141,184	466,843,160	496,690,332	464,624,205
Contributions for UIF, WCA and SALBC levy	9,379,165	8,304,270	9,379,165	8,103,815
Contributions for pensions & medical aid	143,280,320	133,873,466	143,280,320	133,641,222
Travel, motor car, accommodation, subsistence and other allowances	36,189,433	32,276,629	36,189,433	32,276,629
Overtime payments	30,262,675	25,655,745	30,262,675	25,655,745
Long-service awards	22,762,989	16,815,648	22,762,989	16,815,648
Housing benefits and allowances	2,972,302	3,219,304	2,972,302	3,219,304
	<b>744,988,068</b>	<b>686,988,222</b>	<b>741,537,216</b>	<b>684,336,568</b>
<b>Remuneration of municipal manager</b>				
Annual Remuneration	1,090,190	1,053,529	1,090,190	1,053,529
Car Allowance	211,547	180,919	211,547	180,919
Contributions to UIF, Medical and Pension Funds	143,510	113,559	143,510	113,559
Bonus	180,000	-	180,000	-
Travel claim	38,126	-	38,126	-
Cellphone allowance	-	18,000	-	18,000
	<b>1,663,373</b>	<b>1,366,007</b>	<b>1,663,373</b>	<b>1,366,007</b>
<b>Remuneration of chief finance officer</b>				
Annual Remuneration	833,886	836,733	833,886	836,733
Car Allowance	137,250	128,122	137,250	128,122
Bonus	50,000	-	50,000	-
Contributions to UIF, Medical and Pension Funds	83,553	78,656	83,553	78,656
Acting allowance	12,450	-	12,450	-
Cellphone allowance	-	14,400	-	14,400
	<b>1,117,139</b>	<b>1,057,911</b>	<b>1,117,139</b>	<b>1,057,911</b>
<b>Remuneration of executive manager - internal audit</b>				
Annual Remuneration	605,936	565,732	605,936	565,732
Car Allowance	153,262	127,718	153,262	127,718
Bonus	50,495	-	50,495	-
Contributions to UIF, Medical and Pension Funds	148,457	136,780	148,457	136,780
Travel claim	2,416	-	2,416	-
Cellphone allowance	-	9,000	-	9,000
	<b>960,566</b>	<b>839,230</b>	<b>960,566</b>	<b>839,230</b>
<b>Remuneration of deputy municipal manager community services</b>				
Annual Remuneration	460,953	1,004,562	460,953	1,004,562
Car Allowance	56,000	-	56,000	-
Contributions to UIF, Medical and Pension Funds	63,961	-	63,961	-
Housing subsidy	37,100	-	37,100	-
Cellphone allowance	-	14,267	-	14,267
Backpay	-	37,493	-	37,493
	<b>618,014</b>	<b>1,056,322</b>	<b>618,014</b>	<b>1,056,322</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 35. Employee related costs (continued)

The deputy municipal manager community services was appointed on the 01 December 2013.

#### Remuneration of deputy municipal manager corporate services

Annual Remuneration	556,579	260,227	556,579	260,227
Contributions to UIF, Medical and Pension Funds	96,436	-	96,436	-
Acting allowance	21,876	54,526	21,876	54,526
Leave pay - termination	-	30,131	-	30,131
Cellphone allowance	-	4,800	-	4,800
	<b>674,891</b>	<b>349,684</b>	<b>674,891</b>	<b>349,684</b>

An acting allowance was paid to the process manager for the period July to September 2013.

The deputy municipal manager corporate services was appointed on the 1 December 2013.

#### Remuneration of deputy municipal infrastructure services

Annual Remuneration	600,163	728,939	600,163	728,939
Car Allowance	124,983	156,001	124,983	156,001
Contributions to UIF, Medical and Pension Funds	110,548	155,122	110,548	155,122
Acting allowance	14,902	-	14,902	-
Cellphone allowance	-	14,400	-	14,400
Travel claim	18,510	975	18,510	975
	<b>869,106</b>	<b>1,055,437</b>	<b>869,106</b>	<b>1,055,437</b>

#### Remuneration of deputy municipal manager development services

Annual Remuneration	893,320	426,381	893,320	426,381
Car Allowance	14,400	53,411	14,400	53,411
Contributions to UIF, Medical and Pension Funds	88,883	20,381	88,883	20,381
Cellphone allowance	-	6,000	-	6,000
	<b>996,603</b>	<b>506,173</b>	<b>996,603</b>	<b>506,173</b>

The deputy municipal manager development services was appointed on the 1 December 2013.

### 36. Remuneration of councillors

Mayor	1,000,917	980,192	1,000,917	980,192
Deputy Mayor	800,308	804,944	800,308	804,944
Councillors	22,626,530	23,480,334	22,626,530	23,480,334
Speaker	879,851	837,022	879,851	837,022
Executive committee members	7,051,006	4,398,525	7,051,006	4,398,525
Councillors' pension and medical aid contributions	4,741,029	2,920,517	4,741,029	2,920,517
	<b>37,099,641</b>	<b>33,421,534</b>	<b>37,099,641</b>	<b>33,421,534</b>

#### In-kind benefits

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 36. Remuneration of councillors (continued)

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.

	Executive committee	Councillors
Council members	10	63
Remuneration per month	71,837	34,451
		-

### 37. Conditional grant expenditure

Airport	-	31,025	-	31,025
Finance management grant	1,550,000	1,996,692	1,550,000	1,996,692
Greater edendale development initiative	4,633,041	4,403,215	4,633,041	4,403,215
Housing	12,197,883	-	12,197,883	-
Expanded public works programme	1,873,679	1,361,871	1,873,679	1,361,871
Library	14,200,728	3,255,134	14,200,728	3,255,134
Municipal infrastructure grant	3,924,285	3,753,773	3,924,285	3,753,773
Municipal systems improvement grant	244,880	555,000	244,880	555,000
Municipal water infrastructure services grant	5,175,972	-	5,175,972	-
Public transportation infrastructure	35,773,917	36,700,000	35,773,917	36,700,000
SETA	371,035	300,000	371,035	300,000
Ashburton feasibility	-	519,196	-	519,196
Department of Water Affairs	131,999	-	131,999	-
Intergrated development plan	-	398,070	-	398,070
Land use management grant	-	145,962	-	145,962
Urban Renewal - COGTA	-	1,309,281	-	1,309,281
Youth Advisory Centre	6,900	-	6,900	-
Sanitation Bucket Eradication	5,080,735	-	5,080,735	-
Wadley Stadium - Sports and Recreation	179,000	-	179,000	-
Q Dot Pharma	40,123	-	40,123	-
COGTA - Water service delivery plan	82,742	-	82,742	-
Market - COGTA	1,640	651,450	1,640	651,450
Water conservation water demand management	1,344,880	155,120	1,344,880	155,120
Trusts	-	69,348	-	69,348
Tatham Art Gallery	598,874	23,454	598,874	23,454
	<b>87,412,313</b>	<b>55,628,591</b>	<b>87,412,313</b>	<b>55,628,591</b>

### 38. Depreciation and amortisation

Property, plant and equipment	459,391,438	255,797,272	459,364,512	255,744,359
Intangible assets	538,536	1,663,602	538,536	1,663,602
Change in accounting estimate	(7,232,876)	(28,396,843)	(7,232,876)	(28,396,843)
	<b>452,697,098</b>	<b>229,064,031</b>	<b>452,670,172</b>	<b>229,011,118</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 decrease on the depreciation of R 7 232 876.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 39. Impairment of assets

#### Impairments

Property, plant and equipment	222,450	6,096,453	222,450	6,096,453
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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

* Investment property	-	1,951,690	-	1,951,690
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Impairment of investment property was performed because the municipality had identified old and dilapidated buildings which added no contributory value to the investment property

Inventory loss	439,602	93,369	439,602	93,369
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Due to technological changes the inventory has become redundant.

<b>662,052</b>	<b>8,141,512</b>	<b>662,052</b>	<b>8,141,512</b>
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### 40. Finance costs

Loans	63,756,841	69,343,234	63,756,841	69,343,234
Finance leases	136,974	389,929	136,974	389,929
Other interest paid	3,280,329	1,232,898	3,280,326	1,232,898
<b>67,174,144</b>	<b>70,966,061</b>	<b>67,174,141</b>	<b>70,966,061</b>	

No external funding was raised for capital projects during the reporting period.

### 41. Debt impairment

Contributions to debt impairment provision	112,679,217	217,793,936	112,679,217	217,793,936
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### 42. Collection costs

Collection costs	15,372,628	4,615,653	15,372,628	4,615,653
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013
<b>43. Repairs and maintenance</b>				
Buildings	4,413,287	4,303,909	4,413,287	4,303,909
Distribution plant hire	13,166,551	6,456,578	13,166,551	6,456,578
External services	17,054,325	11,852,538	17,054,325	11,852,538
Furniture and equipment	112,777	90,672	112,777	90,672
General	22,706,997	13,741,644	22,544,393	13,434,684
Grounds and fences	2,657,491	1,593,815	2,657,491	1,593,815
Infrastructure	2,553,731	2,471,176	2,553,731	2,471,176
Mains	8,238,711	5,758,451	8,238,711	5,758,451
Maintenance agreements	9,241,637	5,971,007	9,241,637	5,971,007
Plant and equipment	21,685,717	18,168,804	21,685,717	18,168,804
Robots	844,390	1,313,466	844,390	1,313,466
Stores and material	20,752,752	11,455,196	20,752,752	11,455,196
Trees	2,209,217	2,109,432	2,209,217	2,109,432
Vehicles	13,584,893	12,802,895	13,584,893	12,802,895
	<b>139,222,476</b>	<b>98,089,583</b>	<b>139,059,872</b>	<b>97,782,623</b>
<b>44. Bulk purchases</b>				
Electricity	1,081,219,121	1,039,360,585	1,081,219,121	1,039,360,585
Water	372,183,066	333,879,941	372,183,066	333,879,941
	<b>1,453,402,187</b>	<b>1,373,240,526</b>	<b>1,453,402,187</b>	<b>1,373,240,526</b>
<b>45. Contracted Services</b>				
Security	21,066,261	17,769,190	21,066,261	17,769,190
<b>46. Grants and subsidies paid</b>				
<b>Other subsidies</b>				
Community bodies	218,284	216,480	218,284	216,480
Safe City	-	-	4,210,526	3,947,368
	<b>218,284</b>	<b>216,480</b>	<b>4,428,810</b>	<b>4,163,848</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013
<b>47. General expenses</b>				
Airport	1,931,432	1,458,543	1,931,432	1,458,543
Advertising	1,390,174	1,434,267	1,390,174	1,434,267
Annual report	217,000	178,324	217,000	178,324
Audit fee	4,341,039	3,549,983	4,341,039	3,549,983
Bank charges	3,743,335	4,241,818	3,743,335	4,241,818
Bursaries	1,071,221	520,967	1,071,221	520,967
Subscription for cities network	1,000,000	321,538	1,000,000	321,538
Consultants fee	2,580,691	966,305	2,580,691	966,305
Conferences	467,563	109,201	467,563	109,201
Councillors development	488,798	565,790	488,798	565,790
Plant hire	3,662,888	51,680	3,662,888	51,680
Air pollution and monitoring	283,905	318,609	283,905	318,609
Dog pound	706,302	-	706,302	-
Entertainment	270,632	212,090	270,632	212,090
Consolidated billing costs	2,812,894	2,467,441	2,812,894	2,467,441
Ward committee costs	6,769,801	3,934,069	6,769,801	3,934,069
Government training levy	6,208,148	5,581,371	6,208,148	5,581,371
Hire charges	16,161,714	11,656,359	16,161,714	11,656,359
Insurance	10,916,557	10,931,176	10,916,557	10,931,176
Internet costs	253,363	300,505	253,363	300,505
IDP expenses	4,144,017	212,241	4,144,017	212,241
Interview costs	49,848	-	49,848	-
Kwanalogo subscriptions	6,185,049	4,000,000	6,185,049	4,000,000
Land sale costs	657,194	-	657,194	-
Leadership	945,811	249,560	945,811	249,560
Long service awards	1,148,348	1,870,562	1,148,348	1,870,562
Promotions	8,629,112	1,969,102	8,629,112	1,969,102
Mayoral projects	5,169,168	3,498,365	5,169,168	3,498,365
Medical supplies	126,395	81,525	126,395	81,525
Motor vehicle licences	1,898,136	1,674,650	1,898,136	1,674,650
Occupational health and safety medicals	38,357	-	38,357	-
Personnel training	4,439,022	3,105,650	4,439,022	3,105,650
Petrol and lubricants	28,436,323	20,144,378	28,436,323	20,144,378
Plant and equipment	296,306	1,900	296,306	1,900
Pietermaritzburg tourism	1,479,197	1,500,000	1,479,197	1,500,000
Postage and stamps	3,053,563	2,979,603	3,053,563	2,979,603
Printing and stationery	5,229,580	4,449,800	5,229,580	4,449,800
Pensions payable	17,990,507	13,620,278	17,990,507	13,620,278
Projects	4,075,432	1,984,078	4,075,432	1,984,078
Small medium and micro enterprises	902,104	349,574	902,104	349,574
Software licences	3,121,399	3,163,204	3,121,399	3,163,204
Stores and materials	5,555,237	4,251,260	5,555,237	4,251,260
Subsistence and travelling allowances	875,251	641,822	875,251	641,822
Telephone	7,424,857	5,654,853	7,424,857	5,654,853
Water quality testing	353,344	320,347	353,344	320,347
Valuation roll	11,291,642	3,193,891	11,291,642	3,193,891
Uniforms	4,071,194	2,460,041	4,071,194	2,460,041
Change in accounting estimate	93,500,827	240,129,091	93,500,827	240,129,091
External services	30,494,468	24,586,175	30,494,468	24,586,175
Other expenses	49,376,891	50,118,875	48,442,194	49,112,606
Inter departmental charges	22,478,314	19,229,642	22,478,314	19,229,642
Impairment of fines	61,540,892	-	61,540,892	-
Fair value adjustment - investment property	3,884,268	4,512,480	3,884,268	4,512,480
Forestry	12,126,737	10,941,309	12,126,737	10,941,309
Rental/car hire	1,027,169	207,996	1,027,169	207,996
	<b>467,293,416</b>	<b>479,902,288</b>	<b>466,358,719</b>	<b>478,896,019</b>

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 48. Operating lease

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 6 833 976 relating to the rentals payable.

No contingent rent is payable.

For futher disclosure on GRAP 13 (Leases) refer to note 58 relating to commitments.

### 49. Gains or losses on disposal of assets

Sale of assets	505,352	5,929,908	505,352	5,929,908
Land sales	(109,499)	(4,151,934)	(109,499)	(4,151,934)
	<b>395,853</b>	<b>1,777,974</b>	<b>395,853</b>	<b>1,777,974</b>

### 50. Gains or loss on donated assets

Nett movement on donated assets	(102,597)	(1,341,657)	(102,597)	(1,341,657)
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### 51. Loss on immovable assets

Loss on immovable assets	(5,438,627)	-	(5,438,627)	-
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### 52. Loss on movable assets

Loss on movable assets	6,456,578	613,184	6,456,578	613,184
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### 53. Cash generated from operations

Surplus	118,972,628	88,209,929	119,264,694	101,854,472
<b>Adjustments for:</b>				
Depreciation and amortisation	452,697,098	229,064,031	452,670,172	229,011,118
Gains or losses on sale of assets	293,256	1,777,973	293,256	1,777,973
Loss on non-current assets	11,895,205	1,954,841	11,895,205	1,954,841
Impairment	662,051	8,141,512	662,051	8,141,512
Movements in retirement benefit assets and liabilities	79,570,384	194,553,858	79,570,384	194,553,858
Movements in provisions	2,480,000	4,084,793	2,480,000	4,084,793
Movement in non current provisions	5,545,637	33,057,761	5,545,637	33,057,761
Movement on housing development fund	1,640,019	(5,622,937)	1,640,019	(5,622,937)
Other non-cash items	(29,517,556)	156,336,481	(29,517,556)	156,336,481
<b>Changes in working capital:</b>				
Inventories	11,805,819	(2,866,425)	11,805,819	(2,866,425)
Trade payables from exchange transactions	(27,970,354)	40,059,263	(27,942,220)	40,031,130
Trade and other receivables from exchange transactions	(81,691,161)	(162,771,910)	(81,691,161)	(176,395,355)
Trade and other receivables from non-exchange transactions	(111,075,863)	(125,467,231)	(111,067,286)	(125,443,371)
VAT	(21,085,443)	17,878,905	(21,085,446)	17,878,905
Unspent conditional grants and receipts	120,853,887	21,012,541	120,853,887	21,012,541
Taxation paid	(3)	(108,075)	-	-
	<b>535,075,604</b>	<b>499,295,310</b>	<b>535,377,455</b>	<b>499,367,297</b>



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 54. Share capital / contributions from owners

#### 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.

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

#### Contributions to SALGA/KWANALOGA

Council subscriptions	455,001	451,106	455,001	451,106
Amount paid - current year	(455,001)	(451,106)	(455,001)	(451,106)
	-	-	-	-

#### Audit fees

Opening balance	162,365	112,452	162,365	112,452
Audit fee invoiced	4,341,039	3,549,983	4,341,039	3,549,983
Amount paid - current year	(4,319,866)	(3,500,070)	(4,319,866)	(3,500,070)
	<b>183,538</b>	<b>162,365</b>	<b>183,538</b>	<b>162,365</b>

#### PAYE and UIF

Current year payroll deductions	95,039,832	86,882,061	95,039,832	86,882,061
Amount paid - current year	(95,039,832)	(86,882,061)	(95,039,832)	(86,882,061)
	-	-	-	-

#### Pension and Medical Aid Deductions

Current year payroll deductions & Council contributions	226,601,244	210,808,991	226,601,244	210,808,991
Amount paid - current year	(226,601,244)	(210,808,991)	(226,601,244)	(210,808,991)
	-	-	-	-

#### VAT

VAT receivable	40,918	32,341	-	-
VAT payable	49,453,190	70,538,636	49,453,190	70,538,636
	<b>49,494,108</b>	<b>70,570,977</b>	<b>49,453,190</b>	<b>70,538,636</b>

VAT output payables and VAT input receivables are shown in note 17 and 18.

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 at 30 June 2014 :

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

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

30 June 2014	Outstanding less than 90 days R	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
	-	204,625	204,625

30 June 2013	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
TI Dlamini	-	12,403	12,403
TRM Zungu	-	107	107
M Inderjit	-	2,121	2,121
MB Zuma	-	566	566
VGM Mlete	-	37,223	37,223
P Sithole	-	18,754	18,754
DB Phungula	-	27,712	27,712
WF Lambert	-	7,748	7,748
	-	106,634	106,634

### 56. 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 condoned.

#### Incidents

Legal	578,713	-	578,713	-
Water quality testing	68,310	-	68,310	-
Advertisements	-	31,012	-	31,012
Health and safety	-	1,142,465	-	1,142,465
Other	1,973,443	585,601	1,973,443	585,601
Uniforms	330,000	-	330,000	-
Repairs to motor vehicles	3,186,697	3,933,387	3,186,697	3,933,387
Repairs and maintenance	442,286	1,556,955	442,286	1,556,955
Forensic	-	1,114,069	-	1,114,069
Library	5,881,430	1,812,057	5,881,430	1,812,057
Service delivery	7,449,974	2,002,689	7,449,974	2,002,689
Training	-	27,743	-	27,743
Computer expenditure	739,926	-	739,926	-
	20,650,779	12,205,978	20,650,779	12,205,978

# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 57. Prepayments

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.

### 58. Commitments

#### Authorised capital expenditure

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

• Crematories	-	733,391	-	733,391
• Parks	-	6,136,022	-	6,136,022
• Sanitation	95,941,331	33,323,294	95,941,331	33,323,294
• Water	28,567,992	22,300,968	28,567,992	22,300,968
• Roads	4,802,743	36,953,418	4,802,743	36,953,418
• Electricity	-	85,283,395	-	85,283,395
	<b>129,312,066</b>	<b>184,730,488</b>	<b>129,312,066</b>	<b>184,730,488</b>

The above committed expenditure relates to infrastructure assets and will be financed by available bank facilities.

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

• Minimum lease payments due - within one year	5,644,444	945,999	6,812,944	945,999
• Minimum lease payments due - in second to fifth year inclusive	11,008,033	1,576,665	11,008,033	1,576,665
	<b>16,652,477</b>	<b>2,522,664</b>	<b>17,820,977</b>	<b>2,522,664</b>

Operating lease payment represent rentals payable by Xtech Pietermaritzburg Ltd for the rental of photocopy and fax machines and Merchant West for laptops, desk tops, computer server and leasing of the ICT network..

No contingent rent is payable.

### 59. Contingencies

Refer to Appendix F for detailed listing of contingent liabilities	61,675,828	42,529,437	61,675,828	42,529,437
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 60. 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	86,272	23,261	86,272	23,261
Safe City - grant	4,210,526	3,947,368	4,210,526	3,947,368
	<b>4,296,798</b>	<b>3,970,629</b>	<b>4,296,798</b>	<b>3,970,629</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 COGTA, the value of contract is:	1,338,973	-	1,338,973	-
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#### Key management information

Executive councillors	Annual remuneration	Car allowance	Cell phone allowance and housing subsidy	Basic non retirement funding and back pay	Pension	Medical aid
Mayor - CJ Ndlela	928,136	-	41,820	30,961	143,865	18,599
Deputy Mayor - TR Zuma	634,576	143,560	41,820	(19,648)	98,307	-
Member - NP Bhengu	540,580	210,293	59,114	20,028	-	32,023
Member - JM Lawrence : 1 month	326,578	4,519	20,868	10,836	50,612	-
Member - M Inderjith	484,135	210,293	59,114	17,415	75,233	15,847
Member - M Chetty : 11 months	537,240	131,082	19,129	19,273	83,477	-
Member - WF Lambert	637,408	84,117	20,868	20,898	98,746	-
Member - NE Majola	635,249	54,676	20,868	21,712	98,544	30,990
Member - JJ Ngubo	561,657	134,587	59,114	19,506	87,174	-
Member - VT Xulu	798,933	-	21,076	41,162	-	15,533
Member - M Schalkwyk	510,385	213,880	21,076	24,967	80,303	25,985
Subtotal	6,594,877	1,187,007	384,867	207,110	816,261	138,977
	<b>6,594,877</b>	<b>1,187,007</b>	<b>384,867</b>	<b>207,110</b>	<b>816,261</b>	<b>138,977</b>

Councillors	Annual remuneration	Car allowance	Cell phone allowance and housing subsidy	Basic non retirement funding and back pay	Pension	Medical aid
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

			Economic entity		Controlling entity	
Figures in Rand			2014	2013	2014	2013
<b>60. Related parties (continued)</b>						
Speaker - B	670,545	143,560	41,820	23,927	-	59,218
Baijoo						
Whip - TV	623,901	84,117	20,868	20,899	96,720	15,533
Magubane						
NB Ahmed	266,402	58,882	20,868	9,210	41,342	16,709
R Ahmed	234,374	98,136	20,868	8,127	36,375	15,533
RP Ashe	247,881	98,136	20,868	8,127	38,401	-
N Atwaru	265,901	39,255	20,868	9,753	41,348	36,290
C Bradley	230,370	98,136	20,868	8,127	35,775	20,138
SD Buthelezi	234,374	98,136	20,868	8,127	36,375	15,533
TM Buthelezi	230,054	98,136	20,868	8,127	35,727	20,501
PN Dlamini	230,054	98,136	20,868	8,127	35,727	20,501
TI Dlamini	220,933	98,136	20,868	8,127	34,359	30,990
AB Dlomo	247,881	98,137	20,868	8,128	38,401	-
S Govender	285,063	98,136	20,868	9,347	-	-
SC Gwala	233,352	98,136	20,868	8,127	36,222	16,709
NF Gumede	279,630	39,255	20,868	9,753	43,407	20,501
PV Jaca	247,881	98,136	20,868	8,127	38,401	-
SP Lyne	247,881	98,136	20,868	8,127	38,401	16,709
LL Madlala	233,352	98,136	20,868	8,127	36,222	-
SI Madonda	254,433	58,882	20,868	9,211	39,547	30,474
TS Magwaza	227,689	98,136	20,868	7,892	35,337	23,492
ST Majola	237,501	98,136	20,868	8,127	36,844	11,937
FM Makhathini	216,324	98,136	20,868	8,127	33,668	36,290
T Matiwane	330,508	-	20,868	10,837	51,202	-
M Maphumalo	285,063	98,136	20,868	9,347	-	-
AL Mbanjwa	222,808	98,136	20,868	8,127	34,640	28,833
FN Mbatha	282,298	41,217	20,868	9,699	43,799	15,533
GR McArthur	247,881	98,136	20,868	8,127	38,401	-
MB Mkhize	233,331	98,136	20,868	8,127	36,219	16,733
MA Mkhize	247,881	98,136	20,868	8,127	38,401	-
MH Mkhize	221,076	98,137	20,868	8,127	34,380	30,825
SA Mkhize	229,160	98,136	20,868	8,127	35,593	21,529
VGM Mlete	219,511	98,137	20,868	8,127	34,146	32,626
PN Msimang	297,234	58,882	20,868	10,593	-	25,837
SC Ndawonde	312,093	-	20,868	8,671	48,115	23,667
MD Ndlovu	247,881	98,136	20,868	8,127	38,401	-
NZ Ndlovu	231,591	98,136	20,868	8,127	35,958	18,733
TP Ndlovu	236,649	98,136	20,868	8,127	36,716	12,917
BB Ngcobo	245,929	78,509	20,868	8,669	38,190	21,249
JN Ngcobo	247,881	98,136	20,868	8,127	38,401	-
KM Ngcobo	233,209	98,136	20,868	7,739	36,142	17,320
LC Ngcobo	223,786	98,136	20,868	8,127	34,787	27,709
MA Ngcobo	317,001	-	20,868	10,837	49,176	15,533
TP Ngcobo	225,414	98,136	20,868	8,127	35,031	25,837
PG Ngidi	234,374	98,136	20,868	8,127	36,375	15,533
TD Ntombela	247,881	98,136	20,868	8,127	38,401	-
DB Phungula	211,844	98,136	20,868	8,127	32,996	41,442
DF Ryder	285,063	98,136	20,868	9,347	-	-
P Shoji	297,457	39,255	20,868	9,753	46,081	-
LN Sikhakhane	247,881	98,136	20,868	8,127	38,401	-
J Singh	236,649	98,136	20,868	8,127	36,716	12,917
RB Singh	330,508	-	20,868	10,837	51,202	-
P Sithole	236,649	98,136	20,868	-	36,716	12,917
BC Sokhela	277,985	37,292	20,868	9,807	43,169	24,293
MS Sokhela	236,649	98,136	20,868	8,127	36,716	12,917
R Soobiah	247,881	98,136	20,868	8,127	38,401	-
MA Tarr	610,849	210,293	20,868	20,028	-	-
LJ Winterbach	247,881	98,136	20,868	8,127	38,401	-

# 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	
	2014	2013	2014	2013

### 60. Related parties (continued)

DP Zondi	247,881	98,136	20,868	8,127	38,401	-
BE Zuma	247,881	98,136	20,868	8,127	38,401	-
MB Zuma	236,649	98,136	20,868	8,127	36,716	12,917
NJ Zungu	330,508	-	20,868	10,837	51,202	-
TRM Zungu	236,649	98,136	20,868	8,127	36,716	12,917
Subtotal	16,753,080	5,305,522	1,314,768	563,947	2,221,308	887,792
	<b>16,753,080</b>	<b>5,305,522</b>	<b>1,314,768</b>	<b>563,947</b>	<b>2,221,308</b>	<b>887,792</b>

Remuneration of management	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	1,090,190	249,673	180,000	143,510	-	-
Chief finance officer	833,886	137,250	50,000	83,553	12,450	-
Deputy municipal manager community services	460,953	56,000	-	63,961	-	37,100
Deputy municipal manager corporate services	556,579	96,436	-	-	21,876	-
Deputy municipal manager infrastructure services	600,163	143,493	-	-	14,902	-
Deputy municipal manager development services	893,320	14,400	-	88,883	-	-
Executive manager internal audit	605,936	155,678	50,495	148,457	-	-
Subtotal	5,041,027	852,930	280,495	528,364	49,228	37,100
	<b>5,041,027</b>	<b>852,930</b>	<b>280,495</b>	<b>528,364</b>	<b>49,228</b>	<b>37,100</b>

### 61. Events after the reporting date

No events to report on after the reporting date.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013

### 62. Changes in accounting policy

During 2013, the municipality changed its accounting policy with respect to the recording of the tree plantation. It has been re-classified from inventory to biological assets in compliance with GRAP 27 (Agriculture assets) due to the biological transformation that comprises of the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes in a biological asset. The municipality has now decided to disclose the tree stock under biological assets rather than inventory.

### Statement of financial position

#### Biological assets

Tree plantations incorrectly classified as inventory	-	37,915,260	-	37,915,260
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#### Accumulated surplus previously reported

Previously stated	-	7,241,665,507	-	7,241,665,507
Tree plantations incorrectly classified as inventory	-	37,915,260	-	37,915,260
	-	<b>7,279,580,767</b>	-	<b>7,279,580,767</b>

### 63. Prior period errors

The comparative statements for 2012/2013 financial year have been restated to recognise the amendments relating to all of the below errors.

The effects of the changes are detailed below :

Effects of prior period error	-	70,484,846	-	70,484,846
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#### Statement of financial position

**In terms of IGRAP 1 traffic fines must be accounted for on an accrual basis and not on a cash basis. Fines must be recognised when issued and not on the probability of estimation of collection.**

#### 63.1 Trade and other receivables from non exchange transactions

Balance previously reported	-	294,313,253	-	294,313,253
Restated balance	-	321,502,839	-	321,502,839

#### 63.2 Biological assets

**The tree plantation was re-classified from inventory to biological assets in compliance with GRAP 27 (Agriculture assets) due to the biological transformation that comprises of the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes in a biological asset.**

Asset incorrectly identified as inventory - prior 12/13	-	37,915,260	-	37,915,260
Restated balance	-	37,915,260	-	37,915,260

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 63. Prior period errors (continued)

#### Statement of Financial Performance

**Land held as inventory for sale and distribution was recorded at zero value and was sold at R 5.38 million**

#### 63.3 Gains or loss on disposal of assets

Balance previously reported	-	3,602,027	-	3,602,027
Land held for sale and distribution - 12/13	-	(5,380,000)	-	(5,380,000)
Restated balance	-	1,777,973	-	1,777,973

#### 63.4 Accumulated surplus

Balance previously reported	-	7,241,665,507	-	7,241,665,507
Recognition of traffic fines issued	-	27,189,586	-	27,189,586
Asset incorrectly identified as inventory - 12/13	-	37,915,260	-	37,915,260
Restated balance	-	7,306,770,353	-	7,306,770,353

During the 2013/14 financial year the municipality corrected a fundamental error. The municipality discovered that water & electricity consumption was estimated for a longer period in contravention of municipality Debt Collection and Credit Control Policy. The municipality therefore embarked in a lengthy exercise of locating and reading meters in order to obtain accurate reading. The meters readings revealed a difference between the estimated and actual meter readings. The difference necessitated the adjustment of prior years revenue and accounts receivables. Revenue was reversed and Debtors were also written off as it was uncovered that they do not exist.

#### Effect on the Statement of Financial Performance for the year ended 30 June 2014

Previously reported	2,073,501,239	1,968,855,064	1,678,603,419	-
Revenue written off	-	(21,726,733)	-	-
Revenue restatement	-	(33,110,315)	-	-
Effect to the Stae	-	-	68,111,648	-
	2,073,501,239	1,914,018,016	1,746,715,067	-

#### Effect on the Statement of Financial Position as at 2013/14

Gross	1,632,049,734	1,552,622,732	1,133,722,533	-
Provision	(792,600,962)	(801,836,140)	(584,042,761)	-
Carrying value	839,448,772	750,786,592	549,679,772	-
Accounts receivable - write off	-	(21,726,733)	-	-
Accounts receivable - restatement	-	(33,110,315)	68,111,648	-
Accounts receivable - Vat	-	(3,041,743)	-	-
	839,448,772	692,907,802	617,791,420	-



# The Msunduzi Municipality and its Municipal Entity

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## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 64. 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 decreased the provision by R 7232 876.27

#### Landfill rehabilitation provision

The New England Road landfill site provisional programme closure was awarded to Envitech Solutions. The useful life of the landfill site was estimated in 2013 to be 10 years. The landfill site provision represents management's best estimate of the municipality's rehabilitation liability based on an valuation provided by an external consultant. The effect of this revision has increased the provision by R 5 545 636.

#### 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 6 014 632.

The post-employment health care benefit actuarial valuation was done by Arch Actuarial Consulting. The valuation undertaken in accordance with the requirements of Professional Guidance Note (PPN) 301 of the Actuarial Society of South Africa. The effect of this revision has increased the provision by R 79 570 384.

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 increased the provision by R2 370 174.

### 65. Irregular expenditure

Opening balance	45,411,822	219,203,257	45,411,822	219,203,257
Add: Irregular Expenditure - current year	269,012,345	34,910,840	267,956,841	34,910,840
Less: Amounts condoned	-	(208,702,275)	(298,538,251)	(208,702,275)
	<b>314,424,167</b>	<b>45,411,822</b>	<b>14,830,412</b>	<b>45,411,822</b>

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

2008 / 2009	4,077,827	4,077,827	4,077,827	4,077,827
2009 / 2010	5,458,355	5,458,355	5,458,355	5,458,355
2010 / 2011	3,551,576	3,551,576	3,551,576	3,551,576
2011 / 2012	38,200	38,200	38,200	38,200
2012 / 2013	32,285,864	32,285,864	32,285,864	32,285,864
2013 / 2014	269,012,345	-	269,012,345	-
	<b>314,424,167</b>	<b>45,411,822</b>	<b>314,424,167</b>	<b>45,411,822</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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013
<b>65. Irregular expenditure (continued)</b>				
IDT awarded contracts and failed to produce proof that the SCM Process was followed when procuring goods and services as provided for in the Memorandum of Agreement signed between IDT and Msunduzi Municipality. Therefore all contracts awarded by IDT are in contravention of Section 217 of the Constitution, PPPFA, Section 38 of the PFMA and Treasury Regulations.		262,583,395		
Awards Made in contravention with MFMA SCM regulation 43 (without a tax clearance certificate) and regulation 2 (3) and regulation 12 to Enforce Security.		1,338,973		
Awards Made in contravention with MFMA SCM regulation 43 (without a tax clearance certificate) and regulation 2 (3) and regulation 12 to Platinum Sports Consulting.		3,942,723		
Awards made in person in the service of the state Contract: Specialised Quotation No. Q 139 of 13/14. Date awarded: 22ndMay 2014 Service Provider: Nonkosenhle 73 Construction and Civil.		91,750		
Awards made in person in service of the state		1,043,604		
Awards made in person in service of the municipality		11,900		
		<b>269,012,345</b>		

**Details of Irregular Expenditure not yet written off**

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013
<b>65. Irregular expenditure (continued)</b>				
IDT awarded contracts and failed to produce proof that the SCM Process was followed when procuring goods and services as provided for in the Memorandum of Agreement signed between IDT and Msunduzi Municipality. Therefore all contracts awarded by IDT are in contravention of Section 217 of the Constitution, PPPFA, Section 38 of the PFMA and Treasury Regulations.		262,583,395		
Awards Made in contravention with MFMA SCM regulation 43 (without a tax clearance certificate) and regulation 2 (3) and regulation 12 to Enforce Security.		1,338,973		
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Awards made in person in service of the state		1,043,604		
Awards made in person in service of the municipality		11,900		
		<b>269,012,345</b>		
<b>66. Fruitless and wasteful expenditure</b>				
Fruitless and wasteful expenditure	4,132,273	3,993,459	4,132,273	3,993,459
<b>Reconciliation of fruitless and wasteful expenditure</b>				
Opening balance	3,993,460	3,956,970	3,993,460	3,956,970
Fruitless and wasteful expenditure current year	138,813	36,490	36,490	36,490
<b>Fruitless and wasteful expenditure awaiting condonement/repayment</b>	<b>4,132,273</b>	<b>3,993,460</b>	<b>4,029,950</b>	<b>3,993,460</b>
Interest on : Late payment of Telkom accounts	7,218	7,629	7,218	7,629
Interest on : Late payment of Eskom accounts	6,978	25,848	6,978	25,848
Cancellation of tenders	57,600	-	57,600	-
Interest on : Late payment to SARS	66,878	-	-	-
Interest on : Late payment of Post Office accounts	-	1,911	-	1,911
Interest on : Late payment of SABC TV license	-	200	-	200
Interest on : Late payment to Swiftnet	139	902	139	902
	<b>138,813</b>	<b>36,490</b>	<b>71,935</b>	<b>36,490</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

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

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.

### 67. Unauthorised expenditure

Depreciation and asset impairment	-	21,071,373	-	21,071,373
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	12,197,883	-	121,978,883	-
	<b>12,379,824</b>	<b>21,071,373</b>	<b>122,160,824</b>	<b>21,071,373</b>

### Reconciliation of unauthorised expenditure

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

Depreciation is calculated as an estimate on the approved budget and taking in to account the previous years depreciation.

The following factors are not considered when depreciation is estimated:

\* Depreciation as captured in the statement of financial performance is inclusive of offset depreciation which includes depreciation on revaluations.

\* Variances do occur due to asset reclassification, revaluations and review of useful lives of assets.

### 68. Comparative figures

No comparative figures have been restated for the current financial year.

### 69. Electricity, water and inventory losses

#### Electricity losses

Units purchased - kWh	1,735,228,615	1,748,918,830	1,735,228,615	1,748,918,830
Units sold - kWh	(1,537,738,108)	(1,546,449,278)	(1,537,738,108)	(1,546,449,278)
Loss - kWh	197,490,507	202,469,552	197,490,507	202,469,552
Electricity loss as a percentage	11	12	11	12
Cost per kWh in cents	0.71033	0.60427	0.71033	0.60427
<b>Electricity loss in rand value</b>	<b>140,283,985</b>	<b>122,345,594</b>	<b>140,283,985</b>	<b>122,345,594</b>

The significant electricity losses of 2014 : 197 490 507 kWh (2013 : 202,469,552 kWh) occurred during the year under review, which resulted in material revenue losses to the municipality.

The acceptance norm of electricity loss is 20%. The electricity losses are on a steady decline during the last two years. It can be noted that the losses in 2011/12 financial year were 13.57% and it has been reducing steadily to 11.58% in 2012/2013 and are now 11.38% during the last financial year. This indicates that war on illegal connections and tampering is steadily being won and the graph is now tapering down.

The reduction in losses are due to vigorous attempts to reduce illegal connections from the informal settlements. It is still however higher than the norm.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013
<b>69. Electricity, water and inventory losses (continued)</b>				
<b>Water losses</b>				
Units purchased -KI	67,004,044	64,680,158	67,004,044	64,680,158
Units sold - KI	(44,943,173)	(43,461,581)	(44,943,173)	(43,461,581)
Losses - KI	22,060,871	21,218,577	22,060,871	21,218,577
Apparent losses - KI	(5,735,826)	(5,516,830)	(5,735,826)	(5,516,830)
Real losses - KI	22,060,871	21,518,577	22,060,871	21,218,577
Water loss as a percentage	33	33	33	33
Rand per kilolitre	4.68200	4.35500	4.68200	4.35500
<b>Water loss in rand value</b>	<b>103,288,998</b>	<b>92,406,903</b>	<b>103,288,998</b>	<b>92,406,903</b>

The acceptable norm in developing countries of water loss is 20%.The significant water losses of 2014 : 22,060,871 kl (2013: 21,218,577 kl) occurred during the year under review, which resulted material revenue losses to the municipality.

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### 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

439,602	93,369	439,602	93,369
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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.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013
<b>70. Traffic fines outstanding</b>				
<b>As per NATIS - traffic department</b>				
Notice of intention to prosecute - 341's	2,015,700	2,583,925	2,015,700	2,583,925
Paid	(11,350)	(74,650)	(11,350)	(74,650)
Withdrawn	(10,300)	(364,200)	(10,300)	(364,200)
Unsuccessful	(7,750)	(3,875)	(7,750)	(3,875)
Section 56 notices - summons	3,811,350	5,708,700	3,811,350	5,708,700
Paid	(359,190)	(746,695)	(359,190)	(746,695)
Withdrawn	(732,750)	(1,605,085)	(732,750)	(1,605,085)
Unsuccessful	(371,735)	(11,750)	(371,735)	(11,750)
Warrant of arrests	(147,475)	(292,220)	(147,475)	(292,220)
	<b>4,186,500</b>	<b>5,194,150</b>	<b>4,186,500</b>	<b>5,194,150</b>

## 71. 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.

### 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.

Refer to table below

### 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 group 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 counter-party.

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2014

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2014	2013	2014	2013

### 71. Risk management (continued)

#### Maturity profile

At 30 June 2014

#### Financial liabilities

Less than 1 year	42,846,565	42,846,565	42,846,565	42,846,565
Between 1 and 5 years	257,601,137	257,601,137	257,601,137	257,601,137
Over 5 years	239,071,729	239,071,729	239,071,729	239,071,729
	<b>539,519,431</b>	<b>539,519,431</b>	<b>539,519,431</b>	<b>539,519,431</b>

### 72. Going concern

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

**THE MSUNDUZI MUNICIPALITY AND IT'S MUNICIPAL ENTITY**

**APPENDIX A**

**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014**

<b>EXTERNAL LOANS</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30/06/13</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30/06/14</b>
<b>LONG-TERM LOANS</b>			<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
DBSA - 15.5%	11158	30/09/2018	8,076,213		1,021,460	7,054,752
DBSA - 15.5%	11159	31/03/2019	10,327,880		1,147,499	9,180,381
DBSA - 15.5%	11160	31/03/2019	8,801,992		977,962	7,824,029
DBSA - 16.5%	13446	31/03/2020	17,436,537		1,473,053	15,963,485
DBSA - 16.5%	13447	31/03/2020	7,432,513		627,905	6,804,608
DBSA - 16.5%	13448	31/03/2020	11,004,828		929,697	10,075,131
DBSA - 14.27%	14039/101	31/12/2014	13,782,074		8,884,686	4,897,388
DBSA - 14.27%	14039/102	31/12/2015	548,464		198,122	350,342
DBSA - 14.27%	102091	11/02/2020	3,777,171		336,696	3,440,475
DBSA - 14.27%	102416	28/06/2021	35,157,120		3,030,569	32,126,551
DBSA - 9.31%	101922	30/09/2020	16,908,382		1,658,616	15,249,766
DBSA - 8.7%	102797	30/09/2022	69,060,302		4,928,864	64,131,438
DBSA - 10.79%	103059/1	30/09/2023	53,895,179		2,966,969	50,928,210
DBSA - 6.75%	103059/2	30/09/2023	12,733,592		867,570	11,866,022
DBSA - 12.02%	103594/1	31/12/2024	100,536,820		4,407,133	96,129,687
DBSA - 6.75%	103594/2	31/12/2024	31,747,352		1,902,999	29,844,353
DBSA - 12.10%	103721	31/03/2025	181,475,979		7,823,166	173,652,812
<b>DBSA Total</b>			<b>582,702,398</b>	<b>-</b>	<b>43,182,966</b>	<b>539,519,432</b>
INCA - 11.65%	Msun-00-0001	31/12/2013	2,444,882		2,444,882	-
<b>RMB/INCA Total</b>			<b>2,444,882</b>		<b>2,444,882</b>	<b>-</b>
RMB/HULETTS - 8.71%	Sub-station	31/12/2013	845,928		845,928	-
<b>RMB/HULETTS Total</b>			<b>845,928</b>	<b>-</b>	<b>845,928</b>	<b>-</b>
<b>Total Long-term Loans</b>			<b>585,993,208</b>	<b>-</b>	<b>46,473,776</b>	<b>539,519,432</b>
<b>LEASE LIABILITY</b>						
Nedbank - 10.000%	Nedbank 10	31/12/2014	125,665		81,674	43,990
Nedbank - 10.000%	Nedbank 11	24/12/2014	125,665		81,674	43,990
Nedbank - 10.500%	Nedbank 12	31/12/2017	1,039,841		220,720	819,122
Nedbank - 13.369%	Nedbank 23	01/10/2013	20,664		20,664	0
Nedbank - 13.369%	Nedbank 24	01/10/2013	20,664		20,664	0
Nedbank - 13.369%	Nedbank 26	01/10/2013	20,664		20,664	0
Nedbank - 13.369%	Nedbank 27	01/10/2013	18,772		18,772	-0
Nedbank - 13.369%	Nedbank 28	01/10/2013	18,772		18,772	-0
Nedbank - 13.369%	Nedbank 29	01/10/2013	18,772		18,772	-0
Nedbank - 13.369%	Nedbank 30	01/10/2013	28,185		28,185	-0
Nedbank - 13.369%	Nedbank 31	01/10/2013	13,632		13,632	-0
Nedbank - 13.369%	Nedbank 32	01/10/2013	13,632		13,632	-0
Nedbank - 13.369%	Nedbank 33	01/10/2013	13,632		13,632	-0
Nedbank - 13.369%	Nedbank 34	01/10/2013	13,826		13,826	-0
Nedbank - 13.369%	Nedbank 35	01/10/2013	27,891		27,891	0
Nedbank - 13.369%	Nedbank 36	01/10/2013	10,959		10,959	0
Nedbank - 13.369%	Nedbank 37	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 38	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 40	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 42	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 43	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 44	01/10/2013	10,959		10,959	0
Nedbank - 13.369%	Nedbank 45	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 46	01/10/2013	10,959		10,959	0
Nedbank - 13.369%	Nedbank 47	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 48	01/10/2013	10,959		10,959	0
Nedbank - 13.369%	Nedbank 49	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 51	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 52	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 54	01/10/2013	6,228		6,228	0



**THE MSUNDUZI MUNICIPALITY AND IT'S MUNICIPAL ENTITY**

**APPENDIX A**

**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014**

<b>EXTERNAL LOANS</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30/06/13</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30/06/14</b>
Nedbank - 13.369%	Nedbank 55	01/10/2013	6,228		6,228	0
Nedbank - 13.556%	Nedbank 56	01/10/2013	9,374		9,374	-0
Nedbank - 13.556%	Nedbank 57	01/10/2013	9,374		9,374	-0
Nedbank - 13.556%	Nedbank 58	01/10/2013	9,374		9,374	-0
Nedbank - 13.556%	Nedbank 59	01/10/2013	9,374		9,374	-0
Nedbank - 13.369%	Nedbank 60	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 62	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 63	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 64	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 65	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 66	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 67	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 68	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 70	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 71	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 72	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 73	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 74	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 75	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 76	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 77	01/10/2013	12,342		12,342	0
Nedbank - 13.376%	Nedbank 78	01/10/2013	30,578		30,578	0
Nedbank - 13.376%	Nedbank 79	01/10/2013	30,758		30,758	-0
Nedbank - 13.376%	Nedbank 80	01/10/2013	30,018		30,018	0
Nedbank - 13.376%	Nedbank 81	01/10/2013	30,785		30,785	-0
<b>Nedbank Total</b>			<b>1,995,960</b>	<b>-</b>	<b>1,088,853</b>	<b>907,107</b>
<b>Total lease liability</b>			<b>1,995,960</b>	<b>-</b>	<b>1,088,853</b>	<b>907,107</b>
<b>TOTAL EXTERNAL LOANS</b>			<b>587,989,168</b>	<b>-</b>	<b>47,562,629</b>	<b>540,426,538</b>

THE MSUNDUZI MUNICIPALITY		APPENDIX B																						
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2014																								
GROUP	LAND AND BUILDINGS	Cost										Accumulated Depreciation										Carrying Value		
		Opening Balance	Adjustments	disposal write off impairment	disposal write off 21112014	Impairment	Additions	additions 21112014	Under Construction	Disposals	Closing Balance	Opening Balance	Rul Adjustment Acc Depreciation 1213	Adjustments	Additions (Depreciation)	Rul Adjustment Depreciation 1314	Disposals current yr	Disposals Acc. Depreciation	Disposals Acc. Depreciation write	Impairment	Closing Balance			
40101	Land	279,113,487.94	-	-	-	-	-	-	-	-	19,127,706.49	-	-	-	-	-	-	-	-	-	-	298,217,194.43		
10002	Buildings	402,105,595.66	-	-	-	-	-	-	-	-	22,607,602.83	1,686,397.65	4,121,902.00	-	-	153,016,064.88	-3,472,481.92	-	-	-	-	171,092,401.33		
70103	Investment Property	330,502,236.84	-	-	-	-	-	-	-	-	12,301,000.00	-	-	-	-	356,913,815.69	-	-	-	-	-	356,913,815.69		
Total Land and Buildings		1,001,739,319.94	24,166,579.35	-	-	-	53,938,309.32	1,686,397.65	4,121,902.00	-	1,085,652,508.26	-	-	-	153,016,064.88	-3,472,481.92	-	25,020,062.36	-3,471,243.99	-	-	171,092,401.33	914,566,106.93	
ELECTRICITY																								
20211	HV Overhead Lines	69,700,838.12	-	-	-	-	-	-	-	-	181,941.78	-	-	-	-	69,882,779.90	6,132,009.00	3,206,507.28	-	-	-	13,979,683.52	55,903,096.38	
20212	HV Substations	237,187,650.09	-	-	-	-	-	-	-	-	8,118,125.39	-	-	-	-	245,005,944.57	24,468,607.52	3,628,832.71	-	-	-	36,573,461.87	156,033,482.70	
20214	HV Underground Cables	15,087,569.28	-	-	-	-	-	-	-	-	4,293,179.09	-	-	-	-	19,380,748.37	1,750,329.55	1,118,634.13	-	-	-	20,726,585.85	30,744,458.85	
20221	LV Street Lighting	53,775,629.47	-	-	-	-	-	-	-	-	1,339,519.36	16,597,281.47	-	-	-	71,712,430.30	4,139,576.57	-	-	-	-	5,048,612.93	66,663,817.77	
20221	MV Ground Mounted Transformers	34,746,649.48	-	-	-	-	-	-	-	-	855,847.32	-	-	-	-	38,325,729.04	460,032.51	-	-	-	-	897,872.41	37,427,896.63	
20222	MV Mini Substations	107,796,703.58	-	-	-	-	-	-	-	-	1,307,768.33	13,864,400	-	-	-	109,118,356.31	2,070,659.76	-	-	-	-	14,033,488.79	95,084,867.52	
20231	MV Overhead Lines	23,406,158.50	-	-	-	-	-	-	-	-	1,388,204.64	6,725,574.17	-	-	-	31,519,937.31	2,657,654.71	-	-	-	-	3,108,310.48	28,411,626.83	
20234	MV Substations	119,060,083.99	-	-	-	-	-	-	-	-	280,862.35	17,634,407.39	-	-	-	136,975,353.73	14,607,341.11	-	-	-	-	17,070,873.31	119,904,480.42	
20241	MV Underground Cables	73,655,203.83	-	-	-	-	-	-	-	-	9,824.75	-	-	-	-	73,665,028.58	81,801,369.09	-	-	-	-	96,455,873.67	538,212,164.91	
20242	MV Pole Mounted Transformers	16,576,578.14	-	-	-	-	-	-	-	-	817,461.36	-	-	-	-	17,394,039.50	1,609,758.39	-	-	-	-	1,930,934.97	15,465,104.53	
20243	MV Ring Main Unit	25,376,590.27	-	-	-	-	-	-	-	-	2,434,963.23	-	-	-	-	27,811,553.50	1,557,274.58	-	-	-	-	2,136,489.28	25,675,064.22	
Total Electricity		1,416,379,653.75	-	-	-	-	12,725,661.43	-	-	-	51,994,426.84	-	-	-	-	1,481,099,732.02	151,145,576.62	16,953,773.63	-	-	-	27,366,614.26	1,607,537,020.76	
ROADS																								
30300	Overhead Gantry	130,000.00	-	-	-	-	-	-	-	-	-	7,648.64	-	-	-	130,000.00	-	-	-	-	-	8,922.25	121,077.75	
30311	Concrete Roads	29,254,514.03	-	-	-	-	-	-	-	-	12,094,550.21	-	-	-	-	41,319,064.24	2,967,509.56	-	-	-	-	3,462,057.25	37,857,008.99	
30312	Flexible Roads	1,568,722,808.08	-115,610.00	-	-	-	-	-	-	-	48,352,479.14	-	-	-	-	1,632,114,036.14	293,007,658.07	102,021,056.76	-	-	-	-	548,005,572.92	1,083,208,463.22
30314	Unpaved Roads	11,841,005.00	-115,610.00	-	-	-	-	-	-	-	-	-	-	-	-	131,956,615.00	58,811,709.44	-4,465,582.58	-	-	-	-	64,954,111.51	67,002,303.49
30315	Other Roads	136,206,155.64	-	-	-	-	-	-	-	-	-	-	-	-	-	136,206,155.64	3,405,076.24	-	-	-	-	16,532,427.88	159,673,727.46	
30331	Structures	216,821,422.36	-	-	-	-	-	-	-	-	808,480.15	254,490.00	-	-	-	237,884,392.51	13,824,956.04	-	-	-	-	16,144,800.55	221,739,591.96	
30351	Signalized Intersections	44,732,226.96	-	-	-	-	-	-	-	-	760,570.00	-	-	-	-	46,512,727.96	14,322,637.42	-	-	-	-	16,996,866.36	29,515,861.60	
30361	Airport Runway	65,815,764.94	-	-	-	-	-	-	-	-	65,815,764.94	-	-	-	-	71,403,797.44	7,187,578.77	-	-	-	-	8,806,625.22	62,997,772.22	
Total Roads		2,213,643,897.01	-	-	-	-	87,964,112.00	-	-	-	16,378,775.92	-	-	-	-	2,297,256,788.93	403,207,109.68	97,557,474.18	-	-	-	-	675,810,984.04	1,621,735,804.89
SANITATION																								
72000	Sewer Treatment Works	2,760,617.79	-	-	-	-	-	-	-	-	-	2,760,617.79	573,073.71	191,766.34	-	-	98,586.60	191,766.34	-	-	-	1,055,152.99	1,705,464.80	
72000	Pump Stations	21,969,259.05	-	-	-	-	-	-	-	-	-	21,245,436.10	2,489,974.48	1,028,960.22	-	-	514,275.67	1,028,960.22	-28,814.37	-173,042.23	-	-	4,820,313.99	16,426,122.11
73000	Bulk Sewers	63,891,106.94	-	-	-	-	-	-	-	-	-	-	-	-	-	63,707,731.37	6,109,120.92	1,279,136.30	391.36	-110.36	-	-	10,889,469.52	53,118,261.85
74000	Sewer Retention	555,987,733.46	-	-	-	-	-	-	-	-	-	-	-	-	-	597,296,856.55	55,145,015.28	25,214,149.67	-	-	-	-	120,712,540.14	478,584,316.41
Total Sanitation		644,198,737.24	-	-	-	-	-	-	-	-	-	-	-	-	-	682,011,641.81	68,207,144.39	28,164,015.53	-29,106.13	-174,794.39	-	-	137,177,476.64	547,834,165.17
WATER																								
50051	Water Retention	399,456,537.32	-	-	-	-	-	-	-	-	1,823,936.90	-	-	-	-	401,280,474.22	45,371,374.45	18,710,148.85	-	-	-	-	90,830,554.07	310,449,890.15
50052	Pump Stations	9,809,887.78	-	-	-	-	-	-	-	-	-	-	-	-	-	9,809,887.78	2,961,469.36	454,790.55	-	-	-	-	4,364,178.40	14,445,709.38
50053	Reservoirs	163,120,456.11	-	-	-	-	-	-	-	-	-	-	-	-	-	10,118,678.22	-2,992,112.03	6,464,509.40	-	-	-	-	24,216,377.77	14,840,644.55
50054	Water Supply Bulk Water Pipelines	444,721,785.47	-	-	-	-	-	-	-	-	-	-	-	-	-	446,890,843.70	30,168,730.42	32,524,541.54	-	-	-	-	100,267,809.16	346,673,034.54
50055	Water Supply Pressure Reduce Valves	3,764,700.00	-	-	-	-	-	-	-	-	-	-	-	-	-	3,764,700.00	2,409,32	-	-	-	-	1,990,873.11	2,473,876.51	
50056	Water Meters	210,940.00	-	-	-	-	-	-	-	-	-	-	-	-	-	18,599,800.14	183,151.21	13,522,175	-	-	-	-	117,750.28	18,712,589.55
Total Water		1,019,214,306.77	-	-	-	-	-	-	-	-	-	-	-	-	-	1,046,631,668.25	89,631,218.45	58,366,221.17	-	-	-	-	221,887,582.99	825,246,085.26
SECURITY																								
10801	Fencing	4,806,891.44	-	-	-	-	-	-	-	-	-	-	-	-	-	4,806,891.44	2,918,060.98	36,678.93	-	-	-	-	3,179,640.38	1,627,251.06
10802	Security Systems	24,281,234.37	-	-	-	-	-	-	-	-	-	-	-	-	-	26,768,908.63	19,397,700.92	1,853,423.76	-	-	-	-	21,251,124.68	5,517,788.95
10803	Access Control	248,258.53	-	-	-	-	-	-	-	-	-	-	-	-	-	248,258.53	115,350.11	-	-	-	-	154,202.66	94,065.87	
Total Security		29,336,384.34	-	-	-	-	-	-	-	-	-	-	-	-	-	31,824,058.60	22,451,112.05	36,678.93	-	-	-	-	24,984,967.72	7,239,100.88
STORMWATER																								
80081	Major Culverts	41,382,990.71	-	-	-	-	-	-	-	-	-	41,382,990.71	4,692,735.29	-	-	-	796,296.86	-	-	-	-	5,489,032.15	35,893,958.56	
80084	Minor Culverts	662,608.48	-	-	-	-	-	-	-	-	-	662,608.48	75,477.13	-	-	-	12,568.54	-	-	-	-	88,045.67	574,562.81	
80085	Keel Intakes	87,153,218.58	-	-	-	-	-	-	-	-	-	87,153,218.58	19,339,142.65	-	-	-	3,296,154.78	-	-	-	-	22,665,497.43	64,587,721.15	
80086	Manholes	56,568,388.09	-	-	-	-	-	-	-	-	-	56,568,388.09	12,520,100.73	-	-	-	6,091,107.58	-	-	-	-	14,663,278.31	41,885,559.69	
80087	Open Channels	16,722,079.49	-	-	-	-	-	-	-	-	381,250.43	-	-	-	-	16,763,329.92	375,028.13	-	-	-	-	1,492,460.75	15,760,464.58	
80088	Retention	347,320,067.36	-	-	-	-	-	-	-	-	115,284.60	-	-	-	-	347,435,351.96	39,708,201.99	6,689,697.46	-	-	-	-	46,397,899.45	301,037,452.51
80089	Head and Wingwalls	5,549,544.00	-	-	-	-	-	-	-	-	-	-	-	-	-	5,549,544.00	1,231,179.78	-	-	-	-	6,780,723.78	1,118,788.56	
Total Stormwater		564,899,252.00	-	-	-	-	-	-	-	-	381,250.43	-	-	-	-	565,280,502.43	79,336,890.19	13,398,429.01	-	-	-	-	92,336,319.20	472,866,967.48
RAILWAY LINES																								
10901	Railway Lines	3,509,480.47	-	-	-	-	-	-	-	-	-	3,509,480.47	1,735,914.63	-	-	-	89,984.36	-	-	-	-	1,825,898.99	1,683,581.48	
Total Railways		3,509,480.47	-	-	-	-	-	-	-	-	-	3,509,480.47	1,735,914.63	-	-	-	89,984.36	-	-	-	-	1,825,898.99	1,683,581.48	
SOLID WASTE																								
40040	Landfill Site	1,951,945.49	-	-	-	-	-	-	-	-	-	1,951,945.49	487,903.48	114,341.43	-	-	86,085.84	-	-	-	-	786,672.18	1,165,273.31	
40041	Garbage Station	2,693,157.00	-	-	-	-	-	-	-	-	4,670,326.68	-	-	-	-	7,363,483.68	488,877.53	231,946.79	-	-	-	-	5,151,395.04	6,312,088.64
40042	Sorting Stations	870,400.00	-	-	-	-	-	-	-	-	-	-	-	-	-	870,400.00	181,612.61	276,400.00	-	-	-	-	1,078,412.61	562,587.39
Total Solid Waste		5,515,502.49	-	-	-	-	-	-	-	-	-	-	-	-	-	10,105,825.17	1,140,416.69	396,520.83	-	-	-	-	2,146,417.14	8,039,412.03
Total Infrastructure Assets		5,896,697,264.10	-	-	-	-	-	-	-	-	-	-	-	-	-	222,449.77	90,829,402.97	244,126.36	140,155,826.89	-6,028,879.52	6,121,187,036.31	816,755,385.6		

APPENDIX B ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2014																							
Ref	Cost										Accumulated Depreciation												
	Opening Balance	Adjustments	disposal write off impairment	disposal write off 21112014	Impairment	Additions	additions 21112014	Under Construction	Disposals	Closing Balance	Opening Balance	Rul Adjustment Acc Depreciation 1213	Adjustments	Additions (Depreciation)	Rul Adjustment Depreciation 1314	Disposals current yr	Disposals Acc. Depreciation	Disposals Acc. Depreciation write	Impairment	Closing Balance	Carrying Value		
10018	Training Centre	3,331,557.13	-	-	-	-	-	-	-	3,331,557.13	1,526,831.97	-114,202.86	-	-	248,290.17	-114,202.86	-	-	-	-	1,546,716.62	1,784,840.71	
10019	Landfill site	13,706,093.07	-	-	-	-	-	-	-	13,706,093.07	910,974.51	600,091.94	-	-	285,273.24	600,091.94	-	-	-	-	2,395,435.63	11,310,657.44	
10020	Old Age Homes	924,085.61	-	-	-	-	-	-	-	924,085.61	468,567.07	-32,727.31	-	-	74,144.68	-32,727.31	-	-	-	-	477,257.13	446,828.48	
10021	Transport Facility	30,675,561.07	-	-	-	-	-	5,649,685.95	-	36,325,247.02	7,379,451.64	841,386.61	-	-	1,262,311.71	841,386.61	-	-	-	-	10,324,536.57	26,000,710.45	
10023	Crematoriums	6,394,494.09	-	-	-	664,370.35	-	139,223.44	-	7,198,087.88	81,391.27	739,934.28	-	-	92,270.66	739,970.65	-	-	-	-	1,655,566.86	5,742,521.02	
10024	Nurseries	9,811,035.41	-	-	-	-	-	-	-	9,811,035.41	4,453,641.96	-236,900.83	-	-	722,451.26	-236,900.83	-	-	-	-	4,702,293.56	5,108,741.85	
10025	Airport Buildings	10,025,730.33	-14,988,290.19	-	-	9,929,066.88	-	-	-	13,966,567.02	7,024,330.89	422,030.61	-	-	1,193,164.65	422,274.29	-1,112,388.43	-6,872,052.55	-	-	1,077,659.46	12,888,907.56	
10026	Cretches	15,717,654.62	-	-	-	-	-	-	-	15,717,654.62	1,759,500.22	581,828.98	-	-	-	519,985.96	581,828.98	-	-	-	-	3,443,144.14	12,274,510.48
10029	Substations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	<b>Total Other Assets</b>	<b>452,725,352.99</b>	<b>-15,267,894.96</b>	-	-	-	-	<b>12,573,199.19</b>	-	<b>5,989,909.39</b>	<b>456,015,566.61</b>	<b>157,776,283.18</b>	<b>1,326,047.67</b>	-	<b>26,619,992.34</b>	<b>1,326,776.92</b>	<b>-1,139,854.62</b>	<b>-7,042,853.84</b>	-	-	<b>178,866,391.63</b>	<b>277,153,174.96</b>	
	<b>Total Other Assets</b>	<b>452,725,352.99</b>	<b>-15,267,894.96</b>	-	-	-	-	<b>12,573,199.19</b>	-	<b>5,989,909.39</b>	<b>456,015,566.61</b>	<b>157,776,283.18</b>	<b>1,326,047.67</b>	-	<b>26,619,992.34</b>	<b>1,326,776.92</b>	<b>-1,139,854.62</b>	<b>-7,042,853.84</b>	-	-	<b>178,866,391.63</b>	<b>277,153,174.96</b>	
	<b>Plant and Equipment</b>	<b>452,725,352.99</b>	<b>-15,267,894.96</b>	-	-	-	-	<b>12,573,199.19</b>	-	<b>5,989,909.39</b>	<b>456,015,566.61</b>	<b>157,776,283.18</b>	<b>1,326,047.67</b>	-	<b>26,619,992.34</b>	<b>1,326,776.92</b>	<b>-1,139,854.62</b>	<b>-7,042,853.84</b>	-	-	<b>178,866,391.63</b>	<b>277,153,174.96</b>	
30901	Graders	5,690,676.72	-	-	-	-	-	-	-	-133,030.00	5,286,963.57	3,889,017.86	-	-	393,490.33	-	-	-	-	-	3,892,876.26	1,394,087.31	
30902	Tractors	8,771,940.42	-	-	-	-	-	-	-	-530,114.88	8,160,620.58	7,516,935.86	-	-	541,300.55	-	-	-	-	-	7,475,464.83	685,155.55	
30904	Farm Equipment	82,447.99	-	-	-	-	-	-	-	61,369.08	21,488.99	61,311.22	-	-	-	-	-	-	-	-	21,212.57	276.42	
30905	Lawnmowers	3,096,431.58	-	-	-	-	-	-	-	-13,443.92	3,157,400.50	2,403,891.50	-	-	-782.65	-1,834,172.72	-	-	-	-	879,730.82	707,690.08	
30906	Compressors	138,950.46	-	-	-	-	-	-	-	-107,370.81	156,280.08	10,077.68	-	-	-	-	-	-	-	-	98,296.85	9,073.96	
30907	Laboratory Equipment	1,546,040.25	-	-	-	-	-	-	-	-254,007.49	1,292,032.76	1,217,059.26	-	-	113,803.82	-	-	-	-	-	1,097,937.80	194,052.02	
30908	Radio Equipment	1,836,917.48	-	-	-	-	-	281,560.00	-	-57,884.72	1,281,333.28	1,225,088.36	-	-1,458.04	163,069.92	-	-	-	-	-	748,049.73	533,283.55	
30909	Firearms	1,800.00	-	-	-	-	-	-	-	-	31,800.00	19,101.65	-	-	4,231.27	-	-	-	-	-	23,332.92	8,467.08	
30910	Telecommunication	5,769,633.62	-	-	-	-	-	-	-	4,250.00	5,243,781.54	4,975,888.08	-	-	258,516.16	-	-	-	-	-	4,714,476.95	529,304.59	
30911	Plant and Equipment	29,717,471.85	31,800.00	-	-	-	-	-	-	-226,694.73	30,097,324.60	15,799,464.05	-	-	3,484,127.07	-	-	-	-	-	12,420,963.71	13,676,360.89	
30914	Crematoriums	1,767,177.70	-	-	-	-	-	-	-	-1,070,800.00	656,377.70	852,004.31	-	-	78,381.94	-	-	-	-	-	309,501.23	186,876.47	
	<b>Office Equipment</b>	<b>58,450,488.07</b>	<b>31,800.00</b>	-	-	-	-	<b>8,309,846.50</b>	<b>1,074,018.45</b>	<b>-964,818.25</b>	<b>49,806,424.79</b>	<b>38,056,547.21</b>	-	<b>3,607.84</b>	<b>5,360,527.62</b>	-	<b>-38,386.52</b>	<b>-826,650.99</b>	<b>-10,873,820.79</b>	-	<b>31,681,823.77</b>	<b>18,124,601.82</b>	
30201	Computer Hardware	32,261,256.82	13,464.00	-	-	-	-	-	-	2,895,908.12	38,149,628.94	25,805,577.02	-	-	3,763,393.77	-	-	-	-	-	18,683,329.41	7,122,247.61	
30203	Office Machines	4,615,456.62	-	-	-	-	-	-	-	562,843.84	5,178,300.46	4,280,621.36	-	-	433.57	344,439.49	-	-	-	-	2,411,344.32	729,176.94	
30204	Airconditioners	11,568,147.76	-	-	-	-	-	-	-	1,700,059.43	13,268,207.19	12,135,688.58	-	-	1,040,674.78	-	-	-	-	-	6,889,091.79	3,746,596.79	
	<b>Furniture and fittings</b>	<b>48,944,861.20</b>	<b>13,464.00</b>	-	-	-	-	<b>13,464.00</b>	<b>-560,877.08</b>	<b>6,014,853.01</b>	<b>64,402,508.13</b>	<b>41,071,576.86</b>	-	<b>144,787.66</b>	<b>3,928,937.45</b>	-	<b>-24,252.21</b>	<b>425,704.14</b>	<b>-11,856,121.40</b>	-	<b>29,483,555.52</b>	<b>11,588,021.34</b>	
30301	Chairs	9,454,025.17	216.54	-	-	-	-	-	-	-3,527,137.62	5,939,389.86	7,918,981.10	-	-	152,685.15	439,335.76	-	-	-	-	4,768,128.37	1,171,261.49	
30302	Tables and Desks	8,027,311.05	-	-	-	-	-	-	-	211,882.15	14,600.00	345,947.25	5,552,846.39	-	-	76,716.79	501,186.73	-	-	-	-	4,558,316.97	994,529.42
30303	Cabinets and Cupboards	9,677,270.24	-	-	-	-	-	-	-	135,434.74	4,900.00	-210,973.50	8,258,638.97	-	-	7,411,471.93	-	-	-	-	6,859,067.40	1,999,571.57	
30304	Furniture and Fittings Other	5,202,578.49	1,471.93	-	-	-	-	-	-	-2,218,264.47	3,007,225.84	3,086,517.86	-	-	36,101.17	250,727.92	-	-	-	-	2,337,773.92	708,743.94	
	<b>Containers</b>	<b>32,361,184.95</b>	<b>1,488.47</b>	-	-	-	-	<b>36,950.00</b>	<b>-1,207,678.90</b>	<b>32,777,993.08</b>	<b>25,986,090.48</b>	<b>302,612.55</b>	-	<b>1,951,828.86</b>	-	<b>-31,646.82</b>	<b>-951,144.06</b>	<b>-8,734,453.85</b>	-	<b>18,523,286.66</b>	<b>4,274,106.42</b>		
30401	Household Refuse Bins	116,023.14	-	-	-	-	-	-	-	-1,124.38	114,336.57	91,195.18	-	-	8,368.52	-	-	-	-	-	98,187.78	16,148.79	
30402	Bulk Containers	1,258,615.14	-	-	-	-	-	-	-	-399,491.98	859,143.16	844,170.28	-	-	89,127.26	-	-	-	-	-	630,337.61	228,805.55	
	<b>Fire and Medical Equipment</b>	<b>1,374,658.28</b>	-	-	-	-	-	-	<b>-562.19</b>	<b>973,479.73</b>	<b>935,965.46</b>	-	-	<b>92,055.78</b>	-	<b>-74.80</b>	<b>-383.84</b>	<b>-299,087.21</b>	-	<b>728,525.39</b>	<b>244,954.34</b>		
30501	Fire Equipment	8,948,069.80	-	-	-	-	-	-	-	-18,947.84	3,424,728.43	5,304,159.92	-	-	434,186.47	-	-	-	-	-	1,881,552.42	1,543,176.01	
30502	Medical Equipment Clinics	1,158,854.02	-	-	-	-	-	-	-	-129,004.16	447,866.76	395,491.91	-	-	-9,668.16	-	-	-	-	-	375,449.70	72,317.06	
	<b>Motor Vehicles</b>	<b>10,106,923.82</b>	-	-	-	-	-	-	<b>-197,952.00</b>	<b>3,872,595.19</b>	<b>6,159,782.80</b>	<b>90.26</b>	<b>533,699.71</b>	-	<b>-9,909.01</b>	<b>-157,753.61</b>	<b>-4,302,808.03</b>	-	-	<b>2,527,102.12</b>	<b>1,615,493.07</b>		
30601	Fire Engines	28,046,341.10	-	-	-	-	-	-	-	-270,683.15	27,775,657.95	6,143,717.67	-	-	1,328,404.85	-	-	-	-	-	7,325,757.84	20,449,900.11	
30602	Buses	155,260.09	-	-	-	-	-	-	-	-55,750.00	21,051,154.10	42,419.31	-	-	2,868.32	-	-	-	-	-	2,164,758.92	2,164,758.92	
30603	Motor Vehicles	18,280,041.30	-	-	-	-	-	-	-	-251,831.46	22,999,694.25	14,032,092.30	-	-	61,866.99	1,073,927.18	-	-	-	-	14,013,501.58	8,985,192.67	
30604	Motor Cycles	960,467.76	-	-	-	-	-	-	-	-130,959.09	829,508.67	948,731.14	-	-	-	-	-	-	-	-	818,726.78	10,781.89	
30605	Trucks and Bakkies	105,655,829.15	-	-	-	-	-	-	-	-4,250,433.38	119,145,290.57	71,502,252.73	-	-	-25								

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX C**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014**

Fixed Assets	Historical Cost							Accumulated Depreciation						
Description	Opening Balance	Adjustments	Impairment	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Adjustment	Additions	Depr. Disposals current yr	Depr. Disposals prev.yr	Closing Balance	Carrying Value
Executive and Council	6,416,726.18	-	-	16,842,946.31		-	23,259,672.49	5,554,151.59		773,545.23			6,327,696.82	16,931,975.67
Finance and Administration	946,645,630.08	-	-	193,935.45	-		946,839,565.53	300,211,123.15		4,568,060.45			304,779,183.60	642,060,381.93
Planning and Development	82,657,053.48	-	-	19,267,805.75	500,000.00	-	102,424,859.23	37,935,411.75		472,689.80			38,408,101.55	64,016,757.68
Health	40,798,989.61	-	-	70,628.42	-	-	40,869,618.03	13,626,167.47		2,153,080.58			15,779,248.05	25,090,369.98
Community and Social Services	44,716,659.00	1,451,210.54	-	4,961,925.31	15,089,322.45	-198,514.19	66,020,603.11	16,620,110.17	90.26	15,984,108.47	-9,983.81	-158,137.45	32,436,187.64	33,584,415.47
Housing	202,520,505.98	107,630.63	-	11,620.37	-	-	202,639,756.98	29,456,596.76		248,955.95			29,705,552.71	172,934,204.27
Public Safety	99,725,719.93	-	-	844,601.00	-	-	100,570,320.93	47,879,159.28		5,733,320.49			53,612,479.77	46,957,841.16
Sport and Recreation	376,347,418.08	-		202,107.50	-	-	376,549,525.58	119,559,584.74		10,783,722.00			130,343,306.74	246,206,218.84
Road Transport	2,767,907,284.28	-		62,558,591.61	21,335,563.60	-	2,851,801,439.49	496,996,691.77		78,029,764.25			575,026,456.02	2,276,774,983.47
Environmental Protection	6,534,926.03	-	-	355,302.00	-	-	6,890,228.03	5,459,640.08		680,803.87			6,140,443.95	749,784.08
Water	1,026,120,652.87	-	-63,018.76	4,023,558.62	31,135,452.70	-5,292,112.01	1,055,924,533.42	94,146,746.25		33,030,880.50	-69,179.80	-415,457.77	126,692,989.18	929,231,544.24
Waste Water Management	701,406,960.57	-	-159,431.01	1,715,517.97	41,721,185.88	-736,767.51	743,947,465.90	87,938,230.89		26,256,655.51	-29,106.13	-174,794.39	113,990,985.88	629,956,480.02
Electricity	1,453,583,483.00	-964,563.42	-	16,161,578.76	51,980,562.44		1,520,761,060.78	168,233,147.74		31,112,241.36			199,345,389.10	1,321,415,671.68
Other	662,500,756.26	55,116,061.15	-	70,067,990.45	4,865,618.67	-8,800,046.81	783,750,379.72	108,902,160.23	-189,908.95	48,553,649.34	-1,566,473.90	-14,215,527.55	141,483,899.17	642,266,480.55
TOTALS	8,417,882,765.35	55,710,338.90	-222,449.77	197,278,109.52	166,627,705.74	-15,027,440.52	8,822,249,029.22	1,532,518,921.87	-189,818.69	258,381,477.80	-1,674,743.64	-14,963,917.16	1,774,071,920.18	7,048,177,109.04

**THE MSUNDUZI MUNICIPALITY AND IT'S MUNICIPAL ENTITY**

**APPENDIX D**

**ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY , PLANT AND EQUIPMENT ) FOR THE YEAR ENDED 30 JUNE 2014**

Description	2014 Budget R	2014 Actual R	2014 Under construction R	2014 Additions R	2014 Variance R	2014 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive and Council	14,916,794.00	12,623,332.61	0.00	13,944,134.63	2,293,461.39	15%	
Finance and Administration	54,383,338.00	32,383,582.21	2,301,508.00	7,936,546.51	21,999,755.79	40%	
Planning and Development	24,798,773.00	31,445,948.37	3,124,595.67	28,490,897.54	-6,647,175.37	-27%	
Public Safety	600,000.00	496,727.96	0.00	873,172.07	103,272.04	17%	
Community and Social Services	8,912,465.00	5,137,690.89	388,147.44	2,603,066.38	3,774,774.11	42%	
Health	0.00	0.00	0.00	0.00	0.00	0%	
Sport and Recreation	16,491,217.00	15,297,212.91	14,640,690.01	1,869,187.43	1,194,004.09	7%	
Road Transport	174,250,928.00	84,793,684.69	21,450,848.20	85,059,592.25	89,457,243.31	51%	
Water	39,991,925.00	34,956,305.44	31,135,452.70	4,023,558.62	5,035,619.56	13%	
Waste Water Management	50,242,210.00	48,196,242.17	41,605,901.28	6,442,919.17	2,045,967.83	4%	
Electricity	148,476,284.00	67,924,327.54	51,980,562.44	16,185,622.18	80,551,956.46	54%	
Housing	839,013.00	25,045.00	0.00	829,815.39	813,968.00	97%	
Other	26,056,221.00	17,762,888.14	0.00	29,019,597.35	8,293,332.86	32%	
Environment Protection	0.00	0.00	0.00	0.00	0.00	0%	
<b>TOTALS</b>	<b>559,959,168.00</b>	<b>351,042,987.93</b>	<b>166,627,705.74</b>	<b>197,278,109.52</b>	<b>208,916,180.07</b>	<b>37%</b>	

THE MSUNDUZI MUNICIPALITY AND IT'S MUNICIPAL ENTITY		
APPENDIX E1		
DETAILS OF UNSPENT CONDITIONAL GRANTS TRANSFERS TO INCOME AS AT 30 JUNE 2014		
GOVERNMENT GRANTS AND SUBSIDIES - REVENUE - NOTE 32	2014	2013
GOVERNMENT GRANTS AND SUBSIDIES - REVENUE - OPERATING		
Equitable share	354,313,000	338,903,000
Airport	-	31,025
Land use management grant	-	145,962
	-	176,987
Wadley Stadium - Sports and Recreation	179,000	-
SETA	371,035	300,000
Ashburton feasibility	-	519,196
	371,035	819,196
Expanded public works programme	1,873,679	1,361,871
Finance management grant	1,550,000	1,996,692
Greater edendale development initiative	4,633,041	4,403,215
Intergrated development plan	-	398,070
Library	14,200,728	3,255,134
Market - COGTA	1,640	651,450
Municipal infrastructure grant	3,924,285	3,753,773
Sanitation Bucket Eradicatior	5,080,735	-
Water conservation water demand management	1,344,880	155,120
	10,349,899	3,908,893
Municipal systems improvement grant	244,880	555,000
Public transportation infrastructure	35,773,917	36,700,000
Tatham Art Gallery	598,875	23,454
Municipal water infrastructure services grant	5,175,972	
Urban Renewal - COGTA	-	1,309,281
Trusts	-	69,348
	-	1,378,628
Dept of water affairs	131,999	-
Youth Advisory Centre	6,900	-
Q Dot Pharma	40,123	-
	47,023	-
Housing	12,197,883	-
COGTA - Water service delivery plan	82,742	-
Health Subsidy	5,074,000	-2,416,750
Housing Accreditation	226,211	-
Library subsidy	1,096,440	3,507,000
	6,396,651	1,090,250
<b>Total Government Grant and Subsidies - OPERATING</b>	<b>448,121,963</b>	<b>395,621,841</b>
<b>GOVERNMENT GRANTS AND SUBSIDIES - REVENUE - CAPITAL</b>		
Neighbourhood development partnership gran	706,767	501,050
Municipal infrastructure grant	155,718,791	135,301,595
Airport	14,198,246	436,295
Alexandra Park Athletic Track	2,384,479	1,377,671
Community communication iniatative	9,300	40,079
Operation Dlulusumilando	500,000	-

THE MSUNDUZI MUNICIPALITY AND IT'S MUNICIPAL ENTITY		
APPENDIX E1		
DETAILS OF UNSPENT CONDITIONAL GRANTS TRANSFERS TO INCOME AS AT 30 JUNE 2014		
	2014	2013
<b>GOVERNMENT GRANTS AND SUBSIDIES - REVENUE - NOTE 32</b>		
<b>GOVERNMENT GRANTS AND SUBSIDIES - REVENUE - OPERATING</b>		
Electricity side demand management/Integrated National Electrification Programme	20,484,157	3,611,795
Nhlalakahle Informal Settlement Electrification - KZNPT	181,942	-
Electricity Grants - COGTA	2,723,232	3,872,570
	<b>23,389,331</b>	<b>7,484,366</b>
Expanded public works programme	-	173,740
Dept of water affairs	165,000	-
Trusts	-	364,780
	<b>165,000</b>	<b>538,520</b>
Freedom square tourism hub	-	10,534,526
Publicity House - COGTA	1,133,140	-
	<b>1,133,140</b>	<b>10,534,526</b>
Library	<b>3,949,658</b>	<b>249,437</b>
Market - COGTA	<b>2,204,674</b>	<b>5,668,532</b>
Massification - COGTA	<b>1,159,564</b>	<b>840,436</b>
Municipal systems improvement grant	<b>353,407</b>	<b>302,035</b>
Public transportation infrastructure	<b>17,695,383</b>	<b>4,566,790</b>
Youth Advisory Centre	<b>82,680</b>	<b>-</b>
Tatham Art Gallery	<b>106,854</b>	<b>-</b>
Community Development workers	<b>-</b>	<b>7,096</b>
Greater edendale development initiative	<b>19,160,074</b>	<b>-</b>
Municipal water services infrastructure grant	<b>1,074,018</b>	<b>-</b>
Urban Renewal - COGTA	<b>2,191,283</b>	<b>2,999,438</b>
<b>Total Government Grant and Subsidies - CAPITAL</b>	<b>246,182,650</b>	<b>170,847,865</b>

THE MSUNDUZI MUNICIPALITY AND IT'S MUNICIPAL ENTITY			
APPENDIX E2			
RECONCILIATION OF UNSPENT CONDITIONAL GRANTS CONDITIONS MET - TRANSFER TO REVENUE AS AT 30 JUNE 2014			
		2014	2013
Municipal infrastructure grant	Operating	3,924,285	3,753,773
Municipal infrastructure grant	Capital	155,718,791	135,301,595
<b>Municipal infrastructure grant</b>		<b>159,643,076</b>	<b>139,055,368</b>
Airport	Operating	-	31,025
Airport	Capital	14,198,246	436,295
<b>Airport</b>		<b>14,198,246</b>	<b>467,320</b>
ESDMG		2,980,459	-
INEP		17,503,698	3,611,795
<b>Electricity side demand management/Integrated National Electrification Programme</b>	Capital	<b>20,484,157</b>	<b>3,611,795</b>
Greater edendale development initiative	Operating	4,633,041	4,403,215
Greater edendale development initiative	Capital	19,160,074	-
<b>Greater edendale development initiative</b>		<b>23,793,115</b>	<b>4,403,215</b>
<b>Finance management grant</b>	Operating	<b>1,550,000</b>	<b>1,996,692</b>
Library	Operating	14,200,728	3,255,134
Library	Capital	3,949,658	249,437
Library		18,150,386	3,504,571
Provincial library grant		17,108,565	3,293,938
Other external grant library		1,041,821	210,633
<b>Library</b>		<b>18,150,386</b>	<b>3,504,571</b>
<b>Freedom square tourism hub</b>	Capital	<b>-</b>	<b>10,534,526</b>
Municipal systems improvement grant	Operating	244,880	555,000
Municipal systems improvement grant	Capital	353,407	302,035
<b>Municipal systems improvement grant</b>		<b>598,287</b>	<b>857,035</b>
<b>Neighbourhood development partnership grant</b>	Capital	<b>706,767</b>	<b>501,050</b>
Public transportation infrastructure	Operating	35,773,917	36,700,000
Public transportation infrastructure	Capital	17,695,383	4,566,790
<b>Public transportation infrastructure</b>		<b>53,469,301</b>	<b>41,266,790</b>
<b>Alexandra Park Athletic Track</b>	Capital	<b>2,384,479</b>	<b>1,377,671</b>
Trusts	Operating	-	69,348
Trusts	Capital	-	364,780
<b>Trusts</b>		<b>-</b>	<b>434,128</b>
<b>Water conservation water demand management</b>	Operating	<b>1,344,880</b>	<b>155,120</b>
COGTA - Water service delivery plan	Operating	82,742	-
Community communication initiative	Capital	9,300	40,079
Community Development workers	Capital	-	7,096
Dept of water affairs	Operating	131,999	-
Dept of water affairs	Capital	165,000	-
Expanded public works programme	Operating	1,873,679	1,361,871
Expanded public works programme	Capital	-	173,740
Integrated development plan	Operating	-	398,070
Land use management grant	Operating	-	145,962
Youth Advisory Centre	Operating	6,900	-
Youth Advisory Centre	Capital	82,680	-
<b>Sundry</b>		<b>2,352,300</b>	<b>2,126,818</b>
<b>Ashburton feasibility</b>	Operating	<b>-</b>	<b>519,196</b>
Tatham Art Gallery	Operating	598,875	23,454
Tatham Art Gallery	Capital	106,854	-
<b>Tatham Art Gallery</b>		<b>705,729</b>	<b>23,454</b>



THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY			
APPENDIX E2			
RECONCILIATION OF UNSPENT CONDITIONAL GRANTS CONDITIONS MET - TRANSFER TO REVENUE AS AT 30 JUNE 2014			
		2014	2013
<b>SETA</b>	Operating	<b>371,035</b>	<b>300,000</b>
<b>Q Dot Pharma</b>	Operating	<b>40,123</b>	<b>-</b>
Market - COGTA	Operating	1,640	651,450
Market - COGTA	Capital	2,204,674	5,668,532
<b>Market</b>		<b>2,206,314</b>	<b>6,319,982</b>
<b>Electricity Grants - COGTA</b>	Capital	<b>2,723,232</b>	<b>3,872,570</b>
<b>Massification - COGTA</b>	Capital	<b>1,159,564</b>	<b>840,436</b>
Urban Renewal - COGTA	Operating	-	1,309,281
Urban Renewal - COGTA	Capital	2,191,283	2,999,438
<b>Urban Renewal - COGTA</b>		<b>2,191,283</b>	<b>4,308,718</b>
<b>Publicity House - COGTA</b>	Capital	<b>1,133,140</b>	<b>-</b>
<b>Wadley Stadium - Sports and Recreation</b>	Operating	<b>179,000</b>	<b>-</b>
<b>Sanitation Bucket Eradication</b>	Operating	<b>5,080,735</b>	<b>-</b>
Municipal water services infrastructure grant	Capital	1,074,018	-
Municipal water infrastructure services grant	Operating	5,175,972	-
<b>Municipal water infrastructure services grant</b>		<b>6,249,990</b>	<b>-</b>
<b>Operation Dlulusumilando</b>	Capital	<b>500,000</b>	<b>-</b>
<b>Nhlalakahle Informal Settlement Electrification - KZNPT</b>	Capital	<b>181,942</b>	<b>-</b>
<b>Housing</b>	Operating	<b>12,197,883</b>	<b>-</b>
		<b>333,594,963</b>	<b>226,476,455</b>

<p align="center"><b>THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY</b>  <b>APPENDIX F</b>  <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2014</b></p>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Risk to the municipality as at 30 June 2014</b>	<b>Total 2013</b>	<b>Total 2014</b>
1	South African Local Authorities Pension Fund v. Msunduzi Municipality	Pension Surcharge	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.	250,847.67	250,847.67
2	M. Mouton v. Msunduzi Municipality	Delictual Claim	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	16,170.00	16,170.00
3	SAPPI v. Msunduzi Municipality	Delictual Claim	2009	External Insurance	R25000 000.00 Plus interest at 15.5 Per cent per annum	28,875.00	28,875,000.00
4	B.A. Clark v. Msunduzi Municipality	Delictual Claim	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.	459,662.08	459,662.08
5	Gonassilan v Msunduzi Municipality	Delictual Claim	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.	115,500.00	115,500.00
6	Kheswa v. Msunduzi Municipality	Delictual Claim	2009	Internal	R30 470.12 Plus interest at 15.5 per cent per annum.	35,192.99	35,192.99
7	FBI Khan and RY Khan v Msunduzi Municipality	Delictual Claim	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	73,088.85	74,552.24
8	Orion Telecom v. Msunduzi Municipality	Delictual Claim	2007	Internal	R 92 189.52 and R23047.38 Plus interest at 15.5 per cent per annum	107,172.00	133,098.62
9	Mkhumbuzi v. Msunduzi Municipality	Delictual Claim	2008	Internal	R100 000.00 Plus interest at 15.5 per cent per annum.	115,500.00	115,500.00
10	Nzaba IN v Msunduzi Municipality	Delictual Claim	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.	84,892.50	84,892.50
11	Telkom v. Msunduzi Municipality	Delictual Claim	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.	53,106.75	53,106.75
12	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Memorandum of Agreement Dis	2007	Internal	R210 749.00 Plus Vat at 14 per cent.	240,253.86	240,253.86
13	Hampton College v. Msunduzi Municipality	Delictual Claim	2007	Atzal 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.	98,717.85	98,717.85
14	Chetty K. v. Msunduzi Municipality	Delictual Claim	2006	Internal	R26 169.86 Plus interest at 15.5 percent per annum.	30,249.00	30,226.19
15	R. Terty v Msunduzi Municipality	Delictual Claim	2007	Insurance	R50 000.00 plus interest at 15.5 per cent per annum.	57,750.00	57,750.00
16	Terwolbeek PJ v Msunduzi Municipality	Delictual Claim	2008	Insurance	R1 121 620. 00 plus interest at 15.5 per cent per annum.	1,295,471.10	1,295,471.10
17	Govender RS v Msunduzi Municipality	Delictual Claim	2008	Internal	R75 000.00 plus interest at 15.5 per cent per annum.	86,625.00	86,625.00
18	A and F Mall v Msunduzi Municipality	Delictual Claim	2007	Internal	R17 181.33 plus interest at 15.5 per cent per annum.	19,844.64	19,844.44
19	Mkungisa E v Msunduzi Municipality	Delictual Claim	2007	Internal	R 6213.00 plus interest at 15.5 per cent per annum.	7,176.02	7,176.02
20	F. Osman V Msunduzi Municipality	Delictual Claim	2007	Internal	R306 666.44 plus interest at 15.5 per cent per annum.	354,199.74	354,199.74
21	Zulu TE v Msunduzi Municipality	Delictual Claim	2007	Internal	R 8709.22 plus interest at 15.5 per cent per annum.	10,059.15	10,059.15
22	Rabikisoan R v Msunduzi Municipality	Delictual Claim	2007	Internal	R20 000.00 plus interest at 15.5 per cent per annum.	23,100.00	23,100.00
23	Zuma NG v Msunduzi Municipality	Delictual Claim	2008	Internal	R100 000.00 Plus interest at 15.5 per cent per annum.	115,500.00	115,500.00
24	Van Straaten W(DR) v Msunduzi Municipality	Delictual Claim	2008	Internal	R96 401. 43 plus interest st 15.5 per cent per annum.	111,343.65	111,343.65
25	Majozi NV v Msunduzi Municipality	Delictual Claim	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.	127,103.45	12,758.45

<p align="center"><b>THE MSUNDUZI MUNICIPALITY AND IT'S MUNICIPAL ENTITY</b>  <b>APPENDIX F</b>  <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2014</b></p>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Risk to the municipality as at 30 June 2014</b>	<b>Total 2013</b>	<b>Total 2014</b>
26	Zondi PS v Msunduzi Municipality	Delictual Claim	2007	Internal	R15 080.00 plus interests at 15.5 per cent per annum.	17,417.40	17,417.40
27	Omarjee M. v Msunduzi Municipality	Delictual Claim	2005	Internal	R 31 000.00 plus interest at 15.5 per cent per annum.	35,805.00	35,805.00
28	Painter LV v Msunduzi Municipality	Delictual Claim	2006	Internal	R45 361.38 plus interest at 15.5 per cent per annum.	52,392.39	52,392.39
29	Dladla G v Msunduzi Municipality	Delictual Claim	2006	Internal	R20 000.00 plus interest at 15.5 per cent per annum.	23,100.00	23,100.00
30	Roelesee v Msunduzi Municipality	Delictual Claim	2002	Internal	R41 032.58 plus interest at 15.5 per cent per annum.	47,392.63	47,392.63
31	Premier of KZN v Msunduzi Municipality	Delictual Claim	2003	Internal	R 11 340.00	11,340.00	11,340.00
32	Sulaiman R v Msunduzi Municipality	Delictual Claim	1998	Internal	R50 000.00 plus interest at 15.5 per cent per annum.	57,750.00	57,750.00
33	Hafjee RB v Msunduzi Municipality	Delictual Claim	2004	Internal	R98 000.00 plus interest at 15.5 per cent per annum.	113,190.00	113,190.00
34	Makhaye S v Msunduzi Municipality	Delictual Claim	2005	Internal	R42 704.96 plus interest at 15.5 per cent per annum.	49,324.23	49,324.23
35	Zondi M. v Msunduzi Municipality	Delictual Claim	2006	Internal	R50 000.00 plus interest at 15.5 per cent per annum.	57,750.00	57,750.00
36	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2004	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R22 541.11 plus interest at 15.5 per cent per annum.	26,034.98	26,034.98
37	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2004	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R32 585.78 plus interest at 15.5 per cent per annum.	37,636.58	37,636.58
38	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2006	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R13 283.82 plus interest at 15.5 per cent per annum.	15,342.81	15,342.81
39	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2006	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R 21697.25 plus interest at 15.5 per cent per annum.	25,060.32	25,060.32
40	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2005	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R34 806.17 plus interest at 15.5 per cent per annum.	40,201.13	40,201.13
41	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2005	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R 8071.64 plus interest at 15.5 per cent per annum.	9,322.74	9,322.74
42	Ngcobo RB v Msunduzi Municipality	Delictual Claim	2003	Internal	R 11375.27 plus interest at 15.5 per cent per annum.	13,138.44	13,138.44
43	Mthimkhulu S. v Msunduzi Municipality	Delictual Claim	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.	236,370.75	236,370.75
44	Mamusa Marketing v Msunduzi Municipality	Delictual Claim	2007	Internal	R 9823.48 plus interest at 15.5 per cent per annum.	11,346.12	11,346.12
45	Blue Thunder Trading cc t/a Khanyisa energy Management Services v Msunduzi Municipality	Delictual Claim	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.	258,230.28	258,230.28
46	Ogilvie I v Msunduzi Municipality	Delictual Claim	2006	Insurance	R 166 160.54 plus interest at 15.5 per cent per annum.	191,915.42	191,915.42
47	Ngcobo DV v Msunduzi Municipality	Delictual Claim	2007	Insurance	R 1 800 000.00 plus interest at 15.5 per cent per annum.	2,079,000.00	2,079,000.00
48	Gavin's panel Shop v. Msunduzi Municipality	Contractual claim	2010	Internal	R 2424.50 plus interest at 15.5 per cent per annum.	2,800.30	2,800.30
49	Gavin's panel Shop v. Msunduzi Municipality	Contractual claim	2010	Internal	R 5519.06 plus interest at 15.5 per cent per annum.	6,374.51	6,374.51
50	Gavin's panel Shop v. Msunduzi Municipality	Contractual claim	2010	Internal	R 5586.00 plus interest at 15.5 per cent per annum.	6,451.83	6,451.83
51	Gavin's panel Shop v. Msunduzi Municipality	Contractual claim	2010	Internal	R 1721.40 plus interest at 15.5 per cent per annum.	1,988.22	1,988.22
52	Gavin's panel Shop v. Msunduzi Municipality	Contractual claim	2010	Internal	R 4902.00 plus interest at 15.5 per cent per annum.	5,661.81	5,661.81
53	Gavin's panel Shop v. Msunduzi Municipality	Contractual claim	2010	Internal	R 5163.06 plus interest at 15.5 per cent per annum.	5,963.33	5,963.33
54	Gavin's panel Shop v. Msunduzi Municipality	Contractual claim	2010	Internal	R 5506.20 plus interest at 15.5 per cent per annum.	6,359.66	6,359.66
55	Naidoo Kogulan v Msunduzi Municipality	Delictual Claim	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum.	115,500.00	115,500.00

<p align="center"><b>THE MSUNDUZI MUNICIPALITY AND IT'S MUNICIPAL ENTITY</b>  <b>APPENDIX F</b>  <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2014</b></p>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Risk to the municipality as at 30 June 2014</b>	<b>Total 2013</b>	<b>Total 2014</b>
56	Majozi HS v Msunduzi Municipality	Delictual Claim	2010	Internal	R 95 000.00 plus interest at 15.5 per cent per annum.	109,725.00	109,725.00
57	Dlamini BM v Msunduzi Municipality	Delictual Claim	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.	346,500.00	346,500.00
58	Bishop's roadworks v. Msunduzi Municipality	Contract	2009	Internal	R 120 000.00 plus interest at 15.5 per cent per annum.	138,600.00	138,600.00
59	Mahlaba J v Msunduzi Municipality	Delictual Claim	2010	Internal	R 21 406.36 and R2650.00 plus interest at 15.5 per cent per annum.	27,785.10	27,785.10
60	Daljeeth Daljeeth v Msunduzi Municipality	Delictual Claim	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.	231,000.00	231,000.00
61	Singh MS v Msunduzi Municipality	Delictual Claim	2010	Internal	R 69 224.62 plus interest at 15.5 per cent per annum.	79,954.44	79,954.44
62	Ngubane TT v Msunduzi Municipality	Delictual Claim	2010	Insurance	R118 490.00 plus interest at 15.5 per cent per annum.	136,855.95	136,855.95
63	Bayeni GP v Msunduzi Municipality	Delictual Claim	2010	Internal	R 97 430.00 plus interest at 15.5 per cent per annum.	112,531.65	112,531.65
64	Ramdeen VD v Msunduzi Municipality	Delictual Claim	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 R4438.00 Plus interest at 15.5 per cent per annum.	120,510.00	120,625.89
65	Milaba M. v Msunduzi Municipality	Delictual Claim	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum.	115,500.00	115,500.00
66	Longlife tyres (PTY) LTD v Msunduzi Municipality	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.	684,441.18	684,441.18
67	Gayer Gail v Msunduzi Municipality	Delictual Claim	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.	303,157.45	303,157.45
68	Selepe H v Msunduzi Municipality	Delictual Claim	2010	Internal	R 5 189.35 plus interest at 15.5 per cent per annum.	5,993.70	5,993.70
69	Mahlaba B o.b.o. Mahlaba AY v Msunduzi Municipality	Delictual Claim	2010	Internal/Insurance	R 1000 000.00 plus interest at 15.5 per cent per annum.	115,500.00	1,155,000.00
70	Mans N. v Msunduzi Municipality	Delictual Claim	2010	Internal	R 7045.75 plus interest at 15.5 per cent per annum.	8,137.84	8,137.84
71	Mutual and federal v. Msunduzi Municipality	Delictual Claim	2010	Internal	R22 829.59	26,368.18	22,829.59
72	Reddy Ronald v Msunduzi Municipality	Contractual Claim	2010	Internal	R282 818.08 plus interest at 15.5 per cent per annum.	326,654.88	326,654.88
73	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Contractual claim	2010	Internal	R8 051 632.79 plus interest at 15.5 per cent per annum.	9,299,635.87	9,299,635.87
74	Mavundla AB v Msunduzi Municipality	Delictual Claim	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum.	115,500.00	115,500.00
75	Ngidi SS v. Msunduzi Municipality	Delictual Claim	2010	Internal/Insurance	R 2200 000.00	2,541,000.00	2,541,000.00
76	Raghu N. v Msunduzi Municipality	Delictual Claim	2010	Internal	R 500 000.00 plus interest at 15.5 per cent per annum.	577,500.00	577,500.00
77	Bhoodram R. v. msunduzi Municipality	Delictual Claim	2010	Internal	R 32 552.00 and R30.03 plus interest at 15.5 per cent per annum.	37,632.24	37,632.24
78	Mbatha BC v. Msunduzi Municipality	Delictual Claim	2010	Internal	R 16 794.48 plus interest at 15.5 per cent per annum.	19,397.62	19,397.62
79	Mpungose NK v Msunduzi Municipality	Delictual Claim	2011	Internal	R 23 964.42 plus interest at 15.5 per cent per annum.	27,678.91	27,678.91
80	Arhen Y v. Msunduzi Municipality	Delictual Claim	2011	Internal	R14 845.71 plus interest at 15.5 per cent annum	17,146.80	17,146.80
81	Nxumalo TR v. Msunduzi Municipality	Delictual Claim	2011	Internal	R 21 791.04 plus interest at 15.5 per cent per annum.	25,168.65	25,168.65
82	Crescent Motor Brokers and Agents CC t/a Crescent Car Sales v. Msunduzi Municipality	Delictual Claim	2011	Internal	R100 000.00 Plus interest at 15.5 per cent per annum.	115,500.00	115,500.00
83	3 DM contractors v Msunduzi Municipality	Contractual claim	2011	Internal	R66 930.35 plus interest at 15.5 per cent per annum.	77,304.55	77,304.55
84	Nondzanga Z. v. Msunduzi Municipality	Delictual Claim	2011	Internal	R 22 232.97 plus interest at 15.5 per cent per annum.	25,679.08	25,679.08
85	Union Risk Management Alliance (PTY) LDT v. Msunduzi Municipality	Delictual Claim	2011	Internal	R152 948.84 plus interest at 15.5 per cent per annum.	176,655.91	176,655.91
86	Dladla NB v. Msunduzi Municipality	Delictual Claim	2011	Internal	R109 038.97 plus interest at 15.5 per cent per annum.	125,940.01	125,940.01

<p align="center"><b>THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY</b>  <b>APPENDIX F</b>  <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2014</b></p>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Risk to the municipality as at 30 June 2014</b>	<b>Total 2013</b>	<b>Total 2014</b>
87	Khuselani Security v. Msunduzi Municipality	Delictual Claim	2011	Internal	R1 830 532.00 pls interest at 15.5 per cent per annum.	2,114,264.46	2,114,264.46
88	Impress Services (PTY)LTD v. Msunduzi Municipality	Delictual Claim	2011	Internal	R 29 238.27 and R1638.70.	35,662.90	35,662.90
89	Kwenzokuhle Construction v. Msunduzi Municipality	Contractual claim	2011	Internal	R 2 178 000.00 plus interest at 15.5 per cent per annum.	2,515,590.00	2,515,590.00
90	Relief interior and Joinery v. Msunduzi Municipality	Delictual Claim	2011	Internal	R 45 080.00 plus interest at 15.5 per cent per annum.	52,067.40	52,067.40
91	Krishnan Moodley t/a Derby supermarket	Contractual claim	2011	Internal	R 444 400.00 plus interest at 15.5 per cent per annum.	513,282.00	5,132.82
92	Ds Cremators v. Msunduzi Municipality	Contractual claim	2011	Internal	R 27 789.37 plus interest at 15.5 per cent per annum.	32,096.72	32,096.72
93	Shortts Retreat:	Interdict by land owners against illegal occupiers, Municipality ordered to provide temporary housing & basic services. Municipality made application to vary the relocation order- now seeking expropriation of properties so as to house occupants in situ.	by joined as party	Julian Von Klemperer: Suite No 2, Redlands Estate, 1 George McFarlane Lane tel 033-3551791	Costs if unsuccessful		
94	Chadya: 69 Railway Street	Interdict for reconnection of electricity. Matter not finalized.	Nov-09	Adv. P. Bezuidenhout: Advocates Chambers, 17 prince edward street, Pietermaritzburg, tel: 0338453522/ 082 443 3836, fax: 0333943734; K. Thythereleigh (withdrew); Agrippa Mpungose: 033 341 9100.	Costs if unsuccessful		
95	Ressler Investment	interdict for reconnection of electricity. Matter not finalized.	Feb-12	Adv. Snyman: 033 384 3524; K Tythereleigh (withdrew); Agrippa Mpungose: 033 341 9100 (withdrew)	Costs if unsuccessful		
96	Billboards	Townbush road order obtained for the removal of billboards.	Dec-09	Adv. H. Ganie: Advocates Chambers, tel: 033 384 535177; Attorney: Mr. Udeshramesar: office 6 Joomaso's Arcade, 476 Church Street, Pietermaritzburg, tel: 033 345 59 69; telefax: 0333459571 e-mail: udeshramesar@telkomsa.net	Possibility that costs of removal be incurred by the Municipality/ not fully recovered. Building Survey to facilitate.		
97	Roy Hesketh Racing Track	Land sold to developer. Did not develop as per agreement. possibility of Municipality having to purchase back at R3.5 Million. Another developer indicated possible purchaser from current developer with benefits to the Municipality. Economic Development to advise of any developments.	N7A	Internal	Economic development to advise on progress. Apparently another developer indicated possible purchase from current developer with benefits to the Municipality.		
98	Nt Dlomo/ N Cele	Interdict against Municipality: to set aside building plan approval.	2008	Ngcobo Poyo & Diedricks Inc: 033 341 9240; Adv PC.Bezuidenhout SC: Advocates Chambers, 17 Prince Edward street, Pietermaritzburg, tel: 0338453522/ 082 443 3836, fax: 0333943734;	Case not decided. Costs if case is lost.		
99	Planet Waves 399	Council withholding payment to contractor that built sludge dams. Possibility of eventual liability.	N/A	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		169,437.70
100	PMB and District Indian Funeral Society	Re-transfer of Council property.	2008	Ngcobo Poyo & Diedricks Inc: 033 341 9240	Re-transfer obtained by the Municipality. Matter finalised.		
101	T. Christodoulou and Sons	Application for interdict by Municipality against developer for compliance with Planning and Development Act.	2012	TMJ Attorneys; Agrippa Mpungose: 033 341 9100.	Interdict granted by consent but costs reserved. Cost unknown at this stage. Risk of costs.		
102	KZN-Digi connect	Claim by contractor for payment for IT services allegedly rendered.	2012	Mr. Alwyn Volsum: 033 394 8116; 4 George Street, Pietermaritzburg, tel: 3948116, fax: 0866215 902, e-mail: vcl@iafrica.com, Advocate VM. Naidoo: 033 845 3535.	Claim for R505 000.00 plus interest plus legal costs. Not yet decided.	577,500.00	505,000.00
103	APS Panelbeaters	Interdict application to prohibit electricity disconnection.	2011	Mr. Alwyn Volsum: 033 394 8116; 4 George Street, Pietermaritzburg, tel: 3948116, fax: 0866215 902, e-mail: vcl@iafrica.com Adv Snyman: 033 845 3524.	Interdict granted against the Municipality. Costs were awarded against municipality		
104	Innocent & Smangele Mchunu, 3 Oban Drive	Application by Municipality to enforce compliance with Planning and Development Act.	2012	Mr. Mathew Francis: .221 pietermaritz street, tel: 0873510600, fax: 0862428747, e-mail: mail@mfilaw.co.za,	Application opposed by respondents. Settlement agreement entered into. Application to place respondents in breach of settlement agreement unsuccessful. Decision taken on appeal. Costs if awarded against us.		
105	Yugen Brian Govender (Magicone Investments CC) 65 Pine Street	Application by Municipality to enforce compliance with Planning and Development Act.	2012	Mr. Mathew Francis: .221 pietermaritz street, tel: 0873510600, fax: 0862428747, e-mail: mail@mfilaw.co.za,	Case not finalized. Matter taken on appeal by respondent: Costs if unsuccessful.		
106	Pyrachand Meganbehare, Vinesh Singh; 44 Rosedale Road	Application by Municipality to enforce compliance with Planning and Development Act.	2012	Mr. Mathew Francis: .221 pietermaritz street, tel: 0873510600, fax: 0862428747, e-mail: mail@mfilaw.co.za,	Case finalised. Municipality successful, costs are being collected.		

<p align="center"><b>THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY</b>  <b>APPENDIX F</b>  <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2014</b></p>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Risk to the municipality as at 30 June 2014</b>	<b>Total 2013</b>	<b>Total 2014</b>
107	Shepstone House Two LTD	Application to prohibit disconnection and counter application to prohibit illegal occupation and electricity connection.	2012	Mr. Diedricks: Diedricks Inc. 083 375 4036; Adv. A Ral SC 033 845 35 29.	Case finalised, municipality successful. Costs collected from respondent. R 370 000.00 plus interest at 15.5 per cent per annum.		
108	Naidoo M. v Msunduzi Municipality	Delictual Claim	2011	Internal/Insurance		427,350.00	427,350.00
109	Hilton Vet Clinic v. Msunduzi Municipality	Delictual Claim	2011	Venn Nemeth and Hart Attorneys- Mr D. Schape Tel 033 355 3100 Fax 033 394 1947. Physical Address 281 Pietermaritzburg Street, Pietermaritzburg, 3201.	R 390 270. 21 plus interest at 15.5 per cent per annum.	450,762.09	45,357.09
110	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2011	Internal	R 7551.19 plus interest at 15.5 per cent per annum.	8,721.62	8,721.62
111	Joubert ML v. Msunduzi Municipality	Delictual Claim	2011	Internal	R 100 550.00 plus interest at 15.5 per cent per annum.	116,135.25	116,135.25
112	Kroese J. v. Msunduzi Municipality	Delictual Claim	2011	Internal	R 40 000.00 plus interest at 15.5 per cent per annum.	46,200.00	46,200.00
113	Ngubo N. v. Msunduzi Municipality	Delictual Claim	2012	Internal	R 9063.12 plus interest at 15.5 per cent per annum.	10,467.90	10,467.90
114	Mabaso TW v. Msunduzi Municipality	Delictual Claim	2012	Internal	R 850. 43 plus interest at 15.5 per cent per annum.	982.25	982.25
115	Sayed J t/a Metro Taxis and yellow cabs v. Msunduzi Municipality	Delictual Claim	2012	Internal	R 15 950.52 plus interest at 15.5 per cent per annum.	18,422.85	18,422.85
116	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	29,327.21	29,327.17
117	Bishop's roadworks v. Msunduzi Municipality	Delictual Claim	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.	22,649.53	37,594.01
118	Ahmed W v. Msunduzi Municipality	Delictual Claim	2012	Internal	R 35 700.92 plus interest at 15.5 per cent per annum.	41,234.56	41,234.56
119	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2012	Lister and Lister Attorneys	R 49 834.75 plus interest at 15.5 per cent per annum.	57,559.14	57,559.14
120	Govender K v. Msunduzi Municipality	Delictual Claim	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.	207,900.00	207,900.00
121	Cassimjee MH v. Msunduzi Municipality	Delictual Claim	2012	Internal	R 4015.00 plus interest at 15.5 per cent per annum.	4,637.33	4,637.33
122	Check One Supermarket (PTY) LTD v. Msunduzi Municipality	Delictual Claim	2012	Internal	R139 961.45 plus interest at 15.5 per cent per annum.	161,655.47	161,655.47
123	Balnag L and Balnag F v Msunduzi Municipality	High Court Application	2011	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. Mastroos attorneys: Mr Oni Tel 033 394 5828 Fax: 033 394 5792 Physical Address 393 Jabu Ndlovu Street Postal Address PO Box 3139, Pietermaritzburg, 3200.	There is no monetary claim; however Council could be liable for legal costs.	-	
124	Subrimoney v Msunduzi Municipality	High Court Application: Disconn	2012		There is no monetary claim; however Council could be liable for legal costs.	-	
125	Wozatainment CC v. Msunduzi Municipality	Contractual claim	2012	Internal	R 214 400.00 plus interest at 15.5 per cent per annum.	247,632.00	247,632.00
126	New Horizons Senior Citizens Club v. Msunduzi Municipality	Delictual Claim	2012	Internal	R 8,005.20	9,246.01	8,005.20
127	Smith JC v Msunduzi Municipality	Delictual Claim	Dec-12	Internal	R 17 847.94 plus interest at 15.5 per cent per annum.	20,614.37	
128	Goga Y v Msunduzi Municipality	High Court Application: Disconn	Dec-12	Diedricks Inc Tel: 033 342 9808 fax 033 219 1672 Physical Address 90 C Roberts Road, Clarendon, Pietermaritzburg. Postal Address PO Box 50, Pietermaritzburg, 3200 and Adv V Sibeko 033 897 8487 Fax 033 897 8486. Physical/ Postal Address Group 16, 161 Pietermaritzburg Street, Pietermaritzburg, 3201.	There is no monetary claim; however Council could be liable for legal costs.	-	
129	Govender Kem v. Msunduzi Municipality	Delictual Claim	Dec-12	Internal	R 22 242.00 plus interest at 15.5 per cent per annum.	25,689.51	25,689.51
130	Mkhonza B. v Msunduzi Municipality	Delictual Claim	Oct-12	Internal	R 293 000.00 plus interest at 15.5 per cent per annum.	338,415.00	338,415.00
131	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	Apr-13	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R 46 628.06 plus interest at 15.5 per cent per annum.	53,855.41	53,855.41
132	Ibrahim M. v Msunduzi Municipality	Delictual Claim	Apr-13	Internal	R 7000.00 plus interest at 15.5 per cent per annum.	8,085.00	8,085.00
133	Bukus HM v Msunduzi Municipality	Delictual Claim	May-13	Internal	R 17 270.24 plus interest at 15.5 per cent per annum.	19,947.13	19,947.13
134	Phinduvuke Car Rentals v. Msunduzi Municipality	Delictual Claim	Jun-13	Internal	R 19 729.28	22,787.32	19,729.28
135	Wood DM v. Msunduzi Municipality	Delictual Claim	Jul-12	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.	142,065.00	142,065.00
136	Electrical Wiring and Repairs v Msunduzi Municipality	Contractual claim	Oct-12	Internal	R 4350.00 plus interest at 15.5 per cent per annum.	5,024.25	5,024.25

<p align="center"><b>THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY</b>  <b>APPENDIX F</b>  <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2014</b></p>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Risk to the municipality as at 30 June 2014</b>	<b>Total 2013</b>	<b>Total 2014</b>
137	Ramharak RJ v Msunduzi Municipality	Delictual Claim	Nov-12	Internal	R 300 000.00 plus interest at 15.5 per cent per annum.	346,500.00	346,500.00
138	Venter A. v. Msunduzi Municipality	Delictual Claim	Nov-12	Internal	R 5473.80 plus interest at 15.5 per cent per annum.	6,322.24	6,322.24
139	Ogle COO v Msunduzi Municipality	Delictual Claim	Dec-12	Internal/Insurance	R 300 000.00 plus interest at 15.5 per cent per annum.	346,500.00	346,500.00
140	Zama SJ v Msunduzi Municipality	Delictual Claim	Dec-12	Internal	R 14 846.22 plus interest at 15.5 per cent per annum.	17,147.38	17,147.38
141	Makhaye SB v Msunduzi Municipality	Delictual Claim	Mar-13	Internal	R8688.46 plus interest at 15.5 per cent per annum.	10,035.17	10,035.17
142	Transnet (PTY)LTD v Msunduzi Municipality	Delictual Claim	Mar-13	Internal	R 48 409.10 plus interest at 15.5 per cent per annum.	55,912.51	55,912.51
143	Ngcobo NP v Msunduzi Municipality	Delictual Claim	Apr-13	Internal	R 1639.11 plus interest at 15.5 per cent per annum.	1,893.17	1,893.17
144	Barnard S. v. Msunduzi Municipality	Delictual Claim	Feb-13	Internal	R 8369.97 plus interest at 15.5 per cent per annum.	9,667.32	9,667.32
145	Karim S. v. Msunduzi Municipality	Delictual Claim	Sep-12	Internal	R 4211.52 plus interest at 15.5 per cent per annum.	4,864.31	4,864.31
154	33 St Patricks Road (Chapters)	Interdict::Electricity	2012	Alwyn Volsum & Associates, 4 George Street, Pietermaritzburg, tel:3948116, fax:0866215 902, 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	
	Indo Contractors cc	Termination of contract	Jul-05	To be appointed	Matter still to be decided. Councils claim approx.R5	1,200,000.00	
163	Woolfsons Properties	Interdict: Building Contravention	2012	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: larence@group8.co.za	Costs in favour of municipality - R63313-98 collected.	73,128.00	
146	Asgar Mahomed: Main City Building	Interdict: re termination of elect	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	25,410.00	22,000.00
148	Epilite 123 CC	Review of sale of land	2012	Matthew Francis Inc. 221 pietermaritz street, tel:0873510600, fax:0862428747, e-mail: mail@mflaw.co.za, Advocate AJ Dickson, 17 Prince Edward Street, Advocates' Chambers, tel: 38453542/3, fax: 38453544, e-mail: adickson@law.co.za	Municipality successful. Supreme Court of Appeal decided in favour of the Municipality. Costs being collected.	8,500,000.00	
						<b>42,529,437.35</b>	<b>61,675,828.02</b>