



**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## 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 and refuse to the Pietermaritzburg jurisdiction.</p> <p>The Msunduzi Municipality is controlled by the Mayor, Deputy Mayor, the Accounting Officer, Speaker, ten Executive Committee members, and five Deputy Municipal Managers who contribute to day-to-day management.</p>
<b>Legislation governing the municipality's operations</b>	Municipal Finance Management Act, (Act 56 of 2003) The Constitution of the Republic of South Africa (Act 108 of 1996), Municipal Structures Act (Act 117 of 1998) Municipal Systems Act, (Act 32 of 2000)
<b>Grading of local authority</b>	Category - B
<b>Controlling entity</b>	The Msunduzi Municipality
<b>Municipal entity</b>	Safe City Msunduzi NPC
<b>Registered office</b>	The City Hall 260 Church Street Pietermaritzburg 3201
<b>Business address</b>	The City Hall 260 Church Street Pietermaritzburg 3201
<b>Postal address</b>	The City Hall Private Bag x321 3200
<b>Telephone</b>	( 033 ) 392 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>Acting Accounting Officer</b>	S Hadebe
<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 2016

## **General Information**

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### **Executive Committee**

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## General Information

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### Councillors

Speaker - B Baijoo  
Chief Whip - TV Magubane  
N B Ahmed  
R Ahmed  
R P Ashe  
N Atwaru  
C Bradley  
S D Buthelezi  
T M Buthelezi  
N P Dlamini  
T I Dlamini  
A B Dlomo  
S N Govender  
N F Gumede  
S C Gwala  
U Haswell  
V P Jaca  
S P Lyne  
L L Madlala  
I S Madonda  
T Magwaza  
T S Majola  
F M Makhathini  
M Maphumalo  
T Matiwane  
A L Mbanjwa  
ZF Mbatha  
GR McArthur  
A S Mkhize  
B M Mkhize  
M A Mkhize  
M H Mkhize  
V G M Mlete  
N Msimang  
C S Ndawonde  
Z N Ndlovu  
M D Ndlovu  
T P Ndlovu  
K M Ngcobo  
B B Ngcobo  
J M Ngcobo  
L Ngcobo  
M A Ngcobo  
P T Ngcobo  
PG Ngidi  
DT Ntombela  
B D Phungula  
D F Ryder  
P Shozi  
L N Sikhakhane  
J Singh  
R B Singh  
P Sithole  
B C Sokhela  
M S Sokhela  
R Soobiah  
M A Tarr  
L J Winterbach  
D P Zondi  
B M Zuma  
F R Zungu  
N J Zungu  
BE Zuma

# The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

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### Abbreviations

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

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

Consolidated Annual Financial Statements for the year ended 30 June 2016

## **Accounting Officer's Responsibilities and Approval**

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### **Certification by the Acting City Manager**

I am responsible for the preparation of these Consolidated Annual Financial Statements, which are set out on pages 1 to 140, in terms of Section 126(1) of the Municipal Finance Management Act (56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 39 of these Consolidated Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearer Act and the Minister of Provincial and Local Governments determination in accordance with this Act.

  
S Madiba  
Acting Accounting Officer

12/12/2016

Date

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Statement of Financial Position as at 30 June 2016

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2016	2015	2016	2015
<b>Assets</b>					
<b>Current Assets</b>					
Inventories	3	65,151,366	43,707,798	65,151,366	43,707,798
Trade receivables from non-exchange transactions	4	370,237,096	376,560,451	370,234,596	376,557,951
VAT receivable	18	14,986	-	-	-
Trade and receivables from exchange transactions	5	888,164,024	717,015,002	888,164,024	717,015,002
Short term investment	6	8,318,183	7,934,708	8,318,183	7,934,708
Cash and cash equivalents	7	971,060,564	841,152,623	969,623,953	832,933,258
		<b>2,302,946,219</b>	<b>1,986,370,582</b>	<b>2,301,492,122</b>	<b>1,978,148,717</b>
<b>Non-Current Assets</b>					
Agricultural assets	8	54,275,801	44,831,368	54,275,801	44,831,368
Investment property	9	656,408,640	647,118,664	656,408,640	647,118,664
Property, plant and equipment	10	6,925,577,531	7,037,535,477	6,919,378,396	7,037,176,980
Intangible assets	11	39,518,564	17,211,599	39,518,564	17,211,599
Heritage assets	12	233,948,936	232,025,463	233,948,936	232,025,463
Other financial assets	13	10,317,110	9,233,105	10,317,110	9,233,105
		<b>7,920,046,582</b>	<b>7,987,955,676</b>	<b>7,913,847,447</b>	<b>7,987,597,179</b>
<b>Total Assets</b>		<b>10,222,992,801</b>	<b>9,974,326,258</b>	<b>10,215,339,569</b>	<b>9,965,745,896</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Other financial liabilities	14	67,761,975	52,012,449	67,761,975	52,012,449
Finance lease obligation	15	1,553,499	1,511,829	1,553,499	1,511,829
Payables from exchange transactions	16	530,939,299	566,136,556	530,736,604	566,104,701
VAT payable	17	55,841,372	40,430,375	55,841,372	39,492,243
Consumer deposits	19	92,378,188	87,030,551	92,378,188	87,030,551
Retirement benefit obligation	20	21,141,300	18,037,692	21,141,300	18,037,692
Unspent conditional grants and receipts	21	256,740,818	134,856,624	249,940,818	134,856,624
Provisions	22	6,690,279	6,029,351	6,690,279	6,029,351
		<b>1,033,046,730</b>	<b>906,045,427</b>	<b>1,026,044,035</b>	<b>905,075,440</b>
<b>Non-Current Liabilities</b>					
Other financial liabilities	14	568,133,347	541,301,371	568,133,347	541,301,371
Finance lease obligation	15	346,586	2,099,415	346,586	2,099,415
Retirement benefit obligation	20	625,699,203	591,899,445	625,699,203	591,899,445
Provisions	22	67,041,163	61,849,677	67,041,163	61,849,677
		<b>1,261,220,299</b>	<b>1,197,149,908</b>	<b>1,261,220,299</b>	<b>1,197,149,908</b>
<b>Total Liabilities</b>		<b>2,294,267,029</b>	<b>2,103,195,335</b>	<b>2,287,264,334</b>	<b>2,102,225,348</b>
<b>Net Assets</b>		<b>7,928,725,772</b>	<b>7,871,130,923</b>	<b>7,928,075,235</b>	<b>7,863,520,548</b>
<b>Net Assets</b>					
Share capital	26	-	100	-	-
Reserves					
Housing development fund	23	72,158,775	53,882,712	72,158,775	53,882,712
Revaluation reserve	24	52,129,145	52,129,145	52,129,145	52,129,145
Capital replacement reserve	25	151,935,999	151,935,999	151,935,999	151,935,999
Accumulated surplus		7,652,501,853	7,613,182,967	7,651,851,316	7,605,572,692
<b>Total Net Assets</b>		<b>7,928,725,772</b>	<b>7,871,130,923</b>	<b>7,928,075,235</b>	<b>7,863,520,548</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2016	2015	2016	2015
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Service charges	29	2,468,236,938	2,227,636,415	2,468,236,938	2,227,636,415
Rental received	30	20,222,252	23,477,153	20,222,252	23,477,153
Fees from agency services	31	532,141	577,908	532,141	577,908
Licences and permits	32	90,168	88,837	90,168	88,837
Other revenue	33	87,809,501	89,221,892	87,807,692	89,221,366
Interest received - trade and other receivables	34	60,213,939	69,528,678	60,213,939	69,528,678
Interest received - external investment	34	68,434,503	51,026,699	68,242,363	50,973,175
<b>Total revenue from exchange transactions</b>		<b>2,705,539,442</b>	<b>2,461,557,582</b>	<b>2,705,345,493</b>	<b>2,461,503,532</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
Property rates	35	742,052,098	686,396,237	742,052,098	686,396,237
Property rates - penalties imposed	35	20,236,112	30,207,179	20,236,112	30,207,179
<b>Transfer revenue</b>					
Government grants and subsidies	36	769,640,097	876,063,280	769,640,097	876,063,280
Fines	37	52,657,723	108,633,588	52,657,723	108,633,588
<b>Total revenue from non-exchange transactions</b>		<b>1,584,586,030</b>	<b>1,701,300,284</b>	<b>1,584,586,030</b>	<b>1,701,300,284</b>
<b>Total revenue</b>	28	<b>4,290,125,472</b>	<b>4,162,857,866</b>	<b>4,289,931,523</b>	<b>4,162,803,816</b>
<b>Expenditure</b>					
Employee related costs	38	(942,483,343)	(885,351,814)	(938,283,004)	(881,616,172)
Remuneration of councillors	39	(41,763,039)	(34,657,435)	(41,763,039)	(34,657,435)
Conditional grant expenditure	40	(73,364,194)	(135,304,171)	(73,364,194)	(135,304,171)
Depreciation and amortisation	41	(505,131,448)	(465,408,973)	(504,289,144)	(464,535,534)
Impairment of assets	42	(50,002,359)	(16,571,487)	(50,002,359)	(16,571,487)
Finance costs	43	(75,094,944)	(71,169,271)	(75,094,944)	(71,169,271)
Debt impairment	44	(92,507,590)	(222,109,923)	(92,507,590)	(222,109,923)
Collection costs	45	(12,528,519)	(5,972,677)	(12,528,519)	(5,972,677)
Repairs and maintenance	46	(151,572,106)	(193,369,205)	(151,360,353)	(193,317,455)
Bulk purchases	47	(1,799,213,567)	(1,586,802,287)	(1,799,213,567)	(1,586,802,287)
Contracted services	48	(65,468,010)	(29,698,420)	(65,468,010)	(29,698,420)
Grants and subsidies paid	49	(238,128)	(238,128)	(5,911,128)	(11,572,032)
General expenses	50	(436,459,903)	(479,720,747)	(435,687,609)	(479,018,812)
<b>Total expenditure</b>		<b>(4,245,827,150)</b>	<b>(4,126,374,538)</b>	<b>(4,245,473,460)</b>	<b>(4,132,345,676)</b>
<b>Operating surplus</b>		<b>44,298,322</b>	<b>36,483,328</b>	<b>44,458,063</b>	<b>30,458,140</b>
Gain or (loss) on disposal of assets	51	149,329	419,962	149,329	419,962
Gain or (loss) on donated assets	52	156,182	64,091	156,182	64,091
Fair value adjustment of investment properties	53	11,029,976	20,222,920	11,029,976	20,222,920
Gain or (loss) on biological and agricultural assets	54	9,288,973	(1,769,662)	9,288,973	(1,769,662)
Inventory write up or (write downs)	55	473,316	-	473,316	-
Gain or (loss) on sale of movable assets	56	(1,291,947)	(455,457)	(1,291,947)	(455,457)
Gain or loss immoveable assets	57	(11,799,253)	55,240	(11,799,253)	55,240
		<b>8,006,576</b>	<b>18,537,094</b>	<b>8,006,576</b>	<b>18,537,094</b>



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2016	2015	2016	2015
<b>Surplus for the year</b>		<b>52,304,898</b>	<b>55,020,422</b>	<b>52,464,639</b>	<b>48,995,234</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Statement of Changes in Net Assets

	Share capital	Housing development fund	Revaluation reserve	Capital replacement reserve	Total reserves	Accumulated surplus	Total net assets
Figures in Rand							
<b>Economic entity</b>							
<b>Restated opening balance at 01 July 2014</b>	<b>100</b>	<b>51,542,986</b>	<b>52,129,145</b>	<b>-</b>	<b>103,672,131</b>	<b>7,261,319,624</b>	<b>7,364,991,855</b>
Effects of prior period error	-	-	-	-	-	441,230,303	441,230,303
Net income (losses) recognised directly in net assets	-	-	-	-	-	441,230,303	441,230,303
Restated Surplus / Deficit for the year	-	-	-	-	-	55,020,422	55,020,422
Total recognised income and expenses for the year	-	-	-	-	-	496,250,725	496,250,725
Adjustments	-	-	-	-	-	(141,961,764)	(141,961,764)
Transfer to HDF	-	2,339,726	-	-	2,339,726	(2,425,618)	(85,892)
Transfer to capital replacement reserve	-	-	-	151,935,999	151,935,999	-	151,935,999
Total changes	-	2,339,726	-	151,935,999	154,275,725	351,863,343	506,139,068
<b>Restated balance at 01 July 2015</b>	<b>100</b>	<b>53,882,712</b>	<b>52,129,145</b>	<b>151,935,999</b>	<b>257,947,856</b>	<b>7,613,182,963</b>	<b>7,871,130,919</b>
Surplus / Deficit for the year	-	-	-	-	-	52,304,898	52,304,898
Adjustments	-	-	-	-	-	5,290,055	5,290,055
Transfer to HDF	-	18,276,063	-	-	18,276,063	(18,276,063)	-
Total changes	-	18,276,063	-	-	18,276,063	39,318,890	57,594,953
<b>Balance at 30 June 2016</b>	<b>-</b>	<b>72,158,775</b>	<b>52,129,145</b>	<b>151,935,999</b>	<b>276,223,919</b>	<b>7,652,501,853</b>	<b>7,928,725,772</b>
Note(s)	26	23	24	25			

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Statement of Changes in Net Assets

	Share capital	Hedging reserve	Revaluation reserve	Capital replacement reserve	Total reserves	Accumulated surplus	Total net assets
Figures in Rand							
<b>Controlling entity</b>							
<b>Restated balance at 01 July 2014</b>	-	<b>51,542,986</b>	<b>52,129,145</b>	-	<b>103,672,131</b>	<b>7,259,734,532</b>	<b>7,363,406,663</b>
Adjustments	-	-	-	-	-	(141,961,748)	(141,961,748)
Effects of prior period error	-	-	-	-	-	441,230,304	441,230,304
Transfer to HDF	-	2,339,726	-	-	2,339,726	(2,425,630)	(85,904)
Transfer to capital replacement reserves	-	-	-	151,935,999	151,935,999	-	151,935,999
Net income (losses) recognised directly in net assets	-	2,339,726	-	151,935,999	154,275,725	296,842,926	451,118,651
Restated surplus / deficit for the year	-	-	-	-	-	48,995,234	48,995,234
Total recognised income and expenses for the year	-	2,339,726	-	151,935,999	154,275,725	345,838,160	500,113,885
Total changes	-	2,339,726	-	151,935,999	154,275,725	345,838,160	500,113,885
<b>Restated balance at 01 July 2015</b>	-	<b>53,882,712</b>	<b>52,129,145</b>	<b>151,935,999</b>	<b>257,947,856</b>	<b>7,605,572,692</b>	<b>7,863,520,548</b>
Changes in net assets							
Adjustments	-	-	-	-	-	12,090,048	12,090,048
Transfer to HDF	-	18,276,063	-	-	18,276,063	(18,276,063)	-
Net income (losses) recognised directly in net assets	-	18,276,063	-	-	18,276,063	(6,186,015)	12,090,048
Surplus for the year	-	-	-	-	-	52,464,639	52,464,639
Total recognised income and expenses for the year	-	18,276,063	-	-	18,276,063	46,278,624	64,554,687
Total changes	-	18,276,063	-	-	18,276,063	46,278,624	64,554,687
<b>Balance at 30 June 2016</b>	-	<b>72,158,775</b>	<b>52,129,145</b>	<b>151,935,999</b>	<b>276,223,919</b>	<b>7,651,851,316</b>	<b>7,928,075,235</b>
Note(s)	26	23	24	25			

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Cash Flow Statement

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2016	2015	2016	2015
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Sale of goods and services		3,299,560,934	2,945,238,294	3,299,660,646	2,944,128,761
Government grants and subsidies		769,306,985	882,863,280	769,306,985	876,063,280
Interest income		128,456,302	120,501,853	128,456,302	120,501,853
		4,197,324,221	3,948,603,427	4,197,423,933	3,940,693,894
<b>Payments</b>					
Employee costs		(938,283,004)	(881,616,172)	(938,283,004)	(881,616,172)
Suppliers		(2,616,804,224)	(2,491,022,965)	(2,616,804,224)	(2,491,022,965)
Finance costs		(75,094,944)	(71,169,269)	(75,094,944)	(71,169,270)
		(3,630,182,172)	(3,443,808,406)	(3,630,182,172)	(3,443,808,407)
<b>Net cash flows from operating activities</b>	59	<b>567,142,049</b>	<b>504,795,021</b>	<b>567,241,761</b>	<b>496,885,487</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	10	(131,809,736)	(166,217,540)	(125,200,186)	(165,857,934)
Proceeds from sale of property, plant and equipment	10	-	420,619	-	420,619
Movement in other financial assets	13	(1,084,005)	400,656	(1,084,005)	400,656
Short term investment	6	(383,475)	(1,032,874)	(383,475)	(1,032,874)
Capital under construction	10	(326,798,179)	(379,324,144)	(326,798,179)	(379,324,144)
Purchase of intangible assets	11	(23,145,411)	(1,111,073)	(23,145,411)	(1,111,073)
Purchase of heritage assets	12	(157,790)	(381,246)	(157,790)	(381,246)
Conversion to Non Profit Corporation	26	(100)	-	-	-
<b>Net cash flows from investing activities</b>		<b>(483,378,696)</b>	<b>(547,245,602)</b>	<b>(476,769,046)</b>	<b>(546,885,996)</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings	14	40,870,343	53,739,023	40,870,343	53,739,023
Movement in consumer deposits	19	5,347,635	1,921,480	5,347,635	1,921,480
<b>Net cash flows from financing activities</b>		<b>46,217,978</b>	<b>55,660,503</b>	<b>46,217,978</b>	<b>55,660,503</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>129,981,331</b>	<b>13,209,922</b>	<b>136,690,693</b>	<b>5,659,994</b>
Cash and cash equivalents at the beginning of the year		841,079,233	827,942,701	832,933,260	827,273,264
<b>Cash and cash equivalents at the end of the year</b>	7	<b>971,060,564</b>	<b>841,152,623</b>	<b>969,623,953</b>	<b>832,933,258</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Economic entity</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	2,694,542,000	-	2,694,542,000	2,468,236,938	(226,305,062)	For all variances explanations refer to note 27
Rental received	41,329,367	212,028	41,541,395	20,222,252	(21,319,143)	
Fees from agency services	632,176	-	632,176	532,141	(100,035)	
Licences and permits	87,183	-	87,183	90,168	2,985	
Other revenue	(49,346,332)	98,913,293	49,566,961	87,809,501	38,242,540	
Interest received - trade and other receivables	62,593,298	-	62,593,298	60,213,939	(2,379,359)	
Interest received -external investments	33,987,999	-	33,987,999	68,434,503	34,446,504	
<b>Total revenue from exchange transactions</b>	<b>2,783,825,691</b>	<b>99,125,321</b>	<b>2,882,951,012</b>	<b>2,705,539,442</b>	<b>(177,411,570)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	743,112,753	10,403,881	753,516,634	742,052,098	(11,464,536)	
Property rates - penalties imposed	41,348,999	-	41,348,999	20,236,112	(21,112,887)	
<b>Transfer revenue</b>						
Government grants & subsidies	929,712,000	53,879,753	983,591,753	769,640,097	(213,951,656)	
Fines	17,488,270	4,036,255	21,524,525	52,657,723	31,133,198	
<b>Total revenue from non-exchange transactions</b>	<b>1,731,662,022</b>	<b>68,319,889</b>	<b>1,799,981,911</b>	<b>1,584,586,030</b>	<b>(215,395,881)</b>	
<b>Total revenue</b>	<b>4,515,487,713</b>	<b>167,445,210</b>	<b>4,682,932,923</b>	<b>4,290,125,472</b>	<b>(392,807,451)</b>	
<b>Expenditure</b>						
Employee related costs	(956,641,547)	15,948,667	(940,692,880)	(942,483,343)	(1,790,463)	
Remuneration of councillors	(42,350,433)	485,633	(41,864,800)	(41,763,039)	101,761	
Conditional grant expenditure	(44,866,000)	(62,730,555)	(107,596,555)	(73,364,194)	34,232,361	
Depreciation and amortisation	(556,482,689)	-	(556,482,689)	(505,131,448)	51,351,241	
Impairment of assets	-	(315,000)	(315,000)	(50,002,359)	(49,687,359)	
Finance costs	(69,489,091)	(8,555,121)	(78,044,212)	(75,094,944)	2,949,268	
Debt impairment	(124,586,000)	17,331,172	(107,254,828)	(92,507,590)	14,747,238	
Collection costs	(3,462,384)	(9,427,849)	(12,890,233)	(12,528,519)	361,714	
Repairs and maintenance	(206,214,281)	49,729,322	(156,484,959)	(151,572,106)	4,912,853	
Bulk purchases	(1,736,811,066)	(62,402,501)	(1,799,213,567)	(1,799,213,567)	-	
Contracted services	(18,555,560)	(49,341,066)	(67,896,626)	(65,468,010)	2,428,616	
Grant and subsidies paid	(5,853,603)	(57,526)	(5,911,129)	(238,128)	5,673,001	
General expenses	(267,671,780)	(53,033,261)	(320,705,041)	(436,459,903)	(115,754,862)	
<b>Total expenditure</b>	<b>(4,032,984,434)</b>	<b>(162,368,085)</b>	<b>(4,195,352,519)</b>	<b>(4,245,827,150)</b>	<b>(50,474,631)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## 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>Operating surplus</b>	<b>482,503,279</b>	<b>5,077,125</b>	<b>487,580,404</b>	<b>44,298,322</b>	<b>(443,282,082)</b>	
Gain or (loss) on disposal of assets	9,700,000	-	<b>9,700,000</b>	149,329	<b>(9,550,671)</b>	
Gain or (loss) on donated assets	314,720	-	<b>314,720</b>	156,182	<b>(158,538)</b>	
Fair value adjustment of agricultural assets	-	-	-	11,029,976	<b>11,029,976</b>	
Gain or (loss) on biological and agricultural assets	-	-	-	9,288,973	<b>9,288,973</b>	
Inventories losses/write-downs	-	-	-	473,316	<b>473,316</b>	
Gain or (loss) on movable assets	-	(3,553,995)	<b>(3,553,995)</b>	(1,291,947)	<b>2,262,048</b>	
Gains or (loss) on immovable assets	-	-	-	(11,799,253)	<b>(11,799,253)</b>	
	<b>10,014,720</b>	<b>(3,553,995)</b>	<b>6,460,725</b>	<b>8,006,576</b>	<b>1,545,851</b>	
<b>Surplus before taxation</b>	<b>492,517,999</b>	<b>1,523,130</b>	<b>494,041,129</b>	<b>52,304,898</b>	<b>(441,736,231)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>492,517,999</b>	<b>1,523,130</b>	<b>494,041,129</b>	<b>52,304,898</b>	<b>(441,736,231)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## 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	741,893,006	-	741,893,006	65,151,366	(676,741,640)	
Other financial assets	43,081	-	43,081	-	(43,081)	
Trade receivables from non-exchange transactions	376,437,620	-	376,437,620	370,237,096	(6,200,524)	
VAT receivable	-	-	-	14,986	14,986	
Trade and other receivables from exchange transactions	883,146,939	-	883,146,939	888,164,024	5,017,085	
Short term investment	7,756,363	-	7,756,363	8,318,183	561,820	
Cash and cash equivalents	1,123,670,222	36,542,000	1,160,212,222	971,060,564	(189,151,658)	
	<b>3,132,947,231</b>	<b>36,542,000</b>	<b>3,169,489,231</b>	<b>2,302,946,219</b>	<b>(866,543,012)</b>	

##### Non-Current Assets

Agricultural assets	46,520,046	-	46,520,046	54,275,801	7,755,755	
Investment property	356,913,816	-	356,913,816	656,408,640	299,494,824	
Property, plant and equipment	6,948,784,645	(20,389,000)	6,928,395,645	6,925,577,531	(2,818,114)	
Intangible assets	27,283,200	-	27,283,200	39,518,564	12,235,364	
Heritage assets	-	-	-	233,948,936	233,948,936	
Other financial assets	188,463,138	-	188,463,138	10,317,110	(178,146,028)	
	<b>7,567,964,845</b>	<b>(20,389,000)</b>	<b>7,547,575,845</b>	<b>7,920,046,582</b>	<b>372,470,737</b>	

<b>Total Assets</b>	<b>10,700,912,076</b>	<b>16,153,000</b>	<b>10,717,065,076</b>	<b>10,222,992,801</b>	<b>(494,072,275)</b>	
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#### Liabilities

##### Current Liabilities

Other financial liabilities	61,750,537	-	61,750,537	67,761,975	6,011,438	
Finance lease obligation	-	-	-	1,553,499	1,553,499	
Payables from exchange transactions	942,070,825	-	942,070,825	530,939,299	(411,131,526)	
VAT payable	100,629,542	-	100,629,542	55,841,372	(44,788,170)	
Consumer deposits	92,797,900	-	92,797,900	92,378,188	(419,712)	
Retirement benefit obligation	-	-	-	21,141,300	21,141,300	
Unspent conditional grants and receipts	174,788,447	-	174,788,447	256,740,818	81,952,371	
Provisions	6,084,404	-	6,084,404	6,690,279	605,875	
	<b>1,378,121,655</b>	<b>-</b>	<b>1,378,121,655</b>	<b>1,033,046,730</b>	<b>(345,074,925)</b>	

##### Non-Current Liabilities

Other financial liabilities	579,760,786	-	579,760,786	568,133,347	(11,627,439)	
Finance lease obligation	-	-	-	346,586	346,586	
Retirement benefit obligation	615,833,203	-	615,833,203	625,699,203	9,866,000	
Provisions	65,882,162	-	65,882,162	67,041,163	1,159,001	
	<b>1,261,476,151</b>	<b>-</b>	<b>1,261,476,151</b>	<b>1,261,220,299</b>	<b>(255,852)</b>	

<b>Total Liabilities</b>	<b>2,639,597,806</b>	<b>-</b>	<b>2,639,597,806</b>	<b>2,294,267,029</b>	<b>(345,330,777)</b>	
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<b>Net Assets</b>	<b>8,061,314,270</b>	<b>16,153,000</b>	<b>8,077,467,270</b>	<b>7,928,725,772</b>	<b>(148,741,498)</b>	
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
Share capital	-	-	-	(100)	(100)	
<b>Reserves</b>						
Housing development fund	52,685,111	-	<b>52,685,111</b>	72,158,775	<b>19,473,664</b>	
Revaluation reserve	-	-	-	52,129,145	<b>52,129,145</b>	
Capital replacement reserve	120,000,000	-	<b>120,000,000</b>	151,935,999	<b>31,935,999</b>	
Accumulated surplus	7,888,629,159	16,153,000	<b>7,904,782,159</b>	7,652,501,953	<b>(252,280,206)</b>	
<b>Total Net Assets</b>	<b>8,061,314,270</b>	<b>16,153,000</b>	<b>8,077,467,270</b>	<b>7,928,725,772</b>	<b>(148,741,498)</b>	



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	3,134,902,000	10,404,000	<b>3,145,306,000</b>	3,299,560,934	<b>154,254,934</b>	
Government grants and subsidies	929,712,000	8,486,000	<b>938,198,000</b>	769,306,985	<b>(168,891,015)</b>	
Interest revenue	64,894,000	-	<b>64,894,000</b>	128,456,302	<b>63,562,302</b>	
	<b>4,129,508,000</b>	<b>18,890,000</b>	<b>4,148,398,000</b>	<b>4,197,324,221</b>	<b>48,926,221</b>	
<b>Payments</b>						
Employee costs	(3,353,474,000)	-	<b>(3,353,474,000)</b>	(938,283,004)	<b>2,415,190,996</b>	
Suppliers	-	-	-	(2,616,804,224)	<b>(2,616,804,224)</b>	
Finance costs	(69,499,000)	-	<b>(69,499,000)</b>	(75,094,944)	<b>(5,595,944)</b>	
Transfers and grants	(181,000)	-	<b>(181,000)</b>	-	<b>181,000</b>	
	<b>(3,423,154,000)</b>	-	<b>(3,423,154,000)</b>	<b>(3,630,182,172)</b>	<b>(207,028,172)</b>	
<b>Net cash flows from operating activities</b>	<b>706,354,000</b>	<b>18,890,000</b>	<b>725,244,000</b>	<b>567,142,049</b>	<b>(158,101,951)</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(589,505,000)	-	<b>(589,505,000)</b>	(131,809,736)	<b>457,695,264</b>	
Movement in other financial assets	-	-	-	(1,084,005)	<b>(1,084,005)</b>	
Short term investment	-	-	-	(383,475)	<b>(383,475)</b>	
Capital under construction	-	-	-	(326,798,179)	<b>(326,798,179)</b>	
Purchase of intangible assets	-	-	-	(23,145,411)	<b>(23,145,411)</b>	
Purchases of heritage assets	-	-	-	(157,790)	<b>(157,790)</b>	
Conversion to non profit corporation	-	-	-	(100)	<b>(100)</b>	
<b>Net cash flows from investing activities</b>	<b>(589,505,000)</b>	-	<b>(589,505,000)</b>	<b>(483,378,696)</b>	<b>106,126,304</b>	
<b>Cash flows from financing activities</b>						
Movement in consumer deposits	5,250,000	-	<b>5,250,000</b>	5,347,635	<b>97,635</b>	
Repayment of borrowings	50,150,000	-	<b>50,150,000</b>	40,870,343	<b>(9,279,657)</b>	
<b>Net cash flows from financing activities</b>	<b>55,400,000</b>	-	<b>55,400,000</b>	<b>46,217,978</b>	<b>(9,182,022)</b>	
Net increase/(decrease) in cash and cash equivalents	172,249,000	18,890,000	<b>191,139,000</b>	129,981,331	<b>(61,157,669)</b>	
Cash and cash equivalents at the beginning of the year	842,352,000	-	<b>842,352,000</b>	841,079,233	<b>(1,272,767)</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>1,014,601,000</b>	<b>18,890,000</b>	<b>1,033,491,000</b>	<b>971,060,564</b>	<b>(62,430,436)</b>	

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Economic entity - 2016</b>											
<b>Financial Performance</b>											
Property rates	784,461,752	10,403,881	794,865,633	-		794,865,633	762,288,210		(32,577,423)	96 %	97 %
Service charges	2,694,542,000	-	2,694,542,000	-		2,694,542,000	2,468,236,938		(226,305,062)	92 %	92 %
Investment revenue	96,581,297	-	96,581,297	-		96,581,297	128,648,442		32,067,145	133 %	133 %
Transfers recognised - operational	440,652,000	44,284,271	484,936,271	-		484,936,271	466,155,846		(18,780,425)	96 %	106 %
Other own revenue	20,205,384	103,161,576	123,366,960	-		123,366,960	182,409,561		59,042,601	148 %	903 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>4,036,442,433</b>	<b>157,849,728</b>	<b>4,194,292,161</b>	-		<b>4,194,292,161</b>	<b>4,007,738,997</b>		<b>(186,553,164)</b>	<b>96 %</b>	<b>99 %</b>
Employee costs	(956,641,108)	15,948,667	(940,692,441)	-	-	(940,692,441)	(942,483,343)	-	(1,790,902)	100 %	99 %
Remuneration of councillors	(42,350,433)	485,633	(41,864,800)	-	-	(41,864,800)	(41,763,039)	-	101,761	100 %	99 %
Debt impairment	(124,586,000)	17,331,172	(107,254,828)			(107,254,828)	(92,507,590)	-	14,747,238	86 %	74 %
Depreciation and asset impairment	(556,482,689)	(315,000)	(556,797,689)			(556,797,689)	(555,133,807)	-	1,663,882	100 %	100 %
Finance charges	(69,489,091)	(8,555,121)	(78,044,212)	-	-	(78,044,212)	(75,094,944)	-	2,949,268	96 %	108 %
Materials and bulk purchases	(1,736,811,066)	(62,402,501)	(1,799,213,567)	-	-	(1,799,213,567)	(1,799,213,567)	-	-	100 %	104 %
Transfers and grants	(5,853,603)	(57,526)	(5,911,129)	-	-	(5,911,129)	(238,128)	-	5,673,001	4 %	4 %
Other expenditure	(540,770,444)	(128,357,404)	(669,127,848)	-	-	(669,127,848)	(752,483,932)	-	(83,356,084)	112 %	139 %
<b>Total expenditure</b>	<b>(4,032,984,434)</b>	<b>(165,922,080)</b>	<b>(4,198,906,514)</b>	-	-	<b>(4,198,906,514)</b>	<b>(4,258,918,350)</b>	-	<b>(60,011,836)</b>	<b>101 %</b>	<b>106 %</b>
<b>Surplus/(Deficit)</b>	<b>3,457,999</b>	<b>(8,072,352)</b>	<b>(4,614,353)</b>	-		<b>(4,614,353)</b>	<b>(251,179,353)</b>		<b>(246,565,000)</b>	<b>5,443 %</b>	<b>5,443 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## 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	489,060,000	(489,060,000)	-	-		-	303,484,251		303,484,251	DIV/0 %	62 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>492,517,999</b>	<b>(497,132,352)</b>	<b>(4,614,353)</b>	-		<b>(4,614,353)</b>	<b>52,304,898</b>		<b>56,919,251</b>	<b>(1,134)%</b>	<b>11 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>492,517,999</b>	<b>(497,132,352)</b>	<b>(4,614,353)</b>	-		<b>(4,614,353)</b>	<b>52,304,898</b>		<b>56,919,251</b>	<b>(1,134)%</b>	<b>11 %</b>
<b>Capital expenditure and funds sources</b>											
<b>Total capital expenditure</b>	<b>709,060,000</b>	<b>1,228,000</b>	<b>710,288,000</b>	-		<b>704,976,000</b>	<b>476,286,307</b>		<b>(228,689,693)</b>	<b>68 %</b>	<b>67 %</b>
<b>Sources of capital funds</b>											
Transfers recognised - capital	489,060,000	(7,253,000)	481,807,000	-		314,474,000	292,498,173		(21,975,827)	93 %	60 %
Borrowing	100,000,000	-	100,000,000	-		100,000,000	62,181,455		(37,818,545)	62 %	62 %
Internally generated funds	120,000,000	8,481,000	128,481,000	-		290,502,000	121,606,679		(168,895,321)	42 %	101 %
<b>Total sources of capital funds</b>	<b>709,060,000</b>	<b>1,228,000</b>	<b>710,288,000</b>	-		<b>704,976,000</b>	<b>476,286,307</b>		<b>(228,689,693)</b>	<b>68 %</b>	<b>67 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## 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	706,354,000	18,890,000	725,244,000	-		725,244,000	567,142,049		(158,101,951)	78 %	80 %
Net cash from (used) investing	(589,505,000)	(120,782,227)	(710,287,227)	-		(710,287,227)	(483,378,696)		226,908,531	68 %	82 %
Net cash from (used) financing	55,400,000	-	55,400,000	-		55,400,000	46,217,978		(9,182,022)	83 %	83 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>172,249,000</b>	<b>(101,892,227)</b>	<b>70,356,773</b>	<b>-</b>		<b>70,356,773</b>	<b>129,981,331</b>		<b>59,624,558</b>	<b>185 %</b>	<b>75 %</b>
Cash and cash equivalents at the beginning of the year	842,352,000	-	842,352,000	-		842,352,000	841,079,233		(1,272,767)	100 %	100 %
<b>Cash and cash equivalents at year end</b>	<b>1,014,601,000</b>	<b>(101,892,227)</b>	<b>912,708,773</b>	<b>-</b>		<b>912,708,773</b>	<b>971,060,564</b>		<b>58,351,791</b>	<b>106 %</b>	<b>96 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## 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 - 2015</b>				
<b>Financial Performance</b>				
Property rates				716,603,416
Service charges				2,227,636,415
Investment revenue				120,555,377
Transfers recognised - operational				519,604,470
Other own revenue				242,761,591
<b>Total revenue (excluding capital transfers and contributions)</b>				<b>3,827,161,269</b>
Employee costs	-	-	-	(885,351,814)
Remuneration of councillors	-	-	-	(34,657,435)
Debt impairment	-	-	-	(222,109,923)
Depreciation and asset impairment	-	-	-	(481,980,460)
Finance charges	-	-	-	(71,169,271)
Materials and bulk purchases	-	-	-	(1,586,802,287)
Transfers and grants	-	-	-	(238,128)
Other expenditure	-	-	-	(846,290,339)
<b>Total expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,128,599,657)</b>
<b>Surplus/(Deficit)</b>				<b>(301,438,388)</b>
Transfers recognised - capital				356,458,810
<b>Surplus (Deficit) after capital transfers and contributions</b>				<b>55,020,422</b>
<b>Surplus/(Deficit) for the year</b>				<b>55,020,422</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Capital expenditure and funds sources</b>				
Total capital expenditure				528,836,197
<b>Sources of capital funds</b>				
Transfers recognised - capital				358,449,000
Borrowing				16,732,197
Internally generated funds				153,655,000
<b>Total sources of capital funds</b>				<b>528,836,197</b>
<b>Cash flows</b>				
Net cash from (used) operating				504,795,021
Net cash from (used) investing				(547,245,602)
Net cash from (used) financing				55,660,503
<b>Net increase/(decrease) in cash and cash equivalents</b>				<b>13,209,922</b>
Cash and cash equivalents at the beginning of the year				827,942,701
<b>Cash and cash equivalents at year end</b>				<b>841,152,623</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Controlling entity - 2016</b>											
<b>Financial Performance</b>											
Property rates	784,461,752	10,403,881	794,865,633	-		794,865,633	762,288,210		(32,577,423)	96 %	97 %
Service charges	2,694,542,000	-	2,694,542,000	-		2,694,542,000	2,468,236,938		(226,305,062)	92 %	92 %
Investment revenue	96,581,297	-	96,581,297	-		96,581,297	128,456,302		31,875,005	133 %	133 %
Transfers recognised - operational	440,652,000	44,284,271	484,936,271	-		484,936,271	466,155,846		(18,780,425)	96 %	106 %
Other own revenue	20,205,384	103,161,576	123,366,960	-		123,366,960	182,407,753		59,040,793	148 %	903 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>4,036,442,433</b>	<b>157,849,728</b>	<b>4,194,292,161</b>	-		<b>4,194,292,161</b>	<b>4,007,545,049</b>		<b>(186,747,112)</b>	<b>96 %</b>	<b>99 %</b>
Employee costs	(956,641,108)	15,948,667	(940,692,441)	-	-	(940,692,441)	(938,283,004)	-	2,409,437	100 %	98 %
Remuneration of councillors	(42,350,433)	485,633	(41,864,800)	-	-	(41,864,800)	(41,763,039)	-	101,761	100 %	99 %
Debt impairment	(124,586,000)	17,331,172	(107,254,828)			(107,254,828)	(92,507,590)	-	14,747,238	86 %	74 %
Depreciation and asset impairment	(556,482,689)	(315,000)	(556,797,689)			(556,797,689)	(554,291,504)	-	2,506,185	100 %	100 %
Finance charges	(69,489,091)	(8,555,121)	(78,044,212)	-	-	(78,044,212)	(75,094,944)	-	2,949,268	96 %	108 %
Materials and bulk purchases	(1,736,811,066)	(62,402,501)	(1,799,213,567)	-	-	(1,799,213,567)	(1,799,213,567)	-	-	100 %	104 %
Transfers and grants	(5,853,603)	(57,526)	(5,911,129)	-	-	(5,911,129)	(5,911,128)	-	1	100 %	101 %
Other expenditure	(540,770,444)	(128,357,404)	(669,127,848)	-	-	(669,127,848)	(751,499,885)	-	(82,372,037)	112 %	139 %
<b>Total expenditure</b>	<b>(4,032,984,434)</b>	<b>(165,922,080)</b>	<b>(4,198,906,514)</b>	-	-	<b>(4,198,906,514)</b>	<b>(4,258,564,661)</b>	-	<b>(59,658,147)</b>	<b>101 %</b>	<b>106 %</b>
<b>Surplus/(Deficit)</b>	<b>3,457,999</b>	<b>(8,072,352)</b>	<b>(4,614,353)</b>	-		<b>(4,614,353)</b>	<b>(251,019,612)</b>		<b>(246,405,259)</b>	<b>5,440 %</b>	<b>(7,259)%</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## 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	489,060,000	9,595,482	498,655,482	-		498,655,482	303,484,251		(195,171,231)	61 %	62 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>492,517,999</b>	<b>1,523,130</b>	<b>494,041,129</b>	-		<b>494,041,129</b>	<b>52,464,639</b>		<b>(441,576,490)</b>	<b>11 %</b>	<b>11 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>492,517,999</b>	<b>1,523,130</b>	<b>494,041,129</b>	-		<b>494,041,129</b>	<b>52,464,639</b>		<b>(441,576,490)</b>	<b>11 %</b>	<b>11 %</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	709,060,000	1,228,000	710,288,000	-		710,288,000	476,286,307		(234,001,693)	67 %	67 %
<b>Sources of capital funds</b>											
Transfers recognised - capital	489,060,000	(7,253,000)	481,807,000	-		481,807,000	292,498,173		(189,308,827)	61 %	60 %
Borrowing	100,000,000	-	100,000,000	-		100,000,000	62,181,455		(37,818,545)	62 %	62 %
Internally generated funds	120,000,000	8,481,000	128,481,000	-		128,481,000	121,606,679		(6,874,321)	95 %	101 %
<b>Total sources of capital funds</b>	<b>709,060,000</b>	<b>1,228,000</b>	<b>710,288,000</b>	-		<b>710,288,000</b>	<b>476,286,307</b>		<b>(234,001,693)</b>	<b>67 %</b>	<b>67 %</b>



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## 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	706,354,000	18,890,000	725,244,000	-		725,244,000	567,241,761		(158,002,239)	78 %	80 %
Net cash from (used) investing	(589,505,000)	-	(589,505,000)	-		(589,505,000)	(476,769,046)		112,735,954	81 %	81 %
Net cash from (used) financing	55,400,000	-	55,400,000	-		55,400,000	46,217,980		(9,182,020)	83 %	83 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>172,249,000</b>	<b>18,890,000</b>	<b>191,139,000</b>	<b>-</b>		<b>191,139,000</b>	<b>136,690,695</b>		<b>(54,448,305)</b>	<b>72 %</b>	<b>79 %</b>
Cash and cash equivalents at the beginning of the year	842,352,000	-	842,352,000	-		842,352,000	832,933,257		(9,418,743)	99 %	99 %
<b>Cash and cash equivalents at year end</b>	<b>1,014,601,000</b>	<b>18,890,000</b>	<b>1,033,491,000</b>	<b>-</b>		<b>1,033,491,000</b>	<b>969,623,952</b>		<b>63,867,048</b>	<b>94 %</b>	<b>96 %</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## 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 - 2015</b>				
<b>Financial Performance</b>				
Property rates				716,603,416
Service charges				2,227,636,415
Investment revenue				120,501,853
Transfers recognised - operational				519,604,470
Other own revenue				242,761,065
<b>Total revenue (excluding capital transfers and contributions)</b>				<b>3,827,107,219</b>
Employee costs	-	-	-	(881,616,172)
Remuneration of councillors	-	-	-	(34,657,435)
Debt impairment	-	-	-	(222,109,923)
Depreciation and asset impairment	-	-	-	(481,107,021)
Finance charges	-	-	-	(71,169,271)
Materials and bulk purchases	-	-	-	(1,586,802,287)
Transfers and grants	-	-	-	(11,572,032)
Other expenditure	-	-	-	(845,536,654)
<b>Total expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,134,570,795)</b>
<b>Surplus/(Deficit)</b>				<b>(307,463,576)</b>
Transfers recognised - capital				356,458,810
<b>Surplus (Deficit) after capital transfers and contributions</b>				<b>48,995,234</b>
<b>Surplus/(Deficit) for the year</b>				<b>48,995,234</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Capital expenditure and funds sources</b>				
Total capital expenditure				528,636,235
<b>Sources of capital funds</b>				
Transfers recognised - capital				291,650,281
Borrowing				81,880,592
Internally generated funds				155,105,362
<b>Total sources of capital funds</b>				<b>528,636,235</b>
<b>Cash flows</b>				
Net cash from (used) operating				496,885,487
Net cash from (used) investing				(546,885,996)
Net cash from (used) financing				55,660,503
<b>Net increase/(decrease) in cash and cash equivalents</b>				<b>5,659,994</b>
Cash and cash equivalents at the beginning of the year				827,273,264
<b>Cash and cash equivalents at year end</b>				<b>832,933,258</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1. Presentation of Consolidated Annual Financial Statements

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

These Consolidated Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These Consolidated Annual Financial Statements are presented in South African Rand, which is the functional currency of the economic entity.

#### 1.2 Going concern assumption

These Consolidated Annual Financial Statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Consolidation

##### Basis of consolidation

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

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

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

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

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

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

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

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

##### Fair value estimation of financial instruments

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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

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 Consolidated Statement of Financial Position date. The quoted market price used for financial assets held by the economic entity is the current bid price.

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 Consolidated 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 Consolidated Statement of Financial Position date.

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

#### Impairment testing

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

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

#### Provisions

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

#### Useful lives of property plant and equipment

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

#### Post retirement benefits

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

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

#### Effective interest rate

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

#### Allowance for doubtful debts

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

#### Budget information

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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

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

### 1.5 Agricultural assets

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

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

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

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

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

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

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

### 1.6 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

#### 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.

### 1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the economic entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land	Straight line	Infinite
Infrastructure	Straight line	5 - 100 years
• Roads and motorways	Straight line	5 - 10 years
• System security	Straight line	25 - 120 years
• Storm water drainage	Straight line	20 years
• Airport infrastructure	Straight line	20 years
• Solid waste	Straight line	5 - 50 years
• Water and sanitation	Straight line	10 - 100 years
• Major substations : buildings	Straight line	5 - 50 years
• Transformers and related equipment	Straight line	50 years
• Mains	Straight line	45 years
• Street lighting	Straight line	50 years
Community		
• Buildings	Straight line	5 - 50 years
• Recreational facilities	Straight line	5 - 50 years

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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

Other property, plant and equipment

• Buildings	Straight line	5 - 50 years
• Fresh produce and other markets	Straight line	5 - 50 years
• Fire engines	Straight line	20 years
• Landfill site	Straight line	5 - 50 years
• Transport facilities	Straight line	5 - 50 years
• Fencing	Straight line	10 years
• Heavy and mobile plant	Straight line	10 - 15 years
• Furniture and fittings	Straight line	7 - 10 years
• Vehicles	Straight line	5 - 10 years
• Bins and containers	Straight line	5 - 10 years
• Plant and equipment	Straight line	5 - 15 years
• Office equipment	Straight line	3 - 5 years

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

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

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

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

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

### 1.8 Capital under construction

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



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.9 Investment property

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

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

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

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

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

#### Fair value

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

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

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

If the economic entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

If the economic entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the economic entity measures that investment property using the cost model (as per the accounting policy on property, plant and equipment). The residual value of the investment property is then assumed to be zero. The economic entity applies the cost model (as per the accounting policy on property, plant and equipment) until disposal of the investment property.

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

#### Item

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

#### Useful life

Infinite  
5 - 50 years

### 1.10 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.10 Intangible assets (continued)

The economic entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

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

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

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

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

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

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

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

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

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

Item	Useful life
Computer software, internally generated	3 - 5 years
Servitudes	Indefinite

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.11 Investments

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

### 1.12 Heritage assets

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

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

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an economic entity's operations that is shown as a single item for the purpose of disclosure in the Consolidated Annual Financial Statements.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.12 Heritage assets (continued)

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

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

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

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

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

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

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

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

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

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

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

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

### Recognition

The economic entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity, and the cost or fair value of the asset can be measured reliably.

### Initial measurement

Heritage assets are measured at cost for buildings and fair value for art works .

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

If at initial recognition the municipality cannot reliably measure its cost, the relevant and useful information about the heritage asset is disclosed in the notes to the Consolidated Annual Financial Statements.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.12 Heritage assets (continued)

#### Subsequent measurement

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

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

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

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

#### Impairment

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

#### Transfers

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

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

#### Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.13 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 2016

## Accounting Policies

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### 1.14 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 Consolidated 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 Consolidated 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 Consolidated 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 2016

## Accounting Policies

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### 1.14 Financial instruments (continued)

#### Classification

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

#### Class

Receivables from exchange transactions  
Receivables from non-exchange transactions  
Bank, cash and cash equivalents – notice deposits  
Bank, cash and cash equivalents – call deposits  
Bank, cash and cash equivalents – bank  
Bank, cash and cash equivalents – cash

#### Category

Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at fair value  
Financial asset measured at fair value  
Financial asset measured at fair value  
Financial asset measured at fair value

#### Class

Long term liabilities  
Payables from exchange transactions  
Payables from non - exchange transactions  
Current portion of long-term liabilities

#### Category

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

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

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

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

### 1.16 Budget information

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

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

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

The approved budget covers the fiscal period from 2015-07-01 to 2016-06-30.

The Consolidated Annual Financial Statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Consolidated Statement of comparison and actual information has been included in the Consolidated Annual Financial Statements as the recommended disclosure when the Consolidated Annual Financial Statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

### 1.17 Leases

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

#### Finance leases

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.17 Leases (continued)

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

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

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

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

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

#### Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as asset / liability.

This liability is not discounted.

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

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

### 1.18 Inventories

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

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

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

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

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

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

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

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

# The Msunduzi Municipality and its Municipal Entity

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## Accounting Policies

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### 1.19 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.

### 1.20 Related parties

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

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

### 1.21 Grant in aid

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

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

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

### 1.22 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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

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

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.

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



# The Msunduzi Municipality and its Municipal Entity

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## Accounting Policies

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

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

An impairment loss is when the asset's carrying amount exceeds its recoverable service amount and is recognised in the Consolidated 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 Consolidated 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.

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

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

Useful life is either:

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

#### 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 economic 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.

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

Consolidated Annual Financial Statements for the year ended 30 June 2016

## **Accounting Policies**

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### **1.23 Impairment of non-cash-generating assets (continued)**

#### **Recognition and measurement**

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

#### **Reversal of an impairment loss**

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

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

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

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

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

#### **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.

### **1.24 Internal Reserves**

#### **Capital Replacement Reserve (CRR)**

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.24 Internal Reserves (continued)

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

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

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

For accounting purposes, the CRR will be created by transferring amounts out of accumulated surpluses/deficits to the respective reserve account, or vice versa, in the Statement of Changes in Net Assets. The net effect of these transfers will be nil in the Consolidated Statement of Changes in Net Assets, and will not affect the value of reserves in totality. It is the requirement of GRAP that no transactions should be accounted for, directly to the Consolidated Statement of Changes in Net Assets other than those specifically allowed in terms of GRAP, i.e. revaluation surplus reserve.

Therefore situations should be avoided where reserves are created and accounted for, by taking amounts directly to the Consolidated Statement of Changes in Net Assets thereby circumventing the Consolidated Statement of Financial Performance.

The economic entity has determined a policy on the revenue sources that will be used to maintain or increase the balance of the CRR. These revenue sources include, but not limited to, the following:

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

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

### Revaluation reserve

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

# The Msunduzi Municipality and its Municipal Entity

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## Accounting Policies

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

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

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

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

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

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.25 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's employees contribute to 7 different Pension Funds, of which the Natal Joint Provident and Retirement Pension Fund cater for the majority of the staff.

The following are defined contribution and benefit funds:

- \*The Natal Joint Provident,
- \*Dynamique Ambrella (Pietermaritzburg Provident Fund),
- \*Umgeni Provident Fund,
- \*The Natal Joint Pension Fund,
- \* Government Employees Pension Fund,
- \* Association Institution Pension Fund,
- \* South African Local Authorities Pension Fund and
- \* Councillors Pension Fund

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

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

The Municipality has both defined benefit and defined contribution plans.

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

Past-service costs are recognised immediately against revenue.

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

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

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

#### Other post retirement obligations

The Municipality provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to revenue in the year that they arise.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.25 Employee benefits (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

### 1.26 Provisions and contingencies

Provisions are recognised when:

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 64.

### 1.27 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the consolidated annual financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the consolidated annual financial statements.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.28 Revenue from exchange transactions

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

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

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

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

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

Interest and rentals are recognised on a time proportion basis.

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

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

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

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

All other revenue is recognised as it accrues.

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

### Measurement

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

### Sale of goods

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.28 Revenue from exchange transactions (continued)

#### Rendering of services

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

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

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

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

#### Interest, royalties and dividends

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

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

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

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



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.29 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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.

### 1.30 Investment revenue

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

### 1.31 Comparative figures

When the presentation or classification of items in the Consolidated Annual Financial Statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

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

Consolidated Annual Financial Statements for the year ended 30 June 2016

## **Accounting Policies**

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### **1.32 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 Consolidated 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 Consolidated Statement of Financial Performance.

### **1.33 Fruitless and wasteful expenditure**

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Consolidated Statement Of Financial Performance in the year that the expenditure was incurred.

The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Consolidated Statement Of Financial Performance .

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

Consolidated Annual Financial Statements for the year ended 30 June 2016

## **Accounting Policies**

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### **1.34 Irregular expenditure**

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

Irregular expenditure excludes unauthorised expenditure.

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

### **1.35 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.

### **1.36 Capital commitments**

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

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

### **1.37 Offsetting**

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

## The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

### Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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#### 2. New standards and interpretations

##### 2.1 Standards and interpretations issued and adopted

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

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
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 9	Revenue from Exchange Transactions (as revised in 2010)
GRAP 11	Construction Contracts
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 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations (as revised in 2010)
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

IGRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation 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

## The Msunduzi Municipality and its Municipality Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

### Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 108	Statutory Receivables
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015
<b>3. Inventories</b>				
Forestry	909,061	702,788	909,061	702,788
Consumable stores	56,321,096	35,663,586	56,321,096	35,663,586
Fuel - diesel and petrol	1,277,581	1,277,581	1,277,581	1,277,581
Unused water stock	6,482,345	6,482,345	6,482,345	6,482,345
	64,990,083	44,126,300	64,990,083	44,126,300
Inventory write up or (impairment loss)	161,283	(418,502)	161,283	(418,502)
	<b>65,151,366</b>	<b>43,707,798</b>	<b>65,151,366</b>	<b>43,707,798</b>
Carrying value of inventories carried at fair value less costs to sell	65,151,367	43,707,798	65,151,367	43,707,798
<b>Cost of inventories recognised as an expense</b>				
Consumable / workshop stores	70,053,325	56,817,992	70,053,325	56,817,992
Fuel - diesel and petrol	25,297,818	24,977,496	25,297,818	24,977,496
Forestry	15,768,545	14,694,702	15,768,545	14,694,702
Unused water	461,819,616	422,558,489	461,819,616	422,558,489
	<b>572,939,305</b>	<b>519,048,679</b>	<b>572,939,305</b>	<b>519,048,679</b>
Inventory has been recorded using the First in first out (FIFO) method.				
Inventory is carried at lower of cost or net realisable value.				
Impairment of inventory includes redundant and obsolete stock of R161 283 (2015:(R418 502))				
<b>4. Trade receivables from non-exchange transactions</b>				
Other debtors	142,836,188	154,883,044	142,833,688	154,880,544
Property rates	227,400,908	221,677,407	227,400,908	221,677,407
	<b>370,237,096</b>	<b>376,560,451</b>	<b>370,234,596</b>	<b>376,557,951</b>
<b>Gross balance</b>				
Property rates	471,904,659	469,477,299	471,904,659	469,477,299
<b>Less : Allowance for impairment</b>				
Property rates	(244,503,750)	(247,799,892)	(244,503,750)	(247,799,892)
<b>Net balance</b>				
Property rates	227,400,908	221,677,407	227,400,908	221,677,407
<b>Property rates</b>				
Current (0 - 30 days)	54,246,731	44,564,843	54,246,731	44,564,843
31 - 60 days	25,614,226	26,631,074	25,614,226	26,631,074
61 - 90 days	12,116,706	17,567,014	12,116,706	17,567,014
91 - 120 days	9,030,477	18,315,076	9,030,477	18,315,076
121 - 365 days	25,433,276	31,112,648	25,433,276	31,112,648
> 365 days	345,463,243	331,286,644	345,463,243	331,286,644
	<b>471,904,659</b>	<b>469,477,299</b>	<b>471,904,659</b>	<b>469,477,299</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015

### 4. Trade receivables from non-exchange transactions (continued)

Trade and other receivables from non exchange transactions includes prepayments to Independent Development Trust (IDT) of R 93 658 029.42( 2015: R 93 658 029.42).

The Municipality had entered into a memorandum of agreement with the IDT to undertake projects in respect of infrastructure developments and maintenance.

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

Included in other debtors is a traffic fine debtor of R30 358 879.97 (2015: R 30 528 819.70.)

### Trade receivables from exchange non - exchange transaction pledged as security.

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

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

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

The allowance for impairment on trade and other receivables from non exchange transactions amount to R244 503 750 (2015:R247 799 892).

### 5. Trade and receivables from exchange transactions

#### Gross balances

Electricity	607,169,265	561,644,369	607,169,265	561,644,369
Water	729,590,146	629,949,015	729,590,146	629,949,015
Sewerage	154,894,593	141,826,412	154,894,593	141,826,412
Refuse	82,552,107	77,622,034	82,552,107	77,622,034
Land sale debtors	66,386	66,386	66,386	66,386
Housing rental	30,860,066	29,691,668	30,860,066	29,691,668
Market	1,957,458	1,706,242	1,957,458	1,706,242
	<b>1,607,090,021</b>	<b>1,442,506,126</b>	<b>1,607,090,021</b>	<b>1,442,506,126</b>

#### Less: Allowance for impairment

Electricity	(272,503,137)	(279,431,851)	(272,503,137)	(279,431,851)
Water	(317,656,458)	(317,292,871)	(317,656,458)	(317,292,871)
Sewerage	(71,828,877)	(71,828,877)	(71,828,877)	(71,828,877)
Refuse	(40,099,590)	(40,099,590)	(40,099,590)	(40,099,590)
Housing rental	(16,837,935)	(16,837,935)	(16,837,935)	(16,837,935)
	<b>(718,925,997)</b>	<b>(725,491,124)</b>	<b>(718,925,997)</b>	<b>(725,491,124)</b>

#### Net balance

Electricity	334,666,128	282,212,518	334,666,128	282,212,518
Water	411,933,688	312,656,144	411,933,688	312,656,144
Sewerage	83,065,716	69,997,535	83,065,716	69,997,535
Refuse	42,452,517	37,522,444	42,452,517	37,522,444
Land sale debtors	66,386	66,386	66,386	66,386
Housing rental	14,022,131	12,853,733	14,022,131	12,853,733
Market	1,957,458	1,706,242	1,957,458	1,706,242
	<b>888,164,024</b>	<b>717,015,002</b>	<b>888,164,024</b>	<b>717,015,002</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015
<b>5. Trade and receivables from exchange transactions (continued)</b>				
<b>Electricity</b>				
Current (0 -30 days)	174,545,364	136,683,686	174,545,364	136,683,686
31 - 60 days	68,223,513	80,199,611	68,223,513	80,199,611
61 - 90 days	23,501,402	20,052,808	23,501,402	20,052,808
91 - 120 days	6,497,356	6,837,497	6,497,356	6,837,497
121 - 365 days	18,244,826	16,166,838	18,244,826	16,166,838
> 365 days	316,156,804	301,703,929	316,156,804	301,703,929
	<b>607,169,265</b>	<b>561,644,369</b>	<b>607,169,265</b>	<b>561,644,369</b>
<b>Water</b>				
Current (0 -30 days)	46,694,902	48,654,872	46,694,902	48,654,872
31 - 60 days	29,647,055	30,547,953	29,647,055	30,547,953
61 - 90 days	19,022,079	20,543,363	19,022,079	20,543,363
91 - 120 days	18,622,500	15,517,912	18,622,500	15,517,912
121 - 365 days	53,952,387	46,641,247	53,952,387	46,641,247
> 365 days	561,651,223	468,043,668	561,651,223	468,043,668
	<b>729,590,146</b>	<b>629,949,015</b>	<b>729,590,146</b>	<b>629,949,015</b>
<b>Sewerage</b>				
Current (0 -30 days)	11,924,372	11,707,497	11,924,372	11,707,497
31 - 60 days	5,737,078	6,309,716	5,737,078	6,309,716
61 - 90 days	3,313,548	3,602,754	3,313,548	3,602,754
91 - 120 days	3,192,557	3,140,999	3,192,557	3,140,999
121 - 365 days	8,731,953	9,129,940	8,731,953	9,129,940
> 365 days	121,995,085	107,935,506	121,995,085	107,935,506
	<b>154,894,593</b>	<b>141,826,412</b>	<b>154,894,593</b>	<b>141,826,412</b>
<b>Refuse</b>				
Current (0 -30 days)	6,856,608	6,614,036	6,856,608	6,614,036
31 - 60 days	3,641,932	3,289,950	3,641,932	3,289,950
61 - 90 days	1,719,857	1,725,810	1,719,857	1,725,810
91 - 120 days	1,638,908	1,611,431	1,638,908	1,611,431
121 - 365 days	4,606,650	4,461,571	4,606,650	4,461,571
> 365 days	64,088,152	59,919,236	64,088,152	59,919,236
	<b>82,552,107</b>	<b>77,622,034</b>	<b>82,552,107</b>	<b>77,622,034</b>
<b>Land sale debtors</b>				
> 365 days	66,386	66,386	66,386	66,386
<b>Housing rental</b>				
Current (0 -30 days)	658,999	595,292	658,999	595,292
31 - 60 days	606,105	526,488	606,105	526,488
61 - 90 days	575,328	510,291	575,328	510,291
91 - 120 days	566,289	505,836	566,289	505,836
121 - 365 days	1,669,929	1,497,697	1,669,929	1,497,697
> 365 days	26,783,415	26,056,064	26,783,415	26,056,064
	<b>30,860,065</b>	<b>29,691,668</b>	<b>30,860,065</b>	<b>29,691,668</b>
<b>Market</b>				
Current (0 -30 days)	<b>1,957,458</b>	<b>1,706,242</b>	<b>1,957,458</b>	<b>1,706,242</b>

### Summary of trade receivables from exchange and non debtors by customer classification



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015
<b>5. Trade and receivables from exchange transactions (continued)</b>				
<b>Consumers</b>				
Current (0 -30 days)	121,464,794	123,831,924	121,464,794	123,831,924
31 - 60 days	66,254,678	65,323,189	66,254,678	65,323,189
61 - 90 days	40,436,495	44,656,782	40,436,495	44,656,782
91 - 120 days	39,174,706	35,377,538	39,174,706	35,377,538
121 - 365 days	114,420,552	101,796,420	114,420,552	101,796,420
> 365 days	1,172,011,919	954,605,716	1,172,011,919	954,605,716
	1,553,763,144	1,325,591,569	1,553,763,144	1,325,591,569
Less : Allowance for debt impairment	(670,610,061)	(748,785,642)	(670,610,061)	(748,785,642)
	<b>883,153,083</b>	<b>576,805,927</b>	<b>883,153,083</b>	<b>576,805,927</b>
<b>Industrial/ commercial</b>				
Current (0 -30 days)	158,376,771	136,555,311	158,376,771	136,555,311
31 - 60 days	63,252,618	71,699,196	63,252,618	71,699,196
61 - 90 days	26,078,869	20,917,822	26,078,869	20,917,822
91 - 120 days	7,109,206	8,816,289	7,109,206	8,816,289
121 - 365 days	19,170,580	18,578,427	19,170,580	18,578,427
> 365 days	150,964,947	139,531,974	150,964,947	139,531,974
	424,952,991	396,099,019	424,952,991	396,099,019
Less : Allowance for debt impairment	(200,312,096)	(224,505,374)	(200,312,096)	(224,505,374)
	<b>224,640,895</b>	<b>171,593,645</b>	<b>224,640,895</b>	<b>171,593,645</b>
<b>National and provincial government</b>				
Current (0 -30 days)	25,421,050	24,310,365	25,421,050	24,310,365
31 - 60 days	14,048,546	19,346,544	14,048,546	19,346,544
61 - 90 days	3,466,154	6,402,872	3,466,154	6,402,872
91 - 120 days	2,769,675	9,341,851	2,769,675	9,341,851
121 - 365 days	6,322,334	10,068,071	6,322,334	10,068,071
> 365 days	46,286,653	75,596,893	46,286,653	75,596,893
	<b>98,314,412</b>	<b>145,066,596</b>	<b>98,314,412</b>	<b>145,066,596</b>
<b>Total</b>				
Current (0 -30 days)	305,262,615	280,202,510	305,262,615	280,202,510
31 - 60 days	143,555,843	156,368,929	143,555,843	156,368,929
61 - 90 days	69,981,518	71,977,477	69,981,518	71,977,477
91 - 120 days	49,053,587	53,535,678	49,053,587	53,535,678
121 - 365 days	139,913,466	130,442,918	139,913,466	130,442,918
> 365 days	1,297,458,839	1,169,734,584	1,297,458,839	1,169,734,584
	<b>2,005,225,868</b>	<b>1,862,262,096</b>	<b>2,005,225,868</b>	<b>1,862,262,096</b>

The summary of trade receivables from exchange transactions by customer classification :

\* is nett of debtors with credit balances of R71 804 680 (2015:R70 641 164)

The following debtors are excluded from the above disclosure:

\* Market debtors of R1 957 458 (2015:R1 706 242).

\* Land sale debtors of R66 386 (2015:R66 386).

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 5. Trade and receivables from exchange transactions (continued)

#### Reconciliation of allowance for impairment for trade receivables from exchange and non exchange transactions

Balance at beginning of the year	(973,291,016)	(792,600,962)	(973,291,016)	(792,600,962)
Contributions to allowance	(92,507,590)	(222,109,923)	(92,507,590)	(222,109,923)
Debt impairment written off against allowance	102,368,859	41,419,869	102,368,859	41,419,869
	<b>(963,429,747)</b>	<b>(973,291,016)</b>	<b>(963,429,747)</b>	<b>(973,291,016)</b>

#### Consumer debtors pledged as security

Trade and other receivables 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.

### 6. Short term investment

COID short term investment invested at 8.9%	8,318,183	7,934,708	8,318,183	7,934,708
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### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,488,096	8,265,850	51,485	46,485
Bank balances	82,373,108	95,350,690	82,373,108	95,350,690
Short term deposits - on call	337,090,677	349,548,304	337,090,677	349,548,304
Short term deposits - fixed	550,108,683	387,987,779	550,108,683	387,987,779
	<b>971,060,564</b>	<b>841,152,623</b>	<b>969,623,953</b>	<b>832,933,258</b>

Average rate of return	10.00 %	6.15 %	10.00 %	6.15 %
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Due to the short term nature of these investments no amortisation was performed.

Fair value is taken at face value.

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

No restrictions exist with regard to the use of cash.

No portion is past due or impaired.

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015

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

The municipality has the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
FNB - No: 5094187782 (Primary)	111,808,444	101,639,370	63,272,408	109,201,902	78,153,399	62,305,372
FNB - No: 50940058750 (Electronic transfers)	-	-	-	(46,141,172)	(43,925,777)	(47,459,963)
FNB - No: 62058007264 (Slum clearance)	-	19,031,558	25,755,219	-	19,380,206	26,277,775
FNB - No: 62065528930 (Library extension)	-	-	57,750	-	-	50,732
FNB - No: 50941840627 (Market)	3,207,458	5,097,926	2,418,911	3,180,472	2,440,056	1,718,865
FNB - No: 62069378539 (Pietermaritzburg airport)	4,409,873	3,244,011	1,495,038	4,409,873	3,244,011	1,495,038
FNB - No: 50930082248 (Forestry)	63,225	72,177	30,417	63,225	72,177	30,417
FNB - No: 62003432846 (Salaries PACs no.1)	181,002	149,813	14,931	181,002	149,813	14,931
FNB - No: 62279194650 (Forestry)	11,658,008	5,127,561	1,774,380	11,658,008	5,127,561	1,774,380
FNB - No: 62035467978(Safe City)	139,891	94,964	86,558	139,891	94,964	86,558
FNB - No: 62035942392(Safe City)	1,238,742	8,122,716	-	1,238,742	8,122,716	-
<b>Total</b>	<b>132,706,643</b>	<b>142,580,096</b>	<b>94,905,612</b>	<b>83,931,943</b>	<b>72,859,126</b>	<b>46,294,105</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 8. Agricultural assets

Economic entity	2016			2015		
	Valuation	Nett movement for the year	Carrying value	Valuation	Nett movement for the year	Carrying value
Trees in a plantation forest	44,831,368	9,444,433	54,275,801	46,520,046	(1,688,678)	44,831,368
Controlling entity	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Trees in a plantation forest	44,831,368	9,444,433	54,275,801	46,520,046	(1,688,678)	44,831,368

#### Reconciliation of agricultural assets - Economic entity - 2016

	Opening balance	Nett increase in value	Total
Trees in a plantation forest	44,831,368	9,444,433	54,275,801

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

	Opening balance	Nett decrease in value	Total
Trees in a plantation forest	46,520,046	(1,688,678)	44,831,368

#### Reconciliation of agricultural assets - Controlling entity - 2016

	Opening balance	Nett increase in value	Total
Trees in a plantation forest	44,831,368	9,444,433	54,275,801

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

	Opening balance	Nett decrease in value	Total
Trees in a plantation forest	46,520,046	(1,688,678)	44,831,368

#### Pledged as security

No agricultural assets have been pledged as security.

#### Other information

The agricultural assets have been measured at fair value less costs to sell in accordance with GRAP 20.

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 9. Investment property

Economic entity	2016			2015		
	Valuation	Nett movement for the year	Carrying value	Valuation	Nett movement for the year	Carrying value
Investment property	647,118,664	9,289,976	656,408,640	647,118,664	-	647,118,664

  

Controlling entity	2016			2015		
	Valuation	Nett movement for the year	Carrying value	Valuation	Nett movement for the year	Carrying value
Investment property	647,118,664	9,289,976	656,408,640	647,118,664	-	647,118,664

#### Reconciliation of investment property - Economic entity - 2016

	Opening balance	Fair value adjustments	Disposals	Total
Investment property	647,118,664	11,029,976	(1,740,000)	656,408,640

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

	Opening balance	Fair value adjustments	Take on off vacant land not previously recognised	Disposals	Total
Investment property	362,882,104	20,222,920	264,313,640	(300,000)	647,118,664

#### Reconciliation of investment property - Controlling entity - 2016

	Opening balance	Fair value adjustments	Disposals	Total
Investment property	647,118,664	11,029,976	(1,740,000)	656,408,640

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

	Opening balance	Fair value adjustments	Take on off vacant land not previously recognised	Disposals	Total
Investment property	362,882,104	20,222,920	264,313,640	(300,000)	647,118,664

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 9. Investment property (continued)

#### Other information

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

#### Adjustments to valuation in the reconciliation above are attributable to -

- \* change in market value of investment property
- \* take on of investment property that was previously not recognised and
- \* disposals and transfers

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 the valuation

Investment property is not depreciated annually and is valued at year end to determine the fair values as prescribed in GRAP 16.

The valuation at 30 June 2016 was performed by BGP Mass Appraisal (Pty) Ltd, independent valuers.

These are independent valuers that are not related to the municipality

The valuations conform to South African Valuations standards and were arrived at by reference to market evidence of transaction prices for similar properties.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 10. Property, plant and equipment

Economic entity

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	1,750,278,752	(225,842,035)	1,524,436,717	1,747,942,239	(200,184,105)	1,547,758,134
Office equipment	15,244	(13,483)	1,761	15,244	(10,435)	4,809
Furniture and fittings	171,508	(136,150)	35,358	134,014	(129,342)	4,672
Computer software	82,582	(58,676)	23,906	50,708	(50,708)	-
Infrastructure	6,620,383,393	(2,070,133,818)	4,550,249,575	6,297,821,184	(1,653,179,337)	4,644,641,847
Community	672,841,094	(271,380,463)	401,460,631	636,518,005	(243,379,410)	393,138,595
Other assets	916,082,396	(475,555,774)	440,526,622	874,802,485	(426,879,148)	447,923,337
Finance leases	4,431,140	(2,507,049)	1,924,091	4,431,140	(1,652,293)	2,778,847
Video and data equipment	14,176,326	(8,038,216)	6,138,110	7,562,754	(7,213,738)	349,016
Biological assets	780,760	-	780,760	936,220	-	936,220
<b>Total</b>	<b>9,979,243,195</b>	<b>(3,053,665,664)</b>	<b>6,925,577,531</b>	<b>9,570,213,993</b>	<b>(2,532,678,516)</b>	<b>7,037,535,477</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

Controlling entity

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	1,750,278,752	(225,842,035)	1,524,436,717	1,747,942,239	(200,184,105)	1,547,758,134
Infrastructure	6,620,383,393	(2,070,133,818)	4,550,249,575	6,297,821,184	(1,653,179,337)	4,644,641,847
Community	672,841,094	(271,380,463)	401,460,631	636,518,005	(243,379,410)	393,138,595
Other assets	916,082,396	(475,555,774)	440,526,622	874,802,485	(426,879,148)	447,923,337
Finance leases	4,431,140	(2,507,049)	1,924,091	4,431,140	(1,652,293)	2,778,847
Biological assets	780,760	-	780,760	936,220	-	936,220
<b>Total</b>	<b>9,964,797,535</b>	<b>(3,045,419,139)</b>	<b>6,919,378,396</b>	<b>9,562,451,273</b>	<b>(2,525,274,293)</b>	<b>7,037,176,980</b>



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

#### Reconciliation of property, plant and equipment - Economic entity - 2016

	Opening balance	Additions	Disposals	Capital under construction	Reclassificati on	Revaluations	Impairment loss	Depreciation	Depreciation adjustments	Total
Land and buildings	1,547,758,135	4,809,682	(674,503)	-	(1,773,891)	-	(404,454)	(25,278,252)	-	1,524,436,717
Office equipment	4,809	-	-	-	-	-	-	(3,048)	-	1,761
Video and data equipment	349,016	6,613,575	-	-	-	-	-	(824,481)	-	6,138,110
Furniture and fittings	4,672	37,493	-	-	-	-	-	(6,807)	-	35,358
Computer software	-	31,874	-	-	-	-	-	(7,968)	-	23,906
Infrastructure	4,644,641,847	79,402,777	(10,486,312)	270,270,348	(100,834)	-	(47,869,012)	(385,579,232)	(30,007)	4,550,249,575
Community	393,138,595	7,545,093	(172,061)	32,253,765	(3,054,499)	-	(1,452,753)	(27,294,272)	496,763	401,460,631
Other assets	447,923,336	33,442,634	(3,718,065)	24,274,066	3,219,840	-	35,893	(64,500,485)	(150,597)	440,526,622
Finance leases	2,778,847	-	-	-	-	-	-	(854,756)	-	1,924,091
Biological assets	936,220	-	-	-	-	(155,460)	-	-	-	780,760
	<b>7,037,535,477</b>	<b>131,883,128</b>	<b>(15,050,941)</b>	<b>326,798,179</b>	<b>(1,709,384)</b>	<b>(155,460)</b>	<b>(49,690,326)</b>	<b>(504,349,301)</b>	<b>316,159</b>	<b>6,925,577,531</b>

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

	Opening balance	Additions	Restatement of opening balance due to 2014/2015 correction of prior period errors	Disposals	Capital under construction	Impairments	Depreciation	Total
Land and buildings	1,268,264,480	47,277,043	257,445,053	(5,122,246)	6,693,444	-	(26,799,640)	1,547,758,134
Office equipment	7,557	-	-	-	-	-	(2,748)	4,809
Video and data equipment	828,154	359,606	-	-	-	-	(838,744)	349,016
Motor vehicles	10,000	-	-	-	-	-	(10,000)	-
Furniture and fittings	25,776	-	-	-	-	-	(21,104)	4,672
Computer equipment	843	-	-	-	-	-	(843)	-
Infrastructure	4,750,491,643	57,816,877	(84,824,570)	(23,609)	279,080,550	(15,018,265)	(342,880,779)	4,644,641,847
Community	372,702,540	7,433,819	-	-	40,969,266	(787,471)	(27,179,559)	393,138,595
Other assets	424,651,359	51,997,915	1,989,740	(480,586)	35,821,063	(324,276)	(65,731,878)	447,923,337
Finance leases	2,751,007	1,332,280	-	-	-	-	(1,304,440)	2,778,847
Biological assets	936,220	-	-	-	-	-	-	936,220
	<b>6,820,669,579</b>	<b>166,217,540</b>	<b>174,610,223</b>	<b>(5,626,441)</b>	<b>362,564,323</b>	<b>(16,130,012)</b>	<b>(464,769,735)</b>	<b>7,037,535,477</b>

### Reconciliation of property, plant and equipment - Controlling entity - 2016

	Opening balance	Additions	Disposals	Capital under construction	Reclassification on	Depreciation adjustments	Depreciation	Impairment loss	Depreciation adjustments	Total
Land and buildings	1,547,758,135	4,809,682	(674,503)	-	(1,773,891)	-	(25,278,252)	(404,454)	-	1,524,436,717
Infrastructure	4,644,641,847	79,402,777	(10,486,312)	270,270,348	(100,834)	(30,007)	(385,579,232)	(47,869,012)	-	4,550,249,575
Community	393,138,595	7,545,093	(172,061)	32,253,765	(3,054,499)	496,763	(27,294,272)	(1,452,753)	-	401,460,631
Other assets	447,923,336	33,442,634	(3,718,065)	24,274,066	3,219,840	(150,597)	(64,500,485)	-	35,893	440,526,622
Finance leases	2,778,847	-	-	-	-	-	(854,756)	-	-	1,924,091
Biological assets	936,220	-	-	-	(155,460)	-	-	-	-	780,760
	<b>7,037,176,980</b>	<b>125,200,186</b>	<b>(15,050,941)</b>	<b>326,798,179</b>	<b>(1,864,844)</b>	<b>316,159</b>	<b>(503,506,997)</b>	<b>(49,726,219)</b>	<b>35,893</b>	<b>6,919,378,396</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

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

	Restated opening balance	Additions	Restatement of opening balance due to 2014/2015 correction of prior period errors	Disposals	Capital under construction	Depreciation	Impairment loss	Total
Land and buildings	1,268,264,480	47,277,043	257,445,053	(5,122,246)	6,693,444	(26,799,640)	-	1,547,758,134
Infrastructure	4,750,491,643	57,816,877	(84,824,570)	(23,609)	279,080,550	(342,880,779)	(15,018,265)	4,644,641,847
Community	372,702,540	7,433,819	-	-	40,969,266	(27,179,559)	(787,471)	393,138,595
Other assets	424,651,359	51,997,915	1,989,740	(480,586)	35,821,063	(65,731,878)	(324,276)	447,923,337
Finance leases	2,751,007	1,332,280	-	-	-	(1,304,440)	-	2,778,847
Biological assets	936,220	-	-	-	-	-	-	936,220
	<b>6,819,797,249</b>	<b>165,857,934</b>	<b>174,610,223</b>	<b>(5,626,441)</b>	<b>362,564,323</b>	<b>(463,896,296)</b>	<b>(16,130,012)</b>	<b>7,037,176,980</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

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

#### Pledged as security

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

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

The Msunduzi Municipality has elected the cost model when accounting for property, plant and equipment with the exception of biological assets which are measured at fair value annually.

During the 2013/2014, 2014/2015 and 2015/2016 financial years the municipality undertook conditional assessment of community and infrastructure assets, which culminated in the decrease in remaining useful lives of assets. This resulted in the significant increase in depreciation.

The municipality applies the depreciated replacement cost method to calculate impairment. The impairment loss amounted to R49 690 326 (2015: R16 130 012).

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

#### Restated June 2015 property, plant and equipment balances relate to the following errors which resulted in an overstatement/understatement:

\* During the 2014/2015 financial year the Department of Human Settlements donated land to the municipality as part of the Edendale acquisition plan project. This was part of the memorandum of agreement between the municipality and the Department of Human Settlement to build low cost housing for the community. This land was classified as inventory. In the current year the estimated value of this land is R 257 445 053.

\* Due to funding issues, the project had not yet commenced. In view of these developments, management has decided that this land should be classified as property, plant and equipment.

\* The net carrying value of R84 824 570 for VIP toilets was incorrectly capitalised. These assets are not maintained by the municipality and were handed over to the community.

\* The net carrying value of R304 041 for branding of vehicles was incorrectly capitalised because advertisement costs qualify as operational costs.

\* The net carrying value of R2 503 695 for vehicles that was donated by Umgeni Water was not previously capitalised.

\* The amount of R 220 000 is a correction for development costs incorrectly capitalised.

\* The other net carrying value adjustment of R10 086 refers to other assets (furniture and computers) not recognised in prior years.

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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 11. Intangible assets

Economic entity	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	61,046,345	(22,331,627)	38,714,718	37,957,232	(21,549,479)	16,407,753
Servitudes	803,846	-	803,846	803,846	-	803,846
<b>Total</b>	<b>61,850,191</b>	<b>(22,331,627)</b>	<b>39,518,564</b>	<b>38,761,078</b>	<b>(21,549,479)</b>	<b>17,211,599</b>

  

Controlling entity	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	61,046,345	(22,331,627)	38,714,718	37,957,232	(21,549,479)	16,407,753
Servitudes	803,846	-	803,846	803,846	-	803,846
<b>Total</b>	<b>61,850,191</b>	<b>(22,331,627)</b>	<b>39,518,564</b>	<b>38,761,078</b>	<b>(21,549,479)</b>	<b>17,211,599</b>

#### Reconciliation of intangible assets - Economic entity - 2016

	Opening balance	Additions	Reclassification on	Amortisation	Total
Computer software	16,407,753	23,145,411	(56,298)	(782,148)	38,714,718
Servitudes	803,846	-	-	-	803,846
	<b>17,211,599</b>	<b>23,145,411</b>	<b>(56,298)</b>	<b>(782,148)</b>	<b>39,518,564</b>

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

	Opening balance	Additions	Capital under construction	Transfers	Amortisation	Total
Computer software	1,463,338	1,111,073	14,606,297	(133,717)	(639,238)	16,407,753
Servitudes	803,846	-	-	-	-	803,846
	<b>2,267,184</b>	<b>1,111,073</b>	<b>14,606,297</b>	<b>(133,717)</b>	<b>(639,238)</b>	<b>17,211,599</b>

#### Reconciliation of intangible assets - Controlling entity - 2016

	Opening balance	Additions	Reclassification on	Amortisation	Total
Computer software	16,407,753	23,145,411	(56,298)	(782,148)	38,714,718
Servitudes	803,846	-	-	-	803,846
	<b>17,211,599</b>	<b>23,145,411</b>	<b>(56,298)</b>	<b>(782,148)</b>	<b>39,518,564</b>

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 11. Intangible assets (continued)

	Opening balance	Additions	Transfers	Capital under construction	Amortisation	Total
Computer software	1,463,338	1,111,073	(133,717)	14,606,297	(639,238)	16,407,753
Servitudes	803,846	-	-	-	-	803,846
	<b>2,267,184</b>	<b>1,111,073</b>	<b>(133,717)</b>	<b>14,606,297</b>	<b>(639,238)</b>	<b>17,211,599</b>

#### Pledged as security

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

#### Other information

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 12. Heritage assets

Economic entity	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	233,971,909	(22,973)	233,948,936	232,048,436	(22,973)	232,025,463

  

Controlling entity	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	233,971,909	(22,973)	233,948,936	232,048,436	(22,973)	232,025,463

#### Reconciliation of heritage assets Economic entity - 2016

	Opening balance	Additions	Reclassification on	Total
Heritage assets	232,025,463	157,790	1,765,683	233,948,936

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

	Opening balance	Additions	Reclassification on	Recognition of heritage assets previously not recorded	Capital under construction	Impairment losses recognised	Total
Heritage assets	229,701,625	381,246	(1,268,459)	1,080,500	2,153,524	(22,973)	232,025,463

#### Reconciliation of heritage assets Controlling entity - 2016

	Opening balance	Additions	Reclassification on	Total
Heritage assets	232,025,463	157,790	1,765,683	233,948,936

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

	Opening balance	Additions	Reclassification on	Recognition of heritage assets previously not recorded	Capital under construction	Impairment losses recognised	Total
Heritage assets	229,701,625	381,246	(1,268,459)	1,080,500	2,153,524	(22,973)	232,025,463

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 12. Heritage assets (continued)

The cost of art collections and buildings disclosed includes:

Artwork which are measured using the revaluation model is R193 181 020 and

Buildings which are measured at cost model is R39 710 389.

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

Artworks were last valued in the 2014/2015 financial year.

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

#### Pledged as security

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

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

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

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

Due to the nature of the class of heritage assets the Department of Arts and Culture has confirmed that there is no monetary value as there is no active market.

### 13. Other financial assets

#### At amortised cost

Housing	10,317,110	9,229,180	10,317,110	9,229,180
Educational financial assets	-	3,925	-	3,925
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 a rate of 0% with yearly repayments of R 2 780				
	<b>10,317,110</b>	<b>9,233,105</b>	<b>10,317,110</b>	<b>9,233,105</b>



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 13. Other financial assets (continued)

Schemes	Average loan period	Average interest rate	Average purchase price	Loan balance	Arrears
Woodlands 3	30	15	7,498	24,381	4,653
Woodlands 7	31	14	7,940	1,652,581	370,894
Woodlands 8	30	14	6,830	29,003	45,709
Woodlands 9	30	14	6,830	91,713	10,752
Northdale 1 - sub economic	30	14	16,487	50,977	12,159
Northdale 9	30	13	28,966	690,829	87,541
Northdale 10	30	14	13,779	443,165	104,457
Northdale 11	11	11	13,120	67,148	150
Northdale 12	30	15	31,485	189,521	17,226
Eastwood 1	29	14	12,802	950,828	135,517
Eastwood 2	30	14	10,594	834,989	381,840
Glenwood	31	14	29,163	1,738,537	195,223
Glenwood - selfhelp	29	14	21,871	3,367,665	660,195
Riverbend 1	30	15	17,665	48,699	121
	-	-	-	<b>10,180,036</b>	<b>2,026,437</b>

### Non-current assets

At amortised cost	10,317,110	9,233,105	10,317,110	9,233,105
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### 14. Other financial liabilities

#### At amortised cost

External loans	635,895,322	593,313,820	635,895,322	593,313,820
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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.

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

Refer to Appendix A for further details on long term liabilities.

### Non-current liabilities

At amortised cost	568,133,347	541,301,371	568,133,347	541,301,371
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### Current liabilities

At amortised cost	67,761,975	52,012,449	67,761,975	52,012,449
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015
<b>15. Finance lease obligation</b>				
<b>Minimum lease payments due</b>				
- within one year	1,878,301	2,435,789	1,878,301	2,435,789
- in second to fifth year inclusive	389,172	2,267,471	389,172	2,267,471
	2,267,473	4,703,260	2,267,473	4,703,260
less: future finance charges	(367,388)	(1,092,016)	(367,388)	(1,092,016)
<b>Present value of minimum lease payments</b>	<b>1,900,085</b>	<b>3,611,244</b>	<b>1,900,085</b>	<b>3,611,244</b>
<b>Present value of minimum lease payments due</b>				
- within one year	1,553,499	1,546,791	1,553,499	1,546,791
- in second to fifth year inclusive	346,586	2,064,453	346,586	2,064,453
	<b>1,900,085</b>	<b>3,611,244</b>	<b>1,900,085</b>	<b>3,611,244</b>
Non-current liabilities	346,586	2,099,415	346,586	2,099,415
Current liabilities	1,553,499	1,511,829	1,553,499	1,511,829
	<b>1,900,085</b>	<b>3,611,244</b>	<b>1,900,085</b>	<b>3,611,244</b>

The average lease term was 6.5 years and the average effective borrowing rate was 9%( 2015 :13%).

The original lease period for the motor vehicles expires on the 30 June 2017.

The computer equipment has two lease expiry periods.

\* First contract expires January 2017 and

\* Second contract expires January 2018.

Ownership of the property will rest with the municipality on the termination of the leases.

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	65,756,128	104,104,984	65,756,128	104,104,984
Other payables	30,727,588	27,320,296	30,600,067	27,320,296
Other deposits	1,213,190	1,091,591	1,138,016	1,059,736
Accrued leave pay	67,330,445	60,117,836	67,330,445	60,117,836
Retentions	15,143,278	26,923,642	15,143,278	26,923,642
Other payables accrued	278,963,990	275,937,043	278,963,990	275,937,043
Debtors with credit balances	71,804,680	70,641,164	71,804,680	70,641,164
	<b>530,939,299</b>	<b>566,136,556</b>	<b>530,736,604</b>	<b>566,104,701</b>

## 17. VAT payable

VAT payable	55,841,372	40,430,375	55,841,372	39,492,243
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 17. VAT payable (continued)

VAT is payable on the receipt basis.

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

### 18. VAT receivable

VAT receivable	14,986	-	-	-
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### 19. Consumer deposits

Electricity	73,463,011	42,504,096	73,463,011	42,504,096
Water	18,139,975	43,521,431	18,139,975	43,521,431
Housing rental	775,202	1,005,024	775,202	1,005,024
	<b>92,378,188</b>	<b>87,030,551</b>	<b>92,378,188</b>	<b>87,030,551</b>
Gaurantees in lieu of electricity and water deposits	<b>4,297,516</b>	<b>3,118,416</b>	<b>4,297,516</b>	<b>3,118,416</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 20. Retirement benefit obligations

#### Defined contribution and benefit plan

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

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

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

Employees contributing to SALA, AIPF, Pietermaritzburg Provident Fund and GEPF make up the minority of members contribution to the pension funds.

The Msunduzi Municipality's liability in these funds cannot be determined owing mainly to the assets not being allocated to each employer and one set of financials being compiled for each fund and not for each contributing employer.

#### Defined contribution plan:

The majority of personnel are members of the following pension funds:

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

An actuarial valuation was performed on 31 March 2015 by Argen Actuarial Solutions.

#### Results of the valuation

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

The Fund is financially sound as at the valuation date.

#### Benefits of the fund:

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

#### Contributions of the fund:

##### Members contributions

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

##### 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 :

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 20. Retirement benefit obligations (continued)

Investments:

Domestic Investments      2,214,447,000

International Investments      553,153,000

Risk Reserve Account      18,927,000

Membership      12,027

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 20. Retirement benefit obligations (continued)

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

An actuarial valuation was performed on 31 March 2015 by Argen Actuarial Solutions.

The market value of the Fund's assets was R 10,113,227,000 as at 31 March 2015.

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

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

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

#### Benefits of the fund:

- \* Members Contributions - 9.25% of pensionable salaries.
- \* Pension age 65 years
- \* Final average salary - average annual pensionable salaries during the last year of service.
- \* Pension on retirement at pension age - 2.2% of final average emoluments per year of continuous service.
- \* Lump sum on retirement at pension age - 8.25% of final average emoluments per year of service.
- \* Pension on retirement because of ill-health (minimum ten years continuous service) - pension as for retirement at pension age
- \* Lump sum on retirement because of ill-health (minimum 10 years continuous service) - lump sum as for retirement at pension age.
- \* Lump sum on retirement because of ill health (less than ten years continuous service) - the greater of the resignation benefit or twice the members contributions.
- \* Surviving Spouses pension on death in service - 1,2% of final average emoluments per year of continuous service that the member would have had at the pension age.
- \* Surviving Spouses pension on death of pensioner - 1,22% (0,77% in the case of a pensioner who retired before 1 July 1999) of final average emoluments per year of continuous service.
- \* Lump sum on death in service - Annual pensionable emoluments.10.75% of final average salaries
- \* Withdrawal - members contribution plus 5/12% for each month of continuous service (the addition is approximately equal to compound interest at 10% a year) and increased by 5% for each complete year of service up to a maximum of 20 years.

#### Benchmark :

##### Investments

Domestic	7,931,391,000
International	2,299,981,000

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 20. Retirement benefit obligations (continued)

Membership 4,709

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

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

Natal Joint Pension Fund	100,069,414	101,221,701	100,069,414	101,221,701
Natal Joint Provident Fund	51,340,121	43,748,365	51,340,121	43,748,365
Government Employees Pension Fund	3,816,124	4,018,626	3,816,124	4,018,626
Natal Joint Pension Fund	153,176	159,893	153,176	159,893
South African Local Authorities Pension Fund	380,714	585,665	380,714	585,665
Councillors Pension Fund	6,555,569	6,202,679	6,555,569	6,202,679
Dynamique Ambrella (Pietermaritzburg Provident Fund)	470,409	480,149	470,409	480,149
LGM retirement for Municipal Manager	191,807	159,791	191,807	159,791
Umgeni Water Provident Fund	25,376	304,506	25,376	304,506
	<b>163,002,710</b>	<b>156,881,375</b>	<b>163,002,710</b>	<b>156,881,375</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 20. Retirement benefit obligations (continued)

#### Post retirement benefit plan

#### Post retirement medical aid plan

The municipality operates on 6 accredited medical aid schemes, namely:

- \* Bonitas,
- \* Discovery Health,
- \* Hosmed,
- \* Key-Health,
- \* LA Health and
- \* SAMWU Med,

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

An actuarial was performed by Arch Actuarial Consulting on the 30 June 2016.

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 646 840 503.

**A reconciliation of Msunduzi's accrued liability for the year ending 30 June 2016 is set out below:**

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

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	646,840,503	609,937,137	646,840,503	609,937,137
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**Changes in the present value of the defined benefit obligation are as follows:**

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	609,937,137	559,848,366	609,937,137	559,848,366
Present value of the defined benefit obligation-partly or wholly funded	36,903,366	50,088,771	36,903,366	50,088,771

<b>646,840,503</b>	<b>609,937,137</b>	<b>646,840,503</b>	<b>609,937,137</b>
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Non-current liabilities	(625,699,203)	(591,899,445)	(625,699,203)	(591,899,445)
Current liabilities	(21,141,300)	(18,037,692)	(21,141,300)	(18,037,692)
	<b>(646,840,503)</b>	<b>(609,937,137)</b>	<b>(646,840,503)</b>	<b>(609,937,137)</b>

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

Opening balance	21,484,513	19,566,163	21,484,513	19,566,163
Contributions by plan participants	52,709,999	50,597,106	52,709,999	50,597,106
Benefits paid	(19,253,454)	(3,823,342)	(19,253,454)	(3,823,342)
Assumed in an entity combination	(18,037,692)	(16,251,156)	(18,037,692)	(16,251,156)
	<b>36,903,366</b>	<b>50,088,771</b>	<b>36,903,366</b>	<b>50,088,771</b>

#### Calculation of actuarial gains and losses

Actuarial (gains) losses – obligation	(19,253,454)	(3,823,342)	(19,253,454)	(3,823,342)
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 20. Retirement benefit obligations (continued)

#### Changes in the fair value of retirement benefit obligation liability :

Opening balance	559,848,366	609,937,137	660,025,908	609,937,137
Contributions by employer	36,903,366	50,088,771	36,903,366	50,088,771
	<b>596,751,732</b>	<b>660,025,908</b>	<b>696,929,274</b>	<b>660,025,908</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	9.39 %	8.77 %	9.39 %	8.77 %
Expected rate of return on assets	8.45 %	7.97 %	8.45 %	7.97 %
Expected pension increases	5.96 %	8.96 %	5.96 %	8.96 %

#### Sensitivity analysis

Base	705,918,000	609,337,000	705,918,000	609,337,000
-1%	561,210,000	526,795,000	561,210,000	526,795,000
+1%	754,731,000	709,747,000	754,731,000	709,747,000

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

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

LA Health	45,055,204	36,789,665	45,055,204	36,789,665
Key Health	18,577,945	29,570,102	18,557,945	29,570,102
Samwumed	30,538,349	2,329,842	30,538,349	2,329,842
Discovery	559,757	133,194	559,757	133,194
Bonitas	2,322,466	17,078,912	2,322,466	17,078,912
Hosmed	145,740	697,893	145,740	697,893
	<b>97,199,461</b>	<b>86,599,608</b>	<b>97,179,461</b>	<b>86,599,608</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015
<b>21. Unspent conditional grants and receipts</b>				
<b>Unspent conditional grants and receipts comprises of:</b>				
<b>Unspent conditional grants and receipts</b>				
Electricity Smart Grids	230,783	-	230,783	-
Grant paid to safe city	190,452	-	-	-
Greater Edendale development initiative	9,995,256	2,812,009	9,995,256	2,812,009
Housing and Jika Joe Settlement	171,967	27,561,119	171,967	27,561,119
Library and Municipal Library	4,064,345	639,567	4,064,345	639,567
Municipal Infrastructure Grant	1,097,944	582	1,097,944	582
Neighbourhood Development Partnership Grant	29,767,728	9,304,976	29,767,728	9,304,976
Public Transportation Infrastructure	165,183,494	37,903,967	165,183,494	37,903,967
Municipal Systems Improvement Grant	3,797	-	3,797	-
Market and Freedom Square Tourism Hub	878,636	1,086,742	878,636	1,086,742
Electricity	4,264	105,421	4,264	105,421
Spoornet	6,609,548	-	-	-
Spoornet	429,454	403,381	429,454	403,381
Tatham Art Gallery	26,969	1,802	26,969	1,802
Urban renewal	-	2,190,200	-	2,190,200
Municipal Water Services Infrastructure Grant	1,299,742	-	1,299,742	-
Operation Dlulisumlando	1,500,000	1,500,000	1,500,000	1,500,000
Publicity house renovations	2,714	27,781	2,714	27,781
Integrated National Electrification Programme	551,299	25,345,276	551,299	25,345,276
Housing Accreditation funding	34,732,426	25,973,801	34,732,426	25,973,801
	<b>256,740,818</b>	<b>134,856,624</b>	<b>249,940,818</b>	<b>134,856,624</b>

### Movement during the year

Balance at the beginning of the year	134,856,624	298,529,534	134,856,624	298,529,534
Reclassification of Housing Accreditation funding	-	17,677,217	-	17,677,217
Transfer to Municipal Housing Operating Account	(27,308,334)	-	(27,308,334)	-
Prior period error - incorrect calculation of market retention	-	625,312	-	625,312
Current year receipts and interest	572,045,624	390,338,646	572,045,624	390,338,646
Funds paid back to National Treasury / grant provider	(63,249,000)	(76,822,939)	(63,249,000)	(76,822,939)
VAT recovered from National grants as per MFMA circular 58	(14,471,097)	-	(14,471,097)	-
Conditions met - transferred to revenue	(345,132,999)	(495,491,146)	(351,932,999)	(495,491,146)
	<b>256,740,818</b>	<b>134,856,624</b>	<b>249,940,818</b>	<b>134,856,624</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.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015
<b>21. Unspent conditional grants and receipts (continued)</b>				
National grants	232,808,396	126,715,032	232,808,396	126,715,032
Provincial grants	6,447,245	4,896,618	6,447,245	4,896,618
Other conditional grants	17,485,177	3,244,974	10,685,177	3,244,974
	<b>256,740,818</b>	<b>134,856,624</b>	<b>249,940,818</b>	<b>134,856,624</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 22. Provisions

#### Reconciliation of provisions - Economic entity - 2016

	Opening Balance	Additions	Change in discount factor	Reduction due to re-measurement	Total
Long service awards	6,029,351	660,928	-	-	6,690,279
Landfill rehabilitation	61,849,677	-	6,094,651	(903,165)	67,041,163
	<b>67,879,028</b>	<b>660,928</b>	<b>6,094,651</b>	<b>(903,165)</b>	<b>73,731,442</b>

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

	Opening Balance	Additions	Change in discount factor	Reduction due to re-measurement	Total
Long service awards	6,084,404	(55,053)	-	-	6,029,351
Landfill rehabilitation	61,002,002	-	5,622,698	(4,775,023)	61,849,677
	<b>67,086,406</b>	<b>(55,053)</b>	<b>5,622,698</b>	<b>(4,775,023)</b>	<b>67,879,028</b>

#### Reconciliation of provisions - Controlling entity - 2016

	Opening Balance	Additions	Change in discount factor	Reduction due to re-measurement	Total
Long service awards	6,029,351	660,928	-	-	6,690,279
Landfill rehabilitation provision	61,849,677	-	6,094,651	(903,165)	67,041,163
	<b>67,879,028</b>	<b>660,928</b>	<b>6,094,651</b>	<b>(903,165)</b>	<b>73,731,442</b>

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

		Opening Balance	Additions	Total
Long service awards		6,084,404	(55,053)	6,029,351
Landfill rehabilitation		61,002,002	847,675	61,849,677
		<b>67,086,406</b>	<b>792,622</b>	<b>67,879,028</b>
Non-current liabilities	67,041,163	61,849,677	67,041,163	61,849,677
Current liabilities	6,690,279	6,029,351	6,690,279	6,029,351
	<b>73,731,442</b>	<b>67,879,028</b>	<b>73,731,442</b>	<b>67,879,028</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015

### 22. Provisions (continued)

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

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

#### Alien vegetation provision.

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

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

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

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

Sickle Bush : +/- 4HA in Bisley Valley Nature Reserve.

An amount of R 59 904 was spent on wages for the contracted staff.

An amount of R50 000 was utilised for the purchase of herbicide, equipment, and personal protective clothing for the project.

#### Performance bonus

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

#### Long service awards

The long service award provision is created to ensure adherence to SALGA collective agreement requirements. The estimate is based on the monthly salaries rate at 30 June 2016.

### 23. Housing development fund

Unappropriated surplus	37,901,883	19,625,820	37,901,883	19,625,820
Loans extinguished by government on 1 April 1998	34,256,892	34,256,892	34,256,892	34,256,892
	<b>72,158,775</b>	<b>53,882,712</b>	<b>72,158,775</b>	<b>53,882,712</b>

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

Housing selling scheme loans	10,317,110	9,229,180	10,317,110	9,229,180
Trade and other receivables	30,860,066	30,260,067	30,860,066	30,260,067
Bank and cash	30,981,599	14,393,465	30,981,599	14,393,465
	<b>72,158,775</b>	<b>53,882,712</b>	<b>72,158,775</b>	<b>53,882,712</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 24. Revaluation reserve

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

Revaluations were performed by an independent valuer, Gilfillan 'Scott-Berning on the 31 October 2014.

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

Based on the approval by the strategic management committee on the 7th of April 2015 the CRR was created by transferring funds of R 151 935 999 from the accumulated surplus to the CRR.

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

Included in the reserve is an amount of R1 935 999 of interest earned on the reserve.

The CRR is cash backed reserve.

Capital replacement reserve	151,935,999	151,935,999	151,935,999	151,935,999
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### 26. Share capital

#### Issued

100 Ordinary shares of R 1 each	-	100	-	-
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Safe City Msunduzi NPC converted from a proprietary limited on the 16 September 2016.

This required the conversion of share capital to be written back to accumulated surplus.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

	Final budget	Actual	Difference between final budget and actual	%	Reason for major variance
<b>Revenue</b>					
Rental received	41,541,395	20,222,252	21,319,143	51	The demand for municipal facilities for rental exceeded the expectations and this is due to the item being driven more by community behaviour than anything else.
Other revenue	49,566,961	87,809,501	(38,242,540)	(77)	Other revenue is revenue from sundry sources which are dependent on community behaviour and is therefore difficult to accurately estimate. During the year, revenue from these sources exceeded expectations
Interest received - external investments	33,987,999	68,434,503	(34,446,504)	(101)	Investments are made up of the municipality's own unused cash and unspent conditional grants. The two items were more than expected during the year which resulted in more investments leading to an increased interest on investments amount

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

Property rates - penalties imposed	41,348,999	20,236,112	21,112,887	51	Interest is levied on overdue accounts. So the amount on this item is dependent on defaulters which is a function of consumer behaviour. It is therefore impossible for it to be accurately estimated. During the year the amount levied on overdue accounts was lower than anticipated.
Government grants and subsidies	983,591,753	769,640,097	213,951,656	22	This is due to unspent conditional grants for which applications for roll overs have been submitted to the National Treasury.
Fines	21,524,525	52,657,723	(31,133,198)	(145)	This item is a function of human behavior and can therefore not be accurately estimated. It is impossible to accurately estimate the number of people who will get traffic fines per year. As can be seen, the number during the year became too much higher than anticipated.

### Expenditure



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

Conditional grant expenditure	107,596,555	73,364,194	34,232,361	32	The depreciation figures increased due to conditional assessment which was undertaken by SMEC South Africa. This culminated in material decrease in the remaining useful lives of assets, which led to accelerated depreciation. The depreciation almost doubled.
Depreciation and amortisation	302,848,333	505,131,448	(202,283,115)	(67)	The depreciation figures increased due to conditional assessment which was undertaken by SMEC South Africa. This culminated in material decrease in the remaining useful lives of assets, which led to accelerated depreciation. The depreciation almost doubled.
Impairment of assets	315,000	50,002,359	(49,687,359)	100	The budget for depreciation and assets Impairment is added together for budget purposes. So the budget for this item is included above.
General expenses	320,705,041	436,459,903	(115,754,862)	36	The variance is due to savings realised in various general expenditure items.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

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

Debt impairment	107,254,828	92,507,590	14,747,238	14	The variance partly emanates from the Vulindlela customers whose historical payment rate when they were with Umgeni was said to be 0.04%. The second reason is the meters that have now been found and consumers have been charged for previous periods.
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015
<b>28. Revenue</b>				
Service charges	2,468,236,938	2,227,636,415	2,468,236,938	2,227,636,415
Rental received	20,222,252	23,477,153	20,222,252	23,477,153
Fees from agency services	532,141	577,908	532,141	577,908
Licences and permits	90,168	88,837	90,168	88,837
Other revenue	87,809,501	89,221,892	87,807,692	89,221,366
Interest received	128,648,442	120,555,377	128,456,302	120,501,853
Property rates	742,052,098	686,396,237	742,052,098	686,396,237
Property rates - penalties imposed	20,236,112	30,207,179	20,236,112	30,207,179
Government grants and subsidies	769,640,097	876,063,280	769,640,097	876,063,280
Fines	52,657,723	108,633,588	52,657,723	108,633,588
	<b>4,290,125,472</b>	<b>4,162,857,866</b>	<b>4,289,931,523</b>	<b>4,162,803,816</b>

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

Service charges	2,468,236,938	2,227,636,415	2,468,236,938	2,227,636,415
Rental received	20,222,252	23,477,153	20,222,252	23,477,153
Fees from agency services	532,141	577,908	532,141	577,908
Licences and permits	90,168	88,837	90,168	88,837
Other revenue	87,809,501	89,221,892	87,807,692	89,221,366
Interest received	128,648,442	120,555,377	128,456,302	120,501,853
	<b>2,705,539,442</b>	<b>2,461,557,582</b>	<b>2,705,345,493</b>	<b>2,461,503,532</b>

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

### Taxation revenue

Property rates	742,052,098	686,396,237	742,052,098	686,396,237
Property rates - penalties imposed	20,236,112	30,207,179	20,236,112	30,207,179

### Transfer revenue

Government grants and subsidies	769,640,097	876,063,280	769,640,097	876,063,280
Fines	52,657,723	108,633,588	52,657,723	108,633,588
	<b>1,584,586,030</b>	<b>1,701,300,284</b>	<b>1,584,586,030</b>	<b>1,701,300,284</b>

## 29. Service charges

Sale of electricity	1,784,585,819	1,566,133,424	1,784,585,819	1,566,133,424
Sale of water	473,020,838	452,442,620	473,020,838	452,442,620
Refuse	84,239,599	81,543,971	84,239,599	81,543,971
Sewer and sanitation charges	126,390,682	127,516,400	126,390,682	127,516,400
	<b>2,468,236,938</b>	<b>2,227,636,415</b>	<b>2,468,236,938</b>	<b>2,227,636,415</b>

The above figure is net of revenue foregone.

Included in the sale of electricity are amounts in respect of prepaid electricity. The Municipality recognises the full value of prepaid electricity sold to the value of R 61 918 227. However the value of the unused prepaid electricity can not be measured. Due to the nature of the prepaid electricity the municipality is not in a position to determine unused prepaid electricity as at 30 June 2016.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015
<b>30. Rental received</b>				
External rentals	19,306,511	21,437,945	19,306,511	21,437,945
Internal rentals	915,741	2,039,208	915,741	2,039,208
	<b>20,222,252</b>	<b>23,477,153</b>	<b>20,222,252</b>	<b>23,477,153</b>
<b>31. Fees from agency services</b>				
Agency fee from Umgungundlovu	267,996	267,996	267,996	267,996
Fire alarm monitoring	51,787	50,400	51,787	50,400
Emergency call out fee	212,358	259,512	212,358	259,512
	<b>532,141</b>	<b>577,908</b>	<b>532,141</b>	<b>577,908</b>
<b>32. Licences and permits</b>				
Dog licenses	-	14	-	14
Trade licenses	90,168	88,823	90,168	88,823
	<b>90,168</b>	<b>88,837</b>	<b>90,168</b>	<b>88,837</b>
<b>33. Other revenue</b>				
Airport	7,281,014	6,342,619	7,281,014	6,342,619
Towing away service fee	178,131	333,332	176,322	333,332
Market	20,206,823	20,229,428	20,206,823	20,229,428
Burials and cremations	2,478,548	2,486,958	2,478,548	2,486,958
Buildings	2,126,705	2,113,580	2,126,705	2,113,580
Re-connections	10,735,196	13,953,734	10,735,196	13,953,734
Training levy recoveries	370,086	2,982,615	370,086	2,982,615
Discount received	808,711	-	808,711	-
Sundry revenue	3,883,951	7,299,227	3,883,951	7,298,701
Administration charges	581,213	558,514	581,213	558,514
Endowments	-	800	-	800
Insurance recoveries	45,039	58,567	45,039	58,567
Accounting charges	362,815	358,821	362,815	358,821
Forestry	27,998,788	23,794,284	27,998,788	23,794,284
Street lighting fees	500,470	446,026	500,470	446,026
Sale of concrete products	434,869	668,948	434,869	668,948
Access to information	106	166	106	166
Fair value adjustments	183,902	94,917	183,902	94,917
Tampering and illegal connection fee	2,250,107	2,079,352	2,250,107	2,079,352
Parking fee	1,573,400	1,541,468	1,573,400	1,541,468
Conservation and conference facilities	4,884	2,335	4,884	2,335
Contingent lease revenue	23,261	52,938	23,261	52,938
Encroachments	455,588	445,413	455,588	445,413
Hire charges	275,401	225,551	275,401	225,551
Impounding charges	88,259	147,739	88,259	147,739
Meter testing and sale of materials	83,641	48,286	83,641	48,286
Miscellaneous lighting	476,166	335,276	476,166	335,276
Basic charge for industrial /commercial	1,749,459	4,489	1,749,459	4,489
Pool entrance fees	434,220	369,134	434,220	369,134
Taxi stand permits	182,227	188,514	182,227	188,514
Town planning applications	267,647	237,692	267,647	237,692
Poster / banner applications	4,896	3,371	4,896	3,371
Tender document fees	682,282	809,592	682,282	809,592
Rates certificates	1,081,696	1,008,206	1,081,696	1,008,206
	<b>87,809,501</b>	<b>89,221,892</b>	<b>87,807,692</b>	<b>89,221,366</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015
<b>34. Interest received</b>				
<b>Interest revenue</b>				
Interest received - trade receivables	57,818,287	67,772,924	57,818,287	67,772,924
Interest - other	2,395,652	1,755,754	2,395,652	1,755,754
Interest received - external investments	68,434,503	51,026,699	68,242,363	50,973,175
	<b>128,648,442</b>	<b>120,555,377</b>	<b>128,456,302</b>	<b>120,501,853</b>

## 35. Property Rates

### Rates received

Residential	339,833,415	314,247,641	339,833,415	314,247,641
Industrial/commercial	378,770,338	352,915,468	378,770,338	352,915,468
Rural communal land	2,608,956	504,000	2,608,956	504,000
Agriculture	822,227	769,376	822,227	769,376
Public service infrastructure	556,822	641,247	556,822	641,247
Vacant land	19,659,728	22,801,462	19,659,728	22,801,462
Less: adjustment processed	(199,388)	(5,482,957)	(199,388)	(5,482,957)
	742,052,098	686,396,237	742,052,098	686,396,237
Property rates - penalties imposed	20,236,112	30,207,179	20,236,112	30,207,179
	<b>762,288,210</b>	<b>716,603,416</b>	<b>762,288,210</b>	<b>716,603,416</b>

### Valuations

Residential	37,624,058,102	37,002,837,020	37,624,058,102	37,002,837,020
Industrial/commercial	20,482,892,624	19,542,817,000	20,482,892,624	19,542,817,000
Rural communal land	523,630,000	35,000,000	523,630,000	35,000,000
Agriculture	306,323,000	619,655,000	306,323,000	619,655,000
Public service infrastructure	108,838,000	108,438,000	108,838,000	108,438,000
Vacant land	1,184,130,000	1,074,289,500	1,184,130,000	1,074,289,500
Municipal properties	1,152,932,000	175,106,000	1,152,932,000	175,106,000
Public benefit organisation	629,090,000	879,212,000	629,090,000	879,212,000
	<b>62,011,893,726</b>	<b>59,437,354,520</b>	<b>62,011,893,726</b>	<b>59,437,354,520</b>

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

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

A general rate of 0.0204 cents in a rand for (2015 : 0.0192 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.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015
<b>36. Government grants and subsidies</b>				
<b>Operating grants</b>				
Equitable share	395,786,000	373,541,000	395,786,000	373,541,000
Municipal infrastructure grant	8,690,153	6,092,138	8,690,153	6,092,138
Wadley stadium	-	60,000	-	60,000
Community development workers	-	722	-	722
Expanded public works programme	4,032,000	2,783,585	4,032,000	2,783,585
Finance management grant	1,600,000	1,600,000	1,600,000	1,600,000
Community communication initiative	-	621	-	621
Developer contribution	-	413,177	-	413,177
Library	9,939,791	16,231,301	9,939,791	16,231,301
Market and Freedom Square Tourism Hub	-	222,000	-	222,000
Municipal systems improvement grant	482,290	808,489	482,290	808,489
Public transportation infrastructure	27,408,365	88,849,238	27,408,365	88,849,238
Greater Edendale development initiative	7,017,013	7,381,650	7,017,013	7,381,650
Library and housing accreditation subsidies	7,450,000	6,617,953	7,450,000	6,617,953
Housing Accreditation Subsidies	3,270,246	3,728,167	3,270,246	3,728,167
Youth advisory centre	-	3,361	-	3,361
Housing and Jika Joe settlement	106,008	9,031,738	106,008	9,031,738
Water service delivery plan	-	242	-	242
Electricity Grants - COGTA	106,146	-	106,146	-
Tatham Art Gallery	267,834	477,805	267,834	477,805
Municipal water infrastructure services grant	-	1,757,748	-	1,757,748
Sanitation bucket eradication	-	3,535	-	3,535
	<b>466,155,846</b>	<b>519,604,470</b>	<b>466,155,846</b>	<b>519,604,470</b>
<b>Capital grants</b>				
Neighbourhood development partnership	11,114,249	20,195,024	11,114,249	20,195,024
Alexandra park athletic track	-	19,075	-	19,075
Airport	1,004,166	-	1,004,166	-
Municipal infrastructure grant	182,668,484	157,065,281	182,668,484	157,065,281
Community communication initiative	5,795,300	-	5,795,300	-
Operation Dlulusumilando	-	500,000	-	500,000
Integrated national electrification programme	9,448,702	82,151,026	9,448,702	82,151,026
Publicity house renovations	25,709	1,977,166	25,709	1,977,166
Library	3,539,919	8,355,072	3,539,919	8,355,072
Market and Freedom Square Tourism Hub	250,538	5,854,648	250,538	5,854,648
Massification	-	4,374,713	-	4,374,713
Municipal system improvement grant	443,913	417,488	443,913	417,488
Public transportation infrastructure	20,679,382	20,634,053	20,679,382	20,634,053
Youth advisory centre	-	32,059	-	32,059
Tatham Art Gallery	94,783	510,265	94,783	510,265
Housing and Jika Joe settlement	-	1,116,513	-	1,116,513
Greater Edendale development initiative	4,809,683	23,915,898	4,809,683	23,915,898
Municipal water services infrastructure grant	57,033,258	9,631,262	57,033,258	9,631,262
Nhlalakahle informal settlement electrification	-	4,650,013	-	4,650,013
Wadley stadium	-	61,000	-	61,000
Electricity Smart Grids	4,385,965	-	4,385,965	-
Electricity grants - COGTA	-	9,188,454	-	9,188,454
Urban renewal	2,190,200	5,809,800	2,190,200	5,809,800
	<b>303,484,251</b>	<b>356,458,810</b>	<b>303,484,251</b>	<b>356,458,810</b>
	<b>769,640,097</b>	<b>876,063,280</b>	<b>769,640,097</b>	<b>876,063,280</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	2016	2015	2016	2015

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

#### Government grants and subsidies

Included in above are the following grants and subsidies received:

Equitable share	395,786,000	373,541,000	395,786,000	373,541,000
Operating grants	59,434,827	139,032,340	59,434,827	139,032,340
Subsidies and developer contribution	7,450,000	7,031,130	7,450,000	7,031,130
Capital grants	292,498,173	356,458,810	292,498,173	356,458,810
VAT recovered from National grants - operating	3,485,020	-	3,485,020	-
VAT recovered from National grants - capital	10,986,077	-	10,986,077	-
	<b>769,640,097</b>	<b>876,063,280</b>	<b>769,640,097</b>	<b>876,063,280</b>

#### Municipal infrastructure grant

Balance unspent at beginning of year	581	16,172,967	581	16,172,967
Current-year receipts	192,456,000	163,158,000	192,456,000	163,158,000
Conditions met - transferred to revenue	(191,358,637)	(163,157,419)	(191,358,637)	(163,157,419)
Grant paid back to National Treasury	-	(16,172,967)	-	(16,172,967)
	<b>1,097,944</b>	<b>581</b>	<b>1,097,944</b>	<b>581</b>

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

The funding has been provided for addressing specific capital projects for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

#### Airport

Current-year receipts	1,004,166	-	1,004,166	-
Conditions met - transferred to revenue	(1,004,166)	-	(1,004,166)	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

#### Electricity side demand management

Balance unspent at beginning of year	-	5,000,000	-	5,000,000
Grant paid back to National Treasury	-	(5,000,000)	-	(5,000,000)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

National Treasury has provided this funding as a subsidy 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

Current-year receipts	1,600,000	1,600,000	1,600,000	1,600,000
Conditions met - transferred to revenue	(1,474,690)	(1,600,000)	(1,474,690)	(1,600,000)
VAT recovered from grant as per MFMA circular 58	(125,310)	-	(125,310)	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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	2016	2015	2016	2015

### 36. 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).

#### Equitable share

Current-year receipts	395,786,000	373,541,000	395,786,000	373,541,000
Conditions met - transferred to revenue	(395,786,000)	(373,541,000)	(395,786,000)	(373,541,000)
	-	-	-	-

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

#### Greater Edendale development initiative

Balance unspent at beginning of year	2,812,008	3,354,145	2,812,008	3,354,145
Current-year receipts	19,009,943	30,755,411	19,009,943	30,755,411
Conditions met - transferred to revenue	(11,826,696)	(31,297,548)	(11,826,696)	(31,297,548)
	<b>9,995,255</b>	<b>2,812,008</b>	<b>9,995,255</b>	<b>2,812,008</b>

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

- \* To support GIS with the interrogation of housing layout against services in Edendale.
- \* Support the finalisation of the town planning scheme.
- \* Development of an integrated land use management system for Edendale.
- \* To value additional properties which are not within the 5 priority housing projects.
- \* Advertising costs for expropriation of properties.
- \* Costs relating to tenure conflicts, cadastral and deed office rectification.
- \* Increasing the resources for sales administration with regard to drawing up, signing and managing sales agreement.
- \* Provision of further training for personnel using GIS and property tracking systems.
- \* Employment of two planning interns to be employed by the Land Legal Committee for a period of two years.

#### Housing

Balance unspent at beginning of year	27,561,119	37,200,815	27,561,119	37,200,815
Current-year receipts (interest)	25,190	508,554	25,190	508,554
Conditions met - transferred to revenue	(106,008)	(10,148,250)	(106,008)	(10,148,250)
Transfer to Municipal Housing Operating Account	(27,308,334)	-	(27,308,334)	-
	<b>171,967</b>	<b>27,561,119</b>	<b>171,967</b>	<b>27,561,119</b>

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

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

#### Library

Balance unspent at beginning of year	639,566	8,661,544	639,566	8,661,544
Current-year receipts (interest)	16,571,376	16,614,334	16,571,376	16,614,334
Conditions met - transferred to revenue	(13,146,598)	(24,586,373)	(13,146,598)	(24,586,373)
Refund of grant	-	(49,939)	-	(49,939)
	<b>4,064,344</b>	<b>639,566</b>	<b>4,064,344</b>	<b>639,566</b>

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



# 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	2016	2015	2016	2015

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

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

#### Municipal systems improvement grant

Balance unspent at beginning of year	-	291,977	-	291,977
Current-year receipts	930,000	934,000	930,000	934,000
Conditions met - transferred to revenue	(855,327)	(1,225,977)	(855,327)	(1,225,977)
VAT recovered from grant as per MFMA circular 58	(70,876)	-	(70,876)	-
	<b>3,797</b>	<b>-</b>	<b>3,797</b>	<b>-</b>

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

#### Neighbourhood development partnership grant

Balance unspent at beginning of year	9,304,976	5,893,233	9,304,976	5,893,233
Current-year receipts (interest)	31,577,000	29,500,000	31,577,000	29,500,000
Conditions met - transferred to revenue	(10,231,474)	(20,195,024)	(10,231,474)	(20,195,024)
Grant paid back to National Treasury	(882,774)	(5,893,233)	(882,774)	(5,893,233)
	<b>29,767,728</b>	<b>9,304,976</b>	<b>29,767,728</b>	<b>9,304,976</b>

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

Funding provided for to support and facilitate the planning and development of neighbourhood development programs and projects that provide catalytic infrastructure to leverage third party public and private sector development towards improving the quality of life of residents in targeted underserved neighbourhoods.

#### Public Transportation Infrastructure Grant

Balance unspent at beginning of year	37,903,967	95,646,428	37,903,967	95,646,428
Current-year receipts	213,271,000	100,059,426	213,271,000	100,059,426
Conditions met - transferred to revenue	(42,230,642)	(109,483,291)	(42,230,642)	(109,483,291)
VAT recovered from grant as per MFMA circular 58	(5,857,105)	-	(5,857,105)	-
Grant paid back to National Treasury	(37,903,726)	(48,318,596)	(37,903,726)	(48,318,596)
	<b>165,183,494</b>	<b>37,903,967</b>	<b>165,183,494</b>	<b>37,903,967</b>

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

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

#### Alexander Park athletic track

Balance unspent at beginning of year	-	19,075	-	19,075
Conditions met - transferred to revenue	-	(19,075)	-	(19,075)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Housing Accreditation Funding

Balance unspent at beginning of year	25,973,801	17,677,218	25,973,801	17,677,218
Current-year receipts (including interest)	17,824,170	12,024,750	17,824,170	12,024,750
Conditions met - transferred to revenue	(9,065,545)	(3,728,167)	(9,065,545)	(3,728,167)

# 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	2016	2015	2016	2015
<b>36. Government grants and subsidies (continued)</b>	<b>34,732,426</b>	<b>25,973,801</b>	<b>34,732,426</b>	<b>25,973,801</b>

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

### Expanded public works programme

Balance unspent at beginning of year	-	1,585	-	1,585
Current-year receipts (including receipts)	4,032,000	2,782,000	4,032,000	2,782,000
Conditions met - transferred to revenue	(4,032,000)	(2,783,585)	(4,032,000)	(2,783,585)
	-	-	-	-

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

- \* road maintenance and the maintenance of buildings
- \* low traffic volume roads and rural roads
- \* basic services infrastructure, including water and sewer reticulation, sanitation and pipelines (excluding bulk infrastructure)
- \* other economic and social infrastructure
- \* tourism and cultural industries
- \* waste management
- \* parks and beautification
- \* sustainable land-based livelihoods
- \* social services programmes
- \* health service programmes
- \* community safety.

### Community development workers

Balance unspent at beginning of year	-	722	-	722
Conditions met - transferred to revenue	-	(722)	-	(722)
	-	-	-	-

### Tatham Art Gallery

Balance unspent at beginning of year	1,802	106,912	1,802	106,912
Current-year receipts (including interest)	387,784	882,960	387,784	882,960
Conditions met - transferred to revenue	(362,617)	(988,070)	(362,617)	(988,070)
	<b>26,969</b>	<b>1,802</b>	<b>26,969</b>	<b>1,802</b>

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

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

### Electricity Smart Grids

Current-year receipts	4,616,748	-	4,616,748	-
Conditions met - transferred to revenue	(4,385,965)	-	(4,385,965)	-
	<b>230,783</b>	<b>-</b>	<b>230,783</b>	<b>-</b>

The funding has been provided for the deployment of smart grid solutions to deal with municipal revenue enhancement and public building energy efficiency, data acquisition, collection, modelling and management together with the over-arching facilitation of stakeholder participation and collaboration, cognisant of human capital development and knowledge sharing or transfer to improve the application, adaptability and scalability of such technologies.

# 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	2016	2015	2016	2015

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

#### Water services delivery planning

Balance unspent at beginning of year	-	242	-	242
Conditions met - transferred to revenue	-	(242)	-	(242)
	-	-	-	-

#### Youth Advisory Centre

Balance unspent at beginning of year	-	35,420	-	35,420
Conditions met - transferred to revenue	-	(35,420)	-	(35,420)
	-	-	-	-

#### Spoornet

Balance unspent at beginning of year	403,381	382,077	403,381	382,077
Current-year receipts (including interest)	26,073	21,304	26,073	21,304
	<b>429,454</b>	<b>403,381</b>	<b>429,454</b>	<b>403,381</b>

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

#### Market and Freedom Square Tourism Hub

Balance unspent at beginning of year	1,086,742	6,903,478	1,086,742	6,903,478
Current-year receipts (including interest)	42,431	194,600	42,431	194,600
Conditions met - transferred to revenue	(250,538)	(6,076,648)	(250,538)	(6,076,648)
Inter project transfer approved	-	(560,000)	-	(560,000)
	-	625,312	-	625,312
	<b>878,635</b>	<b>1,086,742</b>	<b>878,635</b>	<b>1,086,742</b>

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

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

#### Integrated National Electrification Programme

Balance unspent at beginning of year	25,345,275	106,884,506	25,345,275	106,884,506
Current-year receipts	10,000,000	2,000,000	10,000,000	2,000,000
Conditions met - transferred to revenue	(8,770,830)	(82,151,026)	(8,770,830)	(82,151,026)
Grant paid back to National Treasury	(25,345,274)	(1,388,205)	(25,345,274)	(1,388,205)
VAT recovered from grants as per MFMA circular 58	(677,872)	-	(677,872)	-
	<b>551,299</b>	<b>25,345,275</b>	<b>551,299</b>	<b>25,345,275</b>

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

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

#### Electricity grants - COGTA

Balance unspent at beginning of year	105,421	8,932,075	105,421	8,932,075
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015
<b>36. Government grants and subsidies (continued)</b>				
Current-year receipts	4,990	361,800	4,990	361,800
Conditions met - transferred to revenue	(106,146)	(9,188,454)	(106,146)	(9,188,454)
	<b>4,265</b>	<b>105,421</b>	<b>4,265</b>	<b>105,421</b>

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

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

### Massification

Current-year receipts (including interest)	-	4,374,713	-	4,374,713
Conditions met - transferred to revenue	-	(4,374,713)	-	(4,374,713)
	-	-	-	-

Funds received from Corporate Governance and Traditional Affairs to be used towards the efforts to reduce the currently unacceptably high volumes of NRW.

- \* Installation of 15 flow meters at key reservoir outlet pipes;
- \* Installation and commissioning of nine advanced PRV controllers to reduce leakage and ensure consumer satisfaction with the level of service received;
- \* Installation and refurbishment of 20 PRV zones to further reduce excess leakage in the existing system;
- \* Pro-active leak detection of 2,500km of reticulation and repair of all subsequent leaks found to reduce leakage;
- \* Replacement and maintenance of approximately 3,000 domestic meters which are damaged and/or malfunctioning to increase revenue for the Municipality.

### Urban renewal

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

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

Funds received from Corporate Governance and Traditional Affairs for the upgrading of sidewalks, street furniture, landscaping, pedestrian and special features.

### Library subsidies

Current-year receipts	6,617,953	6,617,953	7,450,000	6,617,953
Conditions met - transferred to revenue	(6,617,953)	(6,617,953)	(7,450,000)	(6,617,953)
	-	-	-	-

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

### Wadley Stadium

Balance unspent at beginning of year	-	121,000	-	121,000
Conditions met - transferred to revenue	-	(121,000)	-	(121,000)
	-	-	-	-

Funds received from the Department of Sports and Recreation for :

- \* Employment of a caretaker for the period of two years.
- \* Effecting repairs to the artificial pitch, combi court and purchasing of essential equipment.

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	2016	2015	2016	2015
<b>36. Government grants and subsidies (continued)</b>				
<b>Publicity house renovations</b>				
Balance unspent at beginning of year	27,781	1,417,166	27,781	1,417,166
Current-year receipts	642	27,781	642	27,781
Conditions met - transferred to revenue	(25,709)	(1,977,166)	(25,709)	(1,977,166)
Inter project transfer	-	560,000	-	560,000
	<b>2,714</b>	<b>27,781</b>	<b>2,714</b>	<b>27,781</b>

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

Funds received from Corporate Governance and Traditional Affairs to be used for the upgrade of the publicity house due to the building being structurally deteriorated.

### Sanitation bucket eradication

Balance unspent at beginning of year	-	3,535	-	3,535
Conditions met - transferred to revenue	-	(3,535)	-	(3,535)
	-	-	-	-

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

### Municipal water services infrastructure grant

Balance unspent at beginning of year	-	10	-	10
Current-year receipts	58,333,000	11,389,000	58,333,000	11,389,000
Conditions met - transferred to revenue	(50,176,099)	(11,389,010)	(50,176,099)	(11,389,010)
VAT recovered from grants as per MFMA circular 58	(6,857,159)	-	(6,857,159)	-
	<b>1,299,742</b>	<b>-</b>	<b>1,299,742</b>	<b>-</b>

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

### Operation Dlulisumlando

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

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

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

### Nhlalakahle informal settlement electrification

Current-year receipts	-	4,650,013	-	4,650,013
Conditions met - transferred to revenue	-	(4,650,013)	-	(4,650,013)
	-	-	-	-

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

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

Funds received from the Kwazulu-Natal Provincial Treasury Department for the electrification of the Nhlalakahle Informal Settlement in order to combat illegal electricity connections.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

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

#### Developer contribution

Current-year receipts	-	413,177	-	413,177
Conditions met - transferred to revenue	-	(413,177)	-	(413,177)
	-	-	-	-

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

#### Community communication initiative

Balance unspent at beginning of year	-	621	-	621
Conditions met - transferred to revenue	-	(621)	-	(621)
	-	-	-	-

### 37. Fines

Camera fines	34,499,050	92,226,250	34,499,050	92,226,250
Traffic fines	18,145,450	16,336,000	18,145,450	16,336,000
Health contravention fines	13,223	71,338	13,223	71,338
	<b>52,657,723</b>	<b>108,633,588</b>	<b>52,657,723</b>	<b>108,633,588</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 38. Employee related costs

Salaries and wages	624,380,431	565,439,567	621,617,307	562,665,498
Contributions for UIF, WCA and SALBC levy	11,537,862	11,003,683	11,520,643	10,766,782
Contributions for pensions and medical aid	150,236,133	155,380,574	149,747,714	154,655,902
Travel, motor car, accommodation, subsistence and other allowances	43,011,892	40,026,066	42,591,977	40,026,066
Overtime payments	49,716,393	38,098,080	49,204,731	38,098,080
Long-service awards	22,222,099	22,288,879	22,222,099	22,288,879
Housing benefits and allowances	4,475,167	3,026,194	4,475,167	3,026,194
Defined benefit plan expenses	36,903,366	50,088,771	36,903,366	50,088,771
	<b>942,483,343</b>	<b>885,351,814</b>	<b>938,283,004</b>	<b>881,616,172</b>

### Defined benefit plan expense breakdown

Current service cost	21,484,513	19,566,163	21,484,513	19,566,163
Interest cost	52,709,999	50,597,106	52,709,999	50,597,106
Actual medical contributions	(18,037,692)	(16,251,156)	(18,037,692)	(16,251,156)
Net actuarial (gains) or lossess recognised	(19,253,454)	(3,823,342)	(19,253,454)	(3,823,342)
	<b>36,903,366</b>	<b>50,088,771</b>	<b>36,903,366</b>	<b>50,088,771</b>

### Remuneration of Municipal Manager

Annual remuneration	1,428,625	1,096,038	1,428,625	1,096,038
Car allowance	250,045	220,102	250,045	220,102
Housing allowance	-	30,000	-	30,000
Contributions to UIF, medical and pension funds	187,506	144,270	187,506	144,270
Bonus	-	150,000	-	150,000
Travel claim	17,243	-	17,243	-
Housing subsidy	180,000	30,000	180,000	30,000
	<b>2,063,419</b>	<b>1,670,410</b>	<b>2,063,419</b>	<b>1,670,410</b>

### Remuneration of Chief Finance Officer

Annual remuneration	1,205,975	893,862	1,205,975	893,862
Car allowance	185,467	146,545	185,467	146,545
Bonus	72,000	60,000	72,000	60,000
Contributions to UIF, medical and pension funds	119,367	88,936	119,367	88,936
Housing subsidy	90,000	-	90,000	-
	<b>1,672,809</b>	<b>1,189,343</b>	<b>1,672,809</b>	<b>1,189,343</b>

### Remuneration of Executive Manager - Internal Audit

Annual remuneration	692,374	647,079	692,374	647,079
Car allowance	153,262	153,262	153,262	153,262
Bonus	57,698	53,923	57,698	53,923
Contributions to UIF, medical and pension funds	126,412	149,819	126,412	149,819
Travel claim	-	869	-	869
Housing subsidy	8,400	1,635	8,400	1,635
	<b>1,038,146</b>	<b>1,006,587</b>	<b>1,038,146</b>	<b>1,006,587</b>



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 38. Employee related costs (continued)

#### Remuneration of Deputy Municipal Manager Community Services

Annual Remuneration	1,226,418	856,980	1,226,418	856,980
Car Allowance	108,000	96,000	108,000	96,000
Bonus	60,000	60,000	60,000	60,000
Contributions to UIF, Medical and pension funds	176,060	118,762	176,060	118,762
Housing subsidy	69,314	66,572	69,314	66,572
Travel claim	455	16,799	455	16,799
	<b>1,640,247</b>	<b>1,215,113</b>	<b>1,640,247</b>	<b>1,215,113</b>

#### Remuneration of Deputy Municipal Manager Corporate Services

Annual remuneration	1,316,871	994,226	1,316,871	994,226
Car allowance	60,024	-	60,024	-
Contributions to UIF, medical and pension funds	238,821	201,488	238,821	201,488
Travel claim	1,345	20,185	1,345	20,185
	<b>1,617,061</b>	<b>1,215,899</b>	<b>1,617,061</b>	<b>1,215,899</b>

#### Remuneration of Deputy Municipal Infrastructure Services

Annual remuneration	1,171,817	-	1,171,817	-
Car allowance	173,469	-	173,469	-
Bonus	51,855	-	51,855	-
Contributions to UIF, medical and pension Funds	126,515	-	126,515	-
Acting allowance	6,292	94,979	6,292	94,979
Leave paid on old post	12,942	-	12,942	-
Travel claim	360	-	360	-
Housing subsidy	60,000	-	60,000	-
Long service award	36,533	-	36,533	-
	<b>1,639,783</b>	<b>94,979</b>	<b>1,639,783</b>	<b>94,979</b>

#### Remuneration of Deputy Municipal Manager Development Services

Annual remuneration	1,250,940	953,998	1,250,940	953,998
Car allowance	202,117	146,545	202,117	146,545
Contributions to UIF, medical and pension funds	123,751	94,800	123,751	94,800
Housing subsidy	90,000	-	90,000	-
	<b>1,666,808</b>	<b>1,195,343</b>	<b>1,666,808</b>	<b>1,195,343</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015
<b>39. Remuneration of Councillors</b>				
Mayor	1,109,779	1,067,200	1,109,779	1,067,200
Deputy Mayor	949,676	888,697	949,676	888,697
Councillors	25,729,264	22,223,132	25,729,264	22,223,132
Speaker	985,711	926,973	985,711	926,973
Executive committee members	7,372,081	7,455,362	7,372,081	7,455,362
Councillors' pension and medical aid contributions	4,706,512	1,244,818	4,706,512	1,244,818
Councillors refreshments	59,801	57,695	59,801	57,695
Chief whip	850,215	793,558	850,215	793,558
	<b>41,763,039</b>	<b>34,657,435</b>	<b>41,763,039</b>	<b>34,657,435</b>

### In-kind benefits

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

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

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

Key management information is disclosed in the related party note.

	Executive committee	Councillors
Council members	9	60
Remuneration per month	68,260	35,477

### 40. Conditional grant expenditure

Finance Management Grant	1,474,690	1,600,000	1,474,690	1,600,000
Greater Edendale Development Initiative	7,017,013	7,381,650	7,017,013	7,381,650
Housing	106,008	9,031,738	106,008	9,031,738
Expanded Public Works Programme	4,032,000	2,783,585	4,032,000	2,783,585
Library	-	722	-	722
Municipal Infrastructure Grant	9,939,791	16,231,301	9,939,791	16,231,301
Municipal Systems Improvement Grant	8,690,153	6,092,136	8,690,153	6,092,136
Municipal Water Infrastructure Services Grant	440,112	808,489	440,112	808,489
Public Transportation Infrastructure Grant	-	1,757,748	-	1,757,748
Youth advisory centre	-	621	-	621
Sanitation bucket eradication	24,090,833	88,849,238	24,090,833	88,849,238
Community development workers	-	3,361	-	3,361
Community communication initiative	-	3,535	-	3,535
Wadley stadium	-	60,000	-	60,000
Water service delivery plan	-	242	-	242
Market	-	222,000	-	222,000
Tatham Art Gallery	267,834	477,805	267,834	477,805
Municipal Housing Operating Account expenditure	17,199,613	-	17,199,613	-
Electricity	106,147	-	106,147	-
	<b>73,364,194</b>	<b>135,304,171</b>	<b>73,364,194</b>	<b>135,304,171</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 41. Depreciation and amortisation

Property, plant and equipment	501,430,734	463,297,635	500,588,430	462,424,196
Intangible assets	782,148	639,238	782,148	639,238
Change in accounting estimate	2,918,566	1,472,100	2,918,566	1,472,100
	<b>505,131,448</b>	<b>465,408,973</b>	<b>504,289,144</b>	<b>464,535,534</b>

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

### 42. Impairment of assets

#### Impairments

Property, plant and equipment	49,690,326	16,152,984	49,690,326	16,152,984
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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

Inventory loss	312,033	418,503	312,033	418,503
Due to technological changes the inventory has become redundant.				
	<b>50,002,359</b>	<b>16,571,487</b>	<b>50,002,359</b>	<b>16,571,487</b>

### 43. Finance costs

Finance leases	711,743	972,673	711,743	972,673
Financial liabilities	66,252,003	61,658,633	66,252,003	61,658,633
Other interest paid	8,131,198	8,537,965	8,131,198	8,537,965
	<b>75,094,944</b>	<b>71,169,271</b>	<b>75,094,944</b>	<b>71,169,271</b>

### 44. Debt impairment

Contributions to debt impairment provision	<b>92,507,590</b>	<b>222,109,923</b>	<b>92,507,590</b>	<b>222,109,923</b>
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### 45. Collection costs

Collection costs	<b>12,528,519</b>	<b>5,972,677</b>	<b>12,528,519</b>	<b>5,972,677</b>
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# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015
<b>46. Repairs and maintenance</b>				
Buildings	8,758,080	14,517,508	8,758,080	14,517,508
Distribution plant hire	5,964,591	6,951,758	5,964,591	6,951,758
External services	29,090,724	44,656,099	29,090,724	44,656,099
Furniture and equipment	103,876	114,670	103,876	114,670
General	20,772,594	24,698,737	20,605,872	24,600,419
Grounds and fences	5,426,318	6,076,040	5,426,318	6,076,040
Infrastructure	7,979,554	4,291,947	7,979,554	4,291,947
Mains	6,380,141	15,601,476	6,380,141	15,601,476
Maintenance agreements	10,503,946	14,488,912	10,503,946	14,488,912
Plant and equipment	18,669,956	23,909,508	18,654,779	23,956,076
Robots	1,089,165	1,101,002	1,089,165	1,101,002
Stores and material	13,531,706	15,156,483	13,531,706	15,156,483
Trees	6,599,128	5,171,791	6,599,128	5,171,791
Vehicles	16,672,473	16,633,274	16,672,473	16,633,274
	<b>151,542,252</b>	<b>193,369,205</b>	<b>151,360,353</b>	<b>193,317,455</b>
<b>47. Bulk purchases</b>				
Electricity	1,337,393,951	1,164,243,798	1,337,393,951	1,164,243,798
Water	461,819,616	422,558,489	461,819,616	422,558,489
	<b>1,799,213,567</b>	<b>1,586,802,287</b>	<b>1,799,213,567</b>	<b>1,586,802,287</b>
<b>48. Contracted services</b>				
Security	<b>65,468,010</b>	<b>29,698,420</b>	<b>65,468,010</b>	<b>29,698,420</b>
<b>49. Grants and subsidies paid</b>				
<b>Other subsidies</b>				
Community bodies	238,128	238,128	238,128	238,128
Safe City Msunduzi NPC	-	-	5,673,000	11,333,904
	<b>238,128</b>	<b>238,128</b>	<b>5,911,128</b>	<b>11,572,032</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015
<b>50. General expenses</b>				
Airport	1,539,293	1,806,329	1,539,293	1,806,329
Advertising	1,275,587	2,003,761	1,240,394	1,957,537
External cashiers	8,498,612	7,144,589	8,498,612	7,144,589
Bursaries	1,303,906	1,306,662	1,303,906	1,306,662
Annual report	368,419	5,460	368,419	5,460
Consolidated billing costs	2,747,074	3,416,877	2,747,074	3,416,877
External services	55,182,863	42,932,319	55,182,863	42,932,319
Conferences	930,452	900,177	930,452	900,177
Dog pound	1,323,398	847,563	1,323,398	847,563
Entertainment	310,800	508,139	310,800	508,139
Government training levy	7,879,244	6,971,716	7,879,244	6,971,716
Leadership	339,150	858,339	339,150	858,339
Ward committee costs	4,655,183	7,958,871	4,655,183	7,958,871
Interview costs	12,557	58,202	12,557	58,202
Hire charges	19,968,536	15,243,807	19,968,536	15,243,807
Insurance	10,924,793	11,173,355	10,919,058	11,167,897
Internet costs	491,019	15,982	491,019	15,982
Water quality testing	360,006	331,713	360,006	331,713
Plant hire	1,585,846	2,105,328	1,585,846	2,105,328
Kwanalogo subscriptions	9,950,021	17,101,382	9,950,021	17,101,382
Motor vehicles licences	2,427,428	2,314,729	2,427,428	2,314,729
Long service awards	22,266	-	22,266	-
Promotions	22,052,130	20,500,002	22,052,130	20,500,002
Bank charges	5,822,904	4,438,763	5,810,988	4,428,032
Medical supplies	177,102	192,837	177,102	192,837
Subscriptions for cities network	2,150,000	1,500,000	2,150,000	1,500,000
Occupational health and safety medicals	132,773	40,248	132,773	40,248
Personnel training	5,491,436	6,637,689	5,491,436	6,637,689
Plant and equipment	112,921	308,554	112,921	308,554
Batho pele	1,510,180	255,308	1,510,180	255,308
Postage and stamps	4,493,769	2,410,911	4,493,769	2,410,911
Printing and stationery	6,928,663	6,636,127	6,913,331	6,611,341
Projects	3,673,099	5,372,899	3,673,099	5,372,899
Councillors development	268,249	128,252	268,249	128,252
Small medium and micro enterprises	6,718,765	2,587,704	6,718,765	2,587,704
Software licences	6,596,794	5,828,727	6,470,494	5,647,950
Stores and materials	4,905,996	4,750,859	4,905,996	4,750,859
Subsistence and travelling allowances	1,964,901	2,005,253	1,964,901	2,005,253
Telephone	7,034,601	7,327,727	6,999,037	7,284,202
Valuation roll	571,337	2,072,064	571,337	2,072,064
SAP change management	417,186	-	417,186	-
Strategic priorities	1,040,431	396,518	1,040,431	396,518
Performance management system expenses	2,200,005	110,682	2,200,005	110,682
Safety grading certificates	-	328,422	-	328,422
Inter departmental charges	23,857,752	61,361,444	23,857,752	61,361,444
Tatham Art Gallery	1,910,370	2,710,676	1,910,370	2,710,676
Plan approval system expenses	1,209,857	943,637	1,209,857	943,637
Uniforms	4,877,156	4,346,696	4,854,361	4,342,916
High mast street lighting	9,466,446	8,854,828	9,466,446	8,854,828
Increase in leave pay and long service provision	10,697,553	6,427,163	10,570,032	6,427,163
Consultant fees	29,535,982	20,519,888	29,535,982	20,519,888
Other expenses	9,046,268	9,795,808	8,673,944	9,422,856
Air pollution and monitoring	247,485	258,167	247,485	258,167
Pensions payable	20,632,700	12,762,879	20,632,700	12,762,879
Prepaid meter expense	1,917,463	1,338,443	1,917,463	1,338,443
Mayoral projects	7,700,489	7,789,998	7,700,489	7,789,998
Forestry	19,969,293	16,921,459	19,969,293	16,921,459

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015
<b>50. General expenses (continued)</b>				
Rental / car hire	680,974	388,235	680,974	388,235
Meter - OBIX	1,216,463	576,562	1,216,463	576,562
IDP expenses	4,000,163	6,522,221	4,000,163	6,522,221
Petrol and lubricants	25,963,323	24,999,793	25,963,323	24,999,793
Audit fees	4,069,459	3,805,685	4,019,991	3,791,983
Impairment of fines	43,130,866	90,562,319	43,130,866	90,562,319
	<b>436,489,757</b>	<b>479,720,747</b>	<b>435,687,609</b>	<b>479,018,812</b>
<b>51. Gains or (loss) on disposal of assets</b>				
Sales of assets	520,729	-	520,729	-
Land sales	(371,400)	419,962	(371,400)	419,962
	<b>149,329</b>	<b>419,962</b>	<b>149,329</b>	<b>419,962</b>
<b>52. Gains or (loss) on donated assets</b>				
Gain on donated assets	<b>156,182</b>	<b>64,091</b>	<b>156,182</b>	<b>64,091</b>
<b>53. Fair value adjustment of investment properties</b>				
Fair value adjustment of investment properties	<b>11,029,976</b>	<b>20,222,920</b>	<b>11,029,976</b>	<b>20,222,920</b>
<b>54. Gain or (loss) on biological and agricultural assets</b>				
Gains or losses on biological assets and agriculture	<b>9,288,973</b>	<b>(1,769,662)</b>	<b>9,288,973</b>	<b>(1,769,662)</b>
<b>55. Inventory write up or (write downs)</b>				
Net write up / down of inventory	<b>473,316</b>	<b>-</b>	<b>473,316</b>	<b>-</b>
<b>56. Gain or (loss) on movable assets</b>				
Loss on disposal of assets	<b>(1,291,947)</b>	<b>(455,457)</b>	<b>(1,291,947)</b>	<b>(455,457)</b>
<b>57. Gain or (loss) on immovable assets</b>				
Loss of immovable assets	<b>(11,799,253)</b>	<b>55,240</b>	<b>(11,799,253)</b>	<b>55,240</b>

### 58. Operating lease

Operating lease payments comprises of :

- \* Rentals paid to Xtec (Pty) Ltd for the rental of multicopies,
- \* And payments made to Merchant West for computer servers and ICT networks and
- \* Datacentrix for lease of maintenance servers.

Included in the general expenses in hire charges is an amount of R 8 293 649 relating to the rentals payable.

No contingent rent is payable.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 58. Operating lease (continued)

#### Minimum lease payments due

- within one year	6,046,218	5,456,207	6,046,218	5,456,207
- in second to fifth year inclusive	-	2,560,558	-	2,560,558
	<b>6,046,218</b>	<b>8,016,765</b>	<b>6,046,218</b>	<b>8,016,765</b>

### 59. Cash generated from operations

Surplus	52,304,898	48,220,417	52,464,639	48,995,234
<b>Adjustments for:</b>				
Depreciation and amortisation	505,131,448	465,408,973	504,289,144	464,535,534
Gains or losses on sale of assets	(305,511)	(484,053)	(305,511)	(484,053)
Loss on non current assets	13,091,200	400,217	13,091,200	400,217
Fair value adjustments	(20,430,742)	(18,453,258)	(20,430,742)	(18,453,258)
Impairment of inventory	312,033	-	312,033	-
Write up if inventory	(361,523)	-	(361,523)	-
Impairment of assets	49,690,326	16,571,487	49,690,326	16,571,487
Movements in capital replacement reserve	-	151,935,999	-	151,935,999
Movements in retirement benefit obligation	36,903,366	50,088,771	36,903,366	50,088,771
Movements in current provisions	660,928	(847,368)	660,928	(847,368)
Movement in non current provisions	5,191,486	847,675	5,191,486	847,675
Movement on housing development fund	18,276,063	2,339,726	18,276,063	2,339,726
Other non-cash items	(2,335,638)	(820,608,609)	(2,335,638)	(827,408,609)
<b>Changes in working capital:</b>				
Inventories	(21,443,568)	698,856,937	(21,443,568)	698,856,937
Trade receivables from non-exchange transactions	(36,135,386)	114,076,448	(35,368,097)	113,106,460
Trade and other receivables from non - exchange transactions	6,323,354	19,653,088	6,323,354	19,653,088
Trade and other receivables from exchange transactions	(171,164,008)	(49,577,578)	(171,149,022)	(49,618,496)
VAT	16,349,129	(9,960,947)	16,349,129	(9,960,947)
Unspent conditional grants and receipts	115,084,194	(163,672,910)	115,084,194	(163,672,910)
Taxation paid	-	6	-	-
	<b>567,142,049</b>	<b>504,795,021</b>	<b>567,241,761</b>	<b>496,885,487</b>

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

#### Contributions to SALGA/Kwanaloga

Council subscriptions	489,187	482,644	489,187	482,644
Amount paid - current year	(489,187)	(482,644)	(489,187)	(482,644)
	-	-	-	-

#### Audit fees

Opening balance	184,404	183,538	184,404	183,538
Audit fee invoiced	4,019,990	3,670,171	4,019,990	3,670,171
Amount paid - current year	(4,081,710)	(3,669,304)	(4,081,710)	(3,669,304)
	<b>122,684</b>	<b>184,405</b>	<b>122,684</b>	<b>184,405</b>

#### PAYE and UIF

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015

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

Current year payroll deductions	134,118,729	108,117,561	134,118,729	108,117,561
Amount paid - current year	(134,118,729)	(108,117,561)	(134,118,729)	(108,117,561)
	-	-	-	-

### Pension and medical aid deductions

Current year payroll deductions & council contributions	257,182,171	243,480,985	257,182,171	243,480,985
Amount paid - current year	(257,182,171)	(243,480,985)	(257,182,171)	(243,480,985)
	-	-	-	-

### VAT

VAT receivable	14,986	-	-	-
VAT payable	55,841,372	40,430,375	55,841,372	39,492,243
	<b>55,856,358</b>	<b>40,430,375</b>	<b>55,841,372</b>	<b>39,492,243</b>

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

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

### Councillors' arrear consumer accounts

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

The following councillors had arrear accounts were in arrears at 30 June 2016:

30 June 2016	Outstanding more than 90 days R	Total R
TI Dlamini	3,441	3,441
TS Magwaza	1,462	1,462
TRM Zungu	638	638
SC Ndawonde	135,482	135,482
VT Magubane	20,679	20,679
	<b>161,702</b>	<b>161,702</b>

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



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 61. Deviation from supply chain management regulations

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

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

#### Incidents

Legal	420,276	1,920,972	420,276	1,920,972
Water quality testing	109,632	-	109,632	-
Health and safety	-	4,615	-	4,615
Other	1,188,076	17,050,409	1,188,076	17,050,409
Repairs to motor vehicles	6,864,235	5,469,761	6,864,235	5,469,761
Repairs and maintenance	135,972	3,773,458	135,972	3,773,458
Repairs to property, plant and equipment	4,876,125	435,978	4,876,125	435,978
Service delivery	4,081,054	73,409,429	4,081,054	73,409,429
Training	-	148,100	-	148,100
Computer expenditure	2,542,026	2,253,997	2,542,026	2,253,997
	<b>20,217,396</b>	<b>104,466,719</b>	<b>20,217,396</b>	<b>104,466,719</b>

### 62. Litigation in prepaid meters

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

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

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 63. Commitments

#### Authorised capital expenditure

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

• Parks	-	18,836,226	-	18,836,226
• IRPTN	-	42,464,384	-	42,464,384
• Sanitation	597,902	-	597,902	95,941,470
• Equipment	-	95,941,470	-	255,000
• Water	9,793,554	255,000	9,793,554	27,376,817
• Roads	941,542	27,376,817	941,542	29,294,123
• Buildings	-	29,294,123	-	233,200
• Financial system	81,144,065	233,200	81,144,065	-
	<b>92,477,063</b>	<b>214,401,220</b>	<b>92,477,063</b>	<b>214,401,220</b>

#### Authorised operational expenditure

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

##### Minimum lease payments due

- within one year	6,046,218	5,456,207	6,046,218	5,456,207
- in second to fifth year inclusive	-	2,560,558	-	2,560,558
	<b>6,046,218</b>	<b>8,016,765</b>	<b>6,046,218</b>	<b>8,016,765</b>

Operating lease payments represents rentals payable to:

\* Xtec (Pty) Ltd for the rental of photocopies and fax machines and

\* Merchant West for computer servers and the leasing of ICT networks.

No contingent rent is payable.

### 64. Contingencies

Refer to Appendix F for detailed listing of contingent liabilities	115,538,286	84,745,591	115,538,286	84,745,591
Performance bonuses for senior management	1,456,896	917,152	1,456,896	917,152
	<b>116,995,182</b>	<b>85,662,743</b>	<b>116,995,182</b>	<b>85,662,743</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 65. 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	388,123	282,491	388,123	282,491
Safe City Msunduzi (Pty) Ltd - grant	5,673,000	11,333,904	5,673,000	11,333,904
	<b>6,061,123</b>	<b>11,616,395</b>	<b>6,061,123</b>	<b>11,616,395</b>

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

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

Opening balance	Contract value	Closing balance
6,111,709	382,000	6,493,709

#### Key management information

Executive councillors	Annual remuneration	Car allowance	Cell phone allowance and housing subsidy	Basic non retirement funding	Pension	Medical aid
Mayor - CJ Ndlela	1,024,704	-	56,220	28,855	157,994	31,115
Deputy Mayor - TR Zuma	713,809	160,543	56,220	19,105	109,937	-
Member - NP Bhengu	611,676	235,170	73,514	18,390	-	37,198
Member - JM Lawrence	787,101	11,288	35,268	21,066	121,224	-
Member - M Inderjit	711,592	72,320	41,642	20,715	109,778	20,357
Member - WF Lambert	780,728	18,814	35,268	20,895	120,243	-
Member - NE Majola	722,855	61,144	35,268	69,788	111,419	25,327
Member - JJ Ngubo	678,240	117,797	57,578	18,170	104,423	-
Member - VT Xulu	898,559	35,268	-	24,520	-	17,601
Member - M Schalkwyk	571,898	235,170	35,268	15,991	88,183	29,437
Subtotal	7,501,162	947,514	426,246	257,495	923,201	161,035
	<b>7,501,162</b>	<b>947,514</b>	<b>426,246</b>	<b>257,495</b>	<b>923,201</b>	<b>161,035</b>

Councillors	Annual remuneration	Car allowance	Cell phone allowance	Basic non retirement funding	Pension	Medical aid
Speaker - V Baijoo	746,340	160,543	56,220	22,607	-	739,002
Whip - TV Magubane	701,690	94,068	35,268	19,190	108,132	17,601
NB Ahmed	302,157	-	35,268	9,227	46,708	16,813
R Ahmed	257,505	110,266	35,268	8,986	39,974	24,332

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015
<b>65. Related parties (continued)</b>				
RP Ashe	279,509	110,266	35,268	8,141
N Atwaru	305,782	44,106	35,268	10,604
C Bradley	259,479	110,266	35,268	8,141
TM Buthelezi	259,514	110,266	35,268	8,463
PN Dlamini	250,927	110,266	35,268	8,141
TI Dlamini	250,716	110,266	35,268	8,336
AB Dlomo	279,509	110,266	35,268	8,141
S Govender	304,483	110,266	35,268	9,362
SC Gwala	262,955	110,266	35,268	8,141
N F Gumede	309,916	44,106	35,268	10,477
UJ Haswell	282,223	104,025	28,068	10,855
SP Lyne	279,509	110,266	35,268	8,141
LL Madlala	262,955	110,266	35,268	8,141
S I Madonda	285,029	66,160	35,268	9,227
S T Majola	267,084	110,266	35,268	8,141
FM Makhathini	240,436	110,266	35,268	7,235
T Matiwane	372,679	-	35,268	10,855
M Maphumalo	262,756	110,266	35,268	32,655
AL Mbanjwa	250,927	110,266	35,268	8,141
GR McArthur	279,509	110,266	35,268	8,141
MB Mkhize	262,082	110,266	35,268	8,141
MA Mkhize	279,509	110,266	35,268	8,141
MH Mkhize	245,523	110,266	35,268	9,022
SA Mkhize	257,080	110,266	35,268	8,141
VGM Mlete	119,951	52,012	23,034	-
P N Msimang	335,020	66,160	35,268	10,611
SC Ndawonde	336,931	-	35,268	10,855
MD Ndlovu	253,912	110,266	35,268	8,141
NZ Ndlovu	259,129	110,266	35,268	8,141
TP Ndlovu	243,841	110,266	33,229	8,141
BB Ngcobo	277,088	88,213	35,268	8,684
JM Ngcobo	279,509	110,266	35,268	8,596
KM Ngcobo	259,129	110,266	35,268	8,141
LC Ngcobo	248,979	110,266	35,268	8,141
MA Ngcobo	357,374	-	35,268	11,310
TP Ngcobo	254,054	110,266	35,268	8,141
PG Ngidi	264,204	110,266	35,268	8,141
TD Ntombela	279,509	110,266	35,268	8,141
DB Phungula	240,436	110,266	35,268	7,482
DF Ryder	321,436	110,266	35,268	9,362
P Shoji	335,411	44,106	35,268	9,769
LN Sikhakhane	279,509	110,266	35,268	8,141
J Singh	266,719	110,266	35,268	8,141
RB Singh	372,679	-	35,268	10,855
P Sithole	266,719	110,266	35,268	8,141
BC Sokhela	313,516	41,901	35,268	10,146
MS Sokhela	266,719	110,266	35,268	8,141
R Soobiah	279,509	110,266	35,268	8,141
MA Tarr	687,120	235,170	33,762	18,390
LJ Winterbach	279,509	110,266	35,268	8,141
DP Zondi	316,777	66,160	35,268	9,227
BE Zuma	279,509	110,266	35,268	8,141
MB Zuma	266,719	110,266	35,268	8,141
NJ Zungu	279,509	110,266	35,268	8,141
TRM Zungu	266,719	110,266	35,268	8,141
PV Jaca	279,509	110,266	35,268	8,141
FN Mbatha	315,226	46,312	35,268	10,127
TS Magwaza	257,378	110,266	35,268	7,791
Subtotal	18,537,041	5,894,480	2,184,589	590,818
				2,462,127
				1,772,224

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	2015	2016	2015

### 65. Related parties (continued)

	18,537,041	5,894,480	2,184,589	590,818	2,462,127	1,772,224
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	1,428,625	267,288	-	187,506	-	180,000
Chief finance officer	1,205,975	185,467	72,000	119,367	-	90,000
Deputy municipal manager community services	1,226,418	108,455	60,000	176,060	-	69,314
Deputy municipal manager corporate services	1,316,871	61,369	-	238,821	-	-
Deputy municipal manager infrastructure services	1,171,817	173,829	51,855	126,515	55,767	60,000
Deputy municipal manager development services	1,250,940	202,117	-	123,751	-	90,000
Executive manager internal audit	692,374	153,262	57,698	126,412	-	8,400
Subtotal	8,293,020	1,151,787	241,553	1,098,432	55,767	497,714
	<b>8,293,020</b>	<b>1,151,787</b>	<b>241,553</b>	<b>1,098,432</b>	<b>55,767</b>	<b>497,714</b>

### Safe City management

L Holthausen	444,344
R Holthausen	213,016
C Holthausen	133,494
Subtotal	790,854
	<b>790,854</b>

### 66. 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 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 67. Prior period errors

The comparative statements for 2014/2015 financial year have been restated to recognise the amendments relating to all of the below errors.

The effects of the changes are detailed below :

#### Statement of financial position

##### Other financial assets

##### Correction of overstatement of other financial assets

Balance previously reported	-	10,528,395	-	10,528,395
Correction of fixed deposits	-	(46,081)	-	(46,081)
Correction of Department of Human Settlement - low cost housing	-	(968,161)	-	(968,161)
Correction of Maritzburg Rugby sub union loan	-	(281,048)	-	(281,048)
Restated balance	-	9,233,105	-	9,233,105

#### Unspent conditional grants

##### Corection of overstatement of retention.

Balance previously reported	-	134,856,624	-	134,231,312
Correction of retention incorrectly calculated	-	625,312	-	625,312
Restated balance	-	134,856,624	-	134,856,624

#### Inventory

##### Correction of consumable stores stock items previously overstated

Balance previously reported	-	46,707,798	-	46,737,301
Correction of consumable stores stock items previously overstated	-	(3,029,503)	-	(3,029,503)
Restated balance	-	43,707,798	-	43,707,798

#### Consumer deposits

##### Derecognition of consumer deposits previously overstated

Balance previously reported	-	90,483,680	-	90,483,680
Incorrect recognition of consumer deposits	-	(3,453,129)	-	(3,453,129)
Restated balance	-	87,030,551	-	87,030,551

#### Cash and cash equivalents

##### Correction of overstatement of the primary bank account in respect of funds disbursed but not recorded

Balance previously reported	-	839,952,812	-	834,133,069
Correction of the overstatement	-	(1,199,811)	-	(1,199,811)
Restated balance	-	841,152,623	-	832,933,258

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 67. Prior period errors (continued)

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

##### Correction of overstated debtors with nil movements since 2008.

Balance previously reported	-	379,101,954	-	379,099,454
Correction of overstated debtors with nil movements since 2008	-	(277,159)	-	(277,159)
Restated balance	-	378,824,795	-	378,822,295

##### Correction of land sale debtors erroneously recorded

Balance previously reported	-	378,824,795	-	378,822,295
Land sale debtor cleared	-	(2,330,730)	-	(2,330,730)
Land sale debtor identified	-	130,000	-	130,000
Land sale debtor with credit balances	-	(63,614)	-	(63,614)
Restated balance	-	376,560,451	-	376,557,951

#### Payables from exchange transactions

##### Correction of payables from exchange transactions which had no movement in the three preceding financial years

Balance previously reported	-	572,600,791	-	572,568,935
Correction of interest reserve due to non compliance with the credit control policy. The municipality does not pay interest on consumer deposits.	-	(22,786,265)	-	(22,786,265)
Correction of unknown deposits due to prescription	-	(67,144)	-	(67,144)
Correction of under accrual of expenditure raised in prior financial years	-	(287,618)	-	(287,618)
Correction of trade payables due to prescription and incorrect recognition of revenue and expenses in prior years	-	(4,316,915)	-	(4,316,915)
Correction of salary control accounts	-	30,890,455	-	30,890,455
Correction of insurance funds received from the external insurance for the damage to the band stand at the Oval stadium not recognised as revenue in prior years.	-	(9,896,748)	-	(9,896,748)
Restated balance	-	566,136,556	-	566,104,701

#### Investment property

##### During the prior years the municipality did not recognise land as investment property

Balance previously reported	-	409,356,344	-	409,356,344
Recognition of municipal owned land not recognised in prior years	-	237,762,320	-	237,762,320

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 67. Prior period errors (continued)

Restated balance	-	647,118,664	-	647,118,664
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### Property plant and equipment

#### Capitalisation of vehicles previously not recognised

Balance previously reported	-	6,862,925,253	-	6,862,566,756
Vehicles previously not recognised	-	2,503,695	-	2,503,695
Restated balance	-	6,865,428,948	-	6,865,070,451

#### De-recognition of VIP toilets that was incorrectly capitalised. These assets are not maintained by the municipality and were handed over to the community

Balance previously reported	-	6,865,428,948	-	6,865,070,451
VIP toilets incorrectly capitalised as property, plant and equipment	-	(84,824,570)	-	(84,824,570)
Restated balance	-	6,780,604,378	-	6,780,245,881

During the 2014/2015 financial year the Department of Human Settlements donated land to the municipality as part of the Edendale acquisition plan project. This was part of the memorandum of agreement between the municipality and the Department of Human Settlement to build low cost housing for the community. This land was classified as inventory. In the current year the estimated value of this land is R 257 445 053.

Due to funding issues, the project had not yet commenced. In view of these developments, management has decided that this land should be classified as plant, plant and equipment.

Balance previously reported	-	6,780,604,378	-	6,780,245,881
Take land as property plant and equipment	-	257,445,053	-	257,445,053
Restated balance	-	7,038,049,431	-	7,037,690,934

During the prior years the municipality incorrectly recognised branding costs for vehicles as property plant and equipment instead of expensing the costs incurred.

Balance previously reported	-	7,038,049,431	-	7,037,690,934
Incorrectly recognised branding costs	-	(304,042)	-	(304,042)
Restated balance	-	7,037,745,389	-	7,037,386,892

During the prior years the municipality incorrectly recognised development costs of the SAP system as property, plant and equipment instead of expensing the costs incurred



# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

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### 67. Prior period errors (continued)

Balance previously reported	-	7,037,745,389	-	7,037,386,892
Development costs incorrectly capitalised	-	(220,000)	-	(220,000)
Restated balance	-	7,037,525,389	-	7,037,166,892

### Other assets

#### Other assets previously not recognised

Balance previously reported	-	7,037,525,389	-	7,037,166,892
Other assets not recognised in prior years	-	10,088	-	10,088
Restated balance	-	7,037,535,477	-	7,037,176,980

### Accumulated surplus

Balance previously reported	-	7,170,948,381	-	7,163,338,100
Correction of fixed deposits	-	(46,081)	-	(46,081)
Correction of department of human settlement - low cost housing	-	(968,161)	-	(968,161)
Correction of Maritzburg Rugby sub union loan	-	(281,048)	-	(281,048)
Correction of retention incorrectly calculated	-	(625,312)	-	(625,312)
Correction of consumable stores stock items previously overstated.	-	(3,029,503)	-	(3,029,503)
Incorrect recognition of consumer deposits	-	3,453,129	-	3,453,129
Correction of overstatement	-	1,199,811	-	1,199,811
Correction of overstated debtors with nil movements since 2008	-	(277,159)	-	(277,159)
Land sale debtors	-	(2,264,344)	-	(2,264,344)
Correction of the interest reserve due to non compliance with the credit control policy.	-	22,786,265	-	22,786,265
Correction of unknown deposits due to prescription	-	67,144	-	67,144
Correction of under accrual of expenditure raised in prior financial years	-	287,618	-	287,618
Correction of payables from exchange transactions which had no movement in the three preceding financial years	-	4,316,915	-	4,316,915
Correction of salary control accounts	-	(30,890,455)	-	(30,890,455)
Correction of insurance funds received from the external insurance for the damage to the band stand at the Oval stadium not recognised as revenue in prior years.	-	9,896,748	-	9,896,748
Take on of land as investment property	-	273,762,320	-	273,762,320
Vehicles previously not recognised	-	2,503,696	-	2,503,696
VIP toilets incorrectly capitalised as property plant and equipment	-	(84,824,570)	-	(84,824,570)
Take of land as property plant and equipment	-	257,445,053	-	257,445,053
Incorrectly recognised branding costs	-	(304,042)	-	(304,042)
Development costs incorrectly capitalised	-	(220,000)	-	(220,000)
Other assets previously not capitalised	-	10,088	-	10,088
Derecognition of investment property previously recorded	-	(9,448,680)	-	(9,448,680)
Derecognition of current provision against employee related costs	-	1,004,282	-	1,004,282
Recognition of heritage assets previously not recorded	-	1,080,500	-	1,080,500
Restated balance	-	7,613,182,967	-	7,605,572,692

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

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### 68. Change in accounting estimate

#### Property, plant and equipment

Review of useful life for fully depreciated assets according to GRAP 17 and the reclassification of property, plant and equipment to investment property. The effect of this revision has increased the depreciation by R 2 918 566.42

#### Provisions

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

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

### 69. Irregular expenditure

Opening balance	13,845,402	314,423,267	13,845,402	314,423,267
Add: Irregular Expenditure - current year	218,156,203	708,444	217,738,267	708,444
Less: Amounts written off	-	(301,286,309)	-	(301,286,309)
	<b>232,001,605</b>	<b>13,845,402</b>	<b>231,583,669</b>	<b>13,845,402</b>

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

2008 / 2009	4,077,827	4,077,827	4,077,827	4,077,827
2009 / 2010	5,458,355	5,458,355	5,458,355	5,458,355
2010 / 2011	3,551,576	3,551,576	3,551,576	3,551,576
2011 / 2012	38,200	38,200	38,200	38,200
2013 / 2014	11,000	11,000	11,000	11,000
2014 / 2015	708,444	708,444	708,444	708,444
2015 / 2016	218,156,203	-	217,738,267	-
	<b>232,001,605</b>	<b>13,845,402</b>	<b>231,583,669</b>	<b>13,845,402</b>

#### Irregular expenditure not yet written off

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

Details of Irregular Expenditure – Current year	
Awards made to person in service of the state - employees of the state	625,338
Awards made in person in service of the municipality	1,396,519
Bids advertised less than 30 days	141,796,267
Invalid deviation	7,864,208
Payments made to contractors	417,936
Expired contract	192,118
Splitted quotations	211,776
KSA Security - contract no SCM 23 of 2013	64,174,094
Payments made to sub-contractors	1,477,947
	<b>218,156,203</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 2016

## Notes to the Consolidated Annual Financial Statements

Figures in Rand

### 69. Irregular expenditure (continued)

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

### 70. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	<b>4,810,273</b>	<b>4,581,004</b>	<b>4,810,273</b>	<b>4,567,296</b>
<b>Reconciliation of fruitless and wasteful expenditure</b>				
Opening balance	4,567,296	4,132,273	4,567,296	4,132,273
Add: fruitless and wasteful expenditure current year	242,977	449,104	242,977	435,396
Less: amounts written off	-	(373)	-	(373)
<b>Fruitless and wasteful expenditure awaiting to be written off /repayment</b>	<b>4,810,273</b>	<b>4,581,004</b>	<b>4,810,273</b>	<b>4,567,296</b>
Purchase and distribution of diaries calendars, wall planners and desk calendars	-	285,759	-	285,759
Interest on : Late payment of Telkom accounts	139	118	139	118
Interest on : Late payment of Eskom accounts	2,770	2,292	2,770	2,292
Cancellation of tenders	240,000	125,021	240,000	125,021
Interest on : Late payment to Post Office accounts	-	20	-	20
Interest on : Late payment to Umgungundlovu District Municipality	15	536	15	536
Interest on : Late payment to Macwin	-	20,819	-	20,819
Interest on : Late payment of SABC TV license	53	831	53	831
	<b>242,977</b>	<b>435,396</b>	<b>242,977</b>	<b>435,396</b>

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

### 71. Unauthorised expenditure

Unauthorised expenditure	<b>5,234,379</b>	<b>12,197,882</b>	<b>5,234,379</b>	<b>12,197,882</b>
<b>Reconciliation of unauthorised expenditure</b>				
Opening balance	12,197,882	12,379,824	12,197,882	12,379,824
Less: amounts recovered from KZN Provincial Treasury	-	(181,941)	-	(181,941)
Funds still to be received from Department of Human Settlements for Jika Joe informal settlement	(3,000,000)	-	(3,000,000)	-
Less: amounts still to be recovered from Fairfield Developments	(3,963,503)	-	(3,963,503)	-
	<b>5,234,379</b>	<b>12,197,882</b>	<b>5,234,379</b>	<b>12,197,882</b>

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

### 72. Comparative figures

Certain comparative figures have been reclassified due to corrections being made relating to prior period errors.

### 73. Electricity, water and inventory losses

#### Electricity losses

Units purchased - kWh	1,760,184,665	1,739,221,935	1,760,184,665	1,739,221,935
Units sold - kWh	(1,552,604,288)	(1,504,286,888)	(1,552,604,288)	(1,504,286,888)
Loss - kWh	208,120,377	234,935,047	208,120,377	234,935,047
Electricity loss as a percentage	11.82	13.51	11.82	13.51
	0.86618	0.76312	0.86618	0.76312
<b>Electricity loss in rand value</b>	<b>181,961,139</b>	<b>179,284,023</b>	<b>181,961,139</b>	<b>179,284,023</b>

The significant electricity losses of 208 120 377 kWh (2015 : 234,935,047 kWh) occurred during the year under review, which resulted in material revenue losses to the municipality.

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

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

#### Water losses

Units purchased -KI	70,025,603	70,387,564	70,025,603	70,387,564
Units sold - KI	(48,110,888)	(47,142,418)	(48,110,888)	(47,142,418)
Losses - KI	16,216,889	17,201,409	16,216,889	17,201,409
Apparent losses - KI	5,697,826	6,043,738	5,697,826	6,043,738
Real losses - KI	21,914,715	23,245,147	21,914,715	23,245,147
Water loss as a percentage	31	33	31	33
	5.46300	5.07000	5.46300	5.07000
<b>Water loss in rand value</b>	<b>119,720,088</b>	<b>117,859,869</b>	<b>119,720,088</b>	<b>117,859,869</b>

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

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

The significant water losses of 21,914,715 kl (2015: 23, 245, 147 kl) occurred during the year under review, which resulted in material revenue losses to the municipality.

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

1.101 new and existing PRV's were audited and maintained during the last year. Of the 101 PRV's, 19 New PMZ's designed and commissioned, while 86 existing PRV's were serviced/refurbished/replaced and the same PMZ's made discreet. All the PRV's are now functional and just requires advanced pressure management.

2.5 advanced PRV controllers were mounted and commissioned with realtime monitoring made accessible to Msunduzi staff. The 6 existing advanced PRV controllers were serviced and optimized to meet new pressure regimes as agreed by all (Except for CBD PRV's pending operational tasks to be completed).

3.56 of the required 85 Time Controllers (TC) have been retrofitted onto the PRV's that were audited.

4.4.4 km of old water pipe was replaced.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

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

#### Inventory gains / write downs

Due to technology changes the inventory has become redundant	-	(418,502)	-	(418,502)
Write up of inventory to net realisable value for forestry , unused water, petrol and diesel stock	161,283	-	161,283	-
	<b>161,283</b>	<b>(418,502)</b>	<b>161,283</b>	<b>(418,502)</b>

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.

### 74. Risk management

#### Financial risk management

The Municipality's activities expose it to a variety of financial risks:

\*Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk).

\*Credit risk and

\*Liquidity risk.

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

#### Interest rate risk

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

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

#### Credit risk

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

#### 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.

# The Msunduzi Municipality and its Municipal Entity

Consolidated Annual Financial Statements for the year ended 30 June 2016

## Notes to the Consolidated Annual Financial Statements

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Figures in Rand

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### 74. Risk management (continued)

<b>Borrowings</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Total</b>
<b>30 June 2016</b>	67,758,162	381,631,317	186,505,843	635,895,322
<b>30 June 2015</b>	48,641,698	289,548,277	255,123,845	593,313,820

### 75. Going concern

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

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPALITY ENTITY**

**APPENDIX A**

**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016**

<b>EXTERNAL LOANS</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30/06/15</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30/06/16</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	5,867,807		1,375,840	4,491,967
DBSA - 15.5%	11159	31/03/2019	7,846,889		1,545,176	6,301,714
DBSA - 15.5%	11160	31/03/2019	6,687,554		1,316,884	5,370,669
DBSA - 16.5%	13446	31/03/2020	14,235,251		2,019,158	12,216,093
DBSA - 16.5%	13447	31/03/2020	6,067,930		860,688	5,207,242
DBSA - 16.5%	13448	31/03/2020	8,984,381		1,274,363	7,710,017
DBSA - 14.27%	14039/102	31/12/2015	124,476		124,476	0
DBSA - 14.27%	102091	11/02/2020	3,071,699		402,985	2,668,714
DBSA - 14.27%	102416	28/06/2021	28,848,323		3,538,789	25,309,533
DBSA - 9.31%	101922	30/09/2020	13,436,132		1,979,134	11,456,998
DBSA - 8.7%	102797	30/09/2022	58,761,741		5,833,695	52,928,046
DBSA - 10.79%	103059/1	30/09/2023	47,631,115		3,648,889	43,982,226
DBSA - 6.75%	103059/2	30/09/2023	10,938,740		988,997	9,949,743
DBSA -12.02%	103594/1	31/12/2024	91,174,044		5,540,062	85,633,982
DBSA - 6.75%	103594/2	31/12/2024	27,810,350		2,168,668	25,641,682
DBSA - 12.10%	103721	31/03/2025	165,186,420		9,483,393	155,703,027
DBSA - 9.19%	61007262	31/03/2025	96,640,969	100,000,000	15,317,300	181,323,669
<b>DBSA Total</b>			<b>593,313,819</b>	<b>100,000,000</b>	<b>57,418,497</b>	<b>635,895,322</b>
<b>Total Long-term Loans</b>			<b>593,313,819</b>	<b>100,000,000</b>	<b>57,418,497</b>	<b>635,895,322</b>
<b>LEASE LIABILITY</b>						
Nedbank - 10.500%	Nedbank 12	31/12/2017	569,100		267,071	302,029
Ekhwelo Business Solutions - 14.36%		31-01-2017	3,042,145		1,444,091	1,598,056
<b>Nedbank Total</b>			<b>3,611,245</b>	<b>-</b>	<b>1,711,162</b>	<b>1,900,085</b>
<b>Total lease liability</b>			<b>3,611,245</b>	<b>-</b>	<b>1,711,162</b>	<b>1,900,085</b>
<b>TOTAL EXTERNAL LOANS</b>			<b>596,925,064</b>	<b>100,000,000</b>	<b>59,129,659</b>	<b>637,795,407</b>

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY  
APPENDIX B  
ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2016

	Cost									Accumulated Depreciation								
	Opening Balance	Restated Balance	Revaluation	Impairment	Additions	Under Construction	disposals	Reclassification	Closing Balance	Opening Balance	Restated Balance	Additions (Depreciation)	Depreciation adjustments	Disposals adjustments	Disposals Acc. Depreciation	Impairment	Closing Balance	Carrying Value
<b>LAND AND BUILDINGS</b>																		
Land	1,047,947,569	257,445,053	0	0	4,809,683	0	-1,255,000	3,815,495	1,312,762,799	0	0	0	0	0	0	0	0	1,312,762,799
Buildings	442,549,619		0	0		0	-157,667	-4,875,999	437,515,953	200,184,106		25,278,251	713,388	0	-738,164	404,454	225,842,035	211,673,917
<b>Total Land and Buildings</b>	<b>1,490,497,187</b>	<b>257,445,053</b>	<b>0</b>	<b>0</b>	<b>4,809,683</b>	<b>0</b>	<b>-1,412,667</b>	<b>-1,060,504</b>	<b>1,750,278,752</b>	<b>200,184,106</b>		<b>25,278,251</b>	<b>713,388</b>	<b>0</b>	<b>-738,164</b>	<b>404,454</b>	<b>225,842,035</b>	<b>1,524,436,716</b>
<b>ELECTRICITY</b>																		
HV Overhead Lines	69,882,780		0	0	0	0		-214,200	69,668,580	19,526,534		4,954,663	-2,740,098	0	0	0	21,741,099	47,927,481
HV Substations	304,249,959	0			395,880	89,050,862	-1,499,743	-297,860	391,899,097	71,975,074		13,295,461	205,013	0	-237,712	0	85,237,836	306,661,261
HV Underground Cables	15,087,569		0	0	0	0		0	15,087,569	5,089,692		721,131	0	0	0	0	5,810,822	9,276,747
LV Street Lighting	88,685,697		0	0	0	0		0	88,685,697	8,659,221		5,981,494	0	0	0	0	14,640,715	81,162,054
MV Ground Mounted Transformers	38,812,095		0	0	98,565	0	-120,882	26,789,742	65,579,520	2,882,370		4,087,281	0	0	0	0	6,969,650	58,609,870
MV Mini Substations	116,452,991		0	0	4,696,415	0		0	121,149,406	21,676,033		7,786,585	314,559	0	0	0	29,777,777	91,372,229
MV Overhead Lines	51,851,591		0	0	0	0	-27,047,222	24,804,369	24,804,369	7,051,830		3,298,381	0	0	0	0	10,350,211	14,454,159
MV Substations	145,144,216		0	0	-864,004	0		0	144,280,212	24,757,371		8,057,615	228,118	0	-133,567	0	32,909,536	111,370,676
MV Underground Cables	720,553,815		0	0	0	0	-14,089,076	706,464,740	706,464,740	148,456,240		49,159,397	-9,280,925	0	0	0	188,334,712	518,130,028
MV Pole Mounted Transformers	34,570,977		0	0	3,062,941	0		0	33,099,296	2,945,894		1,337,952	19,569	0	-20,593	0	4,282,822	28,616,474
MV Ring Main Unit	29,988,587		0	0	925,000	0	-272,462	1,909,655	31,524,488	5,324,488		2,992,408	0	0	0	0	8,173,309	24,377,381
<b>1,615,280,278</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,178,801</b>	<b>89,050,862</b>	<b>-1,893,088</b>	<b>-11,230,515</b>	<b>1,700,386,338</b>	<b>318,244,745</b>		<b>101,672,367</b>	<b>-11,253,765</b>	<b>0</b>	<b>-435,369</b>	<b>0</b>	<b>408,227,979</b>	<b>1,292,158,359</b>
<b>ROADS</b>																		
Overhead Gantry	130,000		0	0	0	0			130,000	14,550		5,485	0	0	0	0	20,035	109,965
Concrete Roads	41,385,491		0	0	0	71,772,745			152,482,701	5,330,025	0	3,074,286	-23,420	0	0	0	8,580,891	143,901,810
Flexible Roads	1,741,035,373		0	0	68,001,038	0	-45,407,311	1,763,628,099	1,763,628,099	613,313,560		125,936,305	451,588	0	0	0	739,701,452	1,023,927,647
Unpaved Roads	132,060,321		0	0	387,979	0		0	132,448,300	12,874,203		12,874,203	0	0	0	0	44,638,590	87,809,710
Other Roads	137,951,296		0	0	0	0		7,270,961	145,222,256	19,444,464		4,559,300	23,420	0	0	0	24,027,185	121,195,072
Structures	237,884,393		0	0	0	0		49,280	237,933,672	22,472,365		12,830,519	0	0	0	0	35,302,884	202,630,788
Signalized Intersections	47,742,776		0	0	0	0		-214,950	47,527,826	19,783,396		5,754,408	330,375	0	0	0	25,868,178	21,659,648
Airport Runway	71,689,210		0	0	0	0		-285,412	71,403,797	12,133,127		5,005,380	0	0	0	0	17,138,506	54,265,291
<b>2,409,878,859</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>68,389,016</b>	<b>71,772,745</b>	<b>0</b>	<b>737,031</b>	<b>2,550,777,652</b>	<b>767,626,995</b>	<b>0</b>	<b>170,039,884</b>	<b>781,962</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>938,448,841</b>	<b>1,612,328,810</b>
<b>SANITATION</b>																		
Sewer Treatment Works	2,034,058	0	0	0	0	0		0	2,034,058	897,708		164,444	0	0	0	0	1,062,151	971,907
Pump Stations	20,846,724		0	0	0	0		-9,162,886	11,683,838	13,710,698		753,052	-7,410,901	0	-1,783,241	0	6,414,230	6,414,230
Bulk Sewers	63,867,162		0	0	9,250	0		0	63,876,412	14,922,535		4,072,426	-159,431	0	0	0	18,835,530	45,040,882
Sewer Reticulation	628,134,328	-153,598,161	0	0	1,743,898	35,060,546	-9,160,699	8,866,232	511,046,143	157,071,393	-68,773,591	19,099,372	-47,869,012	0	0	47,869,012	107,397,175	403,648,968
<b>714,882,272</b>	<b>-153,598,161</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,753,148</b>	<b>35,060,546</b>	<b>-9,160,699</b>	<b>-296,655</b>	<b>588,640,451</b>	<b>186,602,334</b>	<b>-68,773,591</b>	<b>24,089,294</b>	<b>-55,439,345</b>	<b>0</b>	<b>-1,783,241</b>	<b>47,869,012</b>	<b>132,564,463</b>	<b>456,075,988</b>
<b>WATER</b>																		
Water Reticulation	405,850,801	0	0	0	0	74,386,194		25,833,395	506,070,390	123,535,985		21,149,729	20,473,175	0	0	0	165,158,098	340,911,501
Pump Stations	4,637,390		0	0	0	0	-113,939	0	4,523,451	3,201,781		160,900	-55,209	0	-56,466	0	3,251,006	1,272,445
Reservoirs	194,411,227		0	0	0	0	-1,089,829	-24,915,661	168,405,737	38,475,736		15,000,214	291,512	0	-314,772	0	53,452,690	114,953,047
Water Supply Bulk Water Pipelines	448,557,956		0	0	0	0		-1,184,182	447,373,774	50,938,596		36,790,361	33,132,953	0	0	0	220,861,912	226,511,862
Water Supply Pressure Reduce Valves	3,917,230		0	0	0	0		3,917,230	3,917,230	2,073,933		183,504	0	0	0	0	2,257,438	1,659,792
Water Meters	43,042,615		0	0	0	0		0	43,042,615	1,366,615		971,124	0	0	0	0	1,107,739	41,934,876
<b>1,100,417,218</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>74,386,194</b>	<b>-1,203,768</b>	<b>-266,448</b>	<b>1,173,333,197</b>	<b>318,362,647</b>	<b>0</b>	<b>24,255,832</b>	<b>53,842,434</b>	<b>0</b>	<b>-371,239</b>	<b>0</b>	<b>446,089,674</b>	<b>727,243,523</b>
<b>SECURITY</b>																		
Fencing	4,806,891	0	0	0	0	0		0	4,806,891	3,523,229		176,804	-60,669	0	0	0	3,639,364	1,167,527
Security Systems	22,811,504		0	0	53,963	0		14,739,994	22,754,228	16,885,671		1,205,744	13,921,327	0	-13,921,388	0	18,091,351	4,662,877
Access Control	248,269		0	0	27,609	0		0	276,178	164,740		26,382	0	0	0	0	191,123	85,055
<b>27,866,664</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>81,512</b>	<b>0</b>	<b>-14,739,994</b>	<b>14,628,815</b>	<b>27,837,297</b>	<b>20,573,641</b>	<b>0</b>	<b>1,408,927</b>	<b>13,860,658</b>	<b>0</b>	<b>-13,921,388</b>	<b>0</b>	<b>21,921,838</b>	<b>5,915,459</b>
<b>STORMWATER</b>																		
Major Culverts	43,623,204	0	0	0	0	0		-437,031	43,186,172	6,306,115		827,741	0	0	0	0	7,133,857	36,052,316
Minor Culverts	662,608		0	0	0	0		0	662,608	100,615		12,185	0	0	0	0	112,800	549,808
Kerb Inlets	87,153,219		0	0	0	0		0	87,153,219	25,791,962		3,235,259	0	0	0	0	29,027,221	58,125,998
Manholes	56,558,788		0	0	0	0		0	56,558,788	16,756,408		2,098,884	0	0	0	0	18,855,292	37,703,496
Open Channels	26,961,325		0	0	0	0		0	26,961,325	2,420,180		535,920	0	0	0	0	2,956,100	24,005,225
Reticulation	348,197,118		0	0	0	0		260,916	348,458,034	53,089,422		6,767,373	0	0	0	0	59,856,795	288,601,239
Head and Wingwalls	5,754,519		0	0	0	0		0	5,754,519	1,644,160		214,295	0	0	0	0	1,858,456	3,896,063
<b>568,910,781</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-176,115</b>	<b>568,734,665</b>	<b>106,108,863</b>	<b>0</b>	<b>13,691,658</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>119,800,521</b>	<b>448,934,145</b>
<b>RAILWAY LINES</b>																		
Railway Lines	3,509,480	0	0	0	0	0		-3,509,480	0	1,900,365		0	-1,900,365	0	0	0	0	0
<b>3,509,480</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,509,480</b>	<b>0</b>	<b>1,900,365</b>	<b>0</b>	<b>0</b>	<b>-1,900,365</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>SOLID WASTE</b>																		
Garden Refuse	2,597,445		0	0	0	0		0	2,597,445	1,050,437		188,325	102,473	0	0	0	1,341,235	1,256,211
Landfill Site	8,075,607		0	0	0	0		0	8,075,607	1,506,187		232,878	0	0	0	0	1,739,065	6,336,542
Sorting Stations	740		0	0	0	0		0	740	135		62	0	0	0	0	202	538
<b>10,673,792</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,673,792</b>	<b>2,556,759</b>	<b>0</b>	<b>421,270</b>	<b>102,473</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,080,502</b>	<b>7,593,290</b>
<b>Total Infrastructure Assets</b>	<b>6,451,419,345</b>	<b>-153,598,161</b>	<b>0</b>	<b>0</b>	<b>79,402,777</b>	<b>270,270,348</b>	<b>-26,997,549</b>	<b>-113,367</b>	<b>6,620,383,392</b>	<b>1,721,976,348</b>	<b>-68,773,591</b>	<b>385,579,232</b>	<b>-5,947</b>	<b>0</b>	<b>-16,511,237</b>	<b>47,869,012</b>	<b>2,070,133,818</b>	<b>4,550,245,574</b>
<b>COMMUNITY ASSETS</b>																		
<b>Community Buildings</b>																		



THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY  
APPENDIX B  
ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2016

	Cost									Accumulated Depreciation								
	Opening Balance	Restated Balance	Revaluation	Impairment	Additions	Under Construction	disposals	Reclassification	Closing Balance	Opening Balance	Restated Balance	Additions (Depreciation)	Depreciation adjustments	Disposals adjustments	Disposals Acc. Depreciation	Impairment	Closing Balance	Carrying Value
<b>Community Recreational Facilities</b>																		
Swimming Pools	40,486,741	0	0	0	5,450,000	0	0	-88,823	45,847,918	17,086,332		1,848,171	83,724	0	0	0	19,018,227	26,829,691
Sports Facilities	79,449,196	0	0	0	1,167,017	32,253,765	-171,421	4,174,014	116,872,571		1,846,532	471,636	0	0	-1,430	0	15,673,846	101,198,725
Squash Courts	0	0	0	0	0	0	0	0	0			514,454	-22,975	0	0	0	0	0
Cemeteries	9,463,239	0	0	0	0	0	0	-9,463,239	0			2,326,223	0	0	0	0	0	0
Parks	17,294,272	0	0	0	0	0	0	-17,294,272	0			7,075,656	0	0	0	0	0	0
Sports Grounds	119,167,172	0	0	0	928,076	0	0	-105,717	119,989,532	44,488,626		6,352,550	427,303	0	-85,928	0	51,182,551	68,806,981
	<b>265,860,620</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,545,093</b>	<b>32,253,765</b>	<b>-171,421</b>	<b>-22,778,037</b>	<b>282,710,021</b>	<b>84,356,920</b>	<b>0</b>	<b>10,047,253</b>	<b>-8,442,190</b>	<b>0</b>	<b>-87,358</b>	<b>0</b>	<b>85,874,625</b>	<b>196,835,396</b>
<b>Total Community Assets</b>	<b>635,218,005</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,545,093</b>	<b>32,253,765</b>	<b>-378,182</b>	<b>-1,797,587</b>	<b>672,841,094</b>	<b>243,354,302</b>	<b>0</b>	<b>27,294,272</b>	<b>-514,743</b>	<b>0</b>	<b>-206,121</b>	<b>1,452,753</b>	<b>271,380,462</b>	<b>401,460,632</b>
<b>OTHER ASSETS</b>																		
<b>Other Properties</b>																		
Housing Schemes	93,209,223	0	0	0	0	24,274,066	-1,117,227	24,273,408	140,639,469	42,116,611		5,544,615	-775,659	0	0	-35,893	46,849,674	93,789,795
Markets	236,963,857	0	0	0	0	0	0	0	236,963,857	116,429,515		14,652,980	13,482	0	0	0	131,095,977	105,867,880
Sewerage works and Dump Site	796,654	0	0	0	0	0	0	0	796,654		85,427	0	0	0	0	0	599,881	196,773
Workshops and Depots	31,508,703	0	0	0	0	0	0	0	31,508,703	15,848,322		1,834,890	280	0	0	0	17,683,492	13,825,211
Hostels	1,557,492	0	0	0	0	0	0	0	1,557,492	890,947		83,394	0	0	0	0	974,341	583,152
Training Centre	4,298,468	0	0	0	0	0	0	0	4,298,468	1,954,797		214,425	0	0	0	0	2,169,222	2,129,246
Landfill Site	55,292,119	0	0	0	-148,187	0	0	0	55,143,932	8,346,438		3,490,711	0	0	0	0	11,837,149	43,306,783
Beer Halls	0	0	0	0	0	0	0	1,300,000	1,300,000		2,136	26,534	0	0	0	0	28,669	1,271,331
Old Age Homes	924,086	0	0	0	0	0	0	0	924,086		54,798	0	0	0	0	0	594,670	329,416
Transport Facility	61,700,557	0	0	0	1,184,989	0	-24,636,014	0	38,249,531	12,888,169		3,110,046	-72,550	0	0	0	15,925,665	22,323,866
Crematoriums	7,004,221	0	0	0	0	0	0	0	7,004,221		2,353,403	609,362	0	0	0	0	2,962,764	4,041,457
Nurseries	10,666,675	0	0	0	0	0	0	0	10,666,675		5,681,569	590,659	6,226	0	0	0	6,278,454	4,388,222
Airport Buildings	13,980,560	0	0	0	0	0	0	-13,993	13,966,567		1,063,804		0	0	0	0	3,492,654	10,473,913
Creches	15,717,655	0	0	0	0	0	0	0	15,717,655		4,822,006	5,594,207	5,494	0	0	0	6,129,066	9,588,589
Substations	0	0	0	0	0	0	0	0	0		0			0	0	0	0	0
<b>Total Other Assets</b>	<b>533,620,270</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,036,801</b>	<b>24,274,066</b>	<b>-1,117,227</b>	<b>923,400</b>	<b>558,737,310</b>	<b>214,817,088</b>	<b>0</b>	<b>32,663,209</b>	<b>-822,725</b>	<b>0</b>	<b>0</b>	<b>-35,893</b>	<b>246,621,679</b>	<b>312,115,631</b>
<b>Plant and Equipment</b>																		
Graders	5,286,964	0	0	0	0	0	0	0	5,286,964	4,371,839		242,742	0	0	0	0	4,614,581	672,383
Tractors	8,724,176	0	0	0	507,520	0	0	-150,672	9,081,024		7,704,052	214,773	0	0	-146,334	0	7,772,491	1,308,532
Farm Equipment	18,270	0	0	0	0	0	0	0	18,270		16,133	713	0	0	0	0	16,845	1,425
Lawnmowers	2,841,410	0	0	0	145,650	0	0	-237,836	2,749,223		1,306,715	760,224	0	0	-176,811	0	1,890,129	859,095
Compressors	107,371	0	0	0	0	0	0	-18,948	88,423		103,582	657	0	0	-17,131	0	87,109	1,314
Laboratory Equipment	618,220	0	0	0	0	0	0	0	618,220		54,266	24,987	0	0	0	0	568,254	49,967
Radio Equipment	1,540,821	0	0	0	309,102	0	0	-120,684	1,729,239		887,927	151,554	0	0	-68,600	0	970,882	758,358
Firearms	31,800	0	0	0	608,684	0	0	0	640,484		26,220	7,130	0	0	0	0	33,351	607,134
Telecommunication	5,759,264	0	0	0	234,028	0	0	0	5,993,292		4,682,688	296,001	0	0	0	0	4,978,689	1,014,603
Plant and Equipment	37,893,559	-50,047	0	0	5,363,358	0	-2,017,883	728,384	41,917,371		15,680,119	-25,136	0	0	-752,201	0	20,496,988	21,420,383
Cremators	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
	<b>62,821,854</b>	<b>-50,047</b>	<b>0</b>	<b>0</b>	<b>7,168,242</b>	<b>0</b>	<b>-2,017,883</b>	<b>200,244</b>	<b>68,122,511</b>	<b>35,322,542</b>	<b>-25,136</b>	<b>7,292,990</b>	<b>0</b>	<b>0</b>	<b>-1,161,077</b>	<b>0</b>	<b>41,429,318</b>	<b>26,693,193</b>
<b>Office Equipment</b>																		
Computer Hardware	36,655,436	-220,000	0	0	12,402,750	0	-369,203	334,209	48,803,192		18,646,166	5,851,235	2,181	0	-208,348	0	24,291,234	24,511,958
Computer Hardware(Finance Lease)	4,431,140	0	0	0	0	0	0	0	4,431,140		1,652,293	0	0	0	0	0	1,652,293	2,778,847
Office Machines	4,521,206	0	0	0	1,009,382	0	0	-22,124	5,508,463		2,715,910	772,732	-9,713	0	-67,651	0	3,420,990	2,087,473
Airconditioners	15,463,665	0	0	0	1,015,076	0	-135,863	0	16,342,878		7,956,768	1,895,697	0	0	-120,374	0	9,732,091	6,610,788
	<b>61,071,447</b>	<b>-220,000</b>	<b>0</b>	<b>0</b>	<b>14,422,208</b>	<b>0</b>	<b>-369,203</b>	<b>176,222</b>	<b>75,085,673</b>	<b>30,971,137</b>	<b>9,713</b>	<b>8,519,663</b>	<b>-7,532</b>	<b>0</b>	<b>-396,373</b>	<b>0</b>	<b>39,096,608</b>	<b>35,989,065</b>
<b>Furniture and Fittings</b>																		
Chairs	7,050,820	0	0	0	1,005,969	0	0	-491,464	7,565,325		5,112,361	416,531	0	0	-440,217	0	5,088,675	2,476,650
Tables and Desks	5,890,421	0	0	0	967,966	0	0	-71,984	6,786,403		4,885,449	276,731	2,683	0	-64,211	0	5,100,652	1,685,752
Cabinets and Cupboards	9,484,223	0	0	0	753,722	0	0	-873,233	9,364,712		7,418,552	419,469	0	0	-745,909	0	7,092,112	2,272,601
Furniture and Fittings Other	3,642,658	0	0	0	692,128	0	-1,606,177	1,523,501	4,252,209		2,291,142	271,381	4,910	0	-70,487	0	2,496,946	1,755,263
	<b>26,068,122</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,419,885</b>	<b>0</b>	<b>-1,606,177</b>	<b>86,820</b>	<b>27,968,650</b>	<b>19,707,504</b>	<b>0</b>	<b>1,384,112</b>	<b>7,593</b>	<b>0</b>	<b>-1,320,824</b>	<b>0</b>	<b>19,778,385</b>	<b>8,190,265</b>
<b>Containers</b>																		
Household Refuse Bins	114,337	0	0	0	0	0	0	0	114,337		102,846	3,830	0	0	0	0	106,677	7,660
Bulk Containers	1,335,143	0	0	0	810,400	0	0	0	2,145,543		706,250	132,088	0	0	0	0	838,339	1,307,205
	<b>1,449,480</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>810,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,259,880</b>	<b>809,096</b>	<b>0</b>	<b>135,919</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>945,015</b>	<b>1,314,864</b>
<b>Fire and Medical Equipment</b>																		
Fire Equipment	3,701,700	0	0	0	147,255	0	0	-53,054	3,795,902		2,169,641	179,623	0	0	-42,173	0	2,307,091	1,488,810
Medical Equipment Clinics	447,867	0	0	0	138,025	0	0	-12,411	573,480		408,784	28,200	0	0	-5,810	0	431,174	142,306
	<b>4,149,567</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>285,280</b>	<b>0</b>	<b>0</b>	<b>-65,465</b>	<b>4,369,382</b>	<b>2,578,425</b>	<b>0</b>	<b>207,823</b>	<b>0</b>	<b>0</b>	<b>-47,984</b>	<b>0</b>	<b>2,738,265</b>	<b>1,631,117</b>
<b>Motor Vehicles</b>																		
Fire Engines	27,775,658	0	0	0	0	0	0	0	27,775,658		8,812,469	1,735,516	0	0	0	0	10,547,986	17,227,672
Buses	2,165,154	0	0	0	0	0	0	0	2,165,154		150,211	210,617	0	0	0	0	360,828	1,804,326
Motor Vehicles	23,529,900	3,945,259	0	0	887,272	0	-13,896,845	8,073,699	22,539,285		16,985,479	2,294,262	-1,419,149	0	-2,578,280	0	16,983,208	5,556,077
Motor Cycles	977,509	0	0	0	638,104	0	0	-242,336	1,373,277		810,749	61,372	10,769	0	-246,406	0	636,484	736,793
Trucks and Bakkies	131,512,603	0	0	0	4,769,341	0	0	-7,725,799	128,556,145		94,255,659	10,822,885	1,730,564	0	-9,390,677	0	97,418,431	31,137,715
Trailers	1,717,294	0	0	0	0	0	0	-156,683	1,560,611		1,627,744	26,872	350	0	-147,651	0	1,506,615	53,996
	<b>187,678,118</b>	<b>3,945,259</b>	<b>0</b>	<b>0</b>	<b>6,294,717</b>	<b>0</b>	<b>-13,896,845</b>	<b>-51,119</b>	<b>183,970,131</b>	<b>122,642,312</b>	<b>1,700,896</b>	<b>15,151,524</b>	<b>321,834</b>	<b>0</b>	<b>-12,363,013</b>	<b>0</b>		

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY  
APPENDIX B  
ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2016

	Cost										Accumulated Depreciation								
	Opening Balance	Restated Balance	Revaluation	Impairment	Additions	Under Construction	disposals	Reclassification	Closing Balance	Opening Balance	Restated Balance	Additions (Depreciation)	Depreciation adjustments	Disposals adjustments	Disposals Acc. Depreciation	Impairment	Closing Balance	Carrying Value	
TOTAL PPE	9,454,929,615	107,522,104	-155,460	0	125,200,187	326,798,179	-47,795,735	-1,701,356	9,964,797,534	2,592,362,860	-67,088,119	503,506,996	-308,132	0	-32,744,793	49,690,326	3,045,419,138	6,919,378,396	
Heritage Assets																			
artworks	193,023,232	0	0	0	157,790	0	0	0	193,181,021	0	0	0	0	0	0	0	0	193,181,021	
Mayoral Chain	0	133,500	0	0	0	0	0	0	133,500	0	0	0	0	0	0	0	0	133,500	
Highfield Road - Site no. 166	0	1,000	0	0	0	0	0	0	1,000	0	0	0	0	0	0	0	0	1,000	
City Hall Surrounding Gardens and Memorial	0	1,000	0	0	0	0	0	0	1,000	0	0	0	0	0	0	0	0	1,000	
Alexandra Park	0	20,000	0	0	0	0	0	0	20,000	0	0	0	0	0	0	0	0	20,000	
Mahatma Gandhi Statue	0	925,000	0	0	0	0	0	0	925,000	0	0	0	0	0	0	0	0	925,000	
Stadiums	3,961,963	0	0	0	0	0	0	0	3,961,963	0	0	0	0	0	0	0	0	3,961,963	
Swimming Pool	1,785,373	0	0	0	0	0	0	0	1,785,373	0	0	0	0	0	0	0	0	1,785,373	
Museums and Art Gallery	17,485,660	0	0	0	0	0	0	-169,864	17,315,796	22,973	0	0	0	0	0	0	22,973	17,292,823	
Parks	2,465,908	0	0	0	0	0	0	0	2,465,908	0	0	0	0	0	0	0	0	2,465,908	
Crematorium	6,245,803	0	0	0	0	0	0	1,935,545	8,181,348	0	0	0	0	0	0	0	0	8,181,348	
Land - Tatham Art Gallery	6,000,000	0	0	0	0	0	0	0	6,000,000	0	0	0	0	0	0	0	0	6,000,000	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Heritage assets	230,967,938	1,080,500	0	0	157,790	0	0	1,765,681	233,971,909	22,973	0	0	0	0	0	0	22,973	233,948,935	
Investment Property	382,805,024	264,313,640	11,029,976	0	0	0	-1,740,000	0	656,408,640	0	0	0	0	0	0	0	0	656,408,640	
Intangible Assets																			
Computer Software	9,654,729	0	0	0	23,055,996	0	0	14,550,000	47,260,725	8,637,223	0	483,394	0	0	0	0	9,120,616	38,140,108	
Intangible Assets/software	28,302,502	0	0	0	89,416	0	0	-14,606,297	13,785,621	12,912,256	0	298,755	0	0	0	0	13,211,011	574,611	
Total Intangible Assets	37,957,231	0	0	0	23,145,412	0	0	-56,297	61,046,346	21,549,479	0	782,148	0	0	0	0	22,331,627	38,714,719	
Servitudes																			
	803,846	0	0	0	0	0	0	0	803,846	0	0	0	0	0	0	0	0	803,846	
	803,846	0	0	0	0	0	0	0	803,846	0	0	0	0	0	0	0	0	803,846	
Agricultural assets																			
Plantation	44,831,368	0	9,444,433	0	0	0	0	0	54,275,801	0	0	0	0	0	0	0	0	54,275,801	
	44,831,368	0	9,444,433	0	0	0	0	0	54,275,801	0	0	0	0	0	0	0	0	54,275,801	
Grand Total Assets	10,152,295,022	372,916,244	20,318,949	0	148,503,388	326,798,179	-49,535,735	8,028	10,971,304,076	2,613,935,312	-67,088,119	504,289,144	-308,132	0	-32,744,793	49,690,326	3,067,773,738	7,903,530,338	

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPALITY ENTITY**

**APPENDIX C**

**SEGMENTAL ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2016**

DESCRIPTION	HISTORICAL COSTS								ACCUMULATED DEPRECIATION								NET BOOK VALUE
	OPENING BALANCE	RESTATED BALANCE	REV.ADJUSTM ENTS	ADDITIONS	UNDERCONSTR UCTION	DISPOSALS	RECLASSIFICA TION	CLOSING BALANCE	OPENING BALANCE	RESTATED BALANCE	ADDITIONS	DEPRE. ADJUSTMENT	DEPR. DISPOSAL PREV	DEPRE. DISPOSALS CURR	IMPAIRMENT	CLOSING BALANCE	
Executive and Council	33,338,574.00	0.00	0.00	1,435,473.36	6,411,035.38	-443,025.01	0.00	40,742,057.73	-7,797,857.00	0.00	-2,586,732.69	0.00	403,022.76	0.00	0.00	-9,981,566.93	30,760,490.80
Finance and Administration	967,214,337.00	534,882,585.00	11,029,976.00	38,471,618.12	5,833,707.94	-17,404,308.25	0.00	1,540,027,915.81	-431,021,154.00	-1,685,472.35	-30,808,923.93	-158,624.65	15,085,030.87	0.00	-425,418.29	-449,014,562.35	1,091,013,353.46
Planning and Development	803,653,470.00	0.00	0.00	5,910,666.73	10,281,780.94	-1,086,398.57	448.46	818,759,967.56	-62,378,300.00	0.00	-7,792,633.06	0.00	913,554.84	0.00	-379,757.17	-69,637,135.39	749,122,832.17
Health	40,907,179.00	0.00	0.00	1,173,589.10	0.00	-137,891.85	0.00	41,942,876.25	-16,759,532.00	0.00	-1,965,523.63	0.00	114,930.66	0.00	0.00	-18,610,124.97	23,332,751.28
Community and Social Services	240,244,018.00	0.00	0.00	2,708,700.81	1,141,245.62	-250,649.60	0.00	243,843,314.83	-44,861,411.00	0.00	-5,540,847.01	496,763.22	145,167.32	0.00	1,880.77	-49,758,446.70	194,084,868.13
Housing	214,222,310.00	0.00	0.00	2,383,081.50	10,760,288.43	-3,160,474.52	0.00	224,205,205.41	-37,481,914.00	0.00	-7,356,149.04	0.00	860,629.18	0.00	-4,787.71	-43,982,221.57	180,222,983.84
Public Safety	102,146,341.00	0.00	0.00	2,095,442.38	80,849.75	-298,412.40	0.00	104,024,220.73	-58,263,078.00	0.00	-5,085,120.12	0.00	249,710.20	0.00	0.00	-63,098,487.92	40,925,732.81
Sport and Recreation	386,211,240.00	0.00	-155,460.00	9,363,370.23	29,831,287.88	-743,249.10	0.00	424,507,189.01	-186,016,452.00	0.00	-19,447,301.39	0.00	589,145.47	0.00	-972,652.88	-205,847,260.80	218,659,928.21
Road Transport	2,965,189,996.00	0.00	0.00	71,803,352.18	60,757,327.97	-11,759,159.97	-446.00	3,085,991,070.18	-881,305,319.00	0.00	-193,086,773.10	-30,006.88	10,497,997.00	0.00	-754,250.92	-1,064,678,352.90	2,021,312,717.28
Environmental Protection	7,920,252.00	0.00	0.00	0.00	0.00	0.00	0.00	7,920,252.00	-6,288,950.00	0.00	0.00	0.00	0.00	0.00	0.00	-6,288,950.00	1,631,302.00
Water	1,068,984,927.00	0.00	0.00	442,124.00	74,386,194.31	-1,340,086.47	0.00	1,142,473,158.84	-224,277,908.00	0.00	-74,922,605.93	0.00	443,394.00	0.00	-53,842,433.50	-352,599,553.43	789,873,605.41
Waste Water Management	775,744,259.00	-153,598,161.45	0.00	2,951,101.35	36,127,884.75	-9,625,535.00	8,026.00	651,607,574.65	-163,933,577.00	68,773,591.07	-29,210,526.61	0.00	2,127,702.00	0.00	7,467,859.00	-114,774,951.54	536,832,623.11
Electricity	1,658,080,915.00	0.00	0.00	9,648,008.00	89,050,862.00	-2,829,094.06	0.00	1,753,950,690.94	-308,473,281.00	0.00	-104,492,802.97	0.00	1,128,093.20	0.00	-780,765.70	-412,618,756.47	1,341,331,934.47
Other	888,437,204.00	0.00	9,444,433.00	116,860.52	2,135,713.71	-457,450.11	0.00	899,676,761.12	-185,076,578.00	0.00	-21,993,204.79	0.00	186,415.05	0.00	0.00	-206,883,367.74	692,793,393.38
TOTALS	10,152,295,022.00	381,284,423.55	20,318,949.00	148,503,388.28	326,798,178.68	-49,535,734.91	8,028.46	10,979,672,255.06	-2,613,935,311.00	67,088,118.72	-504,289,144.27	308,131.69	32,744,792.55	0.00	-49,690,326.40	-3,067,773,738.71	7,911,896,516.35

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPALITY ENTITY**

**APPENDIX D**

**ACTUAL VERSUS BUDGET (ACQUISITION OF ALL NON-CURRENT ASSETS ) FOR THE YEAR ENDED 30 JUNE 2016**

Description	2016 Budget R	2016 Actual R	2016 Under construction R	2016 Additions R	2016 Variance R	2016 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive and Council	5,910,000.00	7,846,508.74	6,411,035.38	1,435,473.36	-1,936,508.74	-33%	
Finance and Administration	25,714,000.00	44,305,326.06	5,833,707.94	38,471,618.12	-18,591,326.06	-72%	
Planning and Development	7,445,000.00	16,192,447.67	10,281,780.94	5,910,666.73	-8,747,447.67	-117%	
Public Safety	8,333,000.00	2,176,292.13	80,849.75	2,095,442.38	6,156,707.87	74%	
Community and Social Services	26,139,000.00	3,849,946.43	1,141,245.62	2,708,700.81	22,289,053.57	85%	
Health	2,198,000.00	1,173,589.10	0.00	1,173,589.10	1,024,410.90	47%	
Sport and Recreation	3,006,000.00	39,194,658.11	29,831,287.88	9,363,370.23	-36,188,658.11	-1204%	
Road Transport	355,112,000.00	132,560,680.15	60,757,327.97	71,803,352.18	222,551,319.85	63%	
Water	75,709,000.00	74,828,318.31	74,386,194.31	442,124.00	880,681.69	1%	
Waste Water Management	42,200,000.00	39,078,986.18	36,127,884.75	2,951,101.43	3,121,013.82	7%	
Electricity	130,791,000.00	98,698,870.00	89,050,862.00	9,648,008.00	32,092,130.00	25%	
Housing	16,041,000.00	13,143,369.93	10,760,288.43	2,383,081.50	2,897,630.07	18%	
Other	11,691,000.00	2,252,574.23	2,135,713.71	116,860.52	9,438,425.77	81%	
Environment Protection	0.00	0.00	0.00	0.00	0.00	0.00	
<b>TOTALS</b>	<b>710,289,000.00</b>	<b>475,301,567.04</b>	<b>326,798,178.68</b>	<b>148,503,388.36</b>	<b>234,987,432.96</b>	<b>33%</b>	

NOTE : Total additions included donated assets

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPALITY ENTITY									
APPENDIX E									
DETAILS OF UNSPENT CONDITIONAL GRANTS, RECEIPTS AND TRANSFERS TO INCOME AS AT 30 JUNE 2016									
Account Description	Unspent balance @ 01 July 2015	Transfers	Inter project/vote transfer/trf to subsidies/trf to MHOA	Funds paid back to National Treasury	VAT recovered from NT grants	Current year interest earned	Current year receipts	Unspent balance @ 30 June 2016	Source Code
NATIONAL GRANT - MSIG	-	855,327			70,876		-930,000	-3,797	UNSPENT CG - NATIONAL GOVERNMENT
FINANCE MANAGEMENT GRANT	-	1,474,690			125,310		-1,600,000	-	UNSPENT CG - NATIONAL GOVERNMENT
UNSPENT CONDITIONAL GRANT - MIG	-581	191,358,637					-192,456,000	-1,097,944	UNSPENT CG - NATIONAL GOVERNMENT
TRANSPORTATION GRANT - N.T.	-37,903,967	42,230,642		37,903,726	5,857,105		-213,271,000	-165,183,494	UNSPENT CG - NATIONAL GOVERNMENT
NT - NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	-9,304,976	10,231,474			882,774		-31,577,000	-29,767,728	UNSPENT CG - NATIONAL GOVERNMENT
UNSPENT CONDITIONAL GRANT - PHB	-27,561,119	106,008	27,308,334			-25,190		-171,967	UNSPENT CG - NATIONAL GOVERNMENT
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME - NT	-25,345,276	8,770,830		25,345,274	677,872		-10,000,000	-551,299	UNSPENT CG - NATIONAL GOVERNMENT
NT-MUNICIPAL WATER SERVICE INFRAST (MWIG)	-	50,176,099			6,857,159		-58,333,000	-1,299,742	UNSPENT CG - NATIONAL GOVERNMENT
	<b>-100,115,919</b>	<b>305,203,708</b>	<b>27,308,334</b>	<b>63,249,000</b>	<b>14,471,097</b>	<b>-25,190</b>	<b>-508,167,000</b>	<b>-198,075,970</b>	
COGTA - URBAN RENEWAL	-2,190,200	2,190,200						-	UNSPENT CG - PROVINCIAL GOVERNMENT
LIBRARY UNSPENT CONDITIONAL GRANT - PROVINCE	-639,567	13,146,598	7,450,000			-745,488	-23,609,000	-4,397,457	UNSPENT CG - PROVINCIAL GOVERNMENT
AIRPORT TECHNOLOGY HUB DEVELOPMENT	-	1,004,166					-1,004,166	-	UNSPENT CG - PROVINCIAL GOVERNMENT
HOUSING ACCREDITATION	-25,973,801	9,065,545					-17,824,170	-34,732,426	UNSPENT CG - PROVINCIAL GOVERNMENT
COGTA - EPW PROJECT	-	4,032,000					-4,032,000	-	UNSPENT CG - PROVINCIAL GOVERNMENT
PREMIER OFF. - OPERATION DLULISUMLANDO	-1,500,000							-1,500,000	UNSPENT CG - PROVINCIAL GOVERNMENT
ELECTRICITY GRANTS - COGTA	-105,421	106,146				-4,990		-4,264	UNSPENT CG - PROVINCIAL GOVERNMENT
MARKET GRANTS - COGTA	-1,086,742	250,538				-42,431		-878,635	UNSPENT CG - PROVINCIAL GOVERNMENT
	<b>-31,495,731</b>	<b>29,795,194</b>	<b>7,450,000</b>	<b>-</b>	<b>-</b>	<b>-792,908</b>	<b>-46,469,336</b>	<b>-41,512,783</b>	
E/DALE PVT LAND LEGAL	-2,812,009	11,826,696				-815,687	-18,194,256	-9,995,256	UNSPENT CG - OTHER
GRANT DEPT OF ARTS & CULTURE	-1,802	362,617				-7,784	-380,000	-26,969	UNSPENT CG - OTHER
SANEDI- SMART GRIDS	-	4,385,965				-230,783	-4,385,965	-230,783	UNSPENT CG - OTHER
COGTA - RENOVATION : PUBLICITY HOUSE	-27,781	25,709				-642		-2,714	UNSPENT CG - OTHER
GRANT - SPOORNET	-403,381					-26,073		-429,454	UNSPENT CG - OTHER
	<b>-3,244,973</b>	<b>16,600,987</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1,080,969</b>	<b>-22,960,221</b>	<b>-10,685,176</b>	<b>UNSPENT CG - OTHER</b>
	<b>-134,856,624</b>	<b>351,599,888</b>	<b>34,758,334</b>	<b>63,249,000</b>	<b>14,471,097</b>	<b>-1,899,066</b>	<b>-577,596,557</b>	<b>-250,273,928</b>	

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX F**  
**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2016**

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2016	Total 2015 R	Total 2016 R
1	South African Local Authorities Pension Fund v. Msunduzi Municipality	Pension Surcharge: The Municipality refused to pay extra contributions.	2008	Logan Chetty Attorneys: Tel 033 345 1639 Fax 086 218 5702 Physical Address 13 Prince Edward Street, Pietermaritzburg, 3201 Postal Address PO Box 11706, Dorpspruit, 3206, & Adv V. Moodley: Tel 033 845 3591fax 033 342 82 75.	R 217 184.13 Plus interest at 15.5 per cent per annum. The Supreme Court of Appeal decided the case in favour of the Municipality. The matter has been finalized.	250 847.67	0.00
2	SAPPI v. Msunduzi Municipality	Delictual Claim: Aeroplane's wheel fell through manhole cover at airport. Negligence alleged. Municipality's Insurers and Municipality joint defendants.	2009	External Insurance	R25000 000.00 Plus interest at 15.5 Per cent per annum. Matter was settled with regard to the plaintiff's claim against the Municipality. The claim between the Municipality and the insurer is the subject for arbitration and is pending.	28 875 000.00	28 875 000.00
3	B.A. Clark v. Msunduzi Municipality	Delictual Claim: The Municipality dug trenches along Old Howick Road, a net was placed adjacent to the trenches. Plaintiff alleges that he was caught by such nets whilst cycling.	2009	Logan Chetty Attorneys: Tel 033 345 1639 Fax 086 218 5702 Physical Address 13 Prince Edward Street, Pietermaritzburg, 3201 Postal Address PO Box 11706,	R397 975.83 Plus interest at 15.5 per cent per annum. Set down for trial.	459 662.08	459 662.08
4	Gonasslan v Msunduzi Municipality	Delictual Claim. Plaintiff allegedly fell on an uneven pavement slab on Church Street.	2009	Bhamjee Attorneys: Tel 033 394 2007 Fax 033 394 2033 Physical Address 191 Burger Street, Pietermaritzburg, 3201. Postal Address PO Box 1336, Pietermaritzburg, 3200.	R100 000.00 Plus interest at 15.5 per cent per annum. Municipality is appealing a judgement in the Magistrates Court where the total amount claimed was increased to R 400 000. The matter has been finalised and settled.	115 500.00	0.00
5	Kheswa v. Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2009	Internal	R30 470.12 Plus interest at 15.5 per cent per annum. Ongoing.	35 192.99	35 192.99
6	FBI Khan and RY Khan v Msunduzi Municipality	Delictual Claim. The claim arises from Plaintiff's motor vehicle colliding with a street lamp belonging to the Municipality.	2009	Internal	R63 280.39 Plus interest at 15.5 per cent per annum and R1267.00 Plus interest at 15.5 per cent per annum. Matter was previously set down for trial and is part heard.	74 552.24	74 552.24
7	Orion Telecom v. Msunduzi Municipality	Contractual Claim: Plaintiff sued the Municipality for outstanding fees in terms of a contract.	2007	Internal	R 92 189.52 and R23047.38 Plus interest at 15.5 per cent per annum. Plea filed. Plaintiff did not proceed any further.	133 098.62	133 098.62
8	Nzaba IN v Msunduzi Municipality	Delictual Claim. The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2008	Bhamjee Attorneys: Tel 033 394 2007 Fax 033 394 2033 Physical Address 191 Burger Street, Pietermaritzburg, 3201. Postal Address PO Box 1336, Pietermaritzburg, 3200.	R73 500.00 Plus interest at 15.5 per cent per annum. Set down for trial was part-heard. Ongoing.	84 892.50	84 892.50
9	Telkom v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly cause by Municipal water pipes.	2008	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R45 979. 87 Plus interest at 15.5 per cent per annum. Ongoing. A judgement awaited before moving forward.	53 106.75	53 106.75
10	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Memorandum of Agreement Dispute. Plaintiff owed monies by the Municipality in terms of a contract.	2007	Internal	R210 749.00 Plus Vat at 14 per cent. In court.	240 253.86	240 253.86
11	Hampton College v. Msunduzi Muni	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality on the validity of training courses provided by the Plaintiff.	2007	Alzal 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 Ngoboo Inc. Tel 031 306 4352 Fax: 031 305 4340 Physical Address 25 Field Street, Suite 1102, Durban Postal Address PO Box 49467 Qualbeet 4078, and ADV Flemming Tel: 033 845 3576 Fax: 033 394 8374. Physical Address Advocates Chambers, Block B3 17 Prince Edward Street, Pietermaritzburg, 3201.	R85 470.00 plus interest at 15.5 per cent per annum. Part - heard. Ongoing.	98 717.85	98 717.85
12	Chetty K. v. Msunduzi Municipality	Delictual Claim. The claim herein arises from a motor vehicle collision involving Plaintiffs vehicle and a Municipal vehicle.	2006	Internal	R26 169.86 Plus interest at 15.5 percent per annum. Ongoing.	30 226.19	30 226.19
13	R. Terty v Msunduzi Municipality	Delictual Claim: The claim arises from a cremation that was allegedly not done correctly. The Plaintiffs are suing for the trauma they were subjected to.	2007	Insurance	R50 000.00 plus interest at 15.5 per cent per annum. Ongoing	57 750.00	57 750.00
14	Tenwolbeek PJ v Msunduzi Municipality	Delictual Claim: A water pipe allegedly causing flooding at Plaintiff's property and damaging his household appliances.	2008	Insurance	R1 121 620. 00 plus interest at 15.5 per cent per annum. Ongoing.	1 295 471.10	1 295 471.10
15	Govender RS v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2008	Internal	R75 000.00 plus interest at 15.5 per cent per annum. A discovery affidavit has been filed. The matter is ongoing.	86 625.00	86 625.00
16	A and F Mall v Msunduzi Municipality	Disputed Electricity Account.	2007	Internal	R17 181.33 plus interest at 15.5 per cent per annum. Various correspondence exchanged between attorneys of record. The matter is ongoing.	19 844.44	19 844.44
17	Mkungisa E v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee within the course and scope of his employment.	2007	Internal	R 6213.00 plus interest at 15.5 per cent per annum. Part-heard. The Defendant filed an amended plea (defence). The matter is ongoing.	7 176.02	7 176.02
18	F. Osman V Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2007	Internal	R306 666.44 plus interest at 15.5 per cent per annum. A defendants plea has been filed. The matter is ongoing.	354 199.74	354 199.74
19	Zulu TE v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	R 8709.22 plus interest at 15.5 per cent per annum. Correspondence exchanged between attorneys of record. The matter is ongoing.	10 059.15	10 059.15
20	Rabikisoan R v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained during a fall on an uneven pavement on Retief Street.	2007	Internal	R20 000.00 plus interest at 15.5 per cent per annum. Ongoing.	23 100.00	23 100.00
21	Zuma NG v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2008	Internal	R100 000.00 Plus interest at 15.5 per cent per annum. Correspondence exchanged between attorneys of record. The matter is ongoing.	115 500.00	115 500.00
22	Van Straaten W(DR) v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2008	Internal	R96 401. 43 plus interest st 15.5 per cent per annum. Ongoing.	111 343.65	111 343.65
23	Majosi NV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Retief Street.	2007	Uys Matyeka Schwartz: Tel 031 304 6063 Fax: 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R110 046.28 plus interest at 15.5 per cent per annum. Part-heard	12 758.45	12 758.45

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX F**  
**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2016**

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2016	Total 2015 R	Total 2016 R
24	Zondi PS v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	R15 080.00 plus interest at 15.5 per cent per annum. The matter is ongoing.	17 417.40	17 417.40
25	Omarjee M. v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality because of injuries sustained due to an act of assault by Municipal Traffic Officers in the course and scope of their employment.	2005	Internal	R 31 000.00 plus interest at 15.5 per cent per annum. Settlement negotiations have been initiated. The matters ongoing.	35 805.00	35 805.00
26	Painter LV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle after a tree had fallen on top of Plaintiff's vehicle.	2006	Internal	R45 361.38 plus interest at 15.5 per cent per annum. Pre-trial notices have been exchanged. The matter is ongoing.	52 392.39	52 392.39
27	Dladla G v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2006	Internal	R20 000.00 plus interest at 15.5 per cent per annum. Further particulars were requested from Plaintiff. The matter is ongoing.	23 100.00	23 100.00
28	Roelfse v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Drummond Street.	2002	Internal	R41 032.58 plus interest at 15.5 per cent per annum. A defendant's plea was filed. The matter is ongoing.	47 392.63	47 392.63
29	Premier of KZN v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to its property as a result of a tree that had fallen.	2003	Internal	R 11 340. Various correspondence exchanged between attorneys of record. Ongoing.	11 340.00	11 340.00
30	Sulaiman R v Msunduzi Municipality	Delictual Claim: Plaintiff fell into a manhole when its cover caved in under her foot and sustained injuries.	1998	Internal	R50 000.00 plus interest at 15.5 per cent per annum. Pre-trial notices have been exchanged. The matter is ongoing.	57 750.00	57 750.00
31	Hafejee RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2004	Internal	R98 000.00 plus interest at 15.5 per cent per annum. Ongoing.	113 190.00	113 190.00
32	Zondi M. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for alleged unlawful arrest and detention by Municipal Traffic Officers.	2006	Internal	R50 000.00 plus interest at 15.5 per cent per annum. Matter set down. Part-heard. Unlawful arrest.	57 750.00	57 750.00
33	Telkom SA LTD v Msunduzi Municipality	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	2004	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R22 541.11 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Ongoing.	26 034.98	26 034.98
34	Telkom SA LTD v Msunduzi Municipality	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	2004	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R32 585.78 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Ongoing.	37 636.58	37 636.58
35	Telkom SA LTD v Msunduzi Municipality	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	2006	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R13 283.82 plus interest at 15.5 per cent per annum. Awaiting judgement in another case. Ongoing.	15 342.81	15 342.81
36	Telkom SA LTD v Msunduzi Municipality	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	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. Awaiting judgement in another case. Ongoing.	25 060.32	25 060.32
37	Telkom SA LTD v Msunduzi Municipality	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	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. Awaiting judgement in another case. Ongoing.	40 201.13	40 201.13
38	Telkom SA LTD v Msunduzi Municipality	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	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. Awaiting judgement in another case. Ongoing.	9 322.74	9 322.74
39	Ngcobo RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2003	Internal	R 11375.27 plus interest at 15.5 per cent per annum. Matter ongoing.	13 138.44	13 138.44
40	Mamusa Marketing v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after having been involved in a collision with a Municipal vehicle driven by an employee in the course and scope of his employment.	2007	Internal	R 9823.48 plus interest at 15.5 per cent per annum. The matter is part-head.	11 346.12	11 346.12
41	Blue Thunder Trading cc t/a Khanyisa energy Management Services v Msunduzi Municipality	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2009	Logan Chetty Attorneys: Tel 033 345 1639 Fax 086 218 5702 Physical Address 13 Prince Edward Street, Pietermaritzburg, 3201 Postal Address PO Box 11706, Dorpspruit, 3206.	R 223 576.00 plus interest at 15.5 per cent per annum. Ongoing.	258 230.28	258 230.28
42	Oglvie I v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality for injury caused by trenches on public road.	2006	Insurance	R 166 160.54 plus interest at 15.5 per cent per annum. Ongoing.	191 915.42	191 915.42
43	Ngcobo DV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality on behalf of a minor child who was knocked by a bobcat tractor driven by a Municipal employee in the course and scope of his employment.	2007	Insurance	R 1 800 000.00 plus interest at 15.5 per cent per annum. A Defendant's plea was filed. The matter is handled by external insurers. Ongoing.	2 079 000.00	2 079 000.00
44	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 2424.50 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	2 800.30	2 800.30
45	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5519.06 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	6 374.51	6 374.51
46	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5586.00 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	6 451.83	6 451.83
47	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 1721.40 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	1 988.22	1 988.22
48	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 4902.00 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	5 661.81	5 661.81

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX F**  
**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2016**

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2016	Total 2015 R	Total 2016 R
49	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5163.06 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	5 963.33	5 963.33
50	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5506.20 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	6 359.66	6 359.66
51	Naidoo Kogulan v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality caused by having fallen into an uncovered manhole.	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing.	115 500.00	115 500.00
52	Majozi HS v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for injuries sustained as a result of having fallen into an uncovered manhole.	2010	Internal	R 95 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing.	109 725.00	109 725.00
53	Dlamini BM v Msunduzi Municipality	Delictual Claim: Plaintiff's minor child fell into an open trench/ drainage system after sustained injuries to their lower limbs.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 300 000.00 plus interest at 15.5 per cent per annum. The matter is ongoing.	346 500.00	346 500.00
54	Bishop's roadworks v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2009	Internal	R 120 000.00 plus interest at 15.5 per cent per annum. Appearance to defend has been filed. Matter is ongoing.	138 600.00	138 600.00
55	Daljeeth Daljeeth v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality after he fell and sustained injuries due to certain steel rods that were protruding dangerously on the pavement.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 200 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing.	231 000.00	231 000.00
56	Singh MS v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle after it had collided with a pothole/ trench in the vicinity of Ortman Road.	2010	Internal	R 69 224.62 plus interest at 15.5 per cent per annum. The matter is part-heard. The matter is set down for trial in July 2015.	79 954.44	79 954.44
57	Ngunane TT v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his property after a stream overflowed into his property as a result of municipal employee's negligence.	2010	Insurance	R118 490.00 plus interest at 15.5 per cent per annum. An assessment was conducted by an independent assessor. Matter is ongoing.	136 855.95	136 855.95
58	Bayeni GP v Msunduzi Municipality	Delictual claim. Plaintiff fell into a trench dug by contractors appointed by the Municipality.	2010	Internal	R 97 430.00 plus interest at 15.5 per cent per annum. Matter is ongoing.	112 531.65	112 531.65
59	Mlaba M. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained due to a fall on an open trench in Edendale.	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum. The matter is ongoing.	115 500.00	115 500.00
60	Longlife tyres (PTY) LTD v Msunduzi Municipality	Contract. The Plaintiff alleged that the Municipality did not honour its obligations in terms of a valid contract.	2010	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv R Padyachjee SC Tel: 033 845 3546 Fax 033 384 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	R 592 589.77 plus interest at 15.5 per cent per annum. The matter has been settled and finalised.	684 441.18	0.00
61	Gayer Gail v Msunduzi Municipality	Delictual Claim: Plaintiff fell off her bicycle due to a collision with a pothole/ an uneven road surface.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 262 473.98 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	303 157.45	303 157.45
62	Selepe H v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2010	Internal	R 5 189.35 plus interest at 15.5 per cent per annum. Ongoing.	5 993.70	5 993.70
63	Mahlaba B o.b.o. Mahlaba AY v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for a shooting incident that resulted in the death of a minor child. A municipal employee fired a shot whilst in the course and scope of his employment.	2010	Internal/Insurance	R 1000 000.00 plus interest at 15.5 per cent per annum. A letter of demand was received and sent to the Insurance Section for an investigation. The matter is ongoing.	1 155 000.00	1 155 000.00
64	Mans N. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to her vehicle as a result of a collision between her vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2010	Internal	R 7045.75 plus interest at 15.5 per cent per annum. An application for condonation was opposed and the matter is ongoing.	8 137.84	8 137.84
65	Mutual and Federal v. Msunduzi Municipality	Delictual Claim: Plaintiff's motor vehicle sustained damages when colliding with a pothole.	2010	Internal	R22 829.59 . A letter of demand was received and sent to the Insurance Section for investigation. The matter is ongoing.	22 829.59	22 829.59
66	Reddy Ronald v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R282 818.08 plus interest at 15.5 per cent per annum. The matter is part-heard.	326 654.88	326 654.88
67	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R8 051 632. 79 plus interest at 15.5 per cent per annum. Ongoing.	9 299 635.87	9 299 635.87
68	Mavundla AB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for being allegedly unlawfully arrested and detained by Municipal Traffic Officers.	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum. A notice of application in terms of Rule 55 (A) has been received. Ongoing.	115 500.00	115 500.00
69	Ngidi SS v. Msunduzi Municipality	Delictual claim. Plaintiff suing Municipality on behalf of a minor child for injuries caused by leaving electricity wires uncovered.	2010	Internal/Insurance	R 2200 000.00 .Ongoing.	2 541 000.00	2 541 000.00
70	Raghu N. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to Plaintiff's vehicle during a collision with a Municipal vehicle driven by a Municipal employee within the course and scope of his employment.	2010	Internal	R 500 000.00 plus interest at 15.5 per cent per annum. Pre-trial notices have been exchanged. The matter is ongoing.	577 500.00	577 500.00
71	Mbatha BC v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2010	Internal	R 16 794.48 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the Insurance Section for investigation. The matter is ongoing.	19 397.62	19 397.62
72	Mpungose NK v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to structural and mechanical damage to his vehicle caused by towing by municipal traffic officers.	2011	Internal	R 23 964.42 plus interest at 15.5 per cent per annum. Matter is ongoing.	27 678.91	27 678.91



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**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2016**

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2016	Total 2015 R	Total 2016 R
73	Arhen Y v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2011	Internal	R14 845.71 plus interest at 15.5 per cent annum.Ongoing.	17 146.80	17 146.80
74	Nxumalo TR v. Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his motor vehicle as a result of a street lamp pole falling on it. The Municipality alleges that the site at the time was controlled by SANRAL and as such an application to join them as co-defendant has been made.	2011	Internal	R 21 791.04 plus interest at 15.5 per cent per annum.The matter is part-heard.	25 168.65	25 168.65
75	Crescent Motor Brokers and Agents CC Va Crescent Car Sales v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to a tree having fallen on plaintiff's vehicle.	2011	Internal	R100 000.00 Plus interest at 15.5 per cent per annum. The matter is part-heard.	115 500.00	115 500.00
76	3 DM contractors v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2011	Internal	R66 930.35 plus interest at 15.5 per cent per annum.The matter is part-heard.	77 304.55	77 304.55
77	Nondzanga Z. v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for allegedly confiscating his trolley and his goods subsequently going missing.	2011	Internal	R 22 232.97 plus interest at 15.5 per cent per annum.Ongoing.	25 679.08	25 679.08
78	Union Risk Management Alliance (PTY) LTD v. Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to its property as a result of a fire allegedly caused by electrical faults.	2011	Internal	R152 948.84 plus interest at 15.5 per cent per annum. A letter of demand was received and sent to external insurers. The matter is ongoing.	176 655.91	176 655.91
79	Dladla NB v. Msunduzi Municipality	Overpayment of Rates. The Plaintiff is disputing a rates account and is seeking reimbursement.	2011	Internal	R109 038.97 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	125 940.01	125 940.01
80	Impress Services (PTY)LTD v. Msunduzi Municipality	Delictual Claim: The Plaintiff is seeking a refund for rates clearance certificate.	2011	Internal	R 29 236.27 and R1638.70. The matter is ongoing.	35 662.90	35 662.90
81	Relief interior and Joinery v. Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality because of a tree that fell and damaged his car as well as his property due to a severe storm.	2011	Internal	R 45 080.00 plus interest at 15.5 per cent per annum.The matter is part-heard.	52 067.40	52 067.40
82	Ds Cremators v. Msunduzi Municipality	Contactual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2011	Internal	R 27 789.37 plus interest at 15.5 per cent per annum.The matter is part-heard.	32 096.72	32 096.72
83	Planet Waves 399	Council withholding payment to contractor that built sludge dams. Possibility of eventual liability.	2012	Xaba Attorneys, suite 201,2nd floor, 251 Church Street, Fedsure House,tel: 0333457927, fax: 3456985, e-mail: dumi@xabainc.co.za PC Bezuidenhout SC Advocates Chambers 17 Prince Edward Street, Pietermaritzburg 033-8453522/082443836fax033943734	Planet Waves sued for R 1.694 937.70 and Municipality countersued for R 1, 940 934.00. Matter not being pursued further by plaintiff.	1 694 937.70	1 694 937.70
84	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:0866215902 e-mail: vcl@iafrica.com, Advocate VM . Naidoo: 033 845 3535.	Claim for R505 000.00 plus interest plus legal costs. Matter not being pursued by plaintiff.	505 000.00	505 000.00
85	Naidoo M. v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality because he fell on an uneven pavement in the vicinity of Delhi Road.	2011	Internal/Insurance	R 370 000.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed and defendant's plea has been filed.ongoing.	427 350.00	427 350.00
86	Hilton Vet Clinic v. Msunduzi Municipality	Delictual Claim: A power surge occurred in Plaintiff's property causing damage to various appliances.	2011	Venn Nemeth and Hart Attorneys- Mr D. Schupe Tel 033 355 3100 Fax 033 394 1947, Physical Address 281 Pietermaritz Street, Pietermaritzburg,3201.	R 390 270. 21 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	45 357.09	450 762.09
87	Telkom SA LTD v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	2011	Internal	R 7551.19 plus interest at 15.5 per cent per annum.Awaiting judgement in another case. Ongoing.	8 721.62	8 721.62
88	Joubert ML v. Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2011	Internal	R 100 550.00 plus interest at 15.5 per cent per annum.ongoing.	116 135.25	116 135.25
89	Kroese J. v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality and the Minister of the Police for unlawful arrest and detention.	2011	Internal	R 40 000.00 plus interest at 15.5 per cent per annum.The matter is part-heard.	46 200.00	46 200.00
90	Ngubo N. v. Msunduzi Municipality	Delictual Claim: The Plaintiff is disputing an account for services.	2012	Internal	R 9063.12 plus interest at 15.5 per cent per annum. An appearance to defend as well as a defendant's plea have been filed. Ongoing.	10 467.90	10 467.90
91	Mabaso TW v. Msunduzi Municipality	Delictual Claim: Plaintiff suffered damages to his property when the Electricity Department disconnected his electricity wrongfully.	2012	Internal	R 850. 43 plus interest at 15.5 per cent per annum. A letter of demand was received and sent to the Insurance Section for investigation. The matter is ongoing.	982.25	982.25
92	Sayed J v/a Metro Taxis and yellow cabs v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2012	Internal	R 15 950 .52 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the Insurance Section for investigation. The matter is ongoing.	18 422.85	18 422.85
93	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. Matter finalised	29 327.17	0.00
94	Bishop's roadworks v. Msunduzi Municipality	Contractual claim. Plaintiff suing the Municipality in terms of a contract.	2012	Internal	R19 609.98 plus interest at 15.5 per cent per annum and R12 938.95 plus interest at 15.5 per cent per annum.Ongoing.	37 594.01	37 594.01
95	Ahmed W v. Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality for damages to his vehicle after having collided with an open trench.	2012	Internal	R 35 700.92 plus interest at 15.5 per cent per annum. The matter has been previously set down for trial and was part heard.Ongoing.	41 234.56	41 234.56
96	Telkom SA LTD v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	2012	Lister and Lister Attorneys	R 49 834.75 plus interest at 15.5 per cent per annum.Awaiting judgement in another case. Ongoing.	57 559.14	57 559.14
97	Govender K v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2012	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379, Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 180 000.00 plus interest at 15.5 per cent per annum. A Discovery affidavit has been filed. The matter is ongoing.	207 900.00	207 900.00
98	Cassimjee MH v. Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2012	Internal	R 4015.00 plus interest at 15.5 per cent per annum.Ongoing.	4 637.33	4 637.33

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX F**  
**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2016**

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2016	Total 2015 R	Total 2016 R
99	Check One Supermarket (PTY) LTD v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for overcharges in relation to a water account.	2012	Internal	R139 961.45 plus interest at 15.5 per cent per annum.Ongoing.	161 655.47	161 655.47
100	Wozatainment CC v. Msunduzi Municipality	Contractual claim: Summons was issued in the Regional Court for an alleged contract for the supply of a marquee, stage chairs and a band to the Municipality. Notice of set down received.	2012	Internal	R 214 400.00 plus interest at 15.5 per cent per annum.Matter is still on-going.	247 632.00	247 632.00
101	New Horizons Senior Citizens Club v. Msunduzi Municipality	Delictual Claim: The Plaintiff sued the Municipality for an overlooking of a Municipal Hall.	2012	Internal	R8005.2. The matter is finalised. The municipality reimbursed the monies owed.	8 005.20	8 005.20
102	Smith JC v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to her vehicle due to colliding with a pothole	Dec-12	Internal	R 17 847.94 plus interest at 15.5 per cent per annum.The matter is part-heard.	0.00	20 614.37
103	Govender Kem v. Msunduzi Municipality	Delictual Claim: Plaintiff suffered damages due to a power surge at his property.	Dec-12	Internal	R 22 242.00 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	25 689.51	25 689.51
104	Mkhonza B. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to a fall on an uneven pavement slab.	Oct-12	Internal	R 293 000.00 plus interest at 15.5 per cent per annum.Ongoing.	338 415.00	338 415.00
105	Telkom SA LTD v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	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.Awaiting judgement in another case. Ongoing.	53 855.41	53 855.41
106	Ibrahim M. v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	Apr-13	Internal	R 7000.00 plus interest at 15.5 per cent per annum.Ongoing.	8 085.00	8 085.00
107	Bukus HM v Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving Plaintiff's vehicle and a Municipal vehicle driven by an employee in the course and scope of his employment.	May-13	Internal	R 17 270.24 plus interest at 15.5 per cent per annum.Ongoing.	19 947.13	19 947.13
108	Wood DM v. Msunduzi Municipality	Delictual Claim: The Plaintiff sustained injuries due to a fall caused by an uneven pavement.	Oct-12	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379; Physical Address Suite 301 Nedbank Centre, Postal Address PO Box 1328, Durban, 4000.	R 123 000.00 plus interest at 15.5 per cent per annum. The Defendant has filed an amended plea. The matter is ongoing.	142 065.00	142 065.00
109	Ramharak RJ v Msunduzi Municipality	Delictual Claim: The Plaintiff is a Municipal employee. He is suing the Municipality because he was assaulted by a fellow employee within the premises of the Municipality whilst they were in the course and scope of their employment.	Nov-12	Internal	R 300 000.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed. Ongoing.	346 500.00	346 500.00
110	Venter A. v. Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	Nov-12	Internal	R 5473.80 plus interest at 15.5 per cent per annum. An appearance to defend has been filed. Ongoing.	6 322.24	6 322.24
111	Ogle COO v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	Dec-12	Internal/Insurance	R 300 000.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed. The matter is ongoing.	346 500.00	346 500.00
112	Zama SJ v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	Dec-12	Internal	R 14 846.22 plus interest at 15.5 per cent per annum. The matter is set down for Trial in August. Ongoing.	17 147.38	17 147.38
113	Makhaye SB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	Mar-13	Internal	R8688.46 plus interest at 15.5 per cent per annum. An application to dismiss was received and opposed. Various correspondences exchanged between attorneys of record. The matter is ongoing.	10 035.17	10 035.17
114	Transnet (PTY)LTD v Msunduzi Municipality	Delictual claim. The claim arises from a motor vehicle collision involving a municipal vehicle and the plaintiff's vehicle.	Mar-13	Internal	R 48 409.10 plus interest at 15.5 per cent per annum.Ongoing.	55 912.51	55 912.51
115	Ngcobo NP v Msunduzi Municipality	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	Apr-13	Internal	R 1639.11 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the Insurance Section for an investigation.Ongoing.	1 893.17	1 893.17
116	Bamard S. v. Msunduzi Municipality	Delictual Claim: The claim arises from a power surge claim where Plaintiff's goods were damaged.	Feb-13	Internal	R 8369.97 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the insurance Section for an investigation.Ongoing.	9 667.32	9 667.32
117	Karim S. v. Msunduzi Municipality	Disputed Account for electricity and Rates. Mr Karim claims that he has sold the property.	Sep-12	Internal	R 4211.52 plus interest at 15.5 per cent per annum. A letter of demand has been received. The matter is ongoing.	4 864.31	4 864.31
118	33 St Patricks Road (Chapters)	Interdict:Electricity	2012	Alwyn Volsum & Associates,4 George Street, Pietermaritzburg,tel:3948116,fax:0866215902 e-mail: vcl@lafira.com, Advocate VM Naidoo, 17 Prince Edward Street, Advocates Chambers,tel: 38453535,fax: 3426941,e-mail:venesen@group8.co.za	To pay own costs and costs of attorney for applicant, namely R45710-37. Matter finalised.	45 710.37	0.00
119	Indo Contractors cc	Termination of contract: contract dispute with Contractor claiming premature termination.	2013	Xaba Attorneys, suite 201,2ns floor, 251 Church Street, Fedsure House,tel: 0333457927, fax: 3456985, e-mail: dumi@xabainc.co.za	Contractor claiming R 2 million. Matter still to be decided on arbitration.	2 000 000.00	2 000 000.00
120	L.V. Nagel	Delictual. Plaintiff is suing the Municipality for damages caused by poor maintenance of a reservoir. The overflow of the reservoir caused damage to plaintiff's property.	2013	Internal	R95 000.00 .Ongoing.	95 000.00	95 000.00
121	Telkom SA LTD v Msunduzi Municipality	Delictual Claim: The matter arises from a dispute wherein Telkom alleges that Municipal water pipes cause damage to their underground cables.	2013	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R34 951.26 .Awaiting judgement in another case. Ongoing.	34 951.26	34 951.26
122	I. Hansa	Delictual Claim: Plaintiff fell into an uncovered manhole in the vicinity of Mountain rise.	2013	Internal	R21 394.50 . A letter of demand has been received and sent to Insurance Section for an investigation. Ongoing. A summons was issued in November 2015. The matter is being defended internally.	21 394.50	21 394.50
123	Y. Maharaj	Delictual Claim: A power surge caused damage to Plaintiff's household appliances.	2013	Internal	R 30 924.99 . A letter of demand has been received and sent to Insurance for an investigation. Ongoing.	30 924.99	30 924.99
124	V. Maharaj	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	2013	Internal	R 20 497.49 . A letter of demand has been received and sent to the Insurance Section for an investigation. Ongoing.	20 497.49	20 497.49
125	N.I. Diamini	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	2013	Internal	R1012.83. A letter of demand has been received and sent to the Insurance Section for an investigation. Ongoing.	1 012.83	1 012.83

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**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2016**

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2016	Total 2015	Total 2016
						R	R
126	K.Shangase	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2013	Internal	R11099.6 Ongoing.	11 099.60	11 099.60
127	Bhanjee Attorneys	Contractual claim. The dispute emanates from the Plaintiff being owed monies in terms of a valid contract.	2013	Internal	R122721.36 .The matter has been finalised.	122 721.36	0.00
128	Bhanjee Attorneys	Contractual claim. The dispute emanates from the Plaintiff being owed monies in terms of a valid contract.	2013	Internal	R 41 366.38 .The matter has been finalised.	41 366.38	0.00
129	T.V. Zuma	Delictual Claim: A power surge caused damage to plaintiff's appliances.	2014	Internal	R848. A letter of demand has been received and sent to Insurance Section for an investigation. The matter is ongoing.	848.00	848.00
130	ABI Soft Drinks Division	Rates Recovery: The Plaintiff is disputing a rates account and is seeking reimbursement.	2014	Internal	R 125 837.97 . A letter of demand has been received and various meeting held with the Billing Section. Ongoing.	125 837.97	125 837.97
131	N. Buthelezi	Delictual Claim: The claim arises from Plaintiff's vehicle having collided with a pothole in the vicinity of Blackburn Road.	2014	Internal	R 48 718.38 . An appearance to defend has been filed. Ongoing.	48 718.38	48 718.38
132	Telkom SA LTD	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	2013	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R 40 236.47 plus interest at 15.5 per cent per annum	46 473.12	46 473.12
133	Telkom SA Limited	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	2013	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R34 951.26 plus interest at 15.5 per cent per annum.	40 368.71	40 368.71
134	Asiphakame Projects CC 9321-14	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2014	Internal	R 195 035.85 plus interest at 15.5 per cent per annum. The Plaintiff applied for summary judgement and this was successfully opposed. Matter not yet finalised.	225 266.41	225 266.41
135	Asiphakame Projects CC 9358-14	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2014	Internal	R 73 590.47 plus interest at 15.5 per cent per annum. The Plaintiff applied for summary judgement and this was successfully opposed. The matter is not yet finalised with Plaintiff not having moved further.	84 996.99	84 996.99
136	Asiphakame Projects CC 9357-14	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2014	Internal	R 37 212.56 plus interest at 15.5 per cent per annum. On 7 Nov 2014 the municipality filed a notice in terms of Rule 19 (1) to Plaintiff's particulars of claim. On 24 March 2015 plaintiff filed a notice of withdrawal of action. The matter has therefore been finalised.	42 980.51	42 980.51
137	Bonding Mode Trade 1014 CC	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2014	Internal	R 232 022.45 plus interest at 15.5 per cent per annum. On 20 November 2014 a notice in terms of Rule 19 (1) to Plaintiff's particulars of claim was filed and served. On 27 March 2015 the Plaintiff filed a notice of withdrawal of action. The matter has therefore been finalised.	267 985.93	0.00
138	Gonal Construction CC	claim for breach of contract for non-payment	2014	Internal	R901,118.93 plus 15 % interest per annum	982 219.63	982 219.63
139	Dezzo Holdings	Arbitration : alleged breach of contract by Municipality : provision of housing.	2014	Xaba Attorneys, suite 201,2nd Floor, 251 Church Street, Fedure House, tel: 0333457927, fax: 3456985, e-mail: dumi@xaba.co.za PC Bezuidenhout SC Advocates Chambers 17 Prince Edward Street, Pietermaritzburg 033-8453522/082443836 fax 0333943734	Summons issued by plaintiff in the amount of approximately R 8 million. Matter on-going.	5 000 000.00	5 000 000.00
140	EMT. Kapp	Delictual Claim: The plaintiff is suing the Municipality for damages sustained to his vehicle as a result of an open trench in a public road.	2014	Internal	R13154.75 Ongoing.	13 154.75	13 154.75
141	V. Barnabas	Delictual Claim: The claim arises from Plaintiff's vehicle having collided with a pothole in the vicinity of Plymouth Road.	2014	Internal	R18 228.00 .An appearance to defend has been filed.	18 228.00	18 228.00
142	Mabusi Contractor	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2014	Internal	R8000 000.00. The plaintiff issued a letter of demand against the Municipality for monies owed in terms of a contract. The matter has been referred to the relevant departments for a response. The matter is ongoing.	8 000 000.00	8 000 000.00
143	B.A. Zimu and NV Ngobo	Delictual Claim: The matter arises from death of an employee from an explosion in an electrical power station. The claimants are the dependants of the deceased employee.	2014	Diedricks attorneys,906 Roberts road, clarendon, Pietermaritzburg, tel:3429808, fax:0862191672,e-mail:admin@diedricksattorneys.co.za, Advocate Rall, 17 Prince Edward street, Advocates' chambers	R7500 000.00 . The matter arises from death of an employee from an explosion in an electrical power station. The claimants are the dependants of the deceased employee. The matter is being defended.	7 500 000.00	7 500 000.00
144	Telkom SA (PTY) LTD (127 Waterworks)	Delictual claim: The plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	2014	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritzburg Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R74803.9. Awaiting judgement in another case. Ongoing.	74 803.90	74 803.90
145	A. Ramsingh	Delictual claim: The plaintiff herein is suing the Municipality for damages suffered as a result of being arrested and detained unlawfully.		Internal	R200000. The plaintiff herein is suing the Municipality for damages suffered as a result of being arrested and detained unlawfully. The claim is being defended inhouse and an appearance to defend has been filed.	200 000.00	200 000.00
146	Outshine Trading	Payment under Protest for opening of new electricity account.	2014	Internal	R50 032.23. Settlement negotiations have commenced. The matter is close to being finalised. Settlement negotiations have commenced.	50 032.23	50 032.23
147	E. G. Alexander	Delictual Claim: The Plaintiff is suing the Municipality as a result of colliding with a pothole whilst cycling in the vicinity of Murray Road.	2014	Internal	R83 499.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed. Ongoing.	96 441.35	96 441.35
148	Savells	Garnishee order. The Plaintiff instituted proceedings against the Municipality because the Municipality did not enforce a garnishee order.	2014	Matthew Francis Inc 221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mflaw.co.za, advocate AJ Dickson, 17 Prince Edward Street, Advocates' Chambers, tel: 38453542/3, fax: 38453544,e-mail:adickson@law.co.za	R1382.62 plus interest at 15.5 per cent per annum. A search for the employee is ongoing in order to assist the Municipality in settling the matter.	1 596.93	1 596.93
149	M.I. Dlamini	Delictual claim. Plaintiff collided with a tree that had fallen across the road.	2014	Internal	R78 616.27. plus interest at 15.5 per cent per annum. The Municipality has filed a plea. Matter ongoing.	90 801.79	90 801.79
150	Msunduzi Secondary School	Garnishee order. The Plaintiff instituted proceedings against the Municipality because the Municipality did not enforce a garnishee order.	2014	Matthew Francis Inc 221 pietermaritz street,tel0873510600, 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	R1093.18 plus interest at 15.5 per cent per annum. The plaintiff is suing the Municipality for failure to implement a garnishee order against an employee. A search has been conducted to establish the whereabouts of the said employee.	1 262.62	1 262.62
151	Kwezi Cash and Carry CC	Payment under Protest for opening of new electricity account	2014	Matthew Francis Inc 221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mflaw.co.za, advocate AJ Dickson, 17 Prince Edward Street, Advocates' Chambers, tel: 38453542/3, fax: 38453544,e-mail:adickson@law.co.za	R103 148.00 plus interest at 15.5 per cent per annum. A notice of exception was raised in relation to the plea prepared by counsel. We have amended the plea and this will be delivered shortly.	119 135.94	119 135.94

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NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2016	Total 2015 R	Total 2016 R
152	Jemma Inkanyezi (PTY) LTD	Delictual claim. Plaintiff is suing the Municipality pursuant to the taxation of a bill of costs in the High Court of South Africa.	2014	Diedricks attorneys,906 Roberts road, claredon, Pietermaritzburg, tel:3429808, fax:0862191672,e-mail:admin@dieidricksattorneys.co.za, Advocate LE Combrink 17 Prince edward street, Advocates' chambers,tel: 38453537,fax:3428941,e-mail:larance@group8.co.za	R156 997.29 plus interest at 15.5% per annum. This matter was settled in Mya 2015. The Municipality agreed to pay the sum claimed as well as legal fees.	181 331.87	181 331.87
153	Sikelephi Ngubane	Delictual Claim: This claim arises from plaintiff's vehicle having collided with a municipal vehicle driven by a municipal employee in the course and scope of his employment.	2014	Internal	R17 312.33 plus interest at 15.5 per cent per annum.This claim arises from plaintiff's vehicle having collided with a municipal vehicle driven by a municipal employee in the course and scope of his employment. The claim is being defended and an appearance to defend has been entered.	19 995.74	19 995.74
154	Farouk Jasat	Delictual Claim:Plaintiffs motor vehicle collided with a pothole on Scania Road Intersection.	2014	Internal	R54 588.60. The matter is being defended, during May pre-trial notices exchanged.	54 588.60	54 588.60
155	Blomeyers Cooling CC	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2014	Internal	R225,284.68	225 284.68	225 284.68
156	NS Ngwenya	Delictual claim. Plaintiff's vehicle collided with a municipal vehicle.	2015	Internal	R24 351.28 plus interest at 9% per annum. This claim arises from amotor vehicle collision in the vicinity of Pine Street involving plaintiff's vehicle and a municipal vehicle driven by a municipal employee in the course and scope of his employment. The claim is being defended inhouse and an appearance to defend has been filed. Matter on-going.	26 542.90	26 542.90
157	Bermin Investments CC t/a Magalela electrical	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R 170 100 .69. This is a claim arising from a contractual dispute. The claim is being defended and an appearance to defend as well as a defendant's plea have been filed.	170 100.69	170 100.69
158	MS Bastew	Delictual Claim: This is a claim arising from a power outage/surge which caused damage to plaintiff's household goods.	2015	Internal	R 21 000.00. This is a claim arising from a power outage/surge which caused damage to plaintiff's household goods. A letter of demand has been received and the insurance section has been informed.	21 000.00	21 000.00
159	S. Dewraj	Delictual Claim: This claim arises from a motor vehicle collision in the vicinity of Pine Street involving plaintiff's vehicle and a municipal vehicle driven by a municipal employee in the course and scope of his employment.	2015	Internal	R 22 250.06. This claim arises from a motor vehicle collision in the vicinity of Pine Street involving plaintiff's vehicle and a municipal vehicle driven by a municipal employee in the course and scope of his employment. The claim is being defended and an appearance to defend has been filed.	22 250.06	22 250.06
160	D. Ellapen	Delictual Claim: The claim arises from plaintiff's vehicle colliding with a pothole in the vicinity of Murray Road.	2015	Internal	R 12 109. 06. The claim arises from plaintiff's vehicle colliding with a pothole in the vicinity of Murray Road. The matter is being defended inhouse and an appearance to defend has been filed.	12 109.06	12 109.06
161	L. Mentory	Delictual Claim: The plaintiff is suing the Municipality for damages as a result of his motor vehicle having collided with a pothole in the vicinity of Otto's Bluff Road.	2015	Internal	R 31 487.02 . The matter is Ongoing. An appearance to defend has been filed.	31 487.02	31 487.02
162	Y. Mahomed	Delictual Claim: Plaintiff fell and sustained injury whilst walking on an uneven pavement in the vicinity of Retief Street.	2015	Internal/Insurance	R 250 000.00 . A letter of demand has been received and sent to the Insurance Section for an investigation.Ongoing.	250 000.00	250 000.00
163	Telkom SA	Delictual Claim: The matter arises from damage to underground cables that Plaintiff alleges was caused by Municipal water pipes.	2015	Internal	R8671.31. Telkom is suing the Municipality because of its damaged underground cables in the vicinity of Slangspruit, Edendale. A letter of demand has been received and relevant departments have been contacted to provide information prior to responding.	8 671.31	8 671.31
164	Mahommed Hussain Khan N.O. and another.	Delictual claim. Plaintiff is suing the Municipality for overcharges in relation to rates.	2015	Internal	R 49 226.92. The plaintiffs sued the Municipality for a refund that they were due in terms of an application for a rates clearance certificate. The claim has been settled. The matter is now finalised.	49 226.92	0.00
165	CJ Booysen	Delictual Claim: The claim arises from plaintiff's vehicle colliding with a pothole in the vicinity of Princess Margaret Street.	2015	Internal	R12 646.24. The claim arises from plaintiff's vehicle colliding with a pothole in the vicinity of Princess Margaret Street. The claim is being defended inhouse and an appearance to defend has been filed.	12 646.24	12 646.24
166	AJC White	Delictual Claim: The matter arises from plaintiff having fallen into an uncovered meter box in the vicinity of Flemming Street/Prince Alfred Street.	2015	Internal/ Insurance	R100 000.00. The claim herein arises from plaintiff having fallen into an uncovered meter box in the vicinity of Flemming Street/Prince Alfred Street. The claim is being defended inhouse and an appearance to defend has been filed.	100 000.00	100 000.00
167	SM Ally's Builders and Contractors 786 CC t/a Ally's Construction and Plumbers CC	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R10 203.00, plus interest at 9% per annum and R 6 384 plus interest at 9% per annum. The Plaintiff has issued two separate summonses with respect to the monies mentioned herein. The summonses have been darised and the relevant officials have been notified with a view to having consultations on the matter. Matter on-going	18 079.83	18 079.83
168	Southern African Music Rights Organisation	Breach of contract in terms of copyright laws.	2015	Matthew Francis Inc.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mfilaw.co.za	R170 265.21 Summons received. Municipality entering an appearance to defend. Matter on-going.	170 265.21	170 265.21
169	Abbas Ghulam	Delictual Claim: The claim arise from an alleged assault by a Municipal Traffic Officer in the course and scope of his employment.	2015	Insurance	R1 000 000.00 plus interest at 15% per annum.	0.00	1 150 000.00
170	APS Panelbeaters	Delictual Claim: The claim arises from a new meter that was installed at Plaintiff's premises giving inaccurate readings resulting in Plaintiff being overcharged.	2015	Internal	R136 225.00; R45 500.00; 111 000.00; 250 000.00	0.00	542 725.00
171	Roy Rohit Ramjathan	Delictual Claim: The claim arises from Plaintiff's vehicle having collided with a pothole on a public road that falls within the jurisdiction of the Municipality.	2015	Internal	R22 682.56	0.00	22 682.56
172	SM Mazibuko	Delictual Claim: The claim arises from an incident whereby Plaintiff's motor vehicle collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2015	Internal	R11 395.73.	0.00	11 395.00
173	Telkom SA Limited (15146/2015)	Delictual Claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly cause by Municipal water pipes.	2015	Matthew Francis Inc.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mfilaw.co.za,	R75 344.42	0.00	75 344.42
174	Telkom SA Limited (14572/2015)	Delictual Claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly cause by Municipal water pipes.	2015	Matthew Francis Inc.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mfilaw.co.za,	R43 262.08	0.00	43 262.08
175	Anthoo Marion and Associates	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R12935.00. An appearance to defend has been filed at court.	0.00	12 935.00
176	A. Aboobaker	Delictual Claim: Plaintiff's vehicle collided with a municipal vehicle driven by an employee in the course and scope of his employment.	2015	Internal	R10 411.46	0.00	10 411.46

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX F**  
**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2016**

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2016	Total 2015	Total 2016
						R	R
177	L. Van Zyl	Delictual Claim: Plaintiff's motor vehicle collided with a Municipal vehicle driven by an employee in the performance of his duties.	2016	Internal	R46 692.18. Matter is ongoing.	0.00	46 692.18
178	N. Singh	Delictual Claim: Plaintiff's vehicle collided with a pothole on a public road that falls within the jurisdiction of the Municipality.	2016	Internal	R 9 406.21	0.00	9 406.21
179	S. W. Khanyile	Delictual Claim: Plaintiff claims that he was unlawfully assaulted and detained by Municipal Traffic Officers.	2016	Internal/Insurance	R200 000.00. Matter is ongoing.	0.00	200 000.00
180	M. Brown	Delictual claim: The Plaintiff claims that he was arrested unlawfully by a Municipal Traffic Officer.	2016	Internal/ Insurance	R257 000.00	0.00	257 000.00
181	Khuselani Security: Case number 4474/16	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Matthew Francis Inc.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mfilaw.co.za,	R14 660 993.31. This is a High Court matter. An appearance to defend has been filed.	0.00	
182	S.S.Nyoka	Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle.	2016	Internal	R67 008.77. The summons herein was issued in the Magistrates Court. An appearance to defend has been filed.	0.00	67 008.77
183	Iliitha Research and Management CC	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Internal	R62 768.00. The summons was issued in the Magistrates Court. Further particulars were sought from ICT and an appearance to defend has been filed. The matter is ongoing.	0.00	62 768.00
184	L.M. Stillies	Delictual Claim: The Plaintiff herein as sued the Municipality as a result of injuries sustained during a fall on an uncovered manhole.	2016	Insurance/ External Insurance (Attorneys to be confirmed)	R864 272.36. The summons was issued at the High Court. An appearance to defend has been filed.	0.00	864 272.36
185	Escor Construction	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Matthew Francis Inc.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mfilaw.co.za,	R2 166 927.30. The summons was issued at the High Court. An appearance to defend has been filed.	0.00	2 166 927.30
186	Various Employees from Community Services (31)	Delictual Claim: Plaintiffs are suing the municipality for alleged assault that took place during an unprotected strike.	2016	Internal/Insurance	R350 000.00 claimed by each employee (R10 850 000.00). Letters of demand have been received and forwarded to external insurers.	0.00	10 850 000.00
187	Bigen Afrika Services (PTY) Ltd.	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Matthew Francis Inc.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mfilaw.co.za,	R919 979.31. A summons has been received. An appearance to defend will be filed at court. Matter on-going.	0.00	919 979.31
						<b>84 745 591.04</b>	<b>100 877 293.08</b>